



House price report

March quarter 2015

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Key findings

Mixed results as local factors drive prices growth despite interest rate cut

March quarter results

Sydney market continues to record strong but steady growth

Melbourne market rebounds following moderating activity last year

Perth prices now falling as weaker economic activity impacts confidence

Solid growth performances from Adelaide and Canberra but Brisbane prices flat

House price report

Table 1: Quarterly Stratified Median Prices

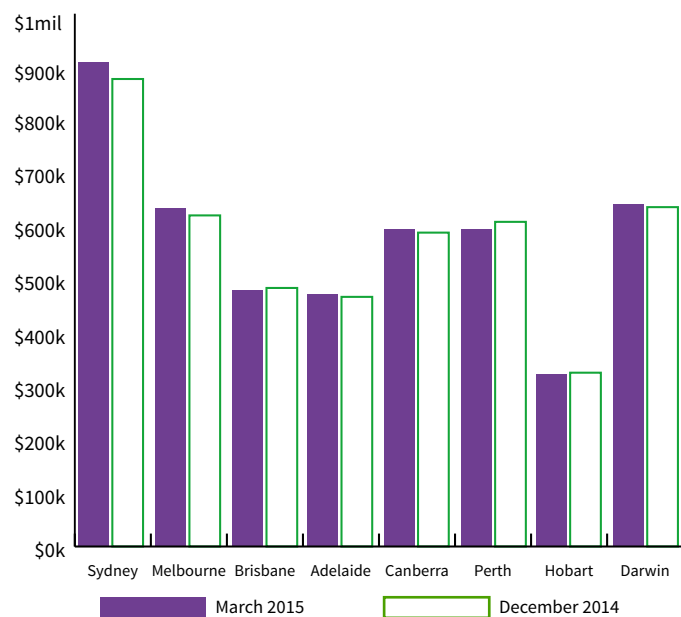
Houses	Mar 2015	Dec 2014	Sep 2014	Mar 2014	QoQ Change Δ	YoY Change Δ
Sydney	\$914,056	\$882,048	\$848,001	\$788,181	3.6%	16.0%
Melbourne	\$638,445	\$624,691	\$612,246	\$598,870	2.2%	6.6%
Brisbane	\$484,374	\$487,804	\$479,554	\$470,979	-0.7%	2.8%
Adelaide	\$476,884	\$470,996	\$462,016	\$455,927	1.3%	4.6%
Canberra	\$598,970	\$592,223	\$581,923	\$574,772	1.1%	4.2%
Perth	\$599,574	\$612,535	\$609,211	\$616,826	-2.1%	-2.8%
Hobart	\$325,920	\$327,937	\$325,324	\$326,071	-0.6%	0.0%
Darwin	\$645,970	\$640,303	\$673,368	\$666,252	0.9%	-3.0%
National	\$666,242	\$654,749	\$638,702	\$616,637	1.8%	8.0%

Table 2: Quarterly Stratified Median Prices

Units	Mar 2015	Dec 2014	Sep 2014	Mar 2014	QoQ Change Δ	YoY Change Δ
Sydney	\$609,800	\$602,626	\$581,104	\$559,249	1.2%	9.0%
Melbourne	\$434,436	\$435,565	\$421,356	\$423,093	-0.3%	2.7%
Brisbane	\$354,246	\$362,665	\$372,164	\$368,146	-2.3%	-3.8%
Adelaide	\$292,514	\$286,197	\$293,804	\$281,489	2.2%	3.9%
Canberra	\$399,080	\$414,053	\$410,156	\$411,621	-3.6%	-3.0%
Perth	\$405,730	\$405,730	\$401,320	\$405,791	0.0%	0.0%
Hobart	\$243,047	\$231,535	\$236,651	\$254,732	5.0%	-4.6%
Darwin	\$473,813	\$412,496	\$438,330	\$445,246	14.9%	6.4%
National	\$492,111	\$490,289	\$478,410	\$467,969	0.4%	5.2%

