

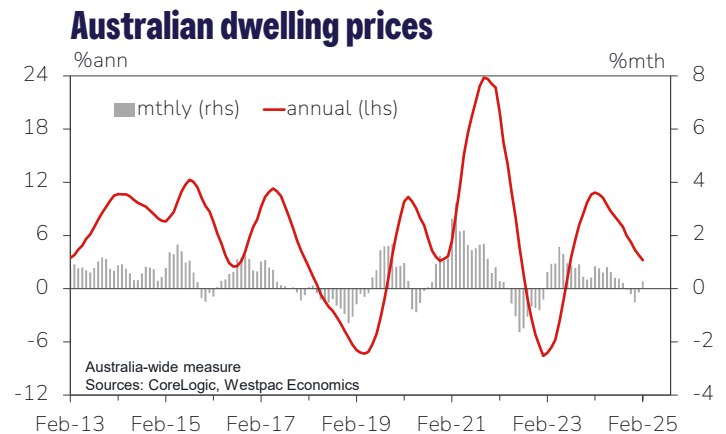
3 March 2025

AUSTRALIAN DWELLING PRICES BULLETIN

Rate cut boost

Key points

- Australia's housing market snapped a four month run of small price declines in February, the CoreLogic home value index ticking up 0.3% in the month.
- Annual price growth has continued to slow, dropping to 3.2%yr.
- Preliminary estimates also point to an uptick in sales volumes but coming of a quieter than usual summer low period.
- The RBA's February rate cut has given a clear fillip to markets, the up-tick in prices and auction clearance rates similar to that seen during the RBA's easing in 2019, albeit flattered a little by seasonality.



**Feb CoreLogic
home value
index: +0.3%**mth**;
3.2%**yr****

Rate cut a welcome 'shot in the arm' for some markets



Matthew Hassan
Head of Australian Macro-Forecasting

The CoreLogic home value index, covering the eight major capital cities, rose 0.3% in February ending a string of declines over the previous four months. Daily price measures show the RBA's February rate cut was a material 'shot in the arm', especially for the struggling Sydney and Melbourne markets, although seasonality may be exaggerating the impact on both prices and auction clearance rates. Preliminary estimates also suggest turnover posted a solid rebound in February, coming off a material decline over the previous three months.

As always, housing-related data should be treated with extra caution around the Christmas-New Year period due to thin trading and seasonal variations in prices. Note that, unless specified, the figures in titles, tables and commentary below are in non-seasonally adjusted terms, consistent with the 'headline' figures reported by CoreLogic. Figures in charts are in seasonally adjusted terms.

Prices tick up

The February detail showed a more pronounced turnaround in Sydney and Melbourne prices, a similar performance across houses and units but lower-price tiers continuing to outperform both nationally and within sub-markets.

Around turnover, preliminary estimates point to a solid 5%+ gain in the February month in seasonally-adjusted terms, paring back some of the weakness seen in previous months which were also revised higher (quarterly pace in Jan is now -6.4%qtr compared to previous estimated in the -9-10%qtr range). The picture across the major capitals cities still shows a bigger pull-back in sales than in new listings pointing to some rebalancing between supply and demand.

Sydney prices rose 0.3% in February, following average declines of 0.5%*mmth* over the previous four months. Annual growth has slowed to just 1.1%*yr*. 'Top tier' houses, which were coming off a weaker starting point, have seen a sharper turnaround.

Melbourne's turnaround has been even starker, the 0.4%*mmth* lift in February following ten consecutive months of declines that have averaged -0.6%*mmth* over the last four months. Prices are still down -3.2%*yr*. All tiers and segments recorded gains in the month.

Brisbane bucked the wider trend, price growth moderating in the month, up 0.2% in February vs 0.5% in January. At 9.7%*yr*, annual growth dipped below 10% for the first time since October 2023. Top tier house prices dipped in the month, , units outperforming, particularly the middle and lower tiers.

