2 December 2024

WESTPAC HOUSING PULSE

Australia's quarterly housing market report.

CONTENTS

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The **Westpac Housing Pulse** report is produced by Westpac Economics.

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A more uncertain path forward

Our latest **Housing Pulse** report finds Australia's housing markets losing momentum into year–end and facing a more uncertain path ahead. Price growth is continuing to slow gently with turnover also flattening. While housing–related consumer sentiment suggests another leg to the upturn will form in 2025, this rests on a prospective easing in interest rates that now looks likely to come through from around the middle of the year.

Performances continue to diverge widely across cities. Frontrunners Brisbane, Adelaide and Perth are still seeing much stronger price gains. Price growth is stalling in Sydney, while Melbourne continues to experience persistent, albeit modest, price slippage. Hobart and the smaller capital cities have also been on the soft side price–wise.

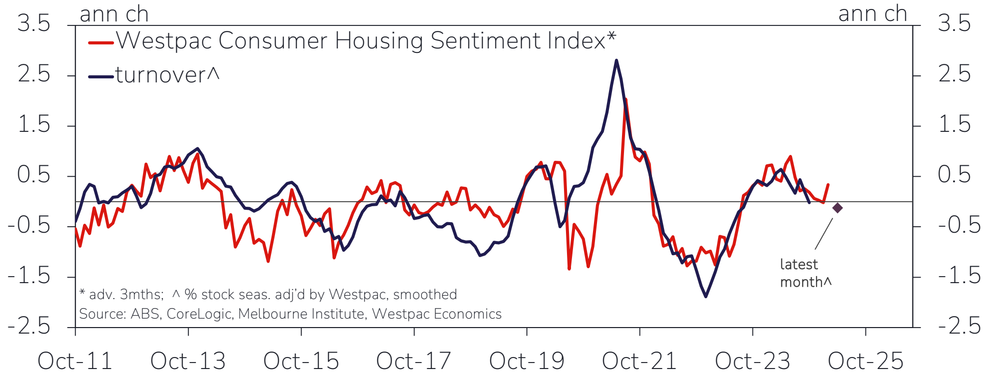
For the most part, the variations reflect a mix of exposures to swings in population growth, differences in affordability starting points, and the tightness of supply. Population growth is already moderating. Strong price gains are also seeing affordability become more of a constraint in 'hot' markets. While supply shortages will persist, the picture points to less divergent performances in 2025.

While momentum is generally slowing, sentiment is starting to point more clearly to a 'second leg' to the upturn. Consumers are sensing interest rate declines may not be too far off. With job loss concerns also improving, that has seen a notable lift our **Westpac Consumer Housing Sentiment Index**. Some of this may be a little premature – inflation is not yet sufficiently under control for the RBA to sound the 'all clear' on further rate hikes, let alone consider rate cuts. Indeed, our central case view is that an easing will begin in May next year. That could see some of the sentiment gain falter near term. But, looking through this, the broader trajectory still looks likely to be upward.

Hence prices are likely to regain some traction over the course of 2025. After a mixed first half we expect a second half gain to see dwelling prices up 3% in 2025 with growth lifting to 7% in 2026 – firmer but still constrained by affordability in most markets.

In this edition, we take a closer look at suburb price measures, with a particular view to identifying 'bellwether' markets for broader price performances; and give an update on how the population growth slowdown is unfolding.

1. Australia: national housing conditions



"While momentum is generally slowing, sentiment is starting to point more clearly to a 'second leg' to the upturn."

*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 p38 for more details.

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Mixed finish to 2024

– Conditions have continued to soften a little across Australia's housing markets over the last three months, average annual price growth tracking back to just below 6% across the major capital cities and turnover dipping slightly. While high frequency indicators suggest this softening is carrying into year–end, an improvement in housing–related consumer sentiment in recent months suggests the upturn may regain some traction next year, albeit with this still being highly contingent on the timing and scale of interest rate cuts from the RBA.

– All capital city markets except Adelaide have recorded a slowing in price growth over the last three months. However, the spread across markets remains wide, annual price growth still tracking above 20%yr in Perth, in the 10–15%yr range for Adelaide and Brisbane, the 0–5% range for Sydney, around flat for Canberra and Darwin and in slight negative territory around –1–2% for the weakest performers, Hobart and Melbourne. State regional areas have generally performed in line with respective state capitals.

– Tight supply and stretched affordability remain common factors. In Brisbane, Adelaide and Perth, this looks to be driving buyers towards lower value segments. Affordability looks to be a more binding constraint in Sydney, Melbourne and Hobart.

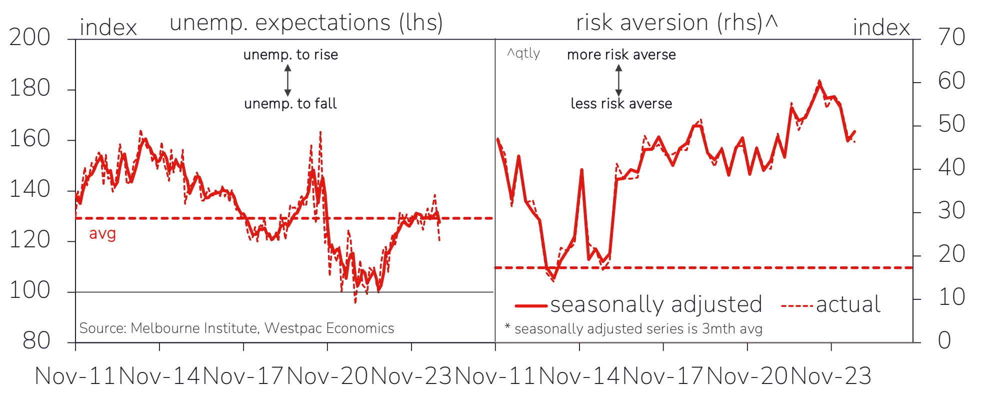
– Across the major capitals, prices have risen by 0.6% over the three months to November on a combined basis, down materially from the 1.1% rise over the three months to August and the average 2.4% pace over the year prior. Annual price growth has moderated to around 5.5%yr, having peaked at 10.9% in February.

– Nationally, turnover has dipped over the last six months to be about flat on a year ago but still up materially on the lows in 2023. As noted previously, initial estimates of monthly turnover, which are partly model–based, have been prone to significant upward revisions over the last few years. As such we have applied an additional adjustment to the last three months based on the average undershoot over the last few years. In this report, all turnover figures and derived measures, such as listings–to–sales ratios, are based on these adjusted turnover estimates for the most recent three months.

– As noted, housing–related sentiment has improved over the last three months. Buyer sentiment and unemployment expectations have led the gains with a partial offset coming from a cooling in house price expectations from the very high levels seen through most of the last years. The move is part of a broader sentiment lift coming from an improved outlook for inflation, interest rates and the wider economy (see here for more).

2. Consumer sentiment: housing

3. Consumer sentiment: jobs & risk aversion



– Nationally, the **Westpac Melbourne Institute 'time to buy a dwelling' index** surged 21.7% over the three months to November. At 86.8, the index is at its highest level since the start of 2022 but still in net pessimistic territory and well below its long run average of around 120.

– The **Westpac–MI Consumer House Price Expectations Index** declined 4.9% over the three months to November, following on from a 2.1% decline over the previous three months. Even so, the index level of 150.3 is still very high, in the top quarter of observations over the last twenty years. An outright majority of consumers – close to two thirds of respondents – still expect prices to continue rising over the next 12 months.

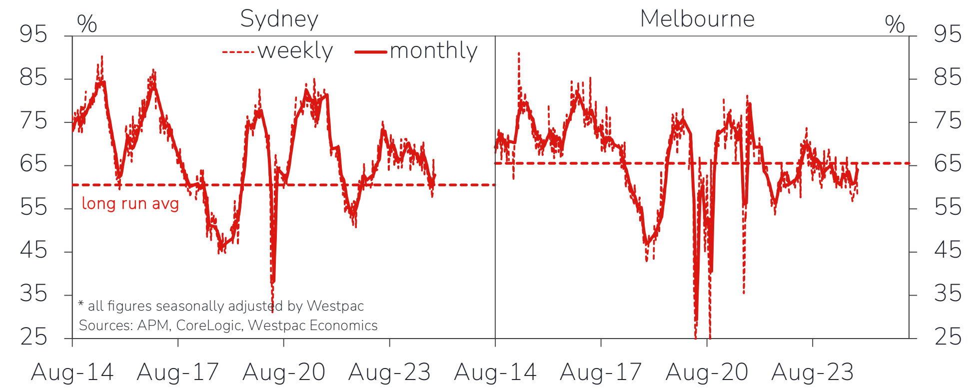
– The **Westpac Melbourne Institute Unemployment Expectations Index** improved materially over the three months to November, declining 9.8% to 120.5 (recall that lower reads mean more consumers expect unemployment to fall in the year ahead). That is well below the long run average of 129. Australians are clearly becoming much more assured about the labour market outlook. For those considering a property purchase, this can be a very important swing factor tipping in the decision to buy. Job loss concerns can often prompt potential buyers to delay purchasing.

– The **Westpac Consumer Risk Aversion Index** held at 46 in September, little changed from the 48 in June but still well above the long run average of 18. Despite some small shifts, 'safe–haven' options continue to be heavily favoured as the 'wisest place for savings'. Just over 24% of consumers still favour 'pay down debt' as the 'wisest place for savings' with just under 10% favouring 'real estate' – the latter still well below the long run average of 24%. The mix suggests there is little appetite for taking on additional debt.

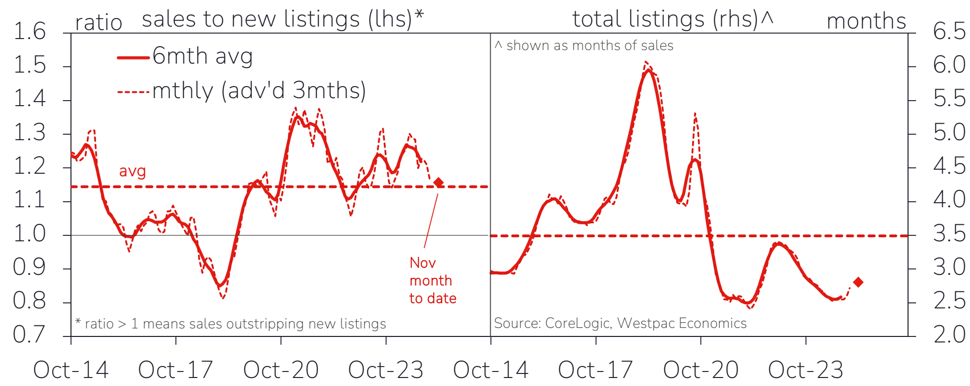
– Auction markets have softened over the last three months, Sydney in particular. Clearance rates in the Sydney market have slipped from the 65–67% range into the 61–63% range, only a touch above the long run average of 60.5%. Note that all figures are adjusted for regular seasonal variations which can be large heading into year–end. Clearance rates have generally remains below average in Melbourne.

– 'On–market' supply remains tight overall but again with some tentative signs that conditions may be starting to loosen a little. New listings nudged higher over the three months to November, in contrast to a dip in sales. As a result, total listings on market have lifted, up 4.3% and rising to around 2.8 months of sales, up from recent lows around 2.5 months but still well below the long run average of 3.5 months.

4. Auction clearance rates



5. Residential property listings



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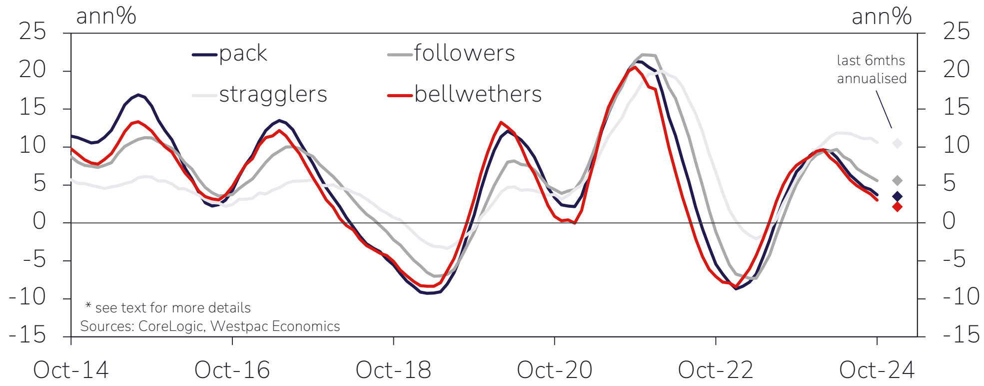
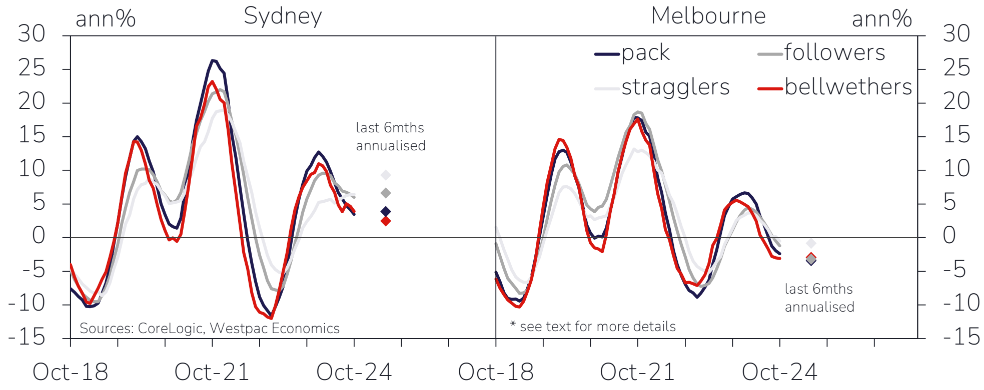
Suburb price correlations

- It's fair to say that the extent of house price information in Australia can be a bit overwhelming at times. Our **Housing Pulse** report tries to distil the main shifts happening at a relatively high level – main capital cities with some sub–regional 'colour' – but there is much more detail available. On prices alone, CoreLogic produces measures for over 330 different local areas. For capital cities, these basically equate to suburbs. This special topic looks at the extent to which these suburb price measures lead or lag price moves in the wider market. The results suggest there are indeed some 'bellwether' suburbs that should be tracked more closely when assessing price momentum.
- It should be noted at the outset that the approach used here is, by necessity, fairly crude. It relies on correlation coefficients – about the lowest form of statistical analysis that economists typically try to avoid. They, by definition, omit all other information so only offer very limited guidance about underlying real–world linkages (hence the frequent criticism that 'correlation is not causation'). That said, these issues may be of less concern when dealing with a large number of series over long histories, and where the main interest is in statistical signals rather than fleshing out a 'structural view' of how things work.
- For each jurisdiction, we have classified suburb measures for house and unit prices according to the lag relationship with the highest correlation with aggregate price measures. So for example, a suburb price measure that has a higher correlation with capital city price growth a month later than for coincident or lagged price growth is classified as a 'bellwether' measure. Likewise, those that show the highest correlation with coincident growth are classified as 'the pack', those that lag slightly are classified as 'followers' and those that have a more pronounced lag to their price correlations are labelled 'stragglers'. Note that all of these are estimated on seasonally adjusted price data going back to 1995.
- Having made this classification, we then use figures on the number of dwellings in each area to construct an aggregate price growth measure for the different groups. Chart 6 shows how price growth compares across these groups for the 'five major capital city' measure of dwelling prices. Charts 7, 8 and 9 show capital city versions for Sydney, Melbourne, Brisbane, Perth, Adelaide and Hobart. Note that about 140 of the 330 local area measures are in these locations meaning there are 280 price series to classify. For the major capital city groupings, 'bellwether' comprises of 59 suburb price measures.

