

region's Domain
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A slight hiccup, but house prices still on the up



PROPERTY
WATCH
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THE latest Australian Property Monitors data shows that the Sydney median house price fell marginally by 0.4 per cent over the March quarter. However, Sydney house prices rose by 2 per cent in the year ending in March and have recorded growth consistently for the past two years.

Although Sydney median unit prices also fell marginally by 0.7 per cent over the March quarter, this sector has recorded consistent growth since mid-2008 with an average quarterly increase of nearly 2 per cent.

The weakening of the Sydney housing market was confirmed this week by the ABS March quarter established house price index that reported the harbour city house prices fell by 1.8 per cent with an annual rise of just 0.8 per cent.

Although Sydney's housing market has softened recently, it remains the most expensive capital city to buy a house or a unit. The March quarter Sydney median house price of \$643,713 clearly leads its closest rivals Darwin \$615,653, Canberra \$568,541 and Melbourne \$563,397.

The March quarter median price for a Sydney unit is \$448,585, followed by Canberra \$409,946, Darwin \$404,763 and Melbourne \$397,772.

Renting is also more expensive in Sydney than any of the other capitals. Australian Property Monitors says Sydney's March quarter median weekly asking house rental of \$485 was 33 per cent higher than Melbourne's \$360 a week and Brisbane's \$370 a week.

The story for units is the same, with Sydney's March quarter median weekly asking rental at \$450 compared with Melbourne

and Brisbane at \$350 a week. A further example of the relatively high cost of accommodation in Sydney compared with the other capitals is revealed by looking at the level of suburban median house prices between the major capital city markets.

Sydney has 88 suburbs with annual median house prices in excess of \$1 million. By contrast Melbourne has 32 suburbs with \$1 million-plus prices, Perth 16 and Brisbane only two.

Similarly, Sydney's suburban unit prices are more expensive than the other capitals. The highest median unit price in Melbourne in the year to March



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was Toorak with a median of \$682,500. Sydney recorded 23 suburbs with median unit prices higher than Melbourne's number one, led by Darling Point with a median unit price of \$984,000. The highest median unit price in Brisbane was \$563,000 and Perth \$607,500.

Expect Sydney houses and units to remain prohibitively expensive compared with other capitals, particularly as it clearly has the best prospects of a sustained recovery in prices from the current subdued market conditions being experienced in all Australian capital city housing markets.

Dr Andrew Wilson is senior economist for Australian Property Monitors.