



Property Outlook

Australian Property Market Report - April 2019

The realestate.com.au Property Outlook report brings you the latest data and insights relating to demand and median price for residential dwellings across Australia.

**Is our
property
market
stuck?**



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The property market is stuck – what will get it going again?

Where things are at...

Is this the worst downturn ever? Far from it, although if you are in Sydney, Perth or Darwin it probably feels like it. These cities are the most challenged in the country right now – Perth and Darwin are five years into a downturn, while in Sydney it has been shorter and faster, with prices down almost 10% in only 18 months.

In other cities, the results are far more mixed. Melbourne frequently gets lumped in with Sydney when discussing the falling market, but the reality is Melbourne is holding up a lot better. Prices are down but the falls are less than half those experienced by Sydney. Elsewhere, conditions are relatively flat. Brisbane is technically in a 'downturn', but prices are only down 1.3%. Canberra and Adelaide are also stable. Hobart continues to grow, with a combination of low levels of supply, an overheated rental market, and strong jobs growth contributing to price rises.

The outlook...

Moving forward, the outlook for the market is getting clearer. At the beginning of the year, we had the uncertainty of the Financial Services Royal Commission final report, which, in the end, said pretty much nothing about housing finance (although mortgage broking did get hit hard). The biggest impact of the Royal Commission was actually when it was announced, with banks immediately beginning to focus more on responsible lending. While positive for financial stability, it signaled the end of the property market boom in Melbourne and Sydney and derailed the flicker of a recovery in Perth.

Top 10 most in demand suburbs in Australia



All dwellings

- | | |
|---------------------------|--------------------------|
| 1. Middle Park, Vic | 6. Stirling, SA |
| 2. Millswood, SA | 7. Collaroy Plateau, NSW |
| 3. Killarney Heights, NSW | 8. Birchgrove, NSW |
| 4. Crafrers West, SA | 9. Aldgate, SA |
| 5. Allambie Heights, NSW | 10. Belair, SA |

Finance is set to continue to ease this year. The Royal Commission added in no new restrictions on housing finance and APRA began to roll back the restrictions they put in place to restrict interest only loans and the rate of growth of investor loans last year. The biggest challenge now is to get the banks lending again. This won't bring back investors to the same point as during the boom, but it will make it easier for them. Ideally it will put first home buyers and upgraders in a better position, particularly because for this group, buying conditions are far better than two years ago, but many are still finding it difficult to get a loan.

The other factor that will ease up finance is an interest rate cut. On realestate.com.au interest rate cuts lead to a boost to search activity. While a rate cut won't put the market back to where it was, it will certainly flatten out conditions. It is also highly likely that banks will pass on any rate cut in full, particularly given the negative sentiment towards them at present.

Something that is providing a floor to how far prices will fall is that the jobs situation is looking good. Generally, people are not worried that they will lose their jobs and if they are, record levels of job vacancies should mean they don't stay unemployed for long.

The final piece of the puzzle...

The big remaining unknown is the result of the Federal Election in May. If it wasn't looking like we're in for a change of Government, it is likely we would be seeing prices stabilising right now. Elections create paralysis in property markets – new listing volumes decline, and buyers sit on their hands.

This election is particularly meaningful for property in that the ALP has flagged big changes to negative gearing and capital gains tax concessions to discourage investment in housing. The move to restrict negative gearing to only new properties from 1 January 2020 will have the biggest impact. Modelling by both sides of Government, as well as independent consultants has predicted that prices will fall, and rents will rise.

Australia has become almost completely dependent on 'mum and dad investors' to provide rental housing in Australia, which is quite different to the rest of the world. These individual investors have become dependent on tax incentives to make owning a low yielding property viable. With no back up plan to address this fall in investor activity, rental rises could become problematic, particularly in places already dealing with rental related issues such as Hobart. The other problem is that in regional areas with no demand for new housing, a drop in rental housing supply would be exacerbated. And for our major cities, renters may be pushed into inner city apartments and outer suburban estates; areas with high supply. This would create a missing middle for renters which would become the domain of owner occupiers only.

Liberal v Labor...

In summary, a Liberal win in the Federal election would create stability in housing markets and get buyer and seller activity moving again. Rents would continue to rise with the market. An ALP win would lead to continual falls and stability would be delayed by at least 12 months. Rent rises would be above market rises.

In the end, the change to investor incentives would be good news for first home buyers and mean very little to most home owners given that the majority purchased before the rapid rise in prices. Falling prices do have a big impact on sentiment, which is a problem for overall consumer sentiment and ultimately spending, but there are two bigger problems.

