

3 April 2023

## Australian dwelling prices: correction over? March CoreLogic home value index: 0.8%<sub>mt</sub>; -8.7%<sub>yr</sub> A gain but an unconvincing one with conditions still challenging.

- The CoreLogic home value index, covering the eight major capital cities, rose 0.8% in March, following a 0.1% dip in Feb and seven straight months of falls in the 1-1.6% range between May and Dec. The latest gain comes despite interest rate rises in early 2023 and widespread expectations of further rate increases in the months ahead. With seasonality also flattering the result, price gains narrowly-based and trading volumes still very 'thin', we remain very wary of interpreting the March rise as the beginning of a sustained recovery. Instead it looks to be some form of stabilisation. Whether even this can be sustained is also questionable given the interest rate and wider economic headwinds bearing down on the housing sector. 'Stop-start' periods alternating between stability and price slippage are fairly rare for housing but not unheard of, particularly when rates remain high and the economy is moving through a substantial downturn. We expect this to be the story for 2023 but are alert to the possibility of a sustained stabilisation emerging earlier on in the piece.
- All major capital cities saw some improvement in March, Sydney posting a strong price gain, Melbourne and Perth recording relatively solid rises but prices flat in Brisbane and Adelaide. Smaller capital cities saw further price declines, with flat results across most regional areas.
- Turnover was fairly mixed, up 1.3%<sub>qtr</sub> for Q1 as a whole, but down in the March month after a strong gain in Feb (Westpac estimates of seasonally adjusted sales). Sales volumes remain low, tracking near historic lows as a proportion of the total dwelling stock in NSW and Vic.
- Sydney recorded the strongest price rise with a 1.4% lift in March. Seasonality flattered the result a little, prices up 1%<sub>mt</sub> in seasonally adjusted terms. 'Top' and 'middle tier' houses saw the strongest gains, 'top tier' units also up solidly. Recall that the Sydney market registered the largest correction in 2022, prices falling 13.5% peak to trough.
- Melbourne posted a 0.6% rise, the biggest monthly gain since Nov 2021. 'Top tier' houses again outperformed slightly. Turnover remains very weak, sales down 18.8%<sub>qtr</sub> in Q1.
- Prices were essentially steady in Brisbane (-0.1%<sub>mt</sub>) and Adelaide (0.1%<sub>mt</sub>). in both cases slight improvements on price slippage in Feb. Adelaide remains the strongest performer over the year, prices up 3%<sub>yr</sub>.
- Perth recorded a 0.5% gain, the biggest monthly gain since May last year. As with Adelaide, prices are still up on a year ago, annual growth holding at 1.9%<sub>yr</sub>.
- Across the small capital cities: Hobart is now the stand-out weak market, prices tumbling a further 0.9% in March to be down 12.9%<sub>yr</sub> (annual declines overtaking Sydney) with houses and top-end units leading the decline; Canberra saw a -0.5%<sub>mt</sub>, -8.1%<sub>yr</sub>; and Darwin saw a similar 0.4%<sub>mt</sub> decline but with prices still up 1.6%<sub>yr</sub>. Across the regions, prices were flat in regional NSW, down 0.1%<sub>mt</sub> in regional Vic but up 0.3%<sub>mt</sub> in Qld - annual price growth still firmly negative for all three.

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### CoreLogic home value index: March 2023

