

**For immediate release – 31 March, 2021**

## **AUSTRALIAN HOUSING PRICES SOAR BY 500% OVER PAST 25 YEARS**

Australian housing prices have soared by more than 500% over the past 25 years but while capital values have grown, yields have fallen to all-time lows.

Real Estate Institute of Australia (REIA) President, Adrian Kelly said housing investors have been driven more by expected capital gains rather than rental yields.

According to data from REIA, the median price for Australian housing inflated from \$160,000 in 1996 to \$825,000 in 2020.

It's a tale of two cities with other dwellings, such as units and apartments seeing capital values increase by just over 400% in comparison however these assets produce higher yields.

The data shows that over the past five years, housing grew by 25%, from a median of \$683,000 to \$825,000 while other dwellings rose by 10% to \$600,000.

Mr Kelly said that over the 25-year period, Australian housing yields tightened from 5.1% to 2.9% while other dwellings have recorded a drop in yields but not as dramatic, falling from 5.2% to 3.7%," he said.

"Houses in Darwin have the highest return averaging 4.2%. In 1996, housing investments in Darwin were yielding 6.4%.

"Melbourne and Sydney have always had the lowest yields both falling from around 4% in 1996 to just 1.8% in 2020.

"The pandemic saw Melbourne and Sydney experience rising vacancies with Melbourne now the highest in Australia at 5% while Sydney is currently at 3.7%," he said.

Mr Kelly said that there has been a decline in investors in the market in recent times particularly as concerns have emerged with moratoriums on evictions and rising vacancies.

The increasing vacancy rates had made residential property less attractive as a proposition for investment particularly in inner Sydney and Melbourne.

"Despite rising vacancies and the low yields, we are starting to see investors reemerge as they respond to a rising market with further growth expectations and low borrowing costs," he added.

REIA's latest report, Real Estate Market Facts found that in the December quarter 2020, the weighted average capital city median price for both houses and other dwellings increased in the Australian residential property market.

"The weighted average capital city median price increased by 6.0% for houses and by 0.9% for other dwellings. The weighted average median house price for the eight capital cities increased to \$825,205. Over the quarter, the median house price increased in all capital cities.

"At \$1,211,488, Sydney's median house price continues to be the highest amongst the capital cities, 46.8% higher than the national average. At \$490,000 Perth has the lowest median house price across Australian capital cities, 40.6% lower than the national average."

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