6. Australian dwelling prices by correlation group

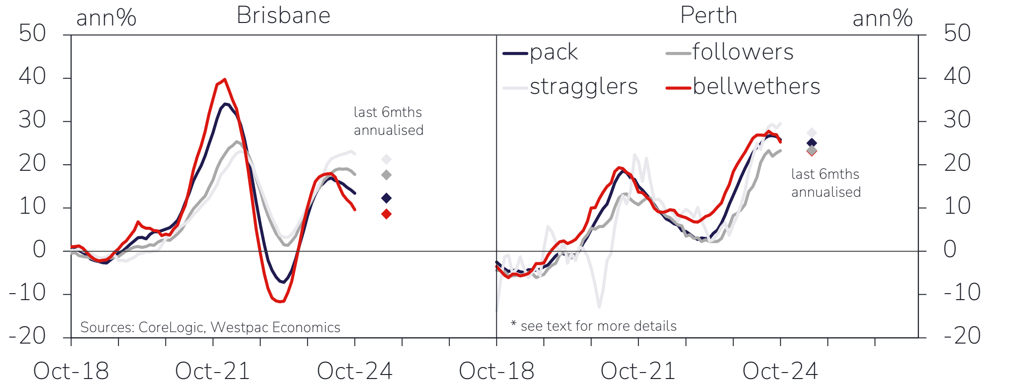


7. Sydney, Melbourne: prices by correlation group

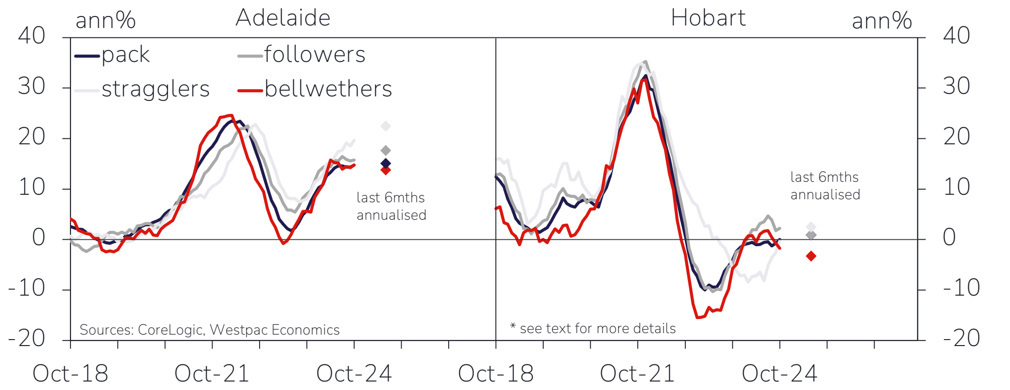


- The resulting measures offer some interesting insights. Chart 6 shows price growth across bellwether suburbs leads turning points slightly, as one would hope, often showing more decisive shifts around turning points. Currently, the bellwether group is pointing to a further moderation in price growth towards 2–3%yr.
- The composition of this group and the equivalent for each capital city is just as interesting, often raising some additional questions. Across the five major cities, for example, none of the bellwether suburbs are in Brisbane while both Perth and Adelaide are over–represented relative to their share of the dwelling stock. Also, nearly half of the suburb measures are for units rather than houses. One thing to bear in mind here is that correlations likely shift over time – some of this result may reflect the relative prominence of price cycles in specific capital cities and sub–markets over the last 30yrs. Using a 'rolling window' for correlations could refine the signal but also adds significantly more complexity with suburbs changing classification.
- Across the individual capitals, bellwether subgroups suggest underlying momentum is slowing more significantly than wider measures indicate in Brisbane, and tilting a little lower in Sydney, Perth and Hobart. The same measures are more in line other measures for Melbourne and Adelaide.
- For reference, the Sydney bellwether group covers a dozen suburbs, mostly in 'inner ring' markets but with Botany and Manly notable inclusions. For Melbourne, the group has ten suburbs and a more varied mix but tending more towards the city's east and south rather than the growth areas on the northern fringe. For Brisbane, the dozen suburb measures in the bellwether group are more varied geographically but tend to be more in the inner and near city areas, Redcliffe a notable exception. All measures are for houses rather than units.
- Bellwether groups are naturally somewhat smaller for Perth and Adelaide, and consist of just one suburb measure for Hobart ('Hobart inner houses'). Interestingly, Perth's bellwether suburbs are located on the city's fringes rather than established areas.
- Overall, these measures appear to provide some useful additional gauges of price momentum. The general approach may be worth pursuing further, teasing out some of the shifts in correlations over time as mentioned but perhaps also looking at house and unit prices separately. It may also shed some light on the sensitivity of particular sub–markets to other factors such as changes in interest rates, population growth, unemployment, auction market performance and 'on–market' supply.

8. Brisbane, Perth: prices by correlation group



9. Adelaide, Hobart: prices by correlation group



Population growth slowdown

– Population flows have been a key underlying driver of the price–led upturn that emerged in early 2023. This was particularly apparent when prices started lifting despite an active tightening cycle from the RBA that eventually took mortgage rates to 15yr highs. At the time, the relative performance of different markets pointed strongly to an acceleration in population growth and a related tightening in rental markets as the underlying cause (prices remained subdued in markets that did not experience these shifts).

– While the sheer pace of population growth is certainly important – lifting from a low of 0.2%yr in Mar–21 to a peak of 2.5%yr in Sep–23 – compositional changes are also worth highlighting. Chart 10 shows temporary migration has driven the 'swings' especially of late. Changes to the Permanent Migration Program target are occasional and often incremental – having been lowered from 190k to 185k for 2024/25. Its contribution will remain similar to pre–pandemic.

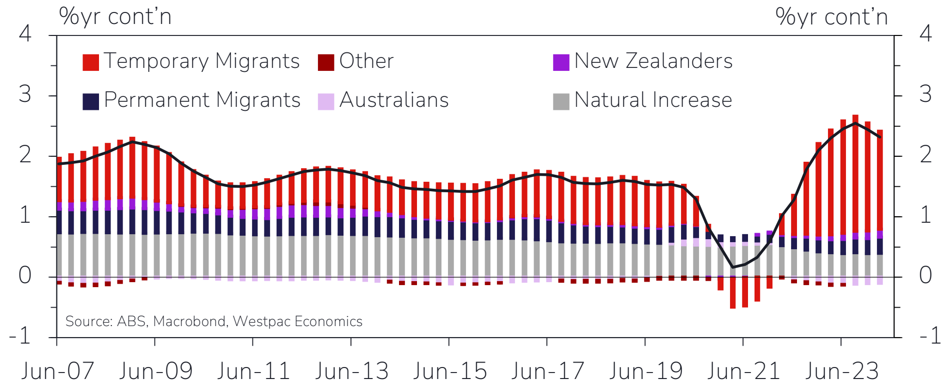
– Inspecting temporary migration more closely, Chart 11 illustrates how the stock of temporary visa holders in Australia has evolved since the onset of the pandemic, comparing the latest quarter (September 2024) to levels in the same quarter of the the past five years.

– Note that 'temporary visa holders' is a broader concept than the 'temporary migrants' measure underlying the data in Chart 10. The latter only captures those in Australia long enough to be considered a resident. This is assessed via a '12/16 month rule', where a migrant is observed/ estimated to have been in Australia for at least 12 months over a 16 month period.

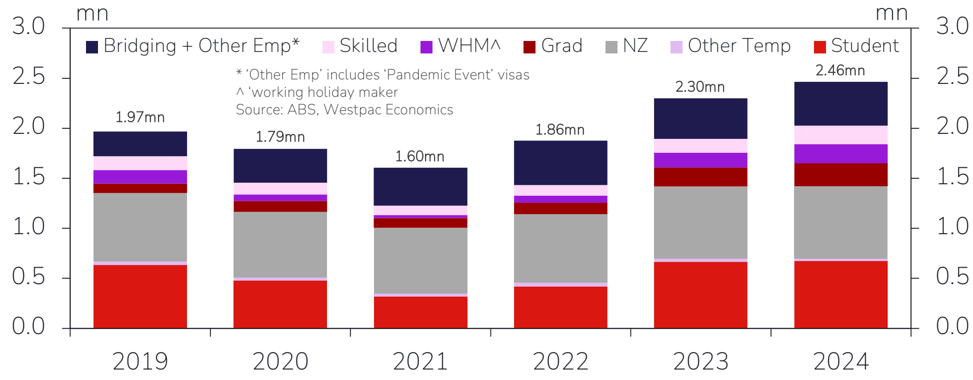
– After having declined by around –360k between 2019 and 2021, the stock of temporary visa holders has staged a solid and broad–based recovery across all classes. Currently, the stock of temporary students, skilled workers and New Zealanders are each around 40k above their respective pre–pandemic levels, while working holiday makers are around 60k in excess. Most impressive has been temporary graduates, a staggering +130k above pre–COVID levels.

– The share of each visa class has evolved differently between 2019 and 2024. The shares of students and New Zealanders have both fallen, the former from 32% to 27%, and the latter from 35% to 29%. Meanwhile, the shares of working holiday makers (6.9% to 7.8%), skilled workers (7.1% to 7.5%) and graduates (4.8% to 9.3%) have also risen notably. Census data demonstrates that graduates and skilled workers have a clearer pathway to permanent residency (see here).

10. Population growth: contributions

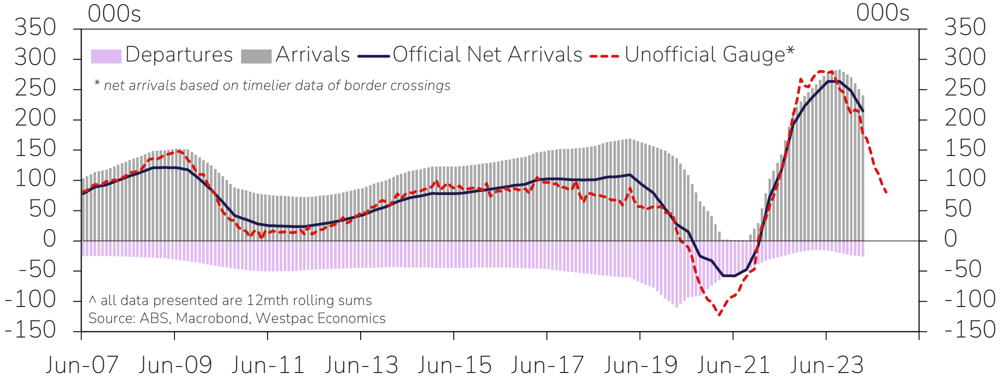


11. Temporary visa holders: by type

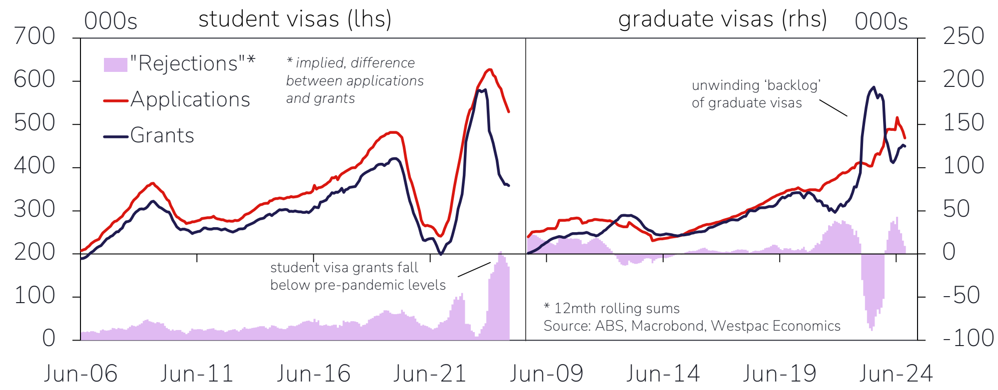


- To the extent that permanent migration has a closer link to 'underlying demand' for housing, the compositional change suggests that while pressures on rents may be abating, new housing demand will still be quite firm into the medium–term. With new dwelling construction still at low levels, that suggests only a modest easing in supply–demand pressures.
- One added uncertainty however is the still very large pool of temporary visa holders stuck in 'limbo' – those on bridging and (now terminated) pandemic support visas. This pool is still nearly double its pre–pandemic size, currently at 440k, representing a significant portion of temporary visa holders whose fate depends critically on how the Federal Government chooses to direct this group.
- Over the past year, the government has implemented numerous adjustments to the rules and restrictions around temporary visas. Some of these coincide with the goals under the refreshed 'Migration Strategy' – aimed at reducing overexploitation, inefficiencies and ensuring better pathways to permanent residency – such as raising requirements for language proficiency and savings. Other changes are more targeted toward reducing temporary visa flows, such as increasing fees, tightening length–of–stay provisions and implementing more stringent 'genuine student' requirements.
- Also of note was proposed changes to limit new enrolments from overseas students to 270k a year with specific caps applied to different educational institutions. This particular plan has since fallen through but may see the Federal government put through other changes aimed at achieving similar reductions.
- While the combined impact from these policies is uncertain, it is notable that much of the deceleration in the net intake of temporary students thus far has largely been due to a drop off in arrivals (Chart 12). Departures are picking up gradually but are yet to return to pre–pandemic levels. There is clearly a delayed effect here with the most recent influx of students still part–way through their courses. A timelier 'proxy' based on border crossings suggests the deceleration in net student migration has quickened materially over the last six months. The sharp pull–back in grants for student and graduate visas also supports this narrative and suggests there will a further slowing into 2025.
- While we are seeing more evidence of a population growth slowdown, judging the pace remains difficult. Overall, we expect annual growth to track back to around 2% by year–end and to 1.6% in 2025 (in line with the pre–COVID pace). The extent to which this takes the 'wind out of the sails' of housing markets remains to be seen.

12. Foreign student migration flows



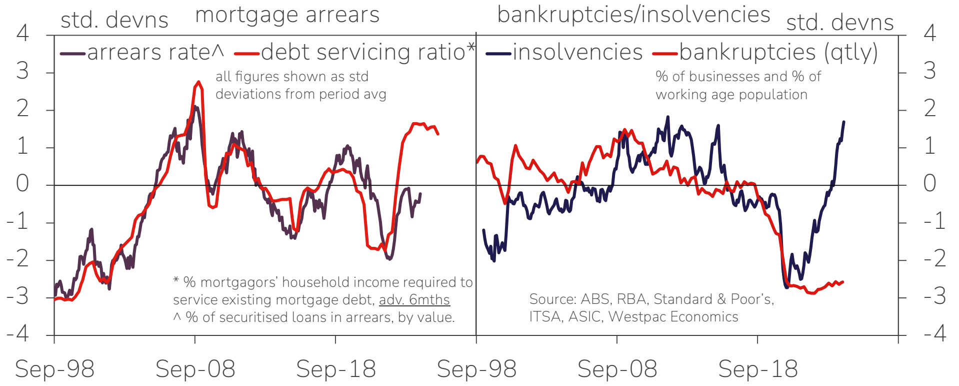
13. Student visas: applications and grants



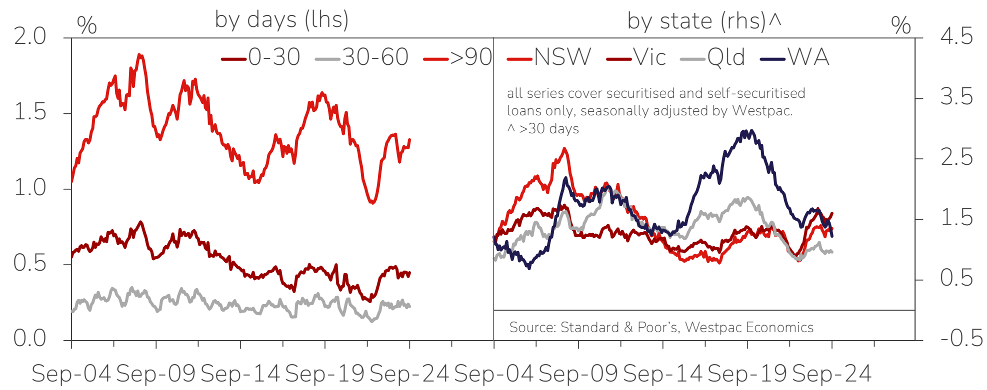
Prudential policy update

- Prudential policy remains firmly sidelined. It has now been three years since there were any changes to prudential regulation, the last move being an increase in the rate buffer applied in serviceability assessments put through in late 2021. As set out in the Council of Financial Regulator's latest [quarterly statement](#) macroprudential policy is in monitoring mode, the focus on financial pressures bearing down on consumer and businesses. That may shift as inflation moderates but in the meantime settings are being kept steady. APRA is set to publish a formal update of its macroprudential policy settings towards the end of the year.
- As noted previously, with macroprudential policy on hold we are using this section of the **Housing Pulse** to focus on other topics. In this report we again provide updates on how the credit cycle is playing out and Westpac's view on the prices outlook.
- At a high level, the credit cycle has continued to track a relatively benign path. Mortgage arrears in particular have remained low despite relatively high debt servicing costs. Where there are concerns, around a sharp rise in company insolvencies, these are mitigated to some extent by the context of temporary COVID–era policies unwinding.
- Chart 14 shows the arrears rate on mortgages remains below long run average levels, and well below the levels they have risen to when debt servicing requirements were at comparable levels in the past.
- Arrears have even tracked slightly lower since the start of the year. The headline picture highlights the importance of labour market conditions while some of the arrears detail suggests buoyant housing market conditions have also helped keep distress levels relatively low.
- The incidence of mortgage distress is heavily influenced by job loss, which also often rises following a rise in interest rates that is already affecting debt servicing costs.
- Retrenchments have remained low, averaging just under 120k a quarter over the last two years compared to a ten year average of 146k a quarter. If we compare to the peak in arrears in 2008–09, the unemployment rate rose nearly 2ppts to a peak of 5.9% during that cycle. The current unemployment rate of 4.1% is only up about 0.5ppts from its low. Moreover, most of that gain is coming from labour supply running ahead of demand rather than outright labour shedding – employment growth has remained positive throughout the last two years.

