

House price drop largest in 7 years: REIA

House prices have seen the largest decrease since December 2011, according to the latest research from the Real Estate Institute of Australia.

REIA Real Estate Market Facts for the September quarter 2018 shows weighted average median prices fell by 1.6 per cent for houses, the most in almost seven years and by 0.8 per cent for other dwellings, their largest decline in 12 months.

REIA President Malcolm Gunning said the weighted average median price for houses for the eight capital cities decreased to \$751,411 over the quarter, with prices decreasing in all capital cities except for Brisbane and Adelaide and remaining stable in Melbourne.

"The weighted average median price for other dwellings decreased to \$587,959 over the quarter, with prices decreasing in all capital cities except for Melbourne and Canberra. Hobart had the largest fall in house prices and Darwin had the largest fall in other dwellings. Hobart has the lowest median price for houses at \$475,000 and Adelaide the lowest median price for other dwellings at \$344,000.

"Over the quarter, the median rent for three-bedroom houses increased in Melbourne and Hobart, remained steady in Sydney, Brisbane, Adelaide, Perth and Canberra. Darwin was the only capital where the median rent for three-bedroom houses declined.

Mr Gunning said the median rent for two-bedroom other dwellings increased in Melbourne, Brisbane and Adelaide, remained steady in Sydney, Perth and Canberra and, decreased in Hobart and Darwin. Melbourne had the largest increase while Hobart had the largest decrease.

"The weighted average vacancy rate for the eight capital cities increased to 2.6 per cent during the September quarter indicating a slight easing of the rental market.

"The markets of Sydney, Melbourne, Brisbane, Canberra and Hobart have vacancy rates below the 3.0 per cent benchmark indicating a strong demand for rental accommodation in these capital cities.

"Reflecting the squeeze on loan approvals, over the past 12 months, loan numbers have decreased by 11.9 per cent across the country with loans to first home buyers decreasing by 3.7 per cent.

Mr Gunning said the size of loans has also fallen with the average loan across Australia dropping by 1.8 per cent, the largest quarterly decrease since March 2017.

"Loans to first home owners are also reducing in size. Up until a year ago the average loan to those entering the market was above 90 per cent of the rate of non first home buyers. Since June 2017, this rate has decreased to 80 to 85 per cent," Mr Gunning concluded.

The Real Estate Institute of Australia (REIA) is the national professional association for real estate agents in Australia. For further information or to interview REIA President Malcolm Gunning please contact Helen Hull at media@reia.com.au or 0419 642 961. A copy of the detailed report is available on request.