

# Capital city dwelling values record highest quarterly rise in three years: RP Data

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Dwelling values across Australia's capital city markets rose 2.8% over the March quarter, the strongest result seen since March 2010, according to the RP Data-Rismark March Hedonic Home Value Index Results.

Values were up a strong 1.3% over March.

Every capital city recorded a rise in dwelling values over the month apart from Adelaide, which remained steady over March.

Perth recorded the highest level of growth over the month of March, with dwelling values increasing 3.4% to a median price of \$479,000.

However Hobart was the best performing capital city over the quarter with an increase of 6.1% to \$332,500 following a 2.5% increase over March.

It still remains the nation's most affordable capital city market in terms of dwelling values.

Melbourne recorded a 2.5% rise in dwelling values over the quarter and a 0.8% rise over March with a median dwelling price of \$475,000.

Sydney recorded a 3.4% rise over the quarter and a 1.5% rise over March and remains the most expensive capital city market, with a median dwelling price of \$550,500.

The weakest property market was Adelaide, with values unchanged over March, and down 0.5% over the March quarter.

Adelaide is the only capital city to record a fall in values for the first three months of the year.

Year-on-year, the report shows that Darwin has experienced the greatest rise in value of 7.3%.

"The March 2013 result is one of the strongest we've seen over the three years since March 2010," says Rismark International CEO Ben Skilbeck.

"Further, it was the strongest quarterly growth seen since the three month period ending May 2012," says Skilbeck.

"Since the capital city housing market bottomed out at the end of May last year, we have seen dwelling values rise by 4.7% after falling by 7.4% from their market peak back in late 2010," says RP Data research Director Tim Lawless.

Lawless says the most significant recoveries have been recorded across Darwin where values have risen 13.9% since bottoming out in January last year, and Perth where values are up 9.4% since November 2011.

“Both cities are recording rental growth higher than 10% year on year which is providing a significantly higher total return compared with other cities,” says Lawless.

According to the index - which factors in the gross yield as well as capital gains – Darwin is recording a year on year gross return of 13.9% and Perth is recording a total gross return of 10.6%.

“Both are significantly higher than the combined capitals average of 6.9% gross,” says Lawless.

The middle priced housing sector is continuing to show the healthiest market fundamentals.

Rismark’s Ben Skilbeck says the investor segment of the housing market is showing greater responsiveness to the low interest rate environment than the owner occupied segment.

“The gross capital city unit rental yields now at 4.9%, and a number of short term fixed rate loans also being offered at these levels, it’s not surprising to see investors responding to these conditions more quickly than owner occupiers,” says Skilbeck.

The report suggests that there are many indications that the housing market recovery will continue.

“Auction clearance rates haven’t been below 55% on any occasion so far this year, and over recent weeks the capital city weighted average clearance rate has been around the 60% mark with Melbourne and Sydney nudging the 70 mark,” says Lawless.

“RP Data’s Mortgage Index, which tracks activity across the RP Data mortgage platforms, reached levels not seen since August 2009, suggesting housing finance commitments are likely to show a decent lift when the ABS publishes the data for February and March later this year,” Lawless says