

Domain House Price Report

March 2020

Thinking about investing or searching for your new home?

We've pulled together the latest property market movements for the March 2020 quarter.

[SYDNEY](#)[MELBOURNE](#)[BRISBANE](#)[ADELAIDE](#)[PERTH](#)[HOBART](#)[CANBERRA](#)[DARWIN](#)

The rebound in house and unit prices continued over the first quarter of 2020, up 2.6 per cent and 2.7 per cent respectively. This produced the strongest annual outcome since mid-2017, with houses leaping 13.1 per cent and units 8.5 per cent. House prices have regained the majority of the \$165,000 lost during the downturn, with only \$29,000 left to recoup. While units have recovered almost \$61,000 of the \$103,000 lost. Low mortgage rates and improved borrowing capacity fuelled buyer demand.



The coronavirus pandemic and economic shutdown altered the market mid-March. New listings began to fall suggesting vendors were becoming hesitant, this caution heightened in April with even fewer homes listed for sale, suggesting few forced sales. The slowdown aligns to the shutdown of non-essential services, the temporary ban on onsite auction gatherings and open inspections. Despite homes selling quicker than last year, sellers are adjusting expectations, and auction prices have slipped. More vendors are dropping asking prices, with 14 per cent of listings revised in March, up from 5 per cent in late 2019. Market activity is likely to deteriorate in the coming months as economic uncertainty and job security fears loom, although the extent of impact on prices is less certain.

Early signs suggest that the rate of price growth had peaked before the coronavirus pandemic hit. A combination of weak wages growth and

rising prices had once again stretched affordability for some buyers, while a rise in new listings early in the year had helped to service demand. As a result quarterly house price growth had slowed to less than half, and unit price growth one-third lower than the previous quarter.

Median Price

March 2020 QoQ Change

HOUSES

2.6% ▲

Median Price \$1,168,806

UNITS

2.7% ▲

Median Price \$744,672

Regional NSW data

 [See what's happening in regional NSW](#)

Melbourne house prices have risen for four consecutive quarters, pushing annual gains to double-digits for the first time since 2017. Unit prices surged 13.8 per cent: it has been a decade since a period of double-digit annual growth was recorded. House and unit prices are at record highs, \$918,350 and \$554,306 respectively.



The recovery could be short-lived as the coronavirus pandemic and economic shutdown altered the market dramatically. The uncertainty forced vendors to drop asking prices, one in ten listings had a price revision down in the first three months of 2020, compared to only 3 per cent in the final quarter of 2019. This peaked at 13 per cent in March. These early signs suggest a broader market slowdown is anticipated as vendors seek a timely sale in fear of what may be ahead.

Early indicators also suggest that the peak rate of price growth had passed before the coronavirus pandemic hit. Quarterly house price growth slowed to less than half of the previous quarter, up by 2 per cent, while units marginally declined by 0.4 per cent.

New listings have also dropped about 11 per cent over mid-March through to mid-April, suggesting few forced sales. The rapid cautionary response from sellers will be counterbalanced against a drop in buyer demand. This should result in property prices faring better than transactions in the months ahead.

Median Price

March 2020 QoQ Change

HOUSES

2.0% ▲

Median Price \$918,350

UNITS

-0.4% ▼

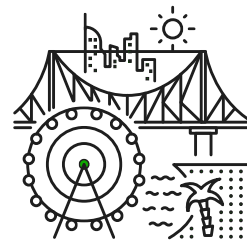
Median Price \$554,306

Regional VIC data

 [See what's happening in regional VIC](#)

Houses continue to provide homeowners with capital growth, nudging up 0.6 per cent over the first quarter of 2020 to a record \$584,778. Prices are 2.1 per cent higher than last year.

Unit prices recorded the steepest annual fall in almost two decades, down 4.6 per cent to \$374,054. Prices are now 9.8 per cent below the 2016 peak. An unprecedented number of developments built over 2015-16 have been at the core of Brisbane's unit price falls. Values have been declining for almost three years in annual terms, with buyers now able to purchase at 2013 prices. The low cost of debt, improved credit access and borrowing capacity had helped to entice demand and absorb supply. That said, it appears that the depth of the price fall gained momentum in recent months.



New listings have dropped over 20 per cent in the four weeks to mid-April compared to last year. Social distancing restrictions that banned open homes and auctions will also slow buyer activity, as well as low consumer sentiment, economic uncertainty and job security fears deterring buyers. The economic outlook has changed rapidly in recent weeks amid the coronavirus pandemic. Low interest rates,

unprecedented government stimulus and mortgage repayment relief measures could shelter prices from the anticipated drop in market activity.

Median Price

March 2020 QoQ Change

HOUSES

0.6% ▲

Median Price \$584,778

UNITS

-4.2% ▼

Median Price \$374,054

Regional QLD data

 [See what's happening in regional QLD](#)

Adelaide was one of only three capital cities to record stable or rising prices for houses and units, along with Sydney and Hobart. The modest 1.3 per cent annual growth has pushed house prices to a new high of \$542,418.

