



Domain House Price Report

March Quarter 2016

Dr Andrew Wilson
Chief Economist for Domain

Key findings

- Sydney median house price drops below \$1 million
- House and unit prices are down in Sydney, Brisbane, Perth, Canberra and Darwin
- Melbourne house prices still rising
- Hobart house prices continue to surge

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Domain House Price Report

House prices fell in every capital city this quarter, except for Melbourne and Hobart, where prices rose by 1.2 per cent and 4.3 per cent, respectively. Unit prices also fell across the board following a record number of apartments being built in most capitals over recent years.

Nationally, the median house price fell by 0.5 per cent over the March quarter for an annual increase of 6.2 per cent, while the national median unit price also fell over the quarter, down by 1.1 per cent for an annual rise of 3.4 per cent – according to the March quarter **Domain** House Price Report.



Domain Chief Economist, Dr Andrew Wilson, said:

“Weakening economic activity and growing uncertainty is impacting fragile consumer and investment sentiment, leading to falling house and unit prices in many capital cities.

“The outlook for house prices remains subdued with capital city growth, likely to continue to track at best just above the inflation rate for the remainder of 2016. The prospect of weaker house price growth, however, will be welcomed by prospective first home buyers still struggling to get into the market.

“The national median has now fallen over consecutive quarters for the first time since June 2011 as the general housing market correction consolidates.”

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Sydney

Sydney’s median house price fell again over the March quarter, recording a 1.5 per cent drop down to \$995,804. This followed the record decline over the previous December quarter. Sydney’s unit prices also fell for the second consecutive quarter, down by 0.7 per cent to \$656,166.

Despite both experiencing declines over the March quarter, Sydney house prices increased by 6.9 per cent over the year while unit prices rose by 5.8 per cent.

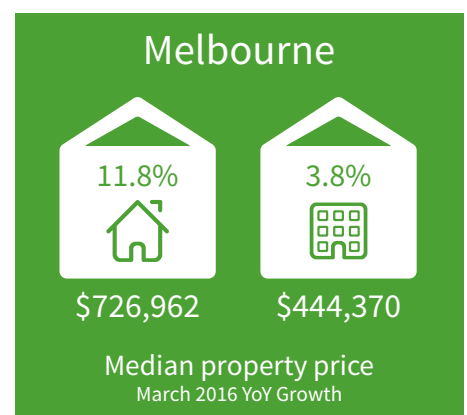
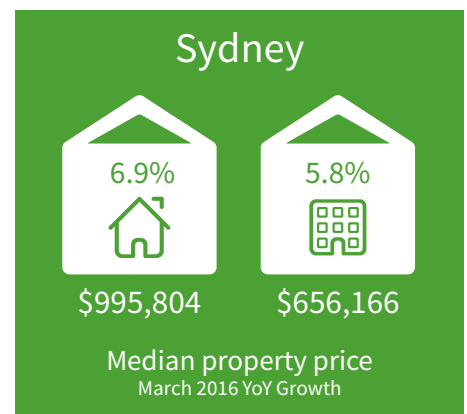
“The Sydney market’s rate of decline slowed after the dramatic drop recorded in the previous quarter, experiencing a consecutive quarterly price decline for the first time since December 2011. We can expect subdued conditions to continue over the remainder of the year, with any price growth unlikely before spring,” said Domain Chief Economist, Dr Andrew Wilson.

Melbourne

Melbourne was the only mainland capital to buck the trend of falling house prices, recording an increase of 1.2 per cent over the March quarter, reaching a median of \$726,962. Melbourne house prices increased by 11.8 per cent over the year ending March – the strongest result of all the capitals.

Melbourne unit prices fell by 1.7 per cent over the March quarter to \$444,370 for an annual increase of 3.8 per cent.

“Melbourne has now overtaken Sydney as the fastest growing capital city housing market in Australia. Melbourne has recorded 14 consecutive quarters of house price growth, the longest sequence since June 2008,” said Domain Chief Economist, Dr Andrew Wilson.