14. Financial stress: selected indicators

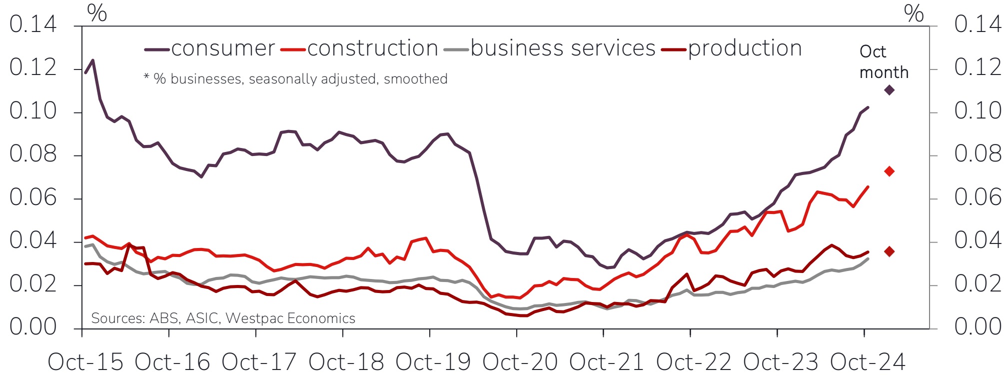


15. Mortgage arrears by days and state



- The state arrears figures show a particularly marked improvement in WA from a notably higher starting point in 2018–20. Some of this likely reflects the big improvement in the state's housing markets. Perth dwelling prices fell materially over the second half of last decade – so much so that even with the surge in prices over 2023–24, average price growth over the last ten years is still well below that of most other capital cities. The turnaround looks to have given some struggling borrowers an opportunity to resolve long–standing repayment issues.
- This relatively positive picture on arrears is offset somewhat by a deterioration in business insolvencies. Failures hit a new record monthly high in October, our estimates point to an 8.9% rise over the three months to October vs the previous three months in seasonally adjusted terms, up 49% on the same period last year.
- As a share of businesses, insolvencies are near the peaks seen in 2012–15. The bulk of these continue to come in the consumer and construction sectors where failure rates are well above pre–COVID levels. However, a large part of this is a post COVID catch–up as creditors, the ATO in particular, take a harder line. Notably, the total number of insolvencies over the last five years is still 12% lower than over the previous five years, despite the number of businesses increasing by 12%.
- Turning to the price outlook, we have again made some minor tweaks to our forecasts, and have extended the horizon out to 2026. Near term, price growth looks set to come in a touch softer in 2024 with growth rounding down to 5%yr, downgrades to Sydney and Melbourne partially offset by a firmer result in Adelaide.
- For 2025, Westpac now expects the RBA easing cycle to begin in mid–2025 rather than early 2025 but to proceed more quickly with consecutive 25bp cuts in May, July and August (see here for more). Accordingly, conditions are expected to remain relatively flat in the first half of the year but regain momentum quite quickly once rates start to move lower. The 'year of two halves' is now expected to result in a slightly more subdued 3% gain for 2025 as a whole.
- For 2026, we expect the positive interest rate response to see a 'constrained upswing' emerge. Rate cuts and some 'pent–up' demand should provide some traction but gains will be quickly capped by affordability issues. Overall, price growth should lift to 7% across the major capital cities, Melbourne outperforming slightly. Note that the profile means that by the end of 2026, prices will be on a par with their 2020 level in real, inflation–adjusted terms.

16. Company insolvencies: by broad sector



17. Dwelling price forecasts

	avg*	2022	2023	2024f	2025f	2026f	comments
Sydney	5.8	-11.4	11.3	3	3	6	Price growth to remain slow as affordability constraints .
Melbourne	4.3	-7.1	4.2	-2	1	8	On-market supply still relatively high, economy underperforming.
Brisbane	6.6	-1.9	13.6	12	3	6	Momentum coming off but supply still extremely tight.
Perth	4.4	4.2	16.2	20	4	6	Price expectations off sharply. Pre-COVID affordability advantage now gone.
Adelaide	6.8	9.3	8.9	14	4	6	Robust run continuing but price relativities looking very stretched.
Hobart	6.5	-6.8	-1.7	0	2	4	Still shaky. No uplift from migration affordability still extremely poor.
Australia	5.5	-6.6	10.1	5	3	7	Recovery moderates. Performances to re-converge across sub-markets.

All dwellings, Australia is five major capital cities combined measure; *10yr avg

Source: CoreLogic, Westpac Economics

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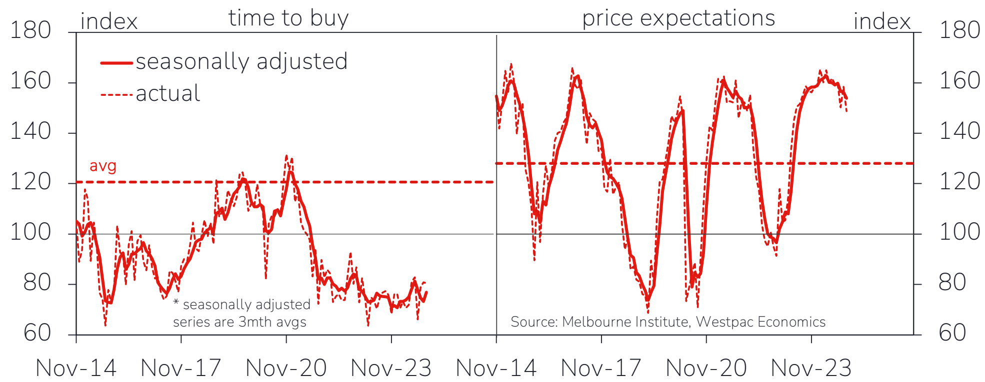
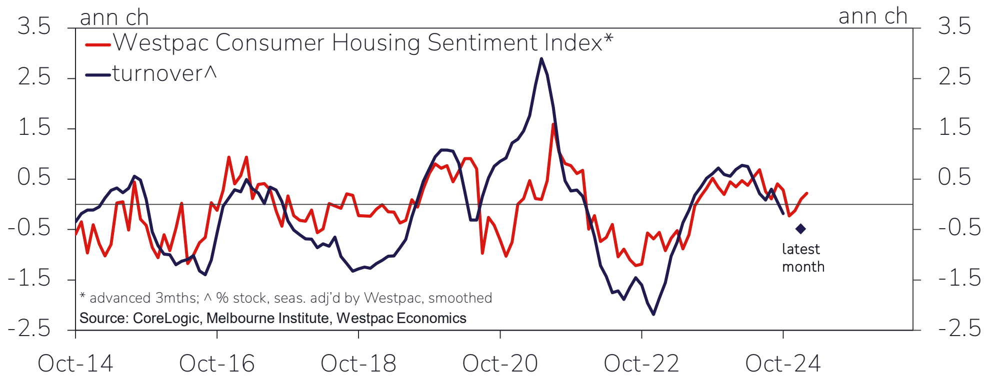
Marking time

- The slowdown in NSW has become more pronounced over the last three months with both prices and turnover dipping into year–end. That said, conditions have been more firm than weak over 2024 with housing–related sentiment suggesting this is a slowdown rather than a swing into material correction. High prices remain the dominant issue with the softening reflecting buyers becoming squeezed out of the market. The supply–demand balance is starting to shift although still looks to be tight in terms of physical (as opposed to 'on–market') terms.
- Turnover looks to have fallen quite sharply over the three months to November, down an estimated 7.6% compared to the previous three months in seasonally adjusted terms (note that, as mentioned on p4, this is after an additional adjustment for a persistent downward bias to preliminary sales estimates). Sales look to be down 9.5% on a year ago.
- Sydney's auction clearance rate has slipped below 65% in recent weeks, consistent with modest price slippage.
- With new listings lifting 4.5% over the same period, the drop in sales has seen a significant rebalancing in 'on market' supply and demand. Sales are now running about 10% ahead of new listings, compared to the 30% average seen through most of 2023 and 2024.
- Total listings have already risen to 3 months of sales, slightly above the long run average of 2.76 and well up on the 2.3–2.5 seen for most of 2024.
- Physical shortages are also easing slightly, Sydney's rental vacancy rate ticking up to around 1.7% from the late 2023 lows of around 1.5%. That's still the tight side of balanced though, with 2–3% usually seen as in balance.
- Dwelling prices stalled over the last three months, October recording the first monthly dip in prices since January 2023. That said, annual growth still looks to be holding in the 3–3½% range.
- The detail shows 'top tier' houses and units have led the slowing. Across sub–regions, weakness has been more pronounced in Sydney's eastern suburbs with price momentum holding in positive territory in Parramatta and the city's south western reaches. Prices have also generally held up a little better regionally, the south coast a notable exception.
- Despite the weak finish to 2024, the NSW Consumer Housing Sentiment index suggests the underlying momentum to turnover is stalling rather than turning materially negative (note that in chart 19 and similar charts for other states both the index and turnover are shown in annual change terms rather than levels).

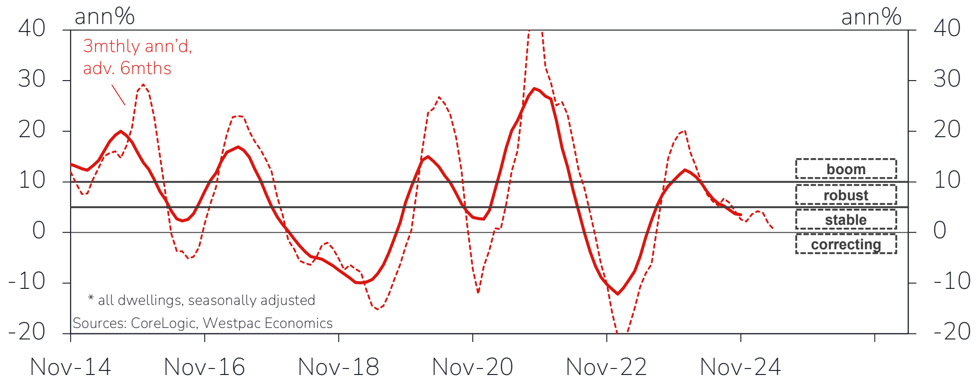
18. NSW consumer: housing–related sentiment



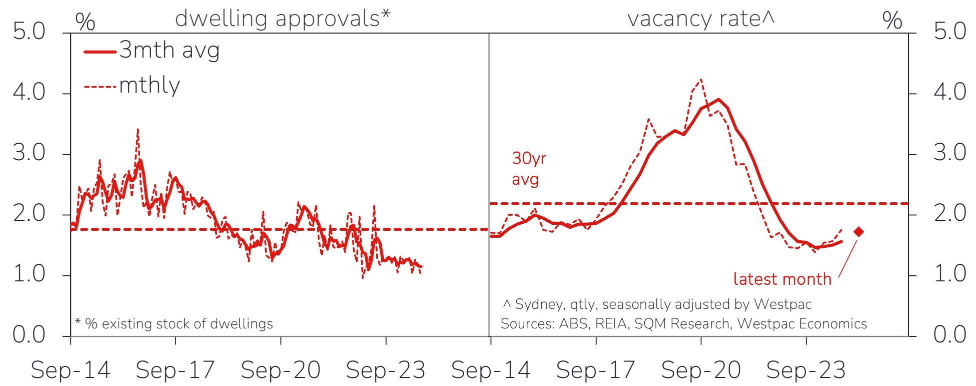
19. NSW housing composite vs turnover



20. Sydney dwelling prices



21. NSW: dwelling approvals, vacancy rate



Population: 8.6mn
Net migration: +127k pa
GSP: $789bn (30% of Aus)
Dwellings: 3.5mn, $4.2trn
Capital: Sydney

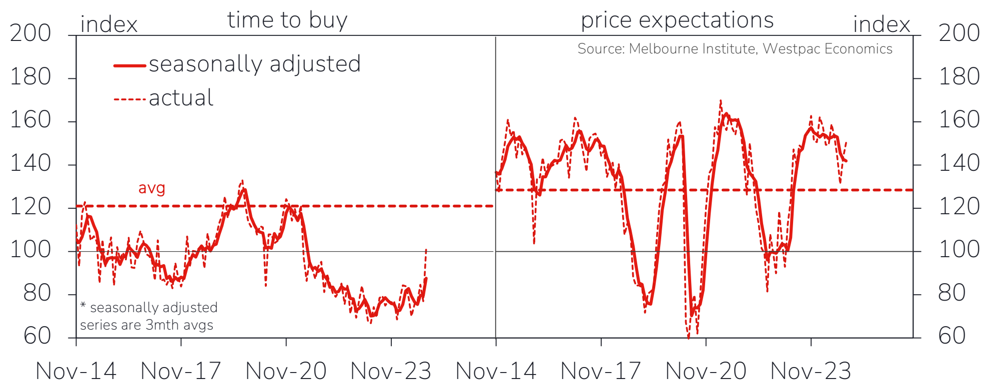
June years	avg*	2022	2023	2024	latest
GSP, ann%	2.2	2.5	4.2	1.2	n.a.
State final demand, ann%	2.8	3.8	4.6	1.6	n.a.
Employment, ann%	1.7	2.7	3.9	1.5	2.5
Unemployment rate, %#	5.9	3.7	3.2	3.9	4.0
Population, ann%	1.1	0.9	2.1	2.0	1.9
Dwelling prices, ann%	5.9	4.1	–1.0	6.7	4.6
Rental yield, %#	4.7	3.4	4.5	4.5	4.4
Sales/new listings, ratio#	1.28	1.05	1.34	1.34	1.10
Total listings, mths sales#	2.8	3.3	2.7	2.4	3.0

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

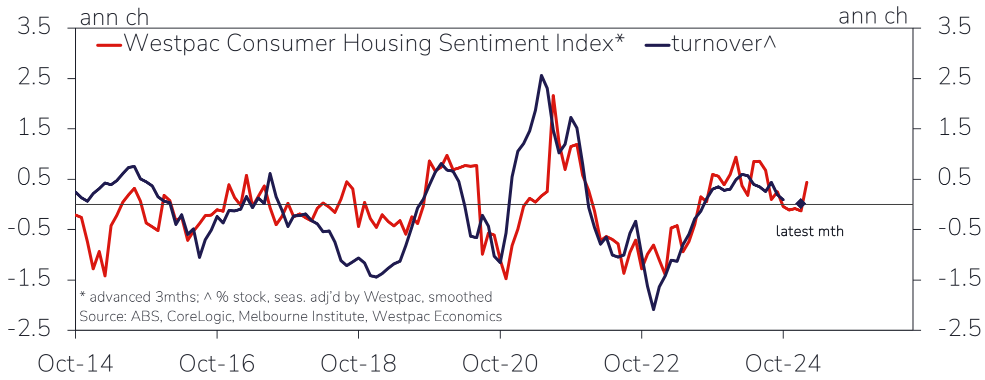
Sogginess continues

- The Vic housing market continues to struggle with a mild overhang of listings and a lacklustre demand environment, all coming against a backdrop of a somewhat weaker state economy (particularly with respect to unemployment). Prices continue to move through a mild but sustained correction lower. Turnover is more flat than weak. Neither look set for a sustained improvement near term although sentiment–based indicators have lifted.
- On–market supply remains an issue. As noted previously, state government tax changes led to a surge in investor selling in the second half of 2023 that has yet to be absorbed.
- New listings surged 23%qtr immediately following the tax changes in mid–2023, retracing about 5%qtr over the following two quarters but then surging another 17% in the June quarter of 2024. Sales lifted initially but have been broadly flat over the last 12 months. The mix has meant that sales have only just risen back above new listings (and only slightly) having lagged for most of the 18 months.
- Total on market listings have been stuck around 30k, just under 4 months of sales, compared to a long run average of 3.6. While that is not a large overhang, it has been slow to absorb and enough to weigh on prices for most of 2024.
- The physical supply–demand balance tells a different story. Rental vacancy rates remain relatively tight at around 2%. Population growth has slowed from the peak of around 3%yr but is still relatively strong at 2.5%yr. New building remains near historic lows.
- Melbourne dwelling prices declined a further 0.7% over the three months to November, a slightly milder pace than the 1.3% decline over the previous three months. Over the year, prices are down 2.3%yr.
- The detail shows all price tiers and segments recorded price dips in October, with bigger 1%+ falls in 'top tier' markets. Melbourne's inner east has been a little more resilient while the city's inner south and Mornington Peninsula have seen more pronounced price declines. Victoria's regional areas have also performed poorly.
- The **Vic Consumer Housing Sentiment index** suggests there may be some hope down the track. If recent improvements sustain, turnover should gain some more traction. Over time that should see markets rebalance and some stabilisation in prices. But for now, Melbourne and regional Vic look likely to be a 'buyers market' well into 2025. That said, conditions may not fully stabilise until the next interest rate easing cycle is clearly underway.

