

## The Australian property market's last decade in review

A ten year retrospective of the Australian property market provides a timely reminder of just how lucky we are!

**This week in the rpdata.com weekly Property Pulse research analyst Cameron Kusher confirmed that over the last ten years, the Australian property market has seen strong growth in property values across all capital cities.**

One of the biggest winners on a city-by-city basis was Hobart which has had the greatest value growth over the last ten years with dwelling values increasing on average by 12.8 per cent annually.

According to Mr Kusher it's no real coincidence.

"Hobart was, and remains the most affordable market and has seen this exceptional growth as a result."

"What is probably most interesting is the performance of the three largest cities (population wise)," he said.

Sydney prices have dramatically underperformed the national average with average annual growth in dwelling values of just 6.3 per cent while Melbourne by a whisker has only just outperformed the national average seeing average annual growth of 9.7 per cent. Brisbane recorded growth of 11.0 per cent, per annum.

*Note: The national figure is weighted by population and property type so given this it is clearly influenced by the larger population centre's such as Sydney and Melbourne.*

"It's also imperative to remember that Sydney and Melbourne have had higher property prices and because of this, growth rates tend to be lower as they are coming from a higher base," Mr Kusher said.

In some areas across the capital city residential property market, values doubled over the last 10 years. Today the capital city median dwelling price across the country sits at \$451,000 with houses recording \$485,000, and units \$400,000. As an example – for a property purchased 10 years ago, buyers were looking at a median price of less than \$200,000 for either property type.

As Mr Kusher's capital city market pricing graph shows, there have been distinctive periods of growth during the last decade. In particular, between 2000 and 2003 there was a strong growth period which was followed by a long period of negligible value growth.

"Following this boom, values nationally showed little growth again until 2007," Mr Kusher said.

The majority of value growth recorded between 2004 and 2007 can be attributed to the Perth market. During this time the city was undergoing a significant boom in values between 2005 and 2007 due to unprecedented strength in the mining and resources sector.

Conversely, he said in parts of Western Sydney in particular, some areas recorded significant falls in property values over this period.

**During 2007** there was another strong growth period which occurred in all cities except in Perth and Sydney.

**In 2008**, the global economy stalled as a result of the Global Financial Crisis (GFC) and values slumped 3.8 per cent nationally from their peak during February 2008 to the trough in December 2008. Above average falls were recorded in Perth and Brisbane.

**In 2009** property values jumped again, this time in all cities; a result of a dramatic housing undersupply, the lowest interest rates in 49 years which has lured buyers back into the market and a boost to the First Home Buyers Grant.

### Sales Volumes

Over the decade, sales volumes were strongest between 2001 and early 2004 which was the time that nationally, property values were undergoing significant growth.

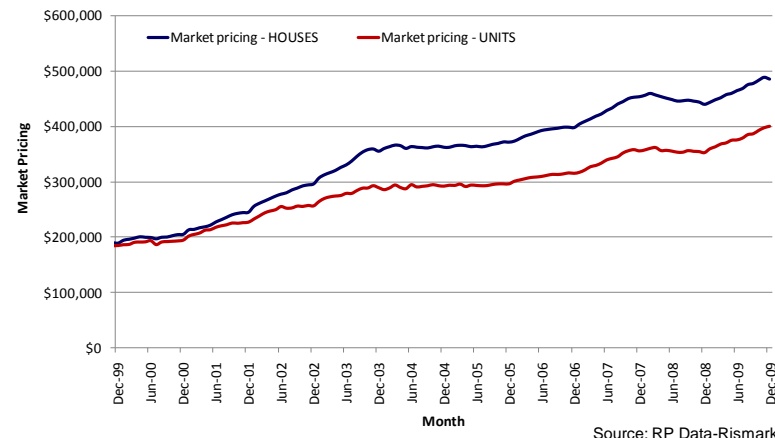
Mr Kusher said that once the slowdown hit in mid 2004, volumes dropped by around 10,000 sales each month.

During 2007 when markets such as Melbourne, Brisbane, Adelaide, Hobart and Darwin were performing particularly well, volumes again picked up but never reached the heights witnessed between 2001 and 2004.

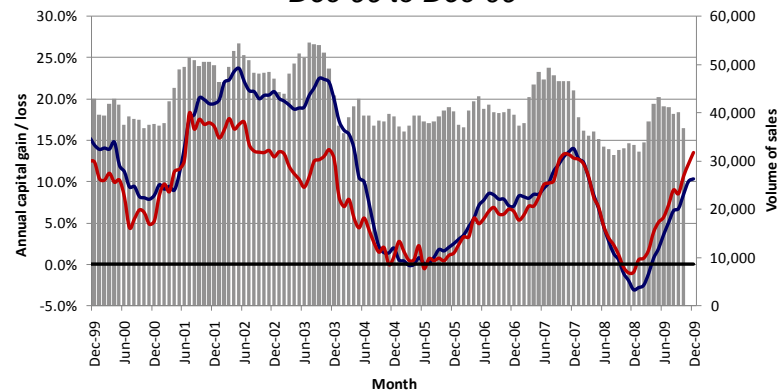
Finally in 2009 values rebounded and recorded growth only slightly below that of 2007. Sales volumes rebounded but not to the same levels as those recorded during 2007.

As a comparison, over the last five years values have grown at an average annual rate of 6.5 per cent which is much lower than the ten year growth rate showing just how significant the boom was in the early part of the decade.

### National capital city market pricing Dec-99 to Dec-09



### National volumes and annual value change Dec-99 to Dec-09



### Capital city 10 yr average annual value growth Dec-99 to Dec-09

Capital City	Houses	Units	Dwellings
Sydney	6.6%	5.6%	6.3%
Melbourne	9.5%	9.9%	9.7%
Brisbane	11.3%	8.8%	11.0%
Adelaide	10.6%	13.2%	11.1%
Perth	12.2%	13.9%	12.5%
Hobart*	12.6%	14.9%	12.8%
Darwin	14.3%	10.0%	12.5%
Canberra	11.3%	11.8%	11.4%
National	9.9%	8.1%	9.4%

\* Hobart data is based on 10 yrs to November 2009

Source: RP Data-Rismark

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The standout performers over the last five years have easily been Darwin (17.2% p.a), Perth (13.6% p.a) and Adelaide (8.4% p.a).

Sydney has by far and away been the worst performer during the last five years recording average annual growth of 2.3 per cent p.a. The other poorer performing markets have been Hobart (6.8%) and Brisbane (7.5%).

Based on the occurrences over the last ten years, Mr Kusher said it will be very interesting to see what the next ten years holds.

“Undoubtedly property prices are expensive in most capital cities and the provision of affordable housing must be imperative. However, it appears that to-date Governments are unwilling or unable to provide affordable accommodation with the necessary infrastructure.

“As population growth looks set to remain at high levels and we continue to fail to create enough dwellings to cater for demand, upwards price pressures on property will persist.