3 March 2025

WESTPAC HOUSING PULSE

Australia's quarterly housing market report

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

Editor: Matthew Hassan
Internet: www.westpac.com.au
Email: economics@westpac.com.au

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Delicately poised

Australia's housing markets look delicately poised. Our first **Housing Pulse** report for 2025 finds markets coming off an unsettled Christmas–New Year period, with prices slowing – continuing to dip slightly in Sydney and Melbourne – and turnover pulling back. Sentiment moves have been mixed, with a clear thawing in what have been deeply pessimistic buyer attitudes over the last two years partially offset by less bullish price expectations. More generally, affordability remains challenged and supply tight.

Our view coming into the new year is that the housing upturn would see another modest leg higher with the impetus coming from lower interest rates but relatively subdued gains given the high starting point for prices and relatively shallow RBA easing cycle

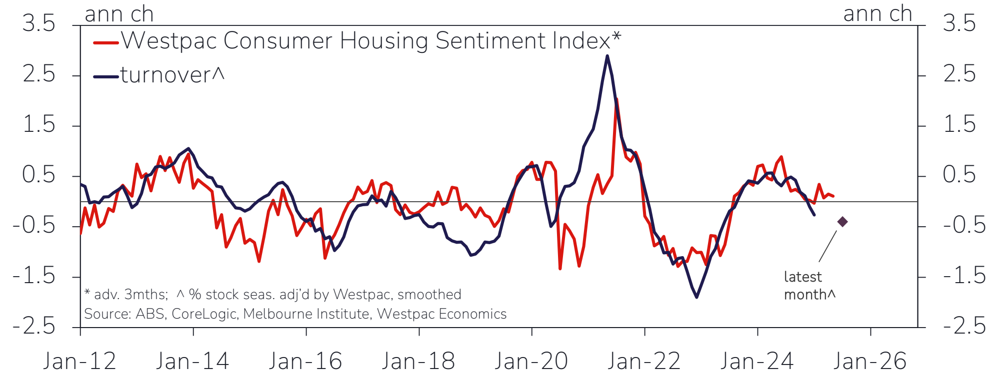
The interest rate part of that view is looking more assured with the RBA cutting the official cash rate by 25bps at its first meeting in February and sending a clear message that further easing is not assured and would likely be gradual and modest. We remain comfortable with our view that rates will there will be another 75bps in easing over the course of the year, with moves coming once a quarter and policy on hold from year-end.

Naturally, the question now is "how will markets respond to these rate cuts?" Housing has been famously sensitive to interest rate moves in the past, and the very early signs suggest we are already seeing a positive shift after the RBA's February move.

However, markets are coming off a cycle that was surprisingly disconnected from interest rates – the initial price–led upturn in 2023 in particular, formed and sustained despite active RBA rate hikes that were taking mortgage rates to 15yr highs. The evidence pointed to surging population growth as key to that 'counter–cyclical' dynamic. Now interest rates are easing but population drivers are coming off as well.

How that balance plays out against a backdrop of stretched affordability and tight supply is unclear. As we discuss on p6 there looks to be significant 'latent' demand for housing activity poised to come through this year, but as we discuss on p8, affordability is poor in absolute terms almost everywhere while the supply side, as discussed on p10 is offering no hope of a reprieve any time soon. That tends to reinforce our view of a very constrained outlook for the next leg of the upturn with one of the main features likely to be a 're–convergence' in performances across capital city markets.

1. Australia: national housing conditions



"... how will markets respond to rate cuts?"

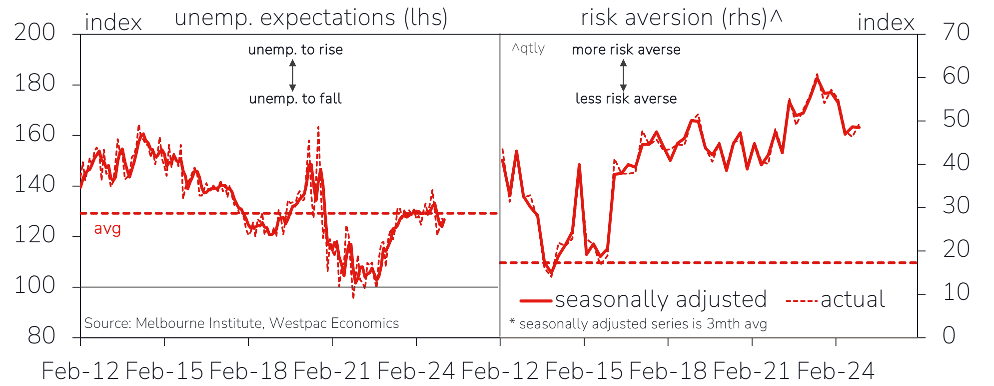
*The **Westpac Consumer Housing Sentiment Index** is a composite measure based on four housing–related components of the Westpac Consumer Sentiment survey. See Appendix on p40 for more details.

Marking time

- Australia's housing markets have been mostly treading water over the last three months, a soft finish to 2024 carrying through the December–January hiatus but February showing some signs of perking up, particularly following the RBA rate cut mid-month.
- Prices continued to dip through year-end but ticked higher in February, annual price growth tracking back to 3.2% across the major capital cities. Turnover was very weak through year end, although this may be revised higher.
- Forward–looking indicators are a little more promising, Sydney and Melbourne auction clearance rates showing a solid start to 2025 and housing–related sentiment continuing to cycle off recent lows, albeit with consumer house price expectations also off recent highs. How sentiment responds to the RBA's rate move and the extent of the follow–through to markets will be of intense interest in coming weeks.
- All major capital city markets have seen price growth slow over the last three months. The spread across markets has narrowed as well, annual growth now ranging from 15% in Perth to 12% in Adelaide, 10% in Brisbane, 1% in Sydney and Darwin, flat in Canberra and Hobart, and –3% in Melbourne. State regions have tended to track to in line with their capitals.
- Tight supply and stretched affordability are still recurring themes. Rental vacancies remain extremely low in Brisbane, Adelaide and Perth but less so in Sydney and Melbourne where there are some hints of loosening.
- Across the major capitals, prices have dipped –0.2% over the three months to February on a combined basis, having held flat over the three months to November. Annual price growth has moderated to around 3.5%yr, down from a most recent peak of 10.9%yr in February 2024.
- Nationally, turnover has dropped 10% over the three months to January – going beyond the usually large seasonal fall. Note that this allows for the downward bias for early turnover estimates. Even if this is larger than usual, the end result is still likely to show turnover down materially. Note that in this report, all turnover figures and derived measures, such as listings–to–sales ratios, are based on adjusted turnover estimates for the most recent three months.
- Housing–related sentiment has had a mixed three months. Buyer sentiment has continued to improve but price expectations are less bullish and unemployment expectations have softened a touch. Risk aversion is unchanged at relatively high levels.

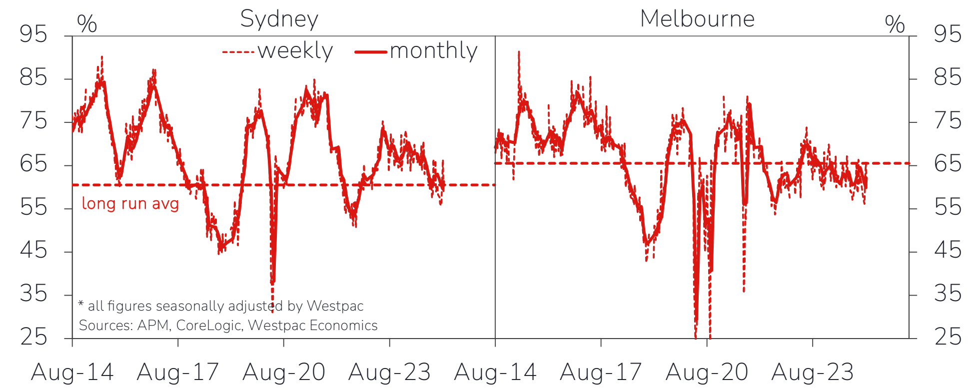
2. Consumer sentiment: housing

3. Consumer sentiment: jobs & risk aversion

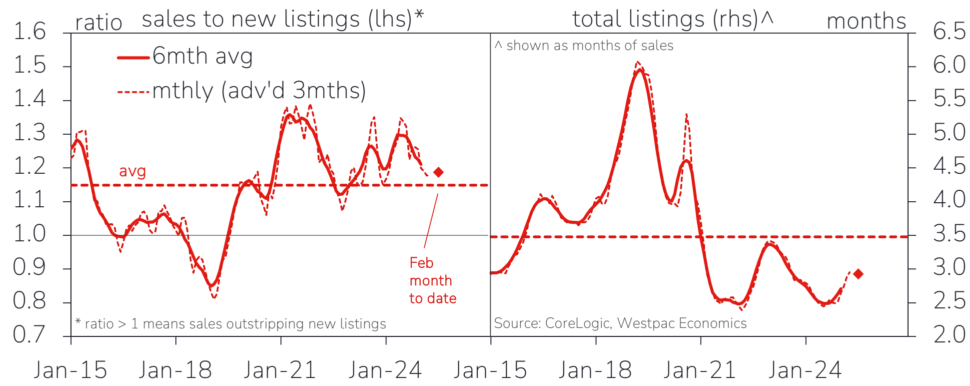


- Nationally, the **Westpac Melbourne Institute 'time to buy a dwelling' index** edged 1.2% higher over the three months to February. At 87.8, the index is well above recent lows but still firmly in net pessimistic territory and well below the long run average of 120. Buyer sentiment is around the cycle low seen following the 2009–10 interest rate tightening.
- The **Westpac–MI Consumer House Price Expectations Index** fell a further 5.2% over the three months to February, following a similar move over the previous three months. At 142.3, the index is now just 10% above the historical average and well off the 163.8 peak set in the middle of last year. Just over 55% of consumers expect prices to rise over the next year, down from 62% in November and 71% in June last year.
- The **Westpac Melbourne Institute Unemployment Expectations Index** rose 4.4% to 125.8 over the three months to February (recall that higher reads mean more consumers expect unemployment to rise in the year ahead). This suggests some of the confidence around jobs has faded. However, the measure is still below the long run average of 129, with the latest rise still a long way short of the sort of spike in job loss concerns that can often prompt potential buyers to delay purchasing.
- The **Westpac Consumer Risk Aversion Index** nudged up slightly to 49 in December from 47 in September, holding well above the long run average of 18. Consumers continue to heavily favour 'safe' options – bank deposits and debt repayment – as the 'wisest place for savings'. Just 8% of consumers nominate 'real estate', which has been out of favour for a decade now.
- Auction markets softened into year-end but have opened the new year reasonably well in February. Adjusting for seasonality, clearance rates in both Sydney and Melbourne finished 2024 in the low 60s but have ticked up to around 65% in the second half of February – slightly above and close to long run averages respectively. Note that this is mostly still on 'thin' activity with the volume of auctions only returning to normal levels in the final week of February.
- 'On–market' supply has loosened a little but remains tight overall. The shift has mainly come from the aforementioned weakening in turnover, which has meant new listings have been tracking more line with demand and the stock of total listings improving in terms of 'months of sales' – the latter now closer to 3 than the 2.5 seen around the middle of last year. That is still well below the long run average of 3.5 months.

4. Auction clearance rates



5. Residential property listings



Home ownership survey, 2025

– The **Westpac Home Ownership Survey** is a poll of Australian consumers covering a range of housing–related topics including specific plans around buying and selling, the factors influencing decisions and preferences for location and dwelling type. The survey has been running since 2019 with updates typically coming out at the start of the year. The 2025 update was in the field over Dec–Jan. While the results show mostly small shifts, there were some clear stand–out themes.

– The clearest was a pull–forward in plans. Just over three quarters of consumers have property–related intentions over the next 5yrs – comparable to last year. However, the proportion planning to 'pull the trigger' over the next 12mths was significantly higher – about a third of those with plans compared to a quarter with plans last year. The responses show both a high degree of 'pent–up' demand – likely reflecting earlier plans that have been delayed – and an expectation that 2025 will provide a good opportunity to move on these.

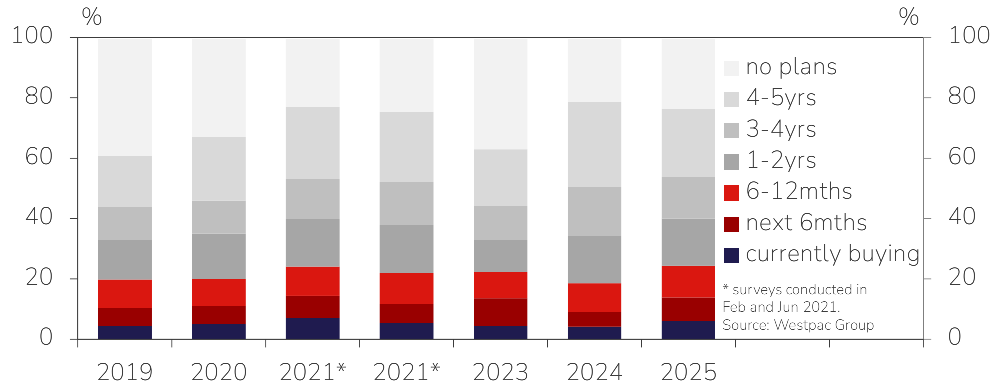
– The detail shows this has not been a universal shift – prospective first home buyers being the notable exception. Gains have been driven by a big lift in year–ahead intentions for those planning to upgrade or purchase an investment property, with those planning renovations remaining at a high level.

– Just over 58% of Australians have some plans over the next 5yrs with about half of this group intending to act over the next 12mths. Both are near the peaks recorded in early 2021, which were the highest reads since the survey began. That earlier peak reflected backlogged plans that were put on hold when COVID hit. The high responses in early 2025 suggest there is again a degree of 'pent–up' demand, this time likely reflecting plans that were put on hold during the cost–of–living crisis and the associated interest rate tightening.

– This represents a potentially large pool of buyers. Across a working–age population of 22.6m, it works out as 6.5m Australians with active plans this year. If we narrow the scope to those with active purchase plans, the figure is slightly smaller but still up by around 1m compared to 2024.

– Of course, some plans will be 'aspirational' and even where they are more realistic they may not come to fruition. Many will also be part of a joint purchase decision so will totals will not map one–for–one to property demand. For reference, Corelogic data shows there were just over 530k dwelling purchases in 2024, compared to responses last year that showed 5.3m Australians had active purchase plans. All of this suggests survey responses should be treated as a gauge of 'latent' demand rather than a specific prediction.

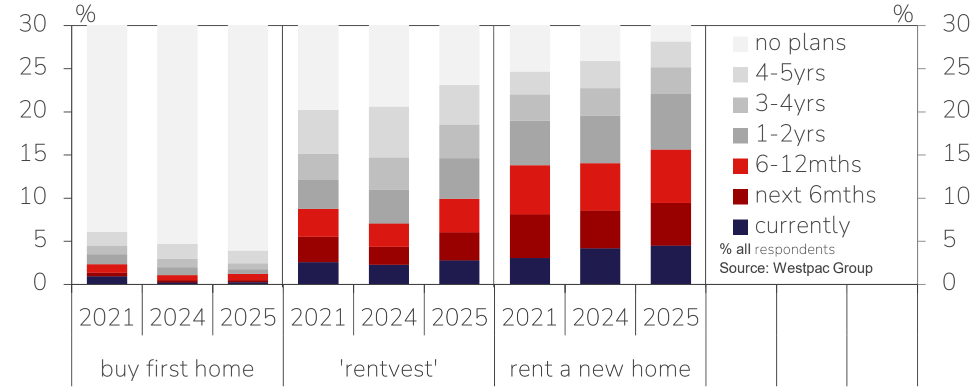
6. Home ownership: buying intentions



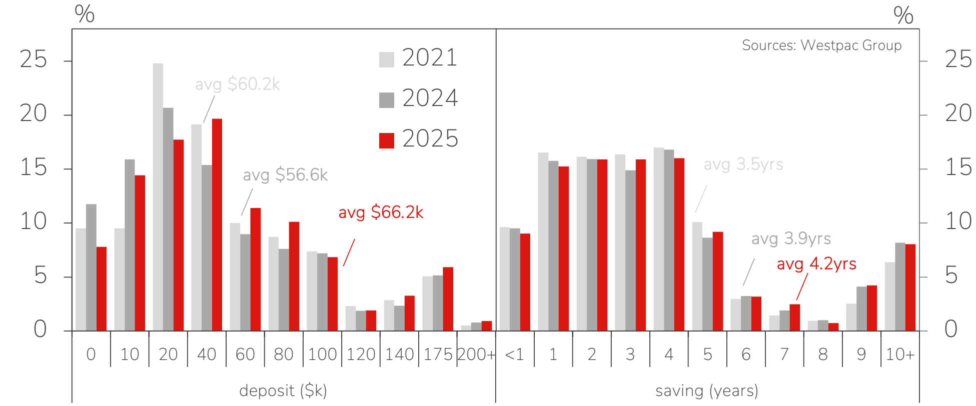
7. Home ownership: buying intentions by segment

- The detail shows the biggest pull–forward in plans has been amongst existing homeowners looking to purchase a new home (+2.3pts to 10.6%) and amongst those looking to purchase investment properties (+3.3pts to 11.5%) – both hitting new survey highs. Responses almost certainly reflect the interest rate backdrop, consumers expecting interest rates to move lower over the year ahead. For new home buyers, the result will also reflect expectations around selling conditions for existing homes and the prices that can be achieved.
- In contrast, first home buyers (FHBs) look set to remain thin on the ground. Just 2.2% of respondents are planning to become first–time buyers in 2025, up just a touch on last year's 1.9% low.
- Affordability remains tough going for this segment. Even with the prospect of lower interest rates this year, the surge in prices since 2022 means the deposit hurdle is now materially higher. The average prospective first home buyer (including those planning to buy beyond the next 12mths) expects to need a deposit of just over $66k and take 4.2 years saving -- $10k more and 3–4 months longer, respectively, than a year ago. Just over 12% now expect to need more than $100k to buy while 19% expect the saving process to take half a decade or more.
- These intense pressures appear to be partly behind the very high read on intentions to purchase an investment property. 'Rentvesting' – whereby buyers purchase an investment property while continuing to rent the home they live in – is becoming increasingly popular. For prospective first home buyers struggling to buy in the areas they would like to, this can offer a 'smoother' pathway to home ownership – one that allows them to manage the amount of financial risk they are taking on, gain exposure to the property market (and potential price appreciation), while still being able to live in their desired area.
- Survey responses show nearly 10% of Australians are planning to become 'rentvestors' over the next year, the highest response in the three years we have included this question. Just over 16% of prospective FHBs are planning to take this approach while over half (54%) are actively considering the option.
- It has particularly strong appeal in NSW and WA where over a quarter of respondents plan to become rentvestors. Amongst prospective FHBs, over 60% of those in NSW are considering the option. Note that this is also an option being more actively considered by consumers planning to downsize (although at this stage only a small portion of this group intend to take this approach).