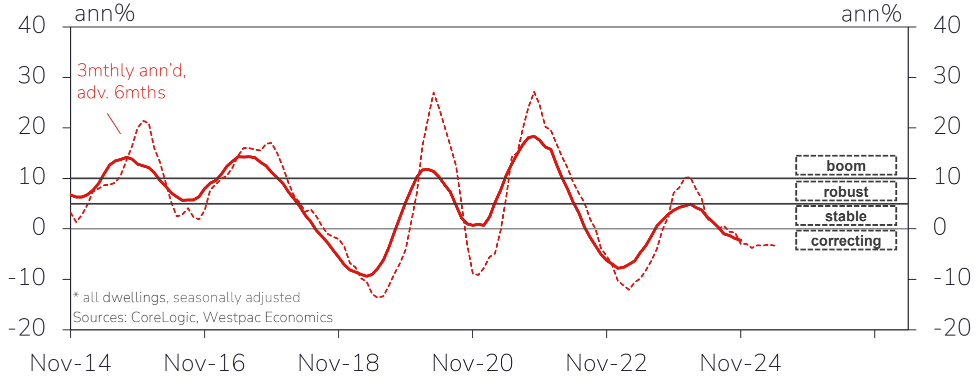
22. Vic consumer: housing-related sentiment



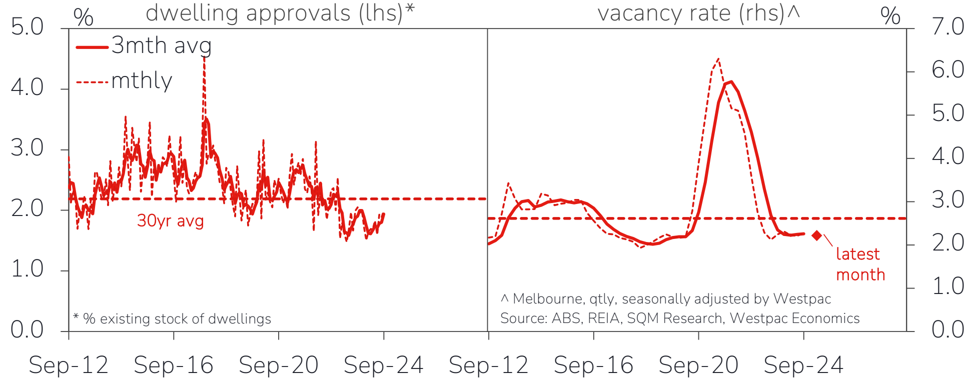
23. Vic housing composite vs turnover



24. Melbourne dwelling prices



25. Vic: dwelling approvals, vacancy rate



Population: 7.0mn
Net migration: +143k pa
GSP: $581bn (22% Aus)
Dwellings: 2.9mn, $2.6trn
Capital: Melbourne

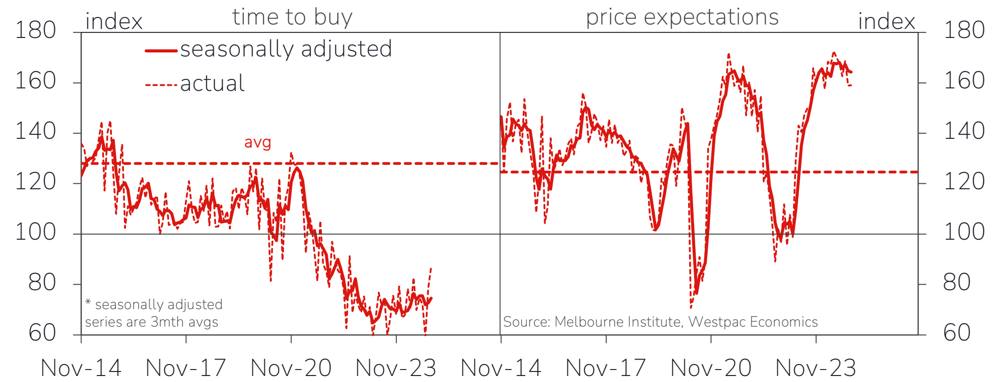
June years	avg*	2022	2023	2024	latest
GSP, ann%	2.7	6.7	3.4	1.5	n.a.
State final demand, ann%	3.4	7.2	3.9	2.0	n.a.
Employment, ann%	2.3	3.9	4.0	2.8	3.6
Unemployment rate, %#	6.3	3.8	3.8	4.4	4.5
Population, ann%	1.6	1.3	2.8	2.7	2.5
Dwelling prices, ann%	5.8	3.2	–3.4	1.4	–2.3
Rental yield, %#	4.8	3.6	4.8	4.9	4.9
Sales/new listings, ratio#	1.04	0.92	1.00	0.88	1.02
Total listings, mths sales#	3.5	3.8	4.1	3.9	3.9

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

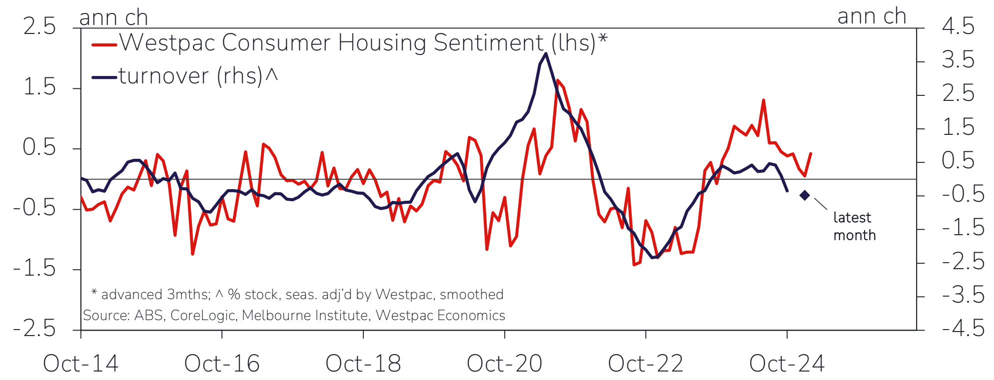
Momentum slows

- Our last report detected what looked to be some fatigue creeping into Qld's housing upturn. This is now showing through more clearly with price growth cooling and turnover faltering. That said, housing–related consumer sentiment is still giving a positive signal and supply – both physical and 'on market' – remains very tight.
- Brisbane prices rose 2.1% over the three months to November, a solid result but continuing the slowdown evident since mid–year – prices having risen 2.5% over the previous three months and 4.2% over the three months before that. At 12.3%yr, annual growth is still strong but has tracked back a long way from April's peak of 17.1%yr.
- The detail shows gains are increasingly being led by 'bottom tier' properties, a sure sign that affordability pressures are driving buyers down the value curve.
- Interestingly, price growth across the 'bellwether' suburbs identified on p6–7 are showing a much clearer loss of momentum.
- Across sub–regions, Brisbane's east and south is seeing a more pronounced slowing with price growth also a touch softer in Moreton Bay north. Across the rest of the south east, the Gold Coast has also slowed but price growth has been slower throughout in the Sunshine Coast.
- Further afield regionally, Mackay and the state's far north (Cairns and Townsville) have bucked wider trends with price growth accelerating noticeably over the course of 2024.
- Despite the softer tone, sales are still running 5–6% ahead of new listings, with 'on–market' inventory still very low, under 3 months of sales in a market that typically has listings running closer to 4½ months of sales.
- Brisbane's rental vacancy rate remains extremely low as well, at around 1%, drifting only slightly higher over the last year. Gross rental yields on new purchases also look to be slightly above their long run averages. Interestingly, investor finance approvals have risen to historic highs in Qld but have not shown the sharp surges seen in other jurisdictions, most notably WA. Qld can be a magnet for interstate housing investors but this activity looks a bit mixed at the moment.
- As noted, the Qld Consumer Housing Sentiment index suggests there is still some decent positive momentum to demand, albeit down compared to earlier in the year. As such, and given the tightness of supply, the moderation in price growth looks likely to settle back to a slow pace rather than dip into outright price declines.

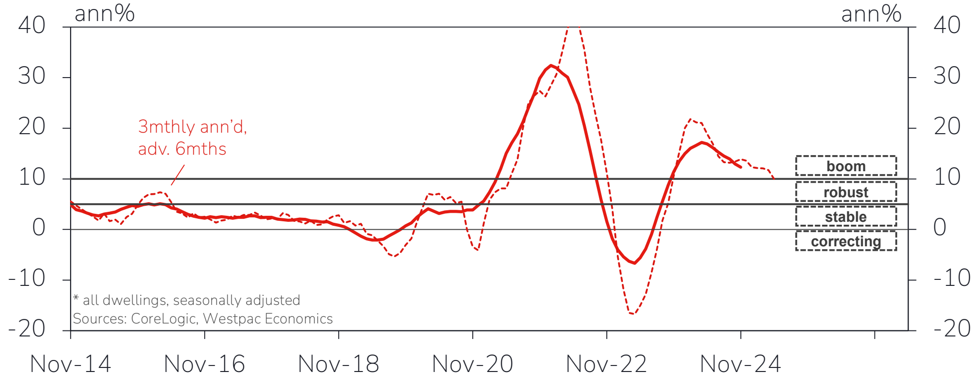
26. Qld consumers: housing–related sentiment



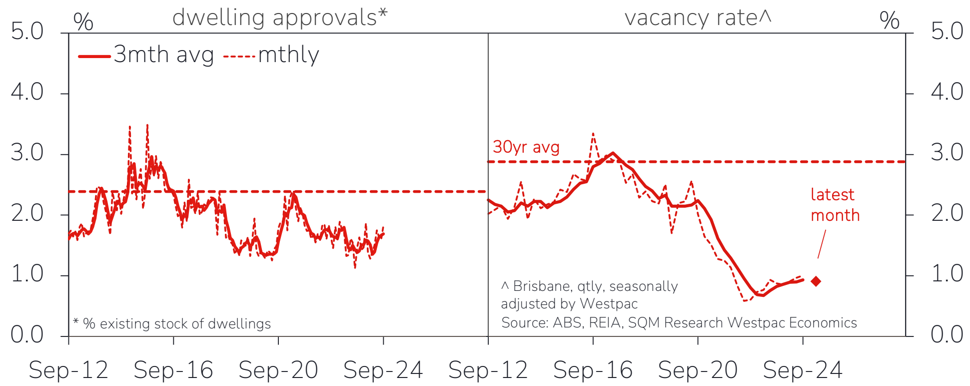
27. Qld housing composite vs turnover



28. Brisbane dwelling prices



29. Qld: dwelling approvals, vacancy rate



Population: 5.6mn
Net migration: +111k pa
GSP: $516bn (20% Aus)
Dwellings: 2.3mn, $2.0trn
Capital: Brisbane

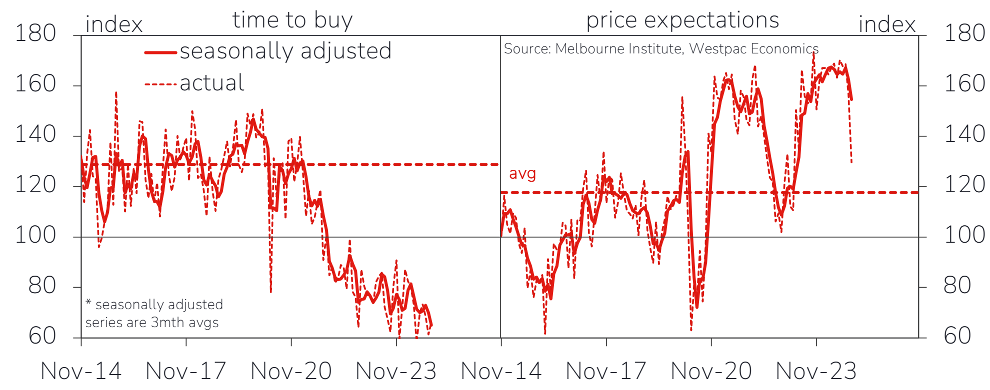
June years	avg*	2022	2023	2024	latest
GSP, ann%	3.4	5.5	2.8	2.1	n.a.
State final demand, ann%	3.6	5.0	2.9	3.1	n.a.
Employment, ann%	2.5	4.8	2.8	3.9	3.8
Unemployment rate, %#	6.6	4.0	3.8	4.0	4.2
Population, ann%	1.9	2.0	2.6	2.5	2.4
Dwelling prices, ann%	6.5	24.7	–3.8	16.2	12.3
Rental yield, %#	5.1	4.9	5.8	5.7	5.5
Sales/new listings, ratio#	1.02	1.08	1.38	1.23	1.06
Total listings, mths sales#	4.6	2.8	2.8	2.4	2.8

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

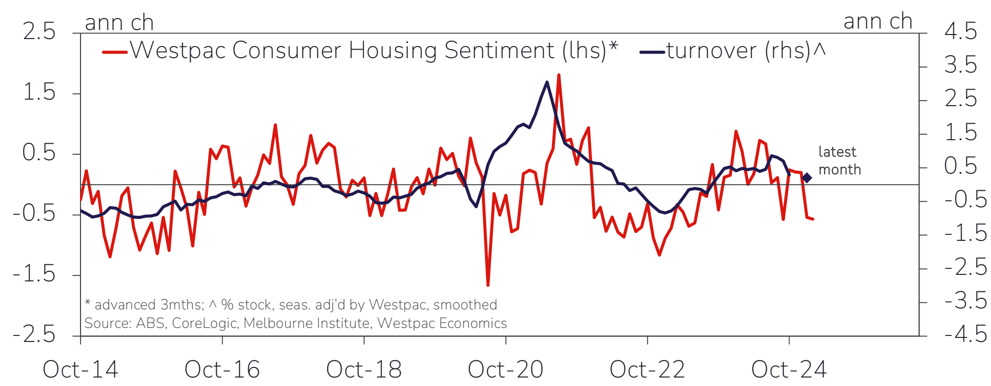
A welcome cooling

- WA's rampant housing boom is finally starting to show tentative signs of cooling. Perth dwelling prices have surged nearly 40% since 2022 with turnover, investor activity and new dwelling approvals also rising strongly. Much of that represented a catch–up for the state's 'lost decade' following the end of the mining boom in the early 2010s – Perth dwelling prices recorded no net gain between 2010 and 2020. While current momentum is still strong, price growth has eased off its peak with sentiment pointing to a softening in turnover that is likely to see more heat come out of the market in early 2025.
- Turnover already looks to be tapering off. Sales dropped 5% over the three months to October, compared to three months prior, but are still up 4.8%yr. Turnover is still quite elevated at just under 6% of the dwelling stock, well above the 4.5% average over the decade prior to the current surge but a touch below longer run averages.
- New listings have risen over the last three months, up 8% compared to the previous three months and 9%yr. The stock of listed properties has started to lift as a result although only gradually and from an extremely low starting point. Stock on market is currently equivalent to 2.2 months of sales compared to recent lows around 2 and a long run average of 5½.
- Perth prices are still outstripping other markets by a wide margin, rising 3.9% over the three months to November to be up 21.9%yr. Strong as that is, it represents a step–down from the 5–6%qtr gains seen over the previous 12 months and the 24.1%yr peak in annual growth mid–year.
- The detail shows 'bottom tier' markets are performing much more strongly price–wise, tracking a 30% annualised pace over the last six months. By sub–region, Perth's north east has seen a much milder cooling to date. Perth's inner city has underperformed throughout but now tracking the same pace as other areas. Momentum has also moderated in Mandurah and Bunbury.
- While demand may be starting to lose some strength, physical supply side remains very tight. Perth's rental vacancy rate still barely above 0.5% and showing only the slightest rise. New dwelling approvals are tracking higher but WA's residential building sector is still contending with supply issues and a very large backlog of unfinished work.
- Housing–related sentiment weakened sharply again over the three months to November with assessments of 'time to buy' sliding to extreme lows and a notable jolt lower in house price expectations. The WA Consumer Housing Sentiment index points to lower turnover in early 2025.

