

1 August 2022

Aus housing market: correction deepens and broadens July CoreLogic home value index: -1.4%^{mth}; 5.4%^{yr} Sydney, Melbourne and 'top tier' segments still leading the way

- Australian dwelling prices are losing altitude quickly. The CoreLogic home value index, covering the eight major capital cities, fell 1.4% in July, following on from a 0.8% decline in June and a 0.3% dip in May. The July fall is the largest monthly decline since 1983. That said, prices are still elevated, up 5.4%^{yr}, the retracement to date only taking prices back to the level they were at in October last year.
- The detail shows the price correction deepening in Sydney and Melbourne, and spreading to other markets, Brisbane, Hobart, Canberra and most regions also recording material declines.
- Turnover continues to decline as well, with sales on a rolling 3mth basis down 15.6%^{yr} nationally (Westpac estimates of seasonally adjusted sales). Sydney and Melbourne are leading the way here too, although it should be noted that sales in these markets were coming off a much higher starting point due to post-COVID catch-up activity. Sales are now running well below new listings in these markets.
- Sydney recorded a particularly eye-catching 2.2% fall, prices now down 5.2% from the peak at the start of the year and annual growth slowing to 1.6%^{yr}. 'Top tier' markets continue to lead the way, prices across the top 25% of houses by value down 7.8% since Jan and the top 25% of units down 6.6%.
- Dwelling prices fell 1.5% in Melbourne prices, tracking slightly ahead of the national result. All segments are seeing price falls although, as with Sydney, declines are more pronounced for 'top tier' segments, houses especially (-6.6% from their peak).
- Brisbane recorded its first monthly decline for this correction, prices falling 0.8% in July. That followed a strong run-up that continued through most of the first half of 2022, prices still up 22.1%^{yr}. The detail shows top and middle tier houses recording declines but 'lower tier' houses about flat and units still recording solid gains across the board.
- Perth continues to track a steadier path than the major eastern capitals, prices nudging up 0.2%^{mth}, only a touch down on the 0.4%^{mth} gain in May and 0.6%^{mth} gain in May – the steady results a consistent picture across segments. Annual price growth is holding around 5.5%^{yr}.
- The Adelaide market, which has been an outperformer to date, is starting to clear signs of slowing. Prices rose 0.4%^{mth}, a gain but a significant step-down from the average 1.7% gain through April-June.
- Among the smaller capital cities: Hobart recorded a 1.5% fall, a sign that this affordability-stretched market is particularly sensitive to rate moves; Canberra prices decline 1.1%, the first meaningful monthly fall for this market; and Darwin posted a steady 0.5% gain, tracking a similar path to Perth. July also saw material falls in regional NSW (-1.1%^{mth}), regional Vic (-0.7%^{mth}) and regional Qld (-0.7%^{mth}).
- The price correction is likely to continue deepening and broadening as the RBA delivers more rate hikes in coming months. Conditions will only improve once policymakers are convinced that the inflation threat has passed.

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CoreLogic home value index: July 2022

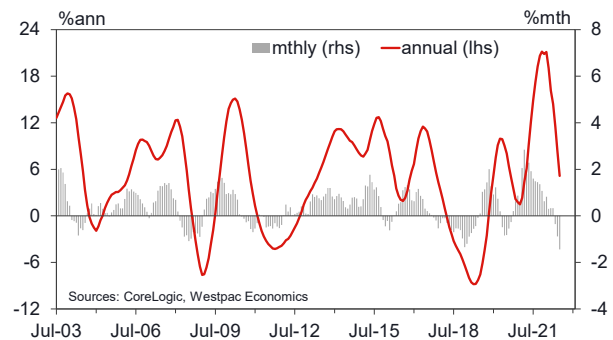
	%mth				%ann			
	Apr	May	Jun	Jul	Apr	May	Jun	Jul
Australia*	0.3	-0.3	-0.8	-1.4	14.6	11.7	8.7	5.4
- houses	0.4	-0.4	-0.9	-1.5	16.8	13.4	10.0	6.3
- units	0.1	-0.2	-0.5	-1.0	8.3	6.6	4.7	2.5
Major capital cities								
Sydney	-0.2	-1.0	-1.6	-2.2	14.7	10.3	5.9	1.6
Melbourne	0.0	-0.7	-1.1	-1.5	8.4	5.8	3.1	0.3
Brisbane	1.7	0.8	0.1	-0.8	29.3	27.8	25.6	22.1
Adelaide	1.9	1.8	1.3	0.4	26.2	26.1	25.7	24.1
Perth	1.1	0.6	0.4	0.2	6.7	5.6	5.8	5.5
Turnover [^]	-5.0	-8.2	-7.7	-9.8	-7.1	-12.9	-12.9	-15.6

