

HOUSING PULSE FEBRUARY 2024.

WESTPAC INSTITUTIONAL BANK



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EXECUTIVE SUMMARY



The general picture around Australia's housing market is largely unchanged since our last **Housing Pulse** report. Price growth has moderated slightly over the last three months. Turnover has improved but is still running below long run averages as a share of the dwelling stock. Meanwhile supply – both 'on-market' and the physical stock of housing – remains tight. Buyer sentiment continues to be caught between deteriorating affordability, which is weighing heavily on assessments of time to buy, and very positive price expectations. The balance has improved slightly with the labour market outlook a little less threatening and the interest rate outlook a little more promising. But that's probably not enough to drive a big shift with both prices and turnover likely to see more modest gains near term.

On balance we continue to expect dwelling prices to post a more subdued 6% rise this year, easing to a 4% rise in 2025. Our **Westpac Consumer Housing Sentiment Index** suggests turnover should see steady gains in the near term.

Where things get more interesting is when we cast our gaze forward to the medium term and when we look at some of the more detailed themes emerging across various sub-markets. While still some months off, it's becoming clearer that we are getting closer to an interest rate easing cycle. We expect the RBA to begin easing from September. What this will do to housing markets is not as straightforward as it might seem – stretched affordability may dampen the rate cut boost this time around with the investor response likely to be key.

Across the states: NSW is seeing the clearest pinch from affordability; Vic has also softened but more due to a policy-related overhang of listings; Qld, WA and SA are all posting stronger price gains with supply extremely tight and affordability clearly pushing buyers down the value curve; Tas is still out of step with prices softening and a very different demand picture. Units are also showing some notable divergences in performance across the major cities.

1. Australia: national housing conditions



“... we are getting closer to an interest rate easing cycle ... What this will do to housing ... is not as straightforward as it might seem”

*The **Westpac Consumer Housing Sentiment Index** is a composite measure based on four housing-related components of the Westpac Consumer Sentiment survey. See Appendix on p36 for more details.

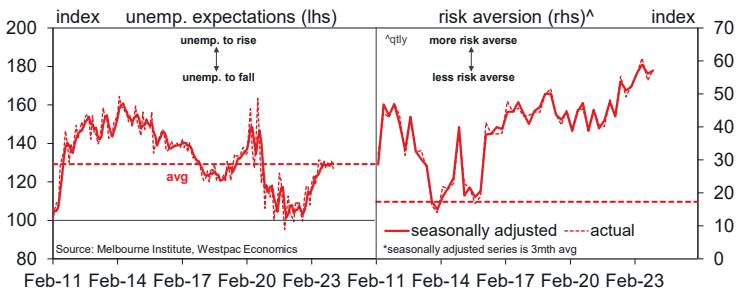
OVERVIEW: upturn moderates



2. Consumer sentiment: housing

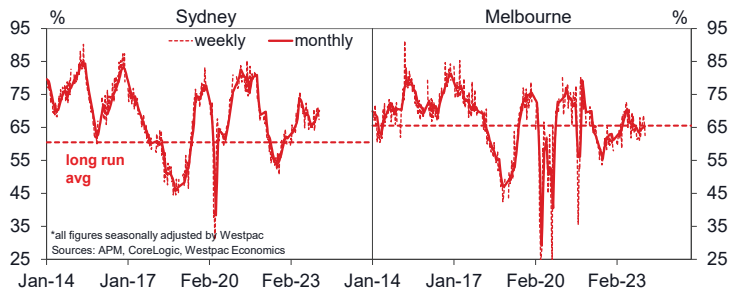


3. Consumer sentiment: jobs & risk aversion

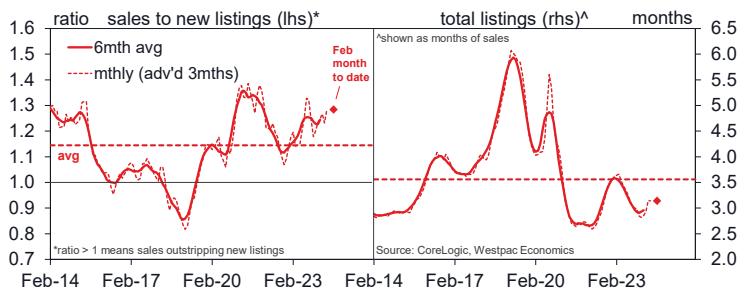


- Australia's housing upturn continues to evolve, price gains moderating but turnover a little firmer, albeit still running at low levels. All markets continue to show clear tensions between supply shortages - as strong population-driven demand coincides with subdued building - and stretched affordability. In the cases of Sydney and Melbourne, and some smaller capital cities, the balance has tipped towards a flattening in price gains. But across Brisbane, Adelaide and Perth it continues to see strong price growth with only a very tentative moderation.
- Across the major capital cities combined, prices rose just 1% over the 3mths to Jan, the slowest pace since Mar last year. Prices are now up 10.4% on a year ago. Feb looks to have seen another 0.6% gain, a slightly firmer monthly pace.
- Nationally, turnover declined into year-end (over and above typical seasonal variations). Despite this, it is still 11% above the levels seen at the start of 2023. Sales volumes remain 20% below the previous peaks and 1-1.5% below long run averages as a share of the dwelling stock.
- Housing-related sentiment has improved slightly over the last three months although the mix remains unconvincing. Price expectations are still very positive with unemployment expectations also pointing to some improvement in job security - a factor that can influence buyer decisions. Assessments of 'time to buy a dwelling' have shown a tentative lift but remain at very weak levels. Risk aversion is also still extremely elevated.
- Auction markets firmed a little at the start of 2024, clearance rates up about 4-5ppts in Sydney and 2-3ppts in Melbourne compared to late last year after allowing for seasonality. Both are above long run averages with Sydney clearance rates comfortably higher.

4. Auction clearances rates



5. Residential property listings

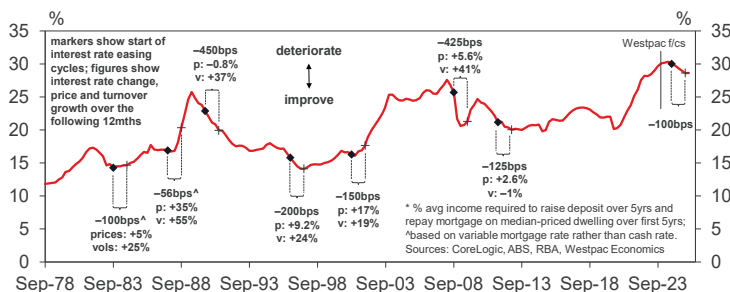


- 'On-market' supply remains relatively tight with sales running ahead of new listings and the total stock on-market still materially below average. That said, conditions and trends vary significantly across cities and sub-markets. On-market supply is extremely tight in Brisbane, Adelaide and Perth but tipping towards a significant overhang in Sydney and Melbourne, especially for units.
- Nationally, the **Westpac Melbourne Institute 'time to buy a dwelling' index** edged up another 1.3% over the 3mths to Feb but at 74.2 the index remains near extreme cyclical lows, the long run average being 121.6.
- The **Westpac-MI Consumer House Price Expectations Index** posted a further 1.9% gain over the 3mths to Feb, climbing 4.8% to a new cycle high of 161.4. A large outright majority of consumers (around 70%) expect prices to continue rising over the next 12mths. About 20% expect prices to hold flat while only 7% of consumers expect price declines.
- The **Westpac Melbourne Institute Unemployment Expectations Index** has been largely unchanged over the last six months, a small 2.6% rise over the 3mths to Feb reversing a similarly small rise over the previous 3mths (recall that lower readings mean more consumers expect unemployment to fall in the year ahead). At 126.9, the Index is slightly below its long run average, consistent with flat labour market conditions rather than a sharp weakening.
- Risk aversion remains elevated, the **Westpac Consumer Risk Aversion Index** rising 2.3pts to 57.4 in Dec, only a touch below the record high of 59.2 recorded in Jun (estimates are available back to the mid-1970s). Over 23% of consumers still favour 'pay down debt' as the 'wisest place for savings' with just under 16% favouring 'shares' or 'real estate' - the latter holding near historic lows.

SPECIAL TOPIC: thoughts on the year ahead



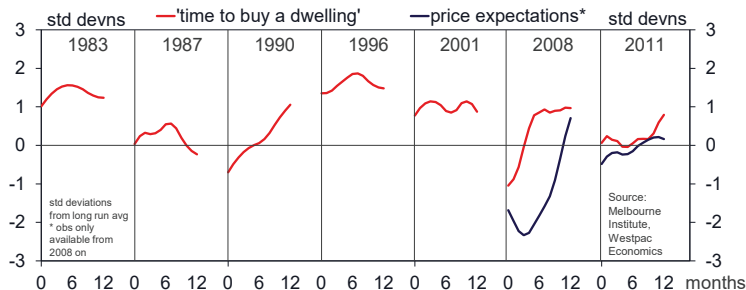
6. Affordability: interest rate easing cycles



- The inflation surge that has been the dominant economic concern in 2022 and 2023 is subsiding. Headline inflation rates are now back around 3%yr across the major developed economies with Australia's inflation rate down materially from its 7.8%yr peak in Dec 2022, albeit still on the high side at 4.1%yr. Welcome as it is, the progress to date has not been enough for the RBA Board to be confident that inflation will return to its 2-3% target range in a timely manner. Hence it is not yet ready to rule out the potential for further hikes. But, barring some extreme upside surprises on inflation, the peak in the policy cycle has most likely passed. That in turn means rate cuts are starting to come into frame. Westpac expects an easing cycle to begin in Sep this year (see [here](#) for more).

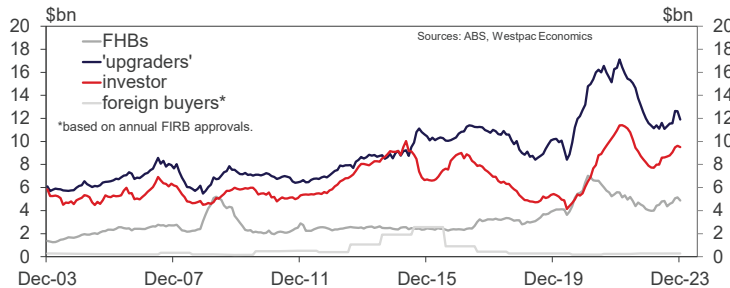
- However, what this does to housing markets is not quite as straightforward as it might seem. Usually the mere whiff of an easing cycle could be expected to get markets and prices excited. But prices are coming into this next easing cycle with affordability very stretched. Chart 6 shows our preferred measure of housing affordability – based on the proportion of average income required to purchase a median-priced dwelling. At 30%, it is currently at historical extremes. Even with several rate cuts, the proportion of income required to purchase housing will still be above previous peaks, meaning it will be difficult for prospective buyers to enter the market.

7. Housing-related sentiment: easing cycles



- Interestingly, there are several instances in which easing cycles have generated muted responses from prices. Markers on Chart 6 show all the easing cycles since the early 1980s, with the cumulative rate decline, dwelling price and turnover change over the following 12mths. Of particular note is the subdued gains seen in the 2011-12 easing cycle, prices rising just 2.6% and turnover dipping despite a better affordability starting point than the one we are facing now.

