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MEDIA RELEASE

Dwelling Price Pressures Remain Strong

"Dwelling prices increased across Australia's eight capital cities by 10.2 per cent over the year to March 2017," said HIA Senior Economist, Shane Garrett.

Data released today by the ABS indicate that the pace of dwelling price growth generally remained strong during the first quarter of 2017.

"During the first quarter of this year, Sydney and Melbourne continued to record the strongest pace of dwelling price increase. However, the variation in dwelling price growth across the country is significant and house price developments in other markets are much weaker. This situation underlines the dangers of applying 'one size fits all' policy remedies to the challenges in Australia's housing market.

"There is evidence that since March 2017 dwelling price growth has slowed following the introduction of additional restrictions by APRA and increased barriers to foreign investor participation imposed at federal and state level.

"The solution to Australia's considerable housing affordability challenge ultimately lies in delivering a sufficient supply of new dwelling stock in a more cost effective manner. We are concerned that some recent policy changes could undermine this objective," concluded Shane Garrett.

Over the year to the March 2017 quarter, dwelling price growth was strongest in Sydney (+14.4 per cent), followed by Melbourne (+13.4 per cent) and Hobart (+11.3 per cent). Dwelling prices also increased in Canberra (+8.9 per cent), Adelaide (+5.0 per cent) and Brisbane (+3.5 per cent) over the same period. In the year to March 2017, dwelling prices were down by 3.5 per cent in Perth and 5.9 per cent in Darwin.

Annual Growth in Residential Property Price Index March Qtr 2017

Source: ABS 6416.0



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