

3 October 2023

Australian dwelling prices: closing in on previous peaks Aug CoreLogic home value index: 0.9%¹mo; 5.1%²yr Revised series points to stronger price momentum

- The CoreLogic home value index, covering the eight major capital cities, rose 0.9% in September, in line with similar gains in July and August but a slight step-down from the stronger gains in the June quarter. Annual growth rose to 5.1%²yr.
- Note that CoreLogic has made significant changes to its indexes this month**, with a move to time-varied weights that mean it will pick turning points earlier and an approach that will see revisions month to month. The new series has seen a substantial net upward revision to historical estimates, the cumulative effect adding 7ppts to price growth nationally since 2020. More recently, the net effect has accentuated the price cycle since the COVID period, adding about 3ppts to the recovery since the start of the year. Note that these changes only affect the hedonic measures, other measures such as turnover and medians are unaffected.
- All major capital city markets again recorded rises, ranging from 1% in Sydney to 1.3% in Brisbane and Perth and 1.7% in Adelaide, with Melbourne continuing to lag with a more muted 0.4% gain. Annual price growth is positive in all major cities, ranging from 1.5%²yr in Melbourne to 5%²yr in Brisbane and Adelaide, 7.3%²yr in Sydney and 8.8% in Perth. The more detailed sub-market measures showed some broadening in gains in September with only a handful of the 50 covered showing price declines. Houses are posting slightly better rises than units, annual growth nudging ahead to 5.3%²yr vs 4.3%²yr for units.
- Turnover remains soft but not weak, our estimates pointing to sales holding flat through August and September in seasonally adjusted terms, down about 2%³qtr on a rolling 3mth basis. Turnover has been a bit weaker in Sydney, down about 5%³qtr.
- By price tier, dwellings in the top 25% by value underperformed slightly in most markets, Brisbane a notable exception, the 2% rise in top tier house prices one of the strongest sub-market performances in September. 'Bottom tier' Adelaide units, houses across the board in Adelaide and 'bottom tier' house prices in Brisbane and Perth also outperformed, generally suggesting buyers are bidding up the more affordable parts of the market.
- Price moves were again less convincing across smaller capital cities and regional areas. Hobart prices dipped 0.6%¹mo, to be down 7%²yr. Canberra posted a 0.2%¹mo gain and Darwin a 0.1% gain but both are still down 2-3%²yr. Regional NSW and regional Qld both posted small gains but prices were flat in regional Vic.
- Overall, the September update shows the price upturn is continuing at a robust pace and is broadly based. Turnover remains relatively subdued. Prices across the major capital cities are now just 1% below their previous peak in 2022 (3 and 4% respectively for Sydney and Melbourne, materially above for the other major capitals). With interest rates 4ppts higher, affordability is becoming extremely stretched and will likely constrain price gains going forward.

Matthew Hassan, Senior Economist

CoreLogic home value index: September 2023

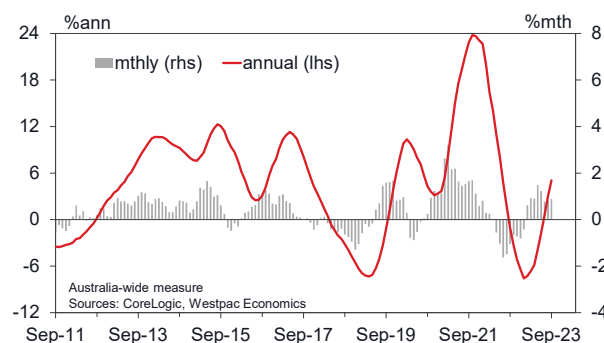
	%mth				%ann			
	Jun	Jul	Aug	Sep	Jun	Jul	Aug	Sep
Australia*	1.2	0.8	0.8	0.9	-1.7	0.7	3.0	5.1
- houses	1.3	0.8	0.9	0.9	-2.0	0.6	3.1	5.3
- units	0.9	0.6	0.6	0.8	-0.8	1.0	2.8	4.3
Major capital cities								
Sydney	1.8	0.8	0.7	1.0	-1.1	2.1	4.9	7.3
Melbourne	0.6	0.4	0.6	0.4	-3.3	-1.5	0.3	1.5
Brisbane	1.5	1.4	1.2	1.3	-4.1	-1.3	1.9	5.0
Adelaide	0.9	1.2	1.3	1.7	0.9	1.6	2.8	5.0
Perth	0.9	1.0	1.3	1.3	4.3	5.6	7.2	8.8
Turnover^	8.1	4.7	-0.9	-2.1	-3.6	-0.8	-1.5	-0.6

