

Australia's median house price rising back to peak levels as key markets rebound: Domain House Price Report

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Property prices in Australia are almost back to peak levels with rebounds in the country's biggest markets driving national growth, new figures show.

Australia's median house price hit \$809,349, after jumping 4.2 per cent late last year, according to the Domain House Price Report for the December quarter. It now sits less than \$10,000 below its December 2017 peak, the figures released on Thursday show.

The median unit price increased 3.4 per cent over the quarter to \$565,024 – less than \$12,000 shy of its mid-2017 peak.

It is the strongest quarterly growth for houses in three years and the strongest unit growth since 2015, said Domain senior research analyst Dr Nicola Powell.

“The national median has been growing for three consecutive quarters, but the pace has increased,” Dr Powell said. Price rebounds drove the change in Sydney and Melbourne, she said, with the latter having regained almost all of the house price value lost during the slump. Meanwhile, Sydney house prices regained almost two-thirds of the value lost.

STRATIFIED MEDIAN HOUSE PRICE

Capital City	Dec-19	QoQ Change	YoY Change
Sydney	\$1,142,212	5.7%	6.8%
Melbourne	\$901,951	5.0%	8.7%
Brisbane	\$577,664	1.3%	1.5%
Adelaide	\$542,947	1.3%	1.1%
Canberra	\$788,621	7.3%	5.4%
Perth	\$537,013	0.7%	-1.9%
Hobart	\$530,570	8.5%	15.6%
Darwin	\$509,452	-3.0%	-1.1%
National	\$809,349	4.2%	5.5%

Source: Domain House Price Report, December Qtr 2019.

The rebound in Australia’s two largest markets, combined with increased price growth in Canberra and Hobart, saw the national house and unit median jump 5.5 per cent and 4.5 per cent over the year – the first annual price growth since March 2018.

“The current pace of growth could see prices reach new highs in 2020,” said Dr Powell, noting unit prices in Melbourne and Hobart had already hit new peaks.

NAB chief economist Alan Oster expected to see house prices rise nationally by about 10 per cent over the year, pushing prices back to previous peaks.

“[The property market] has come back a bit faster than was expected,” he said, attributing the rebound to the ease in lending restrictions and loan serviceability requirements.

“That made affordability better, then you look at Sydney and Melbourne and see unemployment rates below 5 per cent, so you’ve got better affordability, people feeling a little bit happier and economic conditions that are okay – that’s the big picture story,” Mr Oster said.



Sydney recorded its first annual price growth in two years. Photo: iStock

Referring to Sydney’s slower recovery in comparison to Melbourne, Mr Oster said the harbour city had seen prices fall further, so it would naturally take longer to hit price levels seen before the downturn.

Brian White, chairman of Ray White, said it had been a “pretty extraordinary couple of months” with the Ray White Group seeing \$5 billion in residential sales – a monthly record – in November.

Mr White said sales were well spread across the country, with a considerable part of the growth due to aspirational buyers looking to upgrade to a better property.

“We’re finding people that are becoming very active [in the market] don’t really need to be, but they’re looking forward to having a better home,” he said.



Melbourne’s median unit price has hit a new peak. Photo: Daniel Pockett

Record low interest rates and more certainty in tax settings which had been “part of the political games” last year, Mr White said, were significant factors behind renewed buyer confidence.

For cities like Hobart, which saw the strongest quarterly and annual price growth – with both unit and house prices jumping more than 15 per cent over the year – there were several other factors at play, Dr Powell said.

In addition to renewed confidence off the back of lower interest rates, eased lending restrictions and no changes to negative gearing, Hobart had seen increased levels of tourism, an influx of investor activity and population growth that was outpacing the supply of new homes, Dr Powell said.

STRATIFIED MEDIAN UNIT PRICE

Capital City	Dec-19	QoQ Change	YoY Change
Sydney	\$735,387	4.3%	3.0%
Melbourne	\$549,701	5.6%	12.2%
Brisbane	\$377,549	-3.4%	-5.1%
Adelaide	\$306,327	-1.4%	-3.7%
Canberra	\$455,537	4.0%	0.1%
Perth	\$342,708	-2.1%	-0.5%
Hobart	\$441,104	15.2%	19.0%
Darwin	\$286,249	-5.4%	-11.1%
National	\$565,024	3.4%	4.5%

Source: Domain House Price Report, December Qtr 2019.

“Hobart is no longer the most affordable city in which to purchase a house,” Dr Powell said. “And if house prices continue to rise it could soon overtake Perth and Adelaide.”

The city’s small apartment market also saw unprecedented double-digit unit growth over the quarter, with the median increasing more than \$58,000 quarter-on-quarter. A jump, Dr Powell said, that could be attributed to demand, but also a change in the quality of units for sale – as more new developments come onto the market.

“Two years ago Hobart was the most affordable unit market of the Australian capital cities, but it is now more expensive than Adelaide, Brisbane, Darwin and Perth,” Dr Powell added.



Hobart's median house price increased 15.6 per cent over the year to December.

Photo: Sarah Rhodes

Darwin was the only city to record price falls across the quarter and year for both houses and units. It had the most affordable houses of any capital city – with a median of \$509,452 – for the first time in 17 years, and the most affordable apartments, with a median of \$286,249.

“House prices are 24.9 per cent below the 2013 peak, and unit prices are 41.2 per cent lower than the 2016 peak,” Dr Powell said. “Any recovery in Darwin’s housing market hinges on a rebound in population and economic growth ... which suffered post-mining boom.”

While January was a traditionally quiet time for the market, Mr White said, there was an impressive level of activity building for February and March but did not expect to see a significant increase in the number of homes for sale.

“I’m not uncomfortable with the [lower] number of listings. When listings are abundant, it’s generally a sign we’ve got problems. I think it’s a healthy balance,” he said.

He felt a steady supply of listings and strong, confident demand, left the market in fantastic shape for the year ahead, and noted steady growth would be best.

“The last thing you want is a boom market because they never last very long and always end in some sort of tears,” he said.

Readmore : https://www.domain.com.au/news/australias-median-house-rising-back-towards-peak-prices-as-key-market-rebound-922435/?utm_source=email&utm_campaign=ResearchHouse_HousePriceReportDecQtr_23012020&utm_medium=email&utm_content=none