

# CoreLogic RP Data Property Pulse

Monday 15<sup>th</sup> February, 2016

## Property prices double every decade?

It is often commented that in Australia property values double every 10 (some say 7) years. This week we look at whether this has been the case over the past 10 years across the capital cities.

Most people who are interested in residential property would have heard of the notion that property values double each decade. This week we are looking at whether or not that has been true over the past 10 years.

Over the 10 years to January 2016, home values across the combined capital cities have increased by a total 72.0% which is well short of values doubling over the decade. If we look at the split between houses and units, house values are 73.1% higher compared to a 64.3% increase in unit values.

Although combined capital city home values haven't doubled over the past decade, the previous decade was quite a different story. Between January 1996 and January 2006 combined capital city home values increased by 151.7% with house values up 159.6% and unit values 110.1% higher. Based on this data, the most recent decade of capital city home value growth has been half that of the previous decade.

The combined capital city index is weighted so it is heavily influenced by the performance of the larger capital cities. Taking a look at value growth over the past decade across individual capital cities shows a diversity in results.

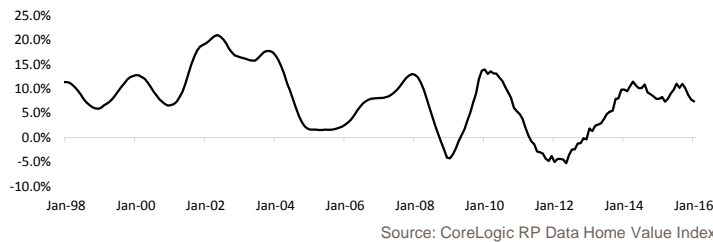
Melbourne is the only capital city housing market in which home values have doubled over the past decade. In fact, many cities are a long way from having doubled with values in Brisbane, Adelaide, Perth, Hobart and Canberra having all increased by less than 50% over the past decade. Home values in Sydney and Darwin have each recorded increases of more than 75% over the past decade however, they too fell well short of seeing values double over the decade.

Over the previous decade (10 years to January 2006) home values more than doubled across each capital city (note that Hobart values are for houses only and data is not available for Darwin). In fact, value growth over the previous decade was more than three times greater than over the most recent decade in Brisbane, Adelaide, Perth, Hobart and Canberra while nationally it was more than double the rate of value growth over the past 10 years. Even Sydney and Melbourne recorded much stronger home value growth over the previous decade compared to the past decade.

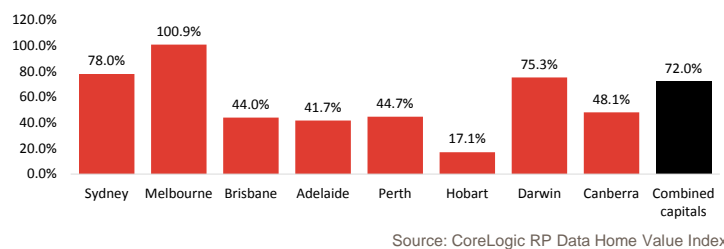
If we look at value growth over the five years to January 2016, it looks unlikely that by the time January 2021 rolls around that home values would have doubled over the decade in any of the capital cities. Over the past five years, Sydney and Melbourne are the only capital cities in which home values have increased by more than 10% with values lower in Hobart and Darwin.

While there was a time when home values doubled over a 10 year period the data suggests that the days of such rapid value rises are behind us. Of course remember that in recent times we have had record low mortgage rates yet that has failed to spark any substantial home value growth outside of Sydney and Melbourne. With little wage growth and ongoing economic uncertainty it is clear that in most areas of the country there are limits to what people can pay for housing. Subsequently there has been little impetus for any significant value growth outside of the two largest capital cities. Even in Sydney and Melbourne value growth has been substantially lower over the past decade than over the previous decade.

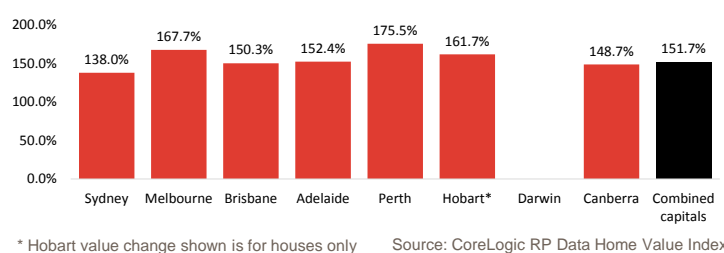
### Rolling annual change in combined capital city home values



### Cumulative change in capital city home values, 10 years to Jan-16



### Cumulative change in capital city home values, 10 years to Jan-06



### Cumulative change in capital city home values, 5 years to Jan-16