*combined capital cities

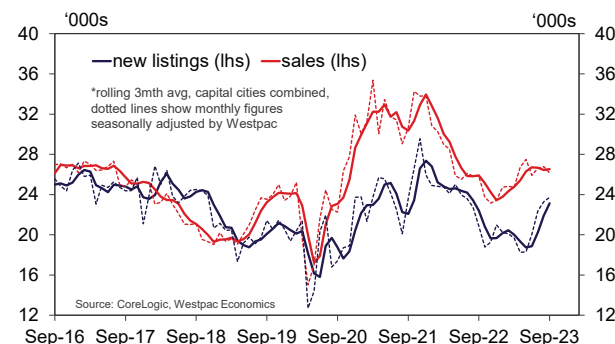
Sources: CoreLogic, Westpac Economics

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

Australian dwelling prices

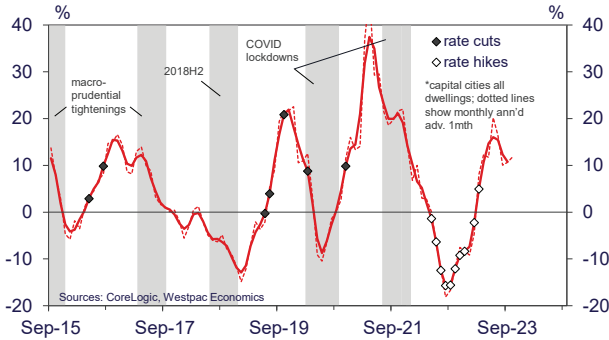


Residential property: listings and sales

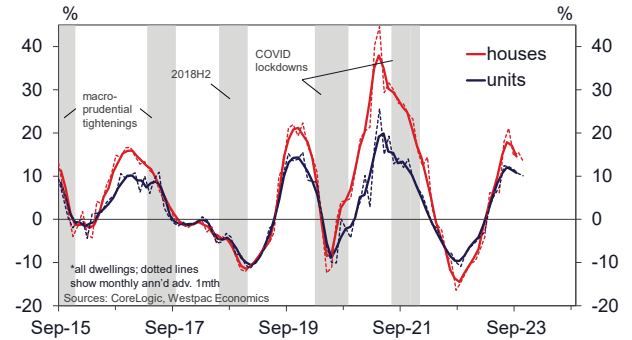


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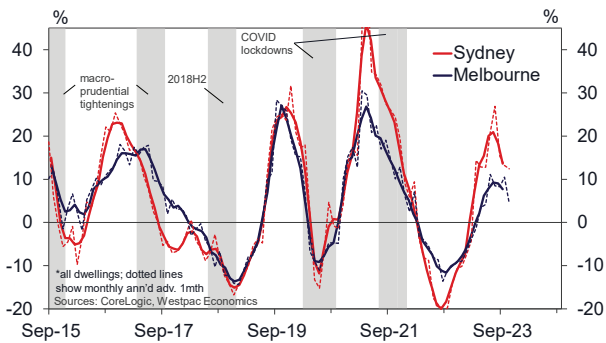
Australian dwelling prices: 3mth annualised