8. Housing finance: by segment



9. Dwelling price forecasts

	avg*	2021	2022	2023	2024f	2025f	comments
Sydney	7.0	26.9	-11.4	12	6	4	Solid rebound from bigger 2022 fall, severe affordability constraints already emerging.
Melbourne	5.4	16.1	-7.1	4	3	2	Steady. Investor sell down weighing near term. Supply-demand more balanced.
Brisbane	5.5	31.5	-1.9	12	8	3	Solid rebound from milder correction. Very tight market should sustain gains.
Perth	1.9	13.9	4.1	14	10	8	Boom carrying very strong momentum. Very tight, less constrained by affordability.
Adelaide	5.5	22.3	9.3	10	4	3	Barely affected by correction. Very tight supply but affordability issues emerging.
Hobart	6.7	32.6	-6.9	-1	0	2	Shaky. No uplift from migration and still extreme affordability issues.
Australia	5.8	23.0	-6.6	10	6	4	Recovery moderating as affordability constraints start to bite.

All dwellings. Australia is five major capital cities combined measure. *10yr avg.
Note that historical estimates have been revised due to changes to CoreLogic price measures.

Source: CoreLogic, Westpac Economics

- Housing-related consumer sentiment will be an important pointer here. Chart 7 shows how assessments of 'time to buy' and price expectations have evolved during previous easing cycles (the latter only available from 2007). While rate cuts typically generate a significant lift, 2011 again offers a notable counter-example, with assessments of 'time to buy' actually falling in the first six months of the cycle.
- Exactly how this plays out this time around is unclear - it could go a few different ways. Sentiment may post a strong bounce and take over, driving another up-leg in prices despite affordability constraints but undercutting turnover. Alternatively, sentiment could post a decent initial bounce but fade with a more muted flow-through to activity and prices. At this stage we think the latter is the more likely scenario but we will need to watch closely as this next phase of the market unfolds. Notably, the 2024-25 policy easing is expected to be fairly gentle, with a 100bp reduction in rates over the first year that is more in line with the 2011-12 easing than other cycles.
- Two other aspects are worth considering.
- Firstly, as noted in our last [report](#), the 'debt-funded' portion of purchases was relatively low in 2023, implying that buyers are putting more of their own funds towards buying. It is unclear whether this shift will be sustained or reverse.
- Secondly, investor activity could be a big swing factor in the next cycle. Gross rental yields have held up reasonably well as surging rents have combined with more subdued price gains for units. While there are other factors restraining investors at the moment - higher interest rates on investor loans and build quality issues - these returns may become more attractive as the cost of funding starts to decline. What may be hard to conceive at the peak of a rate cycle will be easier to imagine once the interest rate easing cycle is underway.

SPECIAL TOPIC: prudential policy update



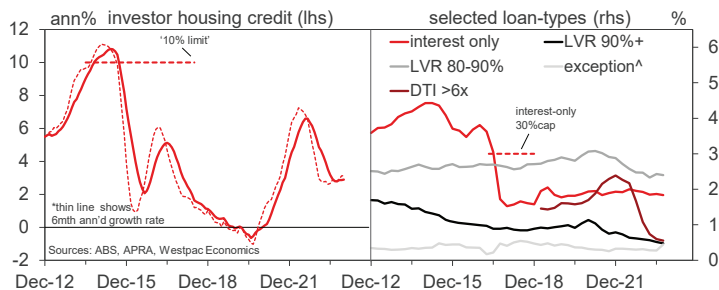
10. Summary of prudential policy measures

	'Macro' prudential	'Micro' prudential
2015	10% limit on investor loan growth	Tightened serviceability guidelines and improved consistency lenders
2016	-	Tightened serviceability guidelines incl. scaling of minimum expenses.
2017	30% limit on 'interest only' loans	Restrictions on high LVR interest only and investor loans.
2018	Investor loan growth limit removed	Improved collection and verification of expenses, income & existing debt.
2019	'Interest only' limit removed	Serviceability buffer lifted from 2 to 2.5%, 7% 'floor' removed.
2020	Capital buffers available to draw	COVID repayment holidays; arrears exempted from capital treatment.
2021	-	COVID measures ended. Serviceability buffer increased from 2.5 to 3%
2022	-	-
2023	-	-

Council of Financial Regulators, Dec 2023: "The high level of household leverage was ... identified as having the potential to pose risks to the financial system and economy. Budget pressures were being widely felt across households due to high inflation and increased interest rates, and the share of borrowers falling behind on mortgage payments had risen. However, the uptick in loan arrears was occurring from very low levels."

Source: APRA, RBA, Westpac Economics

11. Mortgage lending: investor credit and selected loan-types



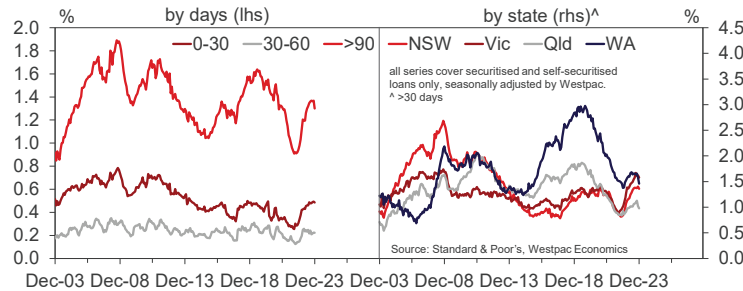
- Prudential policy remains firmly on the back burner while the interest rate tightening cycle plays out. In fact, the latest statement from the Council of Financial Regulators (CFR) released in Dec is silent on macroprudential policy settings, the focus instead being on vulnerabilities to threats such as cyber-attacks, geopolitical tensions and climate change. Macroprudential policy had at least a mention in the previous two quarterly statements, albeit in fairly general terms.

- While policy settings are not being debated, the CFR is clearly still monitoring the wider macro-financial situation, high household debt levels and the impact of rising interest rates on mortgage arrears singled out as the key focus domestically in the latest statement. But, by implication, there is little concern about the borrowing and lending decisions being made currently.

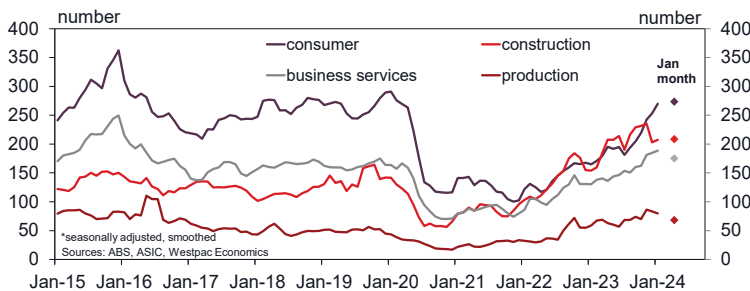
- This looks to be a fair assessment. Despite the recovery in dwelling prices since the start of last year, the credit environment still looks benign. Households have not been leveraging into the upturn, with credit growth holding around 4%/yr. While that's a touch higher than the current subdued growth in household disposable income, it's far from being a cause of concern. In aggregate terms both the mortgage-debt-to-income and mortgage-debt-to-housing-assets ratios are down slightly on pre-COVID levels.

- As noted previously, the implication here is that there is a markedly higher proportion of funding for current dwelling purchases coming from sources other than debt - close to 40% in aggregate. There may be a combination of factors at play here including: the buyer mix; access to extra savings accumulated during the pandemic period; and a potential increase in inter-generational transfers.

12. Mortgage arrears: by days, state



13. Company insolvencies by broad sector



- The complexion of new lending is also unthreatening. Investor housing finance approvals have lifted off their lows and are outpacing owner-occupier approvals, but only marginally, with investor housing credit growth still subdued at just 3%yr. APRA's detailed breakdown of new mortgage lending by type also shows a low share of loans with higher risk profiles, including with higher loan-to-value and debt-to-income ratios (see Chart 11).

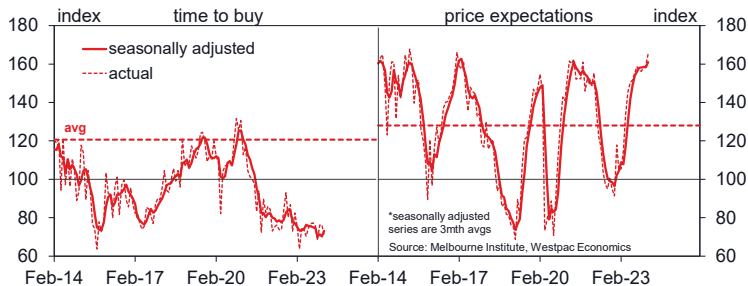
- In terms of the performance of current borrowers – the prime focus given the interest rate tightening cycle – arrears have continued to push higher. However, most of this still looks to be a normalisation from the abnormal lows during COVID, when special treatments were in place. The arrears rate on securitised home loans has been holding around 1.35% through the second half of 2024 (in seasonally adjusted terms), up on a year prior but in line with historical averages. The state breakdown continues to show a more marked rise in Vic, which bears watching closely. Arrears rates continue to run about 40bps higher for owner occupier loans compared to investor loans.

- It's a similar story around company insolvencies, with rates still normalising from the COVID period when moratoriums were in place. The ATO in particular only resumed chasing hard on unpaid tax debts from around July last year. The number of insolvencies has levelled out a little in recent months, after surging through the Sep quarter. The sectoral mix remains interesting: construction sector insolvencies again hinting at having passed their peak but with a notable lift in the consumer sector. That said, the sectoral splits should be treated with caution as classification is not always available or accurate. The figures also do not give a sense of the size of the businesses going under. However, they provide a broad gauge of stress levels.

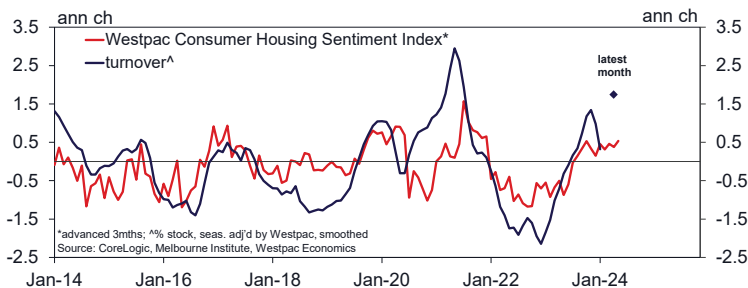
NEW SOUTH WALES: buyers pulling back?