CoreLogic home value index: February 2025

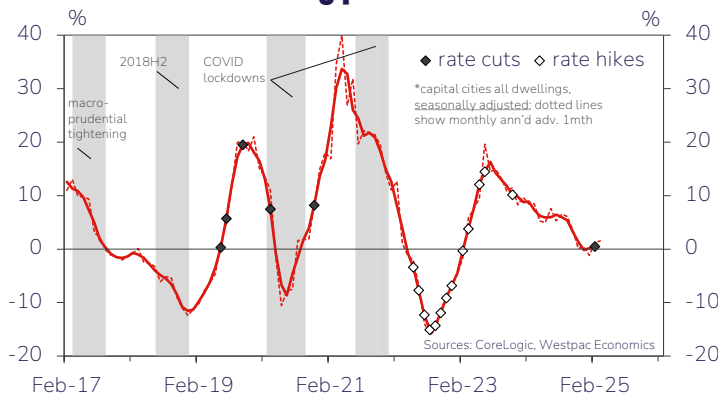
	%mmth				%ann			
	Nov	Dec	Jan	Feb	Nov	Dec	Jan	Feb
Australia*	-0.2	-0.5	-0.1	0.3	5.3	4.4	3.8	3.2
seas. adjusted	0.0	-0.1	0.1	0.1	5.3	4.4	3.8	3.3
- houses	-0.2	-0.5	-0.2	0.3	5.9	4.9	4.2	3.6
- units	-0.2	-0.4	-0.1	0.3	3.3	2.7	2.5	2.1
Major capital cities								
Sydney	-0.5	-0.8	-0.3	0.3	3.2	2.3	1.7	1.1
Melbourne	-0.4	-0.9	-0.5	0.4	-2.2	-2.8	-3.1	-3.2
Brisbane	0.4	0.2	0.5	0.2	11.9	11.2	10.6	9.7
Adelaide	0.5	0.7	0.1	0.3	13.8	13.2	12.3	11.9
Perth	0.0	-0.2	0.2	0.3	20.1	17.8	16.3	14.3
Turnover^	1.9	-1.8	-6.4	-9.3	8.8	7.7	1.6	-4.3

* combined capital cities

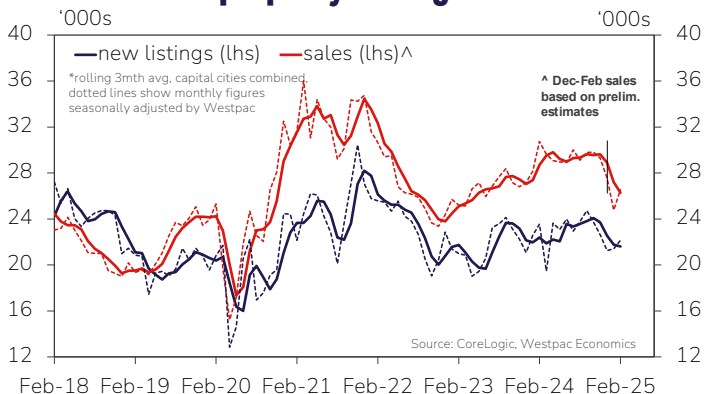
Sources: CoreLogic, Westpac Economics.

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

Australian dwelling prices: 3mth annualised



Residential property: listings and sales



Adelaide recorded a 0.3%¹ price gain in February, ticking up from a subdued 0.1% rise in January. Annual growth remains strong at 11.9%¹yr, lower tier houses and units continuing to outperform.

Perth prices also rose 0.3%¹mo, annual growth moderating to 14.3%¹yr but tracking a sub-5% annual pace over the last three months. Lower tier units are the main area seeing gains.

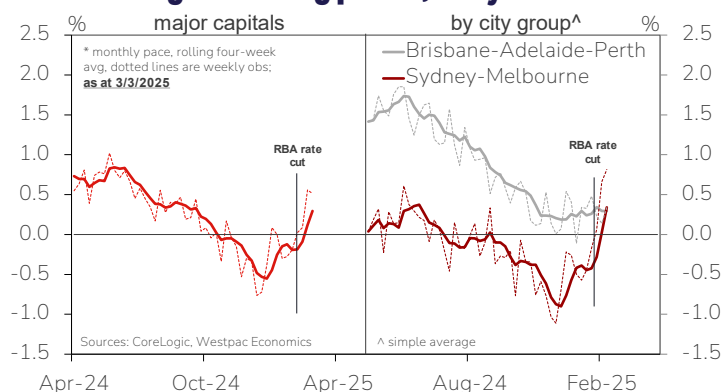
Note that daily price measures for the five major capital city markets show a clear lift around the time of the February RBA decision that is particularly pronounced for the Sydney and Melbourne markets (see chart below).

