

1 August 2023

Australian dwelling prices: rebound continues July CoreLogic home value index: 0.8%^{mth}; -2.7%^{yr} Slower monthly pace may indicate shifting demand-supply mix

- The CoreLogic home value index, covering the eight major capital cities, rose 0.8% in July, following on from a 1.2% gain in June, a 1.4%^{mth} gain in May and milder 0.7-0.8% gains in April and March. Prices are now up 5% from their Feb low, reversing just over half of the 9.7% decline over the previous ten months. The annual pace of price declines moderated to -2.7%^{yr}.
- All major capital city markets again recorded rises but with some notable shifts, the pace slowing in previous front-runner Sydney, with Brisbane and Adelaide the outperformers, Perth steady and Melbourne recording a more subdued gain.
- Turnover remains very weak, our estimates show sales about flat in the July month (adjusted for regular seasonal variations), and up just 0.8%^{qtr} on a rolling 3^{mth} basis. Notably, turnover looks to have weakened materially in Sydney (-9.6%^{qtr}), suggesting some of the moderation in price gains may be due to affordability pressures starting to weigh on demand. A lift in new listings is also seeing a shift in the balance between on-market supply and demand.
- Sydney dwelling prices rose 0.9%, moderating from 1.8%^{mth} gains in May and June, and 1.3%^{mth} gains in March and April. Prices have now bounced 7.6% since Feb but are coming off a larger 13.8% decline in 2022 (the bounce proportionally similar to that seen nationally). The moderation in July was broadly based across all price tiers of both houses and units.
- Melbourne dwelling prices posted a more sedate 0.3% rise, in July, having seen somewhat milder gains than other major cities in June and May. Having declined 9.6% over the year to Feb, the bounce-back since then has only seen prices rise 2.7%. The subdued monthly gains was broad based across segments.
- Brisbane dwelling prices rose 1.4% in July, holding at the pace seen in May and June. Notably, 'units' outperformed with a 1.8% gain, strength coming across all price tiers.
- Perth prices rose 1% in July, holding around the slightly slower pace seen in June. Adelaide prices posted a stronger 1.4% gain. Both markets have seen much milder corrections with annual price growth still positive, +3.4%^{yr} for Perth and +1.0%^{yr} for Adelaide.
- Price moves were again more mixed across the smaller capital cities and regional areas. Hobart prices held flat and are still down heavily on a year ago (-11.4%^{yr}). Prices dipped 0.1%^{mth} in Canberra and rose 0.3%^{mth} in Darwin. Regionally, prices continue to fall in regional Vic (-0.4%^{mth}) but were flat in regional NSW and up 0.7%^{mth} in regional Qld (which includes the Gold and Sunshine Coast areas in South East Qld).
- Overall, the July update shows price gains continuing to sustain despite further interest rate rises and weak turnover. In previous notes we suggested this mix may see price momentum fade if we see more rate hikes and/or a material lift in 'on-market' supply. The more moderate price gain in July, the slowing in Sydney in particular, may be an early sign of this shift.

Matthew Hassan, Senior Economist

CoreLogic home value index: July 2023

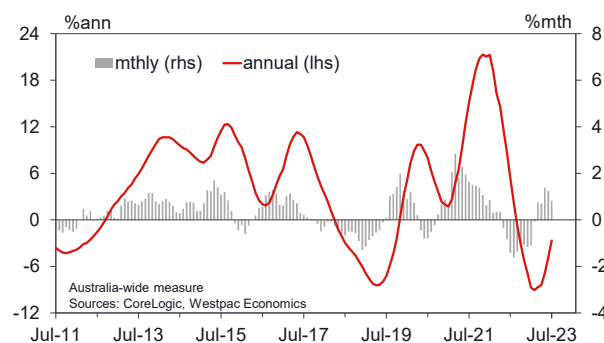
	%mth				%ann			
	Apr	May	Jun	Jul	Apr	May	Jun	Jul
Australia*	0.7	1.4	1.2	0.8	-8.4	-6.8	-4.8	-2.7
- houses	0.7	1.5	1.3	0.8	-9.4	-7.7	-5.6	-3.3
- units	0.7	1.0	1.0	0.7	-5.2	-4.1	-2.6	-0.9
Major capital cities								
Sydney	1.3	1.8	1.7	0.9	-10.7	-8.2	-5.1	-2.1
Melbourne	0.1	0.9	0.7	0.3	-8.9	-7.4	-5.7	-4.0
Brisbane	0.3	1.4	1.3	1.4	-9.8	-9.3	-8.2	-6.2
Adelaide	0.2	0.9	0.9	1.4	1.3	0.4	0.0	1.0
Perth	0.6	1.3	0.9	1.0	1.3	2.0	2.5	3.4
Turnover [^]	7.1	5.7	3.7	0.8	-13.7	-9.4	-5.7	-3.2

