

11 January 2023

Australian dwelling prices: more weakness Jan CoreLogic home value index: -1.1%^{mth}; -8.7%^{yr} Over 80% of detailed sub-markets record price falls.

- The CoreLogic home value index, covering the eight major capital cities, fell 1.1% in January to be down 8.7%^{yr}, the annual pace of falls eclipsing the 2018-19 correction for the first time to be the weakest on records back to 1981. The correction remains broad-based and firmly entrenched.
- It should be noted that very low transaction volumes mean housing measures are less reliable over the Dec-Jan hiatus. This means Feb updates are typically the first real 'test' of market conditions in the new year.
- All capital cities and major regional areas recorded price declines in Jan. Across the 50 detailed sub-markets monitored, 41 recorded falls. The biggest declines were for Brisbane and Sydney houses and the wider Hobart market. Adelaide, where prices were relatively stable through 2022, recorded a notable acceleration in price falls. There was also a slight acceleration in declines for units, which saw somewhat milder falls in 2022.
- Turnover continued to weaken, our estimates suggesting seasonally adjusted sales were down about 10% over the 3mths to Jan compared to the previous 3mths. Turnover looks to have fallen particularly steeply in Sydney and Melbourne.
- Sydney dwelling prices decline another 1.2%^{mth} to be down 13.8%^{yr}, the biggest annual fall since 1983. Mid and low tier houses and top tier units saw slightly bigger declines with top tier houses continuing to track much milder declines than through mid-2022 (-1%^{mth} vs avg declines of 2%^{mth} between May and Nov).
- Brisbane again recorded the sharpest monthly price fall amongst the major capitals albeit, a 1.4% decline taking the annual pace of contraction to -4.7%^{yr} (bearing in mind that the market was still posting robust gains in the early part of 2022). As noted, weakness continued to centre on houses, particularly at the upper end, 'top tier' house prices down 1.9%^{mth}, 6.9%^{yr}. At the other end, 'bottom tier' unit prices look to be about steady.
- Melbourne recorded a 1.1% price fall in Jan to be down 9.3%^{yr}, monthly declines fairly uniform across tiers and dwelling types.
- Perth and Adelaide both recorded more meaningful price dips in the Jan month, down 0.3%^{mth} and 0.8%^{mth} respectively, but continue to track a milder correction in annual terms, prices still up 2.7%^{yr} and 6.9%^{yr} respectively. Weakness in the month centred on top tier houses.
- Across the small capital cities, prices continue to fall rapidly in Hobart, -1.7%^{mth}, -9.5%^{yr}; but more moderately in Canberra, -1%^{mth}, -5.9%^{yr} with Darwin performing more in line with Perth and Adelaide (-0.1%^{mth}, +3.7%^{yr}). Regional areas of NSW, Qld and Vic all recorded more substantive declines (-1.0%, -0.7% and -0.8% respectively).
- As noted, Feb will be the real test of conditions in early 2023. With corrections well entrenched, buyer sentiment still very weak and the RBA expected to resume rate rises at its Feb 7 the new year looks likely to pick-up where the old one left off.

Matthew Hassan, Senior Economist

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CoreLogic home value index: January 2023

