3 September 2025

WESTPAC HOUSING PULSE

Australia's quarterly housing market report

CONTENTS

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

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Spring loaded?

Our latest **Housing Pulse** finds a discernible shift in Australia's housing market. Buyers are perking up, price growth has lifted, auction clearance rates are rising and supply is tightening. Indeed, current signals suggest we are heading for a very interesting Spring selling season.

Housing-related sentiment has turned. Our 'time to buy a dwelling' index surged a further 10% in August, buoyed by a third 25bp interest rate cut from the RBA and a clearer signal that some further easing can be expected. Price expectations remain bullish and unemployment expectations point to little concern about jobs. Its not quite 'all systems go' – consumer risk aversion is still elevated – but there is enough to suggest turnover will see a decisive rise into year-end, potentially in the 10-15% range.

Measures of current conditions are also showing a shift. Auction clearance rates have lifted to around 70% in Sydney and Melbourne and price growth nationally has ticked up to a 0.6-0.8% monthly pace.

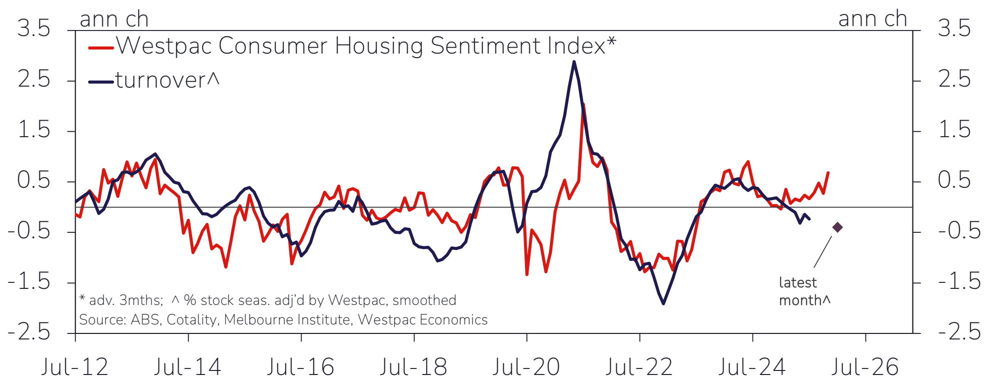
The issue is that buyers are often quicker to respond to changes than sellers. Across the major capital city markets, there are currently around 68k listings, a 15yr low equal to 2½ months of sales – we are usually closer to 3½ months. Monthly new listings are lagging sales by about 7.5k. If demand rises 10-15% from here, sparks may fly.

The wider picture on new dwelling supply is a little more promising. Approvals are running ahead of expectations with even some lift in 'higher density' building starting to show through. But a meaningful increase in dwelling completions is still a long way off. We have raised our forecasts for approvals but the lift in completions is still not expected to land until late 2026 with a risk that it arrives later.

We have also revised up our forecasts for prices. The stronger near-term impetus is now expected to see prices finish up 6% for calendar 2025 and rise a further 9% in 2026. Evidence suggests there have been some structural changes around the share of non-debt funding of dwelling purchases, some of which relates to increased inter-generational support for first home buyers. That in turn suggests stretched affordability may be slightly slower to 'bite'.

As always, our full report details how patterns differ across markets. We also take a closer look at regional areas and explore new **Westpac-DataX Consumer Panel** data grouping consumers by housing tenure.

1. Australia: national housing conditions



"If demand rises 10-15% from here, sparks may fly."

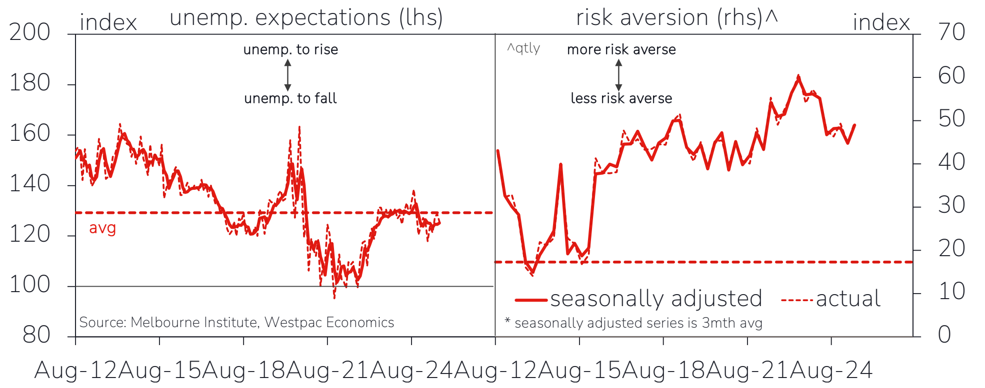
*The **Westpac Consumer Housing Sentiment Index** is a composite measure based on four housing–related components of the Westpac Consumer Sentiment survey. See Appendix on p40 for more details.