14. NSW consumer: housing-related sentiment

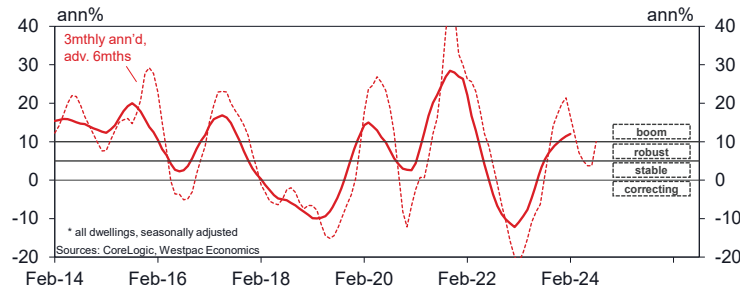


15. NSW housing composite vs turnover



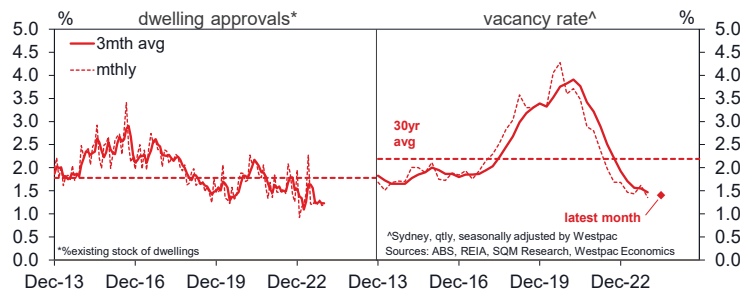
- The NSW housing market has continued to cool since late last year with prices flattening and a pull-back in turnover, albeit with both still well up on a year ago. Price levels have clearly become very stretched again, a point that would have been highlighted by the Nov rate hike. Buyers may have balked but the latest indicators are mixed rather than weak with auction markets starting the new year reasonably well and housing-related consumer sentiment still suggesting sales will continue to tick higher. Whether that is realised will likely depend on how the wider affordability situation evolves from here.
- Turnover dipped 1%qtr in the Dec quarter but weakened sharply over the last two months of the year – over and above the usual seasonal variations. Despite the weak finish, sales in the quarter were still up nearly 30% on a year prior.
- New listings also tracked lower into year end. However, on-market supply remained about steady. This means there has been a significant rise in how long the inventory of unsold homes will take to be absorbed at the current sales pace. That said, physical shortages remain intense, Sydney's rental vacancy rate is unchanged around 1.5% although there are signs that the surge in asking rents is starting to slow.
- Dwelling prices have levelled out with no growth at all over the 3mths to Jan although Feb is tracking a slightly better 0.4% gain. The moderation has been broadly based across sub-regions, with inner Sydney areas slowing more than outer areas and regional markets remaining subdued.
- Sentiment continues to show a huge gap between upbeat price expectations and negative 'time to buy' assessments. The **NSW Consumer Housing Sentiment index** suggests the balance should be slightly positive for turnover (note that in chart 23 and similar charts for other states both the index and turnover are shown in annual change terms rather than levels).

16. Sydney dwelling prices



Population: 8.4mn
Net migration: +161k pa
GSP: \$733bn (30% Aus)
Dwellings: 3.4mn, \$4.1trn
Capital: Sydney

17. NSW: dwelling approvals, vacancy rate



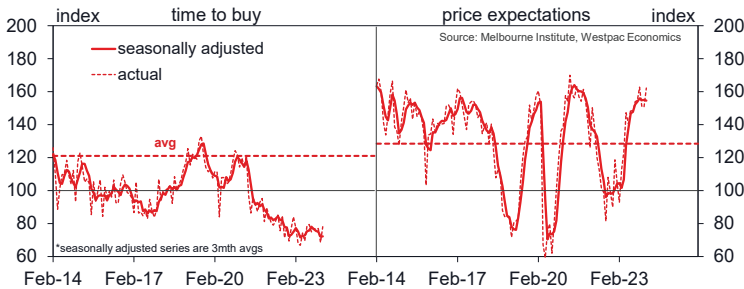
June years	avg*	2021	2022	2023	latest
GSP, ann%	2.3	2.3	2.6	3.7	n.a.
State final demand, ann%	2.9	4.4	3.8	4.4	2.2
Employment, ann%	1.8	5.7	2.9	3.7	2.0
Unemployment rate, %#	5.9	5.2	3.7	3.1	3.6
Population, ann%	1.1	-0.2	0.9	2.1	2.3
Dwelling prices, ann%	6.1	20.1	4.1	-1.0	11.4
Rental yield, %#	4.7	3.1	3.4	4.5	4.5
Sales/new listings, ratio#	1.28	1.38	1.07	1.40	1.12
Total listings, mths sales#	2.8	2.1	3.3	2.7	3.7

* avg last 25yrs; # June qtr readings
 Sources: ABS, CoreLogic, REIA, Westpac Economics

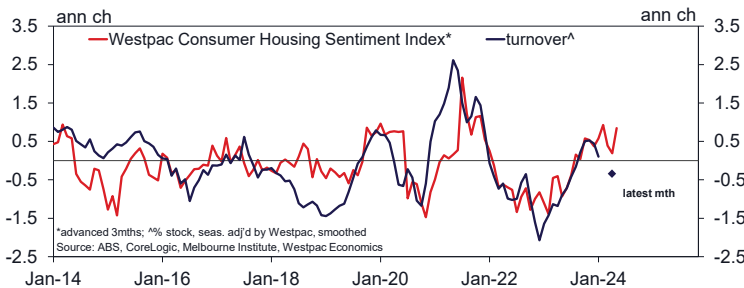
VICTORIA: listings surge saps momentum



18. Vic consumer: housing-related sentiment

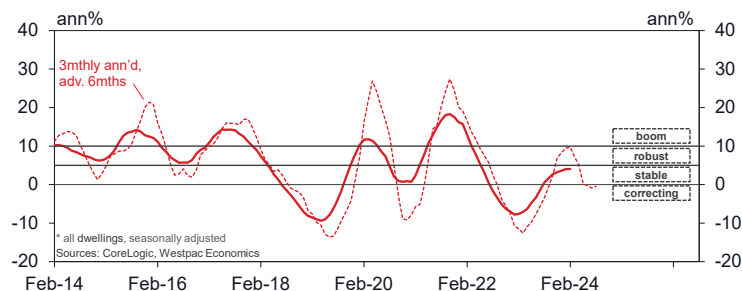


19. Vic housing composite vs turnover

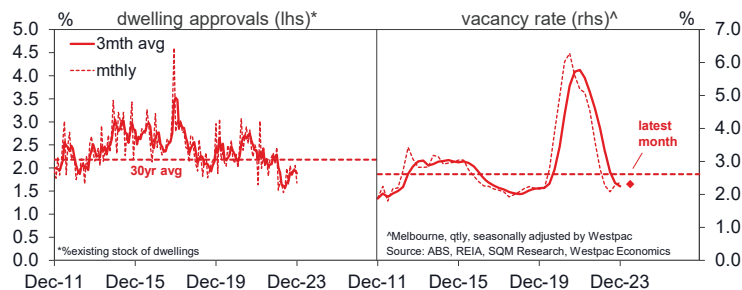


- As noted in our Nov [report](#), the Vic market saw a large surge in on-market supply over the second half of 2023. This was triggered by state government policy changes that included new land tax charges for investment properties. The apparent sell-down has contributed to a more subdued price performance, with Melbourne recording small price declines in Nov, Dec and Jan, centred on units. The softening looks to have passed but conditions remain more tentative with turnover also shaky and the backlog of unsold properties still high.
- State-wide, new listings have been running at 10k/mth since mid-2023, 16% higher than the average over the previous nine months, listings of units up by closer to 25%. The stock of unsold properties has risen from just under 42k to just over 53k, which would take 6.3 months to absorb at the current sales pace, two months above the long run avg.
- Melbourne prices declined 0.9% over the 3mths to Jan, led by a 1.3% fall in unit prices. The situation looks to have stabilised with a slight 0.1% gain in Feb. Auction markets have also started the new year a little firmer in Melbourne.
- However, this likely reflects conditions for detached houses rather than units with the latter still recording declines in Jan, running at a slightly faster pace for 'top tier' properties. Across sub-regions, there are two distinct patterns with sharper slowdowns in Melbourne's inner areas and suburbs to the east contrasting with more resilient but subdued gains in the CBD and to the west, extending to the north western fringe. Prices have continued to decline in the larger regional areas.
- The **Vic Consumer Housing Sentiment index** suggests a tentative lift in turnover should consolidate in coming months. However, even with that, the backlog of unsold properties may be slow to run down.

20. Melbourne dwelling prices



21. Vic: dwelling approvals, vacancy rate



Population: 6.9mn
Net migration: +173k pa
GSP: \$535bn (22% Aus)
Dwellings: 2.9mn, \$2.6trn
Capital: Melbourne

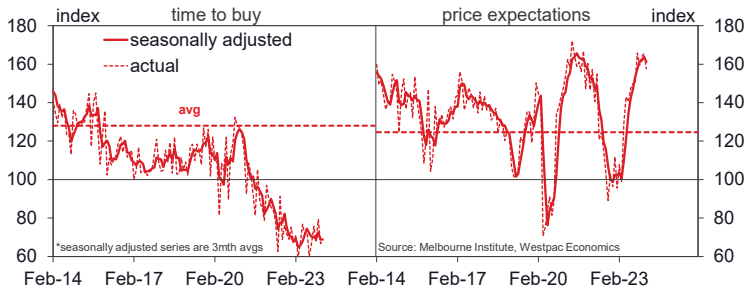
June years	avg*	2021	2022	2023	latest
GSP, ann%	3.0	-0.2	6.3	2.6	n.a.
State final demand, ann%	3.6	0.9	7.2	3.8	2.4
Employment, ann%	2.2	4.3	3.8	3.9	3.8
Unemployment rate, %#	6.3	4.9	3.7	3.8	4.0
Population, ann%	1.5	-1.0	1.3	2.7	3.0
Dwelling prices, ann%	6.4	12.8	3.2	-3.4	4.0
Rental yield, %#	4.8	3.2	3.6	4.8	4.7
Sales/new listings, ratio#	1.05	1.09	0.93	0.97	0.92
Total listings, mths sales#	3.6	3.1	3.9	4.4	5.2

* avg last 25yrs; # June qtr readings
 Sources: ABS, CoreLogic, REIA, Westpac Economics

QUEENSLAND: price boom starting to cool



22. Qld consumers: housing-related sentiment

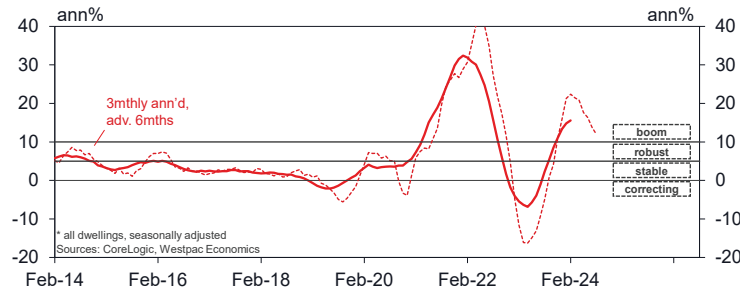


23. Qld housing composite vs turnover



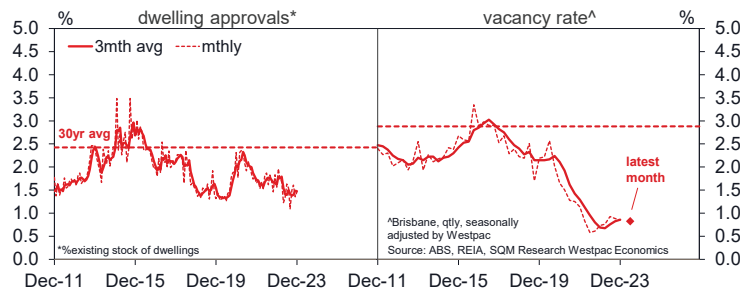
- Qld's housing recovery accelerated sharply through the middle of 2023 but is starting to cool a little. Notably, turnover is seeing a more muted upturn than prices and buyer sentiment. Extremely low levels of supply – both 'on-market' and physical – remain a striking feature. Also of note, the price performance across dwelling types and tiers suggest this is driving buyers into more affordable segments.
- Policy may be adding to this dynamic with the Qld state government doubling its first homeowner grant for those purchasing or building a new home valued at less than \$750k. That said, this policy should only be affecting prices in the 'newly built' space with any price effects on existing dwellings coming indirectly and likely to be a mix of positives and negatives.
- Brisbane prices have continued to post strong gains but with some slowing towards 1% mth since Oct compared to the 1.5% mth average over the previous 6mths. The detail shows similar gains across segments and tiers – units and lower price tiers performing much better than in Sydney and Melbourne. Across sub-regions, Brisbane's south is a notable outperformer while regionally price gains have generally been a little more subdued.
- Sales continue to run 30–40% ahead of new listings with 'on-market' inventory still hanging around just 2.5 months of sales, an extremely short supply compared to the long average of 4.7 months. Similarly, Brisbane's rental vacancy rate remains very low, stuck below 1%.
- The **Qld Consumer Housing Sentiment index** points to a lift in turnover in coming months despite an increasingly stretched affordability situation that is starting to weigh heavily on 'time to buy' assessments. The rise in turnover has lagged our Index to date.