8. Home ownership: selected plans



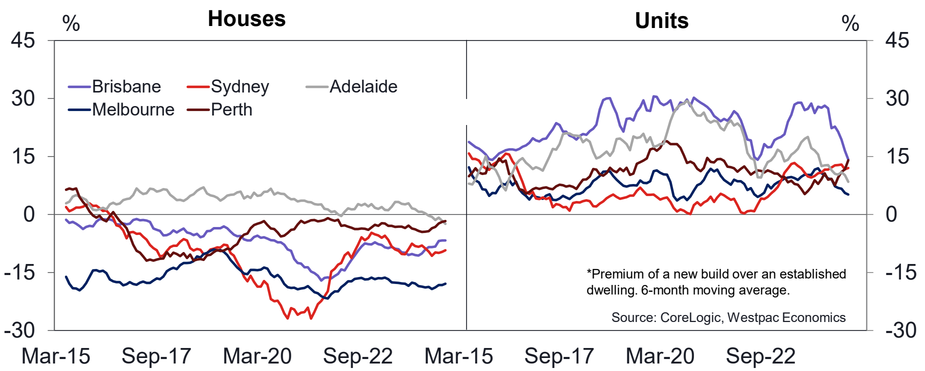
9. Prospective first home buyers: deposit, saving period



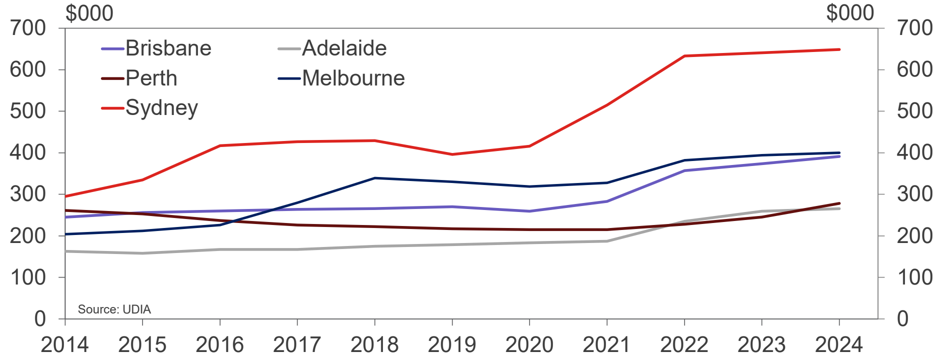
Affordability of newly–built dwellings

- The post–pandemic period has seen overall dwelling prices skyrocket. In this special topic, we explore how prices for new vs established houses and units have evolved and examine their relative affordability.
- In 2024, new houses sold for less than established homes across major capitals, with new homes in Melbourne commanding the steepest discount, averaging 18.4%, this was followed by Sydney (9.1%), Brisbane (8.7%), Perth (3.4%) and Adelaide (0.2%). This pattern is not new. Since 2015, new homes have averaged a 4.4–16.4% discount across the three eastern capitals and Perth. Adelaide, however, has been the exception, where new builds carried an average 3.4% premium.
- The price gap may come as a surprise to some given that newly built dwellings have not seen their structures depreciate and are typically of higher quality (e.g. larger, more energy efficient and with lower near–term maintenance costs etc).
- Land costs almost certainly account for the discrepancy given they constitute a significant portion of the cost of a house.
- New houses are typically offered as house–and–land packages and built in 'greenfield' areas in outer suburbs where land is more abundant and cheaper. The land cost also, to some extent, embeds the 'amenity value' of a location. The newly built dwellings cost less but also need to be priced at a lower point to attract buyers who are comparing with established homes in usually better located areas.
- In the unit market, new units have consistently commanded a price premium over established ones across all capitals. Last year, the average price premium for a new unit ranged from 8.6% in Melbourne to 23.1% in Brisbane.
- Chart 10 shows how this new build premium has tracked over the last decade.
- There has been a solid rise in new build premiums in Sydney from mid–2021 to 2023. Several factors may be at play, including a partial pass–through of high construction costs (+35% between 2020–23) and land prices (+54%), better transport connectivity from outer suburbs, and the introduction of the iCIRT rating system for builders and developers in May 2022 and the creation of the NSW Building Commission in 2023, which likely boosted buyer confidence for new units.
- Another call out, which we are yet to fully explore, is the recent fall in new unit premiums for Adelaide and Brisbane. In both cases the shift reflects moderating growth in the price of new units and continued strong double–digit annual growth for established units.

10. New build premium

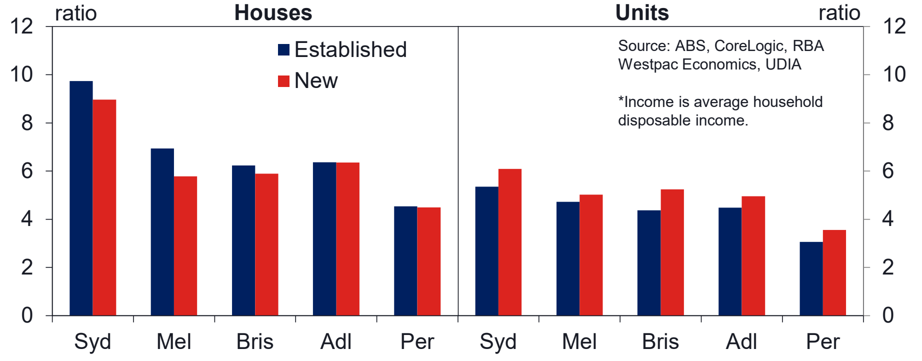


11. House median lot price

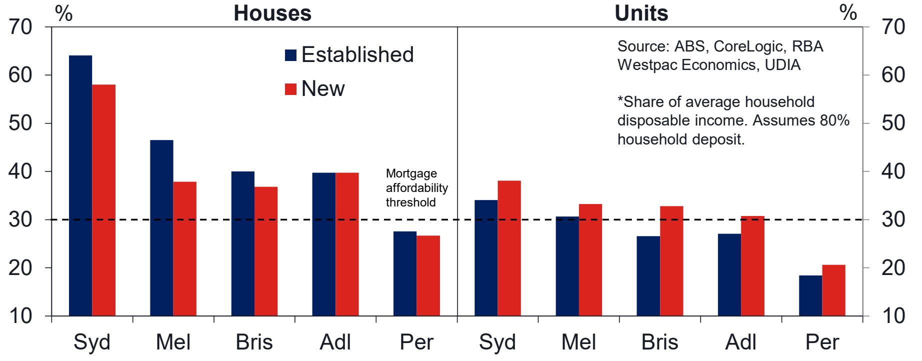


- In 2024, new houses were more affordable than established, but for Adelaide and Perth, the difference in their respective price–to–income ratios was negligible (~0.1pts), compared to 0.4–1.5pts for the other cities. New houses were priced at 4.2 times the average household disposable income in Perth, 5.8–6.2 times in Brisbane, Melbourne and Adelaide, and a whopping 9.1 times in Sydney. This marked a deterioration in affordability from 2019 by around 0.7–1.4pts in the three smaller capitals, around 2.5pts in Sydney, and a shallow 0.2pts drop in Melbourne.
- The price–to–income ratios for new units were around 0.3–1.0pts higher than for established ones in 2024. The affordability for new units has mostly declined since 2019, though the move is less pronounced than for new houses, owing to slower price growth for new units. Melbourne serves as an outlier; with income growth outpacing prices there was a slight easing in the price–to–income ratio from 5.3 to 5.2. Established units in Sydney and Melbourne also saw improved affordability.
- However once we account for interest rate changes, affordability has deteriorated across all markets. In 2024, mortgage affordability for new houses ranged from 36.8–39.7% of income in Brisbane, Melbourne and Adelaide, with Sydney at the upper end at 58.0% and Perth sitting at the lower end at 26.7%.
- Perth is the only capital that meets the 'rule–of–thumb' that mortgage repayments should not exceed 30% of after–tax incomes (albeit with that 'rule' generally only applied to low–income households). This is mostly due to the mining industry skewing average incomes higher in the state. Compared to national average incomes, mortgage affordability in Perth still falls short.
- A similar result is seen in the new unit market, where mortgage affordability exceeded the 30% threshold in all capitals, except Perth in 2024. Established units were more affordable, but even here only Brisbane, Adelaide and Perth saw mortgage repayments below 30% of incomes.
- Affordability is clearly constrained across most capitals in absolute terms – for both houses and units, and for new and established. As such, housing demand is likely to remain subdued particularly amongst first–home buyers. At the margin, relative affordability suggests new units should be favoured over established units in Brisbane and Adelaide. Conversely, new houses are likely to have less price appeal than normal compared to established houses in the Sydney, Brisbane and Perth.
- These relativities will also have some implications for developer margins, the pricing of newly built dwellings, and, to some extent, the supply response for new dwellings as well – aspects we will be exploring in future work.

12. Price–to–income ratio, 2024



13. Mortgage affordability, 2024



Housing supply projections

– Dwelling supply remains a perennial pain point for Australia's housing markets. New building has not kept pace with population–driven demand for the best part of twenty–five years now with recurring supply shortages. The last four years have seen additional disruptions from a near–perfect storm: as post–COVID supply chain problems and surging costs collided with a large round of detached house projects that had been quoted on 'fixed price' terms. This saw both delays and many projects suspended as terms were renegotiated, or, in some cases, as builders went under. The latest data suggests much of the backlogged work has run down. With tentative signs that a recovery in new approvals is starting to take shape (see here), interest rates moving lower and governments seeking to lift new building, how is the supply side shaping up heading in 2025 and 2026?

– There are certainly some greener–looking shoots. After peaking at 240k in 2022 – 50k above pre–COVID levels – the pipeline of dwellings under construction had worked back to just below 220k in September last year, and is now likely in the 200–210k range. Meanwhile, quarterly dwelling approvals lifted 9% over the second half of last year to be up 8.4%yr – the upturn showing the most convincing momentum in Qld, WA and SA.

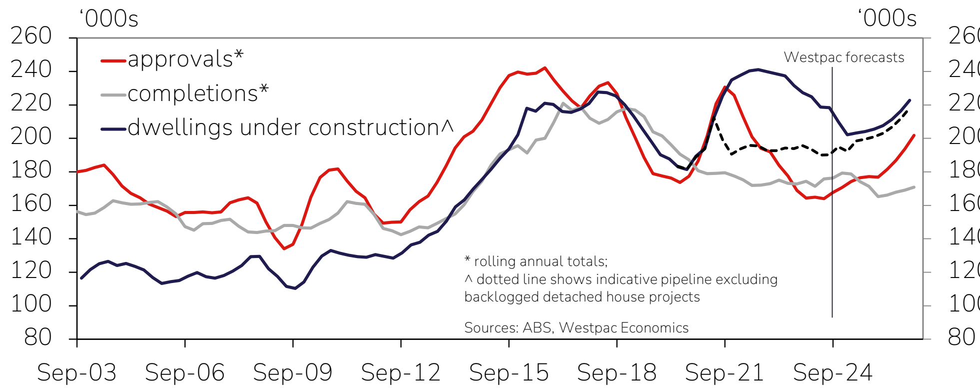
– How this translates into building activity and completions over the next two years depends on two things: 1) how much recent activity has been supported by the run–off of backlogged work and how much of this effect is still to come; and 2) the pace and dwelling type mix of the approvals upturn going forward.

– Our 'pipeline model' provides a useful framework for assessing these factors. The model uses historical lags and drop–out rates across different dwelling types to estimate how a profile for new dwelling approvals can be expected to flow through to starts, the total number of dwellings under construction and completions.

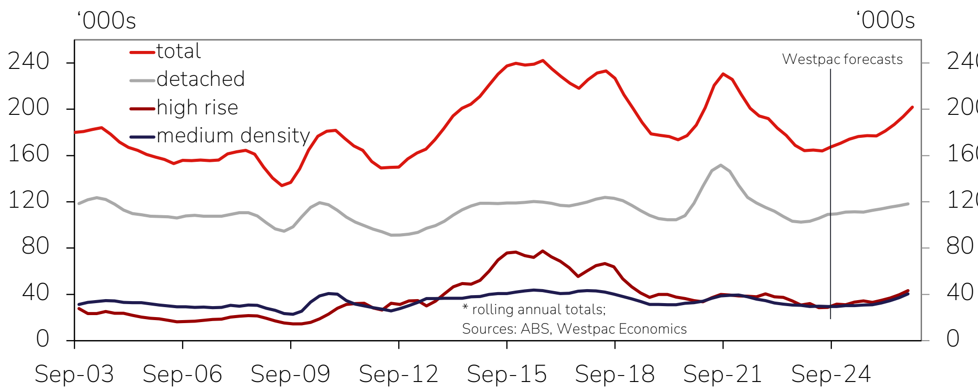
– To allow for backlog effects, we have assumed the pipeline of detached house approvals relative to the level in Jun 2021 represents backlogged work and that this essentially runs off by mid–2025. There are some minor additional assumptions about abandoned and suspended projects.

– Around approvals, our profile assumes a continued gradual lift for detached houses but an accelerating upturn for units with a similar pace of gains across high rise and medium density. The unit profile reflects a mix of factors, discussed below. Chart 15 shows the approvals profile, while Chart 14 shows how this translates to dwellings under construction and completions.

14. Dwelling supply: pipeline

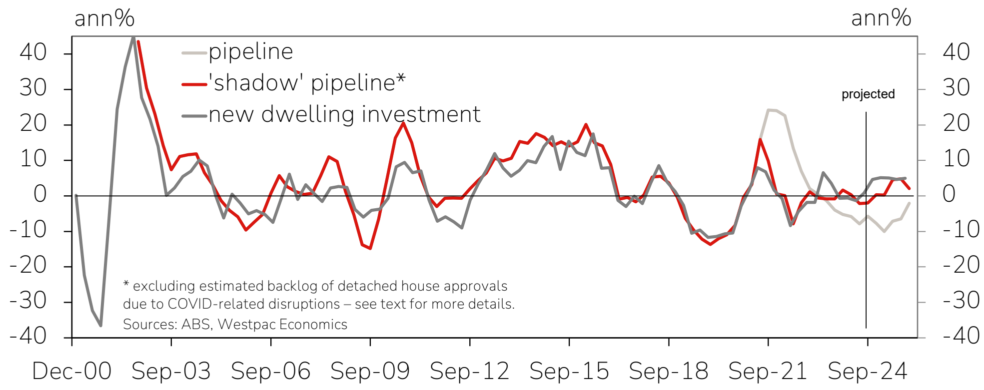


15. Dwelling approvals: forecast



- The bottom line is that while approvals show are expected to see a sustained lift to just over 200k by the end of 2026, the flow through to dwellings under construction is more muted, initially reflecting the run off of backlogged work and, further out, the longer lags on density projects. These factors have an even bigger effect on the completions profile which remains flat at 171k over both years, with a lift only starting to show through in the back end of 2026.
- Needless to say, this is a long way short of the 240kpa required to meet the Accord Target agreed by state and federal governments to deliver 1.2m new dwellings over the five years to 2029. While approvals may be approaching the 240k level by the end of calendar 2027, they will need to be about 30k higher and hold at what would be record highs for a few years to make up for the slow start. That said the original Target of 1m may still be achievable.
- Turning back to the projections – what do they point to in terms of construction activity, i.e. growth in new dwelling investment? The best guide here comes from the change in the pipeline, i.e. the total number of dwellings under construction which can be thought of as a proxy for the volume of current work (see Chart 16).
- Again, allowing for stalled projects that have been recommencing or abandoned, our estimates of the 'shadow' pipeline point to annual growth stabilising in the first half of 2025 before lifting from the second half on. This is broadly consistent with the profile for new dwelling investment incorporated into our GDP forecasts which has a 5% rise for the full calendar 2025 year compared to 2024 and a 6.4% increase in 2026 (running at a slightly stronger 7.5% in 'through–the–year' terms, i.e. Dec quarter on previous Dec quarter). The profile points to further gains heading into 2027.
- How this upturn plays out by state is inevitably more complex. Current momentum is notably stronger in Qld, WA and SA, where rental vacancy rates show supply shortages are also more intense. Population growth is slowing almost across the board but is set to be slightly stronger in Vic, Qld and WA and slightly weaker in SA and Tas (where it never picked up in the first place).
- Both state and federal government policies will clearly have a bearing as well although identifying and delivering changes that are effective in lifting supply remains difficult to say the least. Some initiatives may start to see positive effects over the next two years but the challenges still look formidable for most.

