

1 September 2022

Aus dwelling prices: correction spreads Aug CoreLogic home value index: -1.6%^{mth}; 2.2%^{yr} Most capital cities and regional markets now seeing declines.

The CoreLogic home value index, covering the eight major capital cities, fell 1.6% in Aug following a 1.4% decline in July, a 0.8% decline in June and a 0.3% dip in May. The latest monthly fall is the largest monthly decline since 1983, the second largest being the month prior. While prices nationally are still up slightly on a year ago (+2.2%^{yr}) next month will almost certainly see a dip into negative for annual growth.

The detail continues to show: deepening price corrections in Sydney, Melbourne and Hobart; an abrupt turnaround in Brisbane and Canberra, both markets now recording substantial declines; and stalling prices in Perth and Adelaide, the latter having seen strong gains through the first half of the year.

Turnover continues to decline as well, with sales on a rolling 3mth basis down 7% vs May and down 14.6%^{yr} (Westpac estimates of seasonally adjusted sales). Sydney and Melbourne are recording much bigger falls, down 32% and 24% respectively vs May. Sales volumes are more mixed across other jurisdictions, down only 0.8% vs May on a combined basis and still well above average pre-COVID levels.

Sydney recorded another eye-catching fall, down 2.3%, slightly outpacing July's 2.2% fall. Prices are now down 7.4% from their peak in Jan, annual growth dipping into negative (-2.5%^{yr}). The detail continues to show the pace of correction is proportional to gains during the upturn: houses and 'top tier' and 'middle tier' markets recording bigger declines than units and lower tier markets (which lagged on the upturn). 'Top tier' houses for example are seeing price falls running at a 15% annualised pace in 2022 but are coming off gains in 2020-21 that averaged a 27% annualised pace. At the other end of the range, 'bottom tier' units are seeing prices decline at a 3% annualised pace having risen at a 6.6% annualised pace during the upturn.

Dwelling prices fell 1.2% in Melbourne, a touch milder than the 1.5% decline in July, annual growth also dipping into negative (-2.1%^{yr}). All segments are seeing price falls with a similar segment and tier pattern to Sydney, i.e. bigger declines where gains during the upturn were stronger.

The price correction accelerated in Brisbane with a big 1.8% fall in Aug, following a 0.8% decline in July that was the first monthly dip for this market in the current cycle. The detail shows weakness now showing through in all tiers for houses but units holding up better ('top tier' units still up 1.7% vs May).

Prices dipped slightly in both Perth (-0.2%^{mth}) and Adelaide (-0.1%^{mth}), both recording their first monthly declines this year. The detail shows mostly flat momentum with some residual price gains in particular sub-segments.

Price declines accelerated across most smaller capital cities and regional areas, Hobart, Canberra, regional NSW and regional Tas all recording 1.7% falls, regional Vic and regional Qld recording 1.3% and 1.5% declines respectively. That said, in all cases, annual growth is still in solid positive territory.

The correction is set to continue as the RBA delivers more rate hikes in coming months. Conditions are unlikely to improve until policymakers are convinced that the inflation threat has passed.

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CoreLogic home value index: August 2022

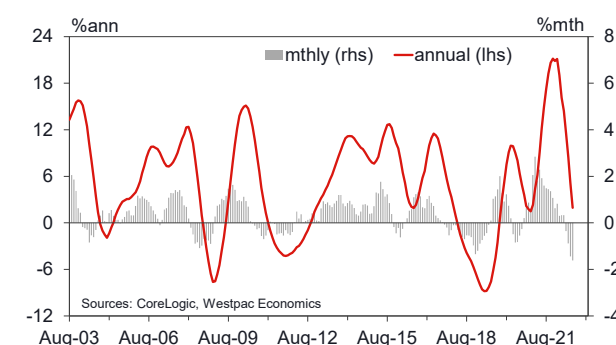
	%mth				%ann			
	May	Jun	Jul	Aug	May	Jun	Jul	Aug
Australia*	-0.3	-0.8	-1.4	-1.6	11.7	8.7	5.4	2.2
- houses	-0.4	-0.9	-1.5	-1.8	13.4	10.0	6.3	2.7
- units	-0.2	-0.5	-1.0	-0.9	6.6	4.7	2.5	0.5
Major capital cities								
Sydney	-1.0	-1.6	-2.2	-2.3	10.3	5.9	1.6	-2.5
Melbourne	-0.7	-1.1	-1.5	-1.2	5.8	3.1	0.3	-2.1
Brisbane	0.8	0.1	-0.8	-1.8	27.8	25.6	22.1	17.5
Adelaide	1.8	1.3	0.4	-0.1	26.1	25.7	24.1	21.8
Perth	0.6	0.4	0.2	-0.2	5.6	5.8	5.5	4.9
Turnover^	-6.1	-7.2	-9.7	-7.0	-11.8	-13.9	-16.2	-14.6