24. Brisbane dwelling prices



Population: 5.5mn
Net migration: 116k pa
GSP: \$465bn (19% Aus)
Dwellings: 2.2mn, \$1.8trn
Capital: Brisbane

25. Qld: dwelling approvals, vacancy rate



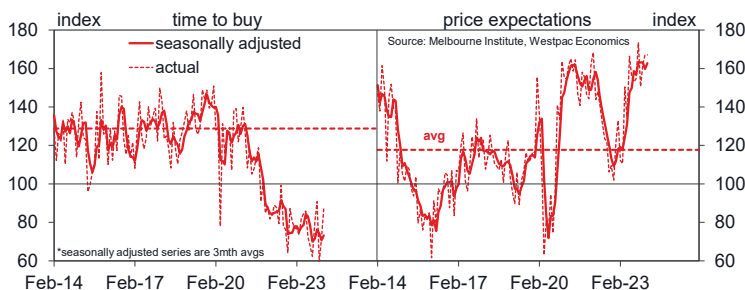
June years	avg*	2021	2022	2023	latest
GSP, ann%	3.6	2.8	5.5	2.3	n.a.
State final demand, ann%	3.7	5.0	5.0	2.8	2.4
Employment, ann%	2.4	10.0	4.7	2.6	3.2
Unemployment rate, %#	6.6	5.5	4.1	3.8	4.3
Population, ann%	1.9	1.0	2.0	2.6	2.6
Dwelling prices, ann%	6.3	17.1	24.7	-3.9	14.8
Rental yield, %#	5.1	5.1	4.9	5.8	5.6
Sales/new listings, ratio#	1.02	1.30	1.10	1.43	1.39
Total listings, mths sales#	4.7	3.0	2.9	2.9	2.5

* avg last 25yrs; # June qtr readings
 Sources: ABS, CoreLogic, REIA, Westpac Economics

WESTERN AUSTRALIA: still running hot



26. WA consumers: housing-related sentiment

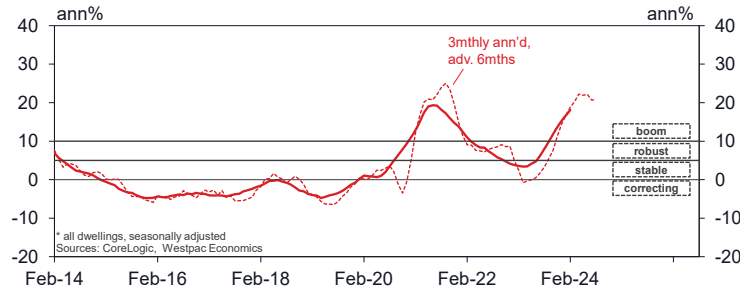


27. WA housing composite vs turnover



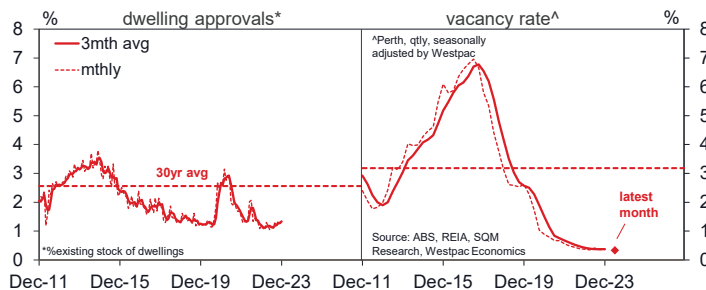
- WA's housing boom is looking firmly entrenched. Price growth continues to run at a strong double-digit annual pace with turnover lifting. As seen elsewhere, rising prices are generating increased tension around affordability that is evident in buyer sentiment. However, with prices coming off a lost decade of declines, there still appears to be more 'headroom' around affordability than in other markets. Both on-market and rental supply remain very tight.
- Turnover rose a further 4.7% over the last quarter of 2023, to be up 15%yr. Sales are on a par with the highest levels seen since 2006, when the first round of the China-driven mining boom was peaking. Turnover is still well below the peaks achieved during that period - just over 10% of the state's dwelling stock changing hands in 2005, compared to just below 6% in 2023.
- Price-wise, Perth continues to record strong gains running at 1.6%mt through Nov-Jan with Feb tracking a notably stronger 2% gain. The detail shows a familiar compression with 'bottom and middle tier' segments outperforming, a sign that buyers are moving down the value scale. Perth's South East is now leading the upturn with inner areas lagging. Mandurah remains a stand-out regionally, although most major regions are also seeing price growth accelerate.
- Despite a lift in new listings, these continue to trail sales by a wide margin with 'on market' supply down to just 2.4 months of sales (the long run average is 5.7 months). Perth's rental vacancy rate remains around 0.5% range - essentially zero.
- Housing-related sentiment has been volatile but remains slightly improved overall. The **WA Consumer Housing Sentiment index** points to turnover continuing to move higher near term.

28. Perth dwelling prices



Population: 2.9mn
Net migration: 78k pa
GSP: \$419bn (17% Aus)
Dwellings: 1.2mn, \$0.8trn
Capital: Perth

29. WA: dwelling approvals, vacancy rate



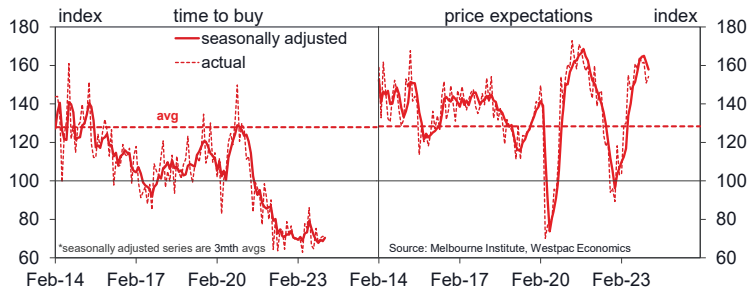
June years	avg*	2021	2022	2023	latest
GSP, ann%	4.0	3.3	2.9	3.5	n.a.
State final demand, ann%	3.4	6.1	5.8	3.8	4.2
Employment, ann%	2.3	8.5	5.5	2.0	4.0
Unemployment rate, %	5.6	4.9	3.2	3.6	3.9
Population, ann%	1.8	1.3	1.5	3.1	3.3
Dwelling prices, ann%#	5.9	19.3	8.3	4.8	16.7
Rental yield, %	4.8	5.3	5.5	6.6	6.4
Sales/new listings, ratio#	0.93	0.98	1.01	1.30	1.38
Total listings, mths sales#	5.7	4.2	3.8	3.1	2.4

* avg last 25yrs; # June qtr readings
 Sources: ABS, CoreLogic, REIA, Westpac Economics

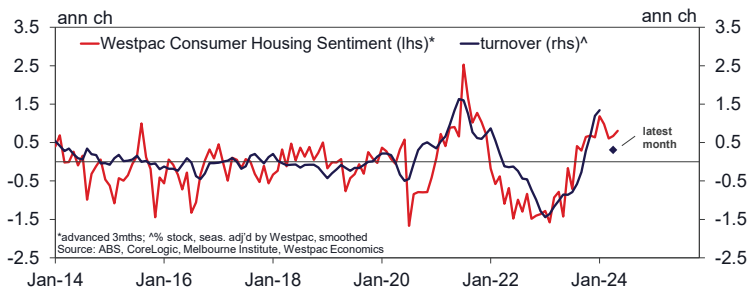
SOUTH AUSTRALIA: stellar run continues



30. SA consumers: housing-related sentiment

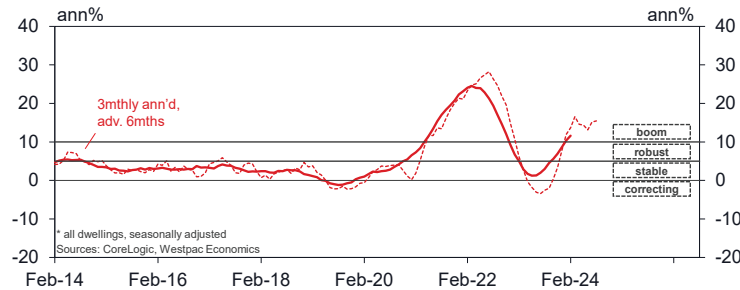


31. SA housing composite vs turnover



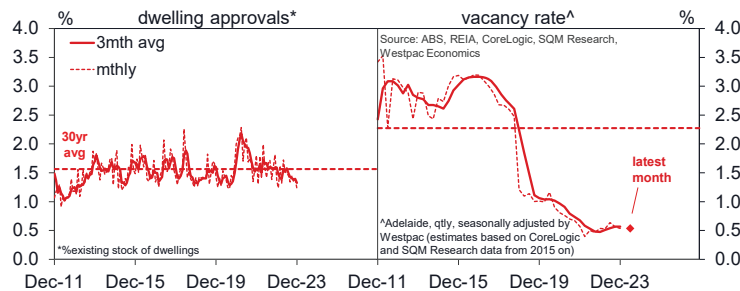
- SA's remarkable period of housing strength looks to be carrying into 2024. Adelaide's price gains since 2019 are on a par with those seen in Brisbane and Perth – a remarkable result for a market that tends to see more subdued cycles.
- Turnover has also been relatively strong. Conditions were hinting at a softening 3mths ago but instead have remained buoyant through year-end, price growth holding around 1.2%*mth* and turnover surging 20% in the Dec quarter to be on a par with previous record highs. While supply remains tight, the effect of migration inflows is less supportive in SA.
- Adelaide dwelling prices posted a robust 10.3% rise over the year to Jan and are tracking a further 1.1%*mth* gain in Feb. Notably, prices barely corrected during both COVID and the interest rate tightening in 2022 that preceded the latest surge. The detail shows 'bottom tier' properties leading the upturn by quite a wide margin. The city's north is outperforming slightly, while regionally, momentum is cooling in the Barossa area.
- The supply side remains unambiguously tight: on-market listings are now down to just 1.7 months of sales; and rental vacancy rates stuck around 0.5%. As noted, population-driven demand is not as strong in SA with the state's population growth tracking around 1.4%*yr*, about a percentage point below the pace nationally and well behind the 3% pace being seen in the fastest growing states.
- Buyer sentiment has come off a little over the last 3mths, the **SA Consumer Housing Sentiment index** pointing to more near term gains in turnover but at a more moderate pace. This seems reasonable given the elevated levels sales reached in late 2023.