16. New dwelling investment



17. Dwelling construction: forecasts

	avg*	2022	2023	2024e	2025f	2026f
Dwellings ('000s)						
approvals	202	190	164	171	177	202
starts	199	181	164	167	171	190
under construction (as at Dec)	215	240	227	208	206	223
*– excluding backlog^*	–	*193*	*196*	*195*	*201*	*218*
completions	192	173	175	179	171	171
– detached houses	*114*	*115*	*115*	*116*	*112*	*110*
– units	*79*	*58*	*59*	*63*	*59*	*61*
New dwelling investment ($bn)						
real	84	78	80	80	84	90
%chg	–	*–3.9*	*1.8*	*0.9*	*5.0*	*6.4*

* 10yr avg; ^ indicative estimate excluding projects delayed due to post-COVID supply disruptions.

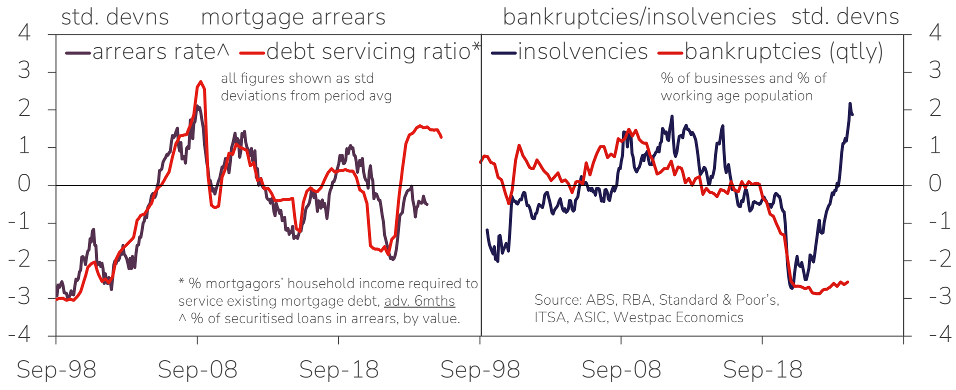
Source: ABS, Westpac Economics

Past performance is not a reliable indicator of future performance. The forecasts given above are predictive in character. Whilst every effort has been taken to ensure that the assumptions on which the forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The results ultimately achieved may differ substantially from these forecasts.

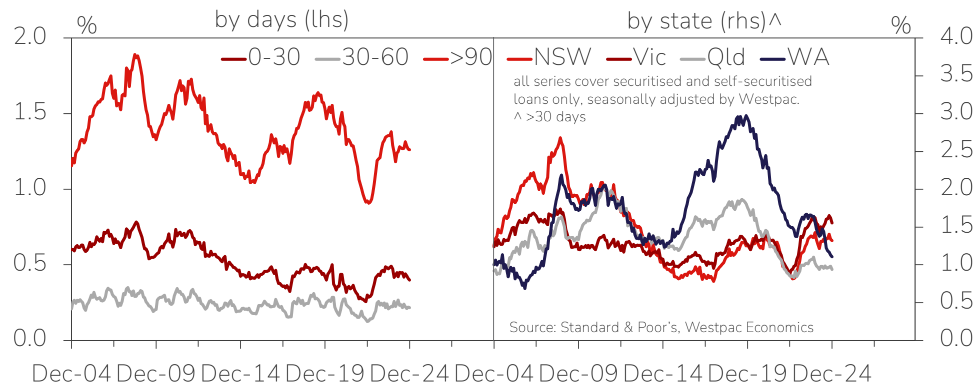
Prudential policy update

- Prudential policy has been in monitoring mode over the last three years as the interest rate tightening cycle has played out. The cycle has essentially been a stress test of the borrowing and lending decisions that had been made through the low interest rate period, which can often see riskier behaviour. As such, it is also an indirect test of prudential policy settings. Results continue to be relatively positive with mortgage loans showing a resilient performance and limited fallout from a rise in company insolvencies. Looking ahead, some easing of cost–of–living pressures, lower interest rates and a gradual lift in economic activity should start to take some of the pressure off borrowers – both consumers and businesses – over 2025. Prudential policy is unlikely to become more active with interest rates expected to settle well above previous lows and credit growth set to remain fairly subdued.
- The latest quarterly statement from the Council of Financial Regulators – which coordinates all financial regulators, not just APRA – makes no mention of prudential policy, simply noting the Council's "long–standing focus on [high] household debt in Australia". Geopolitical, operational, liquidity and climate change related risks are given equal prominence, the Council noting that geopolitical issues had become more of a concern internationally.
- With macroprudential policy on an extended hiatus we are using this section of the **Housing Pulse** to focus on other topics. In this edition we again provide updates on how the credit cycle is playing out domestically and recap Westpac's view on the price outlook.
- As noted, the credit cycle has continued to track a relatively benign path, mortgage arrears in particular.
- Chart 18 shows the debt servicing ratio – the interest and principal payments on owner occupier loans as a proportion of the average income of households with owner occupier loans. The ratio is above the peaks registered in 2010–11 but below the extreme reached in 2008–09. The aggregate ratio ended 2024 at 16.3% about 2ppts, or 1.5 standard deviations, above the 20yr avg of 14.2%. It is projected to cycle back to 15.9% by year end.
- In contrast, arrears lifted off their COVID lows but topped out about a year ago at a level in line with long run averages, moving slightly lower since. Currently, S&P's SPIN arrears rate, the value of prime and 'sub–prime' loans more than 90 days overdue as a proportion of the total value of loans, is sitting at 1.26%. History suggests the current level of debt servicing costs should be giving an arrears rate closer to 1.75%.

18. Financial stress: selected indicators

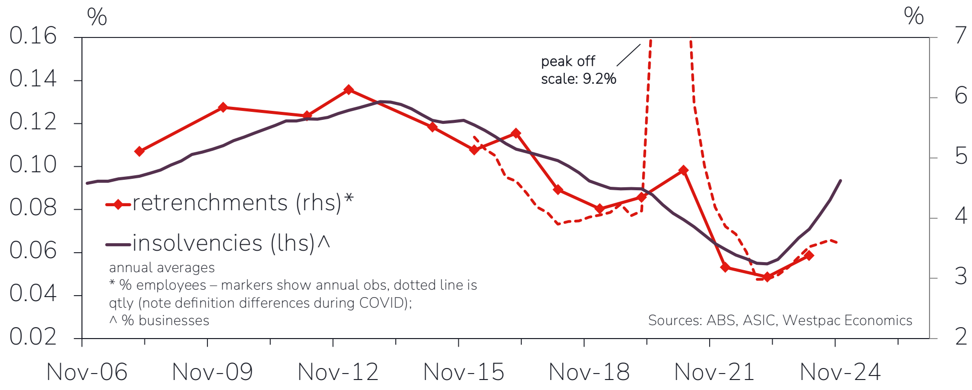


19. Mortgage arrears by days and state



- Note that the SPIN measures are based on securitised loans and typically show higher arrears compared to bank loans. Latest updates show mortgage arrears rates across the major banks are in the 0.5–1% range.
- The SPIN detail suggests the slight decline in arrears over the last year is due to a mix of an improved 'cure' rate (i.e. borrowers who were in arrears becoming 'current' again) and a slower rate of new loans slipping behind. As highlighted previously, the biggest improvement has been in WA where arrears have swung from markedly higher levels to be below most interstate peers by end 2024. This suggests the recent strength of the Perth housing market has allowed some struggling borrowers to exit arrears by selling (the rising market reducing the risk of ending up with a shortfall due to 'negative equity' – i.e. where the proceeds from sale are insufficient to cover the outstanding loan).
- More broadly though, much of the resilience of mortgage arrears over the current credit cycle almost certainly stems from the continued resilience of Australia's labour market. The unemployment rate has lifted, but only very gradually, rising from extreme lows of 3.5% in 2022 to around 4% currently. Indeed, the last six months has shown a notable stabilisation around these levels (see here for more details).
- There is a little more to this story. As Chart 20 highlights, the lift in unemployment has mainly come from an increase in labour supply with only a small rise in lay–offs. Indeed, retrenchments (involuntary job separations) are still holding around historic lows. This is despite a material lift in company insolvencies as COVID–period moratoriums on enforcement expired and additional stresses impacted the construction and consumer sectors.
- Its possible that some lagged effects are still to show through. Alternatively, increased casualisation may mean retrenchments are a rarer phenomenon, even when companies are entering administration. There may also be a smaller impact due to the size and sectors of the businesses that are failing.
- Turning to the price outlook: our forecasts are unchanged since Nov with key elements tracking as expected. Price growth came in a touch softer than expected for 2024 but still rounded to +5% across the major capitals. The RBA easing cycle is expected to be moderate, progressing slowly with 25bp cuts in each quarter. That already is already shoring up price momentum somewhat. However, with the 'hot' mid–sized markets cooling, prices nationally are expected to rise just 3% in 2025, growth lifting to 7% in 2026, Melbourne outperforming slightly.

20. Company insolvencies: by broad sector



21. Dwelling price forecasts

	avg*	2022	2023	2024	2025f	2026f	comments
Sydney	5.4	-11.4	11.3	2.3	3	6	Price growth to remain slow as affordability constraints .
Melbourne	4.0	-7.1	4.2	-2.9	1	8	On-market supply still relatively high, economy underperforming.
Brisbane	6.7	-1.9	13.5	11.2	3	6	Momentum coming off but supply still extremely tight.
Perth	4.5	4.2	16.2	18.5	4	6	Price expectations off sharply. Pre-COVID affordability advantage now gone.
Adelaide	6.8	9.3	8.8	13.0	4	6	Robust run continuing but price relativities looking very stretched.
Hobart	6.5	-6.8	-1.8	–0.4	2	4	Still shaky. No uplift from migration affordability still extremely poor.
Australia	5.2	-6.6	10.1	4.7	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

Rebalancing underway

– The NSW housing market has seen a further softening over the past three months. Prices in Sydney have slipped lower with turnover weakening materially. Even with a 'shot in the arm' from the RBA's rate cut, the market could still register a mild correction in the months ahead.

– Turnover fell sharply in Jan, plunging –15%qtr – the weakness coming over–and–above the usual seasonal slowdown. Turnover is down –15.7%yr.

– New listings have also pulled back, falling –10.7%qtr over the same period. While turnover has been cooling for some time, the listings side took a sharp turn more recently. Just three months ago, listings were up 5.4%qtr. Overall, the sales–to–new–listings ratio has also eased from 1.33 in 2024 to 1.07, now sitting below the long–term average of 1.28.

– Total listings have also dipped, down –1.7%qtr. At the current pace of sales, it would take a 3.4 months for current listings to clear – above the long–term average of 2.8 months, signalling a marked shift towards a 'buyers market'.

– Rental markets are also loosening slightly, Sydney's vacancy rate nudged up to 2.0% from 1.8% three months ago. This likely reflects slower demand, both from migration flow and domestic household formation – recent rises in average household size suggesting the high rents are leading more young Australians to delay leaving their family homes.

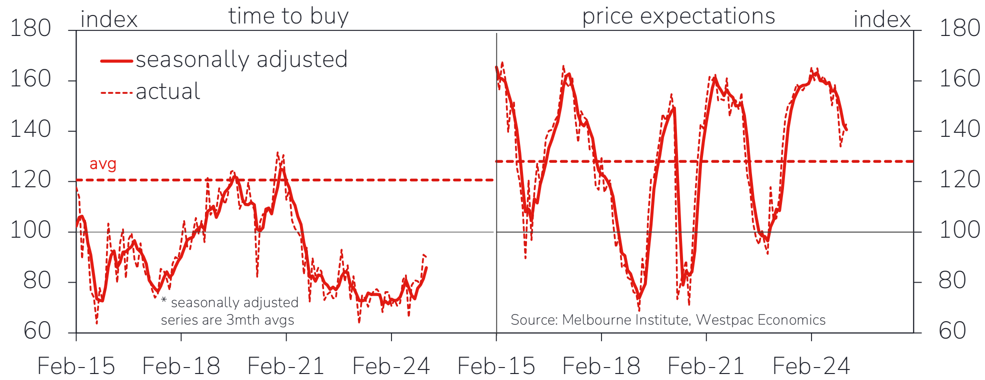
– Dwelling prices saw modest slippage over October to January, averaging –0.1%mth. Sydney is leading the softening, with regional NSW still posting growth. Sydney prices look to have broken the run with a small positive gain in February.

– Higher–end dwellings continue to lead the declines, lower–tier properties still seeing some positive growth. Prices in outer–west Sydney are growing a touch faster than other areas of Sydney which are all showing outright declines. These trends suggest affordability is still a major driver for buyers, with the median dwelling price sitting just $6k shy of $1m in NSW.

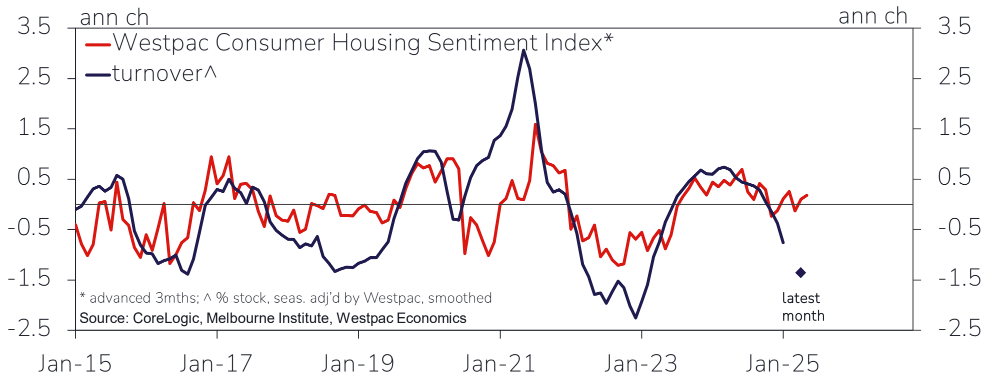
– The **NSW Consumer Housing Sentiment index** has not made any major strides over the past three months. While the momentum signal is slightly positive, there continues to be a large gap between price expectations and people's sense of whether it is a good time to buy.

– With the market slowdown becoming more pronounced, expectations for price growth have pull back sharply, falling –13.7 since April 2024, while purchasing sentiment has seen a 17.5% lift over the same period, although it is still 28.9% below its long–term average.

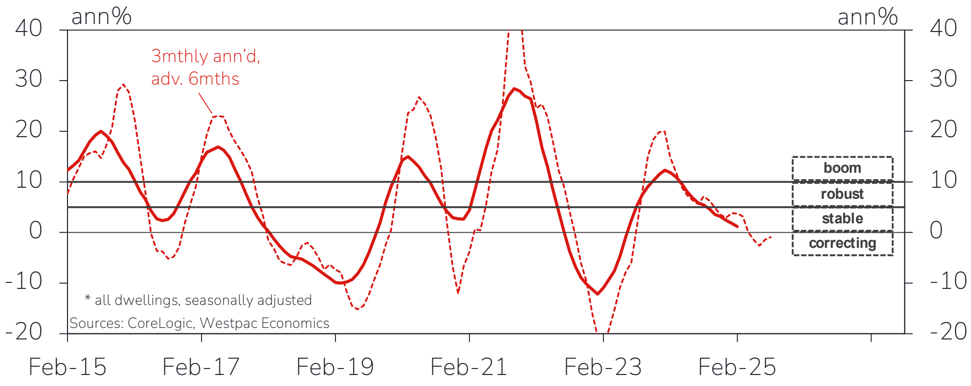
22. NSW consumer: housing–related sentiment



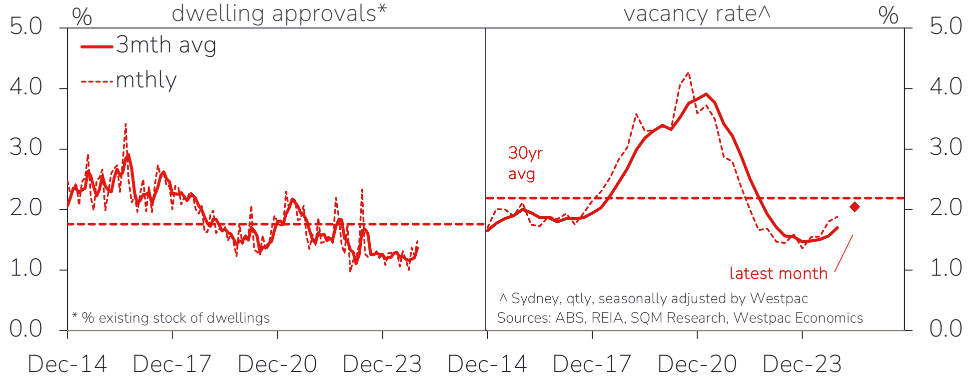
23. NSW housing composite vs turnover



24. Sydney dwelling prices



25. NSW: dwelling approvals, vacancy rate



Population: 8.6mn
Net migration: +112k pa
GSP: $789bn (30% of Aus)
Dwellings: 3.5mn, $4.3trn
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	1.5	1.0
Employment, ann%	1.7	2.7	3.9	1.3	2.3
Unemployment rate, %#	5.9	3.7	3.2	3.9	3.9
Population, ann%	1.1	0.9	2.1	1.7	1.7
Dwelling prices, ann%	5.7	4.1	–0.9	6.8	1.2
Rental yield, %#	4.7	3.4	4.5	4.5	4.3
Sales/new listings, ratio#	1.28	1.08	1.40	1.33	1.05
Total listings, mths sales#	2.8	3.2	2.6	2.4	3.4

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

Long, shallow correction continues

– Victoria's housing market correction has deepened somewhat since our last update. The state's economy is lagging behind most others, with Vic still holding the highest unemployment rate in the country. There are some early signs that the RBA's February rate cuts is stabilising prices. Either way, the correction looks likely to remain shallow.

