

search the AFR

FINANCIAL REVIEW |  find out more at afrsummit.com

Business Summit

Home / Real Estate

Jan 2 2017 at 1:22 PM | Updated Jan 2 2017 at 7:41 PM

Save Article | Print | License Article

House prices defy predictions in 2016 by rising more than 15pc



FINANCIAL REVIEW |  afrsummit.com

Business Summit

Advertisement

Australian house prices increased strongly in 2016, according to CoreLogic preliminary numbers. Katherine Griffiths



by [Su-Lin Tan](#)

Home prices defied [forecasts](#) they would stagnate in 2016 to grow more than they did during the "boom" year of 2015, according to year-end figures from property research firm CoreLogic.

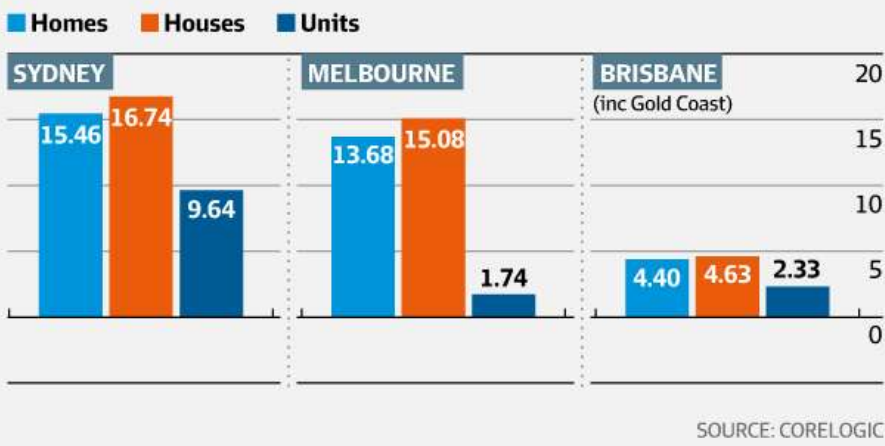
Dwelling prices rose 15.46 per cent in Sydney while Melbourne had a rise of 13.68 per cent. Even the much-maligned Hobart and Canberra housing markets posted strong gains, rising 11.24 per cent and 9.29 per cent respectively.

The data disappointed economists hoping for a more subdued housing market in 2016. At the end of 2015, Sydney and Melbourne closed with 11.5 per cent and 11.2 per cent growth respectively across houses and units, according to CoreLogic.

[ANZ had been expecting soft price growth](#) and had forecast a 3 per cent price rise for NSW, a 3.2 per cent increase for Victoria, a 2 per cent gain in Queensland and an overall 2.8 per cent rise the country as a whole.



Change in dwelling prices Dec 2015 to Dec 2016 (%)



Home prices in 2016 grew more than they did during the "boom" year of 2015.

CoreLogic's head of research, Tim Lawless, had penciled in a 3 per cent rise for Sydney and a 1 per cent increase for Melbourne.

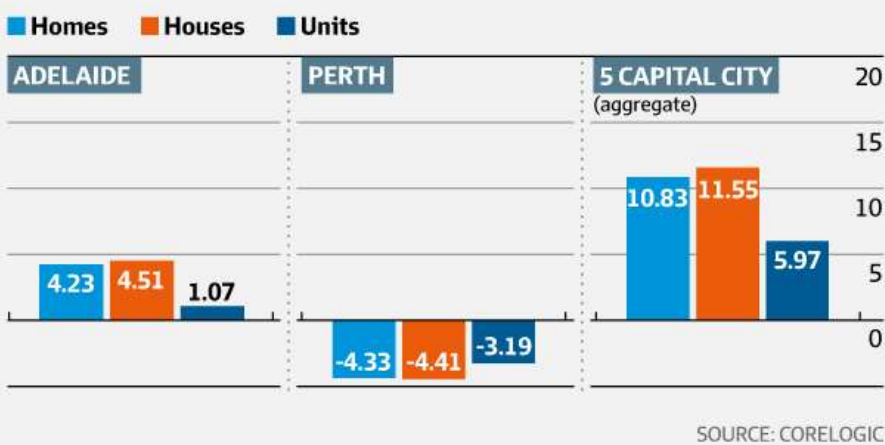
One forecaster who came close to getting it right was [SQM Research's Louis Christopher](#), who predicted a rise of up to 9 per cent for Sydney and 15 per cent for Melbourne, given two cash rate cuts.

Low interest rates – the RBA cut the cash rate twice to 1.5 per cent last year – and the low levels of housing stock in Sydney and Melbourne have continued to drive demand and dwelling prices.

The strong demand for residential property has also seeped into peripheral cities, with Hobart among the best. But it's not yet enough to have mainland developers storming into the Tasmanian capital.

"Land and labour are more affordable but price growth on a percentage basis doesn't compare well to other capitals," developer Metro Property Development's Phil Leahy said.

Change in dwelling prices Dec 2015 to Dec 2016 (%)



"You also have to ask, what has driven the double-digit growth? Bumper employment, new industries? And is the growth coming off a low base?"

The Brisbane-based group, which expanded into Sydney in 2016 to capitalise on the city's strong growth, won't be moving into Hobart yet.

