



Domain House Price Report

September Quarter 2015

Dr Andrew Wilson
Senior Economist for the Domain Group

Key findings

- Sydney's housing boom ends with lowest quarterly growth rate since March 2014
- Melbourne's house price growth moderates
- Brisbane property market remains flat
- Perth house prices still falling
- Canberra market continues to strengthen

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Domain Group House Price Report

Melbourne and Sydney have reported sharp declines in the rate of house price growth, with most other capitals also reporting weakening market activity – according to the September quarter **Domain.com.au** House Price Report.



Domain Senior Economist, Dr Andrew Wilson said:

“The recent strong capital city property markets of Melbourne and Sydney are now recording weaker price growth, with low interest rates – previously a key driver of the market – gradually losing impact. With rates steady over five consecutive months and income growth remaining subdued, the capacity for house price increases is moderating.

“Local factors continue to drive capital city house price growth, with resource states, QLD, WA and NT, the clear underperformers as a consequence of weakening economies.

“The general outlook for housing markets across Australia is moderate to modest growth (at best) over the remainder of 2015 and into 2016. Capital city results will increasingly reflect local supply and demand drivers. Despite slowing, Sydney and Melbourne will continue to lead the pack on price growth with Adelaide, Hobart and Canberra remaining solid. Brisbane, Perth and Darwin, however, will remain relatively subdued.”

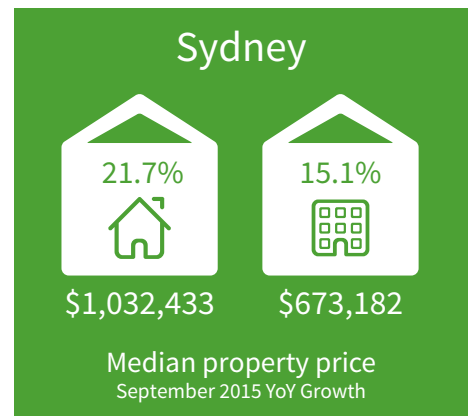
Home owners and those on the market can research the estimated values of 13 million properties in Australia (including those on and off the market) on Domain's Home Price Guide domain.com.au/property-profile/

Sydney

The great Sydney house price boom has ended, with house price growth tracking back sharply over the September quarter. Sydney recorded a median house price of \$1,032,433, up 3.2 per cent over the quarter – the lowest quarterly rate of growth reported since March 2014.

Sydney's unit prices increased by 1.5 per cent over the September quarter to \$673,182 – an annual rise of 15.1 per cent. The rate of growth this quarter was also down significantly when compared to the record 7.4 per cent reported over the June quarter.

“The extraordinary house price growth Sydney has recorded over the last three years is now clearly receding, although price growth remains relatively strong and well ahead of all other capitals except Melbourne. Sydney's house prices have increased by a remarkable 21.7 per cent over the year ending September,” Dr Andrew Wilson said.



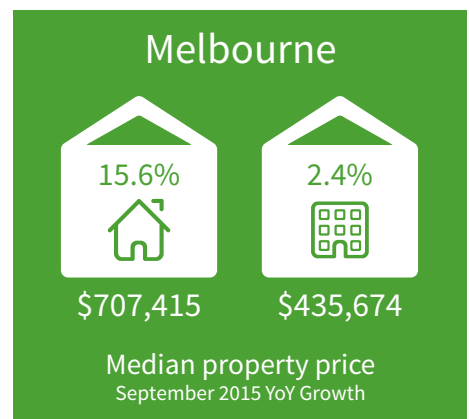
Melbourne

The Melbourne median house price increased by 2.8 per cent over the September quarter – exceeding \$700,000 for the first time. With a median house price of \$707,415, Melbourne is clearly the second highest capital city housing market, still well behind Sydney but ahead of the next placed Darwin.

While a strong result, Melbourne house price growth over the September quarter was well below the 6.0 per cent recorded in the previous June quarter.

Melbourne unit prices increased by 1.9 per cent over the September quarter to \$435,674 with annual prices rising by 2.4 per cent.

“Despite the retreat in the rate of house price growth over the September quarter, Melbourne's median house price increased by 15.6 per cent over the year which was the highest annual result recorded since June 2010,” Dr Andrew Wilson said.