A clearer rate cut response

- Australia's housing markets are starting to show a more discernible shift in response to lower interest rates.
- Price growth has lifted, the major capital city measure tracking a 1.9% gain over the last three months, up from the 1.4% pace mid-year. Annual growth has lifted slightly to 3.6%yr having bottomed out at 3.1%yr in June.
- Performances are starting to diverge again although gaps remain small. Price gains have been firmer in Brisbane and Perth but slower in Melbourne. All major capital city markets have seen positive gains over the last three months, ranging from 1% in Melbourne, to 1.7% in Sydney, 2.1% in Adelaide, 3% in Brisbane and 3.1% in Perth.
- Annual price growth has ticked back into positive in Melbourne (+1.4%) and is relatively subdued in Sydney (+2.1%) compared to Adelaide (6.5%), Perth (6.6%) and Brisbane (7.9%).
- Forward-looking indicators have improved. Auction clearance rates are now clearly above long run averages in Sydney and Melbourne. Housing-related sentiment also lifted sharply following the RBA's August interest rate cut. The picture points to a rise in turnover heading into year-end, over and above the usual seasonal pick-up.
- Tight supply and stretched affordability remain prominent themes. Rental vacancy rates are still low in most capital cities – extremely low in several cases – and are low across most regional areas as well. On-market supply is tight with sales running well ahead of new listings.
- Nationally, turnover ticked up 1.4% over the three months to July to be up 2%yr, recent estimates again revised up from what had been a marginal decline. While we continue to make some allowance for upward revisions to preliminary estimates, these may continue to be bigger than usual.
- Housing-related sentiment has clearly quickened over the last three months. Nationally, the **Westpac Melbourne Institute 'time to buy a dwelling' index** surged 8.6% over the three months to August. At 97.8, the index is close to the 100 mark where there are an equal numbers of optimists and pessimists. That said, the index is still well below 'par', the long run average of 120.
- The **Westpac–MI Consumer House Price Expectations Index** posted another solid 5.6% rise over the three months to August, taking it to164.2, having briefly touched a 12yr high of 166.5 in June. A remarkable 70% of consumers expect prices to rise over the next year, up from 64% in May and 55% in February.

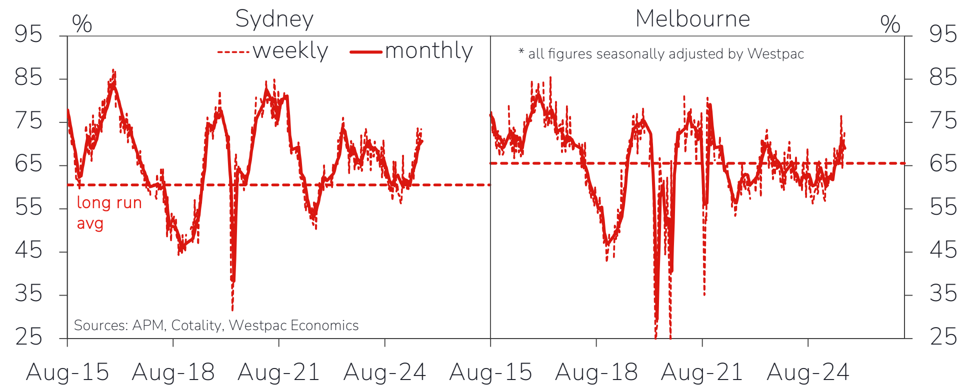
2. Consumer sentiment: housing

3. Consumer sentiment: jobs & risk aversion

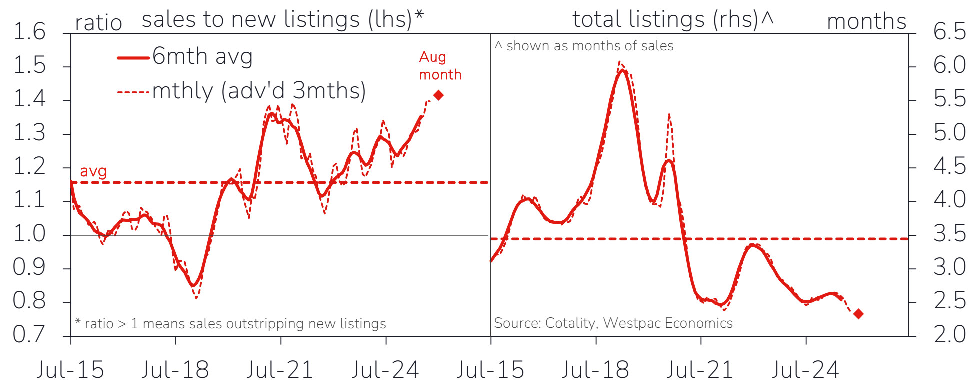


- The **Westpac Melbourne Institute Unemployment Expectations Index** softened slightly over the three months to August, rising 3.6% to 125.6 (recall that higher reads mean more consumers expect unemployment to rise in the year ahead). The move is relatively minor in the scheme of things though, overall expectations still slightly better than the long run average of 129. Expectations have been floating between average and marginally better than average over the last year.
- The **Westpac Consumer Risk Aversion Index** rose slightly between March (just prior to the 'liberation day' tariff announcements) and June and remains well above long run averages. While tariff-related uncertainty remains very high, markets are seeing it as a less immediate threat. Consumers continue to heavily favour bank deposits and debt repayment as the 'wisest place for savings'.
- Auction markets have firmed materially in Sydney and Melbourne with clearance rates pushing towards 70%. Note that preliminary weekly results for both markets have often been significantly higher, at times close to 75%, due both to seasonal variations and upward biases (preliminary estimates are typically a few points higher than final results, a skew that seems to be larger at the moment).
- Pre-auction withdrawals have also been tracking lower since March, another sign of a strengthening market. All-up the signal from auctions markets is consistent with price growth tracking an annual pace of around 8%yr. The Spring auction season kicks off in the next few weeks and will be an important test of the depth of demand.
- However, recent auction results also suggest there has been a tightening in on-market supply. That is certainly the picture coming from listings. Sales have been tracking well ahead of new listings over the last six months, figures for the August month to date pointing to a further lift. That has resulted in a further decline in the total listings on market, now sitting at around 68k across the major capital city markets, a 15yr low.
- As noted, the turnover estimates may be revised up by more than we assume over the next few months. That, coupled with a prospective lift in demand, could easily see market conditions become extremely tight, especially if new listings are slow to lift. Across the major capital cities, Perth, Brisbane and Adelaide markets are seeing the tightest conditions and the most material tightening since the start of the year. Darwin and non-capital city areas are also recording very tight on-market supply compared to long run averages with a sharp decline since the start of the year.