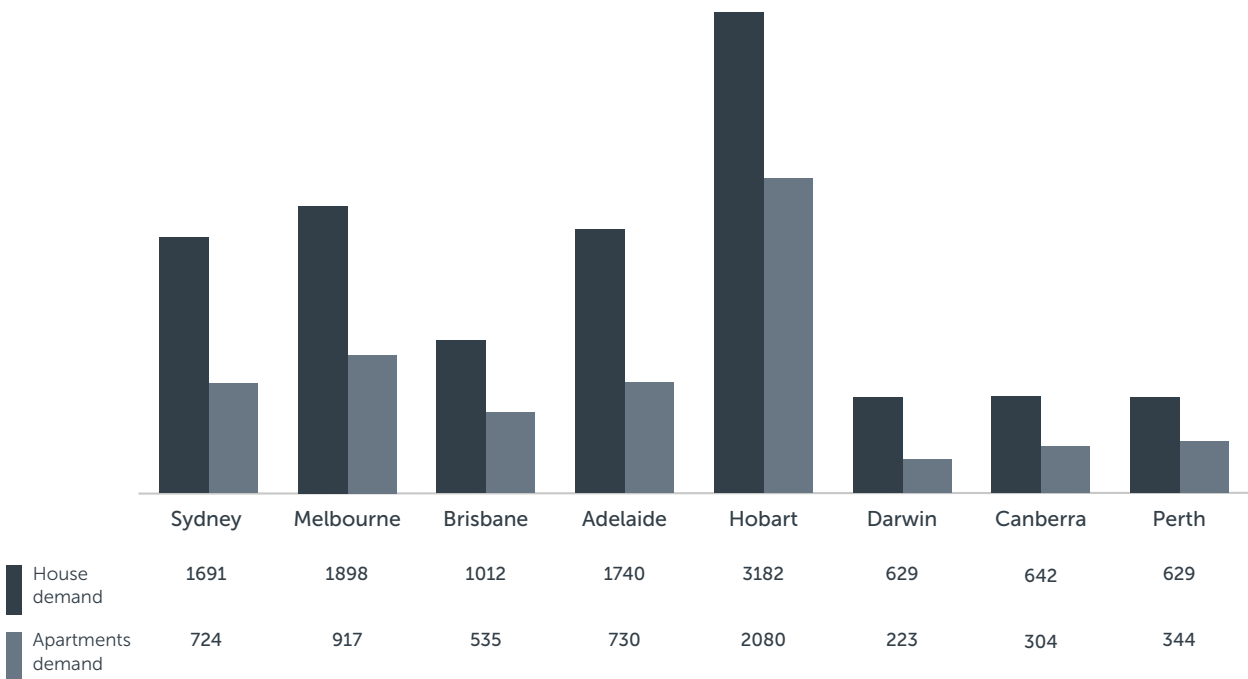
The first is that the supply pipeline is falling and the flow on to economic growth could be significant. The second is rising rents – renters who do not benefit from capital growth in housing are typically younger, poorer and more likely to be under housing stress, which means even small increases in rents can be problematic. A move to get more institutional investment into rental housing through changes to the Managed Investment Trust structure will take time and may not make up for a drop in investment by traditional suppliers of rental housing.

Median price



Demand by city

Property views per listing





Falling prices are not bad news

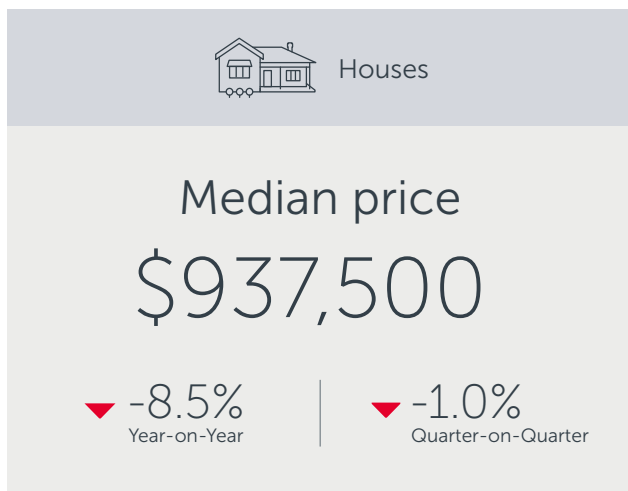
Apartment oversupply, big falls in pricing and a big drop in rental demand – all of this was meant to happen in Melbourne or maybe Brisbane. It wasn't meant to happen in Sydney, which has become ground zero for Australia's current property market downturn.

The problem for Sydney was that the development cycle started too late, and as a result pricing moved too far, too quickly.