Brisbane

The Brisbane housing market reported another modest result for house price growth over the September quarter. Its median house price increased by just 0.8 per cent to \$497,143 with annual prices up by 3.6 per cent. With the market remaining largely subdued, it is likely that Brisbane house price growth this year will be well below the 6.5 per cent recorded over 2014.

Brisbane unit prices fell by 0.6 per cent over the September quarter to \$362,737, a drop year-on-year of 5.6 per cent.

“This was the fifth consecutive quarter of falling unit prices in Brisbane. With high levels of new apartment construction entering the market over the past year, supply has pushed well ahead of demand.”

Adelaide

The Adelaide housing market reported a relatively flat result over the September quarter, with the median house price increasing by just 0.3 per cent to \$485,873. This modest result follows two strong quarters of growth with the annual house price still up by 5.1 per cent.

Adelaide unit prices also increased slightly, up by just 0.6 per cent over the September quarter to \$293,711.

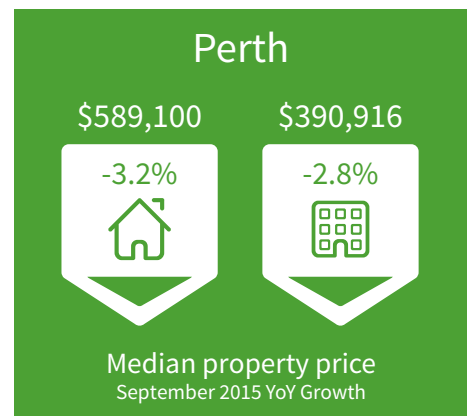
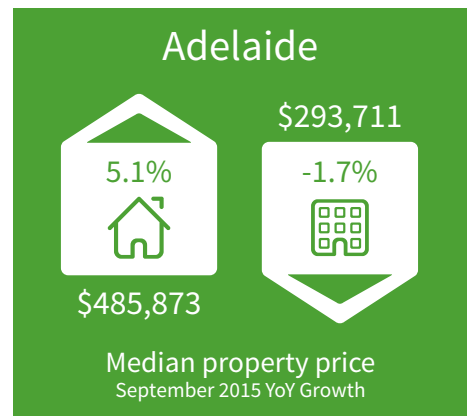
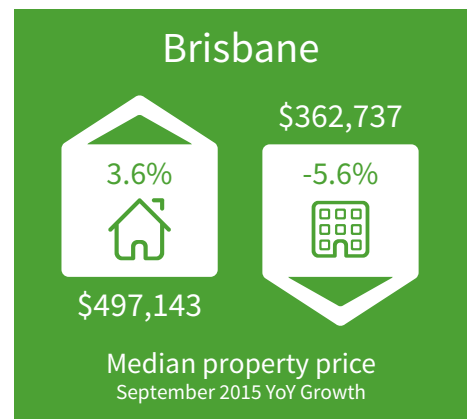
“Despite a subdued September quarter of growth, Adelaide’s house prices are still likely to increase at a faster rate this year than the 3.3 per cent recorded over 2014. Year-on-year unit prices have fallen by 1.7 per cent, suggesting that the strong supply of inner city units is moving the market ahead of demand.”

Perth

The Perth housing market continued to decline over the September quarter, recording its sharpest fall in house prices since June 2011. The median house price in Perth fell by 2.4 per cent to \$589,100 and is now below \$600,000 for the first time since the September quarter 2013.

Perth unit prices also fell sharply over the September quarter down by 3.7 per cent to \$390,916 for an annual decline of 2.8 per cent.

“Perth house prices have now fallen by 3.2 per cent over the past year with only Darwin recording a lower rate of annual house price growth. The sharp deterioration in the local economy and significant increases in jobless numbers has affected buyer and seller confidence. This continues to impact Perth housing market activity,” Dr Wilson said.





Hobart

Hobart's house prices increased marginally over the September quarter, up by 0.9 per cent to \$346,370.

Rebounding strongly, Hobart's unit prices performed well over the quarter increasing by 8.5 per cent following a 4.5 per cent fall over the previous June quarter. The Hobart median unit price is at \$269,302 – an increase of 6.1 per cent over the past year.