*combined capital cities

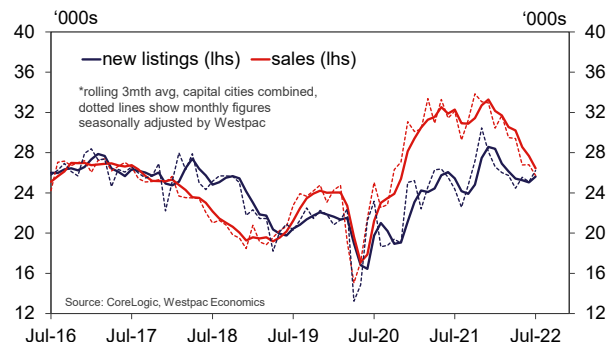
Sources: CoreLogic, Westpac Economics

[^] rolling 3mth total, %3mth and %ann ch, seasonally adjusted by Westpac.

Australian dwelling prices



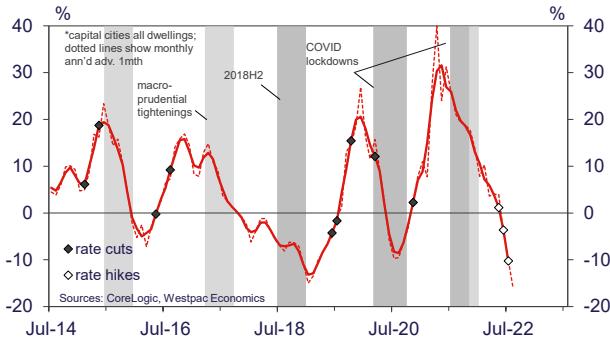
Residential property: listings and sales



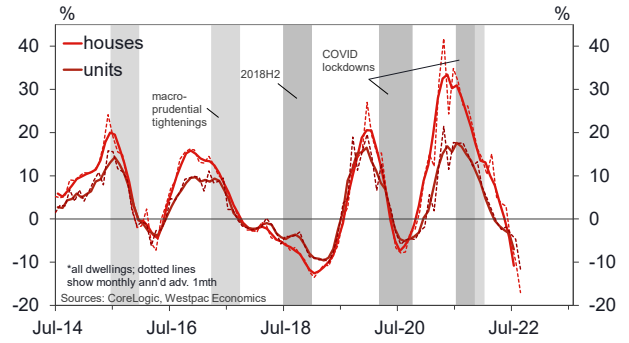
Past performance is not a reliable indicator of future performance. The forecasts given above are predictive in character. Whilst every effort has been taken to ensure that the assumptions on which the forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The results ultimately achieved may differ substantially from these forecasts.



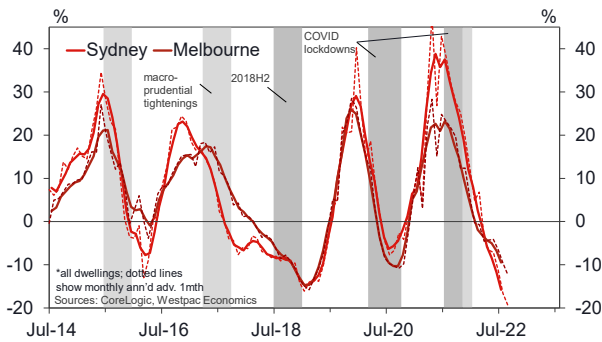
Australian dwelling prices: 3mth annualised