*combined capital cities

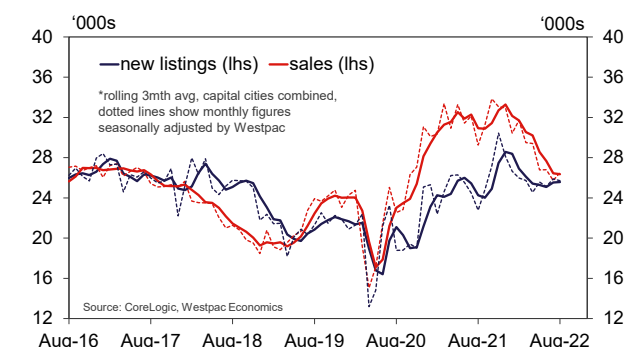
Sources: CoreLogic, Westpac Economics

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

Australian dwelling prices

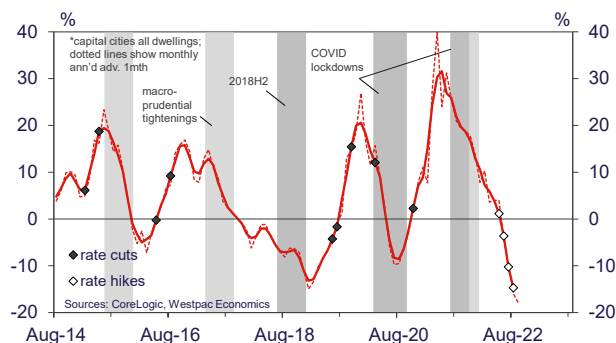


Residential property: listings and sales

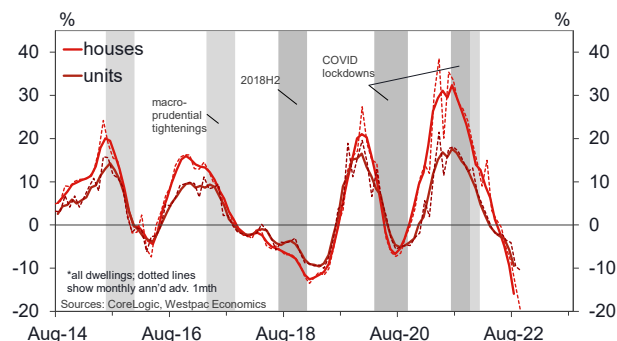


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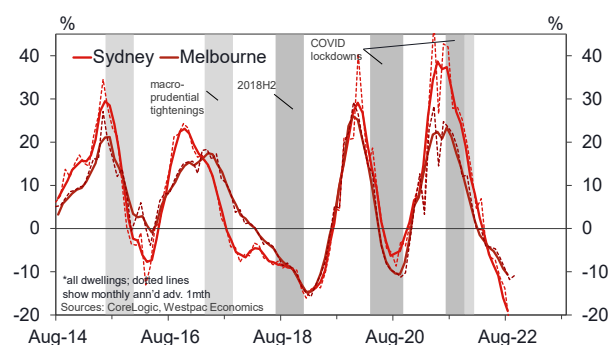
Australian dwelling prices: 3mth annualised



