

1 August 2024

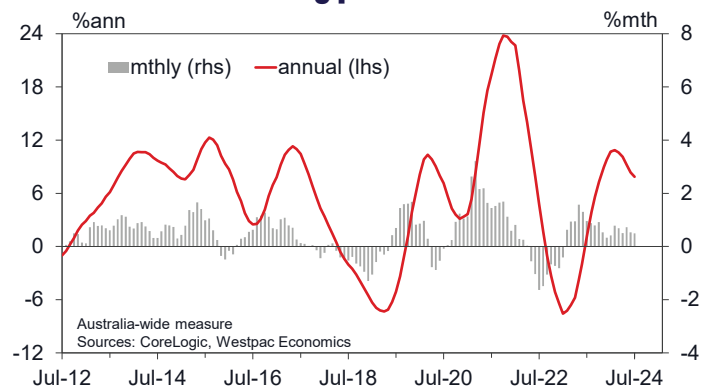
AUSTRALIAN DWELLING PRICES BULLETIN

‘Two-speed’ market continues

Key points

- The CoreLogic home value index rose 0.5% in July, matching the gain in June and continuing the step-down in momentum since late last year. Annual price growth moderated to 7.9%yr, down from a peak of 10.9%yr in Feb.
- Performances continue to diverge with much stronger price gains in Perth, Adelaide and Brisbane, more subdued growth in Sydney and price slippage in Melbourne.
- All markets are showing signs of stretched affordability – pricing buyers out altogether in the slower growing markets but driving them down the cost curve in the markets that are still seeing strong price gains overall.
- A softening in volumes continues to point to some rebalancing of supply and demand, although again conditions vary by city.

Australian dwelling prices



**July CoreLogic
home value
index: 0.5%*mth*;
7.9%*yr***

Price upturn continues but affordability pressures clear



Matthew Hassan
Head of Australian Macro-Forecasting

The CoreLogic home value index, covering the eight major capital cities, matching the gain in June and continuing the step-down in momentum evident since late 2023. Annual price growth ticked down to 7.9%yr, down from a peak of 10.8%yr in Feb.

The detail continues to show a wide divergence in price performances across cities with a softening in turnover also suggesting affordability is becoming more of a constraint for buyers.

Price gains over the last six months have been running at a 7.7% annualised pace. That momentum is still being flattered a little by seasonality. While the latest monthly gain was largely unaffected by seasonal variations, the annualised pace of price growth over the last six months has been closer to 6% once these are stripped out.

Note that, unless specified, the figures in titles, tables and commentary below are all in non-seasonally adjusted terms, consistent with the 'headline' figures reported by CoreLogic. Figures in the charts and overleaf are instead in seasonally adjusted terms, unless specified.

Demand and supply starting to rebalance

Preliminary estimates point to a softening in sales volumes, down 9.6% on a rolling 3mth basis nationally. While there has been a recent tendency for these to be revised higher over subsequent months, the changes over longer time horizons are typically in the 2-5% range.

This softening has combined with a 5% lift in new listings over the June quarter. Total stock on market remains low but the shift points to some rebalancing between supply and demand, the latter likely weakening as affordability becomes more stretched, especially in markets still seeing strong price gains.

Two-speed market

Price-wise, the defining feature continues to be a widening range of performances. The strongest gains continue to come in Perth, Adelaide and Brisbane. Growth is positive but subdued in Sydney and Canberra with prices slipping in Melbourne, Hobart and Darwin.

Across dwelling types, the gap between house and unit price growth has continued to narrow although annual price growth remains stronger for houses (+8.6%yr vs +5.6%yr).