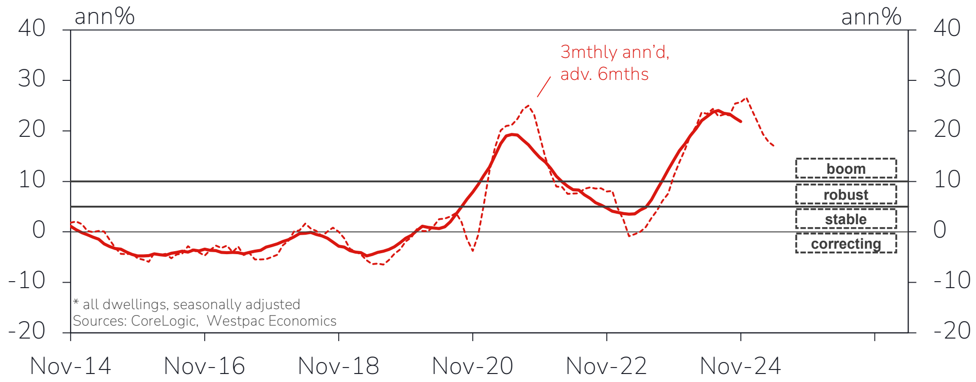
30. WA consumers: housing–related sentiment



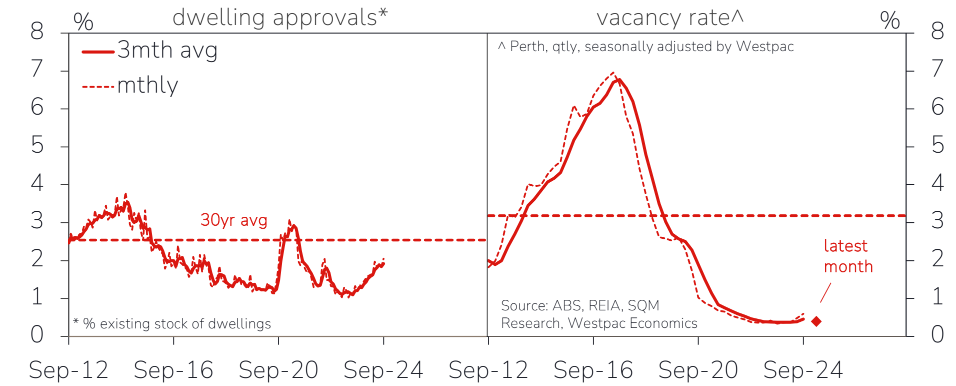
31. WA housing composite vs turnover



32. Perth dwelling prices



33. WA: dwelling approvals, vacancy rate



Population: 3.0mn
Net migration: +69k pa
GSP: $448bn (17% Aus)
Dwellings: 1.2mn, $1.0trn
Capital: Perth

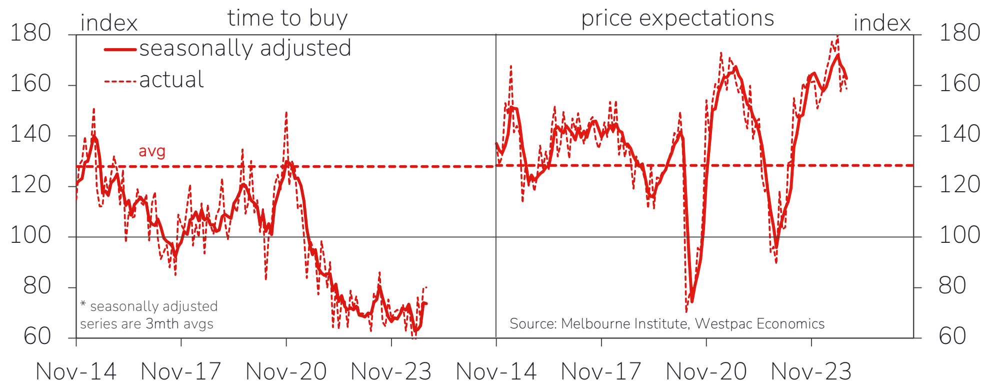
June years	avg*	2022	2023	2024	latest
GSP, ann%	3.8	2.5	3.7	0.5	n.a.
State final demand, ann%	3.7	5.9	3.2	5.8	n.a.
Employment, ann%	2.4	5.3	2.6	3.9	3.6
Unemployment rate, %#	5.6	3.2	3.6	3.8	3.7
Population, ann%	1.8	1.5	3.3	3.0	2.9
Dwelling prices, ann%#	6.2	8.3	4.9	23.7	21.9
Rental yield, %#	4.8	5.5	6.6	6.7	6.8
Sales/new listings, ratio#	0.93	0.98	1.27	1.23	1.12
Total listings, mths sales#	5.5	3.7	3.0	2.2	2.2

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

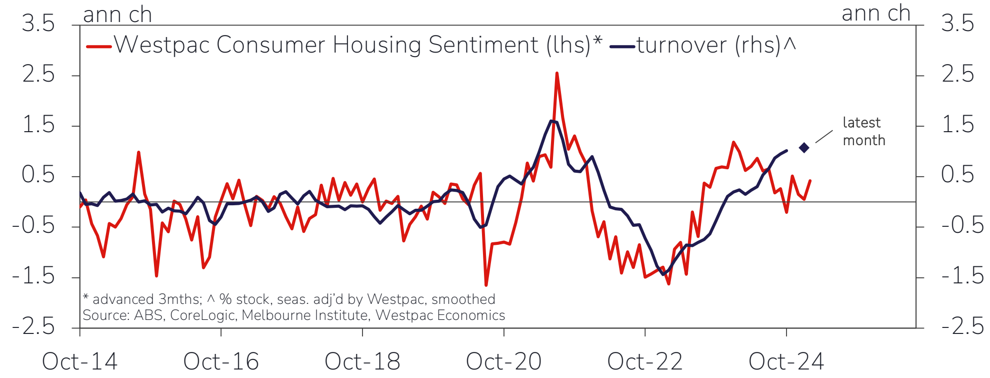
Strength continues

- SA's housing market continues to experience an extended period of strong conditions with few signs of moderation to date. Price growth is still tracking around the 15% annual pace set since 2023. Turnover is also sustaining relatively strong gains. Both on–market and physical supply remain extremely tight. As noted previously, prices are becoming very stretched, both compared to history and to other cities. Affordability is already weighing heavily on buyer sentiment and price expectations have come off a touch in recent months but the broader signal from housing–related consumer sentiment points to a moderation in turnover growth rather than a swing to declines.
- Turnover has risen by over 9% over the last three months compared to the previous three months, annual growth continuing to track at 30%yr. That said, at 4.7%, turnover as a share of the dwelling stock is only just above its long run average of 4.6%.
- New listings have not kept pace with sales over the last few years, tracking about flat over 2024. Sales are roughly 60% above new listings at the moment. That has seen the total number of listing on market continue to dwindle – currently sitting at just 1.6 months of sales, miles below the long run average of 3.
- Adelaide dwelling prices rose 3.3% over the three months to November, annual growth holding dipping back to 14.6%yr but still firmly in the range seen over the last six months. Prices are up over 20%yr across 'lower tier' parts of the market.
- The sub–regional detail shows a slight moderation across Adelaide's central & hills areas but with a slight pick–up in other parts of the city. Regional areas have seen price growth hold steady but running at a slightly slower pace.
- Physical supply remains tight, Adelaide's rental vacancy rates still stuck well below 1%. Dwelling approvals are around long run average levels as a share of the dwelling stock. SA's population growth has moderated a touch back to 1.3%yr. The moves are small though, suggesting any relief in the tight supply–demand balance is still a long way off.
- As noted, the SA Consumer Housing Sentiment index points to slower turnover growth near term but not an imminent pull–back. Assessments of 'time to buy' remain weak, indicating affordability is a big constraint, but price expectations remain elevated (in notable contrast to the sharp pull–back seen in the much hotter Perth market).

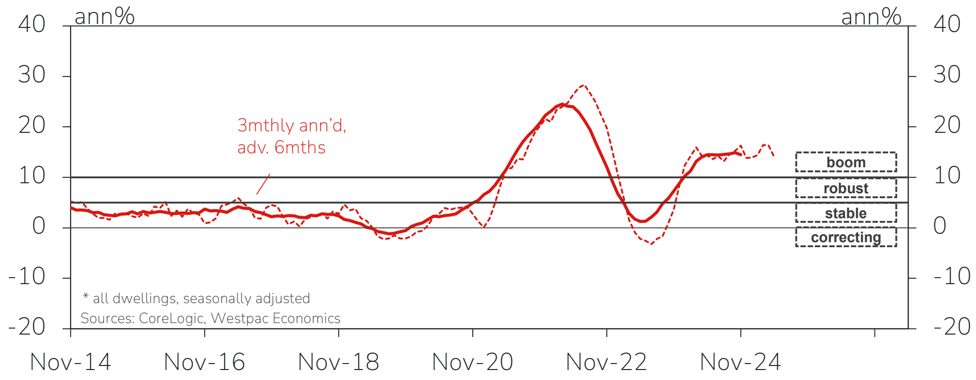
34. SA consumers: housing–related sentiment



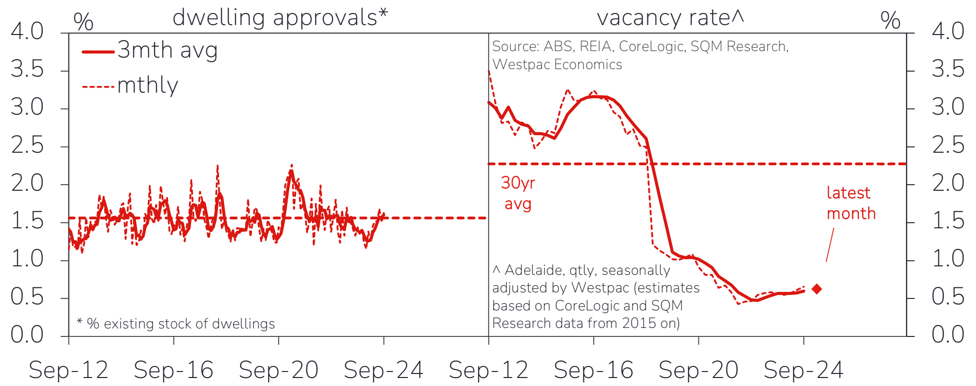
35. SA housing composite vs turnover



36. Adelaide dwelling prices



37. SA: dwelling approvals, vacancy rate



Population: 1.9mn
Net migration: 21k pa
GSP: $142bn (5% Aus)
Dwellings: 0.8mn, $0.7trn
Capital: Adelaide

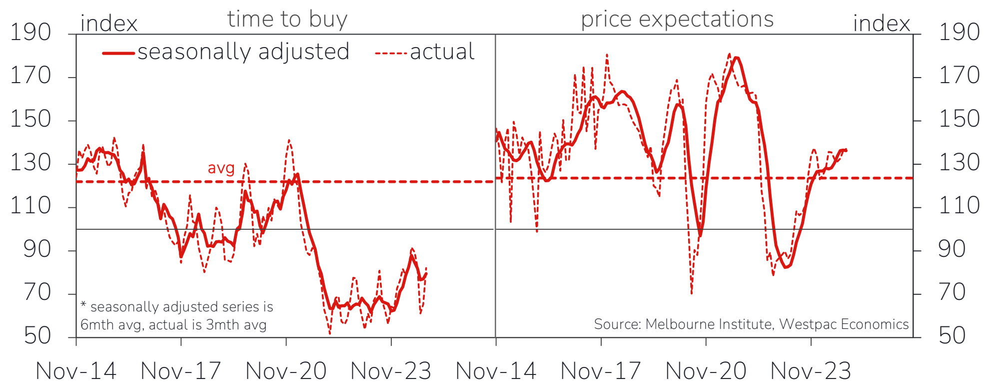
June years	avg*	2022	2023	2024	latest
GSP, ann%	2.3	5.4	3.6	1.2	n.a.
State final demand, ann%	2.9	6.2	2.6	1.8	n.a.
Employment, ann%	1.4	3.0	4.2	–0.7	–0.4
Unemployment rate, %#	6.9	4.5	4.2	4.0	4.2
Population, ann%	0.9	1.0	1.7	1.3	1.3
Dwelling prices, ann%	6.8	22.9	1.3	14.5	14.5
Rental yield, %#	5.3	5.7	5.3	4.7	4.9
Sales/new listings, ratio#	1.07	1.28	1.36	1.39	1.59
Total listings, mths sales#	3.8	2.1	2.3	1.7	1.6

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

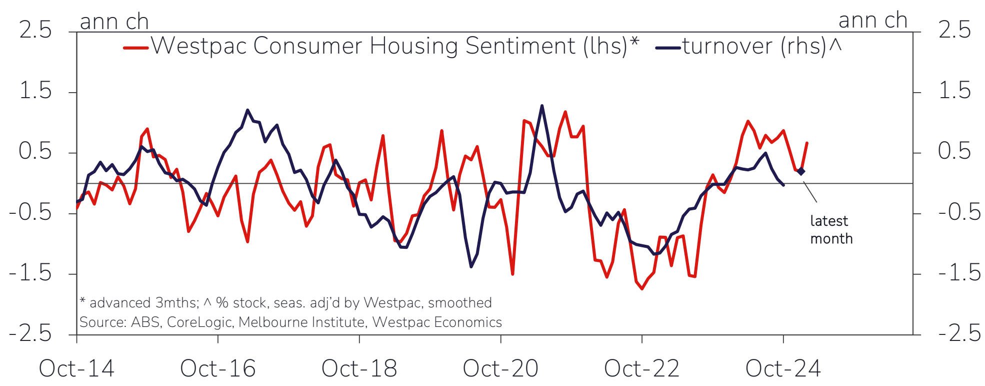
Looking a little more settled

- Tasmania has been largely unaffected by the wider housing upturn over the last two years. Certainly price–wise, the state has struggled to sustain steady prices, let alone any gains. Turnover has lifted but was coming off a very weak starting point, having declined by nearly 30% over 2021 to 2023.
- The subdued performance reflects Tasmania's slow population growth and less pressing supply shortages. It also reflects a legacy of relatively stretched affordability following the strong, sustained run–up in prices over the second half of last decade.
- The balance may be starting to shift, with on–market supply and rental vacancy rates both tightening noticeably in recent months. However, population drivers remain largely absent.
- Quarterly turnover dropped 11% over the three months to November but is still about flat on a year ago. Just 3.5% of the dwelling stock is transacting annually at the moment, well down on the long run average of 5.5%.
- New listings have seen a more pronounced pull–back over the last year, down nearly 20%. That has seen some decline in stock on market, total listings dropping to 3.7 months of sales from around 5 at the end of 2023.
- Hobart dwelling prices held about flat over the three months to October and continue to track lower in annual terms at 1.2%yr. The price detail shows a slightly steadier picture for units and 'bottom tier' segments.
- Hobart's inner areas had been outperforming but have seen price growth stall over the last six months. Stabilisation remains elusive elsewhere. Prices are also softening in Launceston but have been firmer in the state's west and northwest.
- Housing–related sentiment continues to look a little more positive. The Tasmanian Consumer Housing Sentiment index suggests turnover should regain traction near term. That could see a further tightening in supply and some clearer upward momentum to prices. However, population–related drivers look likely to remain absent.