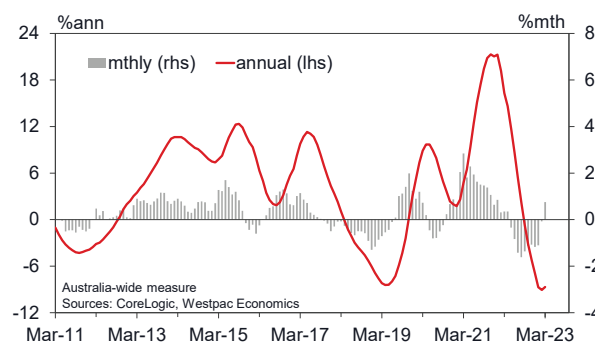
	% <sub>mt</sub>				% <sub>ann</sub>			
	Dec	Jan	Feb	Mar	Dec	Jan	Feb	Mar
<b>Australia*</b>	<b>-1.2</b>	<b>-1.1</b>	<b>-0.1</b>	<b>0.8</b>	<b>-6.9</b>	<b>-8.7</b>	<b>-9.1</b>	<b>-8.7</b>
- houses	-1.3	-1.1	-0.1	0.8	-7.4	-9.5	-9.9	-9.6
- units	-0.9	-1.0	0.0	0.6	-5.3	-6.3	-6.4	-5.8
Major capital cities								
Sydney	-1.4	-1.2	0.3	1.4	-12.1	-13.8	-13.4	-12.1
Melbourne	-1.2	-1.1	-0.4	0.6	-8.1	-9.3	-9.6	-9.0
Brisbane	-1.5	-1.4	-0.4	0.1	-1.1	-4.7	-6.8	-8.6
Adelaide	-0.4	-0.8	-0.2	-0.1	10.1	6.9	5.1	3.0
Perth	0.1	-0.3	-0.1	0.5	3.6	2.7	2.4	1.9
Turnover^	-8.0	-6.8	-1.9	1.3	-28.5	-26.8	-22.4	-18.7

\*combined capital cities

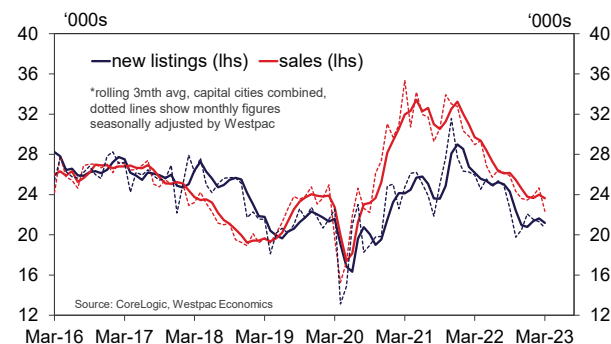
Sources: CoreLogic, Westpac Economics

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

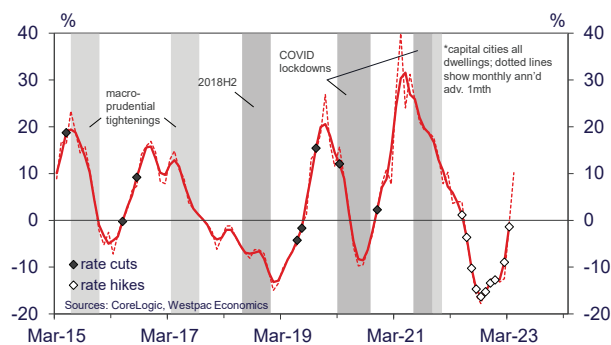
### Australian dwelling prices



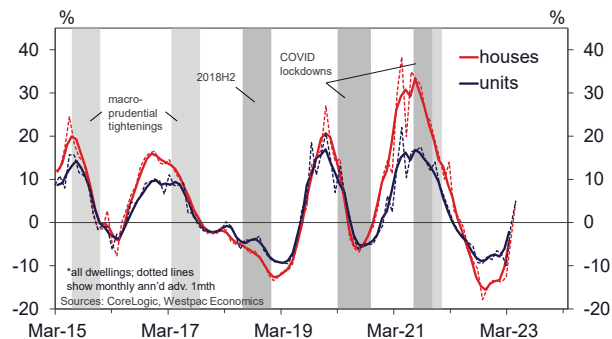
### Residential property: listings and sales



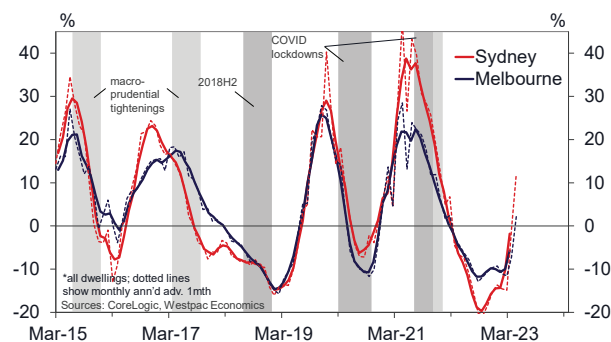
### Australian dwelling prices: 3mth annualised