– Housing turnover fell heavily through year–end, down –17%qtr over the three months to January to be –2.9%yr lower over the year. Turnover had been trending higher for much of the past two years, but took an unexpected weak turn through December–January, recording the sharpest pull back since September 2021.

– New listings declined –6.7%qtr over the same period and are now just slightly below last year's levels. In 2024, new listings averaged a little over 10k per month, but the past three months – and February – have been running below average.

– As mentioned in earlier updates, changes to state government tax changes triggered a wave of investor selling in the second half of 2023 that the market has struggled digest. Total listings have been elevated, holding around 40–45k since last January. At the current sales pace, it would take about 4.4 months to clear – the highest of any state and above Victoria's long–term average of 3.5 months. The picture is still firmly one of a 'buyers market'.

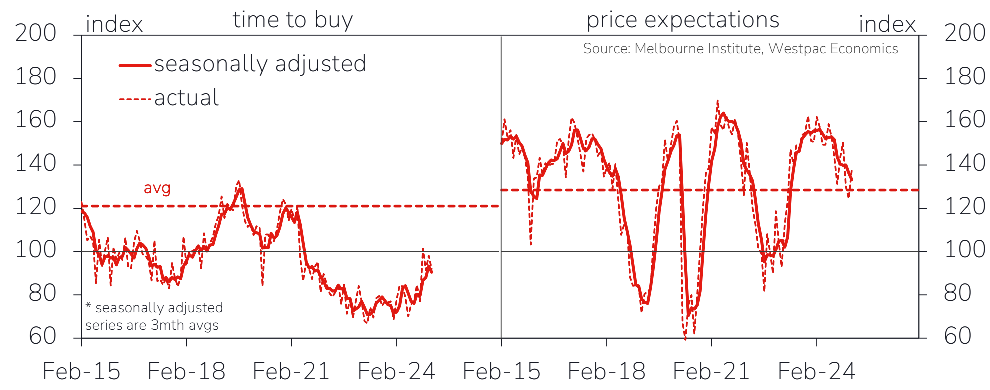
– Victoria has now seen 11 consecutive months of price declines – the longest streak in Australia in the current cycle. Both houses and units are sliding at a similar pace without any discernible difference.

– Melbourne dwelling prices have fallen –3.2%yr overall. The city's inner south has been hit particularly hard, with prices declining –9.7% on a six–month annualised basis. Regional Vic has also seen price slippage although declines of moderated over the last three months.

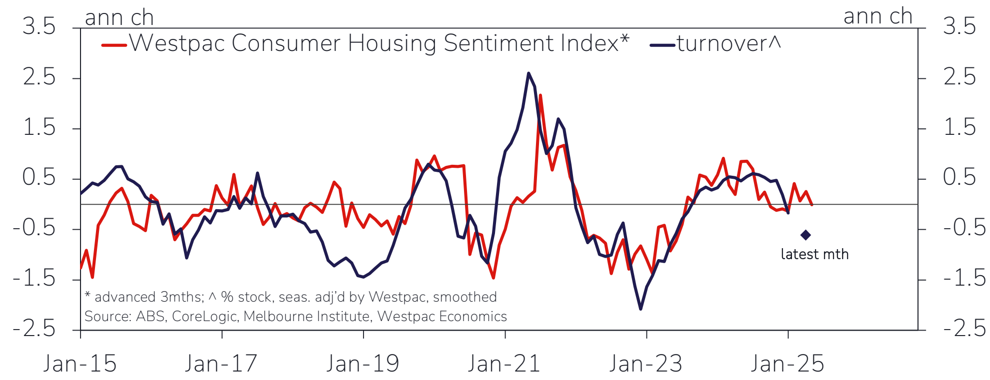
– By housing tiers, the top end of the market has seen the sharpest fall, down –4.6%yr, followed by mid–tier at –2.4%yr and the low–tier at –0.9%yr.

– The **Vic Consumer Housing Sentiment index** has been treading water over the past three months, with big offsetting swings in price expectations and purchasing sentiment. Price expectations have been easing since the current cycle's peak in March 2024, falling –14.9% to be only slightly above average levels. Meanwhile, buyer sentiment has rallied 20.7% but is still around 30pts below its long–term average. How sentiment responds to the RBA's February cut will be instructive.

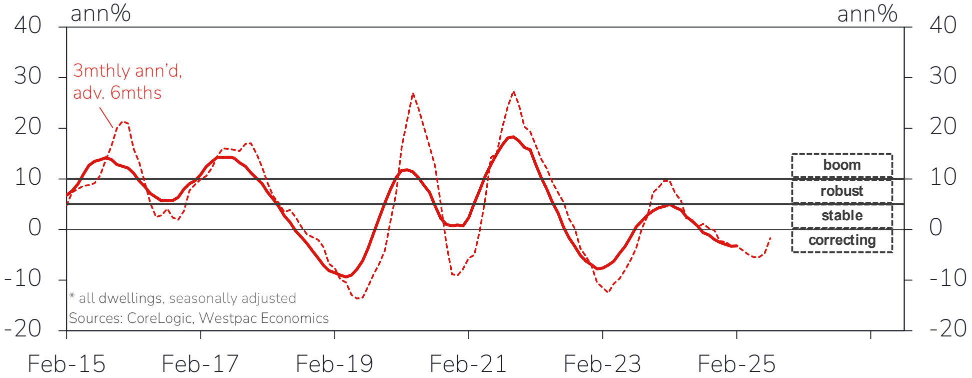
26. Vic consumer: housing-related sentiment



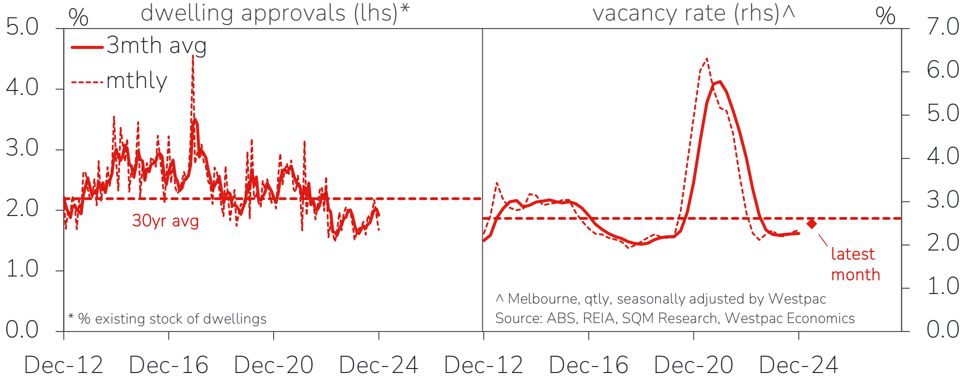
27. Vic housing composite vs turnover



28. Melbourne dwelling prices



29. Vic: dwelling approvals, vacancy rate



Population: 7.1mn
Net migration: +131k pa
GSP: $581bn (22% Aus)
Dwellings: 3.0mn, $2.6trn
Capital: Melbourne

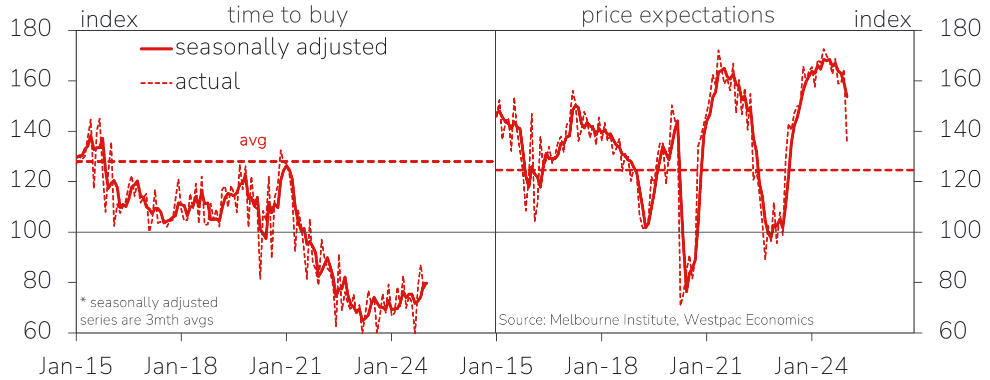
June years	avg*	2022	2023	2024	latest
GSP, ann%	2.7	6.7	3.4	1.5	n.a.
State final demand, ann%	3.4	7.2	3.9	1.9	1.5
Employment, ann%	2.2	3.9	4.0	2.6	3.5
Unemployment rate, %#	6.3	3.8	3.8	4.4	4.4
Population, ann%	1.6	1.3	2.8	2.4	2.4
Dwelling prices, ann%	5.7	3.2	–3.4	1.6	–3.2
Rental yield, %#	4.8	3.6	4.8	4.9	4.8
Sales/new listings, ratio#	1.05	0.93	1.02	0.96	0.91
Total listings, mths sales#	3.5	3.8	4.0	3.6	4.4

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

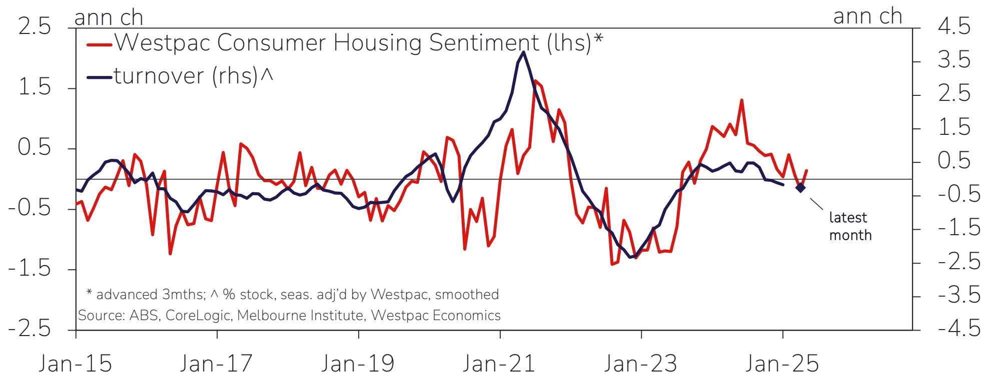
Sunny with a chance of cooling

- Compared to NSW and Victoria, conditions look much brighter in the sunshine state. Dwelling prices are still climbing 9.8%yr, and while growth has cooled from its 14.6%yr peak in April 2024, the pace remains robust, especially in the Queensland state capital Brisbane.
- The details show the pull–back has centred on houses, where price growth has slowed to 9.3%yr. Unit prices, on the other hand have held up much better – at 15.8%yr, annual price growth is only 3ppts off its peak in September 2024.
- Breaking it down by price tiers, the lower end of the market is leading the way with prices up 17.6%yr, this is followed by the mid–tiers at 11.2%yr, while the top end has seen a more pronounced growth slowdown to 7.1%yr. These sub–market trends suggest affordability pressures are heavily shaping buyer decisions, pushing demand into the 'budget–friendly' parts of the market.
- Looking across Brisbane, Ipswich stands out with price growth still running at 10.1% six–month annualised pace. Meanwhile south Brisbane and the inner city are seeing more subdued gains, below 5%yr. In regional Queensland, Townsville is booming at 24.6%yr, albeit with gains starting to cool a little, while Gold Coast is lagging behind at 1%yr.
- Turnover declined –4.5%qtr over the three months to Jan to be down –1.5%yr. Sales averaged 10.7k per month in 2024, up 6.3% from 2023. As a share of total dwelling stock, turnover averaged 5.7% in 2024, well ahead of NSW and Victoria's rates of 4.6% and 4.1% respectively, a touch above WA but below SA's.
- Even though sales have slowed, they are still running ahead of new listings, which have fallen –7.2%qtr. On–market listings are near the 2024 average of 28k, down from 32k in 2023. At the current rate, listings are around 2.4 months of sales, much lower than the typical 4.6 months.
- Rental conditions are extremely tight, with vacancies sitting around 0.6% – significantly below the 30yr average of 2.9%. Gross rental yields have eased slightly from 5.7% in 2024 to 5.5%.
- Dwelling approvals are rising at around 15%yr, with detached homes growing 11%yr, and high rise units surging 34%yr.
- The **Qld Consumer Housing Sentiment index** is slightly higher over the last three months. This was entirely due to more optimistic purchasing sentiment, with a steep fall in price expectations. The mix could lift sales activity by owner occupiers but may dampen investor activity. Investor loans also fell for the first time in six quarters in Q4 2024.

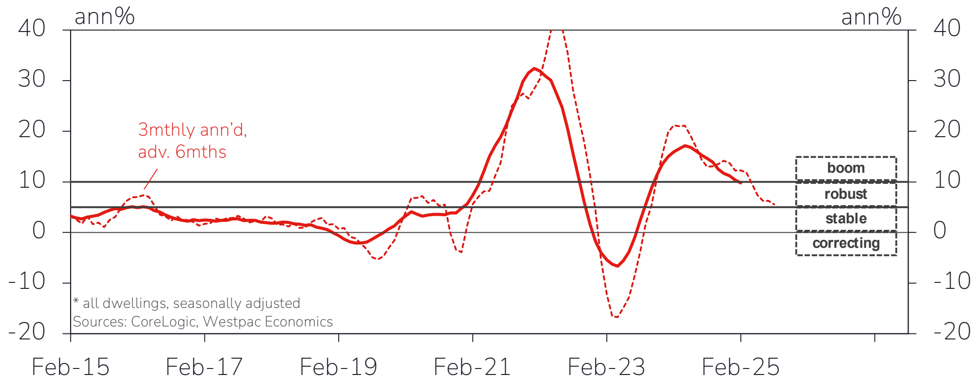
30. Qld consumers: housing-related sentiment



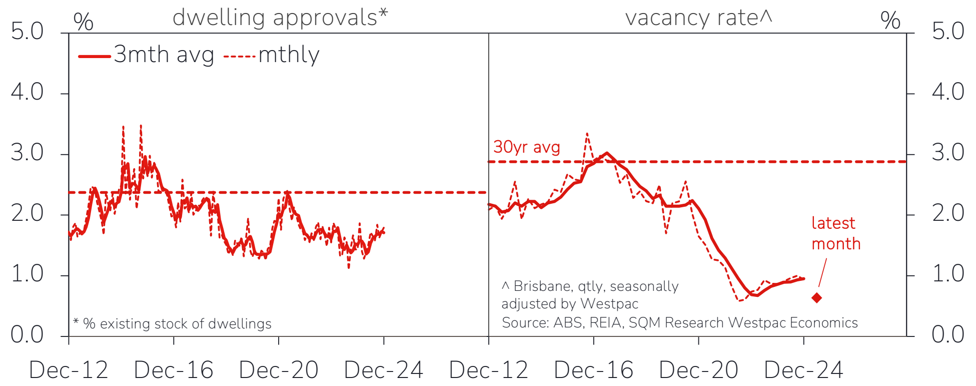
31. Qld housing composite vs turnover



32. Brisbane dwelling prices



33. Qld: dwelling approvals, vacancy rate



Population: 5.7mn
Net migration: +106k pa
GSP: $516bn (20% Aus)
Dwellings: 2.3mn, $2.1trn
Capital: Brisbane