Across the smaller capitals: Hobart prices rose 0.4%¹mo but were still down -0.3%¹yr; Canberra prices ticked up 0.2%¹mo but were still down -0.9%¹yr; and Darwin prices dipped 0.1%¹mo, annual growth still firm at 1.5%¹yr.

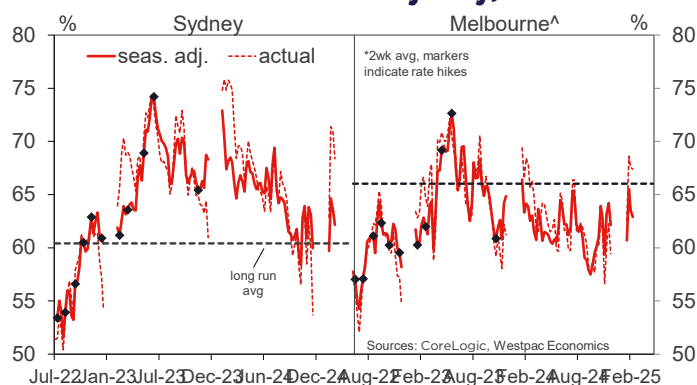
Regional showed less of a response to the rate move, holding flat in regional Vic and ticking up 0.2%¹mo in regional NSW (down -2.2%¹yr and up 2.5%¹yr respectively). Price gains slowed in regional Qld (+0.5%¹mo, +9.7%¹yr).

It should be noted that seasonality has accentuated price moves in recent months – with a slight softening into year-end that typically starts to unwind in February. This likely reflects sellers seeking urgent sales into year end just as the holiday period is seeing buyers dry up.

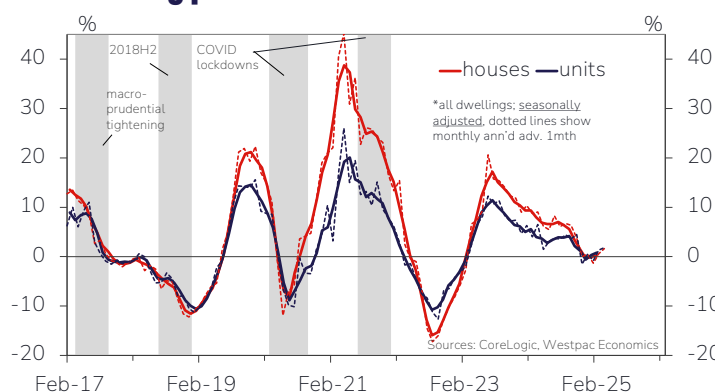
CoreLogic dwelling prices, daily measures



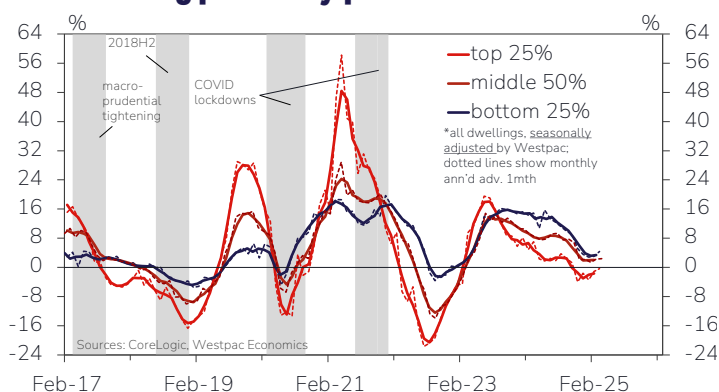
Auction clearance rates: Sydney, Melbourne



Dwelling prices: houses and units



Dwelling prices: by price tier



Conclusion

Overall, the February update shows an unambiguous response to the RBA interest rate cut. Gains are not particularly strong but – in non-seasonally adjusted terms – broadly similar to the response seen in 2019 when the RBA cut rates in June, July and October.

Auction markets have also shown some response although again it is clouded somewhat by seasonality which often sees firmer clearance rates at the start of the year (see chart below).

We should get more clarity on momentum in coming weeks as we move well clear of seasonal issues. The degree of 'follow-through' to February's rise will be an interesting gauge of sentiment and both the extent and depth of 'latent demand'.