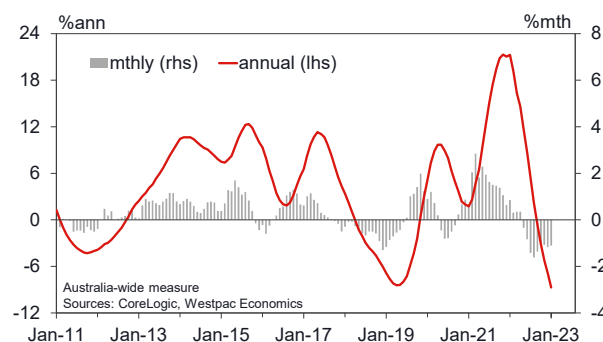
	%mth				%ann			
	Oct	Nov	Dec	Jan	Oct	Nov	Dec	Jan
Australia*	-1.1	-1.1	-1.2	-1.1	-3.1	-5.2	-6.9	-8.7
- houses	-1.2	-1.2	-1.3	-1.1	-3.2	-5.5	-7.4	-9.5
- units	-0.7	-0.6	-0.9	-1.0	-3.0	-4.3	-5.3	-6.3
Major capital cities								
Sydney	-1.3	-1.3	-1.4	-1.2	-8.6	-10.6	-12.1	-13.8
Melbourne	-0.8	-0.8	-1.2	-1.1	-5.6	-7.0	-8.1	-9.3
Brisbane	-2.0	-2.0	-1.5	-1.4	8.4	3.3	-1.1	-4.7
Adelaide	-0.3	-0.3	-0.4	-0.8	16.5	13.4	10.1	6.9
Perth	-0.2	0.0	0.1	-0.3	4.0	3.9	3.6	2.7
Turnover^	-3.3	-8.8	-10.7	-9.9	-20.3	-27.3	-29.2	-27.8

*combined capital cities

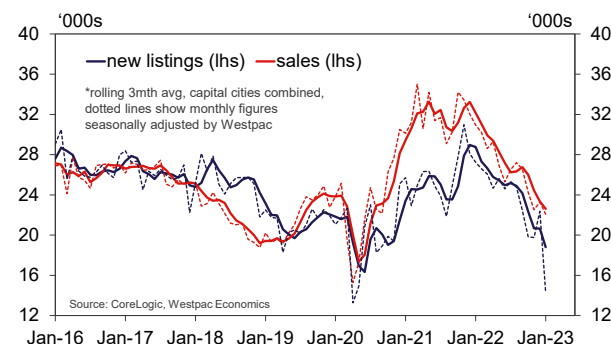
Sources: CoreLogic, Westpac Economics

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

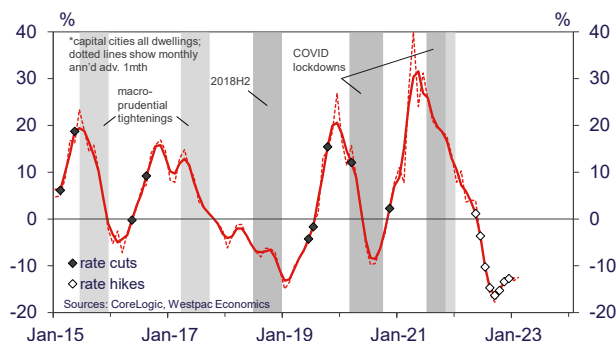
Australian dwelling prices



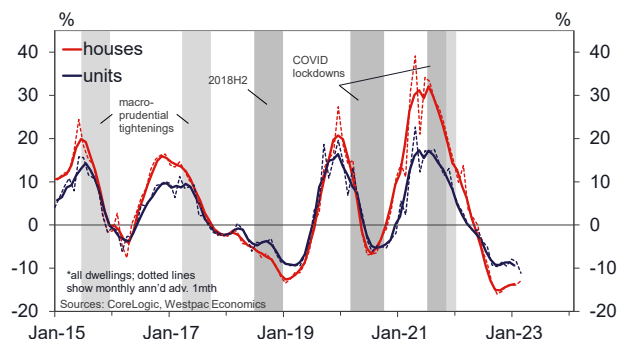
Residential property: listings and sales



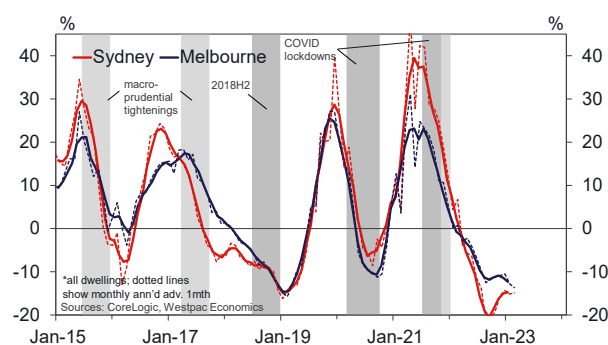
Australian dwelling prices: 3mth annualised



