

# Residential Property Market – June Quarter 2020

Source: ABS Cat. No. 6416.0 and Real Estate Institute of Australia (REIA)



**ACT**  
Government

Chief Minister, Treasury and  
Economic Development

Publication Release Date: 15 September 2020 | Brief Release Date: 2 October 2020 | Next Brief Release Date: 8 December 2020

## ACT residential property price index increased in the June quarter 2020

### ACT

In the June quarter 2020, Canberra's *residential property price index* increased by 0.8 per cent, following a 0.2 per cent increase in the March quarter 2020. Through the year to the June quarter 2020, Canberra's *residential property price index* increased by 3.6 per cent.

### National

In the June quarter 2020, Australia's *residential property price index* declined by 1.8 per cent, following a 1.6 per cent rise in the March quarter 2020. Through the year to the June quarter 2020, Australia's *residential property price index* increased by 6.2 per cent.

### ABS Residential Property Price Index – June Quarter 2020

Capital City	All Dwellings			Established Houses <sup>1</sup>			Attached Dwellings		
	Index	Change (%)		Index	Change (%)		Index	Change (%)	
		Quarterly	tty <sup>2</sup>		Quarterly	tty		Quarterly	tty
Sydney	165.9	-2.2	8.1	172.7	-2.6	9.2	152.9	-1.4	6.1
Melbourne	150.0	-2.3	8.8	157.3	-2.8	8.9	126.2	-1.0	8.6
Brisbane	123.7	-0.9	2.3	127.8	-0.9	3.1	106.8	-0.8	-0.7
Adelaide	121.1	-0.8	0.7	123.6	-1.0	0.7	111.0	-0.2	0.5
Perth	99.5	-0.7	-0.2	101.7	-0.3	0.2	90.3	-2.1	-1.7
Hobart	155.8	-0.4	6.1	155.5	-0.4	6.2	158.2	-0.4	5.5
Darwin	86.9	-1.4	-2.7	91.1	-1.4	-2.0	77.8	-1.4	-4.1
Canberra	129.2	0.8	3.6	136.5	0.8	3.7	106.8	0.7	3.4
Australia	143.2	-1.8	6.2	147.2	-2.1	6.6	131.9	-1.2	5.4

Source: ABS Cat. No. 6416.0.

Note: Reference period: 2011-12 = 100

1. Established houses are detached residential dwellings on their own block of land, regardless of age.
2. Through the year (tty) is the change from the same period in the previous year.

### Commentary

In the **June quarter 2020**, Canberra was the only capital city to record an increase in the *residential property price index*.

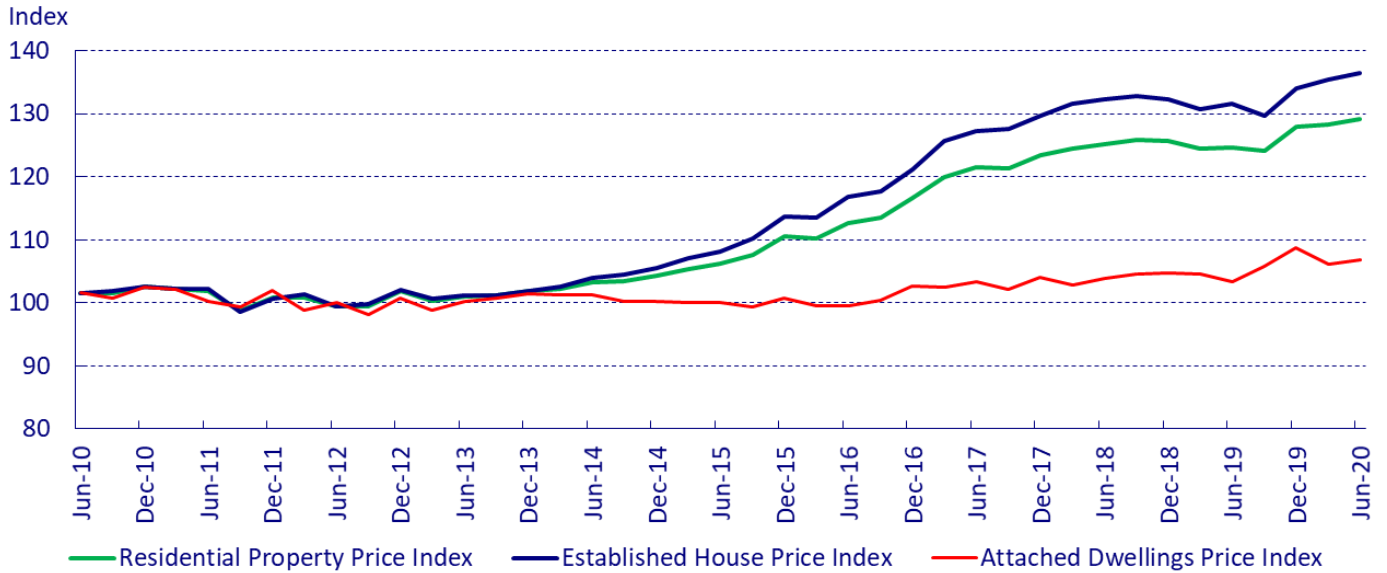
The increase of 0.8 per cent in Canberra's *residential property price index* in the June quarter 2020 was driven by increases in both the *established house price index* (up by 0.8 per cent) and the *attached dwellings price index* (up by 0.7 per cent).