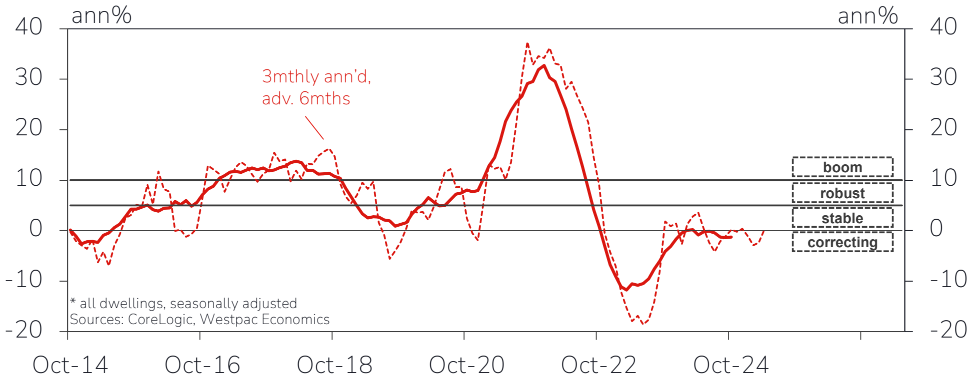
38. TAS consumers: housing–related sentiment



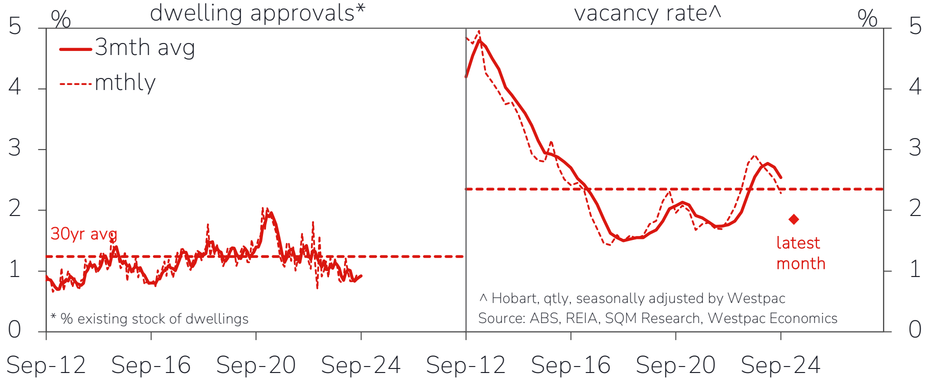
39. TAS housing composite vs turnover



40. Hobart dwelling prices



41. TAS: dwelling approvals, vacancy rate



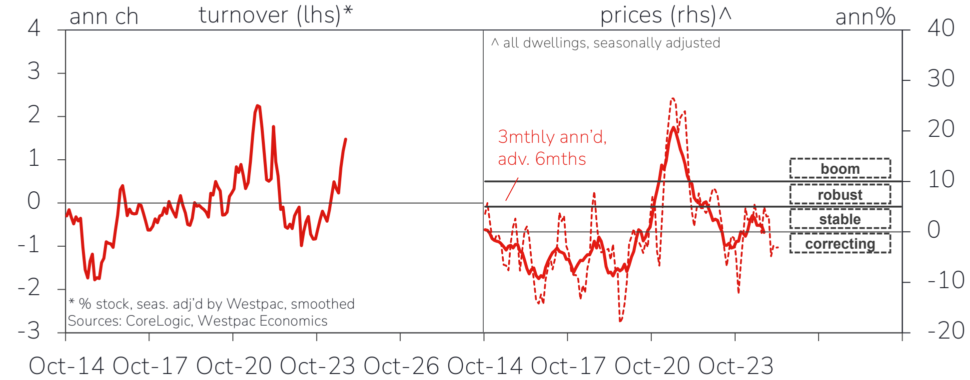
Population: 0.6mn
Net migration: 2k pa
GSP: $41bn (2% Aus)
Dwellings: 0.3mn, $179bn
Capital: Hobart

June years	avg*	2022	2023	2024	latest
GSP, ann%	2.4	4.5	1.9	1.4	n.a.
State final demand, ann%	2.9	5.5	1.4	1.7	n.a.
Employment, ann%	1.5	2.1	2.7	–1.1	–1.7
Unemployment rate, %#	7.5	4.4	4.0	3.9	4.2
Population, ann%	0.8	0.7	0.5	0.5	0.4
Dwelling prices, ann%	6.5	16.6	–10.5	–0.1	–1.3
Rental yield, %#	5.8	4.0	4.3	4.3	4.4
Sales/new listings, ratio#	1.01	0.84	1.00	1.02	1.29
Total listings, mths sales#	5.0	2.8	4.8	4.5	3.7

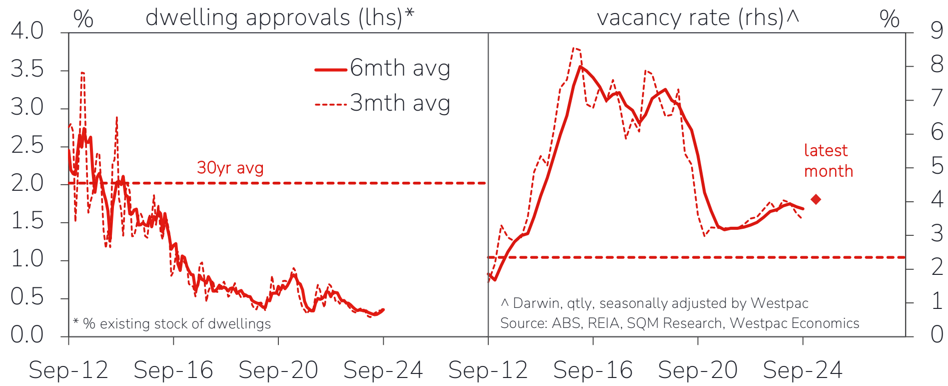
* avg last 25yrs; # June qtr readings
Sources: ABS, CoreLogic, REIA, Westpac Economics

NT lifts; ACT lacklustre

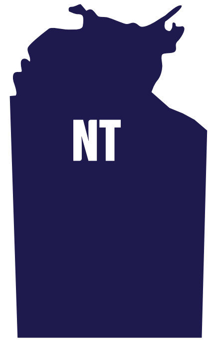
42. Turnover, Darwin dwelling prices



43. NT: dwelling approvals, vacancy rate



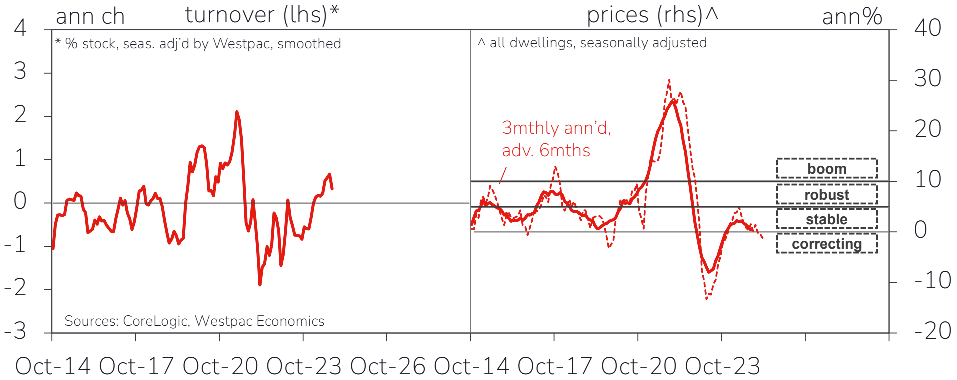
Population: 0.3mn
Net migration: 0k pa
GSP: $35bn (1% Aus)
Dwellings: 0.1mn, $48bn
Capital: Darwin



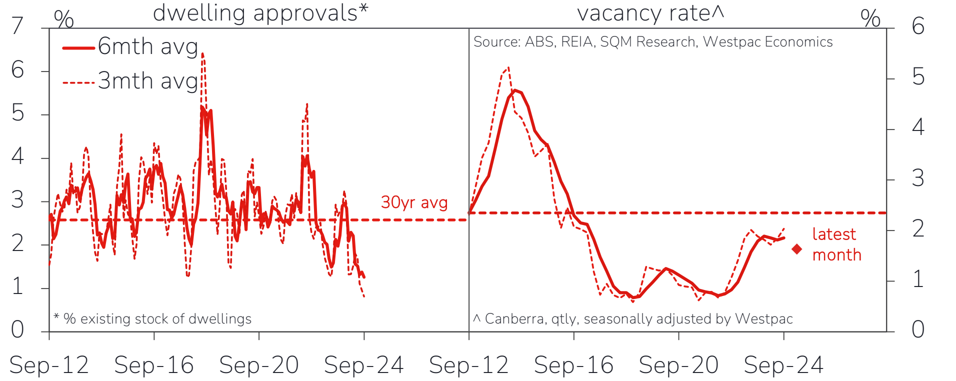
June years	avg*	2022	2023	2024	latest
GSP, ann%	2.9	5.4	–5.2	4.6	n.a.
State final demand, ann%	2.4	6.9	1.3	4.5	4.1
Employment, ann%	1.5	2.4	2.7	–0.7	2.5
Unemployment rate, %#	6.7	4.3	4.3	4.1	4.3
Population, ann%	1.1	0.8	1.1	1.1	1.0
Dwelling prices, ann%	4.0	6.0	–2.6	2.7	0.2
Sales/new listings, ratio#	1.17	1.08	1.31	1.30	2.11
Total listings, mths sales#	5.6	4.7	5.3	3.7	2.2
Total listings, mths sales#	5.0	1.9	2.7	4.8	5.3

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

44. Turnover, Canberra dwelling prices



45. Dwelling approvals, vacancy rate

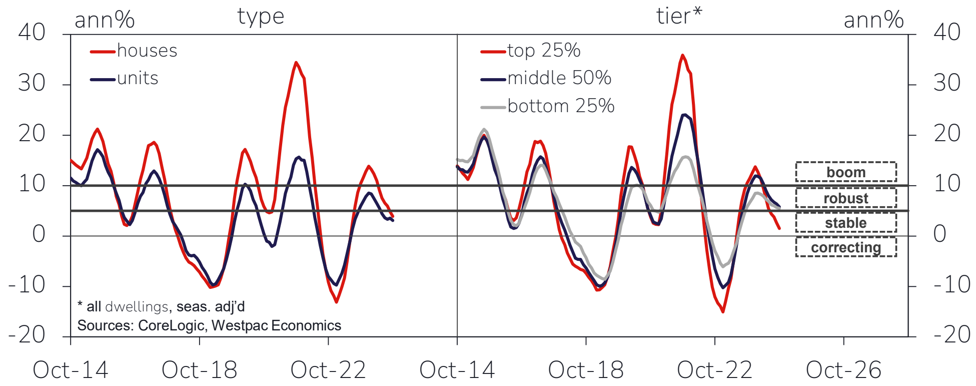


Population: 0.5mn
Net migration: 5k pa
GSP: $53bn (2% Aus)
Dwellings: 0.2mn, $190bn
Capital: Canberra

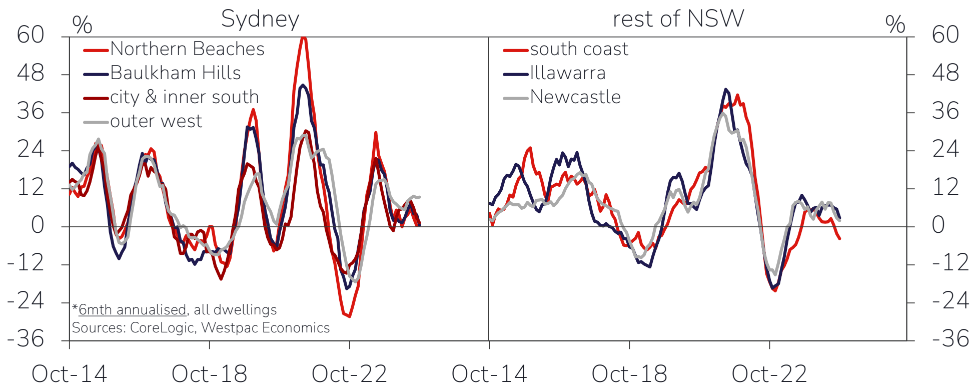
June years	avg*	2022	2023	2024	latest
GSP, ann%	3.7	2.7	4.7	4.0	n.a.
State final demand, ann%	3.6	3.0	1.7	1.9	2.2
Employment, ann%	1.6	3.0	3.1	0.0	2.1
Unemployment rate, %#	6.6	4.0	3.9	3.9	4.1
Population, ann%	1.6	1.0	2.1	1.7	1.7
Dwelling prices, ann%	6.0	15.8	–7.3	2.2	0.0
Sales/new listings, ratio#	1.42	1.19	1.30	1.46	1.60
Total listings, mths sales#	2.5	2.2	2.7	2.4	2.3
Total listings, mths sales#	5.0	1.9	2.7	4.8	5.3

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

46. NSW: Sydney dwelling prices by type, tier



47. NSW dwelling prices, selected sub-region

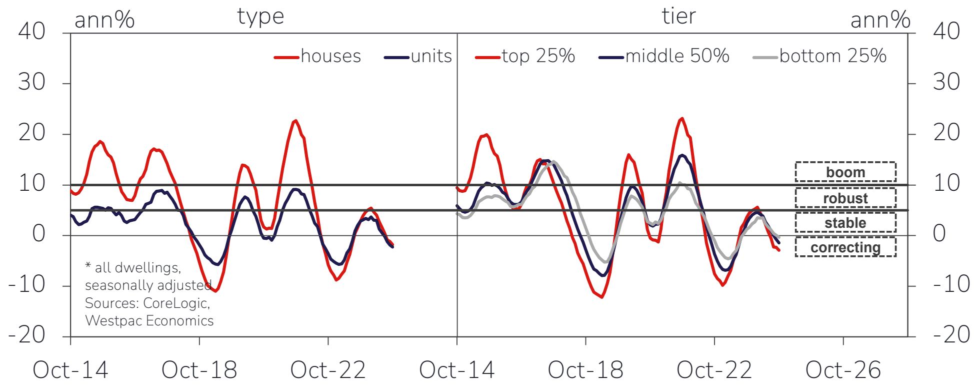


	Sydney	rest of NSW
Population:	5.5mn	2.9mn
Net migration*:	+118k pa	+25k pa
Employ (%state):	68%	32%
Dwellings, no.:	2.1mn	1.4mn
Dwellings, value:	$3.0trn	$1.2trn

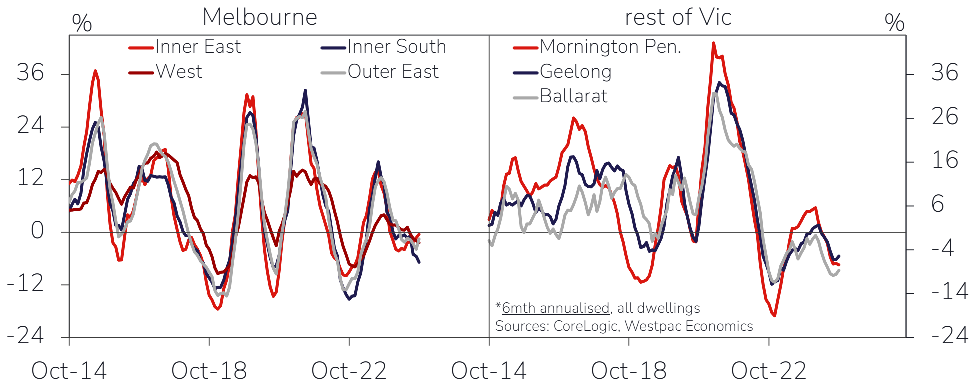
June years	avg^	2022	2023	2024	latest
Sydney					
Employment, ann%	1.9	3.7	4.4	1.4	2.2
Unemployment rate, %	5.3	3.5	3.5	4.1	4.0
Houses – prices, ann%	6.3	5.4	–1.0	7.5	3.9
– sales/new listings, ratio	1.09	0.99	1.27	1.22	1.06
– total listings, mths sales	3.2	3.1	2.6	2.6	3.2
Units – prices, ann%	4.8	0.8	–1.0	4.4	3.1
– sales/new listings, ratio	1.61	1.16	1.50	1.53	1.26
– total listings, mths sales	2.3	3.4	2.7	2.1	2.8
rest of NSW					
Employment, ann%	1.5	0.8	2.9	2.0	1.7
Unemployment rate, %	7.1	4.0	2.6	3.6	3.7
Dwelling prices, ann%	6.2	20.8	–6.6	3.9	3.2

