

# House prices tipped to jump 5% in 2015

by: *Daniel Palmer* TVNZ March 13, 2015

Capital city house prices are expected to rise a further 5 per cent in 2015, driven by strong growth in Sydney and Brisbane, new forecasts suggest.

Last year, capital city house prices [climbed](#) 6.8 per cent, according to official Australian Bureau of Statistics data, driven by a 12.2 per cent surge in the average cost of Sydney real estate.

The latest forecasts, which stem from Domain Group's autumn 'state of the market' report, follow the Reserve Bank of Australia's decision to cut rates in February and it is expected housing demand will be further stimulated by the likelihood of further moves in coming months.

"Buyer confidence has been boosted with the Reserve Bank's recent interest rate cut and we've seen a solid start to 2015 in most markets," Andrew Wilson, senior economist at the Domain Group, said.

"We are expecting buyer activity to remain solid through the autumn selling season and then moderate as we head into spring."

While the average growth in capital city prices is likely to reach 5 per cent, Sydney and Brisbane are expected to top this number, with the bubbling market in the Harbour City showing no signs of slowing.

"Sydney and Brisbane are set to be the best performers over the year, with 8 per cent and 6 per cent growth forecast respectively," Dr Wilson said.

"Sydney's resilience is largely driven by its property shortages and economy, however investor activity remains at record levels and this is another key driver of the price growth being seen."

However, the trend is not so positive for Perth, Canberra and Darwin, which are expected to be the laggards again in 2015.

"Declining local economies spell fairly modest growth of around 2 per cent for Darwin, Canberra and Perth," Dr Wilson said.

"[Meanwhile], Melbourne, Adelaide and Hobart are in for another positive year, with moderate growth of between 3 and 5 per cent likely."