**Over the year to the June quarter 2020**, the *residential property price indexes* increased in all capital cities, except in Darwin (down by 2.7 per cent) and Perth (down by 0.2 per cent).

The 3.6 per cent increase in Canberra's *residential property price index* over the year to the June quarter 2020 was the fourth highest increase of any jurisdiction. This was also driven by increases in both the *established house price index* (up by 3.7 per cent) and the *attached dwelling price index* (up by 3.4 per cent).

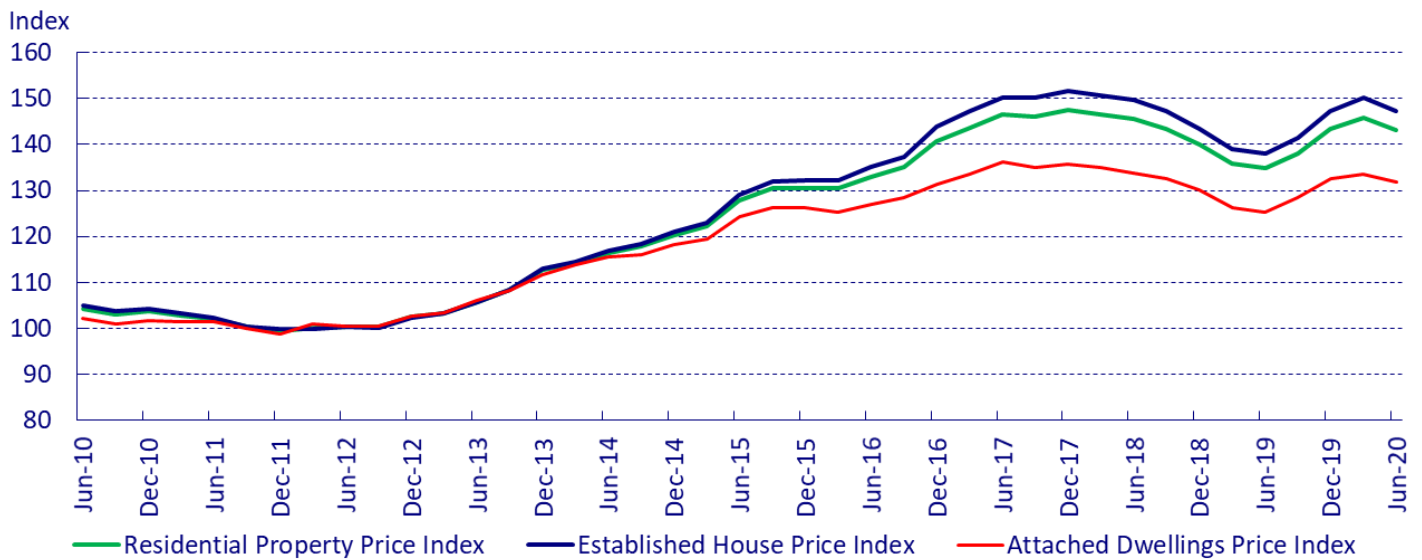
Overall, the *ABS Residential Property Price Index* data shows that housing market in Canberra remains resilient. The social distancing restrictions in response to the COVID-19 pandemic, which came into effect in late March 2020, did not appear to have adversely affected residential property prices in Canberra in the June quarter 2020 compared to other capital cities.

### Residential Property Price Index, Canberra



Source: ABS Cat. No. 6416.0.

### Residential Property Price Index, Australia



Source: ABS Cat. No. 6416.0.

# Real Estate Institute of Australia Market Facts Report, June Quarter 2020

## Canberra's rental vacancy rate was stable in the June quarter 2020

### ACT

The rental vacancy rate was unchanged at 1.1 per cent in the June quarter 2020, following a 0.2 of a percentage point decline in the March quarter 2020. Through the year to the June quarter 2020, the rental vacancy rate declined by 0.3 of a percentage point.

The median weekly rent for a *three-bedroom house* increased by 0.9 per cent to \$540 per week in the June quarter 2020, to be 3.8 per cent higher than a year ago.