Brisbane

Brisbane house prices fell marginally over the March quarter for the first decrease since the September quarter 2014, with a median price of \$512,809. Brisbane unit prices were also down over the quarter, falling by 0.8 per cent to \$367,058.

Across the year, Brisbane house prices increased by 4.1 per cent with unit prices falling by 3.2 per cent.

“Brisbane has now recorded seven consecutive quarters of falling unit prices with the recent apartment building boom having pushed supply ahead of demand. The local house market has also failed to build on a solid finish to 2015, with the median house price falling to \$512,809,” said Domain Chief Economist, Dr Andrew Wilson.

Adelaide

The Adelaide housing market reversed its consistent growth performance of last year with the median house price falling by 0.5 per cent to \$491,422. The March quarter decrease followed the strong result recorded over the previous December quarter and was the sharpest decline since September 2012.

Adelaide unit prices were steady over the March quarter with a median of \$303,537, making Adelaide the only capital not to experience a decline this quarter. Unit prices increased by 2.2 per cent over the year with house prices up by 3.4 per cent.

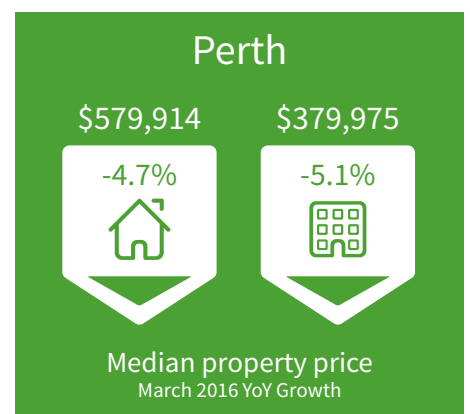
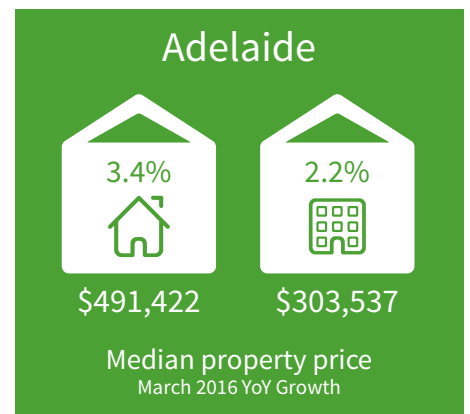
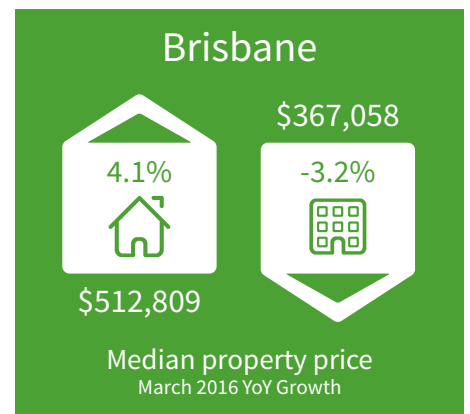
“A consolidating result for Adelaide after a strong finish last year. Similar to other capitals, Adelaide has experienced a flattening of prices growth with future growth likely at a slower rate than recent years,” said Domain Chief Economist, Dr Andrew Wilson.

Perth

The revival of Perth’s house prices was short lived with the median falling by 1.3 per cent over the March quarter to \$579,914. The weaker result followed an increase over the previous December quarter, which was the first rise in a year. Perth house prices fell by 4.7 per cent over the year ending the March quarter, which was the strongest decline of all the capitals.

Perth unit prices also fell over the March quarter following the increase recorded over the previous December quarter. Unit prices decreased by 3.7 per cent to \$379,975 and have fallen by 5.1 per cent over the past year – the sharpest annual decline since December 2011.

“Although Perth house prices increased marginally over the previous quarter following a year of falls, the median again fell in the March quarter and it will be a slow journey back to price growth,” said Domain Chief Economist, Dr Andrew Wilson.