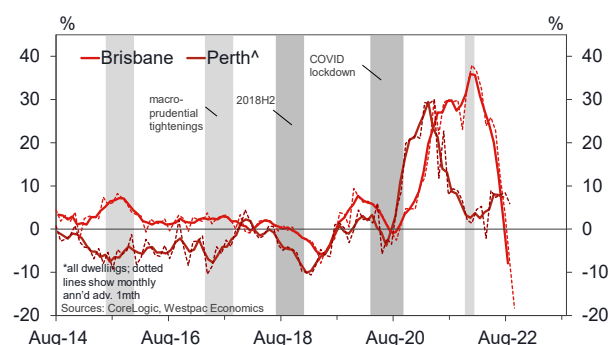
Dwelling prices: houses, units, 3mth annualised



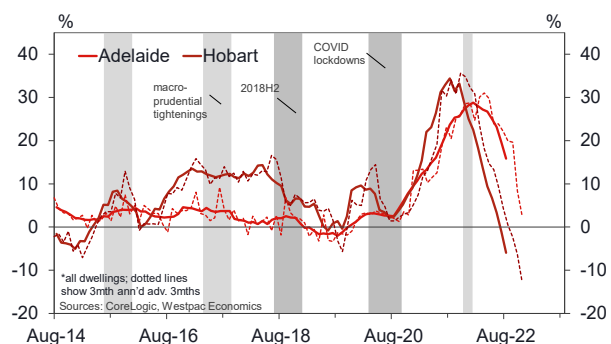
Sydney, Melbourne dwelling prices: 3mth ann'd



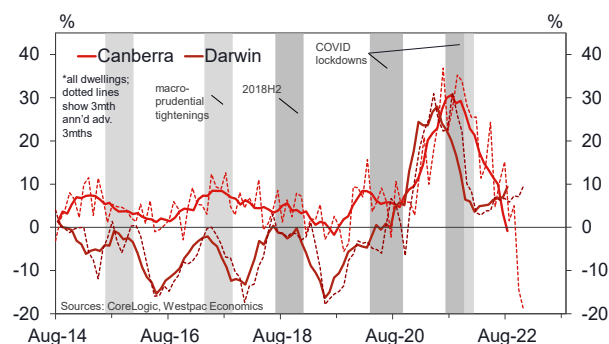
Brisbane, Perth dwelling prices: 3mth ann'd



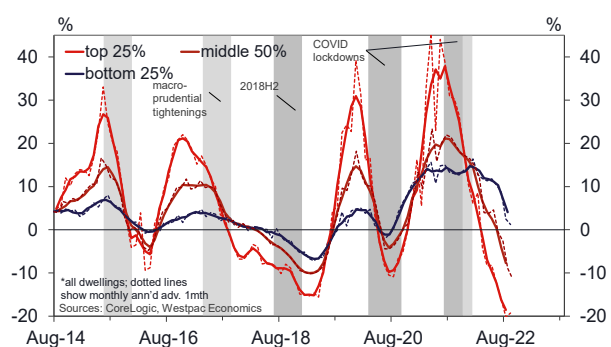
Adelaide, Hobart dwelling prices: 6mth ann'd



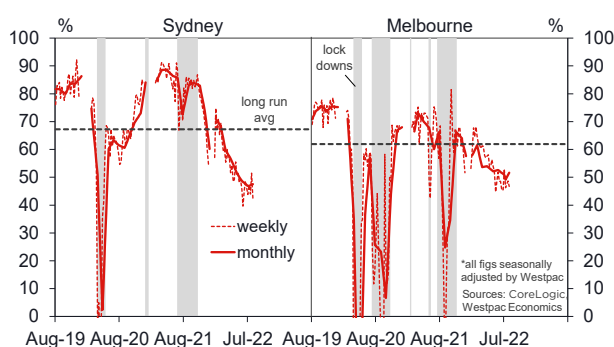
Canberra, Darwin dwelling prices: 6mth ann'd



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



Auction clearance rates: withdrawal adjusted



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