Adelaide has proved to be a steady performer providing homeowners with almost seven years of annual gains. Unit prices jumped 4.2 per cent over the quarter and 1.1 per cent over the year to \$323,846. Values are now 0.7 per cent below the peak price achieved in mid-2019.



South Australia's unemployment rate is currently the highest in the nation, with the full impact of government-imposed coronavirus restrictions that saw business closures and widespread job cuts yet to be fully accounted for. With many now jobless, others facing uncertain employment security and the likelihood of a recession, plummeting consumer sentiment will deter buyers in the short-term until the coronavirus is contained. Adelaide will be insulated from a downturn in foreign buyers and investors because it is largely an owner-occupied market. Fewer buyers will be offset by a reduced number of new listings.

Median Price

March 2020 QoQ Change

HOUSES

0.0%

Median Price \$542,418

UNITS

4.2% ▲

Median Price \$323,846

Regional SA data

 [See what's happening in regional SA](#)

Following Perth's five year housing downturn the slow recovery continued over the first quarter of 2020. House prices flatlined over the quarter and declined 1 per cent annually. Values are 14.4 per cent below the late-2014 peak, however they have regained 1 per cent from the 2019 trough to reach \$527,322.



Unit prices increased year-on-year for the first time in five years, up 2.3 per cent to \$348,535. Units have regained one-sixth of the value that was lost from the mid-2014 price peak to the mid-2019 trough. This has occurred as the slump in population growth and heightened unit development has passed.

The slow recovery of Perth's housing market over the past six months could be stalled by the economic fallout from the coronavirus pandemic. News listings dropped further over late March and into April, providing an early sign of vendor caution. Sales activity will drop in the months ahead as social distancing and employment weigh on buyers. This will be counterbalanced by the shrinking supply. The ability to pause mortgages will be a lifeline to some homeowners, reducing the number of distressed sales. Perth will also benefit from WA's two biggest exports, with iron ore exports expected to hit a high this year and gold prices at an all-time high.

Median Price

March 2020 QoQ Change

HOUSES

0.0%

Median Price \$527,322

UNITS

1.6% ▲

Median Price \$348,535

Regional WA data

 [See what's happening in regional WA](#)

House prices rose to a new record high over the first quarter of 2020, up 2.2 per cent to \$514,097, a 9.3 per cent annual rise. Unit prices held at the record \$431,842 recorded last quarter, up 9.8 per cent over the year.



Early signs show that Hobart's housing market has started to react to the coronavirus pandemic and economic shutdown. A drop in new listings began mid-March and the first half of April as sellers became uncertain on the future. Buyer activity will also drop as unemployment woes deter borrowers from purchasing. Considering Tasmania's low wage and extraordinary price growth in recent years, the areas with high debt levels will be more exposed to mortgage defaults. If wide-spread distress sales occur, prices could be vulnerable, although with the option of pausing mortgages, it should reduce the number of forced sales.

Economies heavily reliant on tourism will be harder hit than those capitals with a broader economic base. It is likely Hobart will be more exposed to the economic shock of the coronavirus pandemic than other Australian cities. Considering this is a short-term impact, the economy will open up again, although it is likely to take some time for tourists and migrants relocating from interstate and overseas to return given many parts of the globe are being severely impacted by COVID-19.

Median Price

March 2020 QoQ Change

HOUSES

UNITS

2.2% ▲

Median Price \$514,097

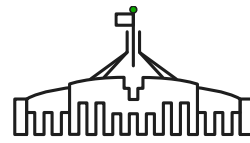
0.0%

Median Price \$431,842

Regional TAS data

 [See what's happening in regional TAS](#)

House prices have produced steady capital growth over the past seven years. Values nudged 0.3 per cent higher over the March quarter and 4.4 per cent over the year, although Canberra's housing market remains fragmented. Unit values dropped 5.2 per cent over the quarter - perhaps a correction from the strong jump at the end of 2019. But unit prices had their steepest annual fall in roughly two decades, down 4.3 per cent.



Vendors have become cautious since social distancing rules and the economic shutdown introduced mid-March, with new listings dropping about 14 per cent compared to last year, suggesting few forced sales. Transactions will deteriorate in the coming months as economic uncertainty and job security fears loom, although the impact on prices is less certain. The extraordinary government stimulus package, wage subsidies, a mortgage holiday and low interest rates will help to support prices through the coronavirus crisis. It may mean those under financial stress won't be forced to sell.

Economies that are heavily reliant on tourism or education will be harder hit than those capitals with a broader economic base. Although Canberra does have strong interstate and international visitation as well as a large university sector, the public sector is a significant part of the local economy. The economic shock to Canberra will be somewhat cushioned by the high proportion of government workers, where job losses have been minimal to date. Currently Canberra has the nation's lowest unemployment rate, and though it is expected to double, it will be low compared to the jobless rate expected across the nation.

