

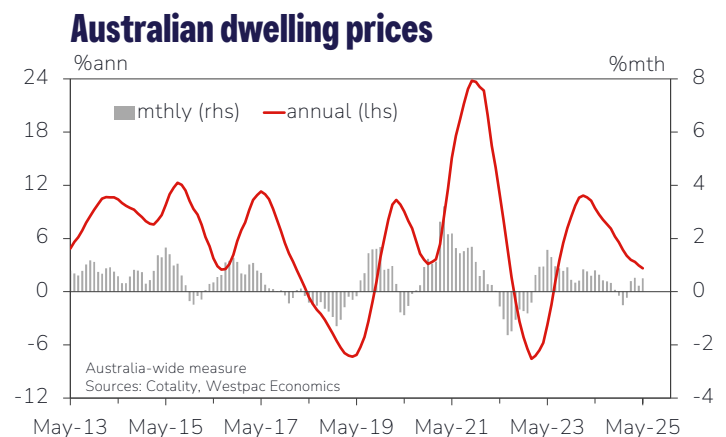
2 June 2025

AUSTRALIAN DWELLING PRICES BULLETIN

Gaining traction

Key points

- The Cotality home value index rose 0.5% in May, the RBA's latest rate cut giving a clear kick-along. Annual growth moderated to 2.6%yr.
- The major capital cities recorded similar gains, ranging from 0.4% in Melbourne and Adelaide, to 0.5% in Sydney, 0.6% in Brisbane and 0.7% in Perth.
- There continue to be questions about the extent to which gains are being driven by regular seasonal variations. Cotality estimates these accounted for just over half of the latest monthly rise. However, daily price measures strongly suggest the RBA's rate cut was the main driver of May's gain.



**May Cotality
home value
index: +0.5%**mth**;
2.6%**yr****

Rate cuts see prices firm but, so far, no take-off



Matthew Hassan
Head of Australian Macro-Forecasting

The Cotality (formerly CoreLogic) home value index, covering the eight major capital cities, posted a solid 0.5% gain in May, the RBA's latest rate cut adding clear impetus. Prices are now up 1.7% since the RBA began easing interest rates in February.

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 Cotality. Figures in charts are in seasonally adjusted terms.

Seasonal questions, soft turnover

There continues to be significant differences between reported price movements and estimates excluding regular seasonal variations. The chart right shows Cotality estimates that suggest seasonal effects have accentuated the softening and subsequent lift in prices over the last six months. Indeed, at 0.5% the seasonally adjusted price gain over the last three is barely half the 1.2% gain in unadjusted terms.

While there is a genuine seasonality to prices, relating to differences in the timing of buyer and seller presence in the market, we suspect it is currently being overstated. Seasonal adjustments can be thrown by non-seasonal effects – the timing of events during COVID and even the timing of RBA rate cuts (which occur more often in May than in other months) may have generated some 'spurious' seasonality. The timing of Easter and ANZAC Day public holidays may have added to this in 2025.

Certainly, there are other signs that the firm May gain is not a seasonal mirage. Daily measures show a notable lift in prices following the RBA's May policy decision. Auction activity also showed a clear positive response (see chart overleaf).

While the price side may have been flattered slightly, the volume of market activity is looking more clearly soft. Preliminary estimates of turnover are tracking a decline of nearly –5% over the past three months. These may be revised up over time, but final figures are now confirming there has been a clear softening since September last year.

Convergence

The main theme across the capital city detail continues to be of a convergence in trends after several years of widely diverging performances.

Sydney posted a 0.5% gain in May after a flat April and solid 0.6% gains in March and Feb. Annual growth has drifted down to 1.1%yr. Houses and lower tier parts of the market continue to outperform slightly.