4. Auction clearance rates



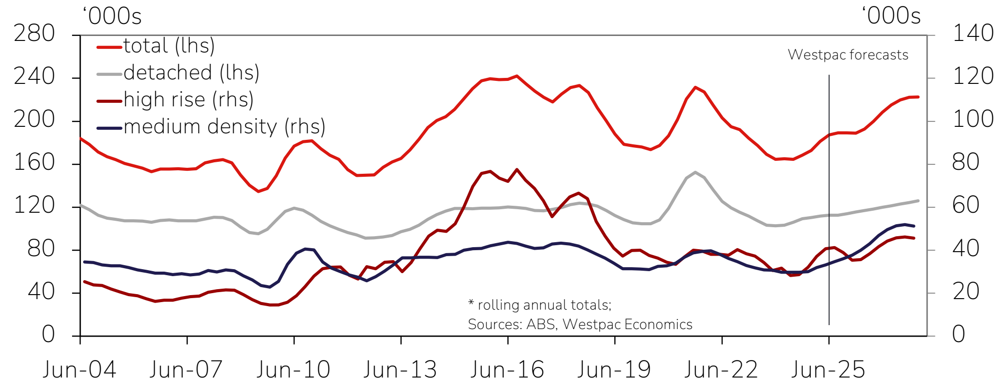
5. Residential property listings



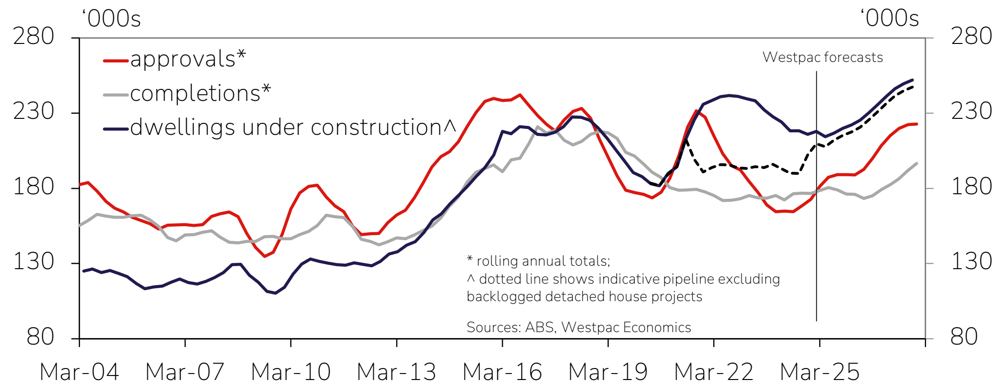
Updated housing supply projections

- New dwelling construction has been running at sub-par levels in recent years as higher interest rates and construction costs have weighed on activity. For completions, the drag from a slowing 'front end' of new projects has been dampened by the gradual clearing of backlogged work that had accumulated during 2022-24, when supply chain disruptions collided with cost blow-outs and a wave of builder insolvencies. The net effect has seen total dwelling completions relatively steady at around a 175k/yr since 2021 – gross additions running at 1.5% of the total dwelling stock.
- While difficult to judge, our sense is that the bulk of the backlog has now cleared. The pipeline of dwellings under construction is still relatively high but we suspect this has more to do with ongoing slow build times, a higher share of density builds (which take longer to complete), and the inclusion of some dwellings that will ultimately not be completed.
- The 'front end' is starting to look more positive. Quarterly dwelling approvals have risen 15-20% from the low in early 2023 and are tracking towards 190k for the 2025 calendar year. The gains suggest the macro environment is becoming more conducive for building, perhaps with some additional support starting to come from government policies aimed at lifting new supply.
- Some of the recent strength is likely to be transitory. The first half of 2025 saw surprisingly strong gains in 'high rise' approvals that are unlikely to be sustained. This segment is dominated by large projects that can often give it a 'lumpy' profile. More generally, 'high rise' projects typically have long lead times that mean the segment is usually slower to respond to changes in the wider macro environment.
- That said, there may be a little more impetus around higher density segments at the moment due to government policies targeting increased density around transport hubs. There have also been improvements in the transport infrastructure itself: Sydney's Metro and WestConnex, Melbourne's Metro Tunnel and Brisbane's Metro and Cross River Rail have, to varying degrees, made more areas of these cities amenable to higher density forms of housing.
- Interestingly, the sub-regional detail shows recent strength in high rise approvals has varied city to city. In Melbourne, projects are again centred on the inner city, with high rise approvals over the last year back near the elevated levels seen in 2015-18. In Sydney, high rise approvals are more concentrated in the city's inner south and inner west compared to 2015-18 which saw significant builds in 'middle ring' areas such as Parramatta and Ryde.