CoreLogic home value index: July 2024

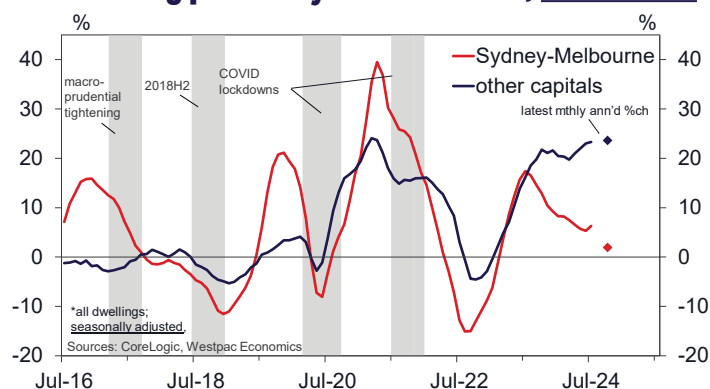
	%mth				%ann			
	Apr	May	Jun	Jul	Apr	May	Jun	Jul
Australia*	0.5	0.7	0.5	0.5	10.1	9.2	8.4	7.9
seas. adjusted	0.3	0.5	0.4	0.6	10.2	9.2	8.4	7.8
- houses	0.5	0.8	0.5	0.5	11.1	10.1	9.1	8.6
- units	0.4	0.5	0.7	0.5	6.9	6.2	5.9	5.6
Major capital cities								
Sydney	0.2	0.6	0.3	0.3	9.7	8.1	6.4	5.6
Melbourne	-0.2	-0.2	-0.3	-0.4	3.4	2.1	1.2	0.2
Brisbane	1.2	1.4	1.2	1.1	17.0	16.6	16.2	16.0
Adelaide	1.1	1.7	1.5	1.8	13.7	14.4	15.0	15.5
Perth	2.1	2.2	1.9	2.0	21.7	22.7	23.7	24.7
Turnover^	9.7	1.4	-4.4	-9.6	18.4	11.2	7.0	0.8

*combined capital cities

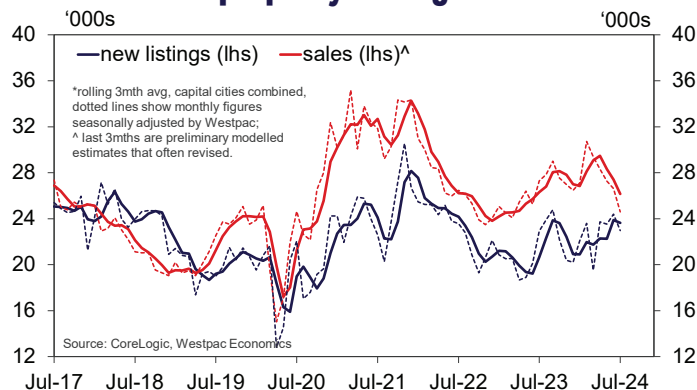
Sources: CoreLogic, Westpac Economics.

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

Dwelling prices: Syd-Melb vs rest, 3mth ann'd



Residential property: listings and sales



Sydney dwelling prices rose 0.3%*mt* in June, annual growth slowing to 5.6%*yr*, a sharp deceleration from 12.5%*yr* pace recorded in Jan. 'Top tier' houses and units continue to under-perform, prices essentially flat in this segment over the last three months.

Melbourne dwelling prices declined 0.4%*mt* in June, the fifth monthly decline since mid-2023, annual price growth essentially stalling flat. As noted previously, state government tax changes have triggered a wave of investor selling that looks to be weighing on prices, particularly for units and across inner-ring suburbs (although interestingly the core inner-city market has been a little more resilient). The associated rise in listings means stock on market is above average although still although still well previous peaks during COVID and the 2018-19 downturn. Lower-price tiers and houses in the city's growing outer-suburbs have been more resilient.

Brisbane prices rose 1.1%*mt* in June, another solid gain. Annual price growth remains elevated at 16%*yr*, recent monthly gains still holding around that pace. The market continues to show strong price gains across middle and lower priced tiers.

Adelaide recorded another strong 1.8%*mt* price gain in June, annual growth ticking up again to 15.5%*yr*. Prices are up over 20%*yr* across 'lower tier' parts of the market.

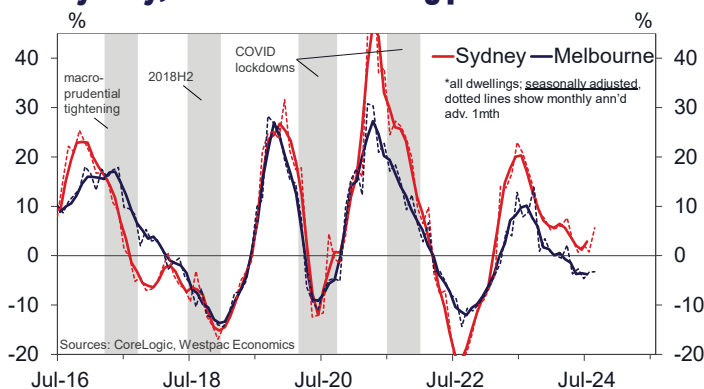
However, **Perth** remains the nations hottest market by a wide margin, prices surging another 2% in June to be up 24.7%*yr*. Bottom tier house prices are up by over a third on a year ago.