As our just-released [Housing Pulse](#) report sets out, there does look to be a significant potential pool of buyers looking to become active in 2025, with rate cuts likely to be an important catalyst. Supply is also, in general, tight with any substantive rise in new dwelling completions still some way off for most markets. However, affordability remains very challenging across the board and will only improve marginally under a gradual and moderate easing in interest rates.

On balance, we expect the mix to see prices take another leg higher but with gains heavily constrained by the high starting point.

Across the smaller capitals: Hobart prices were flat in the month, down -0.4% yr; Canberra prices fell another -0.5% mt, annual growth ticking down to -0.5% yr; but Darwin posted a decent 0.6% mt gain, annual growth holding at slight positive at 0.9% yr.

Regionally, prices basically held flat in regional Vic and regional NSW (down -2.6% yr and up 2.9% yr respectively), but continued to firm in regional Qld ($+0.7\%$ mt, $+10.3\%$ y).

Preliminary estimates of sales volumes remain problematic due to the pattern of upward revisions. Current estimates have volumes down 10.5% qtr in January. Our estimates – shown in the charts and tables in this note – suggest this is likely to be pared back to a still large 9.4% decline. Previous estimates have been upgraded slightly, in line with our estimates.

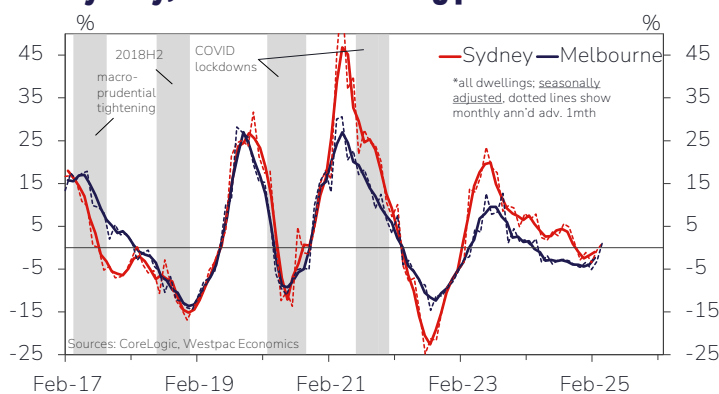
Even with some further upward revisions, turnover looks to have fallen substantially since late 2024 (over and above the usual seasonal pull back). That in turn the ‘balance of power’ is tilting back from sellers to buyers, adding to the soft near term price outlook.

Conclusion

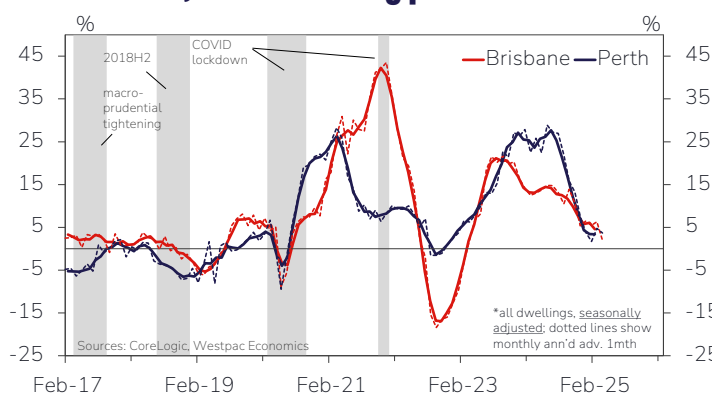
Overall, the January update is very much in line with the picture presented late last year, with market activity weakening into the close, prices continuing to slip in the large Sydney and Melbourne markets and growth moderating in the medium-sized capital cities. Indeed, it's fair to say given the very light trading conditions in January that the update largely reflects the pre-existing momentum from late last year rather than any new developments in 2025.

How markets are shaping up in the new year should become clearer in coming weeks, with an important read on the buyer mood due with the next consumer sentiment update on February 11 and the reopening of auction markets over the next three weeks – a period that is now widely expected see the first RBA interest rate cut as well. For what it's worth, the very tentative early signs show clearance rates opening around 65% , up on the $55\text{--}60\%$ level they left off late last year but prone to being 2-3pts higher in January due to seasonality.