* estimates as at Jun 2023 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. Vic: Melbourne dwelling prices by type, tier



49. Vic dwelling prices, selected sub-region

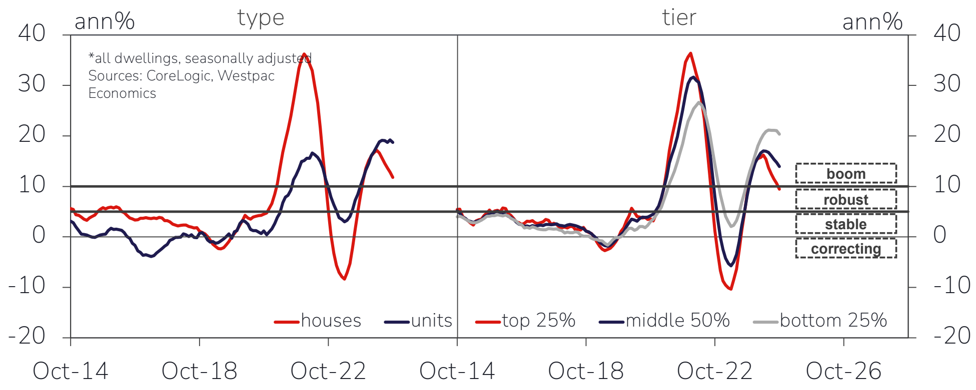


	Melbourne	rest of VIC
Population:	5.2mn	1.6mn
Net migration*:	+140k pa	+15k pa
Employ (%state):	79%	21%
Dwellings, no.:	2.1mn	0.9mn
Dwellings, value:	$2.0trn	$0.5trn

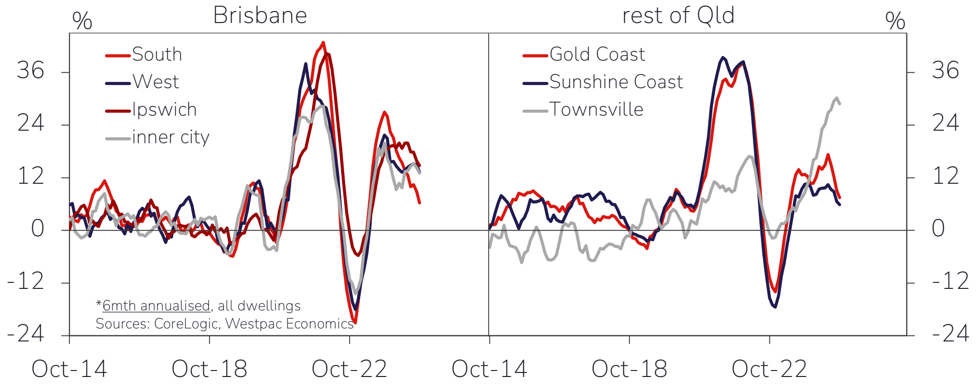
June years	avg^	2021	2022	2023	latest
Melbourne					
Employment, ann%	1.8	5.3	3.7	3.6	1.6
Unemployment rate, %	5.3	5.6	3.5	3.5	4.1
Houses – prices, ann%	6.4	25.6	5.4	–1.0	5.5
– sales/new listings, ratio	1.1	1.3	1.0	1.3	1.2
– total listings, mths sales	3.2	1.9	3.0	2.6	2.7
Units – prices, ann%	4.9	8.5	0.8	–1.0	3.3
– sales/new listings, ratio	1.6	1.6	1.2	1.5	1.4
– total listings, mths sales	2.3	2.1	3.4	2.7	2.3
rest of VIC					
Employment, ann%	1.7	7.6	0.8	4.5	4.1
Unemployment rate, %	7.1	4.5	4.0	2.6	3.5
Dwelling prices, ann%	6.3	25.9	20.8	–6.6	3.8

* estimates as at Jun 2023 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

50. Qld: Brisbane dwelling prices by type, tier



51. Qld dwelling prices, selected sub-region

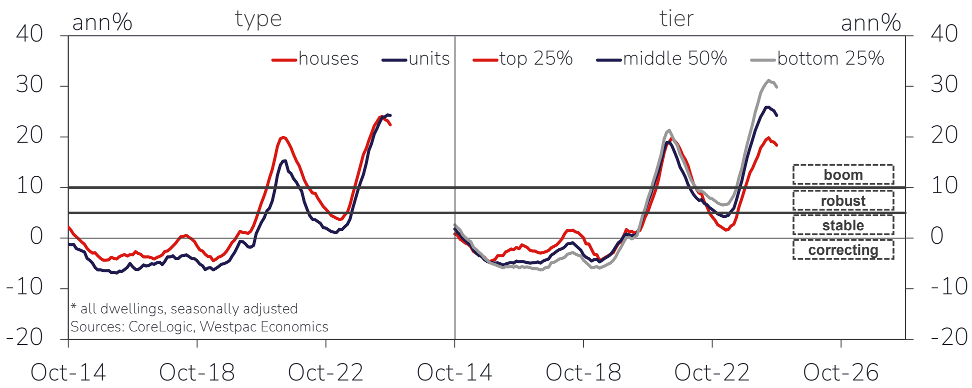


	Brisbane	rest of QLD
Population:	2.7mn	2.8mn
Net migration*:	+67k pa	+50k pa
Employ (%state):	51%	49%
Dwellings, no.:	1mn	1.3mn
Dwellings, value:	$0.9trn	$1.0trn

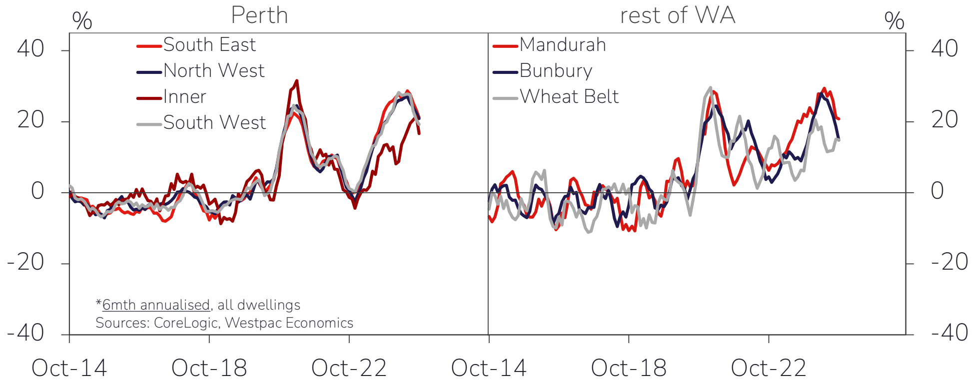
June years	avg^	2022	2023	2024	latest
Brisbane					
Employment, ann%	2.7	5.5	3.6	4.3	6.3
Unemployment rate, %	6.2	4.2	3.8	4.6	4.0
Houses – prices, ann%	6.9	26.5	–5.3	15.6	11.8
– sales/new listings, ratio	0.91	0.97	1.30	1.11	1.00
– total listings, mths sales	5.2	3.1	3.0	2.7	3.1
Units – prices, ann%	4.9	15.7	4.0	19.1	18.7
– sales/new listings, ratio	1.56	1.40	1.55	1.62	1.34
– total listings, mths sales	3.4	2.3	2.1	1.6	1.9
rest of Qld					
Employment, ann%	2.3	4.1	2.0	3.5	2.5
Unemployment rate, %	6.9	3.7	3.8	3.4	4.1
Dwelling prices, ann%	5.7	22.6	–1.9	12.3	11.3

* estimates as at Jun 2023 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

52. WA: Perth dwelling prices by type, tier



53. WA dwelling prices, selected sub-region

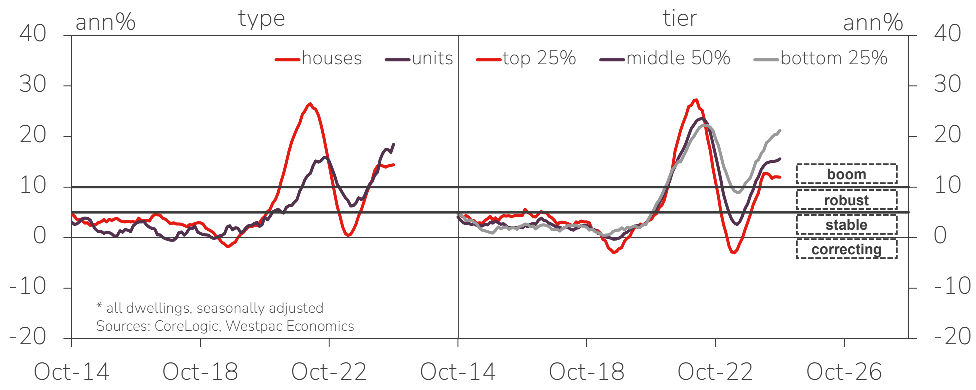


	Perth	rest of WA
Population:	2.3mn	0.6mn
Net migration*:	+70k pa	+6k pa
Employ (%state):	82%	18%
Dwellings, no.:	0.9mn	0.3mn
Dwellings, value:	$0.7trn	$0.2trn

June years	avg^	2022	2023	2024	latest
Perth					
Employment, ann%	2.7	5.3	3.0	4.7	3.9
Unemployment rate, %	5.8	3.2	3.7	4.0	4.1
Houses – prices, ann%#	6.4	8.9	5.1	23.8	22.4
– sales/new listings, ratio	0.94	1.03	1.31	1.29	1.22
– total listings, mths sales	5.5	3.4	2.6	2.0	2.2
Units – prices, ann%#	4.9	3.6	2.8	22.8	24.2
– sales/new listings, ratio	0.91	0.82	1.11	1.04	0.88
– total listings, mths sales	5.8	5.3	3.6	2.6	3.0
rest of WA					
Employment, ann%	1.2	5.6	0.7	0.6	0.1
Unemployment rate, %	5.2	3.6	3.5	3.0	3.1
Dwelling prices, ann%	5.0	11.3	6.8	16.1	18.1

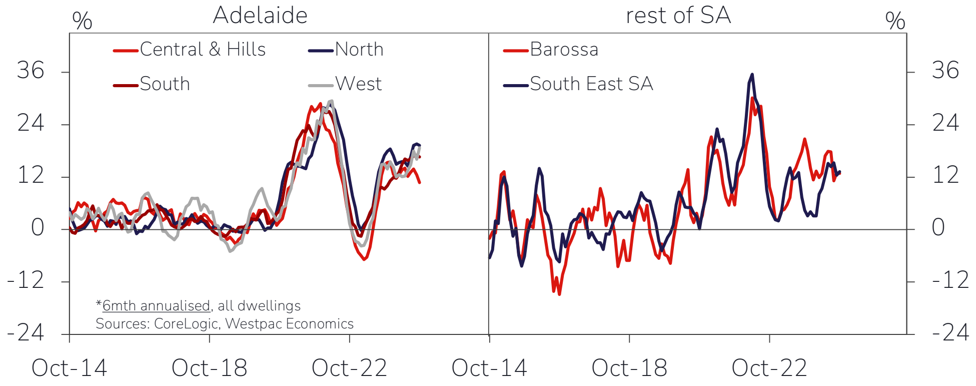
* estimates as at Jun 2023 and may not sum to more recent state totals, migration includes flows within states;
^ avg last 25yrs (last 10yrs for listings).
Sources: ABS, CoreLogic, Westpac Economics

54. SA: Adelaide dwelling prices by type, tier



* all dwellings, seasonally adjusted
Sources: CoreLogic, Westpac Economics

55. SA dwelling prices, selected sub-region



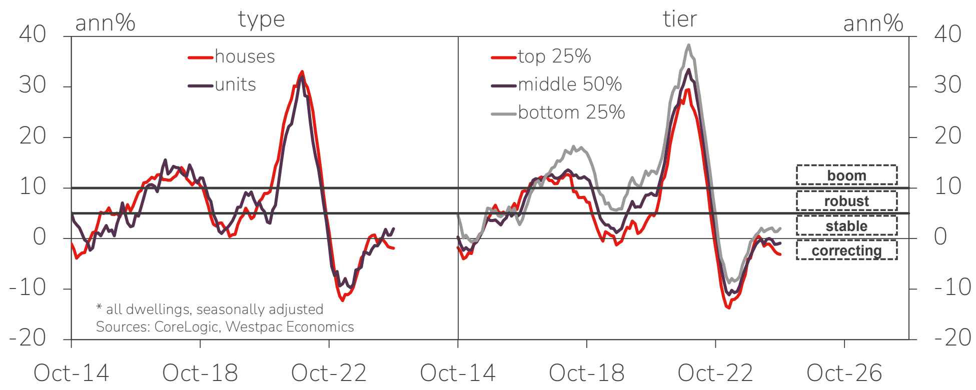
*6mth annualised, all dwellings
Sources: CoreLogic, Westpac Economics

	Adelaide	rest of SA
Population:	1.4mn	0.4mn
Net migration*:	+25k pa	+3k pa
Employ (%state):	80%	20%
Dwellings, no.:	0.6mn	0.2mn
Dwellings, value:	$0.5trn	$0.1trn

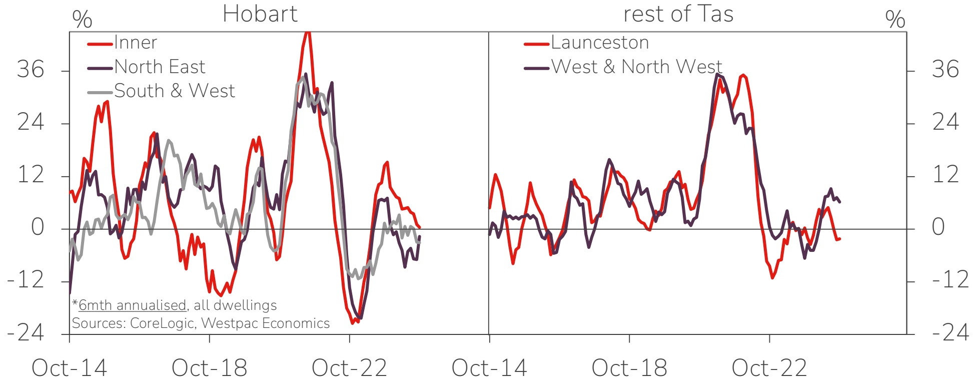
June years	avg^	2022	2023	2024	latest
Adelaide					
Employment, ann%	1.6	4.4	4.2	–0.9	0.9
Unemployment rate, %	7.1	4.4	4.2	4.1	4.3
Houses – prices, ann%	7.6	24.2	0.7	14.2	14.4
– sales/new listings, ratio	1.05	1.24	1.35	1.37	1.58
– total listings, mths sales	3.7	2.1	2.2	1.8	1.6
Units – prices, ann%	7.1	14.9	6.3	16.7	18.5
– sales/new listings, ratio	1.18	1.44	1.44	1.57	1.74
– total listings, mths sales	3.9	2.2	2.1	1.5	1.4
rest of SA					
Employment, ann%	0.8	–1.9	4.8	0.0	–3.7
Unemployment rate, %	6.3	4.8	3.8	3.3	3.6
Dwelling prices, ann%	6.9	20.4	7.4	10.7	11.1

* estimates as at Jun 2023 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

56. Tas: Hobart dwelling prices by type, tier



57. Tas dwelling prices, selected sub-region



	Hobart	rest of TAS
Population:	254k	320kn
Net migration*:	+1k pa	+1k pa
Employ (%state):	46%	54%
Dwellings, no.:	106bn	161k
Dwellings, value:	$80bntrn	$95bn