The median weekly rent for a *two-bedroom other dwelling* declined by 2.0 per cent to \$480 per week in the June quarter 2020, though it was 2.1 per cent higher than a year ago.

### Key Rental Market Indicators, Canberra, June Quarter 2020

Indicator	Mar	Jun	Change	
	Qtr 2020	Qtr 2020	Quarter	tty
Rental vacancy rate (%)	1.1	1.1	0.0ppts <sup>1</sup>	-0.4ppts
Median weekly rent				
3-bedroom house (\$ per week)	535	540	0.9%	3.8%
2-bedroom other dwelling (\$ per week)	490	480	-2.0%	2.1%
Annual yield				
3-bedroom house (%)	3.2	3.3	0.1ppts	0.0ppts
2-bedroom unit (%)	4.4	4.2	-0.2ppts	-0.2ppts
Annual return				
3-bedroom house (%)	9.2	5.5	-3.7ppts	-1.7ppts
2-bedroom unit (%)	3.4	6.7	3.3ppts	2.4ppts

Source: Real Estate Institute of Australia.

Note:

1. Percentage points (ppts)

## Commentary

### Rental vacancy rate

The 1.1 per cent rental vacancy rate in Canberra in the June quarter 2020 was the equal lowest vacancy rate of all capital cities with Adelaide. A vacancy rate of **less than 3 per cent** (the industry benchmark rate) generally indicates strong demand for rental accommodation.

### Median weekly rent

The ACT recorded the highest median weekly rent of all capital cities for a *three-bedroom house* and the second highest median weekly rent (behind Sydney) for a *two-bedroom other dwelling* in the **June quarter 2020**.

All capital cities, except Canberra (up by 0.9 per cent) and Sydney (unchanged), recorded a decline in the median weekly rent for a *three-bedroom house*, while all capital cities, except Darwin (up by 1.7 per cent), recorded a decline in the median weekly rent for a *two-bedroom other dwelling* in the June quarter 2020.

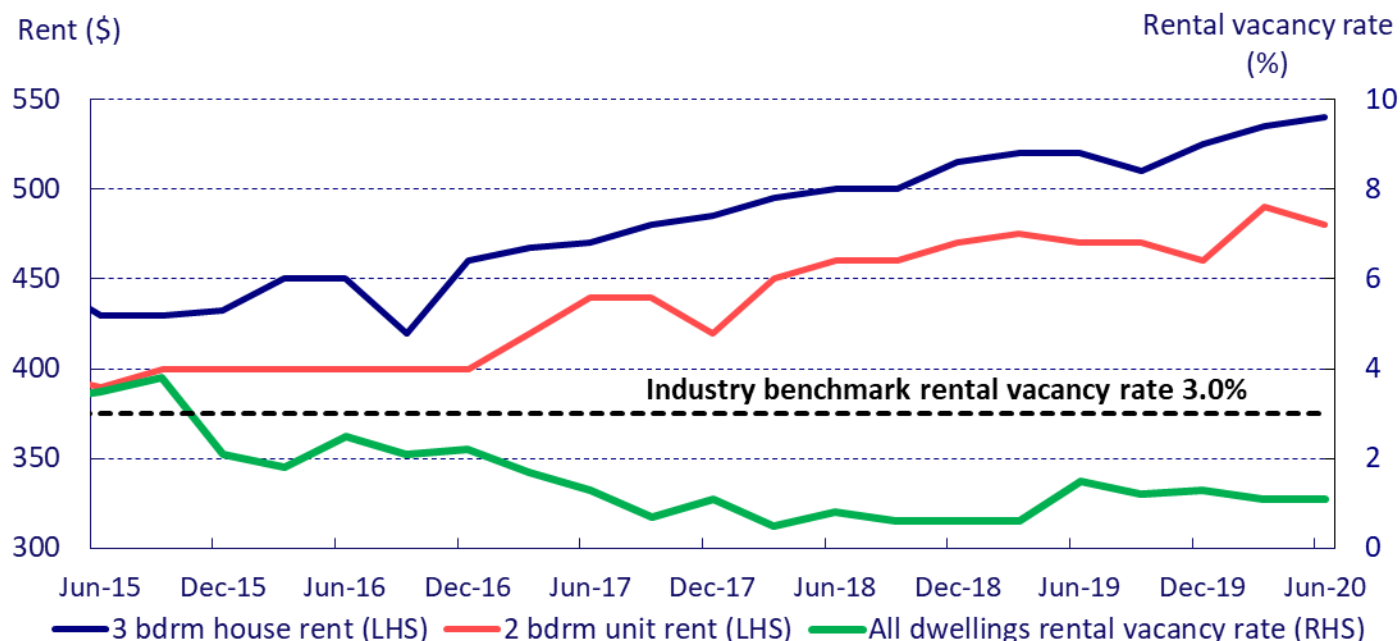
**Over the year to the June quarter 2020**, Hobart was only the capital city to record a fall in the median weekly rent for a *three-bedroom house*, while Sydney and Melbourne were the only capital cities to record a fall in the median weekly rent for a *two-bedroom other dwelling* over the year to the June quarter 2020.