This has seen many people priced out of Sydney, leading to movement North and South to cheaper states. Rental demand is now dropping, and investors don't want to buy housing that is hard to lease and also falling in value. Owner occupiers are hesitant to buy in a market that may not yet have hit the bottom. No one wants to buy when homes could get even cheaper.

While falling prices impact confidence, it isn't actually bad for most buyers. Sydney has now moved from being the second least affordable city in the world behind Hong Kong, to being third, knocked out by Vancouver. This affordability has made it easier for first home buyers who were battling investors for properties during the price boom and were hesitant to transact in a fast-moving market. Upgraders may get less for their existing homes but are also often now paying less for their new home. They also now have the benefit of time.



The declining market has led to a change in the types of properties that buyers are interested in. While anything that was in high demand from investors is struggling, we have started to see far more search activity in premium suburbs. In every price boom, we see people move to cheaper suburbs in an attempt to get into the market. As prices fall, buyers turn their attention back to premium suburbs, either because they see good value, or prices have fallen enough to allow them to get back in. Right now, Northern Beaches and the Inner East of Sydney are seeing the highest number of views per listing in Australia.

In regional NSW, the situation is far more diverse. Over the past 12 months, Coffs Harbour-Grafton and Mid-North Coast have seen positive price growth and this positive growth hasn't changed over the quarter. The areas that are struggling are those within commuting distance to Sydney.

Top 10 most in demand suburbs in Sydney



Houses

- | | |
|------------------|-------------------|
| 1. Freshwater | 6. Manly |
| 2. Dee Why | 7. Newtown |
| 3. Mosman | 8. Baulkham Hills |
| 4. Paddington | 9. Surry Hills |
| 5. Winston Hills | 10. Narrabeena |



Apartments

- | | |
|--------------------|-------------------|
| 1. Kirribilli | 6. Freshwater |
| 2. Fairlight | 7. Artarmon |
| 3. Centennial Park | 8. McMahons Point |
| 4. Wollstonecraft | 9. Manly |
| 5. Queenscliff | 10. Woolloomooloo |

Sydney metro regions

Regions	Median Price			Demand Property views per listing
	APR 2019 median price	Year-on-Year % change	Quarter-on-Quarter % change	
Baulkham Hills & Hawkesbury	\$1,143,500	▼ -6.5%	▼ -0.3%	914
Blacktown	\$690,000	▼ -8.9%	▼ -1.3%	810
City & Inner South	\$960,000	▼ -9.2%	▼ -0.1%	1119
Eastern Suburbs	\$1,560,000	▼ -8.3%	▼ -0.7%	2129
Inner South West	\$825,000	▼ -10.8%	▼ -1.3%	1112
Inner West	\$1,090,000	▼ -9.7%	▼ -1.9%	1399
North Sydney & Hornsby	\$1,275,000	▼ -8.1%	▼ -0.4%	1821
Northern Beaches	\$1,390,000	▼ -7.6%	▼ -0.9%	2584
Outer South West	\$640,000	▼ -6.9%	▼ -0.6%	838
Outer West & Blue Mountains	\$645,000	▼ -5.3%	▼ -1.0%	914
Parramatta	\$735,000	▼ -9.5%	▼ -0.4%	827
Ryde	\$1,218,000	▼ -13.5%	▼ -2.5%	1204
South West	\$720,000	▼ -9.2%	▼ -1.6%	572
Sutherland	\$999,750	▼ -10.6%	▼ -1.0%	1661

NSW regions

Regions	Median Price			Demand Property views per listing
	APR 2019 median price	Year-on-Year % change	Quarter-on-Quarter % change	
Capital Region	\$435,000	■ 0.0%	▲ 0.2%	394
Central Coast	\$610,000	▼ -5.3%	▼ -0.9%	1205
Central West	\$350,000	▲ 0.5%	▼ -0.3%	387
Coffs Harbour - Grafton	\$443,000	▲ 3.5%	▲ 0.4%	602
Hunter Valley	\$436,000	▼ -0.6%	▼ -1.3%	495
Illawarra	\$670,000	▼ -6.0%	▼ -0.4%	1199
Mid-North Coast	\$440,000	▲ 2.0%	▲ 1.6%	467
New England & North West	\$290,000	▼ -0.6%	▲ 1.4%	172
Newcastle & Lake Macquarie	\$580,000	▼ -2.6%	▲ 0.1%	1115
Richmond - Tweed	\$535,000	▲ 0.2%	▼ -0.5%	842
Southern Highlands & Shoalhaven	\$590,000	▼ -3.2%	▼ -0.3%	683