32. Adelaide dwelling prices



Population: 1.9mn
Net migration: 25k pa
GSP: \$134bn (6% Aus)
Dwellings: 0.8mn, \$0.6trn
Capital: Adelaide

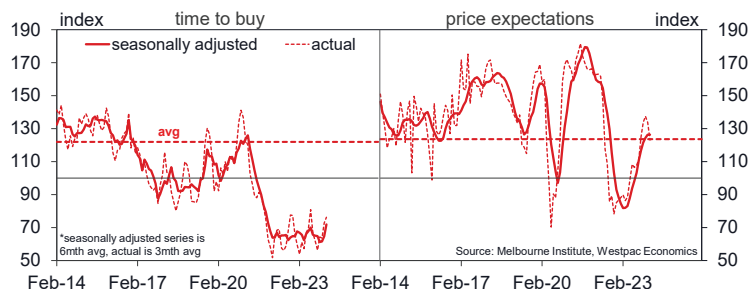
33. SA: dwelling approvals, vacancy rate



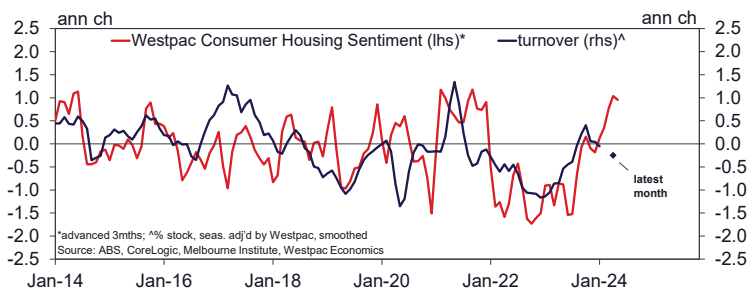
June years	avg*	2021	2022	2023	latest
GSP, ann%	2.4	4.9	5.6	3.8	n.a.
State final demand, ann%	2.8	5.1	6.1	2.8	2.0
Employment, ann%	1.6	6.6	2.8	4.4	2.1
Unemployment rate, %#	6.9	5.6	4.5	4.1	3.9
Population, ann%	0.8	0.7	1.0	1.7	1.5
Dwelling prices, ann%	6.7	13.4	22.9	1.3	10.4
Rental yield, %#	5.3	5.9	5.7	5.3	4.9
Sales/new listings, ratio#	1.06	1.35	1.24	1.30	1.83
Total listings, mths sales#	3.9	2.6	2.3	2.5	1.7

* avg last 25yrs; # June qtr readings
 Sources: ABS, CoreLogic, REIA, Westpac Economics

34. Tas consumers: housing-related sentiment

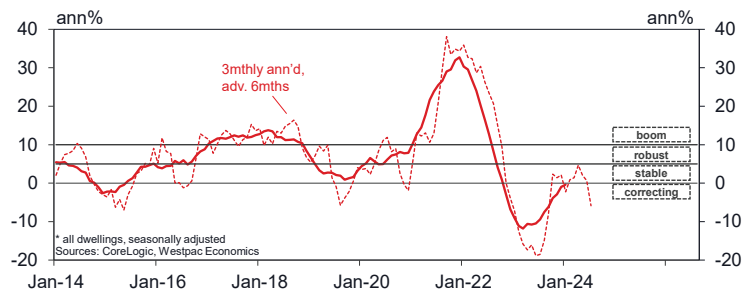


35. Tas housing composite vs turnover



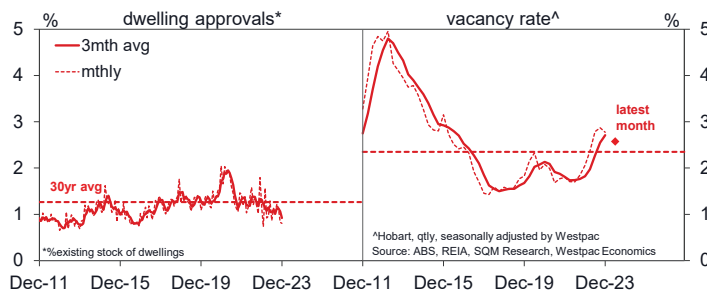
- The Tas housing market continues to see a less convincing performance. Prices slipped again heading into year-end with turnover also pulling back. In contrast to the other states, population growth in Tas has stalled flat over the last year. This has led to a marked easing in the acute supply shortages that were a recurring feature of the state's housing market through most of last decade.
- Turnover declined 4.6% in the final quarter of 2023, unwinding all of the gains over the previous nine months to be about flat for the year. It remains at relatively low levels overall with just 3.5% of the dwelling stock transacting compared to a long long run average of 5.6%.
- Hobart dwelling prices declined 1.5% over the 3mths to Jan to be down 0.4%yr. The detail shows a uniform performance across segments, tiers and Hobart sub-regions. Launceston and the state's west and north west are also experiencing price falls tracking at a slightly faster pace.
- On-market supply has continued to rise, lifting to 5.4 months of sales. This is the first above average read since early 2016. Rental vacancy rates have also lifted to be slightly above their long run average. As noted in our last report, Hobart is the only capital city rental market in Australia that is seeing asking rents decline.
- Interestingly, housing-related sentiment has improved significantly over the last 3mths. The **Tas Consumer Housing Sentiment index** has posted a solid lift, led by firming price expectations but with assessments of 'time to buy' also becoming less pessimistic. Notably, price expectations are still more subdued than in other states. The mix suggests turnover should recover near term. However, that may still leave activity at relatively subdued levels.

36. Hobart dwelling prices



Population: 0.6mn
Net migration: 1k pa
GSP: \$39bn (2% Aus)
Dwellings: 0.3mn, \$173bn
Capital: Hobart

37. Tas: dwelling approvals, vacancy



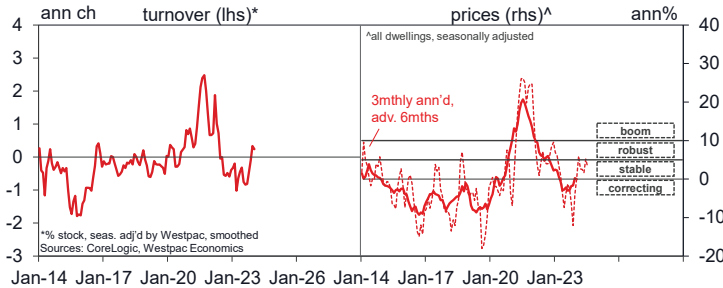
June years	avg*	2021	2022	2023	latest
GSP, ann%	2.5	4.8	4.3	1.1	n.a.
State final demand, ann%	2.7	5.4	5.5	1.0	1.2
Employment, ann%	1.5	7.8	2.0	2.6	-0.7
Unemployment rate, %#	7.5	5.5	4.2	3.9	3.9
Population, ann%	0.7	1.7	0.7	0.3	0.1
Dwelling prices, ann%	6.6	23.8	16.6	-10.4	-1.0
Rental yield, %#	5.8	4.5	4.0	4.3	4.4
Sales/new listings, ratio#	1.01	1.24	0.85	1.00	1.09
Total listings, mths sales#	5.1	2.1	2.9	4.9	5.4

* avg last 25yrs (12yrs for listings); # June qtr readings
 Sources: ABS, CoreLogic, REIA, Westpac Economics

TERRITORIES: NT steadier; ACT subdued

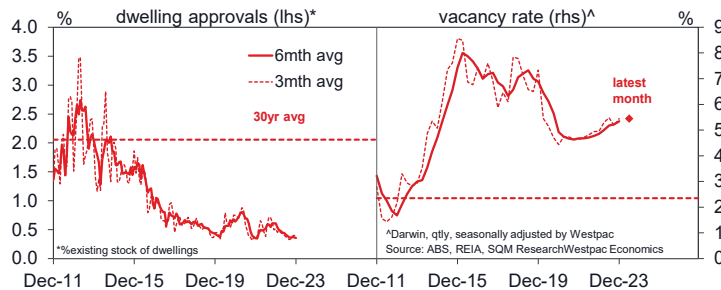


38. NT: turnover, Darwin dwelling prices



Population: 0.3mn
Net migration: 2k pa
GSP: \$30bn (1% Aus)
Dwellings: 0.1mn, \$47bn
Capital: Darwin

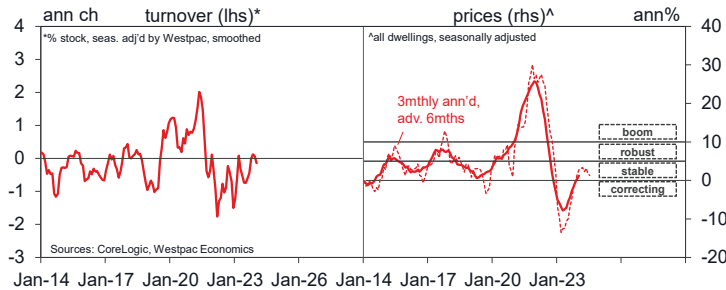
39. NT: dwelling approvals, vacancy rate



June years	avg*	2021	2022	2023	latest
GSP, ann%	3.7	-1.6	5.1	-5.2	n.a.
State final demand, ann%	2.9	8.8	6.9	1.4	1.4
Employment, ann%	1.6	5.7	2.5	2.9	0.0
Unemployment rate, %	6.6	5.5	4.1	4.0	3.9
Population, ann%	1.1	0.3	0.8	0.9	1.6
Dwelling prices, ann%	4.2	19.8	6.0	-2.7	-0.1
Sales/new listings, ratio	1.16	1.08	1.05	1.27	1.57
Total listings, mths sales	5.7	4.2	4.8	5.4	4.4

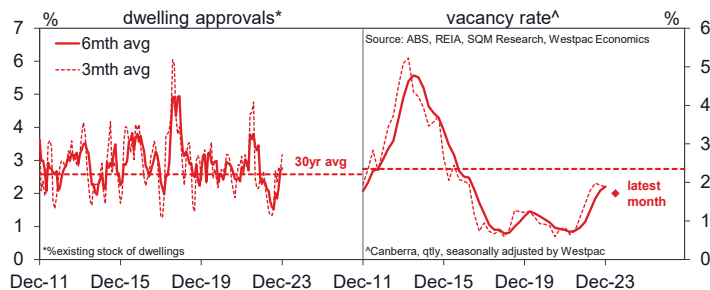
* avg last 25yrs (last 10yrs for listings); # June qtr readings
Sources: ABS, CoreLogic, Westpac Economics

40. ACT: turnover, Canberra dwelling prices



Population: 0.5mn
Net migration: 8k pa
GSP: \$49bn (2% Aus)
Dwellings: 0.2mn, \$186bn
Capital: Canberra