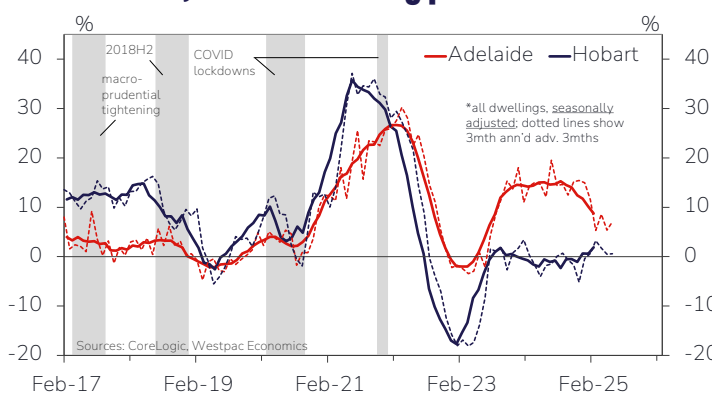
Sydney, Melbourne dwelling prices: 3mth ann'd



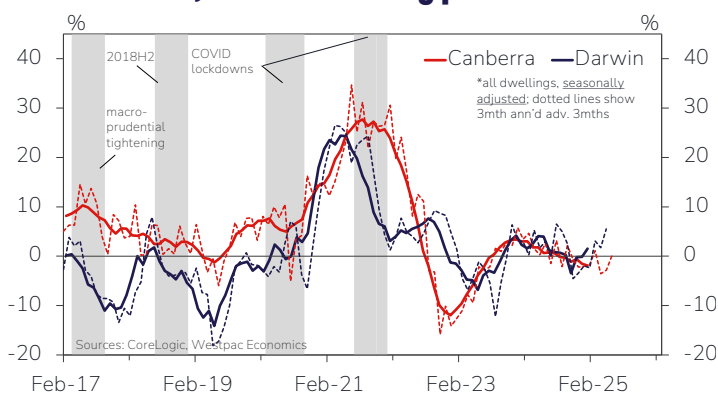
Brisbane, Perth dwelling prices: 3mth ann'd



Adelaide, Hobart dwelling prices: 6mth ann'd



Canberra, Darwin dwelling prices: 6mth ann'd



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.



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

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 / 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.clarke@westpac.co.nz

Westpac Economics / Fiji

Suva
1 Thomson Street
Suva, Fiji

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



 westpaciq.com.au

©2025 Westpac Banking Corporation ABN 33 007 457 141 (including where acting under any of its Westpac, St George, Bank of Melbourne or BankSA brands, collectively, “Westpac”). References to the “Westpac Group” are to Westpac and its subsidiaries and includes the directors, employees and representatives of Westpac and its subsidiaries.

Things you should know

We respect your privacy: You can view our [privacy statement at Westpac.com.au](#). Each time someone visits our site, data is captured so that we can accurately evaluate the quality of our content and make improvements for you. We may at times use technology to capture data about you to help us to better understand you and your needs, including potentially for the purposes of assessing your individual reading habits and interests to allow us to provide suggestions regarding other reading material which may be suitable for you.

This information, unless specifically indicated otherwise, is under copyright of the Westpac Group. None of the material, nor its contents, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party without the prior written permission of the Westpac Group.

Disclaimer

This information has been prepared by Westpac and is intended for information purposes only. It is not intended to reflect any recommendation or financial advice and investment decisions should not be based on it. This information does not constitute an offer, a solicitation of an offer, or an inducement to subscribe for, purchase or sell any financial instrument or to enter into a legally binding contract. To the extent that this information contains any general advice, it has been prepared without taking into account your objectives, financial situation or needs and before acting on it you should consider the appropriateness of the advice. Certain types of transactions, including those involving futures, options and high yield securities give rise to substantial risk and are not suitable for all investors. We recommend that you seek your own independent legal or financial advice before proceeding with any investment decision. This information may contain material provided by third parties. While such material is published with the necessary permission none of Westpac or its related entities accepts any responsibility for the accuracy or completeness of any such material.