“Despite the modest increase in house prices over the quarter, strong growth earlier in the year has Hobart's house prices up by 6.5 per cent year-on-year and are on track to increase over 2015 at a significantly higher rate than the 1.3 per cent recorded last year,” Dr Wilson said.

Canberra

The Canberra median house price increased by 2.3 per cent over the quarter to reach \$625,092. House prices have now increased by 7.8 per cent over the past year, representing a rate of growth behind only Sydney and Melbourne of all the Australian capitals.

Canberra's median unit price fell by 4.7 per cent over the September quarter to \$385,825 to be below \$400,000 for the first time since the December quarter 2009. Annual unit prices in Canberra are now down by 5.7 per cent.

“Canberra's annual house price growth rate is the highest recorded by the local market since September 2010 with prices growth this year set to clearly exceed the 3.1 per cent recorded over 2014. The strong result recorded by the Canberra housing market over the September quarter is reflective of rising buyer confidence, which has been restored after a subdued period of buyer activity.

“While house prices have grown strongly in Canberra this year, unit prices continue to decline. This suggests the high levels of new apartment construction over recent years have moved supply ahead of demand,” Dr Wilson said.

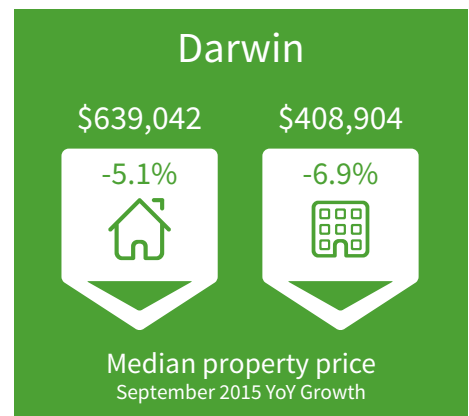
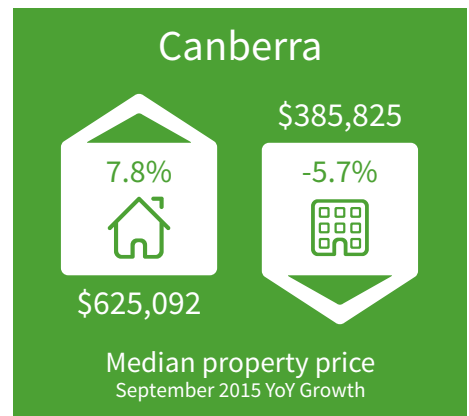
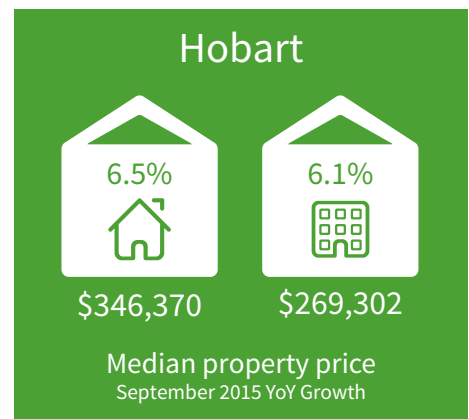
Darwin

Darwin's house prices decreased by 2.3 per cent over the September quarter to \$639,042 following strong growth of 3.6 per cent recorded over the June quarter.

Darwin unit prices were also down sharply over the September quarter falling by 6.1 per cent to \$408,904 – an annual decrease of 6.9 per cent.

"The Darwin median house price has fallen by 5.1 per cent over the past year, which reflects reduced demand from interstate job seekers and an associated weakening of local economic activity."

“Recent high levels of new apartment construction in Darwin area are a significant factor in weaker unit market performance,” Dr Andrew Wilson said.