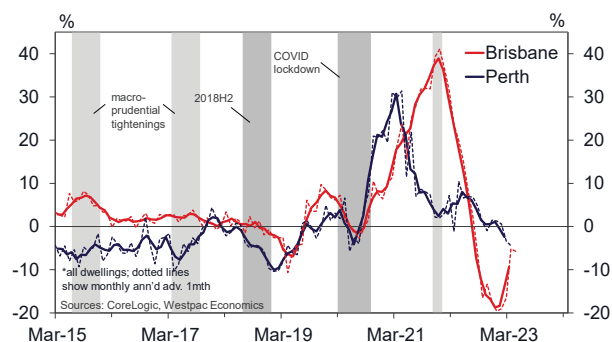
### Dwelling prices: houses, units, 3mth annualised



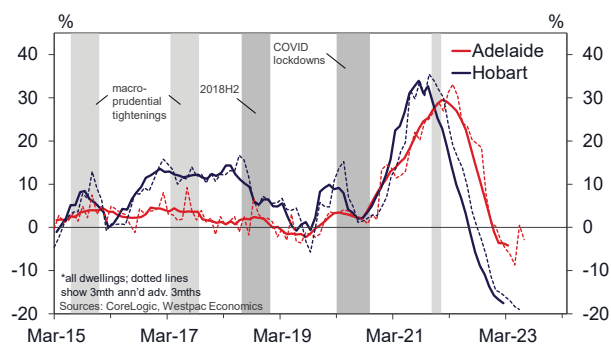
### Sydney, Melbourne dwelling prices: 3mth ann'd



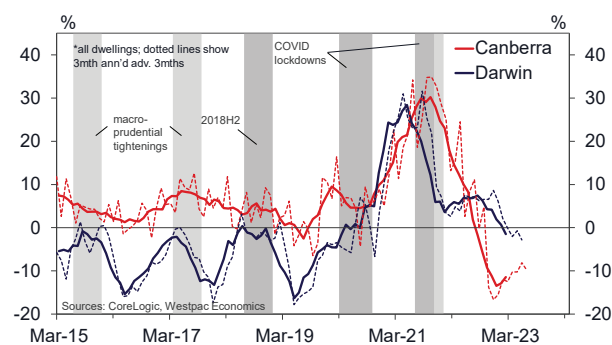
### Brisbane, Perth dwelling prices: 3mth ann'd



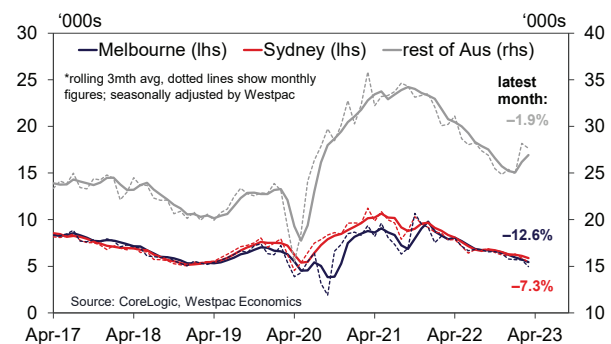
### Adelaide, Hobart dwelling prices: 6mth ann'd



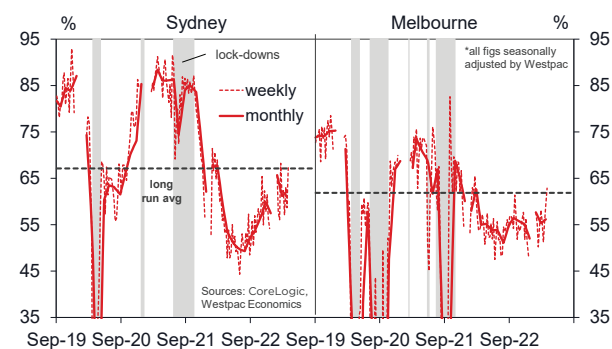
### Canberra, Darwin dwelling prices: 6mth ann'd



### Residential property: sales



### Auction clearance rates: withdrawal adjusted



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