

For Immediate Release
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Property prices reflect state economies: REIA

The median house price across Australian capital cities has increased by 4.1 per cent for houses and 2.1 per cent for other dwellings, according to the latest research from the Real Estate Institute of Australia.

The REIA Real Estate Market Facts for the December quarter 2016 saw the weighted average median house price for the eight capital cities at \$743,496.

REIA President Malcolm Gunning said over the year, the median house price increased in all capital cities except Perth and Darwin, reflecting the differing fortunes of state economies.

“At \$1,134,075, Sydney’s median house price is the highest among the capitals whilst Hobart retains the lowest at \$430,000 - the figure is 42.2 per cent lower than the national average,” Mr Gunning said.

“The median price for other dwellings increased to \$572,254 as median prices increased in Sydney, Melbourne, Hobart and Darwin.

“Whilst Hobart and Adelaide had the lowest median prices compared to other jurisdictions, over the quarter, Hobart had the largest increase in both the median price for houses at 6.0 per cent and 11.7 per cent for other dwellings.

“Over the quarter, median rents for houses remained steady or increased in all capital cities except Darwin. In Brisbane, Adelaide and Perth median rents remained steady. Canberra had the largest increase at 9.5 per cent followed by Hobart with an increase of 6.1 per cent. Median rents for other dwellings remained steady or increased in most capital cities except for Sydney, Perth and Darwin. In Melbourne and Canberra median rents for other dwellings remained steady.

“The weighted average vacancy rate for the eight capital cities decreased to 2.9 per cent during the December quarter, a decrease of 0.2 percentage points. In most capital cities, the vacancy rates dropped by between 0.1 to 0.2 percentage points. In Hobart the vacancy rate remained steady while in both Darwin and Canberra it increased. Darwin and Perth continue to have the highest vacancy rates at 7.8 per cent and 6.4 per cent respectively.

“Over the quarter, both investor finance and owner-occupied housing finance (excluding re-financing) showed strong increases of 8.8 per cent and 11.1 per cent respectively, after small decreases in the previous quarter.

“The level of investor activity is not unexpected when you consider that ten year average annual returns for residential investment property range from a low of 6.5 per cent for houses in Perth to 10.5 per cent for two bedroom units in Sydney with most returns being around 8 per cent.

“This tells us why property is favoured above other forms of investment. It is the returns from housing investment that make it a preferred investment strategy noting that negative gearing is available for all asset classes,” Mr Gunning said.

The Real Estate Institute of Australia (REIA) is the national professional association for real estate agents in Australia. For further information or to interview REIA President Malcolm Gunning please contact Helen Hull at media@reia.com.au or 0419 642 961.