Melbourne

VIC

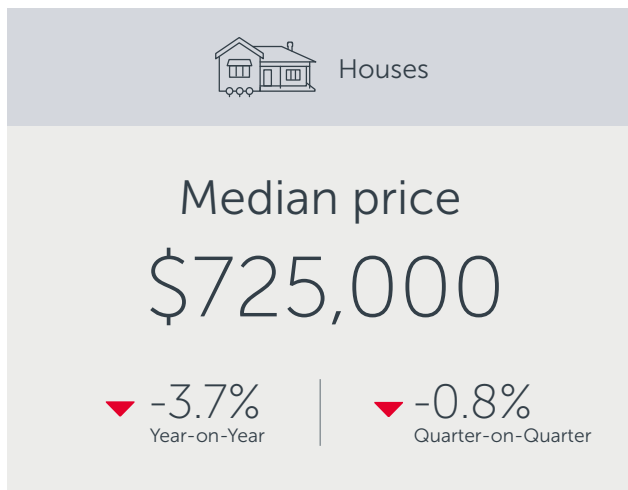
A very different story to Sydney

Melbourne house prices may be down, but the decline is half that of Sydney. On other measures, Melbourne is also holding up much better. Suburbs are getting higher views per listing from buyers and renters on realestate.com.au than Sydney, which is being supported by rising rents and far more mixed price changes across the city. Overseas based property seekers are still far more active in Melbourne but have been dropping off in Sydney for almost two years now.



Melbourne’s affordability and jobs growth are holding up the market.

Similarly to Sydney, dropping prices have led to an increase in interest in premium suburbs which now dominate the list of most in demand suburbs. During the boom, we saw cheaper suburbs taking control of the list – areas like Briar Hill, Montmorency and Montrose where big homes on big blocks at more affordable price points are available. Now the list is features places like Middle Park and Toorak – very expensive suburbs, but cheaper than what they were a couple of years ago.



Regional Victoria continues to do well. The heat is cooling in Geelong, however the recent Federal budget announcement that a fast rail would cut the commute time from Geelong to Melbourne CBD to half an hour should lead to increased buyer demand. Right now, it is the Latrobe-Gippsland region that is really powering ahead.

Top 10 most in demand suburbs in Melbourne



Houses

- | | |
|-------------------|--------------------|
| 1. Middle Park | 6. Toorak |
| 2. Albert Park | 7. South Melbourne |
| 3. Hawthorn | 8. Malvern |
| 4. East Melbourne | 9. Carlton |
| 5. South Yarra | 10. Northcote |



Apartments

- | | |
|----------------|---------------------|
| 1. Middle Park | 6. St Kilda West |
| 2. Parkdale | 7. Montmorency |
| 3. Ashwood | 8. Lower Plenty |
| 4. Mitcham | 9. Mount Waverley |
| 5. Mount Eliza | 10. Blackburn North |

Melbourne metro regions

Regions	Median Price			Demand Property views per listing
	APR 2019 median price	Year-on-Year % change	Quarter-on-Quarter % change	
Inner	\$685,000	▼ -7.9%	▼ -1.8%	1400
Inner East	\$1,100,000	▼ -9.3%	▼ -0.1%	1507
Inner South	\$950,500	▼ -9.5%	▼ -1.8%	1809
North East	\$655,250	▼ -5.6%	▼ -0.9%	1136
North West	\$227,750	▼ -3.1%	▼ -1.1%	930
Outer East	\$720,000	▼ -8.6%	▼ -1.8%	2082
South East	\$310,000	▼ -0.6%	▼ -0.1%	962
West	\$571,000	▼ -2.5%	▼ -0.9%	771
Mornigton Peninsula	\$642,000	▼ -5.5%	▼ -0.3%	1884

VIC regions

Regions	Median Price			Demand Property views per listing
	APR 2019 median price	Year-on-Year % change	Quarter-on-Quarter % change	
Ballarat	\$356,500	▲ 6.5%	▼ -0.1%	875
Bendigo	\$367,500	▼ -2.0%	▼ -0.4%	561
Geelong	\$545,700	▲ 1.4%	▼ -0.04%	1289
Latrobe Gippsland	\$325,500	▲ 2.6%	▲ 0.2%	398



