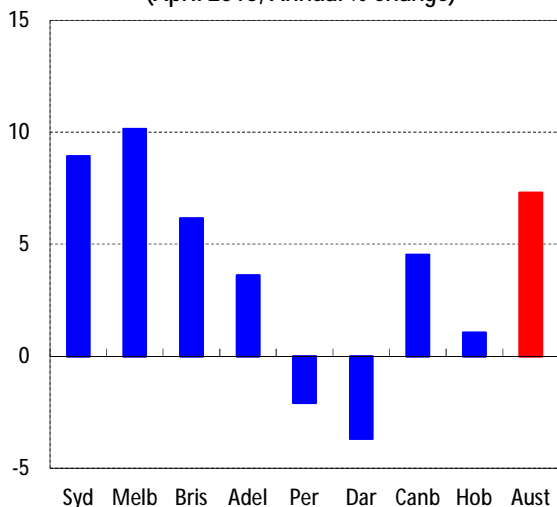


Dwelling Prices

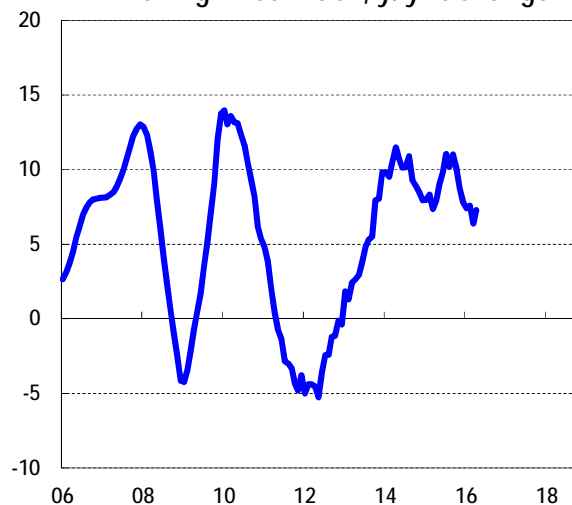
Gas Still in the Tank

- Australia-wide capital city dwelling prices haven't run out of steam yet. In April, dwelling prices rose 1.7%, the largest monthly increase since July last year.
- In April, dwelling prices fell in Hobart and Darwin, but rose in all other capital cities. The strongest growth in dwelling prices in April was in Sydney, followed by Brisbane and Adelaide.
- For the year to April, the pace of growth in dwelling prices lifted to 7.3%, from 6.4% in the year to March. This pace of growth however, remains below where it was in February and well down from a recent peak of 11.1% in the year to July 2015.
- Over the year to April, capital city house prices rose 7.2%, while unit prices rose 7.9%. The strongest pace of growth in house prices over the year, with an increase of 10.8% was in Melbourne. The strongest growth in unit prices was in Sydney, with 11.5% growth. In annual terms, dwelling prices fell in Perth and Darwin in the year to April.
- Although the annual pace of house price growth has been slowing in recent months in most capital cities and this trend is likely to continue, today's data indicates there is still some life in the housing market.

CoreLogic - RP Data Dwelling Prices
(April 2016, Annual % Change)



CoreLogic - RP Data Hedonic
Dwelling Price Index, y/y % change



Australia-wide capital city dwelling prices grew by a solid 1.7% in April, following a modest increase of 0.2% in March. Growth has accelerated in the month following much softer gains earlier in the year. In the three months to March, capital city dwelling prices lifted by an average of 0.5% per month. Today's data indicates dwelling prices haven't run out of steam yet.

In April, the strongest growth in dwelling prices was in Sydney (2.4%), followed by Brisbane (2.2%), Adelaide (2.0%), Canberra (1.2%), Melbourne (1.1%) and Perth (0.5%). Dwelling prices fell in Hobart (-2.0%) and Darwin (-1.7%), in April.

For the year to April, capital city dwelling prices rose by 7.3%, up from growth of 6.4% in the year to March. The annual pace of growth in April, however, remains below annual growth of 7.6% two months earlier and well below a recent peak of 11.1% growth in the year to July 2015.