## Returns on rental property<sup>1</sup>

In the **June quarter 2020**, the *annual return* for a *three-bedroom house* in Canberra declined by 3.7 percentage points to 5.5 per cent, while the *annual yield* increased by 0.1 of a percentage point to 3.3 per cent.

The *annual return* for a *two bedroom other dwelling* in Canberra increased by 3.3 percentage points to 6.7 per cent in the quarter, while the *annual yield* declined by 0.2 of a percentage points to 4.2 per cent.

**Median weekly rents and rental vacancy rate, Canberra**



Source: Real Estate Institute of Australia.

<sup>1</sup>The REIA provides an estimate of the residential property investment yields and returns before tax in each capital city. Annual yield is the net annual rental income divided by the median price and does not take capital growth into account. Annual returns incorporate the growth in median prices (capital growth), together with the returns derived from net rental income.

## Access Canberra Property Sales, July 2020

### ACT (original data)<sup>2</sup>

The *median transaction price*<sup>3</sup> of all residential properties in the ACT increased by 11.9 per cent to \$612,000 in July 2020. Through the year<sup>4</sup> to July 2020, the median transaction price of all residential properties increased by 2.9 per cent.

The *average transaction price* of all residential properties in the ACT increased by 9.2 per cent to \$687,908 in July 2020. Over the year to July 2020, the average transaction price of all residential properties increased by 4.7 per cent.

### ACT property transaction prices and turnover, Original data, July 2020

	June 2020	July 2020	Change (%)	
			Monthly	tty <sup>4</sup>
<b>Houses<sup>5</sup></b>				
Median Transaction Price	703,500	\$737,000	4.8	4.5
Average Transaction Price	817,795	\$852,731	4.3	11.2
Turnover	358	479	33.8	-3.8
<b>Units<sup>6</sup></b>				
Median Transaction Price	476,000	\$505,000	6.1	12.2
Average Transaction Price	523,385	\$553,639	5.8	6.8
Turnover	629	588	-6.5	48.1
<b>Total Residential<sup>7</sup></b>				
Median Transaction Price	546,900	\$612,000	11.9	2.9
Average Transaction Price	630,159	\$687,908	9.2	4.7
Turnover	987	1,067	8.1	19.2

Source: ACT Government, Access Canberra.

### Commentary

In **July 2020**, the ACT median transaction *house* price increased by 4.8 per cent to \$737,000, while the median transaction *unit* price increased by 6.1 per cent to \$505,000.

**Over the year to July 2020**, the median transaction *house* price increased by 4.5 per cent, while the median transaction *unit* price increased by 12.2 per cent.

Over the past **five years**, the median transaction *house* price increased by 31.6 per cent, while the median transaction *unit* price increased by 19.0 per cent.

<sup>2</sup>This brief is based on sales transaction data collected by the ACT Government. This data is in original terms, meaning that this data may be volatile and may be subject to seasonal and irregular factors. The sample is also unstratified and therefore subject to compositional change. As such, data should be interpreted with caution.

<sup>3</sup>Median, rather than average prices, are considered to be a more representative measure for the property market, as average prices can be skewed by a small number of outliers.

<sup>4</sup>Through the year (tty) is the percentage change from the same period in the previous year.

<sup>5</sup>Houses refer to detached dwellings.

<sup>6</sup>Units include townhouses, apartments, duplexes and other non-detached dwellings.

<sup>7</sup>The direction and scale of the changes in median price and average price of all residential properties may not be consistent with those of its subcategories (i.e. houses and units) due to composition shifts in houses and/or units of certain values.

**ACT property prices and turnover by district, Original data, July 2020**

District	Houses			Units		
	Median Price	Average Price	Turnover	Median Price	Average Price	Turnover
Belconnen	655,000	706,951	101	440,000	461,766	147
Gungahlin	725,500	724,846	104	447,500	443,851	60
Molonglo Valley	850,000	820,467	15	505,000	508,994	28
North Canberra	915,000	1,018,081	42	569,900	612,903	191
South Canberra	1,500,000	1,843,288	33	567,500	692,773	66
Tuggeranong	665,000	680,971	94	499,000	516,903	50
Weston Creek	765,000	788,719	32	567,450	564,890	10
Woden	940,000	974,602	58	569,500	624,847	36

Source: ACT Government, Access Canberra.