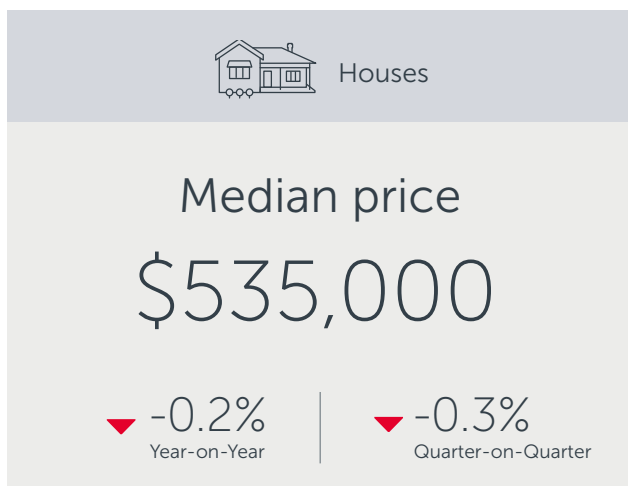
Weathering the storm well

Brisbane was meant to be ground zero for apartment oversupply, however concerns about this were overstated and in the end, Brisbane has weathered the downturn well. Prices are flat, even though it is under the same finance challenges as the rest of Australia. The fundamentals of property demand continue to hold up the Brisbane market – jobs are being created and this is supporting population growth.



Interestingly, offshore property seekers are increasing across Brisbane, not just from Asia but also from New Zealand and the UK. Brisbane is a beneficiary of BREXIT, seeing the largest increase in property seekers from UK we've ever seen in Australia.

Northside Brisbane continues to be most in demand on realestate.com.au, seeing the highest views per listing. Paddington has been knocked from number one, replaced by Wilston – it is likely that Paddington prices increasing to hit over a \$1 million median are the culprit. High prices often reduce desirability of suburbs.



Regional Queensland is similarly quite flat, with many areas seeing only modest declines. Gold Coast appears to be an escape valve for Sydney's high prices and we see very high levels of search activity from buyers and renters in Sydney looking at the area. Rental demand on the Gold Coast also continues to be strong. On the Sunshine Coast, prices have increased over the year but have fallen slightly this quarter.

Top 10 most in demand suburbs in Brisbane



Houses

- | | |
|------------------|------------------|
| 1. Wilston | 6. Tennyson |
| 2. Paddington | 7. Indooroopilly |
| 3. Highgate Hill | 8. Coorparoo |
| 4. Toowong | 9. Wishart |
| 5. Windsor | 10. Ashgrove |



Apartments

- | | |
|-----------------|---------------|
| 1. Holland Park | 6. Ashgrove |
| 2. Red Hill | 7. Enoggera |
| 3. Camp Hill | 8. Newmarket |
| 4. New Farm | 9. Hawthorne |
| 5. Paddington | 10. Teneriffe |

Brisbane metro regions

Regions	Median Price			Demand Property views per listing
	APR 2019 median price	Year-on-Year % change	Quarter-on-Quarter % change	
East	\$538,000	▼ -1.3%	▼ -0.4%	615
Inner City	\$650,000	▼ -1.9%	▼ -0.4%	1094
North	\$545,000	▲ 0.3%	▲ 0.2%	1104
South	\$625,000	▼ -0.5%	■ 0.0%	1123
West	\$640,000	▼ -2.3%	▼ -1.0%	1329

QLD regions

Regions	Median Price			Demand Property views per listing
	APR 2019 median price	Year-on-Year % change	Quarter-on-Quarter % change	
Cairns	\$350,000	▲ 0.8%	▼ -0.1%	247
Darling Downs - Maranoa	\$240,000	▼ -4.3%	▲ 0.8%	94
Gold Coast	\$535,000	▼ -0.5%	▼ -0.1%	878
Ipswich	\$365,000	▼ -0.5%	▼ -0.5%	407
Logan - Beaudesert	\$400,000	▼ -0.3%	▼ -0.1%	409
Moreton Bay North	\$415,000	▼ -0.5%	▲ 0.1%	526
Moreton Bay South	\$485,500	▲ 0.6%	▼ -0.8%	852
Sunshine Coast	\$571,300	▲ 0.7%	▼ -0.2%	977



Adelaide

SA

Getting all the fundamentals right

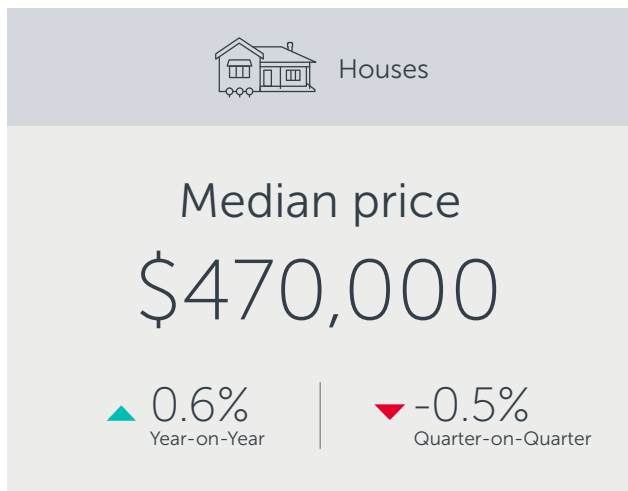
Adelaide really started to take off just as Sydney and Melbourne began to falter. This is likely in part due to higher levels of investor activity coming from these cities; however, jobs are also playing a role. Like Brisbane, the fundamentals of property demand are good in Adelaide. Jobs are being created and demand from renters and buyers is strong.