6. Dwelling approvals: by dwelling type

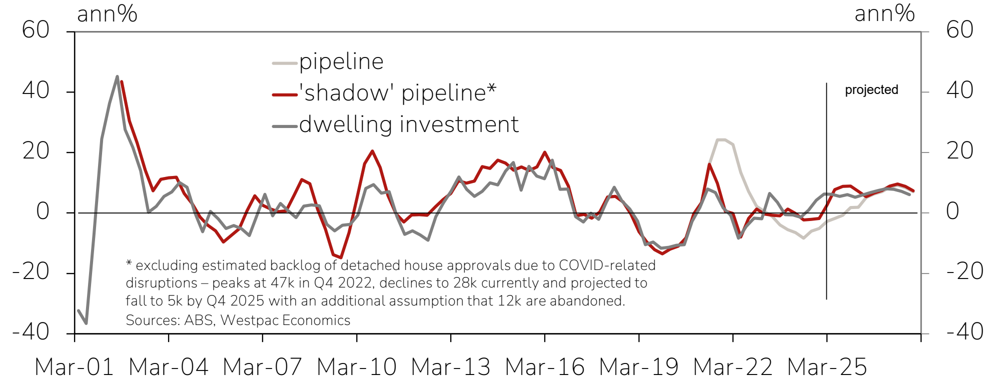


7. Dwelling construction pipeline



- Our updated dwelling construction forecasts have marked up the outlook for approvals and starts in 2025 and, to a lesser extent, 2026. The revised profile is around 20k higher over the two years but only 13k higher for projected completions due to the aforementioned longer lags on higher density projects.
- We have also extended the horizon out a year to 2027. The year captures the upturn more fully with approvals expected to hit 223k, only marginally below the 'Housing Accord Target' implied annual pace of 240k. Completions are projected to reach nearly 200k in the same year.
- Aside from the judgement around backlogged work, the main working assumption here is that policy – both monetary and various fiscal levers – manages to achieve some lift in new dwelling construction with a skew to higher density building but that 'high rise' activity remains well below the highs seen during the 2015-18 boom.
- The forecast revisions mean the pipeline of dwellings under construction is now expected to be about 6-7% higher than previously forecast. That in turn has led us to nudge up our new dwelling investment forecasts, with growth now expected to lift to 6% this year and 6.4% in 2026, accelerating to 7.3% in 2027.
- The 24% cumulative rise over the five years to 2027 may seem large but is relatively muted compared to previous cycles. These have often seen 50%+ rises from trough to peak, typically over much shorter time frames. Over the six clear upturn cycles since the early 1980s, the cumulative rise in dwelling investment has been between 35% and 59% with the average duration less than four years.
- The most recent cycle, in 2014-18, was a similarly protracted affair to the one unfolding now but still saw a cumulative rise in investment of 55%.
- While there are many differences between that cycle and the one coming through, a common element is the higher share of high rise and medium density builds in the mix. Higher density dwellings accounted for about a third of new dwelling completions over the decade to 2015 but 45% during the 2015-18 boom. Our baseline forecasts here have this share tipping just over 40% by 2027.
- Note that there is a significant risk that the upturn may unfold more slowly. As at June last year, average completion times for projects had risen by over eight months for apartments compared to 2015-18 and by over three months for houses and townhouses. Our forecasts assume project timelines return to previous averages.

8. Dwelling investment



9. Dwelling construction forecasts

	avg*	2022	2023	2024	2025f	2026f	2027f
Dwellings ('000s)							
approvals	203	190	164	173	189	208	223
starts	199	182	165	168	184	197	216
under construction (as at Dec)	216	241	228	216	220	236	252
*– excluding backlog^*	*–*	*194*	*196*	*192*	*210*	*226*	*242*
completions	192	173	175	177	176	179	197
– detached houses	*113*	*115*	*115*	*112*	*115*	*112*	*117*
– units	*79*	*58*	*60*	*65*	*61*	*68*	*80*
New dwelling investment ($bn)							
real	84	78	80	80	85	91	97
%chg	*–*	*-3.8*	*1.8*	*0.8*	*6.0*	*6.4*	*7.3*

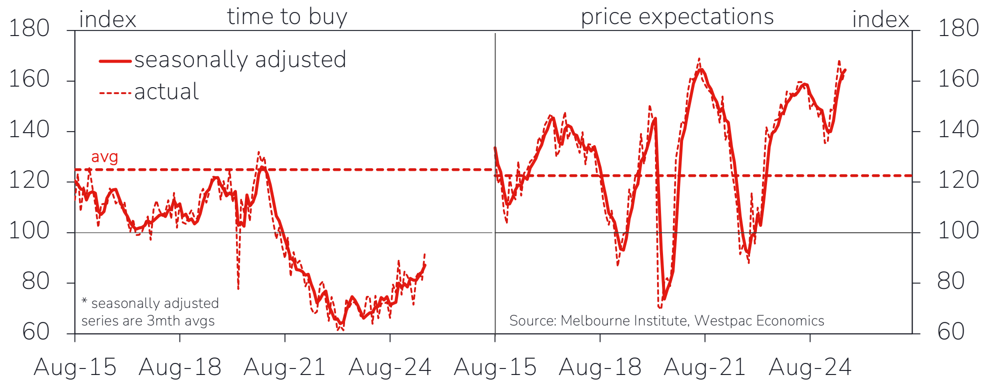
* 10yr avg; ^ indicative estimate excluding projects delayed due to post-COVID supply disruptions.