Over the year to April, dwelling price growth was strongest in Melbourne (10.1%), followed by Sydney (8.9%), Brisbane (6.2%), Canberra (4.5%), Adelaide (3.6%) and Hobart (1.1%). Prices fell in Darwin (-3.7%) and Perth (-2.1%) in the year to April reflecting the impact of the end of the resources investment boom and the resulting slowdown in income growth and population growth in these regions.

In April, capital city unit prices rose 2.1%, while house prices were up 1.6%. For the year to April, capital city house prices gained 7.2% and unit prices rose 7.9%.

Annual house price growth outpaced unit price growth in Melbourne, Brisbane and Canberra in the year to April. In Melbourne, house prices rose 10.8% (the strongest pace of growth among all capital cities), and unit prices lifted 4.7%. In Brisbane house prices rose 6.7%, while unit price growth was a more subdued 1.2% and similarly Canberra house price growth (4.8%) outpaced that of unit prices (1.2%).

Unit price growth was stronger than house price growth in Sydney, Adelaide, Darwin and Perth in the year to April. Unit prices lifted in all capital cities in the year to April, while house prices rose in all capital cities except Perth and Darwin over that period. The strongest growth in unit prices was in Sydney (11.5%), while house prices there rose 8.4%. Adelaide unit price growth was 5.7%, outpacing that of houses (3.4%). House prices fell in Darwin (-5.2%), while unit prices rose 2.4% in the year to April. Similarly in Perth, house prices fell 2.2% in the year to April, while unit prices edged up 0.1%.

Outlook

Although the annual pace of house price growth has been slowing in recent months in most capital cities, today's data indicates there is still some life in the housing market. The solid pace of dwelling price growth in April indicates demand remains robust in the housing market in most capital cities. How long can this continue? Following strong dwelling price growth last year, the pace of capital city dwelling price growth is expected to slow to a more modest pace this year. Dwelling prices will continue to be supported by low interest rates. However, dwelling prices are already high, wages growth is slow, the pace of population growth has eased and housing supply continues to grow, which will limit the potential for further dwelling price gains.

Jo Horton, Senior Economist
Ph: 02-8253-6696

Contact Listing

Chief Economist

Hans Kunnen

kunnenh@bankofmelbourne.com.au

(02) 8254 8322

Senior Economist

Josephine Horton

hortonj@bankofmelbourne.com.au

(02) 8253 6696

Senior Economist

Janu Chan

chanj@bankofmelbourne.com.au

(02) 8253 0898

The Detail

The information contained in this report ("the Information") is provided for, and is only to be used by, persons in Australia. The information may not comply with the laws of another jurisdiction. The Information is general in nature and does not take into account the particular investment objectives or financial situation of any potential reader. It does not constitute, and should not be relied on as, financial or investment advice or recommendations (expressed or implied) and is not an invitation to take up securities or other financial products or services. No decision should be made on the basis of the Information without first seeking expert financial advice. For persons with whom Bank of Melbourne has a contract to supply Information, the supply of the Information is made under that contract and Bank of Melbourne's agreed terms of supply apply. Bank of Melbourne does not represent or guarantee that the Information is accurate or free from errors or omissions and Bank of Melbourne disclaims any duty of care in relation to the Information and liability for any reliance on investment decisions made using the Information. The Information is subject to change. Terms, conditions and any fees apply to Bank of Melbourne products and details are available. Bank of Melbourne or its officers, agents or employees (including persons involved in preparation of the Information) may have financial interests in the markets discussed in the Information. Bank of Melbourne owns copyright in the information unless otherwise indicated. The Information should not be reproduced, distributed, linked or transmitted without the written consent of Bank of Melbourne.

Any unauthorized use or dissemination is prohibited. Neither Bank of Melbourne- A Division of Westpac Banking Corporation ABN 33 007 457 141 AFSL 233714 ACL 233714, nor any of Westpac's subsidiaries or affiliates shall be liable for the message if altered, changed or falsified.