41. ACT: dwelling approvals, vacancy rate



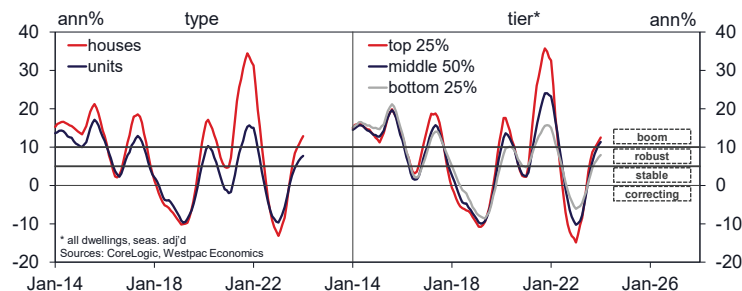
June years	avg*	2021	2022	2023	latest
GSP, ann%	3.7	3.9	2.8	4.3	n.a.
State final demand, ann%	4.0	5.8	3.0	3.8	2.9
Employment, ann%	1.7	5.5	2.6	3.2	1.6
Unemployment rate, %#	6.6	5.3	3.9	3.8	3.7
Population, ann%	1.6	1.7	1.0	2.2	2.4
Dwelling prices, ann%	6.3	19.9	15.9	-7.0	1.3
Sales/new listings, ratio#	1.42	1.56	1.22	1.32	1.74
Total listings, mths sales#	2.6	1.8	2.3	2.8	3.3

* avg last 25yrs (last 10yrs for listings); # June qtr readings
 Sources: ABS, CoreLogic, Westpac Economics

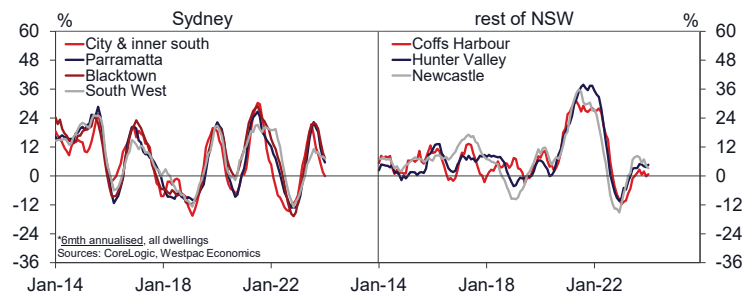
ADDITIONAL MATERIALS: charts and tables



42. NSW: Sydney dwelling prices: by type, tier



43. NSW dwelling prices: selected sub-region

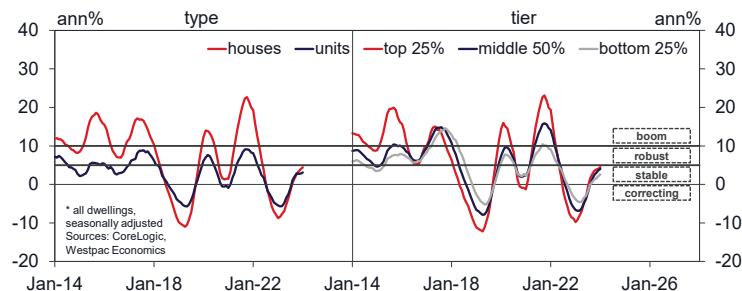


NSW	Sydney	rest of NSW
Population:	5.3mn	2.9mn
Net migration*:	+3k pa	+19k pa
Employ (%state):	66%	34%
Dwellings, no.:	2.0mn	1.4mn
Dwellings, value:	\$2.8trn	\$1.1trn

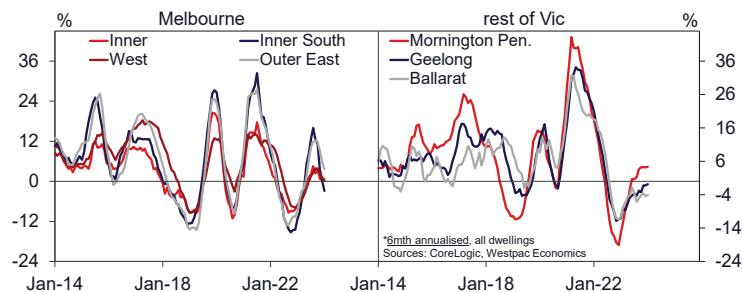
June years	avg [^]	2021	2022	2023	latest
Sydney					
Employment, ann%	1.8	5.3	3.4	3.5	2.0
Unemployment rate, %	5.3	5.5	3.5	3.5	3.8
Houses - prices, ann%	6.6	25.6	5.4	-1.0	12.9
- sales/new listings, ratio	1.09	1.27	1.02	1.32	1.02
- total listings, mths sales	3.2	2.0	3.1	2.6	3.7
Units - prices, ann%	5.0	8.4	0.8	-1.0	7.7
- sales/new listings, ratio	1.59	1.58	1.14	1.49	1.25
- total listings, mths sales	2.4	2.2	3.6	2.8	3.7
rest of NSW					
Employment, ann%	1.7	6.8	1.9	4.2	2.0
Unemployment rate, %	7.1	4.5	4.0	2.5	3.3
Dwelling prices, ann%	6.3	25.9	20.7	-6.7	2.9

* estimates as at Jun 2022 and may not sum to more recent state totals, migration includes flows within states; [^]avg last 25yrs (last 10yrs for listings).
Sources: ABS, CoreLogic, Westpac Economics

44. Vic: Melbourne dwelling prices: by type, tier



45. Vic: dwelling prices: selected sub-regions



Vic	Melbourne	rest of Vic
Population:	5mn	1.6mn
Net migration*:	+28k pa	+15k pa
Employ (%state):	78%	22%
Dwellings, no.:	2mn	0.8mn
Dwellings, value:	\$2trn	\$0.5trn

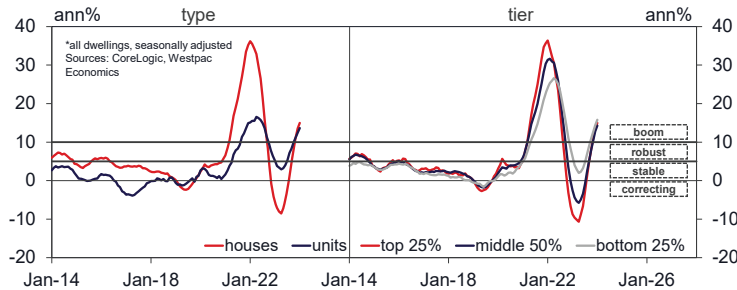
June years	avg [^]	2021	2022	2023	latest
Melbourne					
Employment, ann%	2.3	3.9	4.9	3.8	16.0
Unemployment rate, %	6.2	5.1	3.9	4.0	4.1
Houses - prices, ann%	7.0	15.9	3.8	-3.7	4.4
- sales/new listings, ratio	1.02	1.12	0.94	0.98	0.96
- total listings, mths sales	3.5	2.7	3.4	4.1	4.6
Units - prices, ann%	5.2	6.3	1.8	-2.6	3.1
- sales/new listings, ratio	1.11	1.04	0.91	0.97	0.93
- total listings, mths sales	3.8	4.0	5.1	5.1	5.6
rest of Vic					
Employment, ann%	1.9	5.8	-0.1	4.3	4.2
Unemployment rate, %	6.7	3.8	3.2	2.8	3.2
Dwelling prices, ann%	5.9	22.4	16.2	-6.0	-1.3

* estimates as at Jun 2022 and may not sum to more recent state totals, migration includes flows within states; [^]avg last 25yrs (last 10yrs for listings).
Sources: ABS, CoreLogic, Westpac Economics

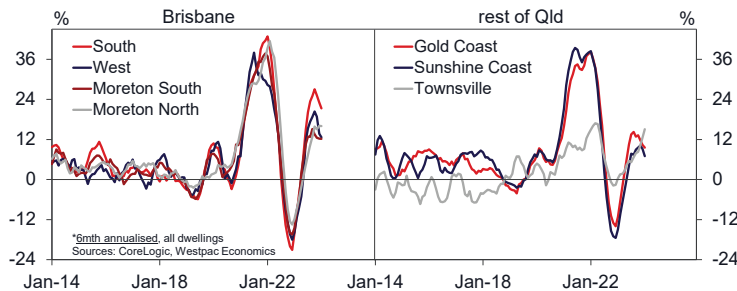
ADDITIONAL MATERIALS: charts and tables, cont.



46. Qld: Brisbane dwelling prices: by type, tier



47. Qld dwelling prices: selected sub-regions

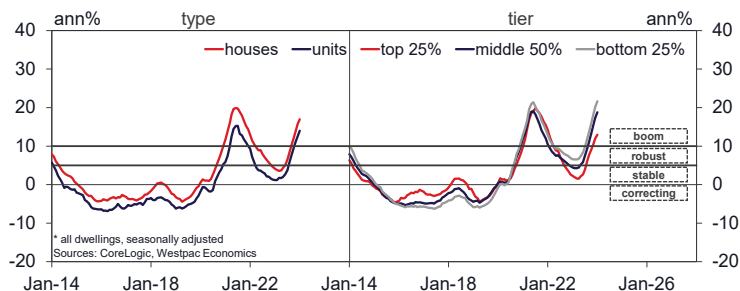


Qld	Brisbane	rest of Qld
Population:	2.6mn	2.7mn
Net migration*:	+43k pa	+38k pa
Employ (%state):	50%	50%
Dwellings, no.:	1mn	1.2mn
Dwellings, value:	\$0.8trn	\$0.9trn

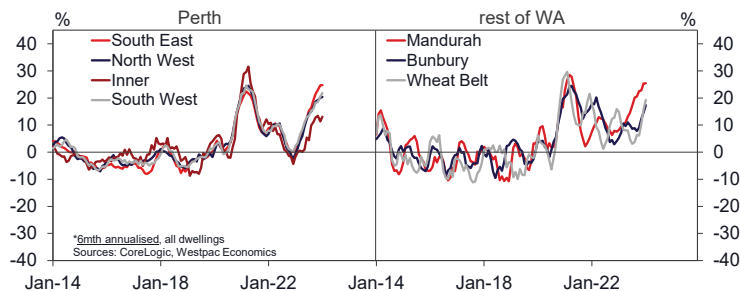
June years	avg [^]	2021	2022	2023	latest
Brisbane					
Employment, ann%	2.5	10.9	5.5	2.6	2.4
Unemployment rate, %	6.2	5.8	4.2	3.7	4.4
Houses - prices, ann%	6.7	19.1	26.5	-5.4	15.0
- sales/new listings, ratio	0.91	1.25	1.01	1.37	1.26
- total listings, mths sales	5.2	2.8	3.3	3.0	2.9
Units - prices, ann%	4.5	7.9	15.8	4.0	13.6
- sales/new listings, ratio	1.52	1.47	1.39	1.56	1.80
- total listings, mths sales	3.6	3.2	2.4	2.2	1.9
rest of Qld					
Employment, ann%	2.3	9.2	3.8	2.7	3.9
Unemployment rate, %	6.9	5.1	4.0	3.9	4.3
Dwelling prices, ann%	5.3	20.0	22.7	-1.7	9.4

* estimates as at Jun 2022 and may not sum to more recent state totals, migration includes flows within states; [^]avg last 25yrs (last 10yrs for listings).
Sources: ABS, CoreLogic, Westpac Economics