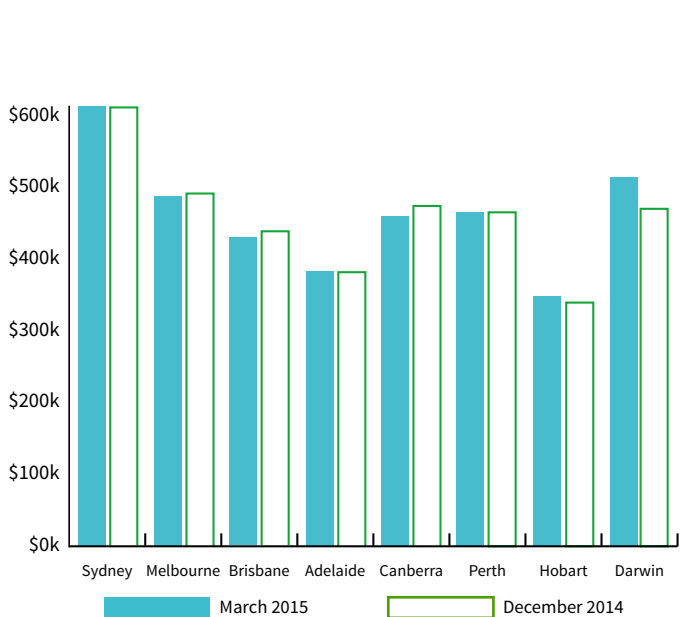
Houses

Stratified Median Prices (Quarterly)



Units

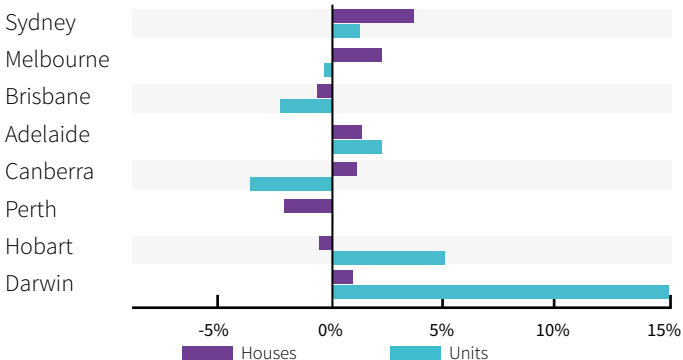
Stratified Median Prices (Quarterly)



House price report

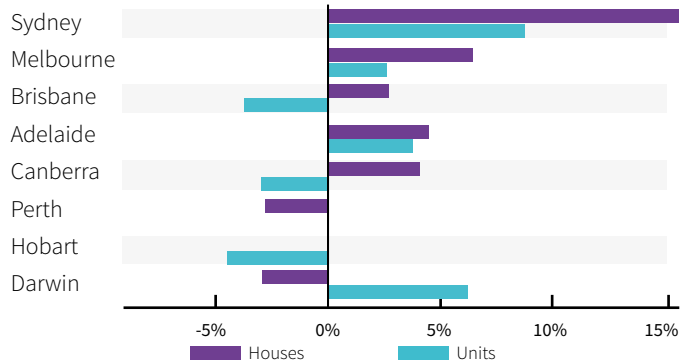
Median price % change

Quarter on Quarter



Median price % change

Year on Year



Capital city results

Sydney

- House prices again rose strongly by 3.6 per cent over the March quarter, following a 4.0 per cent rise over the previous quarter
- Unit prices increased moderately by 1.2 per cent over the quarter, following an increase of 3.7 per cent over December
- Sydney's median house price is now \$914,056 with the median unit price also a record at \$609,800
- Annual house prices have increased by 16.0 per cent with units up by 9.0 per cent

Brisbane

- The Brisbane median house price fell marginally over the March quarter down by 0.7 per cent
- Brisbane unit prices were down sharply over the quarter, falling by 2.3 per cent
- The Brisbane median house price now stands at \$484,374 with units at \$354,246
- Annual house prices increased by just 2.8 per cent with unit prices however falling by 3.8 per cent

Melbourne

- Melbourne house prices rose solidly by 2.2 per cent over the quarter however unit prices fell by 0.3 per cent
- Melbourne house prices have risen by 6.6 per cent over the year ending March with units increasing by 2.7 per cent
- The median house price for Melbourne now stands at \$638,445 with the median unit price at \$434,436

Adelaide

- Adelaide house prices increased solidly over the March quarter by 1.3 per cent to a median of \$476,884 – still the lowest of all mainland capitals
- Adelaide unit prices also increased over the quarter - up by 2.2 per cent
- Adelaide house prices increased by 4.6 per cent over the year ending March with unit prices increasing by 3.9 per cent.