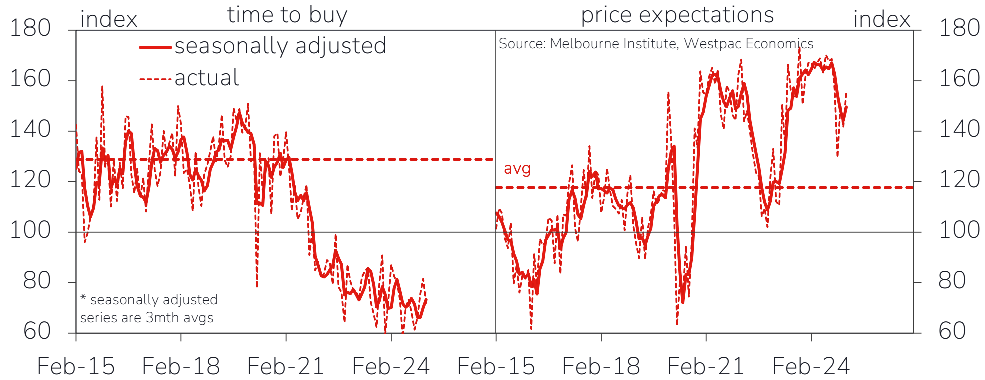
June years	avg*	2022	2023	2024	latest
GSP, ann%	3.4	5.5	2.8	2.1	n.a.
State final demand, ann%	3.6	5.0	2.9	3.0	3.0
Employment, ann%	2.4	4.8	2.8	3.8	3.9
Unemployment rate, %#	6.6	4.0	3.8	4.0	3.9
Population, ann%	1.9	2.0	2.6	2.3	2.3
Dwelling prices, ann%	6.5	24.7	–3.8	16.1	9.8
Rental yield, %#	5.1	4.9	5.8	5.7	5.5
Sales/new listings, ratio#	1.02	1.09	1.42	1.26	1.27
Total listings, mths sales#	4.6	2.7	2.7	2.3	2.5

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

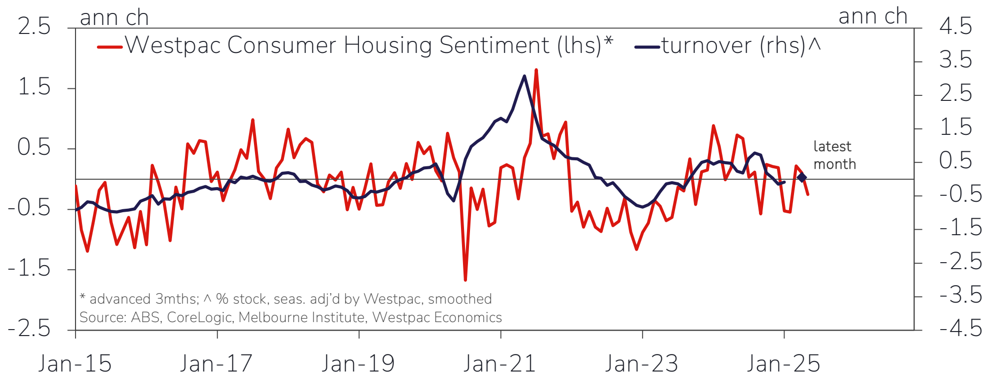
Losing steam but far from normal

- WA has remained the strongest housing market in Australia this cycle, staying ahead of the pack despite a noticeable cool–down in recent months. Dwelling price growth has eased from 2.9%qtr three months ago to 1.7%qtr, still slightly above the long term average of 1.4%qtr.
- On an annual basis, prices in WA are up 15.3%yr, slowing from 20.4%yr three months ago. The slowdown has been more focused on houses, which is now seeing price growth at 16.7%yr, with unit prices up 20.6%yr in January. Much like in other states, the slowdown has been led by the top end of the market.
- The state's largest city, Perth, has seen a fully–fledged price boom. But zooming in on the three month annualised pace, conditions have cooled quickly – moving from a 10%+ 'boom' pace, to a 'robust' 5–10% and 'stable' 0–5% pace in just three months. Market momentum has lost a lot of its steam.
- Looking across Perth, the south–west, south–east and north–west regions have tracked closely over this growth cycle, while inner Perth has lagged, peaking well below the others. In regional WA, the Wheat Belt has been a bit of an outlier – prices there show no signs of slowing.
- Turnover has fallen –2.5%qtr and has averaged 5.6% of dwelling stock over the past three months. New listings have dropped –11.6%qtr over the same period, the sales–to–new–listings ratio lifting to 1.25 in the latest month, up from 1.18 in 2024.
- Total listings have averaged 14k over the past year, with a clear up–tick since Q4 of 2024. At the current pace, listings represent 2.5 months of sales, up from 2.2 in 2024. While this is not enough to suggest an overhang of supply, it does point to supply–demand conditions rebalancing.
- Perth's rental market is as tight as ever, with vacancy rates falling to just 0.4%. Meanwhile gross rental yields have pushed higher to 6.8%. WA has seen a strong rise in investor activity in the recent cycle. Lending data shows investor loans are rising at above 30%yr, albeit with Q4 marking the first drop in nearly two years.
- Dwelling approvals are up 39%yr to December, the strongest growth of any state. This was driven by a massive five–fold surge in the high–rise approvals, albeit to levels that are still fairly low by historical standards.
- Sentiment indicators remain soft with continued pessimism around buyer sentiment and easing price expectations. Overall, the WA market may be cooling but it is still much hotter than the rest.

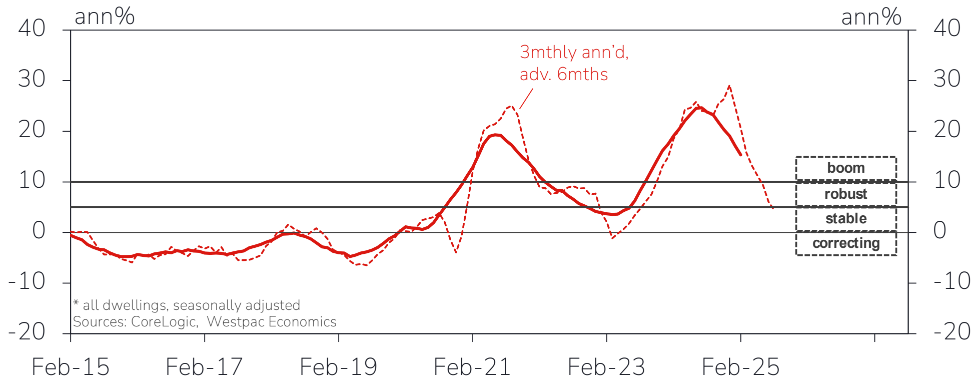
34. WA consumers: housing–related sentiment



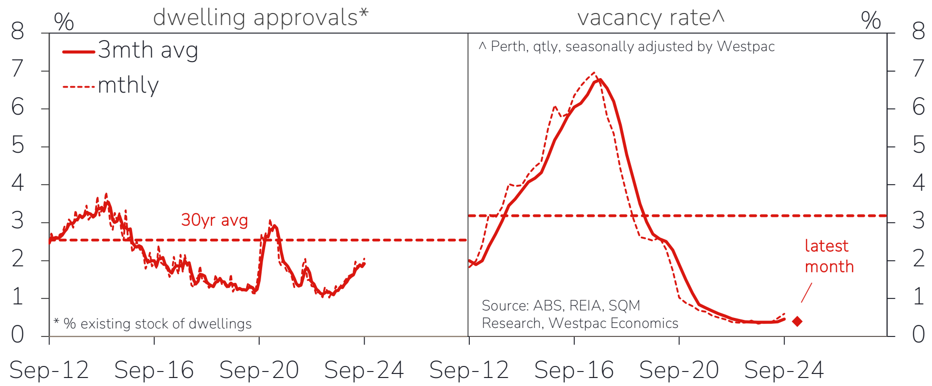
35. WA housing composite vs turnover



36. Perth dwelling prices



37. WA: dwelling approvals, vacancy rate



Population: 3.0mn
Net migration: +66k pa
GSP: $448bn (17% Aus)
Dwellings: 1.2mn, $1.0trn
Capital: Perth

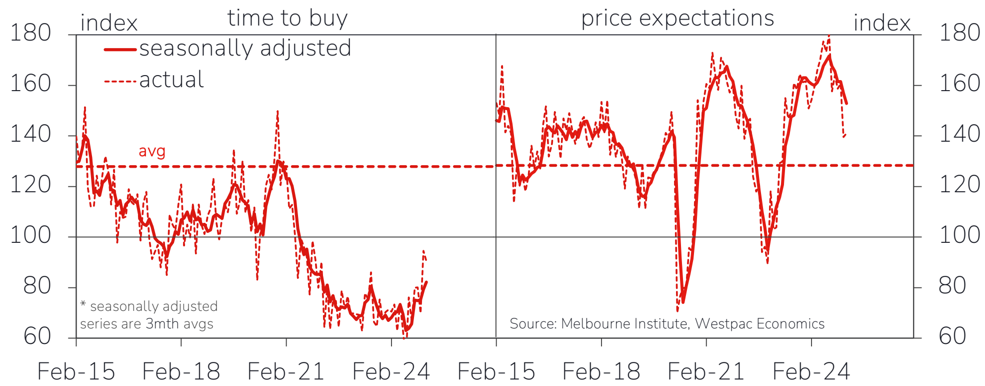
June years	avg*	2022	2023	2024	latest
GSP, ann%	3.8	2.5	3.7	0.5	n.a.
State final demand, ann%	3.7	5.9	3.2	5.7	4.7
Employment, ann%	2.4	5.3	2.6	3.8	4.0
Unemployment rate, %#	5.6	3.2	3.6	3.8	3.4
Population, ann%	1.8	1.5	3.3	2.8	2.7
Dwelling prices, ann%#	6.2	8.3	4.8	24.6	15.3
Rental yield, %#	4.8	5.5	6.6	6.7	6.9
Sales/new listings, ratio#	0.93	0.98	1.27	1.18	1.25
Total listings, mths sales#	5.5	3.7	3.0	2.2	2.5

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

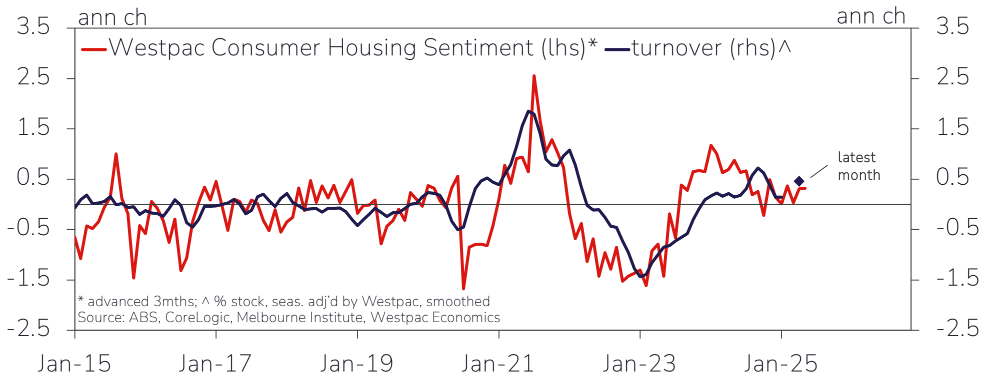
Supply–demand mismatch

- Like other states, SA's housing market has seen slowing momentum but growth trends are still firmly at the upper end of the range. Annual dwelling price growth has eased to 12.5%yr, but is still a long way above the long–term average of 6.8%yr.
- Similar to other states, turnover fell over the past three months by –6.7%qtr and is currently tracking at 4.0% of dwelling stock. Compared to a year ago, turnover is up 4.7%yr.
- New listings took a bigger hit, falling –11.6%qtr and were also down –3.7%yr. This saw the sales–to–new–listings ratio jump to 1.65 in its latest read, this is substantially above its long term average of 1.10 and well–above that of any other state. Total listings are running at around 5.6k or just 1.6 months of sales. Whichever way you cut it, 'on–market' supply is extremely tight relative to demand.
- This mismatch is not simply due to population drivers, with population growth in SA a little slower than in other states. Similar to WA, investor activity is strong in SA, with investor loans up 40.7%yr in Q4. Rental yields are firm at 5.0% but below SA's long term average of 5.3%. Rental vacancies are tight at 0.5% – the second tightest in the nation behind Perth.
- By dwelling type, houses (the dominant build form in SA) have seen more of a moderation in prices, with unit price growth having just turned in December after peaking at 17.8%yr the month prior. Housing tier analysis reveals nothing new, with top–tier dwelling seeing slower price gains than lower tiers. Nevertheless, prices are growing at or above 10%yr (six–month annualised) across all tiers.
- Across the Adelaide sub–regions, North Adelaide is going strong at a six–month annualised rate of 13.1%yr. Central & Hills is a little more subdued at 7.7%yr. In the regional areas, Barossa and south–east SA are growing at around 11%yr.
- SA is seeing dwelling approvals average 1.6% of existing stock – the only state that is above its 30yr average by this metric. Total dwelling approvals were flat in Q4 but private detached house approvals were still up 21%yr.
- Buyer sentiment has improved a little over the past three months. Consumer views on whether it is a good time to buy have been on the rise since mid–2024 and up 9.8% over the past three months. However, price expectations have fallen back to around mid–2023 levels, down –10.9% from the August 2024 peak. Both of these measures remain a decent way away from their respective long term averages.

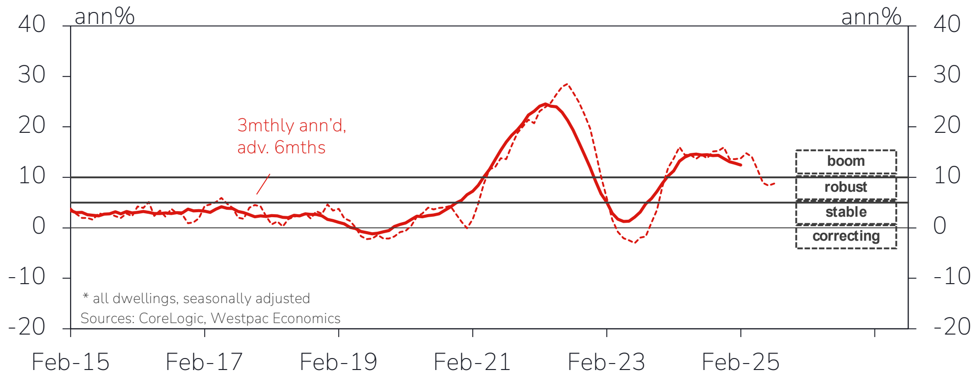
38. SA consumers: housing–related sentiment



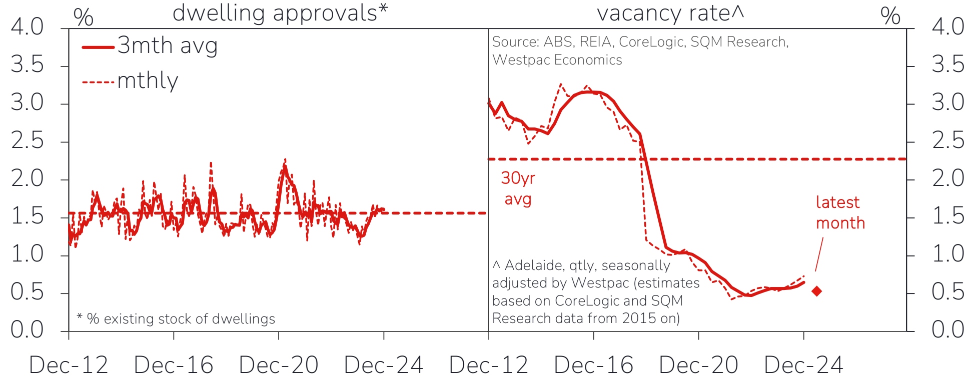
39. SA housing composite vs turnover



40. Adelaide dwelling prices



41. SA: dwelling approvals, vacancy rate



Population: 1.9mn
Net migration: 20k pa
GSP: $142bn (5% Aus)
Dwellings: 0.8mn, $0.7trn
Capital: Adelaide

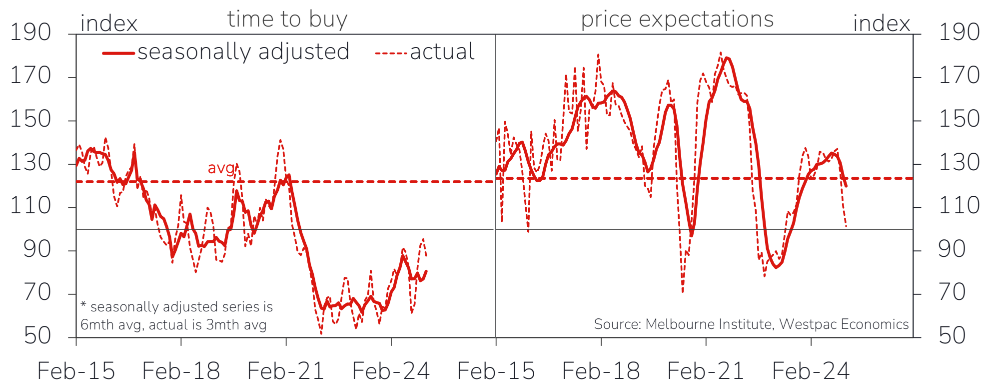
June years	avg*	2022	2023	2024	latest
GSP, ann%	2.3	5.4	3.6	1.2	n.a.
State final demand, ann%	2.9	6.2	2.6	1.7	1.7
Employment, ann%	1.4	3.0	4.2	–0.7	1.5
Unemployment rate, %#	6.9	4.5	4.1	4.0	4.1
Population, ann%	0.9	1.0	1.7	1.4	1.2
Dwelling prices, ann%	6.8	22.9	1.3	14.6	12.5
Rental yield, %#	5.3	5.7	5.3	4.7	5.0
Sales/new listings, ratio#	1.10	1.37	1.52	1.43	1.65
Total listings, mths sales#	3.7	2.0	2.0	1.7	1.6