Hobart

Hobart house prices continue to rise strongly with the median increasing by 4.3 per cent over the March quarter to \$360,212. The March result follows the 3.5 per cent increase recorded over the previous December quarter with annual prices now up by 7.6 per cent – the second best performance of all the capitals.

Hobart unit prices fell sharply by 6.2 per cent over the March quarter to \$251,633 for a fall of 3.3 per cent over the year.

“After a lengthy period of subdued growth, Hobart continues to play catch up recording the strongest price increase of all capitals across the March quarter. Despite further likely rises, Hobart remains the most affordable Australian capital city,” said Domain Chief Economist, Dr Andrew Wilson.

Canberra

Canberra house prices fell over the March quarter following five consecutive quarters of growth. The median house price decreased by 1.4 per cent to \$638,696 over the quarter but has increased by 4.8 per cent over the past year.

Canberra unit prices reversed the rise of the previous quarter, falling by 2.8 per cent to \$400,637 for an annual decrease of 4.7 per cent.

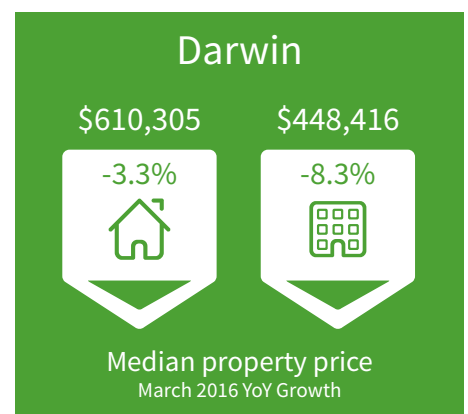
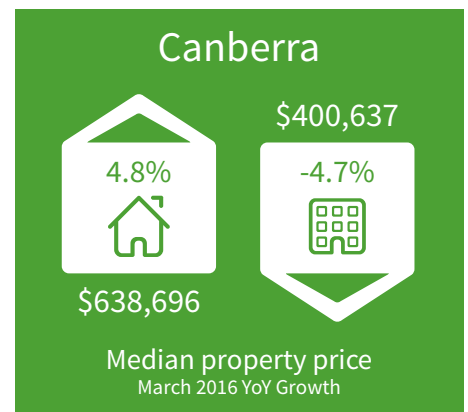
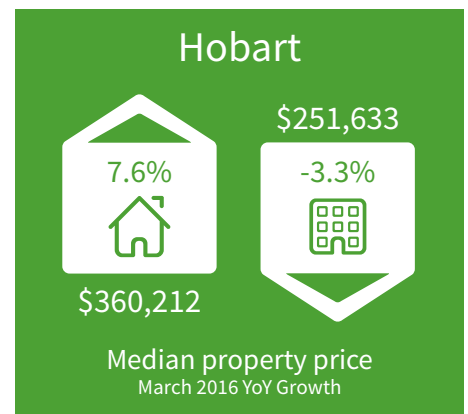
“An oversupply of new apartments is affecting unit prices in Canberra. A rebound in Canberra house prices will be dependant on the performance of the local economy with all eyes as usual on the upcoming federal budget,” said Domain Chief Economist, Dr Andrew Wilson.

Darwin

Darwin house prices fell sharply over the March quarter, down by 4.9 per cent to \$610,305 and the third consecutive quarter of falling house prices. Unit prices were also down over the quarter, decreasing by 4.1 per cent to \$448,416.

Darwin house prices have declined by 3.3 per cent over the past year with unit prices down by 8.3 per cent -the weakest performance of all the capitals.

The Darwin market continues to adjust to the downturn of the mining sector and reduced demand from fly-in-fly-outs. Lower prices however are good news for homebuyers. The Darwin unit market remains vulnerable to further price falls as a result of recent significant development of new apartment complexes,” said Domain Chief Economist, Dr Andrew Wilson.