Perth

- Perth house prices fell over the quarter down by 2.1 per cent
- Perth's annual house prices are now down by 2.8 per cent
- Annual growth in Perth unit prices was subdued with a flat result over the year

Canberra

- The Canberra market reported a rise in median house prices of 1.1 per cent over the quarter
- Unit prices fell over the quarter - down by 3.6 per cent
- Annual house prices increased solidly by 4.2 per cent however unit prices were down 3.0 per cent

Hobart

- Hobart's median house price fell marginally by 0.6 per cent over the quarter
- Hobart's median house price was steady over the year at \$325,920

Darwin

- Darwin's median house price increased by 0.9 per cent over the March quarter
- Darwin annual house prices however have fallen by 3.0 per cent

Commentary



Dr Andrew Wilson
Senior Economist, Domain Group

The latest capital city house price data for the March quarter from the Domain Group reports mixed results, reflecting the impact of local economies and supply and demand drivers.

The Domain Group House Price Report shows that the national median house price increased by 1.8 per cent over the March quarter for an annual increase of 8.0 per cent. The national median unit price increased by just 0.4 per cent over the quarter for an annual rise of 5.2 per cent.

The booming Sydney market continues to march well ahead of other capitals reporting another strong quarter for prices growth. The Sydney median house price increased by 3.6 per cent to a new record high of \$914,056. Sydney unit prices recorded a moderate increase of 1.2 per cent over the March quarter to \$609,800.

The Melbourne median house price increased by a solid 2.2 per cent to \$638,445 over the March quarter, reflecting the recent revival in local market activity. Melbourne's median house price increased by 6.6 per cent over the year to March. Meanwhile, the median unit price fell by 0.3 per cent over the quarter to \$434,436.

Brisbane's recent housing market resurgence stalled over the March quarter with house prices falling by 0.7 per cent to a median of \$484,374. Down by 2.3 per cent for a median of \$354,246, Brisbane unit prices fell for the third successive quarter.

The Adelaide housing market continues its recent solid revival with a 1.3 per cent increase in the median house price over the March quarter, taking it to \$476,884. Adelaide unit prices increased strongly by 2.2 per cent over the quarter for a median of \$292,514.

The Perth median house price fell steeply by 2.1 per cent over the March quarter to \$599,574. This was the sharpest quarterly fall recorded by the Perth market since June 2011. The median unit price in Perth, however, was steady over the quarter at \$405,730.

Hobart house price growth weakened marginally over the March quarter to be down by 0.6 per cent to a median of \$325,920. Meanwhile, the median unit price increased strongly by 5.0 per cent over the quarter but was still down 4.6 per cent over the year.

Over the quarter, Canberra recorded an increase of 1.1 per cent in the median house price to \$598,970. Canberra unit prices, however, fell by 3.6 per cent to \$399,080 over the quarter, reflecting the impact of recent apartment building moving supply ahead of demand.

Darwin house prices revived over the March quarter, increasing by 0.9 per cent to a median of \$645,970. Although prices increased over the quarter, annual prices have fallen by 3.0 per cent, reflecting affordability constraints and weakening economic activity particularly in the resources sector.

Housing markets have generally activated over the first quarter of 2015, particularly following the February cut in interest rates. Although the reduction in mortgage rates improved affordability only marginally, buyer and seller confidence has lifted based on the prospect of further cuts fuelling house price growth.

Proposals to reduce investor activity through changes to negative gearing or macro-prudential lending controls appear short-sighted, narrowly focussed and misguided with underperforming capital city markets looking for more investment in residential property rather than less to activate weak or weakening local economies.

Capital city prices growth are likely to track local economic performance with the prospect of lower interest rates now diminishing as early signs continue to emerge of an improvement in national economic activity.

Sydney will continue to lead the pack in house price growth, clearly ahead of Melbourne, Adelaide, Canberra, Brisbane and Hobart which are set to continue to record modest to moderate prices growth off the back of improving economies. Flattening economic activity and falling confidence in Perth, and to a lesser degree Darwin, will continue to put downward pressure on house price growth as those capital cities transition rapidly from their previous resource and population boom environments.

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