The Adelaide market is unique in that high-end properties are doing particularly well with regards to pricing, but for rentals, we are seeing high levels of demand for cheaper locations.



This is likely because growth in employment is a mix of manufacturing and more highly paid white collar. A focus by investors in prime locations is also a factor, with many of them ignoring Adelaide's affordable suburbs.

The outlook for Adelaide is for a continuation of fairly flat conditions. While this doesn't sound overwhelmingly positive, it does reflect that the market is evenly balanced. Population growth is being matched by enough development and investor activity. It may not be exciting, but it really is the utopia for property markets.



Top 10 most in demand suburbs in Adelaide



Houses

- | | |
|---------------|-----------------|
| 1. Stirling | 6. Goodwood |
| 2. Unley Park | 7. Unley |
| 3. Millswood | 8. Aldgate |
| 4. Parkside | 9. Belair |
| 5. Fullarton | 10. Bridgewater |



Apartments

- | | |
|-------------------|------------------|
| 1. Glenelg South | 6. Henley Beach |
| 2. North Adelaide | 7. Glenelg North |
| 3. West Beach | 8. Brompton |
| 4. Grange | 9. Ascot Park |
| 5. Goodwood | 10. Glenelg East |

Adelaide metro regions

Regions	Median Price			Demand
	APR 2019 median price	Year-on-Year % change	Quarter-on-Quarter % change	Property views per listing
Central & Hills	\$595,000	▲ 2.8%	▲ 0.4%	1484
North	\$350,050	▼ -0.4%	▼ -0.8%	820
South	\$446,500	▲ 1.3%	▲ 0.1%	1457
West	\$498,000	▼ -0.8%	▼ -1.4%	1312



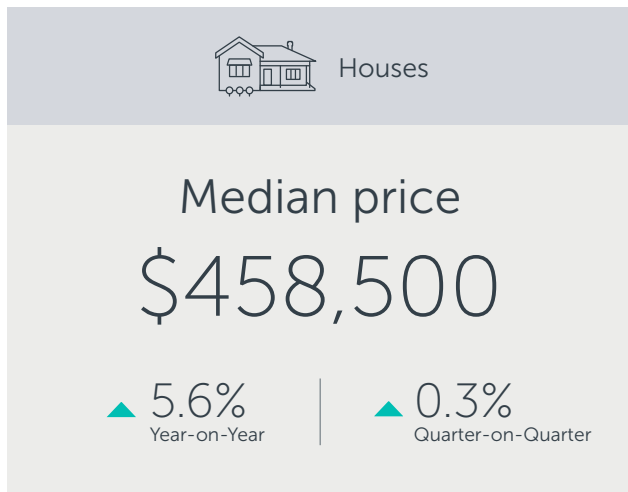
Economic change is driving the market

Hobart's prices continue to rise, and the city remains the highest viewed per listing in Australia on realestate.com.au. Although the prolonged price boom has been blamed on speculation, the reality is that there has been a structural change in the Tasmanian economy. Hobart's economy took off without adequate new supply of housing and very little in the pipeline. The city has now been left with a rental crisis and an affordability problem.



Finding a bargain in Hobart is no longer possible. So much so that even the home of Hobart's maximum-security prison, Risdon Vale, has seen 17% price growth over the past 12 months. Prison suburbs are notoriously unpopular on realestate.com.au, usually seeing very low views per listing.

Hobart's economic growth is now likely to be tempered by its housing problem, slowed by lower levels of affordability. For those living in Hobart however, a slowdown in price growth is good news, particularly for first home buyers, who have been struggling to get into the market.



Launceston is also benefitting from the growth of the Tasmanian economy, as well as a City Deal which has led to greater levels of Federal Government investment in the city. Launceston does appear to be a hot spot for interstate property seekers, now overtaking Sandy Bay for searchers coming out of Melbourne and Sydney.