48. WA: Perth dwelling prices: by type, tier



49. WA dwelling prices: selected sub-regions



WA	Perth	rest of WA
Population*:	2.2mn	0.6mn
Net migration*:	+19k pa	+3k pa
Employ (%state):	80%	20%
Dwellings, no.:	0.9mn	0.3mn
Dwellings, value:	\$0.6trn	\$0.1trn

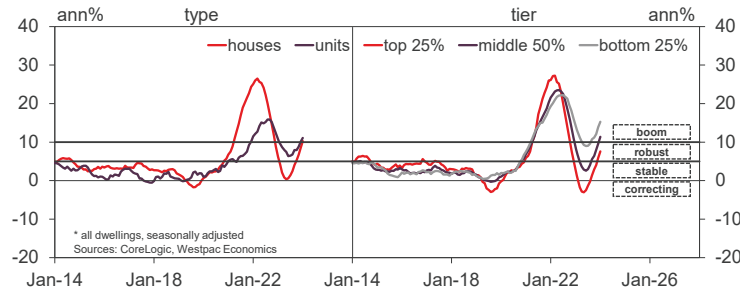
June years	avg [^]	2021	2022	2023	latest
Perth					
Employment, ann%	2.6	9.1	5.3	2.1	4.6
Unemployment rate, %	5.8	5.0	3.2	3.8	4.1
Houses - prices, ann%#	6.1	19.9	8.9	5.0	17.0
- sales/new listings, ratio	0.94	1.04	1.08	1.39	1.43
- total listings, mths sales	5.6	3.7	3.4	2.7	2.2
Units - prices, ann%#	4.5	15.2	3.6	2.7	14.0
- sales/new listings, ratio	0.91	0.78	0.80	1.09	1.25
- total listings, mths sales	6.0	5.9	5.7	3.9	2.7
rest of WA					
Employment, ann%	1.5	6.0	6.4	1.4	1.4
Unemployment rate, %	5.2	4.7	3.3	3.4	3.3
Dwelling prices, ann%#	4.5	21.6	11.3	6.6	9.8

* estimates as at Jun 2022 and may not sum to more recent state totals, migration includes flows within states; [^]avg last 25yrs (last 10yrs for listings).
Sources: ABS, CoreLogic, Westpac Economics

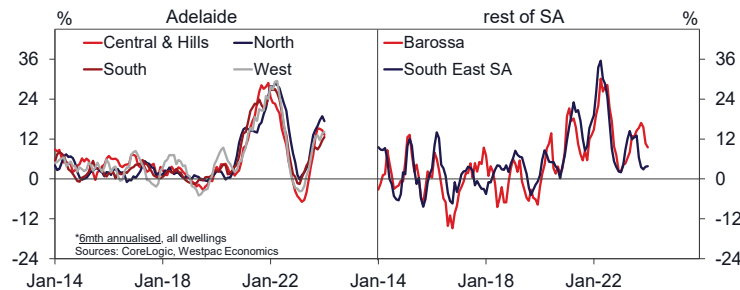
ADDITIONAL MATERIALS: charts and tables, cont.



50. SA: Adelaide dwelling prices: by type, tier



51. SA dwelling prices: selected sub-regions

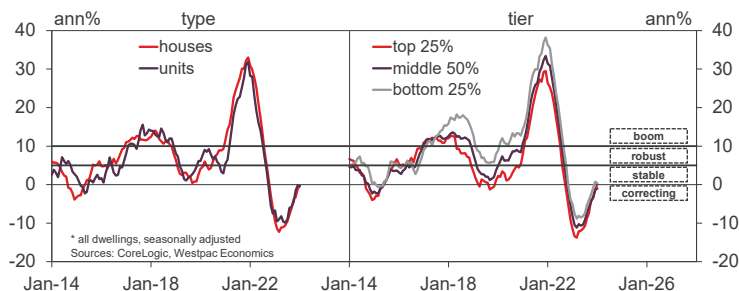


SA	Adelaide	rest of SA
Population:	1.4mn	0.4mn
Net migration*:	+11k pa	+2k pa
Employ (%state):	80%	20%
Dwellings, no.:	0.6mn	0.2mn
Dwellings, value:	\$0.4trn	\$0.1trn

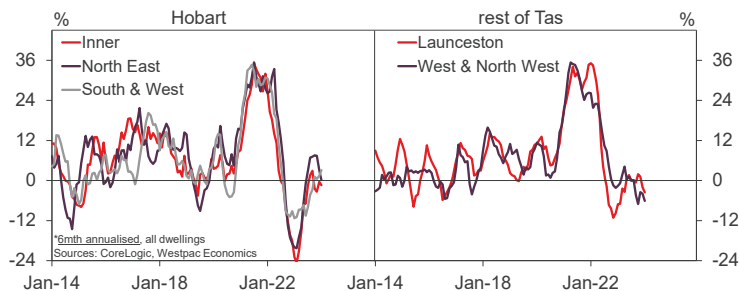
June years	avg [^]	2021	2022	2023	latest
Adelaide					
Employment, ann%	1.7	7.3	4.2	3.8	1.7
Unemployment rate, %	7.1	5.5	4.3	4.1	4.1
Houses - prices, ann%	7.1	14.7	24.1	0.6	10.3
- sales/new listings, ratio	1.04	1.33	1.18	1.24	1.81
- total listings, mths sales	3.8	2.4	2.3	2.4	1.7
Units - prices, ann%	6.6	5.9	14.9	6.4	11.1
- sales/new listings, ratio	1.17	1.35	1.42	1.53	1.87
- total listings, mths sales	4.1	3.2	2.4	2.2	1.7
rest of SA					
Employment, ann%	1.1	4.4	-2.5	6.4	3.5
Unemployment rate, %	6.3	5.4	4.7	3.6	4.0
Dwelling prices, ann%	6.5	12.4	20.5	7.5	8.8

* estimates as at Jun 2022 and may not sum to more recent state totals, migration includes flows within states; [^]avg last 25yrs (last 10yrs for listings).

52. Tas: Hobart dwelling prices: by type, tier



53. Tas dwelling prices: selected sub-regions



Tas	Hobart	rest of Tas
Population:	253k	319k
Net migration*:	+1k pa	+2k pa
Employ (%state):	46%	54%
Dwellings, no.:	104k	158k
Dwellings, value:	\$74bn	\$93bn

June years	avg [^]	2021	2022	2023	latest
Hobart					
Employment, ann%	1.9	9.1	0.2	3.9	1.6
Unemployment rate, %	6.9	5.5	4.2	3.8	4.0
Houses - prices, ann%	6.7	24.6	17.2	-10.6	-0.4
- sales/new listings, ratio	0.96	1.20	0.79	0.90	1.07
- total listings, mths sales	5.4	1.9	3.2	5.4	5.9
Units - prices, ann%	5.9	20.6	13.9	-9.9	-0.4
- sales/new listings, ratio	1.23	1.29	1.01	1.28	1.29
- total listings, mths sales	4.0	2.1	2.6	3.4	4.3
rest of Tas					
Employment, ann%	1.3	6.8	3.4	1.4	-2.5
Unemployment rate, %	8.0	5.5	4.3	3.9	4.1
Dwelling prices, ann%	6.3	24.2	20.6	-3.4	-1.4

* estimates as at Jun 2022 and may not sum to more recent state totals, migration includes flows within states; [^]avg last 25yrs (last 10yrs for listings).

ECONOMIC and FINANCIAL FORECASTS



Interest rate forecasts

Australia	Latest (23 Feb)	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Cash	4.35	4.35	4.35	4.10	3.85	3.60	3.35	3.10	3.10
90 Day BBSW	4.34	4.40	4.37	4.12	3.92	3.67	3.47	3.30	3.30
3 Year Bond	3.99	4.05	3.95	3.85	3.75	3.65	3.60	3.55	3.50
3 Year Swap	3.78	3.85	3.75	3.65	3.55	3.45	3.40	3.35	3.30
10 Year Bond	4.19	4.20	4.05	3.95	3.85	3.90	3.90	3.95	4.00
10 Year Spread to US (bps)	-13	5	5	5	5	5	0	0	0
US									
Fed Funds	5.375	5.375	5.125	4.625	4.375	4.125	3.875	3.625	3.375
US 10 Year Bond	4.32	4.15	4.00	3.90	3.80	3.85	3.90	3.95	4.00

Exchange rate forecasts

	Latest (23 Feb)	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
AUD/USD	0.6570	0.66	0.68	0.69	0.70	0.71	0.72	0.72	0.73
NZD/USD	0.6201	0.62	0.63	0.64	0.64	0.64	0.65	0.65	0.65
USD/JPY	150.44	147	144	141	138	135	132	130	127
EUR/USD	1.0827	1.09	1.11	1.13	1.14	1.15	1.16	1.17	1.17
GBP/USD	1.2665	1.26	1.27	1.28	1.29	1.30	1.30	1.31	1.31
USD/CNY	7.1953	7.20	7.10	7.00	6.90	6.80	6.70	6.70	6.50
AUD/NZD	1.0601	1.06	1.07	1.08	1.09	1.11	1.11	1.11	1.12

ECONOMIC and FINANCIAL FORECASTS



Australian economic growth forecasts

% change	2023				2024		
	Q2	Q3	Q4f	Q1f	Q2f	Q3f	Q4f
GDP % qtr	0.4	0.2	0.2	0.3	0.3	0.4	0.5
%yr end	2.0	2.1	1.4	1.2	1.0	1.3	1.6
Unemployment rate %	3.6	3.7	3.8	4.0	4.2	4.4	4.5
Wages (WPI)	0.9	1.3	0.9	0.9	0.8	0.8	0.7
annual chg	3.6	4.0	4.1	4.1	4.0	3.5	3.2
CPI Headline	0.8	1.2	0.6	0.7	0.6	0.9	0.8
annual chg	6.0	5.4	4.1	3.4	3.1	2.8	3.0
Trimmed mean	1.0	1.2	0.8	0.8	0.6	0.9	0.7
annual chg	5.8	5.1	4.2	3.8	3.5	3.2	3.1

	Calendar years			
	2022	2023f	2024f	2025f
GDP % qtr	-	-	-	-
%yr end	2.3	1.4	1.6	2.5
Unemployment rate %	3.4	3.8	4.5	4.6
Wages (WPI)	-	-	-	-
annual chg	3.3	4.1	3.2	3.0
CPI Headline	-	-	-	-
annual chg	7.8	4.1	3.0	2.7
Trimmed mean	-	-	-	-
annual chg	6.8	4.2	3.1	2.8