*combined capital cities

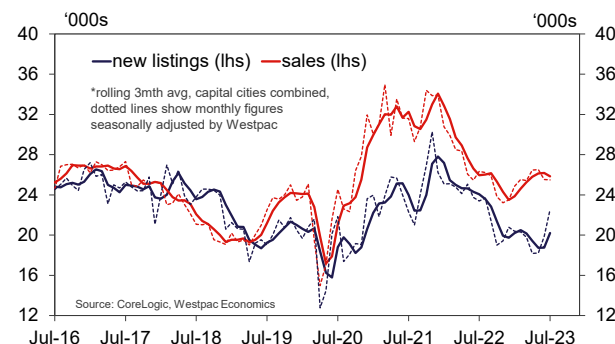
Sources: CoreLogic, Westpac Economics

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

Australian dwelling prices

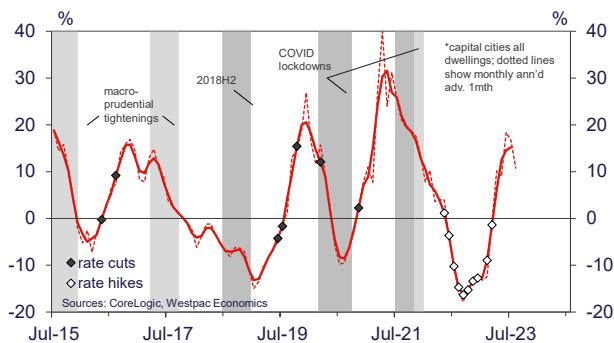


Residential property: listings and sales

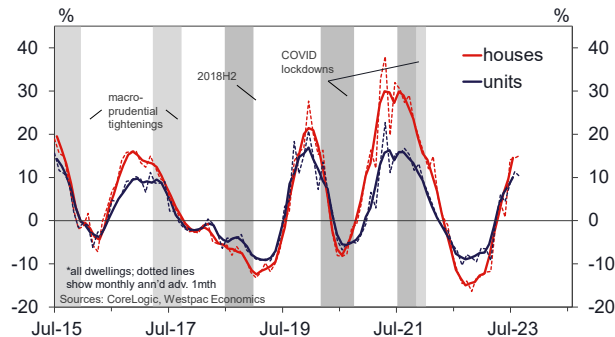


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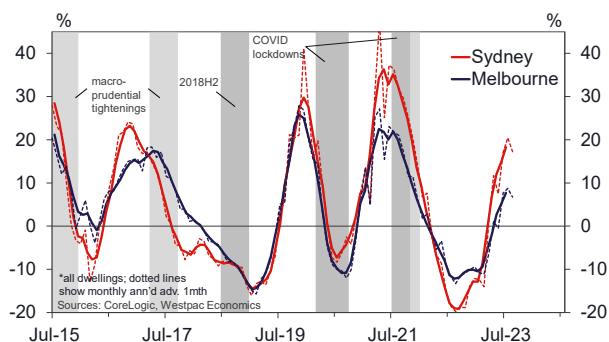
Australian dwelling prices: 3mth annualised