Median Price

March 2020 QoQ Change

HOUSES

0.3% ▲

Median Price \$779,050

UNITS

-5.2% ▼

Median Price \$441,055

Darwin's housing market is struggling to recover from the post-mining boom multi-year downturn. House prices nudged higher over the quarter but continue to fall annually. Units are underperforming relative to houses, posting the steepest quarter and annual fall in two years. House prices are 25.7 per cent and units 46 per cent lower than the 2015-16 highs. Buyers can now purchase at 2008 prices for houses and 2006 for units, at \$494,281 and \$262,562 respectively.



Median Price

March 2020 QoQ Change

HOUSES

1.2% ▲

Median Price \$494,281

UNITS

-8.1% ▼

Median Price \$262,562

Regional NT data

 See what's happening in regional NT

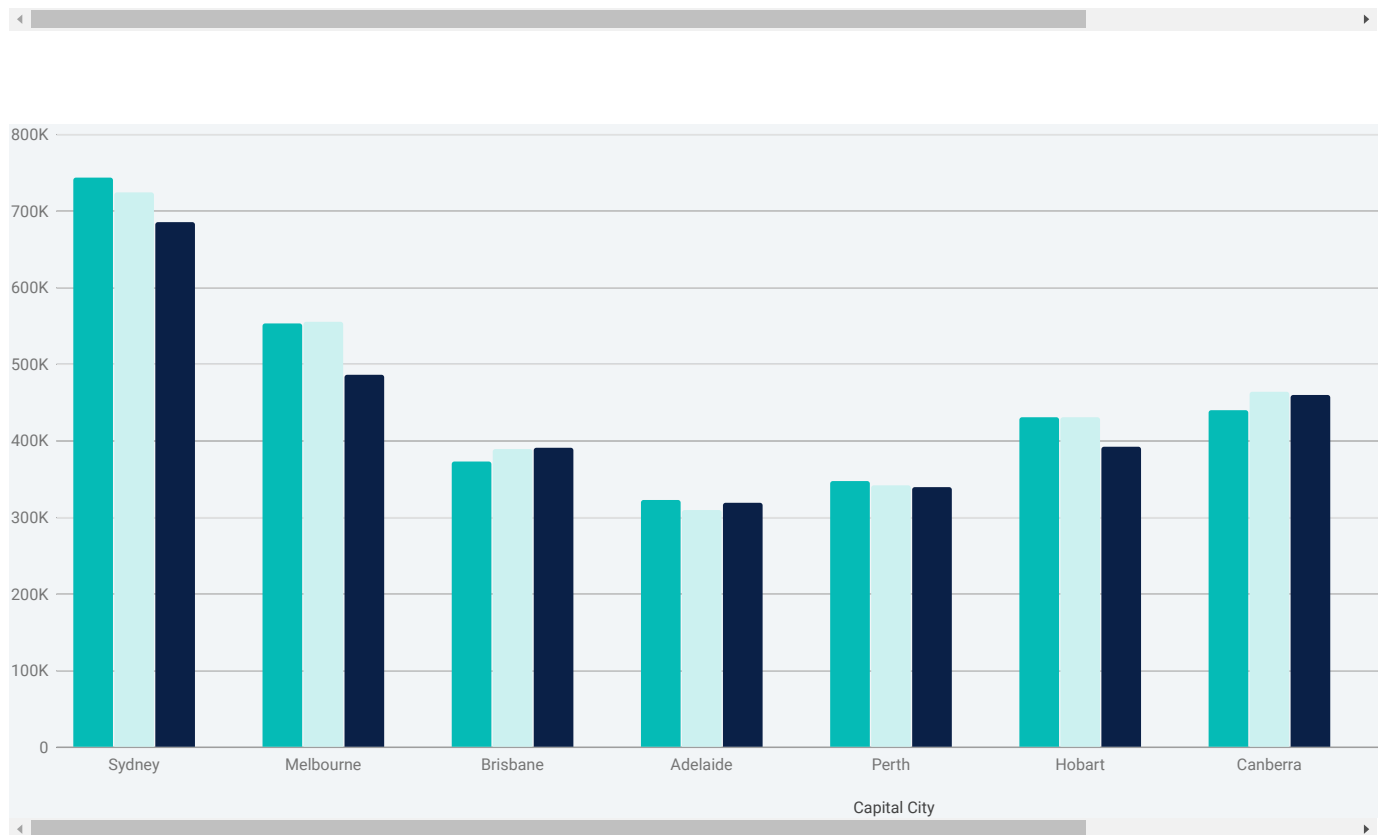
The data

HOUSE PRICES

UNIT PRICES

Median unit prices

CAPITAL CITY	MAR-20	DEC-19	MAR-19	QOQ
Sydney	\$744,672	\$725,377	\$686,540	2.7%
Melbourne	\$554,306	\$556,428	\$487,286	-0.4%
Brisbane	\$374,054	\$390,309	\$392,009	-4.2%
Adelaide	\$323,846	\$310,706	\$320,185	4.2%
Perth	\$348,535	\$342,959	\$340,619	1.6%
Hobart	\$431,842	\$431,842	\$393,344	0.0%
Canberra	\$441,055	\$465,112	\$460,919	-5.2%
Darwin	\$262,562	\$285,827	\$313,462	-8.1%
Combined Capitals	\$570,229	\$564,925	\$530,845	0.9%



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