Source: ABS, Westpac Economics

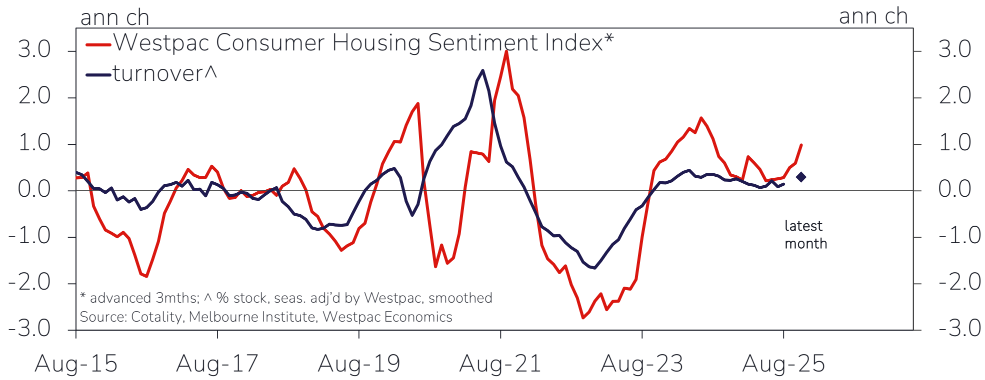
Regional markets: a quick flyover

- Regional markets have seen some notable outperformers over the last year. Remarkably, 24 of the top 25 local areas with the strongest price gains over the year to August have been regional rather than in capital cities (the sole capital city area in this group being in Darwin). This special topic looks at how regional markets stack up as a broader group in terms of both buyer sentiment and trends in turnover, prices, supply and rental vacancies. The picture highlights clear themes but also some of the dangers in generalising across what is a disparate group of sub-markets.
- Before we start, it is worth noting that Australia's regional housing markets had a very different experience during COVID. Prices surged 50% during the pandemic, easily the biggest surge for a group of markets that had not seen a material price burst since the early 2000s. The gains mainly reflected city-siders decamping to regions where virus risks were lower and restrictions less onerous. Working from home flexibility provided added appeal for some buyers, particularly in areas that relatively close to the cities. For others, purchases may have been partly a pull-forward in retirement plans. Local demand for housing may also have been boosted by job-related internal migration as opportunities in the cities dried up.
- Either way, the concern coming out of COVID was that regional dwelling prices could see an equally dramatic price reversal. That never really eventuated, regional prices instead holding their ground reasonably well through 2021-22, an eventual 5.6% decline in response to higher interest rates in 2022-23 coming in a touch milder than the corrections seen across most capital cities.
- However, the legacy of the sharp COVID run-up in regional dwelling prices now seems to be weighing more heavily on buyer sentiment across the regions.
- Chart 10 shows buyer sentiment across regional Australia is still tracking around the mid-80s compared to just shy of 100 for metro areas. This is comparable to the lows seen when COVID struck, about 8% below the lowest reading over the decade period to the pandemic and nearly 30% below the 2009-19 average.
- None of this has done much to dampen price expectations. Consumers in regional areas are just as bullish on the dwelling price outlook as their metropolitan peers. Indeed, this in itself is notable – expectations in regional areas have been about 5pts weaker on average since we began surveying this question regularly in 2009, although there have been several periods where the spread has reversed.

10. Aus regional consumer: housing-related sentiment



11. Aus regional housing composite vs turnover



– The bullish consumer view on prices is despite a fairly middling performance for regional dwelling prices. Despite the aforementioned pockets of strength, price growth across regional areas on a combined basis has been solid but unspectacular over 2024-25, annual growth tracking in the 5½-7%yr range, the pace lifting a touch, as it has elsewhere, over the last three months.

– It's a similar picture around turnover which has seen slow but steady growth through 2024 and 2025, sales currently up ~5%yr. Despite the lacklustre reads on 'time to buy' the overall picture from regional housing-related sentiment suggests turnover will lift into year-end, the mix implying that price expectations will be more of a driver.

– Some of this may be indirectly reflecting relatively tight supply. Both on-market supply and rental vacancy rates point to tight conditions. Total listings are currently barely enough to cover 3½ months of sales at their current pace. Regional markets are typically much slower to turn over with listings averaging seven months of sales historically. Meanwhile rental vacancy rates, which tightened dramatically during COVID, remain around 1.6%, below long run average levels of around 2%. Aggregate measures of rents and gross rental yields are not readily available for regional areas but would presumably be showing steady gains and relatively firm returns.

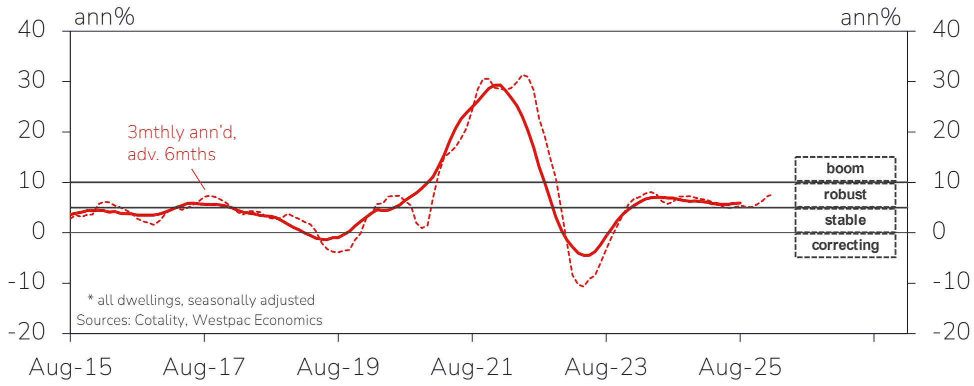
– New dwelling construction remains relatively subdued, approvals running at around 1.2% of existing dwelling stock, lower than the pace nationally and below the 1.6% average historically.