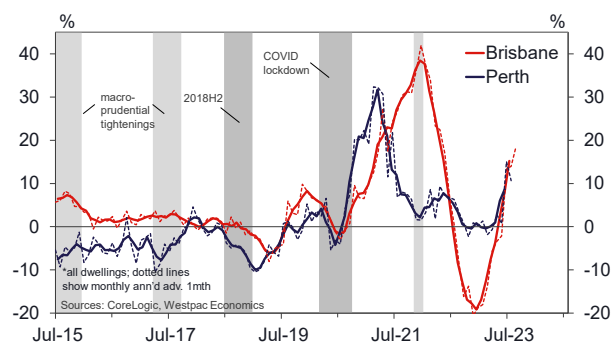
Dwelling prices: houses, units, 3mth annualised



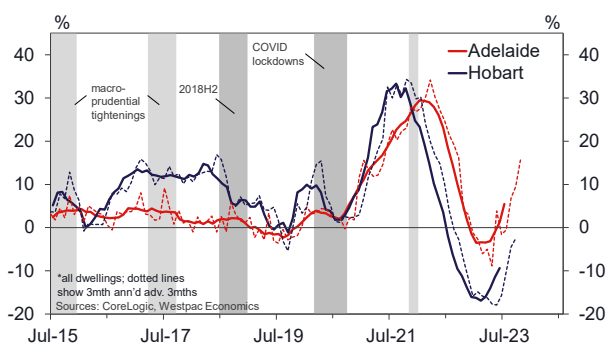
Sydney, Melbourne dwelling prices: 3mth ann'd



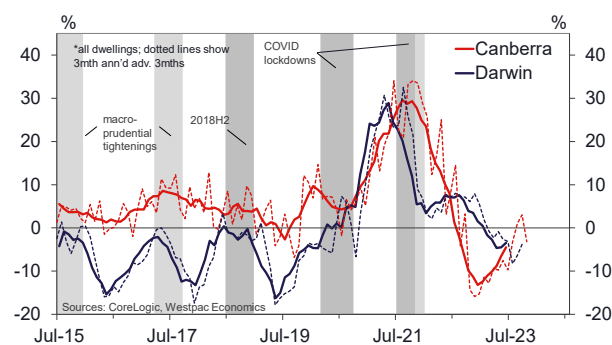
Brisbane, Perth dwelling prices: 3mth ann'd



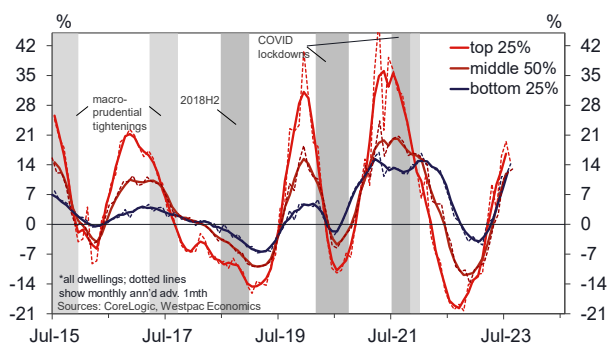
Adelaide, Hobart dwelling prices: 6mth ann'd



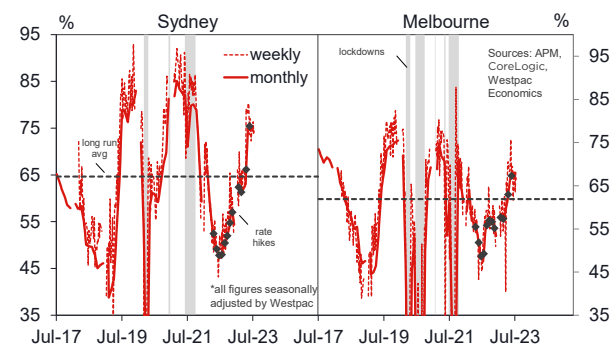
Canberra, Darwin dwelling prices: 6mth ann'd



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



Auction clearance rates: withdrawal-adjusted



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