Although we have made every effort to ensure this information is free from error, none of Westpac or its related entities warrants the accuracy, adequacy or completeness of this information, or otherwise endorses it in any way. Except where contrary to law, Westpac Group intend by this notice to exclude liability for this information. This information is subject to change without notice and none of Westpac or its related entities is under any obligation to update this information or correct any inaccuracy which may become apparent at a later date. This information may contain or incorporate by reference forward-looking statements. The words “believe”, “anticipate”, “expect”, “intend”, “plan”, “predict”, “continue”, “assume”, “positioned”, “may”, “will”, “should”, “shall”, “risk” and other similar expressions that are predictions of or indicate future events and future trends identify forward-looking statements. These forward-looking statements include all matters that are not historical facts. Past performance is not a reliable indicator of future performance, nor are forecasts of future performance. Whilst every effort has been taken to ensure that the assumptions on which any forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The ultimate outcomes may differ substantially from any forecasts.

Conflicts of Interest: In the normal course of offering banking products and services to its clients, the Westpac Group may act in several capacities (including issuer, market maker, underwriter,

distributor, swap counterparty and calculation agent) simultaneously with respect to a financial instrument, giving rise to potential conflicts of interest which may impact the performance of a financial instrument. The Westpac Group may at any time transact or hold a position (including hedging and trading positions) for its own account or the account of a client in any financial instrument which may impact the performance of that financial instrument.

Author(s) disclaimer and declaration: The author(s) confirms that no part of his/her compensation was, is, or will be, directly or indirectly, related to any views or (if applicable) recommendations expressed in this material. The author(s) also confirms that this material accurately reflects his/her personal views about the financial products, companies or issuers (if applicable) and is based on sources reasonably believed to be reliable and accurate.

Further important information regarding sustainability-related content: This material may contain statements relating to environmental, social and governance (ESG) topics. These are subject to known and unknown risks, and there are significant uncertainties, limitations, risks and assumptions in the metrics, modelling, data, scenarios, reporting and analysis on which the statements rely. In particular, these areas are rapidly evolving and maturing, and there are variations in approaches and common standards and practice, as well as uncertainty around future related policy and legislation. Some material may include information derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information. There is a risk that the analysis, estimates, judgements, assumptions, views, models, scenarios or projections used may turn out to be incorrect. These risks may cause actual outcomes to differ materially from those expressed or implied. The ESG-related statements in this material do not constitute advice, nor are they guarantees or predictions of future performance, and Westpac gives no representation, warranty or assurance (including as to the quality, accuracy or completeness of the statements). You should seek your own independent advice.

Additional country disclosures:

Australia: Westpac holds an Australian Financial Services Licence (No. 233714). You can access [Westpac’s Financial Services Guide](#) here or request a copy from your Westpac point of contact. To the extent that this information contains any general advice, it has been prepared without taking into account your objectives, financial situation or needs and before acting on it you should consider the appropriateness of the advice.

Note: Luci Ellis, Westpac Chief Economist is a member of the Australian Statistics Advisory Council (ASAC) which is a key advisory body to the Minister and the Australian Bureau of Statistics on statistical services. Luci does not have access to sensitive data/reports in her capacity as a member of ASAC.

New Zealand: In New Zealand, products and services are provided by either Westpac (NZ division) or Westpac New Zealand Limited (company number 1763882), the New Zealand incorporated subsidiary of Westpac (“WNZL”). Any product or service made available by WNZL does not represent an offer from Westpac or any of its subsidiaries (other than WNZL). Neither Westpac nor its other subsidiaries guarantee or otherwise support the performance of WNZL in respect of any such product. WNZL is not an authorised deposit-taking institution for the purposes of Australian prudential standards. The current disclosure statements for the New Zealand branch of Westpac and WNZL can be obtained at the internet address www.westpac.co.nz.

Singapore: This material has been prepared and issued for distribution in Singapore to institutional investors, accredited

Disclaimer continues overleaf ▶

investors and expert investors (as defined in the applicable Singapore laws and regulations) only. Recipients of this material in Singapore should contact Westpac Singapore Branch in respect of any matters arising from, or in connection with, this material. Westpac Singapore Branch holds a wholesale banking licence and is subject to supervision by the Monetary Authority of Singapore.