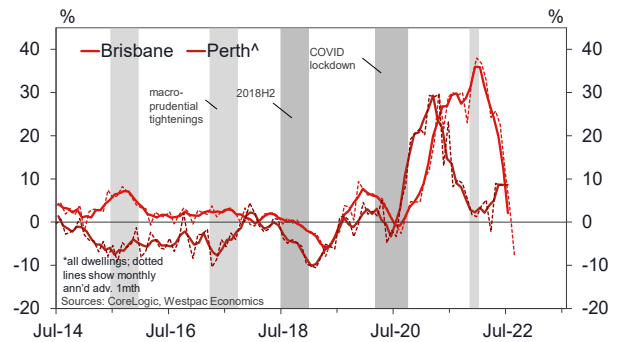
Dwelling prices: houses, units, 3mth annualised



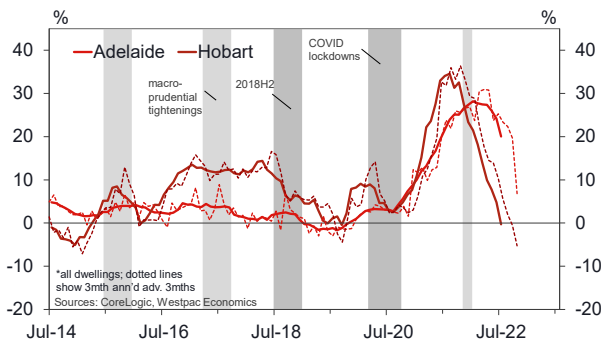
Sydney, Melbourne dwelling prices: 3mth ann'd



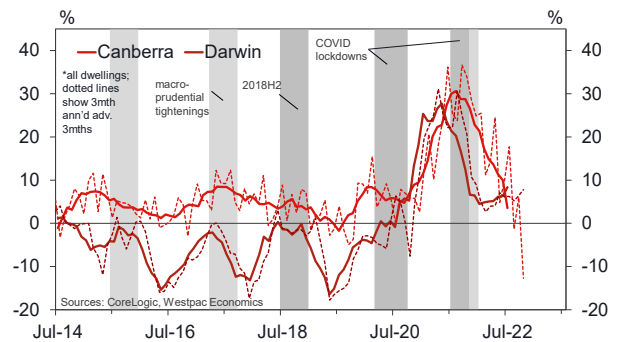
Brisbane, Perth dwelling prices: 3mth ann'd



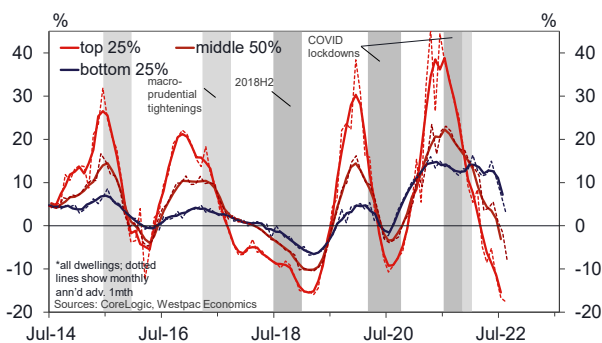
Adelaide, Hobart dwelling prices: 6mth ann'd



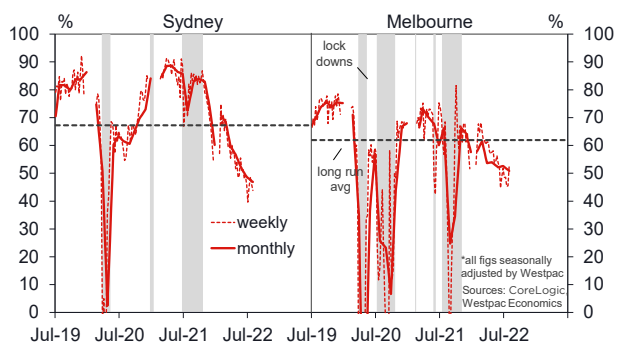
Canberra, Darwin dwelling prices: 6mth ann'd



Dwelling prices: by property value, 3mth ann'd



Auction clearance rates: withdrawal adjusted



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