– Population flows remain a background positive. Estimates are produced less frequently but the most recent updates show growth of 1.3% over the year to June 2024, the pace largely unchanged on the previous two years, suggesting the slowdown being seen nationally is not impacting Australia's regions.

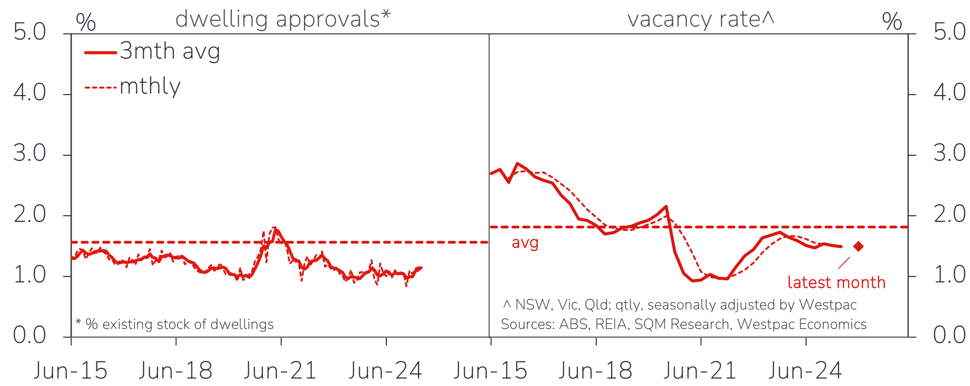
– All of this glosses over major differences across regional areas. At one extreme are Qld's fast-growing Gold and Sunshine Coasts, which are metropolitan than regional, with a combined population of over 1m. Sydney and Melbourne also have the relatively large, fast-growing 'satellite cities' of Newcastle, Woolongong and Geelong. Outside of these, the fastest growing regional population is in Vic's Ballarat with the next six areas all in Qld (Wide Bay, Toowoomba, Cairns, central Qld, Townsville and Mackay).

– Sentiment and turnover-wise, conditions are more buoyant in regional Vic with price growth accelerating. Price growth is strong in regional Qld but buyer sentiment is much weaker, likely reflecting more stretched affordability in coastal areas. For regional NSW, sentiment is around the regional average but price growth more sedate.

12. Aus regional dwelling prices



13. Aus regional: dwelling approvals, vacancy rate



Westpac-DataX Consumer Panel insights: housing tenure

– This special topic again draws on our **Westpac-DataX Consumer Panel** to look at patterns across sub-groups with different forms of housing tenure. Previous analysis of the Panel data compared mortgage holders with non-mortgage holders but this glossed over important differences within the non-mortgage group which lumped together renters, outright homeowners and those still living in the family home. These distinctions matter, particularly when housing costs are pressuring finances.

– To refine this analysis we have separated customers into four cohorts: 1) mortgage-holding non-renters; 2) mortgage-holding renters; 3) non-mortgage renters; and 4) non-mortgage non-renters. While we are confident in our classification methodology, there may be some inaccuracies, e.g. when payments are being made by others on a customer's behalf (e.g. as part of a jointly-held mortgage/tenancy).

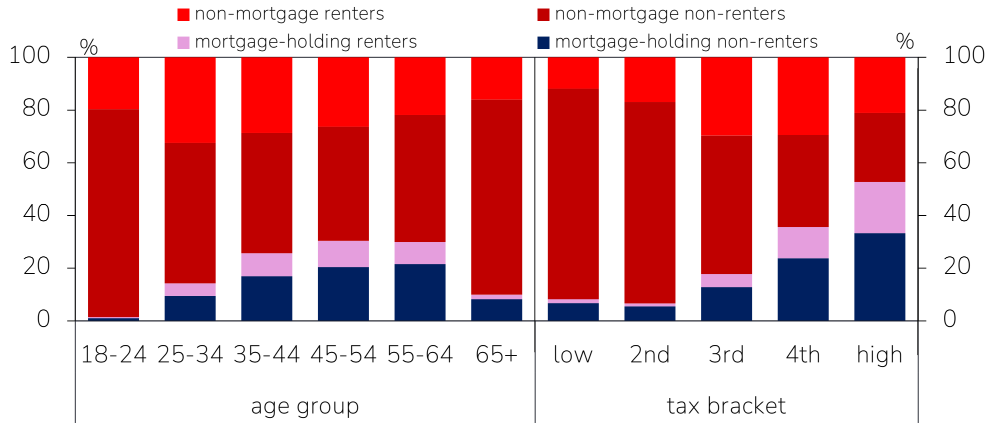
– The non-mortgage non-renter segment is the largest across most age and income groups. Among younger customers, this would mostly reflect those living at home. For older customers it is more likely to capture mortgage-free homeowners. The top income band looks slightly different. One-third are mortgage holding non-renters, while close to one in five are mortgage-holding renters – the largest proportion across all income bands.

– Non-mortgage renters skew younger, with around half under 45. About 20% of 18–24-year-olds fall into this group, alongside 30% of those aged 25-34. More than half also sit in the middle-income bracket. While many are traditional tenants, some older and higher-income customers appear here too. These would include customers who have paid off their property but choose to rent elsewhere.