Cotality home value index: May 2025

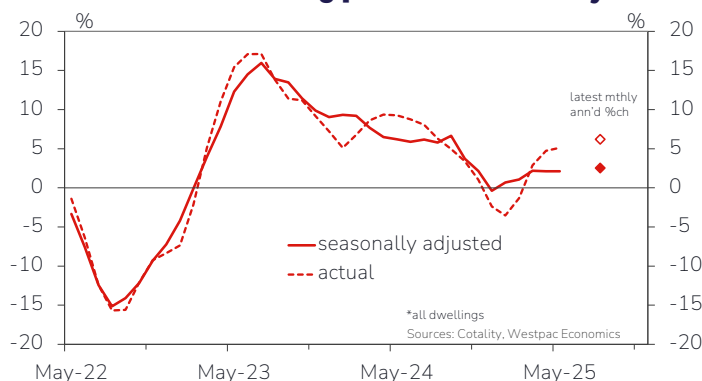
	%mth				%ann			
	Feb	Mar	Apr	May	Feb	Mar	Apr	May
Australia*	0.4	0.5	0.2	0.5	3.6	3.3	3.0	2.6
seas. adjusted	0.2	0.2	0.1	0.2	3.6	3.4	3.0	2.7
– houses	0.5	0.5	0.3	0.5	4.1	3.7	3.4	3.0
– units	0.2	0.5	-0.1	0.5	2.0	2.1	1.6	1.5
Major capital cities								
Sydney	0.6	0.6	0.0	0.5	1.6	1.6	1.4	1.1
Melbourne	0.5	0.7	0.1	0.4	-2.4	-1.9	-1.7	-1.2
Brisbane	0.2	0.4	0.6	0.6	9.9	8.8	8.1	7.1
Adelaide	-0.1	0.7	0.2	0.4	11.6	10.8	9.7	8.6
Perth	0.0	0.3	0.5	0.7	14.0	12.2	10.4	8.6
Turnover^	-1.2	-1.5	-2.8	-4.9	3.5	-0.2	-4.0	-5.6

* combined capital cities

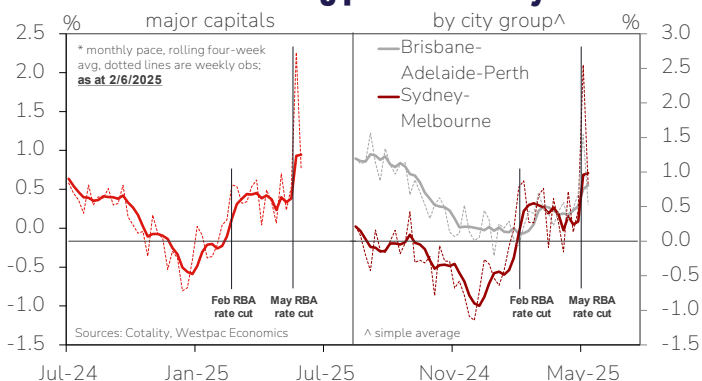
Sources: Cotality, Westpac Economics.

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

Australian dwelling prices: seasonality



Australian dwelling prices: weekly



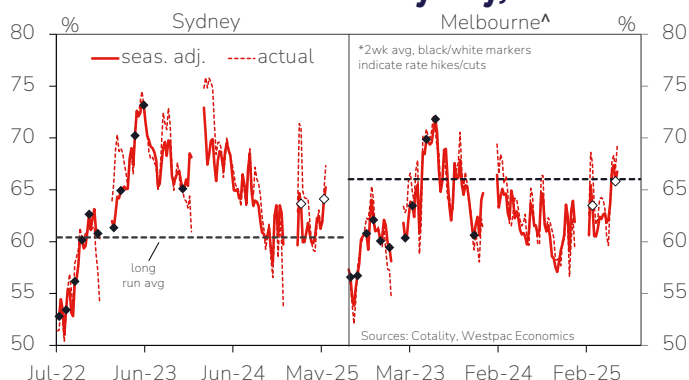
Melbourne posted a 0.4% lift in May, also following a flat April and stronger performance in February-March. Annual growth is starting to lift but remains in the red at -1.2%yr.

Across last year's strong price performers, Brisbane, Adelaide and Perth all recorded similar gains in the month, annual growth ranging from 7.1%yr in Brisbane to 8.6%yr across the other two cities. Lower tier segments continue to outperform slightly. Daily price measures show prices had a more positive response to the RBA's May cut than the cut back in February.

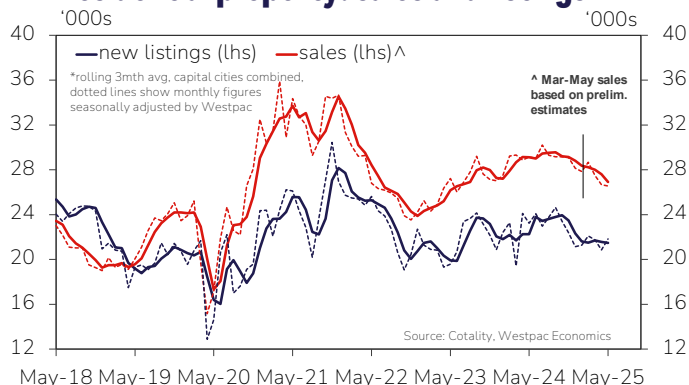
The smaller capitals and regional areas saw monthly gains in a similar range 0.3-0.6% range. Darwin was a notable exception, prices rising 1.6% to be up 4.3% since February, spurred on perhaps by an expected lift in defence-related activity.