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

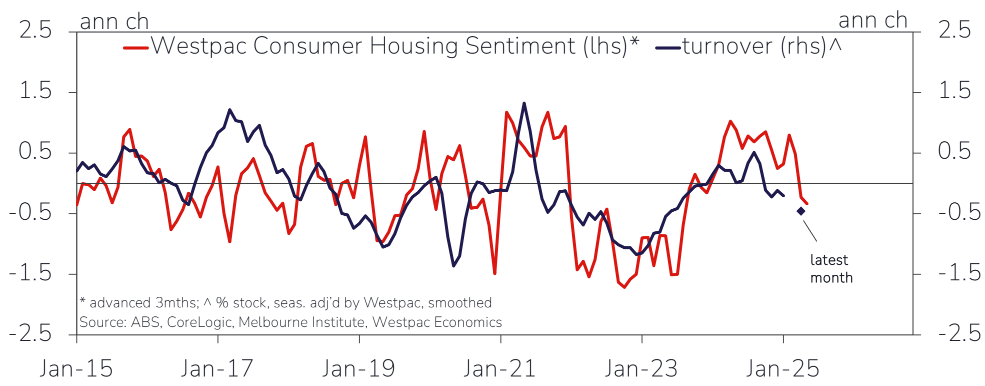
Marching to its own beat

- Unlike other states, growth momentum in Tasmania has actually improved since our last update. Dwelling price growth lifted to 1.4%yr, up from 0.4%yr three months ago.
- Both capital and regional markets have seen improvements. In Hobart, price declines eased from –1.1%yr three months ago to –0.3%yr in January, with the mild dwelling price correction appearing to stabilise. Price growth in regional Tasmania improved from 1.9%yr to 3.2%yr.
- Many sub–markets in Hobart have seen improvements but the inner region has continued to see falls, price declines worsening to –2.3%yr on a six–month annualised basis.
- Other details show that the recovery in house prices has been a little more convincing than for units. A stronger recovery is also being seen in bottom and middle tier dwellings. This is consistent with trends seen in other markets suggesting affordability remains an active issue for buyers.
- Tasmania also saw a decline in turnover through year end, down –7%qtr and –11.8%yr. As a share of dwelling stock, turnover has averaged 3.6% in the last 12 months, well below the 20yr average of 4.7% and peaks close to 6%.
- The fall in turnover has coincided with a sharp 10%qtr pull back in new listings although these remain 4.4% higher than the same period last year.
- The mix has seen a notable decline in total listings which now represent around 4.2 months of sales. While this is higher than many of the other states, total listings have usually averaged 4.9 months of sales in Tasmania so current on–market supply is still relatively tight, albeit not quite as tight as in mid–2024 rate. That should continue to provide some much–needed impetus to prices.
- Rental conditions have continued to tighten up slightly with the rental vacancy rate falling to 2.1%, below its 30yr average for the first time since mid–2023.
- The Tasmanian Consumer Housing Sentiment index has shown a weaker pulse since our last update. Price expectations have seen notable pull–back, having been on a mild upward trend between February 2023 and October 2024. The 'time to buy' index has moved sideways, and looks to have abandoned the up–trend that was in place through to mid–2024.

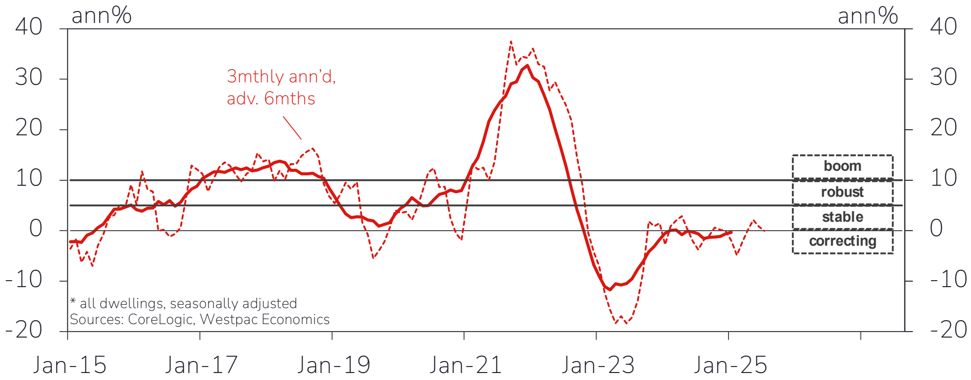
42. TAS consumers: housing–related sentiment



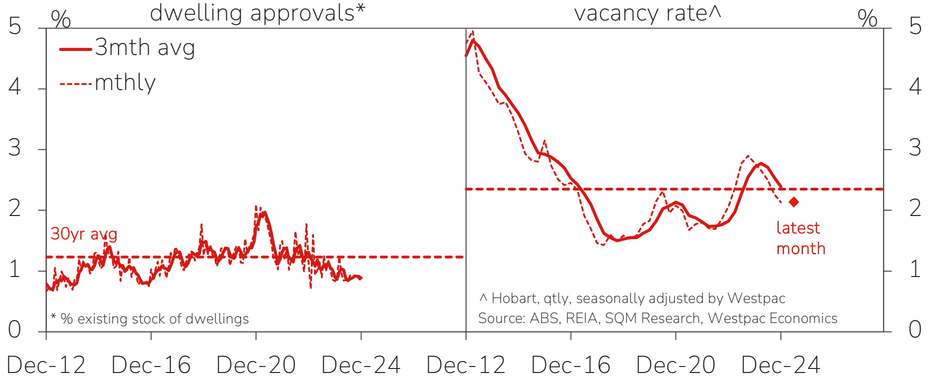
43. TAS housing composite vs turnover



44. Hobart dwelling prices



45. TAS: dwelling approvals, vacancy rate



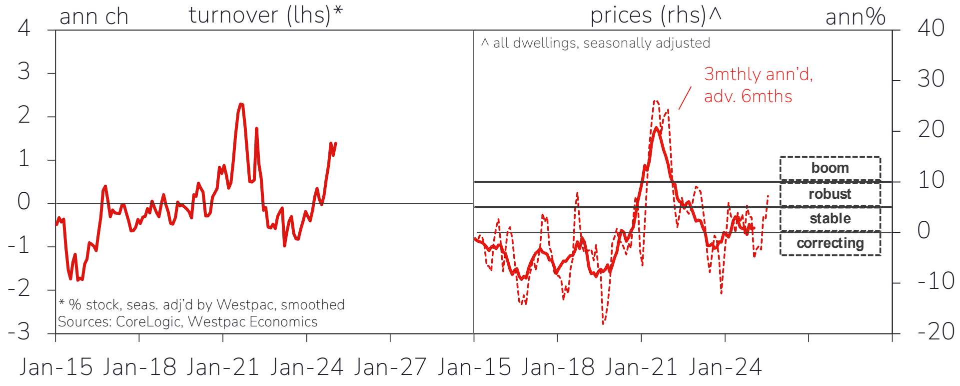
Population: 0.6mn
Net migration: 2k pa
GSP: $41bn (2% Aus)
Dwellings: 0.3mn, $174bn
Capital: Hobart

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	1.4
Employment, ann%	1.5	2.1	2.8	–1.3	–0.9
Unemployment rate, %#	7.5	4.4	4.0	4.0	3.9
Population, ann%	0.8	0.7	0.5	0.3	0.3
Dwelling prices, ann%	6.4	16.6	–10.5	–0.3	–0.4
Rental yield, %#	5.8	4.0	4.3	4.3	4.5
Sales/new listings, ratio#	1.04	0.88	1.04	1.08	1.17
Total listings, mths sales#	4.9	2.6	4.6	4.3	4.2

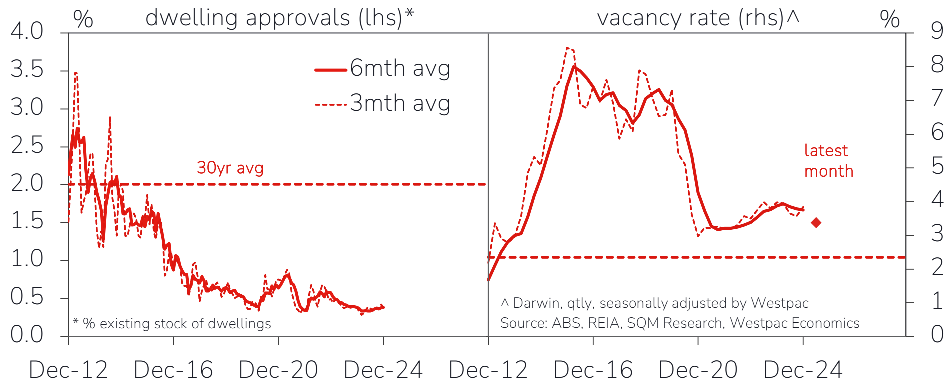
* avg last 25yrs; # June qtr readings
Sources: ABS, CoreLogic, REIA, Westpac Economics

NT lifts; ACT lacklustre

46. Turnover, Darwin dwelling prices



47. NT: dwelling approvals, vacancy rate

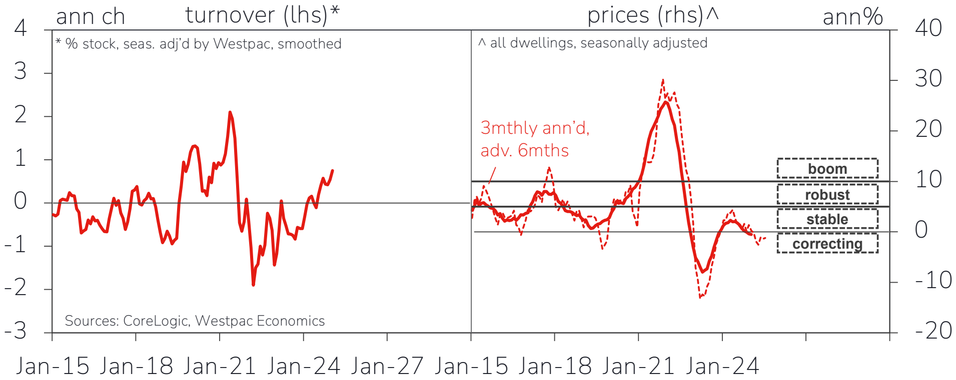


Population: 0.3mn
Net migration: 1k pa
GSP: $35bn (1% Aus)
Dwellings: 0.1mn, $48bn
Capital: Darwin

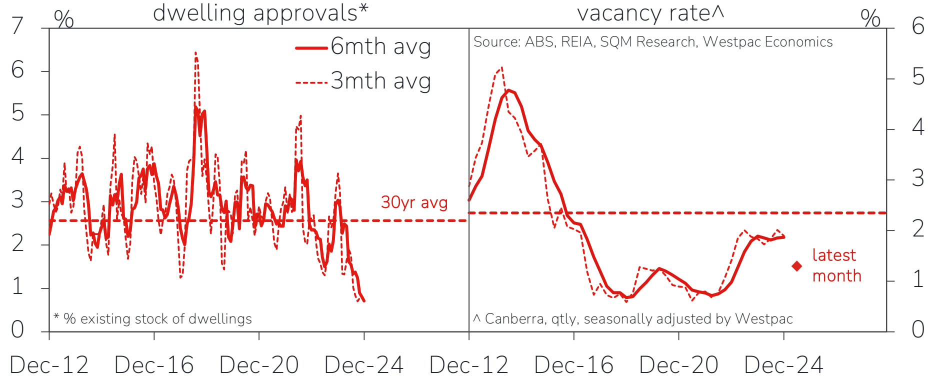
June years	avg*	2022	2023	2024	latest
GSP, ann%	2.9	5.4	–5.2	4.6	n.a.
State final demand, ann%	2.4	6.9	1.3	4.5	5.0
Employment, ann%	1.5	2.4	2.7	–0.9	0.4
Unemployment rate, %#	6.7	4.3	4.3	4.1	4.2
Population, ann%	1.1	0.8	1.1	0.8	1.2
Dwelling prices, ann%	4.1	6.0	–2.6	2.5	1.1
Sales/new listings, ratio#	1.20	1.11	1.35	1.28	2.19
Total listings, mths sales#	5.5	4.6	5.1	3.8	1.9

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

48. Turnover, Canberra dwelling prices



49. Dwelling approvals, vacancy rate

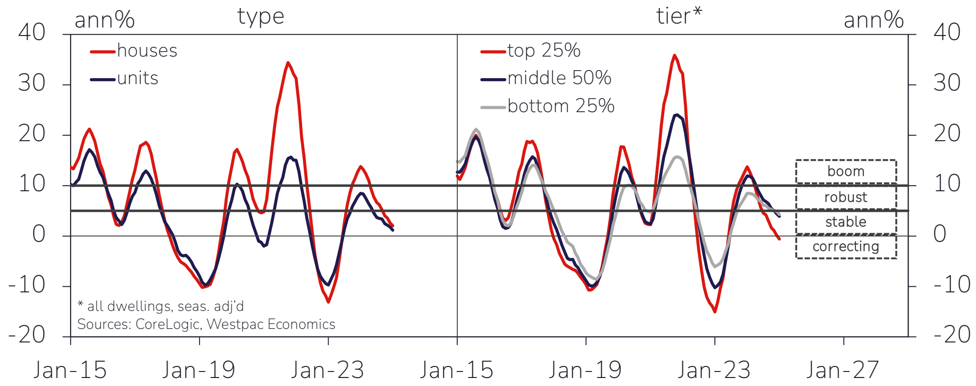


Population: 0.5mn
Net migration: 5k pa
GSP: $53bn (2% Aus)
Dwellings: 0.2mn, $191bn
Capital: Canberra

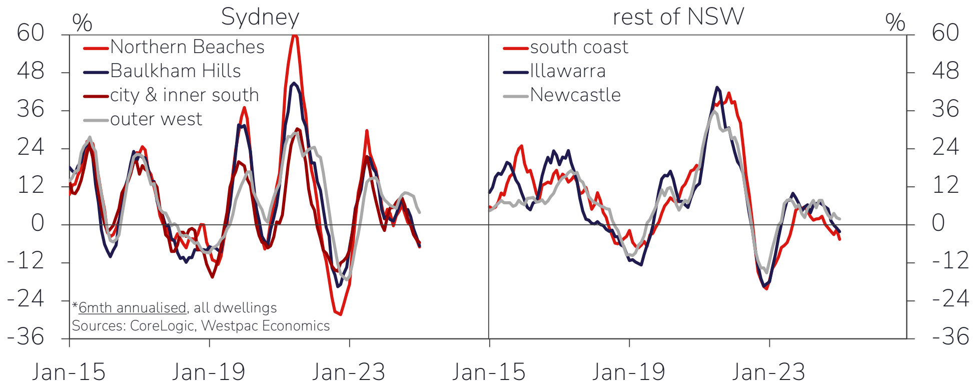
June years	avg*	2022	2023	2024	latest
GSP, ann%	3.7	2.7	4.7	4.0	n.a.
State final demand, ann%	3.6	3.0	1.7	1.9	3.0
Employment, ann%	1.6	2.9	3.1	–0.1	3.8
Unemployment rate, %#	6.6	4.0	3.9	3.9	3.8
Population, ann%	1.6	1.0	2.1	1.7	1.7
Dwelling prices, ann%	5.9	15.9	–7.3	2.1	–0.7
Sales/new listings, ratio	1.42	1.20	1.32	1.34	1.63
Total listings, mths sales	2.5	2.2	2.7	2.6	2.4

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

50. NSW: Sydney dwelling prices by type, tier



51. NSW dwelling prices, selected sub-region

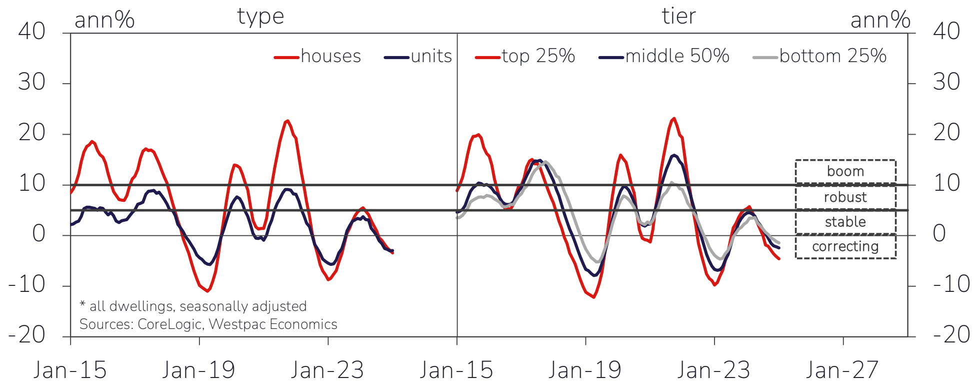


	Sydney	rest of NSW
Population:	5.5mn	2.9mn
Net migration*:	+118k pa	+25k pa
Employ (%state):	68%	32%
Dwellings, no.:	2.1mn	1.4mn
Dwellings, value:	$3.0trn	$1.2trn