– Mortgage-holding renters have the highest incomes, averaging about $9.5k/month (net) and have seen the strongest annual growth. This is roughly 18% higher than mortgage-holding non-renters at $8.0k. Non-mortgage renters earn less, around $6.0k, and have recorded the weakest income growth. Non-mortgage non-renters sit lowest at $4.2k, though this group has seen solid income growth, likely driven by younger workers with robust early-career wage gains, and the 65+ cohort, where workforce participation has been rising.

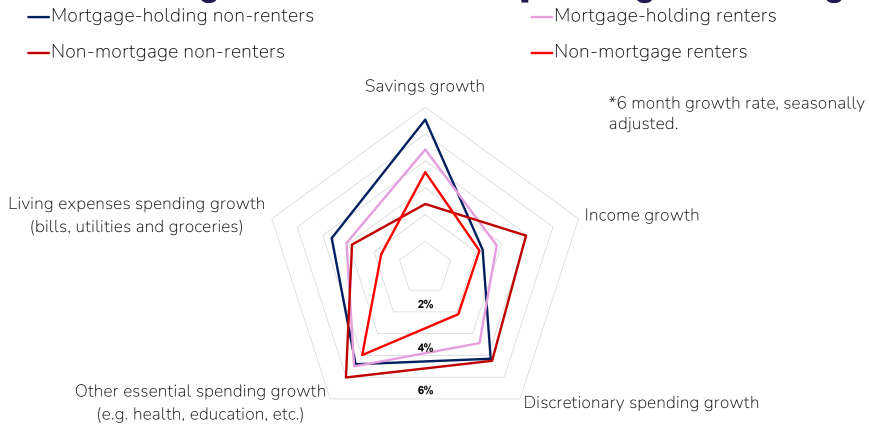
– Spending levels (excluding housing costs) broadly mirror income, but the growth story is more surprising. Across all four groups, annual spending growth has been tightly clustered at 3.9-4.1% over the year to Apr 2025. Mortgage-holding renters stand out as the only group to see spending fall during 2023-24, when rental inflation and the cash rate were high. Other groups maintained spending over that period.

14. Housing tenure: by age, income



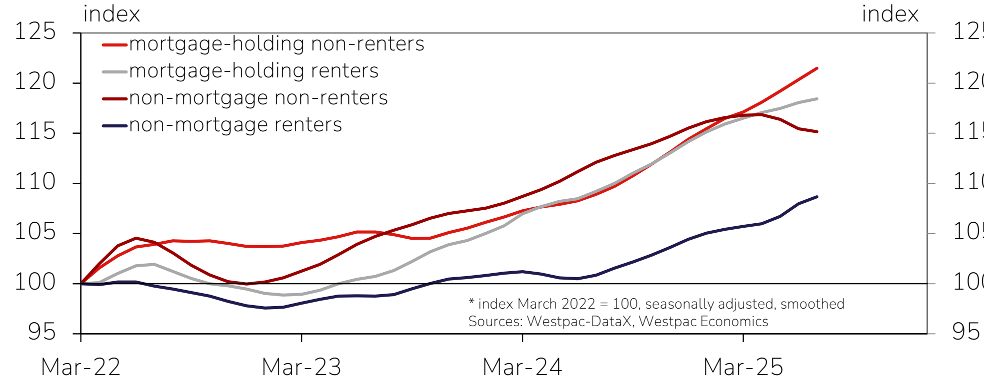
Source: Westpac-DataX, Westpac Economics

15. Housing tenure: income, spending and savings



- The spending detail shows non-mortgage non-renters have seen stronger growth in discretionary categories and 'other essentials' (e.g. health and education). Non-mortgage renters show weaker growth in living expenses (e.g. bills, utilities and groceries) which could suggest they are moving into larger households to share costs. For this group, other essential spend has grown at a comparable pace but discretionary spend has been much weaker, suggesting finances have been stretched.
- Savings show starker contrasts. Mortgage-holding non-renters average $70k in savings, with mortgage-holding renters close behind at $69k. Non-mortgage groups sit lower: non-renters hold about $36k and renters just $27k. Since Jan 2022, non-mortgage renters have lifted savings by only 5.5%, well-short of the double-digit growth seen by others. Given the surge in rents, it is little surprise this cohort has struggled to keep up although there has been an encouraging lift since late-2024.
- Among renters aged 25-34 with no mortgage – the group most likely to be prospective first home buyers – average savings sits at just under $21k. With the First Home Buyer Guarantee allowing entry with a 5% deposit, this balance supports a purchase of up to $416k. That is well-below median prices in every capital city. More detailed unit record data shows just 13.5% of this group would have enough for a 5% deposit at the median dwelling price. And even then, incomes are often too low to service a 95% LVR mortgage alone. Note that the panel data is on a customer basis so will understate capacity for 'joint borrowers'.
- We also look at transitions between our four housing tenure cohorts over the year to Apr 2025, focusing just on customers aged under 35. This that most people stayed put. At the lower end, around 67% of non-mortgage renters maintained the same status over the year while the upper end showed roughly 76% of non-mortgage non-renters were unchanged.
- However, there is some churn. Just over 30% of non-mortgage renters became non-mortgage non-renters, suggesting they may be moving back in with family. Meanwhile about 23% made the reverse move in to the rental market. Overall, we find that the net outflow out of the rental market in the year to Apr 2025 is 2.1% (this also includes transitions between the mortgage holding cohorts). This is broadly consistent with the easing seen in vacancy rates over this period. Shifts into mortgage-holding groups are more limited, only around 1.5% of customers made this jump. The flow back the other way is a touch higher, but would capture both sales and outright pay-downs.