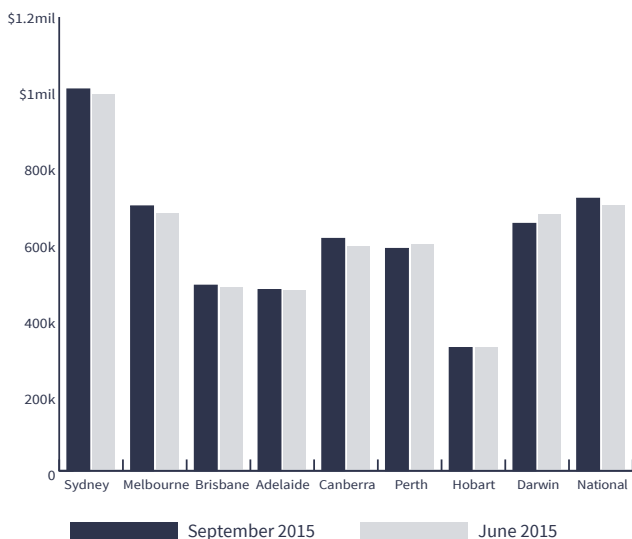
Domain House Price Report — September 2015

Quarterly stratified median prices						
Houses	Sep 2015	Jun 2015	Mar 2015	Sep 2014	QoQ Change Δ	YoY Change Δ
Sydney	\$1,032,433	\$999,964	\$928,137	\$848,372	3.2%	21.7%
Melbourne	\$707,415	\$687,879	\$649,306	\$612,195	2.8%	15.6%
Brisbane	\$497,143	\$493,664	\$492,552	\$479,797	0.8%	3.6%
Adelaide	\$485,873	\$484,575	\$475,084	\$462,254	0.3%	5.1%
Perth	\$589,100	\$603,210	\$608,030	\$608,575	-2.4%	-3.2%
Canberra	\$625,092	\$610,852	\$609,846	\$580,103	2.3%	7.8%
Hobart	\$346,370	\$341,632	\$333,687	\$325,105	0.9%	6.5%
Darwin	\$639,042	\$652,754	\$631,147	\$673,368	-2.3%	-5.1%
National	\$721,928	\$708,009	\$675,877	\$638,727	2.0%	13.0%

Quarterly stratified median prices						
Units	Sep 2015	Jun 2015	Mar 2015	Sep 2014	QoQ Change Δ	YoY Change Δ
Sydney	\$673,182	\$663,167	\$617,547	\$584,885	1.5%	15.1%
Melbourne	\$435,674	\$427,551	\$426,339	\$425,474	1.9%	2.4%
Brisbane	\$362,737	\$364,909	\$368,936	\$384,142	-0.6%	-5.6%
Adelaide	\$293,711	\$291,931	\$296,407	\$298,818	0.6%	-1.7%
Perth	\$390,916	\$405,952	\$399,508	\$402,011	-3.7%	-2.8%
Canberra	\$385,825	\$403,866	\$420,061	\$409,204	-4.7%	-5.7%
Hobart	\$269,302	\$248,107	\$259,826	\$253,880	8.5%	6.1%
Darwin	\$408,904	\$435,503	\$498,124	\$439,035	-6.1%	-6.9%
National	\$521,062	\$516,382	\$497,451	\$483,019	0.9%	7.9%

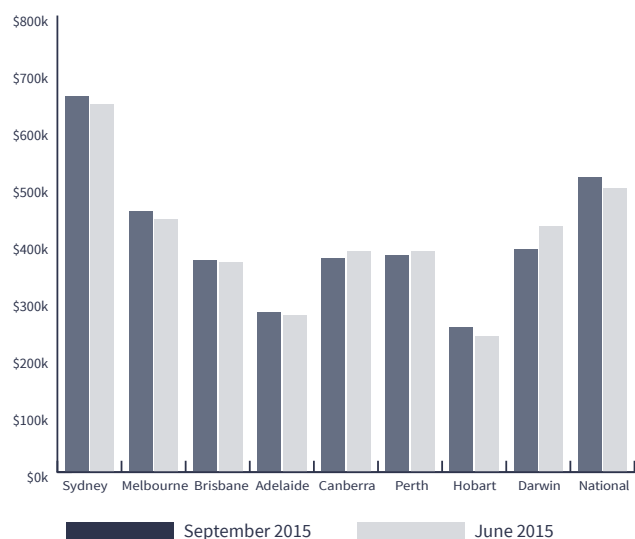
Houses

Stratified Median Prices (Quarterly)



Units

Stratified Median Prices (Quarterly)



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