Across the smaller capitals: **Hobart** recorded a -0.5%*mt* fall, prices still down 1.21%*yr*; **Darwin** also recorded a fall, prices down 0.2%*mt* but up 2.3%*yr*; **Canberra** prices held flat in June, annual growth slowing a touch to 1.7%*yr*. Across **regional areas**, prices also tracked lower in regional Vic, down 0.7%*mt*, -1.1%*yr*, but were firmer in regional NSW (+0.3%*mt*, +4%*yr*) and buoyant across regional Queensland, which includes the Gold and Sunshine Coasts (+0.7%*qtr*, +11.9%*yr*).

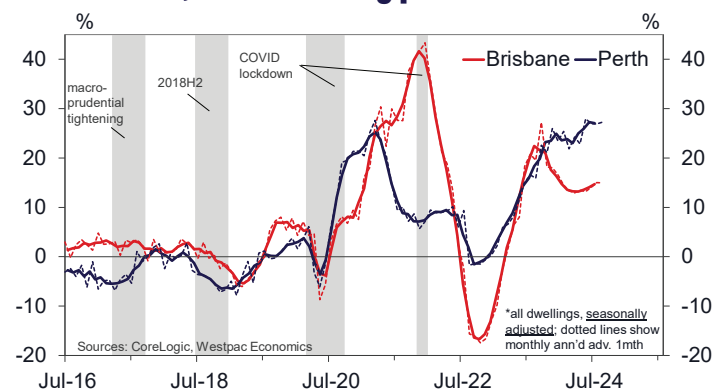
Conclusion

Overall, the June update shows many of the same themes we have been highlighting for a while now – a widening in divergence in performances and signs that stretched affordability is starting to weigh more heavily on demand. The response to these pressures has varied, buyers becoming 'priced-out' in Sydney and Melbourne but moving down the cost curve in Brisbane, Adelaide and Perth. Notably, there so far looks to be little evidence of affordability driving demand towards units, despite the significant improvement in relative pricing over the last five years.

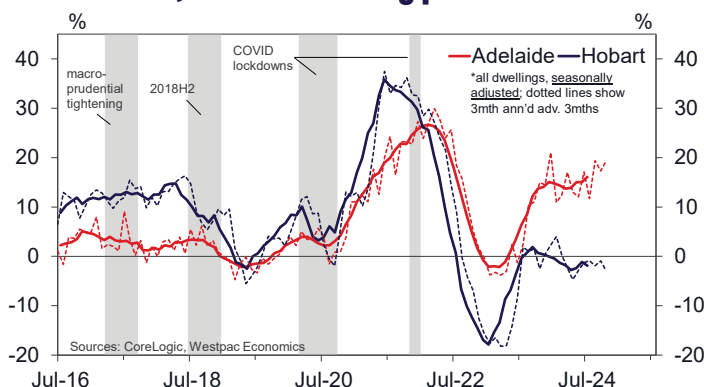
Sydney, Melbourne dwelling prices: 3mth ann'd



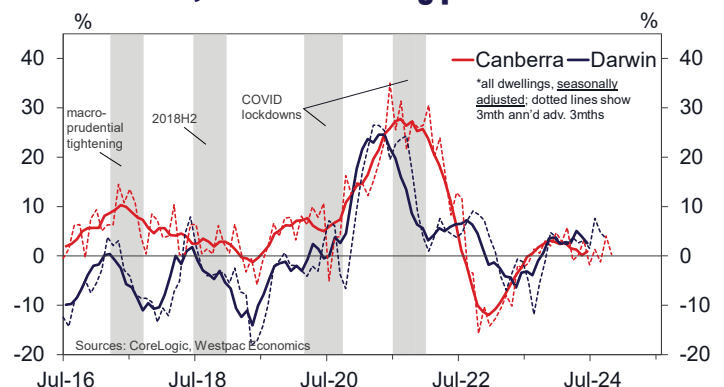
Brisbane, Perth dwelling prices: 3mth ann'd



Adelaide, Hobart dwelling prices: 6mth ann'd



Canberra, Darwin dwelling prices: 6mth ann'd



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