Top 10 most in demand suburbs in Hobart



Houses

- | | |
|------------------|------------------|
| 1. Hobart | 6. West Hobart |
| 2. Bellerive | 7. Lauderdale |
| 3. Battery point | 8. South Hobart |
| 4. Sandy Bay | 9. Taroona |
| 5. North Hobart | 10. Lenah Valley |



Apartments

- | | |
|------------------|----------------|
| 1. Sandy Bay | 6. Kingston |
| 2. Hobart | 7. West Hobart |
| 3. New Town | 8. Glenorchy |
| 4. Battery Point | 9. Rokeby |
| 5. Bellerive | 10. Claremont |

TAS regions

Regions	Median Price			Demand Property views per listing
	APR 2019 median price	Year-on-Year % change	Quarter-on-Quarter % change	
Launceston & North East	\$307,000	▲ 6.2%	▲ 1.3%	923



Five years into a downturn

Darwin is now five years into a downturn. Prices are down almost 25% from peak, the biggest property downturn in recent history, and the decline in prices does not seem to be abating. Only Melbourne and Sydney have seen higher price falls over the quarter. And unlike some mining towns which are starting to see rent rises, this does not seem to be happening in Darwin.



While the outlook for Darwin is more negative than Perth, primarily because of the lack of diversity in its economy, there are some suburbs that are doing ok. Durack, an inner suburb of Palmerston, has seen prices increase by 9.5% while Humpty Doo is up 6.8%. It just goes to show, that even in our toughest markets, there is always a high degree of diversity in price growth.



Top 10 most in demand suburbs in Darwin

Houses

1. Nightcliff	6. Rapid Creek
2. Ludmilla	7. Jingili
3. Nakara	8. Wanguri
4. Fannie Bay	9. Wulagi
5. Leanyer	10. Alawa

Apartments

1. Fannie Bay	6. Leanyer
2. Stuart Park	7. Woolner
3. Bayview	8. Coconut Grove
4. Karama	9. Larrakeyah
5. Rapid Creek	10. Bakewell



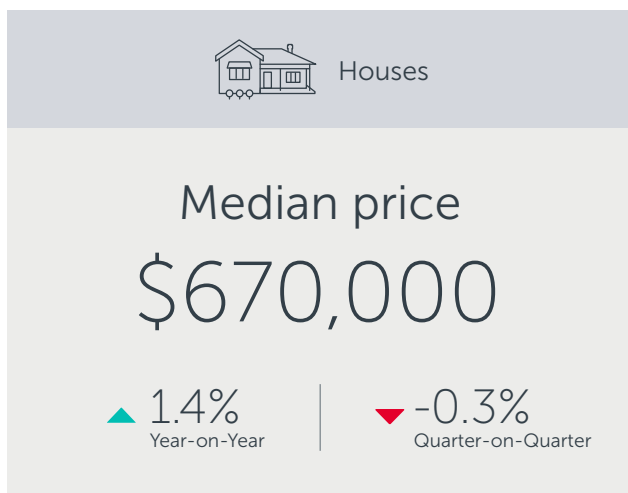
Hoping for a Labor win

If there is one place set to be the big winner of a potential ALP victory, it is Canberra. Not only does an ALP Government tend to employ more people, the requirement for consultants in the early stages of a new Government will also boost jobs.



Canberra has surprisingly weathered the current downturn well and this is harder to explain than a city like Hobart, or even Adelaide. House prices are down a slightly over the quarter, but up over the past 12 months. Apartments have been a bit softer, but not surprising given relatively high levels of supply.

The most popular suburbs on realestate.com.au are also uniquely Canberra. While premium inner suburbs tend to do well in most locations, the suburbs in Canberra are more mixed, although there is definitely a north side focus. Right now, Ainslie is number one for houses while Garran tops the most in demand for apartments.



Top 10 most in demand suburbs in Canberra

<p>Houses</p>	
1. Ainslie	6. Garran
2. Kaleen	7. Evatt
3. Florey	8. Palmerston
4. Wanniasa	9. Flynn
5. Chapman	10. Red Hill

<p>Apartments</p>	
1. Garran	6. Holder
2. Ngunnawal	7. Pearce
3. Watson	8. O'Connor
4. Kambah	9. Nicholls
5. Narrabundah	10. Yarralumla