Expressions of Interest



For Sale

647 Murray Street WEST PERTH WA

Hotel / Leisure 1m²

just COMMERCIAL

\$1,100,000



For Sale

69 Shearson Crescent MENTONE VIC

Industrial / Warehouse 620m²

Related articles

Housing boom to end (but not till 2018)

1 hr ago

Why the gloom merchants got property wrong in 2016

Home buyers hit by new round of rate rises

Charter Hall Long WALE in \$66m deal and refinance

AIMS \$93m wind-up vote defeated

Latest Stories



Israel's 'flying car' passenger drone looms

4 mins ago



Britain's EU envoy resigns abruptly

9 mins ago |



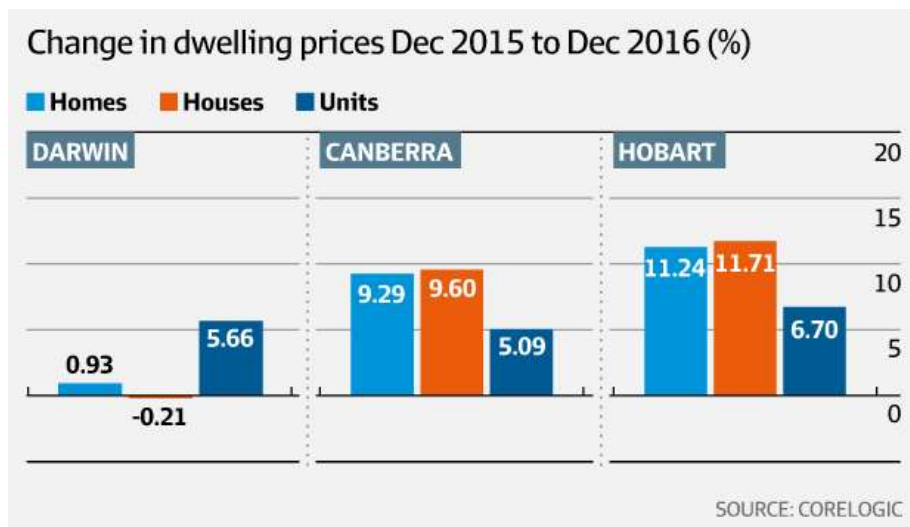
Markets Live: Resources in retreat

LIVE

[More](#)

There needs to be a steady pattern of strong price growth in Hobart to justify starting new projects, Mr Leahy added.

Lack of awareness



Similar to Metro, NSW newcomer developer Villa World has no plans to build in Hobart. "It's quite a low-volume market," chief executive Craig Treasure said.

The low volume, however, is mainly due to a lack of buyer awareness, Chinese property marketer ACProperty director Esther Yong said.

"There has been little education about Tasmania for Chinese buyers, but it is getting more popular now. Buyers won't think about Tasmania because it is not a big city and no one talks to them about it."

But local Sydney developer BI Group, which has links with China's mega developer Shimao, said it would consider heading into Tasmania if the numbers stacked up.

"In the last few years, there has been a growing awareness of tourism and lifestyle advantages in Tasmania, and I think the residential market will grow," BI chief executive Anne Bi said.

"I haven't looked at Tasmania in detail ... at first thought it was a bit far from the main cities ... but in 2017 I will really consider it and if the analyses are positive, we will go there."

Research group and buyer's agent Propertyology has tipped Hobart to be Australia's best-performing capital city in 2017, with its recovering economy, low median price and vacancy rate and increased buyer interests the main drivers. Hobart's median dwelling price is about \$336,000, compared to just under \$1 million in Sydney, according to CoreLogic.

"On an all things being equal basis, double-digit price growth is well and truly on the cards for Hobart in 2017," head of market research Simon Pressley said.



Donald Trump withdrawal more costly than staying



11 Rules For Building Wealth After 50

Motley Fool Australia



2017 predictions on how Australian house prices will perform



The 5 best rewards credit cards of 2016 in Australia

Mozo



Australia's top 50 highest paying jobs



Aussies Born Between 1941 and 1981 Are Eligible for High Paid...

Survey Compare



15 suburbs set to shine in 2017 while rest of Sydney expected to...



List your space

Spacer



Slater & Gordon \$250m class action complicated by ASIC...



Sydney buyer picks up bargain as Gold Coast penthouse sells \$1...

Domain

Recommended by

Special Reports

Poppy King to Frank Lowy: Best of AFR Mag

Meet the nation's sharpest minds: Best of BOSS 2016

Go bright with Life & Leisure's luxury list

How Russia overtook China as cyber enemy No.1

How Tim Cahill is getting rich off-field, too

How to create a good company culture

Men's briefs, luxury fashion: Best of Life & Leisure 2016

How to build digital leadership

Chanel is moving into wine. Here's why.

LGBTI executives lead by example

Spoil yourself with these latest luxury goods

Digital economy can be the key to prosperity

Fashion for summer, from Paul Smith to Prada

The Boss-Deloitte LGBTI leaders list 2016

Pointy-end flight packs worth taking home

Pushing customer-centric approach

How fashion sources global and sells local

Where the business crowd meets in Paris

Magic Millions debut kicks off summer of polo

Reconnaissance probes a constant problem

SUBSCRIBE

LOGIN

BRANDS

The Australian Financial Review Magazine
BOSS
BRW Lists
Chanticleer
Luxury
Rear Window
The Sophisticated Traveller

CONNECT WITH US

Facebook

Twitter

Linkedin

Instagram

MARKETS DATA

Markets Data
Australian Equities
World Equities
Commodities
Currencies
Derivatives
Interest Rates
Share Tables

SUBSCRIPTION TERMS

Digital Subscription Terms
Newspaper Subscription Terms
Corporate Subscriptions

CONTACT & FEEDBACK

About us
Our Events
FAQ
Contact us
Letters to the Editor
Give feedback
Advertise
Site Map

FAIRFAX NETWORK

The Sydney Morning Herald
The Age
Adzuna
Domain
Drive
RSVP
Essential Baby
Home Price Guide
Weatherzone
Oneflare
The Store