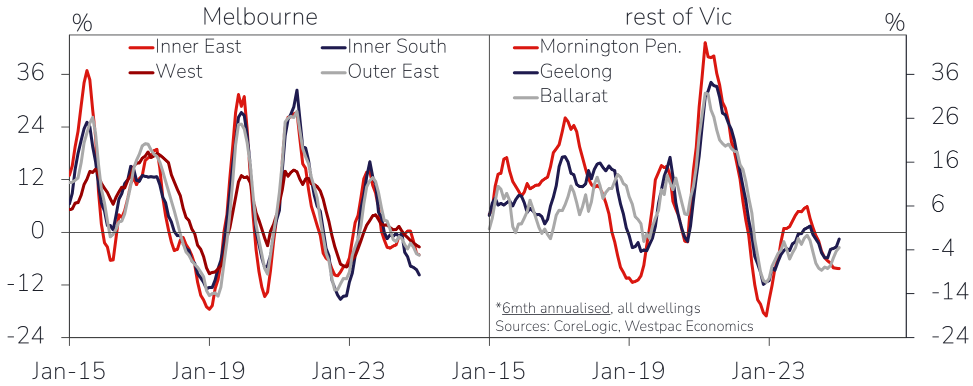
June years	avg^	2022	2023	2024	latest
Sydney					
Employment, ann%	1.8	3.7	4.4	1.1	1.9
Unemployment rate, %	5.3	3.5	3.5	4.1	4.0
Houses – prices, ann%	6.1	5.5	–0.9	7.7	2.0
– sales/new listings, ratio	1.09	1.01	1.29	1.19	1.00
– total listings, mths sales	3.2	3.0	2.6	2.7	3.5
Units – prices, ann%	4.7	0.8	–1.0	4.5	1.1
– sales/new listings, ratio	1.61	1.21	1.56	1.51	0.94
– total listings, mths sales	2.3	3.2	2.6	2.2	3.9
rest of NSW					
Employment, ann%	1.4	0.8	2.9	1.7	1.1
Unemployment rate, %	7.1	4.0	2.6	3.5	3.6
Dwelling prices, ann%	6.2	20.8	–6.5	4.1	2.8

* 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

52. Vic: Melbourne dwelling prices by type, tier



53. Vic dwelling prices, selected sub-region

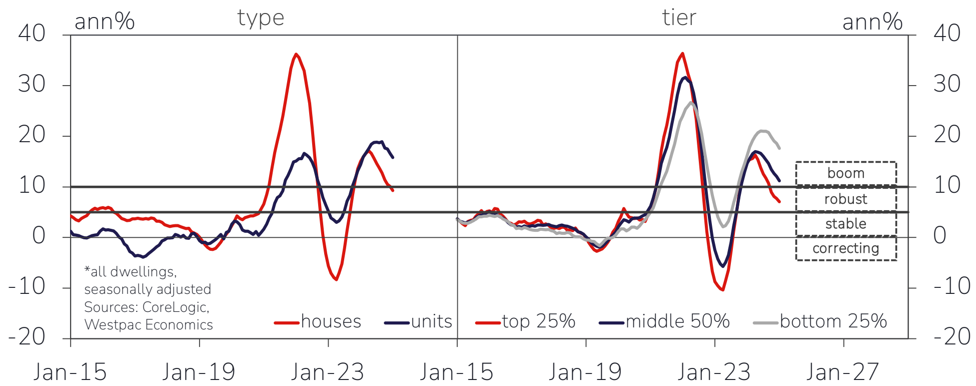


	Melbourne	rest of VIC
Population:	5.2mn	1.6mn
Net migration*:	+140k pa	+15k pa
Employ (%state):	79%	21%
Dwellings, no.:	2.1mn	0.9mn
Dwellings, value:	$2.0trn	$0.5trn

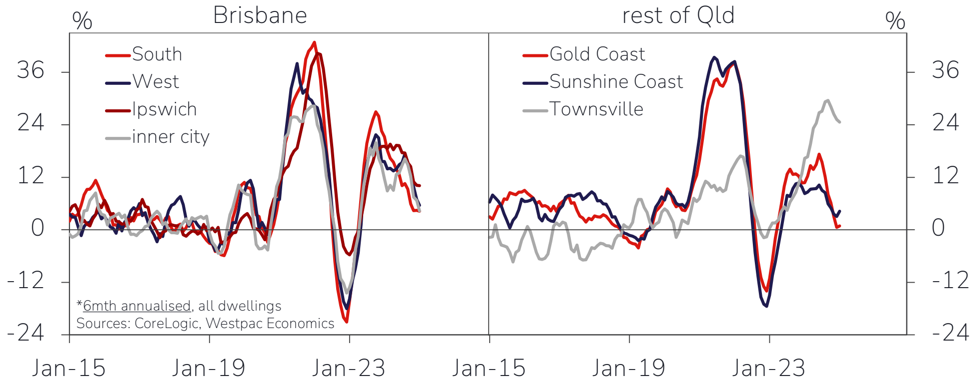
June years	avg^	2022	2023	2024	latest
Melbourne					
Employment, ann%	2.4	5.1	4.4	2.8	16.0
Unemployment rate, %	6.2	3.9	4.0	4.5	4.5
Houses – prices, ann%	6.3	3.8	–3.7	2.0	–3.4
– sales/new listings, ratio	1.01	0.95	1.03	0.96	0.95
– total listings, mths sales	3.5	3.2	3.8	3.6	4.2
Units – prices, ann%	4.5	1.8	–2.6	0.8	–2.9
– sales/new listings, ratio	1.12	0.93	1.01	0.99	0.73
– total listings, mths sales	3.6	4.8	4.5	3.6	5.6
rest of VIC					
Employment, ann%	1.7	–0.3	2.5	1.8	0.3
Unemployment rate, %	6.7	3.2	2.7	4.0	3.9
Dwelling prices, ann%	5.5	16.2	–5.7	–0.6	–2.6

* 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. Qld: Brisbane dwelling prices by type, tier



55. Qld dwelling prices, selected sub-region

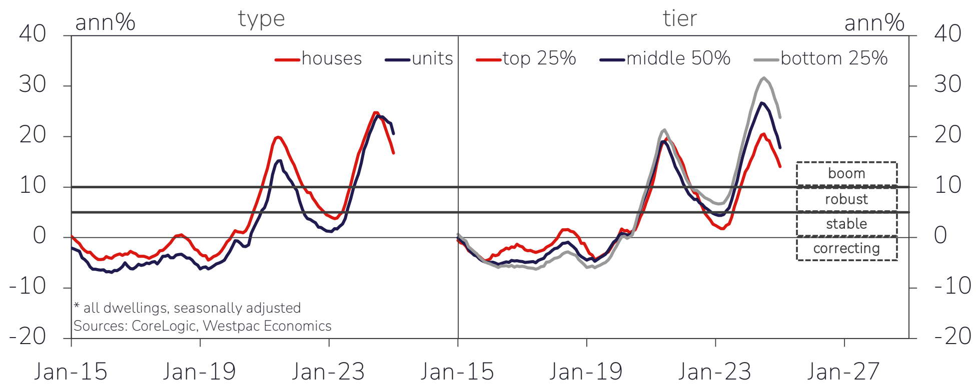


	Brisbane	rest of QLD
Population:	2.7mn	2.8mn
Net migration*:	+67k pa	+50k pa
Employ (%state):	51%	49%
Dwellings, no.:	1mn	1.3mn
Dwellings, value:	$1.0trn	$1.0trn

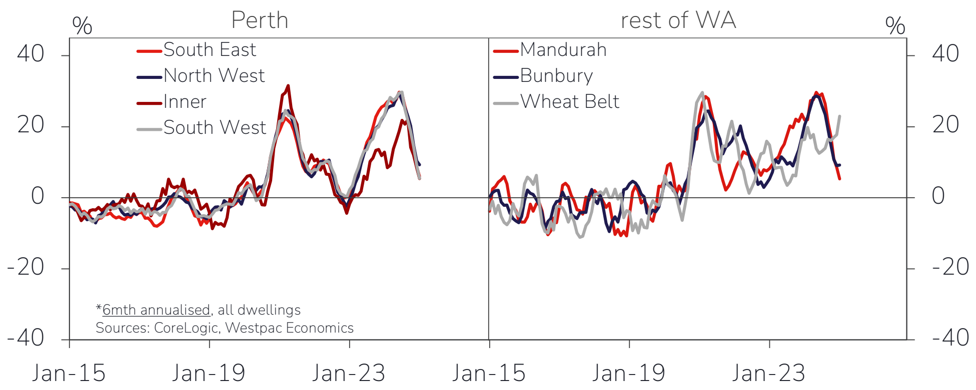
June years	avg^	2022	2023	2024	latest
Brisbane					
Employment, ann%	2.7	5.5	3.6	4.3	5.3
Unemployment rate, %	6.2	4.2	3.7	4.5	3.7
Houses – prices, ann%	6.9	26.5	–5.2	15.7	9.3
– sales/new listings, ratio	0.91	0.99	1.34	1.16	1.14
– total listings, mths sales	5.1	3.1	2.9	2.6	2.9
Units – prices, ann%	5.0	15.7	4.0	18.8	15.8
– sales/new listings, ratio	1.58	1.43	1.59	1.60	1.40
– total listings, mths sales	3.4	2.2	2.0	1.6	2.1
rest of Qld					
Employment, ann%	2.3	4.1	2.1	3.5	3.1
Unemployment rate, %	6.9	3.7	3.8	3.4	4.0
Dwelling prices, ann%	5.7	22.6	–1.8	12.3	10.4

* 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. WA: Perth dwelling prices by type, tier



57. WA dwelling prices, selected sub-region

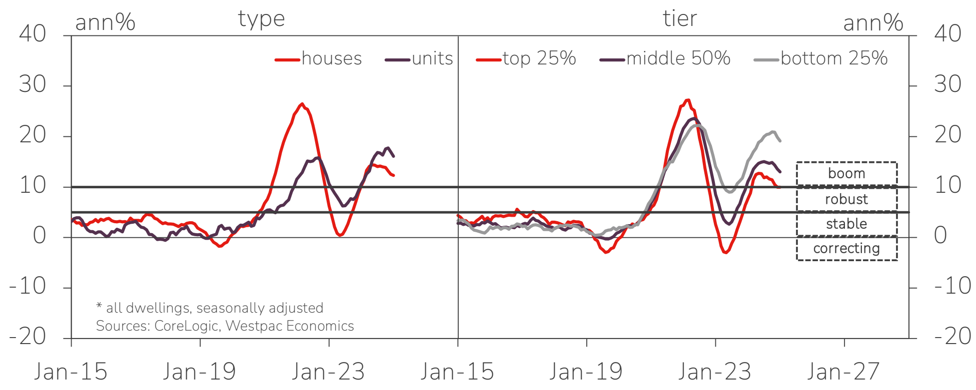


	Perth	rest of WA
Population:	2.3mn	0.6mn
Net migration*:	+70k pa	+6k pa
Employ (%state):	81%	19%
Dwellings, no.:	0.9mn	0.3mn
Dwellings, value:	$0.7trn	$0.2trn

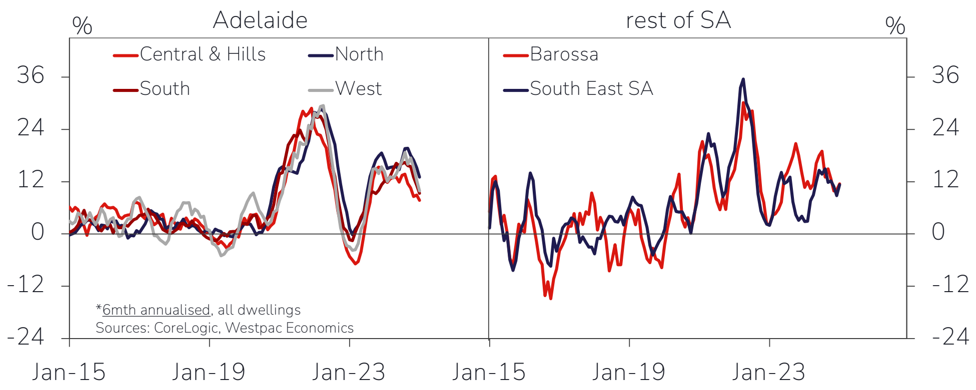
June years	avg^	2022	2023	2024	latest
Perth					
Employment, ann%	2.7	5.3	3.0	4.5	3.9
Unemployment rate, %	5.8	3.2	3.7	4.0	3.7
Houses – prices, ann%#	6.4	8.9	5.1	24.7	16.7
– sales/new listings, ratio	0.94	1.03	1.32	1.25	1.29
– total listings, mths sales	5.4	3.4	2.6	2.1	2.5
Units – prices, ann%#	5.0	3.6	2.7	23.1	20.6
– sales/new listings, ratio	0.92	0.83	1.12	1.01	0.96
– total listings, mths sales	5.8	5.3	3.6	2.6	3.1
rest of WA					
Employment, ann%	1.3	5.6	0.8	0.5	1.9
Unemployment rate, %	5.2	3.6	3.5	3.0	2.6
Dwelling prices, ann%	5.1	11.3	6.8	16.7	16.8

* 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

58. SA: Adelaide dwelling prices by type, tier



59. SA dwelling prices, selected sub-region

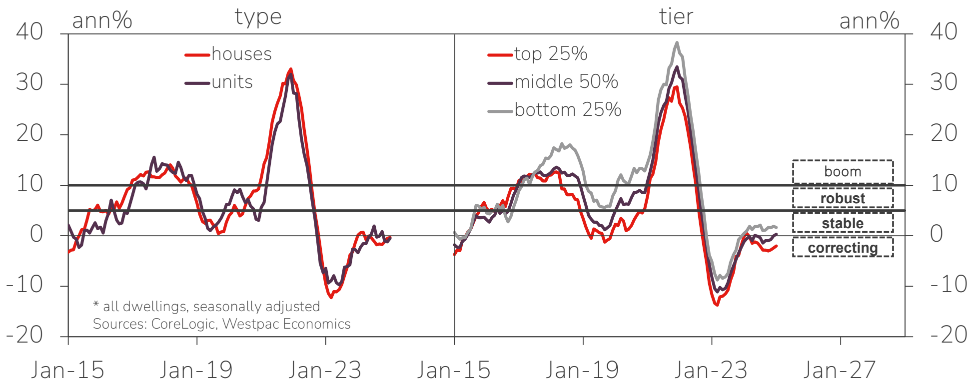


	Adelaide	rest of SA
Population:	1.4mn	0.4mn
Net migration*:	+25k pa	+3k pa
Employ (%state):	80%	20%
Dwellings, no.:	0.6mn	0.2mn
Dwellings, value:	$0.5trn	$0.1trn

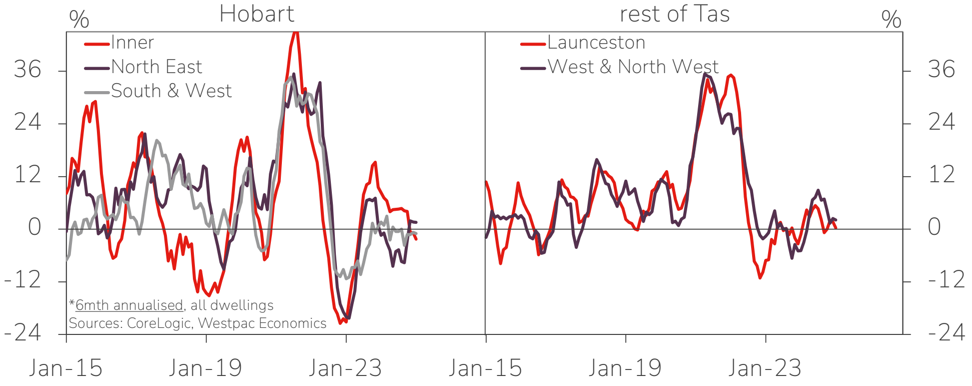
June years	avg^	2022	2023	2024	latest
Adelaide					
Employment, ann%	1.6	4.4	4.1	–0.9	0.8
Unemployment rate, %	7.1	4.4	4.2	4.1	4.2
Houses – prices, ann%	7.6	24.2	0.7	14.4	12.3
– sales/new listings, ratio	1.07	1.28	1.43	1.36	1.65
– total listings, mths sales	3.7	2.0	2.1	1.8	1.7
Units – prices, ann%	7.2	15.0	6.3	16.1	16.1
– sales/new listings, ratio	1.23	1.61	1.74	1.57	1.88
– total listings, mths sales	3.8	2.0	1.7	1.5	1.4
rest of SA					
Employment, ann%	0.8	–1.9	4.8	–0.1	–0.8
Unemployment rate, %	6.3	4.8	3.8	3.3	4.0
Dwelling prices, ann%	7.0	20.4	7.4	10.5	13.3

* 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

60. Tas: Hobart dwelling prices by type, tier



61. Tas dwelling prices, selected sub-region



	Hobart	rest of TAS
Population:	254k	320kn
Net migration*:	+1k pa	+1k pa
Employ (%state):	47%	53%
Dwellings, no.:	106bn	162k
Dwellings, value:	$76bn	$88bn