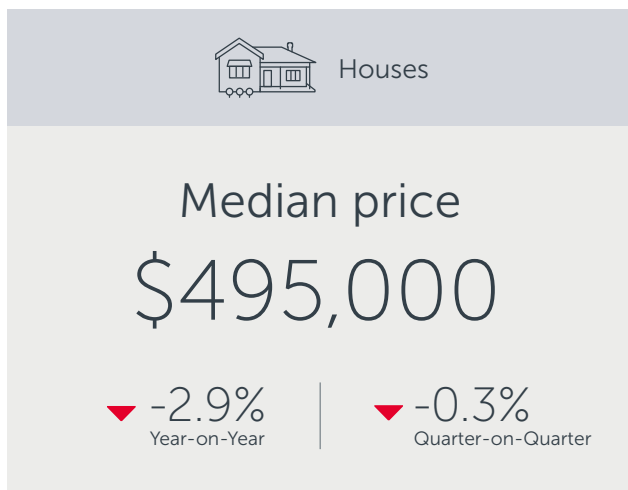


The fundamentals are right

While 2017 was looking great for Perth, the city has struggled since the announcement of the Financial Services Royal Commission. All regions continue to see price drops, however premium suburbs are still doing well. Not only are prices rising in many suburbs, they are also seeing the highest views per listing on realestate.com.au. Perennial favourite, Shenton Park, is tops the list for both houses and apartments.



While prices aren't looking all that positive, rental growth continues and again, premium suburbs are doing the best. Floreat and Swanbourne have both experienced greater than 10% rental growth with many million-dollar suburbs now also in positive territory. The fundamentals of property for Perth are positive however access to finance and sentiment are problematic.



Top 10 most in demand suburbs in Perth



Houses

- | | |
|-----------------|----------------------|
| 1. Shenton Park | 6. Cottesloe |
| 2. Floreat | 7. City Beach |
| 3. Subiaco | 8. Mount Hawthorn |
| 4. Dalkeith | 9. Wembley |
| 5. Nedlands | 10. Peppermint Grove |



Apartments

- | | |
|-------------------|--------------------|
| 1. Shenton Park | 6. Joodanna |
| 2. Nedlands | 7. South Fremantle |
| 3. Doubleview | 8. Scarborough |
| 4. Cottesloe | 9. Victoria Park |
| 5. Mount Hawthorn | 10. Hillarys |

Perth metro regions

Regions	Median Price			Demand Property views per listing
	APR 2019 median price	Year-on-Year % change	Quarter-on-Quarter % change	
North East	\$432,000	▼ -3.2%	▼ -0.2%	364
North West	\$227,750	▼ -3.0%	▼ -0.7%	519
South East	\$310,000	▼ -1.8%	▼ -0.1%	404
South West	\$470,000	▼ -4.7%	▼ -0.7%	404

Methodology

Property Demand

Demand for property provides data and insights relating to demand for residential dwellings across Australia, at a national, capital city, local government area level, statistical area level 4 and by suburb according to property views data on realestate.com.au. It calculates the number of property views in the past 6 months against the average number of property listings.

Median Price

Median sale price is the price of a property that falls in the middle of the total number of properties sold over the preceding 12 month period for '1 year' trends & calendar year for '10 years' trends. Data supplied by Hometrack Australia Pty Ltd.

The median sales information is current as at the publication date only. The median sales information is based on Third Party Content (within the meaning of our website terms of use). realestate.com.au Pty Ltd does not make any warranty as to the accuracy, completeness or reliability of the information or accept any liability arising in any way from any omissions or errors. The information should not be regarded as advice or relied upon by you or any other person and we recommend that you seek professional advice before making any property decisions.

realestate.com.au House Price Index

realestate.com.au produce 10 years of monthly indices for the Australian housing market at varying geographies (SA4 and SUA) and for differing property types (houses, units and overall). The method used in realestate.com.au's price indices is a hybrid of hedonic regression and repeat sales regression.

In Hedonic regression, a function is created to estimate the value of different components of any given property. These include the time of sale, geographic location, and physical characteristics of the property such as number of bedrooms, and the property type. The primary advantages of this method are that it can handle the heterogeneous nature of housing by evaluating elements of a property piece by piece. Also, as it does not require matched pairs of properties, unlike repeat sales regression, hedonic methods can utilise all available data thus making it a far more efficient method for indexation.

Missing Imputation technique is used for missing property attributes. This allows an inclusion of more properties being used in the hedonic regression.

Repeat sale regression, the more popular method, considers the change in value over a certain period of properties which have been sold more than once. The two sales form an exact matched pair. The advantage of this method is that it only requires the price, sale date, and address of a property in order to calculate the index, all of which are easily obtainable.

The hybrid method used by realestate.com.au allows for the use of repeat sales regression without the need for an exact matched pair. This is achieved by relaxing the requirement that the property characteristics need to be the same. This means that two properties in the same SA1 region, of the same type, can be matched as if they were an exact match pair. The discrepancy in the property characteristics is accounted for by the inclusion of a hedonic term which scales the index.