U.S: Westpac operates in the United States of America as a federally licensed branch, regulated by the Office of the Comptroller of the Currency. Westpac is also registered with the US Commodity Futures Trading Commission ("CFTC") as a Swap Dealer, but is neither registered as, or affiliated with, a Futures Commission Merchant registered with the US CFTC. The services and products referenced above are not insured by the Federal Deposit Insurance Corporation ("FDIC"). Westpac Capital Markets, LLC ("WCM"), a wholly-owned subsidiary of Westpac, is a broker-dealer registered under the U.S. Securities Exchange Act of 1934 ('the Exchange Act') and member of the Financial Industry Regulatory Authority ('FINRA'). This communication is provided for distribution to U.S. institutional investors in reliance on the exemption from registration provided by Rule 15a-6 under the Exchange Act and is not subject to all of the independence and disclosure standards applicable to debt research reports prepared for retail investors in the United States. WCM is the U.S. distributor of this communication and accepts responsibility for the contents of this communication. Transactions by U.S. customers of any securities referenced herein should be effected through WCM. All disclaimers set out with respect to Westpac apply equally to WCM. If you would like to speak to someone regarding any security mentioned herein, please contact WCM on +1 212 389 1269. Investing in any non-U.S. securities or related financial instruments mentioned in this communication may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the SEC in the United States. Information on such non-U.S. securities or related financial instruments may be limited. Non-U.S. companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect in the United States. The value of any investment or income from any securities or related derivative instruments denominated in a currency other than U.S. dollars is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related derivative instruments.

The author of this communication is employed by Westpac and is not registered or qualified as a research analyst, representative, or associated person of WCM or any other U.S. broker-dealer under the rules of FINRA, any other U.S. self-regulatory organisation, or the laws, rules or regulations of any State. Unless otherwise specifically stated, the views expressed herein are solely those of the author and may differ from the information, views or analysis expressed by Westpac and/or its affiliates.

UK and EU: The London branch of Westpac is authorised in the United Kingdom by the Prudential Regulation Authority (PRA) and is subject to regulation by the Financial Conduct Authority (FCA) and limited regulation by the PRA (Financial Services Register number: 124586). The London branch of Westpac is registered at Companies House as a branch established in the United Kingdom (Branch No. BR000106). Details about the extent of the regulation of Westpac's London branch by the PRA are available from us on request.

Westpac Europe GmbH ("WEG") is authorised in Germany by the Federal Financial Supervision Authority ('BaFin') and subject to its regulation. WEG's supervisory authorities are BaFin and the German Federal Bank ('Deutsche Bundesbank'). WEG is registered with the commercial register ('Handelsregister') of the local court of Frankfurt am Main under registration number HRB 118483. In accordance with APRA's Prudential Standard 222 'Association with Related Entities', Westpac does not stand behind WEG other than as provided for in certain legal agreements (a risk transfer, sub-participation and

collateral agreement) between Westpac and WEG and obligations of WEG do not represent liabilities of Westpac.

This communication is not intended for distribution to, or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation. This communication is not being made to or distributed to, and must not be passed on to, the general public in the United Kingdom. Rather, this communication is being made only to and is directed at (a) those persons falling within the definition of Investment Professionals (set out in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order")); (b) those persons falling within the definition of high net worth companies, unincorporated associations etc. (set out in Article 49(2) of the Order); (c) other persons to whom it may lawfully be communicated in accordance with the Order or (d) any persons to whom it may otherwise lawfully be made (all such persons together being referred to as "relevant persons"). Any person who is not a relevant person should not act or rely on this communication or any of its contents. In the same way, the information contained in this communication is intended for "eligible counterparties" and "professional clients" as defined by the rules of the Financial Conduct Authority and is not intended for "retail clients". Westpac expressly prohibits you from passing on the information in this communication to any third party.

This communication contains general commentary, research, and market colour. The communication does not constitute investment advice. The material may contain an 'investment recommendation' and/or 'information recommending or suggesting an investment', both as defined in Regulation (EU) No 596/2014 (including as applicable in the United Kingdom) ("MAR"). In accordance with the relevant provisions of MAR, reasonable care has been taken to ensure that the material has been objectively presented and that interests or conflicts of interest of the sender concerning the financial instruments to which that information relates have been disclosed.

Investment recommendations must be read alongside the specific disclosure which accompanies them and the general disclosure which can be found [here](#). Such disclosure fulfils certain additional information requirements of MAR and associated delegated legislation and by accepting this communication you acknowledge that you are aware of the existence of such additional disclosure and its contents.

To the extent this communication comprises an investment recommendation it is classified as non-independent research. It has not been prepared in accordance with legal requirements designed to promote the independence of investment research and therefore constitutes a marketing communication. Further, this communication is not subject to any prohibition on dealing ahead of the dissemination of investment research.