June years	avg^	2022	2023	2024	latest
Hobart					
Employment, ann%	1.8	0.3	4.0	1.2	–1.5
Unemployment rate, %	6.9	4.3	3.9	4.1	4.0
Houses – prices, ann%	6.6	17.2	–10.6	–0.4	–0.3
– sales/new listings, ratio	0.97	0.83	0.98	1.00	1.04
– total listings, mths sales	5.3	3.1	5.0	4.8	4.8
Units – prices, ann%	5.8	13.9	–9.7	0.2	–0.5
– sales/new listings, ratio	1.28	1.05	1.28	1.40	1.35
– total listings, mths sales	3.8	2.2	3.0	3.4	3.4
rest of Tas					
Employment, ann%	1.0	3.5	1.7	–3.5	–2.6
Unemployment rate, %	8.0	4.4	4.0	3.9	4.2
Dwelling prices, ann%	6.4	20.7	–3.3	–0.1	3.3

* 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

Economic and financial forecasts

Interest rate forecasts

Australia	Latest (28 Feb)	Mar–25	Jun–25	Sep–25	Dec–25	Mar–26	Jun–26	Sep–26	Dec–26
Cash	4.1	4.1	3.85	3.6	3.35	3.35	3.35	3.35	3.35
90 Day BBSW	4.12	4.2	3.95	3.72	3.5	3.55	3.55	3.55	3.55
3 Year Bond	3.71	3.75	3.75	3.8	3.8	3.85	3.9	3.95	4
3 Year Swap	3.74	3.75	3.75	3.75	3.75	3.75	3.8	3.8	3.85
10 Year Bond	4.29	4.45	4.6	4.75	4.7	4.7	4.65	4.65	4.65
10 Year Spread to US (bps)	6	–15	–20	–25	–25	–20	–20	–15	–15
US									
Fed Funds	4.375	4.375	4.375	4.375	4.375	4.125	3.875	3.875	3.875
US 10 Year Bond	4.23	4.6	4.8	5	4.95	4.9	4.85	4.8	4.8

Exchange rate forecasts

	Latest (28 Feb)	Mar–25	Jun–25	Sep–25	Dec–25	Mar–26	Jun–26	Sep–26	Dec–26
AUD/USD	0.6217	0.6	0.6	0.61	0.62	0.63	0.64	0.66	0.68
NZD/USD	0.5624	0.54	0.54	0.54	0.54	0.55	0.56	0.57	0.59
USD/JPY	149.85	155	154	153	152	150	148	146	144
EUR/USD	1.039	1.01	1	1	1.01	1.02	1.03	1.04	1.06
GBP/USD	1.2586	1.23	1.23	1.23	1.24	1.25	1.26	1.27	1.28
USD/CNY	7.287	7.3	7.3	7.25	7.25	7.2	7.15	7.1	7
AUD/NZD	1.1096	1.11	1.11	1.14	1.15	1.15	1.15	1.15	1.15

Past performance is not a reliable indicator of future performance. The forecasts given above are predictive in character. Whilst every effort has been taken to ensure that the assumptions on which the forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The results ultimately achieved may differ substantially from these forecasts.

Economic and financial forecasts

Australian economic growth forecasts

	2024				2025			
	Q1	Q2	Q3	Q4f	Q1f	Q2f	Q3f	Q4f
GDP %qtr	0.2	0.2	0.3	0.4	0.6	0.5	0.5	0.6
%yr end	1.1	1.0	0.8	1.1	1.5	1.8	2.1	2.2
Unemployment Rate %	3.9	4.1	4.1	4.1	4.1	4.2	4.4	4.5
Wages (WPI) %qtr	0.8	0.8	0.8	0.7	0.8	0.7	0.7	0.7
%yr end	4.1	4.1	3.5	3.2	3.2	3	2.9	2.9
CPI Headline %qtr	1.0	1.0	0.2	0.2	0.5	0.7	0.9	0.8
%yr end	3.6	3.8	2.8	2.4	2	1.7	2.4	2.9
CPI Trimmed Mean %qtr	1.0	0.9	0.8	0.5	0.5	0.6	0.7	0.7
%yr end	4.0	4.0	3.6	3.2	2.7	2.4	2.3	2.4

	Calendar years			
	2023	2024f	2025f	2026f
GDP % qtr	–	–	–	–
%yr end	1.5	1.1	2.2	2.2
Unemployment rate %	3.9	4.1	4.5	4.5
Wages (WPI)	–	–	–	–
annual chg	4.3	3.2	2.9	3.3
CPI Headline	–	–	–	–
annual chg	4.1	2.4	2.9	2.7
Trimmed mean	–	–	–	–
annual chg	4.2	3.2	2.4	2.5

Consumer Sentiment – housing-related measures

		2023			2024				2025			
index*	avg	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Jan	Feb	%mth	%yr
'Time to buy a dwelling'												
Australia	116.1	72.0	72.5	74.3	77.8	72.8	76.1	81.6	89.9	87.8	–2.3	18.4
– New South Wales	115.8	70.4	77.4	76.2	73.3	81.0	78.9	79.1	91.1	90.1	–1.0	27.6
– Victoria	115.5	69.6	74.9	77.0	84.3	70.0	84.6	91.4	98.0	92.0	–6.2	17.8
– Queensland	128.0	71.8	66.6	79.2	78.3	69.9	59.3	77.5	79.6	84.8	6.5	24.9
– Western Australia	128.8	85.8	62.3	59.6	82.5	58.2	68.6	75.6	81.6	71.8	–12.0	–17.7
– South Australia	127.9	75.5	64.7	70.3	73.3	62.8	67.2	69.9	94.5	90.4	–4.4	28.2
– Tasmania	122.0	78.3	64.6	62.5	78.9	109.6	45.6	77.0	100.6	85.9	–14.6	20.3
House price expectations												
Australia	126.4	146.7	154.6	157.3	161.1	163.8	150.5	142.0	133.7	142.3	6.5	–11.8
– New South Wales	128.0	150.5	158.7	158.2	160.1	161.8	150.3	133.9	139.8	143.1	2.4	–13.4
– Victoria	128.4	140.5	153.9	151.1	157.7	158.9	131.3	130.0	124.5	138.0	10.9	–14.9
– Queensland	124.6	140.5	149.8	164.1	168.4	170.0	168.7	164.6	135.7	142.9	5.3	–9.3
– Western Australia	117.7	166.3	154.7	161.8	164.4	163.3	168.6	150.4	141.5	155.6	9.9	–6.9
– South Australia	128.3	146.9	158.4	161.6	159.4	177.3	157.6	160.7	139.6	141.0	1.0	–8.6
– Tasmania	128.3	111.4	118.7	137.5	124.3	135.3	135.5	121.1	100.9	96.3	–4.6	–17.9

* 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				2025			
index*	avg	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Jan	Feb	%mth	%yr
Unemployment expectations												
Australia	129.2	131.3	130.8	128.9	128.1	133.1	138.4	123.7	127.2	125.8	–1.1	–0.9
– New South Wales	129.6	130.7	131.2	128.4	129.0	130.0	142.9	123.5	128.9	127.8	–0.8	–2.4
– Victoria	131.2	133.3	138.7	126.0	126.3	134.0	138.2	122.8	124.6	130.9	5.0	5.2
– Queensland	133.2	133.8	124.9	132.4	132.0	132.5	139.4	121.0	134.7	125.8	–6.6	1.5
– Western Australia	128.1	115.7	121.7	128.2	115.4	142.2	134.7	128.4	109.6	115.0	4.9	–5.2
– South Australia	135.3	129.0	131.9	133.8	129.4	135.2	128.0	134.8	135.8	114.3	–15.9	–17.2
– Tasmania	138.3	136.3	139.8	129.7	144.0	121.7	126.2	110.5	120.0	126.0	5.0	–0.5
Risk aversion											qtr ch	ann ch
Australia	17.3	59.9	56.4	56.5	54.2	47.0	48.6	48.5	n.a.	n.a.	–0.1	–6.5
– New South Wales	11.7	60.5	54.9	57.6	55.3	43.0	58.3	49.2	n.a.	n.a.	–9.1	–6.9
– Victoria	11.0	55.0	56.1	55.2	54.8	52.5	48.1	49.5	n.a.	n.a.	1.4	–5.4
– Queensland	12.7	66.2	65.1	54.2	50.1	48.2	41.4	46.3	n.a.	n.a.	5.0	–5.1
– Western Australia	7.0	58.7	55.1	61.4	68.1	52.8	53.1	41.9	n.a.	n.a.	–11.1	–24.0
– South Australia	14.4	50.9	56.7	57.1	44.9	36.3	33.6	47.4	n.a.	n.a.	13.8	–1.6
– Tasmania	15.5	62.2	44.7	41.6	70.8	30.4	50.1	47.0	n.a.	n.a.	–3.1	–14.0

* 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				2025	
	avg	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Jan	Feb
Dwelling prices, ann%*												
Australia	6.0	–6.4	–6.6	–1.5	5.5	9.7	10.6	8.7	6.8	4.5	3.8	3.4
– Sydney	5.7	–11.4	–9.4	–0.9	7.6	11.3	10.9	6.7	4.5	5.0	1.6	1.2
– Melbourne	5.7	–7.1	–7.1	–3.3	1.7	4.2	4.2	1.7	–1.0	–2.9	–3.3	–3.4
– Brisbane	6.5	–1.9	–6.3	–3.7	5.6	13.5	16.5	16.1	14.0	11.2	10.4	9.7
– Perth	6.2	4.2	3.3	5.0	10.3	16.2	20.3	24.6	23.5	18.5	17.1	15.2
– Adelaide	6.7	9.3	2.8	1.3	4.9	8.8	13.1	14.6	14.4	13.0	12.7	12.4
– Hobart	6.4	–6.8	–11.8	–10.4	–6.0	–1.8	0.0	–0.3	–1.3	–0.4	–0.4	n.a.
Turnover, %stock^												
Australia	5.6	4.1	4.3	4.5	4.5	4.5	4.8	4.8	4.9	4.5	4.3	n.a.
– New South Wales	5.7	3.8	4.1	4.3	4.4	4.4	4.8	4.7	4.6	4.1	3.7	n.a.
– Victoria	4.6	3.4	3.4	3.6	3.8	3.7	4.0	4.1	4.3	4.1	3.7	n.a.
– Queensland	6.5	5.2	5.3	5.5	5.5	5.6	5.6	5.7	5.8	5.1	4.9	n.a.
– Western Australia	6.2	5.3	5.3	5.6	5.5	5.8	5.8	5.8	6.1	5.5	5.5	n.a.
– South Australia	4.6	4.0	3.9	4.0	3.9	4.1	4.0	4.2	4.4	4.2	4.2	n.a.
– Tasmania	5.5	3.6	3.6	3.6	3.5	3.6	3.8	3.7	3.7	3.0	3.2	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	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Jan	Feb
Sales/new listings ratio*												
Australia^	1.15	1.16	1.20	1.35	1.15	1.24	1.34	1.22	1.26	1.18	1.18	1.19
– Sydney	1.28	1.24	1.31	1.40	1.20	1.26	1.41	1.33	1.24	1.15	1.07	1.05
– Melbourne	1.05	0.97	0.92	1.02	0.91	0.99	1.07	0.96	1.07	1.02	0.91	0.91
– Brisbane	1.02	1.13	1.21	1.42	1.30	1.30	1.29	1.26	1.24	1.25	1.27	1.27
– Perth	0.93	1.06	1.09	1.27	1.11	1.32	1.22	1.18	1.24	1.10	1.19	1.25
– Adelaide	1.10	1.35	1.28	1.52	1.25	1.47	1.42	1.43	1.52	1.55	1.62	1.65
– Hobart	1.04	0.96	0.90	1.04	0.94	1.18	1.11	1.08	1.18	1.08	1.17	1.17
Total listings, months of sales*												
Australia^	3.5	3.3	3.2	2.8	2.8	2.7	2.5	2.5	2.5	2.9	2.9	2.9
– Sydney	2.8	3.1	2.9	2.6	2.6	2.6	2.4	2.4	2.6	3.1	3.4	3.4
– Melbourne	3.5	4.3	4.4	4.0	3.9	3.8	3.5	3.6	3.5	3.9	4.5	4.4
– Brisbane	4.6	3.3	3.1	2.7	2.5	2.3	2.3	2.3	2.3	2.5	2.5	2.5
– Perth	5.5	3.8	3.5	3.0	2.8	2.4	2.3	2.2	2.0	2.4	2.5	2.5
– Adelaide	3.7	2.2	2.3	2.0	2.2	1.8	1.8	1.7	1.5	1.6	1.6	1.6
– Hobart	4.9	4.0	4.5	4.6	4.6	4.5	4.2	4.3	4.1	4.4	4.2	4.2

* 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

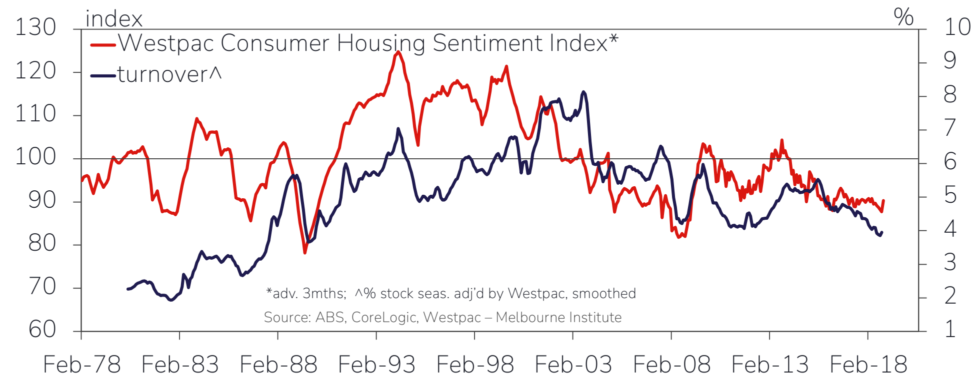
The **Westpac Consumer Housing Sentiment Indexes** presented in this report are composite measures based on a weighted combination of four indexes from the Westpac–Melbourne Institute Consumer Sentiment survey.

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**.

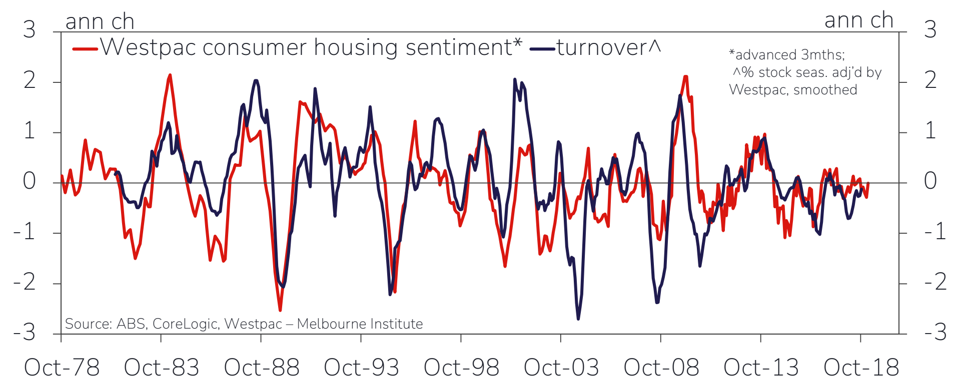
Each of these components is seasonally adjusted, converted to a consistent base and combined using fixed weights determined by historical regression analysis. Note that the house price expectations component is only available from 2009 on – a re–weighted composite based on the remaining measures is used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

62. Westpac Consumer Housing Sentiment Index: full series



63. Westpac Consumer Housing Sentiment Index: cycles



Corporate directory

Westpac Economics / Australia

Sydney
Level 19, 275 Kent Street
Sydney NSW 2000
Australia

E: economics@westpac.com.au

Luci Ellis
Chief Economist Westpac Group
E: luci.ellis@westpac.com.au

Matthew Hassan
Head of Australian Macro–Forecasting
E: mhassan@westpac.com.au

Elliot Clarke
Head of International Economics
E: eclarke@westpac.com.au

Sian Fenner
Head of Australian Business & Industry
E: sian.fenner@westpac.com.au

Justin Smirk
Senior Economist
E: jsmirk@westpac.com.au

Pat Bustamante
Senior Economist
E: pat.bustamante@westpac.com.au

Mantas Vanagas
Senior Economist
E: mantas.vanagas@westpac.com.au

Ryan Wells
Economist
E: ryan.wells@westpac.com.au

Illiana Jain
Economist
E: illiana.jain@westpac.com.au

Jameson Coombs
Economist
E: jameson.coombs@westpac.com.au

Neha Sharma
Economist
E: neha.sharma1@westpac.com.au

Westpac Economics / Fiji

Suva
1 Thomson Street
Suva, Fiji

Shamal Chand
Senior Economist
E: shamal.chand@westpac.com.au

Westpac Economics / New Zealand

Auckland
Takutai on the Square
Level 8, 16 Takutai Square
Auckland, New Zealand

E: economics@westpac.co.nz

Kelly Eckhold
Chief Economist NZ
E: kelly.eckhold@westpac.co.nz

Michael Gordon
Senior Economist
E: michael.gordon@westpac.co.nz

Darren Gibbs
Senior Economist
E: darren.gibbs@westpac.co.nz

Satish Ranchhod
Senior Economist
E: satish.ranchhod@westpac.co.nz

Paul Clark
Industry Economist
E: paul.clark@westpac.co.nz

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