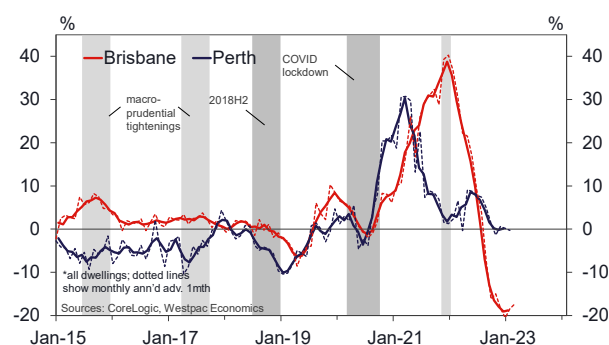
Dwelling prices: houses, units, 3mth annualised



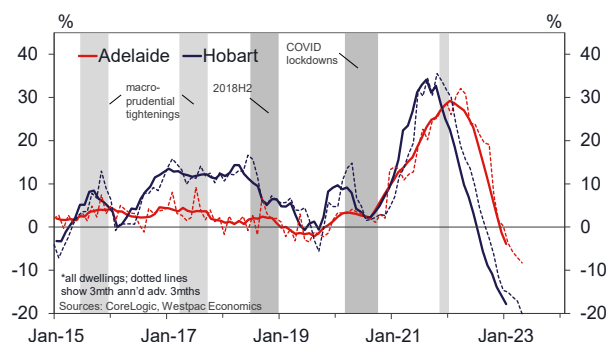
Sydney, Melbourne dwelling prices: 3mth ann'd



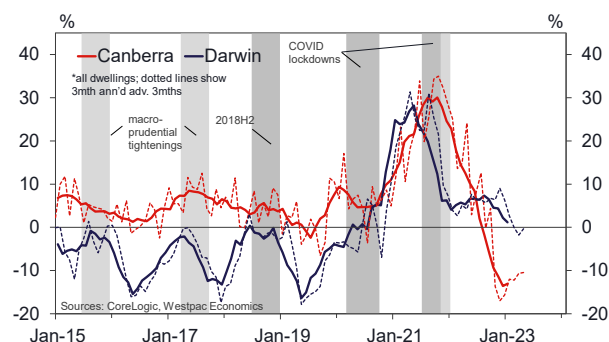
Brisbane, Perth dwelling prices: 3mth ann'd



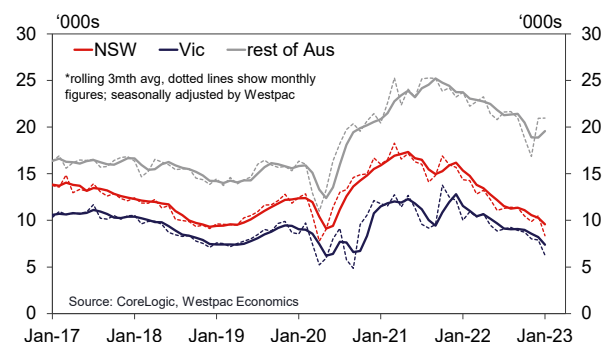
Adelaide, Hobart dwelling prices: 6mth ann'd



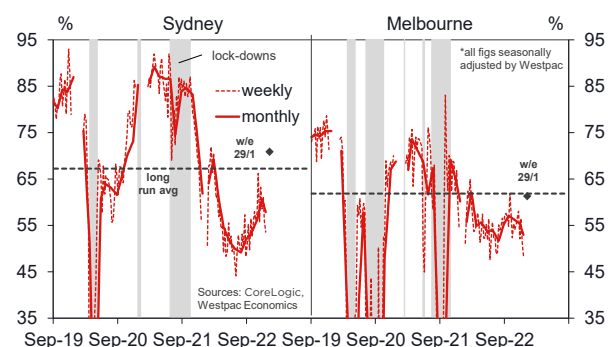
Canberra, Darwin dwelling prices: 6mth ann'd



Residential property: sales



Auction clearance rates: withdrawal adjusted



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