Overall, the May update shows prices gaining some traction but hardly taking off. The initial rate response and continued softness in sales volumes is broadly consistent with our view of a constrained lift in markets this year.

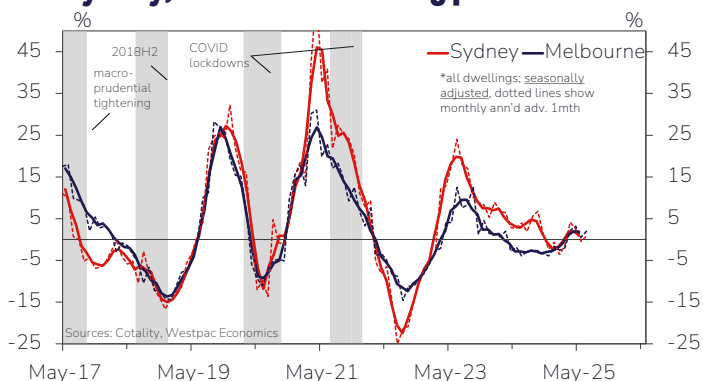
Auction clearance rates: Sydney, Melbourne



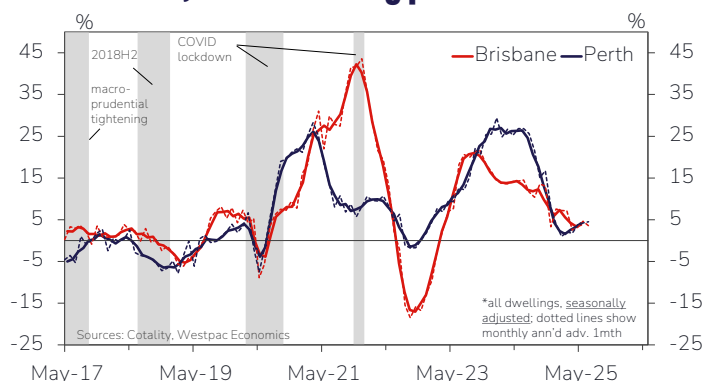
Residential property: sales and listings



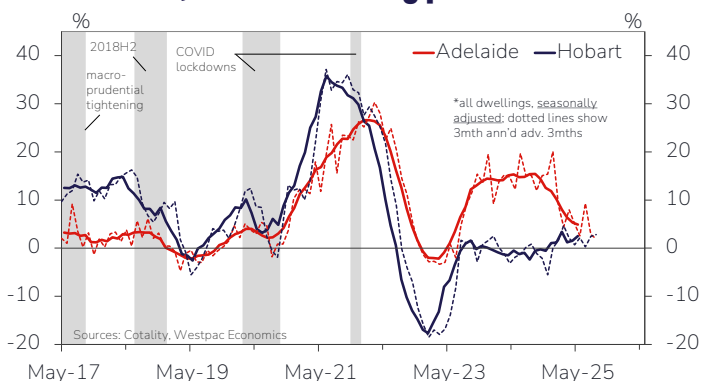
Sydney, Melbourne dwelling prices: 3mth ann'd



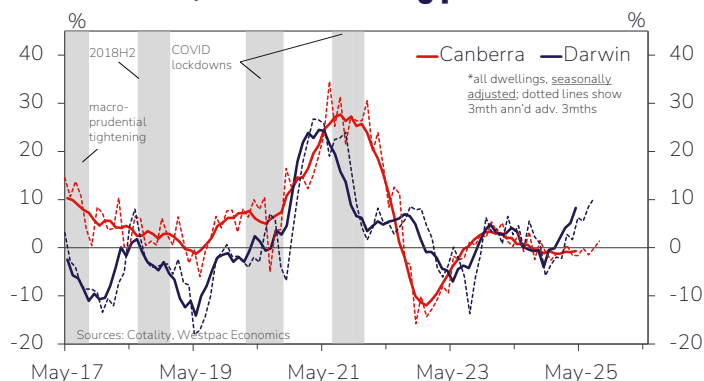
Brisbane, Perth dwelling prices: 3mth ann'd



Adelaide, Hobart dwelling prices: 6mth ann'd



Canberra, Darwin dwelling prices: 6mth ann'd



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