June years	avg^	2022	2023	2024	latest
Hobart					
Employment, ann%	1.8	0.3	4.0	1.4	–1.8
Unemployment rate, %	6.9	4.3	3.9	4.1	4.0
Houses – prices, ann%	6.6	17.2	–10.7	–0.2	–1.9
– sales/new listings, ratio	0.95	0.81	0.94	0.97	1.05
– total listings, mths sales	5.4	3.1	5.2	4.8	4.4
Units – prices, ann%	6.0	13.9	–9.7	0.4	1.9
– sales/new listings, ratio	1.24	0.99	1.23	1.28	1.39
– total listings, mths sales	3.9	2.4	3.2	3.6	3.0
rest of Tas					
Employment, ann%	1.1	3.5	1.7	–3.5	–1.9
Unemployment rate, %	8.0	4.4	4.0	3.9	4.2
Dwelling prices, ann%	6.4	20.6	–3.3	0.1	1.7

* estimates as at Jun 2023 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

Economic and financial forecasts

Interest rate forecasts

Australia	Latest (29 Nov)	Dec–24	Mar–25	Jun–25	Sep–25	Dec–25	Mar–26	Jun–26	Sep–26	Dec–26
Cash	4.35	4.35	4.35	4.10	3.60	3.35	3.35	3.35	3.35	3.35
90 Day BBSW	4.43	4.43	4.43	4.20	3.72	3.50	3.55	3.55	3.55	3.55
3 Year Bond	3.92	4.00	3.90	3.90	3.80	3.80	3.85	3.90	3.90	4.00
3 Year Swap	3.94	3.95	3.80	3.80	3.65	3.65	3.65	3.70	3.70	3.80
10 Year Bond	4.36	4.50	4.45	4.45	4.50	4.55	4.65	4.75	4.85	4.85
10 Year Spread to US (bps)	12	20	15	15	10	5	5	5	5	5
US										
Fed Funds	4.625	4.375	3.875	3.625	3.375	3.375	3.375	3.375	3.625	3.875
US 10 Year Bond	4.24	4.30	4.30	4.30	4.40	4.50	4.60	4.70	4.80	4.80

Exchange rate forecasts

	Latest (29 Nov)	Dec–24	Mar–25	Jun–25	Sep–25	Dec–25	Mar–26	Jun–26	Sep–26	Dec–26
AUD/USD	0.6518	0.67	0.67	0.68	0.69	0.70	0.71	0.71	0.72	0.72
NZD/USD	0.5911	0.59	0.59	0.59	0.59	0.59	0.60	0.60	0.61	0.61
USD/JPY	149.48	152	151	150	149	148	146	144	142	141
EUR/USD	1.0569	1.08	1.09	1.09	1.10	1.10	1.11	1.11	1.11	1.11
GBP/USD	1.2709	1.30	1.31	1.31	1.32	1.32	1.33	1.33	1.33	1.33
USD/CNY	7.2320	7.10	7.05	7.00	6.95	6.90	6.85	6.80	6.75	6.70
AUD/NZD	1.1027	1.13	1.14	1.15	1.17	1.18	1.18	1.18	1.18	1.18

Economic and financial forecasts

Australian economic growth forecasts

	2024				2025			
	Q1	Q2	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
GDP %qtr	0.2	0.2	0.5	0.5	0.5	0.5	0.6	0.6
%yr end	1.3	1.0	1.1	1.4	1.8	2.1	2.2	2.3
Unemployment Rate %	3.9	4.1	4.1	4.2	4.3	4.4	4.5	4.6
Wages (WPI) %qtr	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.7
%yr end	4.1	4.1	3.5	3.2	3.1	3.0	2.9	2.9
CPI Headline %qtr	1.0	1.0	0.2	0.3	0.6	0.9	1.1	0.7
%yr end	3.6	3.8	2.8	2.5	2.1	2.0	2.9	3.3
CPI Trimmed Mean %qtr	1.0	0.9	0.8	0.6	0.7	0.7	0.7	0.7
%yr end	4.0	4.0	3.5	3.3	3.0	2.8	2.6	2.8

	Calendar years			
	2023	2024f	2025f	2026f
GDP % qtr	–	–	–	–
%yr end	1.6	1.4	2.3	2.4
Unemployment rate %	3.9	4.2	4.6	4.6
Wages (WPI)	–	–	–	–
annual chg	4.3	3.2	2.9	3.3
CPI Headline	–	–	–	–
annual chg	4.1	2.5	3.3	2.8
Trimmed mean	–	–	–	–
annual chg	4.2	3.3	2.8	2.6

Consumer Sentiment – housing-related measures

		2023				2024						
index*	**avg**	**Mar**	**Jun**	**Sep**	**Dec**	**Mar**	**Jun**	**Sep**	**Oct**	**Nov**	**%mth**	**%yr**
'Time to buy a dwelling'												
Australia	116.1	65.7	72.0	72.5	74.3	77.8	72.8	76.1	78.0	86.8	11.3	18.6
– New South Wales	115.8	63.7	70.4	77.4	76.2	73.3	81.0	78.9	80.8	80.5	–0.5	17.9
– Victoria	115.5	67.8	69.6	74.9	77.0	84.3	70.0	84.6	77.0	101.3	31.5	32.5
– Queensland	128.0	59.8	71.8	66.6	79.2	78.3	69.9	59.3	78.5	87.0	10.9	27.9
– Western Australia	128.8	73.5	85.8	62.3	59.6	82.5	58.2	68.6	61.4	66.1	7.7	–27.2
– South Australia	127.9	69.3	75.5	64.7	70.3	73.3	62.8	67.2	79.9	80.1	0.2	18.4
– Tasmania	122.0	70.4	78.3	64.6	62.5	78.9	109.6	45.6	91.7	108.8	18.6	79.9
House price expectations												
Australia	126.4	111.7	146.7	154.6	157.3	161.1	163.8	150.5	153.2	150.1	–2.1	–5.2
– New South Wales	128.0	114.7	150.5	158.7	158.2	160.1	161.8	150.3	158.5	148.7	–6.2	–4.8
– Victoria	128.4	112.8	140.5	153.9	151.1	157.7	158.9	131.3	143.3	150.3	4.9	–7.7
– Queensland	124.6	98.8	140.5	149.8	164.1	168.4	170.0	168.7	158.9	159.0	0.1	–0.3
– Western Australia	117.7	110.6	166.3	154.7	161.8	164.4	163.3	168.6	156.4	129.6	–17.1	–13.9
– South Australia	128.3	129.2	146.9	158.4	161.6	159.4	177.3	157.6	163.8	158.7	–3.1	–1.6
– Tasmania	128.3	81.7	111.4	118.7	137.5	124.3	135.3	135.5	140.3	133.8	–4.6	–3.7

* 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

Consumer Sentiment – other components

		2023				2024						
index*	**avg**	**Mar**	**Jun**	**Sep**	**Dec**	**Mar**	**Jun**	**Sep**	**Oct**	**Nov**	**%mth**	**%yr**
Unemployment expectations												
Australia	129.2	122.9	131.3	130.8	128.9	128.1	133.1	138.4	129.8	120.5	–7.2	–7.6
– New South Wales	129.6	125.8	130.7	131.2	128.4	129.0	130.0	142.9	123.3	120.2	–2.5	–8.5
– Victoria	131.2	118.6	133.3	138.7	126.0	126.3	134.0	138.2	137.0	118.7	–13.4	–8.9
– Queensland	133.2	122.4	133.8	124.9	132.4	132.0	132.5	139.4	127.7	131.4	2.9	–2.7
– Western Australia	128.1	120.6	115.7	121.7	128.2	115.4	142.2	134.7	134.5	104.2	–22.5	–8.8
– South Australia	135.3	132.8	129.0	131.9	133.8	129.4	135.2	128.0	146.5	120.0	–18.1	–8.7
– Tasmania	138.3	132.1	136.3	139.8	129.7	144.0	121.7	126.2	112.3	112.8	0.5	–21.5
Risk aversion											qtr ch	ann ch
Australia	17.3	55.6	59.6	56.4	56.7	54.4	46.6	48.7	n.a.	n.a.	2.1	–7.9
– New South Wales	11.7	54.0	60.5	55.0	57.5	55.3	43.0	58.4	n.a.	n.a.	15.5	1.8
– Victoria	11.0	58.7	54.8	56.5	55.0	54.9	52.3	48.6	n.a.	n.a.	–3.7	–6.8
– Queensland	12.7	56.6	65.9	65.3	54.2	50.1	47.9	41.7	n.a.	n.a.	–6.2	–16.2
– Western Australia	7.0	54.5	58.6	56.1	59.7	69.1	52.7	54.2	n.a.	n.a.	1.5	–4.3
– South Australia	14.4	56.4	50.3	56.0	58.7	44.6	35.6	32.9	n.a.	n.a.	–2.7	–24.9
– Tasmania	15.5	34.7	62.3	45.2	43.7	67.8	30.5	51.1	n.a.	n.a.	20.6	6.9

* 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.

Consumer Sentiment – dwelling prices and turnover

		2022		2023				2024				
	avg	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Oct	Nov
Dwelling prices, ann%*												
Australia	6.1	–1.1	–6.4	–6.6	–1.5	5.5	9.7	10.6	8.5	6.6	5.9	5.8
– Sydney	5.9	–6.6	–11.4	–9.4	–0.9	7.6	11.3	10.9	6.7	4.5	3.7	3.3
– Melbourne	5.8	–3.3	–7.1	–7.1	–3.3	1.7	4.2	4.1	1.5	–1.3	–1.9	–2.3
– Brisbane	6.5	10.7	–1.9	–6.3	–3.7	5.6	13.6	16.6	16.1	14.0	13.0	12.3
– Perth	6.2	5.8	4.2	3.3	5.0	10.3	16.2	20.3	23.7	23.4	22.6	21.9
– Adelaide	6.8	17.1	9.3	2.8	1.3	4.9	8.9	13.1	14.5	14.7	15.0	14.6
– Hobart	6.5	4.2	–6.8	–11.8	–10.4	–6.0	–1.7	0.1	0.0	–1.3	–1.2	n.a.
Turnover, %stock^												
Australia	5.6	4.5	4.1	4.2	4.3	4.6	4.5	4.7	4.7	4.8	4.6	n.a.
– New South Wales	5.7	3.9	3.8	4.0	4.2	4.4	4.4	4.7	4.7	4.6	4.3	n.a.
– Victoria	4.6	3.7	3.5	3.4	3.5	3.8	3.8	3.9	4.1	4.1	4.0	n.a.
– Queensland	6.5	5.4	5.1	5.2	5.4	5.4	5.5	5.5	5.6	5.5	5.2	n.a.
– Western Australia	6.2	5.5	5.3	5.3	5.5	5.5	5.8	5.8	6.0	6.2	5.9	n.a.
– South Australia	4.6	4.2	3.8	3.7	3.7	3.6	3.9	3.8	4.2	4.6	4.7	n.a.
– Tasmania	5.5	3.6	3.6	3.5	3.6	3.5	3.5	3.7	4.0	3.6	3.5	n.a.

* 'all dwellings' measures, ann% ch, latest is month to date.
^ % dwelling stock; most recent months are estimates modelled on preliminary data.
Sources: CoreLogic, ABS, Westpac Economics

Consumer Sentiment – residential property listings

		2022		2023				2024				
	avg	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Oct	Nov
Sales/new listings ratio*												
Australia^	1.14	1.13	1.16	1.18	1.32	1.14	1.23	1.30	1.20	1.21	1.17	1.16
– Sydney	1.28	1.20	1.24	1.25	1.34	1.23	1.33	1.41	1.34	1.22	1.14	1.10
– Melbourne	1.04	0.96	1.00	0.93	1.00	0.90	0.96	0.99	0.88	1.00	1.02	1.02
– Brisbane	1.02	1.08	1.12	1.19	1.38	1.27	1.27	1.25	1.23	1.17	1.09	1.06
– Perth	0.93	1.05	1.06	1.10	1.27	1.11	1.31	1.22	1.23	1.23	1.13	1.12
– Adelaide	1.07	1.34	1.25	1.19	1.36	1.17	1.41	1.35	1.39	1.45	1.52	1.59
– Hobart	1.01	0.85	0.90	0.87	1.00	0.89	0.99	0.96	1.02	1.14	1.17	1.29
Total listings, months of sales*												
Australia^	3.5	3.4	3.4	3.2	2.9	2.8	2.7	2.6	2.6	2.6	2.7	2.8
– Sydney	2.8	3.4	3.1	3.0	2.7	2.6	2.5	2.4	2.4	2.6	2.8	3.0
– Melbourne	3.5	4.2	4.2	4.4	4.1	3.9	3.8	3.8	3.9	3.8	3.8	3.9
– Brisbane	4.6	3.3	3.4	3.2	2.8	2.5	2.4	2.4	2.4	2.4	2.7	2.8
– Perth	5.5	3.8	3.7	3.4	3.0	2.8	2.4	2.3	2.2	2.0	2.2	2.2
– Adelaide	3.8	2.2	2.3	2.5	2.3	2.4	1.9	1.9	1.7	1.6	1.6	1.6
– Hobart	5.0	3.9	4.2	4.7	4.8	4.8	5.0	4.7	4.5	4.3	4.1	3.7

* figures show 3mth avg, readings for most recent months based on sales estimates modelled on preliminary data and latest weekly listings figures.
^ avg since 2007.
Sources: CoreLogic, Westpac Economics

About the Westpac Consumer Housing Sentiment Indexes

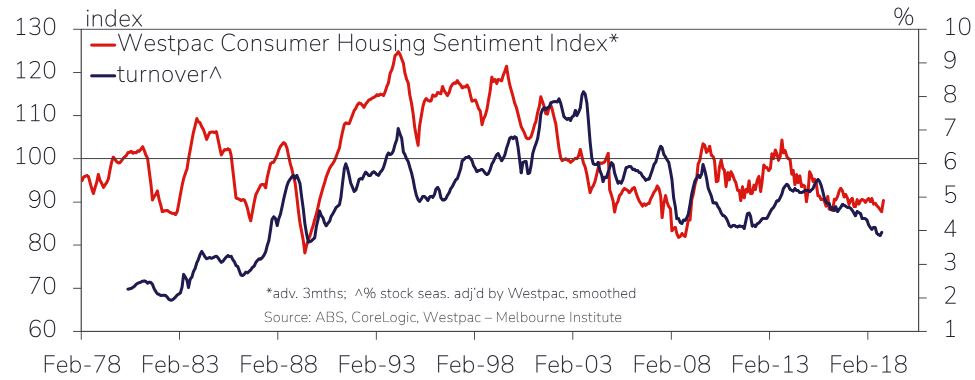
The **Westpac Consumer Housing Sentiment Indexes** presented in this report are composite measures based on a weighted combination of four indexes from the Westpac–Melbourne Institute Consumer Sentiment survey.

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**.

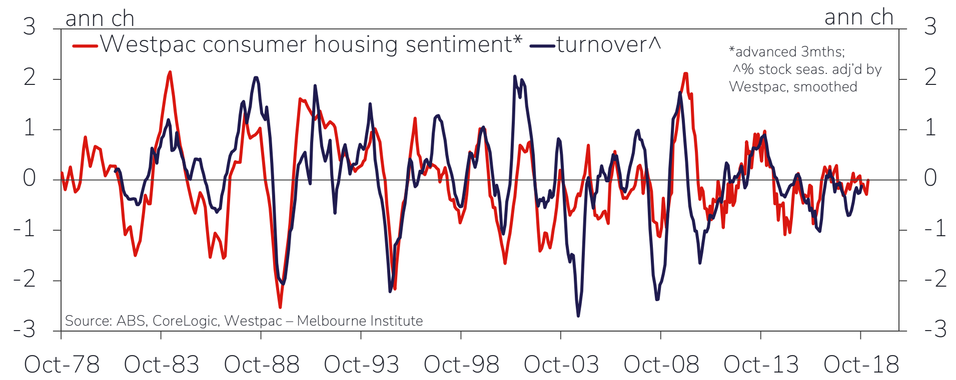
Each of these components is seasonally adjusted, converted to a consistent base and combined using fixed weights determined by historical regression analysis. Note that the house price expectations component is only available from 2009 on – a re–weighted composite based on the remaining measures is used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

58. Westpac Consumer Housing Sentiment Index: full series



59. Westpac Consumer Housing Sentiment Index: cycles



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