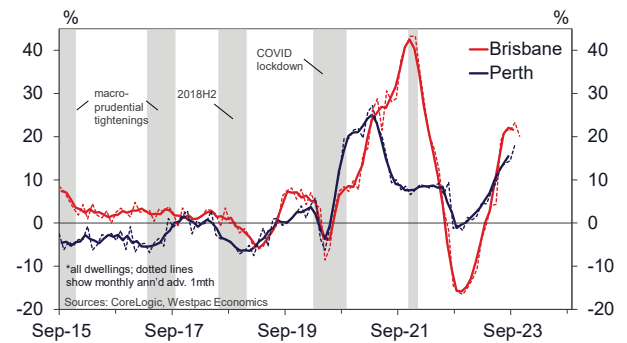
Dwelling prices: houses, units, 3mth annualised



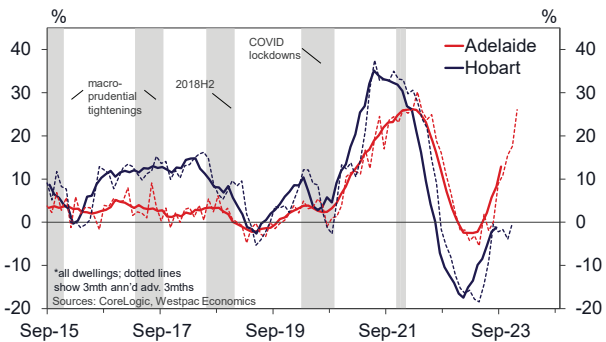
Sydney, Melbourne dwelling prices: 3mth ann'd



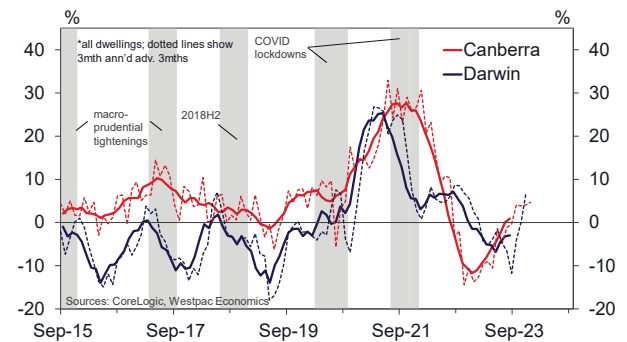
Brisbane, Perth dwelling prices: 3mth ann'd



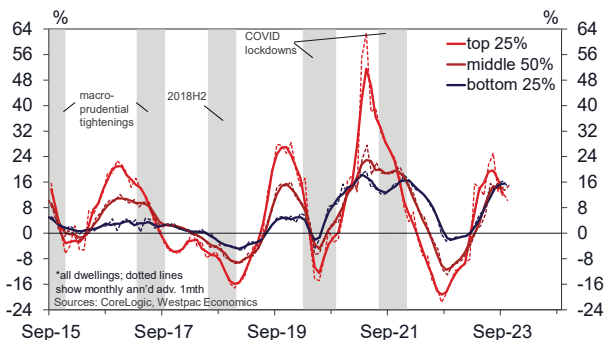
Adelaide, Hobart dwelling prices: 6mth ann'd



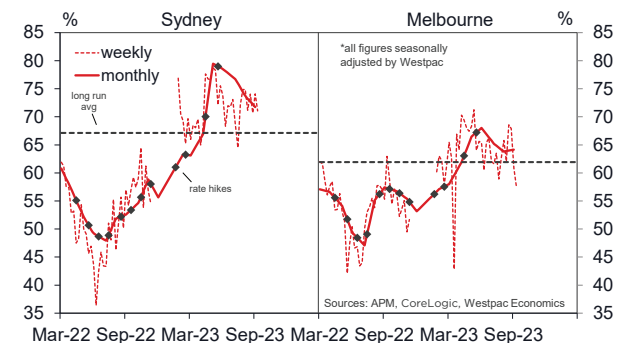
Canberra, Darwin dwelling prices: 6mth ann'd



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



Auction clearance rates: withdrawal-adjusted



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