HOUSING MARKET DATA



Consumer sentiment – housing-related measures

index*	2022			2023			2024					
	avg	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Jan	Feb	%mth	%yr
'Time to buy a dwelling'												
Australia	116.1	75.1	80.5	74.9	65.7	72.0	72.5	74.3	72.0	74.2	3.0	0.4
- New South Wales	115.8	73.7	93.0	73.0	63.7	70.4	77.4	76.2	76.2	70.6	-7.3	-5.8
- Victoria	115.5	85.2	71.3	77.1	67.8	69.6	74.9	77.0	68.5	78.1	13.9	1.2
- Queensland	128.0	62.6	76.2	75.2	59.8	71.8	66.6	79.2	66.7	67.9	1.7	-4.5
- Western Australia	128.8	79.4	76.2	80.5	73.5	85.8	62.3	59.6	71.8	87.2	21.4	13.9
- South Australia	127.9	74.8	78.8	69.7	69.3	75.5	64.7	70.3	71.2	70.5	-1.0	1.5
- Tasmania	122.0	54.3	82.2	48.3	70.4	78.3	64.6	62.5	94.9	71.4	-24.8	45.2
House price expectations												
Australia	126.4	111.1	100.6	116.3	111.7	146.7	154.6	157.3	158.1	161.4	2.1	56.8
- New South Wales	128.0	103.8	101.0	117.8	114.7	150.5	158.7	158.2	159.1	165.3	3.9	56.7
- Victoria	128.4	101.5	108.0	118.6	112.8	140.5	153.9	151.1	150.6	162.2	7.6	74.6
- Queensland	124.6	124.5	89.2	111.7	98.8	140.5	149.8	164.1	165.4	157.6	-4.7	46.3
- Western Australia	117.7	131.3	106.2	121.7	110.6	166.3	154.7	161.8	167.0	167.1	0.0	49.0
- South Australia	128.3	123.9	94.1	118.2	129.2	146.9	158.4	161.6	150.8	154.2	2.2	48.5
- Tasmania	128.3	100.9	72.0	84.7	81.7	111.4	118.7	137.5	130.5	117.3	-10.2	32.2

*indexes based on net balance of % assessing 'good time to buy'/'house prices to rise' and % assessing 'bad time to buy'/'house prices to decline'.
Sources: Melbourne Institute, Westpac Economics

HOUSING MARKET DATA



Consumer sentiment – other components

index*	2022			2023				2024				
	avg	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Jan	Feb	%mth	%yr
Unemp. expectations												
Australia	129.2	108.5	99.6	117.9	122.9	131.3	130.8	128.9	130.7	126.9	-2.9	6.3
- New South Wales	129.6	110.3	98.5	120.1	125.8	130.7	131.2	128.4	126.4	131.0	3.6	9.2
- Victoria	131.2	106.1	99.9	120.0	118.6	133.3	138.7	126.0	131.4	124.4	-5.4	13.3
- Queensland	133.2	121.9	101.2	118.0	122.4	133.8	124.9	132.4	131.0	124.0	-5.4	-3.4
- Western Australia	128.1	87.7	95.1	112.8	120.6	115.7	121.7	128.2	135.7	121.3	-10.6	-2.3
- South Australia	135.3	108.0	105.0	111.7	132.8	129.0	131.9	133.8	138.1	138.1	0.0	9.2
- Tasmania	138.3	94.3	101.1	105.7	132.1	136.3	139.8	129.7	117.1	126.7	8.2	4.6
Risk aversion											qtr ch	ann ch
Australia	17.3	53.7	51.0	52.2	56.2	58.9	56.2	57.1	n.a.	n.a.	0.9	2.2
- New South Wales	11.7	53.6	53.6	51.2	54.5	59.3	55.5	57.7	n.a.	n.a.	2.2	4.4
- Victoria	11.0	57.4	52.3	55.5	59.3	55.2	55.3	55.1	n.a.	n.a.	-0.2	-2.9
- Queensland	12.7	49.4	34.9	51.5	56.0	67.0	63.3	55.8	n.a.	n.a.	-7.4	1.3
- Western Australia	7.0	57.0	55.2	54.3	55.0	58.6	55.1	60.1	n.a.	n.a.	5.0	5.3
- South Australia	14.4	60.0	60.6	56.9	56.3	49.2	55.5	60.6	n.a.	n.a.	5.1	4.1
- Tasmania	15.5	37.6	47.3	57.8	41.3	60.1	45.6	38.6	n.a.	n.a.	-7.0	-8.2

*indexes based on net balance of % assessing 'unemployment to rise' and % assessing 'unemployment to fall'; ^measure based on responses to 'wisest place for savings' question.
Sources: Melbourne Institute, Westpac Economics

HOUSING MARKET DATA



Dwelling prices and turnover

	avg	2021	2022	2023						2024		
		Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Jan	Feb
Dwelling prices, ann%*												
Australia	6.3	23.1	16.4	8.0	-1.1	-6.4	-6.6	-1.5	5.3	9.1	10.0	10.9
- Sydney	6.1	26.9	16.6	4.2	-6.6	-11.4	-9.4	-0.9	7.3	10.5	11.4	10.5
- Melbourne	6.4	16.1	10.0	3.3	-3.3	-7.1	-7.1	-3.3	1.8	3.5	3.9	4.0
- Brisbane	6.3	31.5	30.8	24.8	10.7	-1.9	-6.3	-3.8	5.4	13.3	14.8	15.6
- Perth#	5.9	13.9	9.7	8.4	5.8	4.2	3.3	4.8	10.0	15.5	16.7	18.1
- Adelaide	6.7	22.3	24.5	22.9	17.1	9.3	2.8	1.3	4.6	8.6	10.3	11.9
- Hobart	6.6	32.6	26.7	16.6	4.2	-6.8	-11.8	-10.4	-6.1	-1.0	-0.4	n.a.
Turnover, %stock^												
Australia	5.6	5.9	5.3	4.8	4.4	4.0	4.2	4.4	4.7	4.6	4.4	n.a.
- New South Wales	5.7	5.8	5.0	4.4	4.0	3.6	4.0	4.3	4.7	4.6	4.0	n.a.
- Victoria	4.7	5.4	4.6	4.2	3.7	3.3	3.4	3.4	3.9	3.8	3.5	n.a.
- Queensland	6.6	7.4	6.7	6.1	5.4	5.1	5.2	5.4	5.5	5.5	5.4	n.a.
- Western Australia	6.3	6.0	6.0	5.7	5.5	5.2	5.4	5.6	5.7	6.0	5.9	n.a.
- South Australia	4.6	5.0	4.7	4.7	4.3	3.7	3.6	3.8	4.0	4.9	5.0	n.a.
- Tasmania	5.6	4.7	4.4	4.1	3.5	3.5	3.5	3.7	3.7	3.5	3.4	n.a.

* 'all dwellings' measures, ann% ch, latest is month to date.

^ % dwelling stock; most recent months are estimates modeled on preliminary data.

Sources: CoreLogic, ABS, Westpac Economics

HOUSING MARKET DATA



Residential property listings

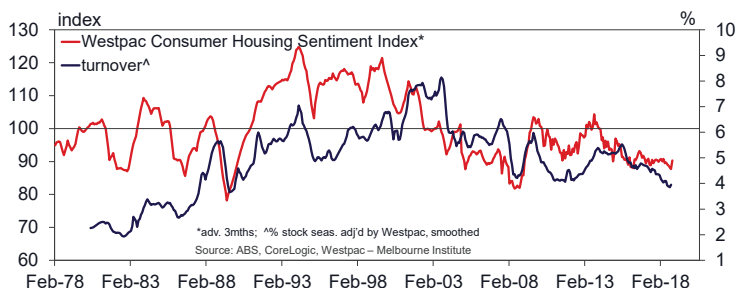
	2021		2022			2023				2024		
	avg	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Jan	Feb
Sales/new listings ratio*												
Australia^	1.14	1.21	1.19	1.10	1.14	1.14	1.20	1.32	1.20	1.27	1.23	1.28
- Sydney	1.28	1.23	1.19	1.07	1.18	1.19	1.25	1.40	1.29	1.25	1.05	1.12
- Melbourne	1.05	1.08	0.99	0.93	0.97	0.99	0.95	0.97	0.93	0.99	0.89	0.92
- Brisbane	1.02	1.31	1.21	1.10	1.10	1.12	1.22	1.43	1.31	1.37	1.37	1.39
- Perth	0.93	1.04	1.09	1.01	1.08	1.08	1.13	1.30	1.18	1.35	1.35	1.38
- Adelaide	1.06	1.42	1.39	1.24	1.24	1.18	1.08	1.30	1.20	1.66	1.76	1.83
- Hobart	1.01	1.14	1.13	0.85	0.85	0.91	0.89	1.00	0.96	1.08	1.08	1.09
Total listings, months of sales*												
Australia^	3.6	2.6	2.8	3.2	3.5	3.7	3.4	3.0	2.8	2.9	3.1	3.1
- Sydney	2.8	2.2	2.6	3.3	3.6	3.5	3.1	2.7	2.5	2.9	3.7	3.7
- Melbourne	3.6	3.0	3.4	3.9	4.5	4.6	4.5	4.4	4.1	4.3	5.0	5.2
- Brisbane	4.7	2.3	2.5	2.9	3.5	3.6	3.3	2.9	2.6	2.5	2.5	2.5
- Perth	5.7	3.8	3.6	3.8	3.9	3.8	3.5	3.1	2.8	2.5	2.4	2.4
- Adelaide	3.9	2.1	2.1	2.3	2.5	2.7	2.8	2.5	2.4	1.8	1.7	1.7
- Hobart	5.1	2.1	2.2	2.9	4.2	4.3	4.7	4.9	4.6	5.0	5.3	5.4

* figures show 3mth avg, readings for most recent months based on sales estimates modeled on preliminary data and latest weekly listings figures.

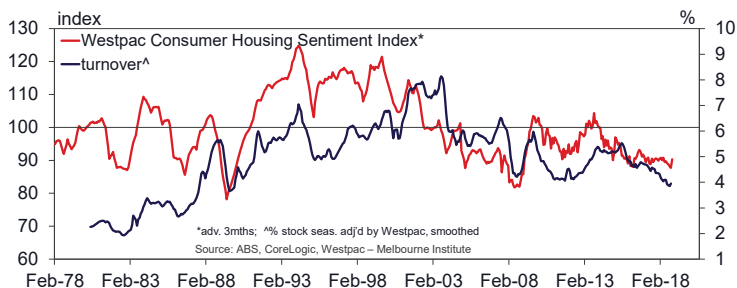
^ avg since 2007.

Sources: CoreLogic, Westpac Economics

Westpac Consumer Housing Sentiment Index: full series



Westpac Consumer Housing Sentiment Index: cycles



The **Westpac Consumer Housing Sentiment Indexes** presented in this report are composite measures based on a weighted combination of four indexes from the Westpac-Melbourne Institute Consumer Sentiment survey.

Two of these are 'primary' components with a higher weight that relate directly to consumer perceptions of housing market conditions: the Westpac-Melbourne Institute 'time to buy a dwelling' index and the Westpac-Melbourne Institute House Price Expectations Index. The remaining 'supplementary' components, with lower weights, relate to consumer assessments of job security - the Westpac-Melbourne Institute Unemployment Expectations Index - and risk appetite - the Westpac Risk Aversion Index.

Each of these components is seasonally adjusted, converted to a consistent base and combined using fixed weights determined by historical regression analysis. Note that the house price expectations component is only available from 2009 on - a re-weighted composite based on the remaining measures is used for earlier periods.

The resulting composite measures provide significant insight into housing market conditions both nationally and at the individual state level. The national index has over 40yrs of history and a clear lead indicator relationship with a variety of housing market metrics. The index is particularly good at picking turning points in housing market turnover - correctly anticipating every major upswing and downturn since 1980 with a lead of around three months (four once the timeliness of sentiment updates is included).

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