

Sydney housing prices fall as Melbourne prices remain strong

A small uptick in Sydney housing prices in January was more an anomaly than trend after the city posted another quarterly falls in prices of 2.1 per cent, Corelogic RP Data housing index results indicated on Monday.

There was a 0.5 per cent growth for the biggest housing market in January, while the second major city Melbourne recorded a 2.5 per cent increase for the month.

But both cities are still experiencing a fall in prices with Sydney falling faster than Melbourne.

Overall, Melbourne's year-on-year growth has caught up with Sydney at 11 per cent compared to Sydney at 10.5 per cent.

"This month-on-month rise wasn't quite enough to pull the rolling quarterly rate of growth back into the black, with capital city dwelling values remaining 0.6 per cent lower over the past three months," Corelogic RP Data head of research Tim Lawless said.

Hobart also recorded a jump in January of 4.7 per cent as did Canberra at 2.8 per cent. But prices in the other capital cities were either flat or lower.

Melbourne has edged ahead in the two-horse race between Sydney and Melbourne price growth.

"While still a high rate of annual growth, Sydney's annual rate of capital gain is now at a 29 month low and has been progressively softening since peaking at 18.4 per cent in July last year," Mr Lawless said.

Winners and losers

Capital city home value index, Jan 2016

	Change in dwelling values (%)		
	Month	Qtr	YoY
Sydney	+0.5	-2.1	+10.5
Melbourne	+2.5	-0.1	+11.0
Brisbane	-0.7	+0.8	+2.8
Adelaide	0.0	-0.9	+1.1
Perth	-1.0	+1.7	-4.1
Hobart	+4.7	+3.0	+2.3
Darwin	-0.1	-1.4	-2.5
Canberra	+2.8	+1.2	+6.0
Combined capitals	+0.9	-0.6	+7.4

SOURCE: CORELOGIC RP DATA



"Melbourne's housing market has been more resilient to slowing growth conditions which has propelled the annual growth rate to the highest of any capital city...the latest data reveals Sydney's housing market is now playing second fiddle to Melbourne's, at least in annual growth terms."

"In fact, over the past six months, the performance gap between Sydney and Melbourne is stark."

So strong is the Melbourne market now that its median unit prices have either equaled or exceeded house median prices in Brisbane, Adelaide and Hobart. Senior research analyst Cameron Kusher said.

The median unit price in Melbourne is \$492,000 while the median house price in Brisbane is \$520,000 and in Adelaide \$444,500.

Renters have also done well.

The capital cities rental markets have been at the weakest since 1996, according to Corelogic's rental data analyses.

Up until now, there hasn't been a 12-month period when rents did not rise across the capital cities. While vacancies are still low in Sydney and Melbourne, renters would be comforted to know their rents would not be rising in the short term.

Last week, Domain reported that the Sydney property market's dream run has come to an end, with house prices falling 3.1 per cent – the biggest decline in more than 20 years – in the December quarter.

Source: <http://www.afr.com/real-estate/sydney-housing-prices-fall-as-melbourne-prices-remain-strong-20160131-gmid9p>