

# Australian property warming up but no bubble: UBS Scott Haslem

By Alistair Walsh  
Friday, 16 August 2013

Investment bank UBS says the Australian housing market is not at risk of becoming a bubble and is instead warming up.

“The bottom line is that Australian housing is clearly warming up, led by Sydney, but nationally remains a fair distance from anything resembling a bubble,” economist Scott Haslem told his clients this week which were reported by *The Australian*.

“If the Reserve Bank deemed it appropriate to reduce the [cash](#) rate further, it is almost certain this would be a response to weaker labour market and an unemployment rate rising through 6%. This is unlikely to be an environment we would need to be concerned about rapidly rising house prices, or a property bubble, in Australia.”

The comments came as there has been a surge in auction [clearance rates](#), particularly in Sydney, and house price rises following record low rate cuts by the *Reserve Bank of Australia*.

Haslem says Sydney’s auction clearance rate being at a three year high put it at the most risk of over-heating.

UBS says home prices are rising at rate of 8% per annum this year while auction clearance rates in Sydney and Melbourne are at more than 70%, up from a 54% average last year.

On Tuesday UBS increased its [residential](#) house price forecasts to 10% for this year and 5% for next year, up from 7% and 3%, but said an increased unemployment rate would cool the market.

Most capital city house prices have not yet reached their 2010 peaks with Haslem noting Sydney was the only capital city noticeably above its peak.