Domain House Price Report — March 2016

Quarterly stratified median prices

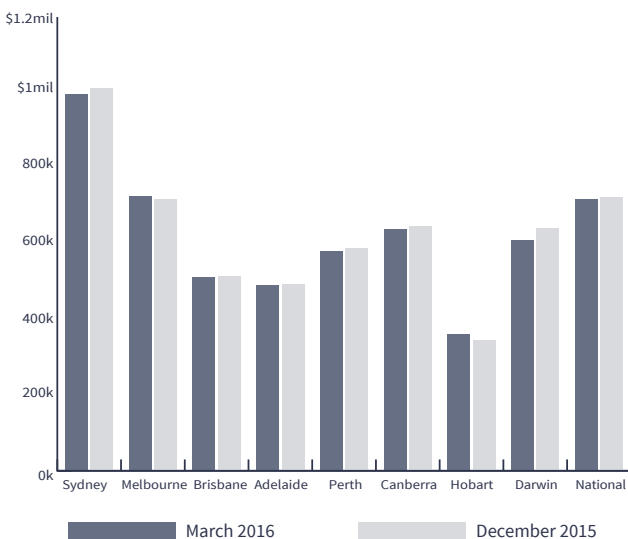
m Houses	Mar-16	Dec-15	Mar-14	QoQ % Δ	YoY % Δ
Sydney	\$995,804	\$1,011,283	\$931,735	-1.5%	6.9%
Melbourne	\$726,962	\$718,342	\$650,422	1.2%	11.8%
Brisbane	\$512,809	\$513,066	\$492,659	-0.05%	4.1%
Adelaide	\$491,422	\$493,684	\$475,189	-0.5%	3.4%
Perth	\$579,914	\$587,592	\$608,614	-1.3%	-4.7%
Canberra	\$638,696	\$647,567	\$609,554	-1.4%	4.8%
Hobart	\$360,212	\$345,409	\$334,757	4.3%	7.6%
Darwin	\$610,305	\$641,873	\$631,147	-4.9%	-3.3%
National	\$719,024	\$722,455	\$677,341	-0.5%	6.2%

Quarterly stratified median prices

m Units	Mar-16	Dec-15	Mar-14	QoQ % Δ	YoY % Δ
Sydney	\$656,166	\$660,569	\$620,411	-0.7%	5.8%
Melbourne	\$444,370	\$452,235	\$428,244	-1.7%	3.8%
Brisbane	\$367,058	\$369,904	\$379,052	-0.8%	-3.2%
Adelaide	\$303,537	\$303,537	\$296,877	0.0%	2.2%
Perth	\$379,975	\$394,589	\$400,188	-3.7%	-5.1%
Canberra	\$400,637	\$412,249	\$420,574	-2.8%	-4.7%
Hobart	\$251,633	\$268,187	\$260,256	-6.2%	-3.3%
Darwin	\$448,416	\$467,567	\$488,841	-4.1%	-8.3%
National	\$517,412	\$523,200	\$500,495	-1.1%	3.4%

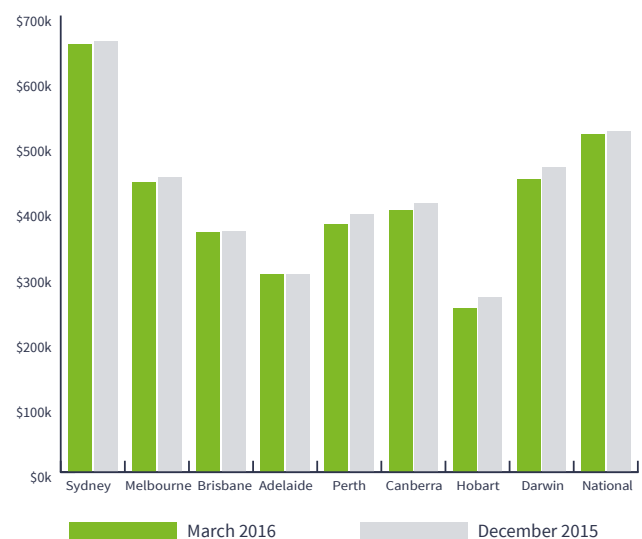
Houses

Stratified Median Prices (Quarterly)



Units

Stratified Median Prices (Quarterly)



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