16. Housing status: total savings balance



17. Housing tenure status: transition matrix

From: \ To:	mortgage-holding renter	mortgage-holding non-renter	non-mortgage non-renter	non-mortgage renter
mortgage-holding renter	72.2	18.2	3.9	5.7
mortgage-holding non-renter	19.8	72.1	5.8	2.3
non-mortgage non-renter	0.4	0.9	75.8	22.9
Non-mortgage renter	1.0	0.7	31.1	67.2

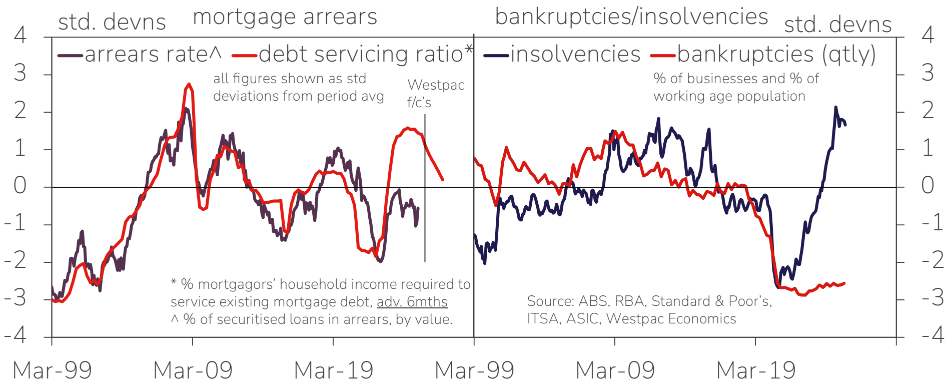
* share of customers moving from one status to another between April 2024 and April 2025, shading shows highest flows (diagonal cells denote no change in status).

Source: Westpac DataX, Westpac Economics

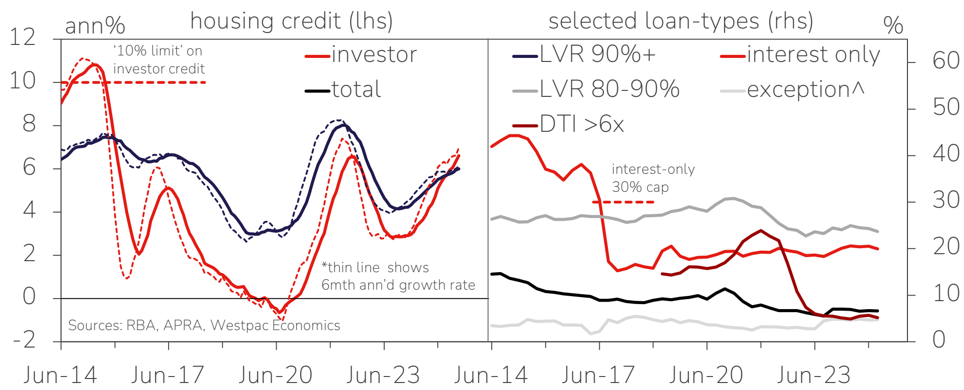
Prudential policy update

- Prudential policy remains sidelined while the effects of the previous interest rate tightening cycle continue to play out. As noted previously, this has effectively been a 'stress test' of the lending decisions made during the low interest rate phase of the cycle. Results continue to be positive with mortgage loan arrears peaking at a lower level than previous cycles and already cycling lower.
- Arrears are likely to remain benign as interest rate declines continue to ease pressure on existing borrowers – in terms of both repayments and the wider macroeconomic environment. Where there are residual risks these centre around still-elevated company insolvencies and some further modest softening in labour markets.
- Looking ahead, prudential policy may start gradually coming back into frame over the next few years.
- Indeed, the latest June quarterly statement from the Council of Financial Regulators already gives some sense of this with a separate section on 'macroprudential policy' noting that: "while lender and borrower resilience is currently high, this strength could be eroded over time if lending standards deteriorated and households respond to an actual or anticipated easing in financial conditions by accumulating excessive debt".
- The statement also notes that APRA was engaging with regulated entities to ensure macroprudential tools such as changes to serviceability buffers, limits on new high debt-to-income lending, and limits on new investor or interest-only loans could be activated quickly if need-be. However this looks to be more a case of 'dusting off the tools' than 'stand by for action'.
- As with previous reports, we are using this section of the **Housing Pulse** to focus on other topics. In this edition we make some additional comments on the Federal governments expanded first homebuyer guarantee (FHG) and recap the updated Westpac dwelling price forecasts.
- Our last **Housing Pulse** report included an extensive discussion of the expanded FHG scheme (see here). Recall that the scheme allows applicants to purchase homes with a 5% deposit without having to pay for loan mortgage insurance with the government instead guaranteeing the additional 15% that would normally be needed to have insurance requirements waived.
- Changes that came into effect in Sep significantly widened eligibility for the scheme. The changes are expected to see the scheme ramp up from 35k places in 2024-25 to 60k in calendar 2026 and 80k in 2027. Total first home buyer loans are currently tracking around 117k a year.

18. Financial stress: selected indicators

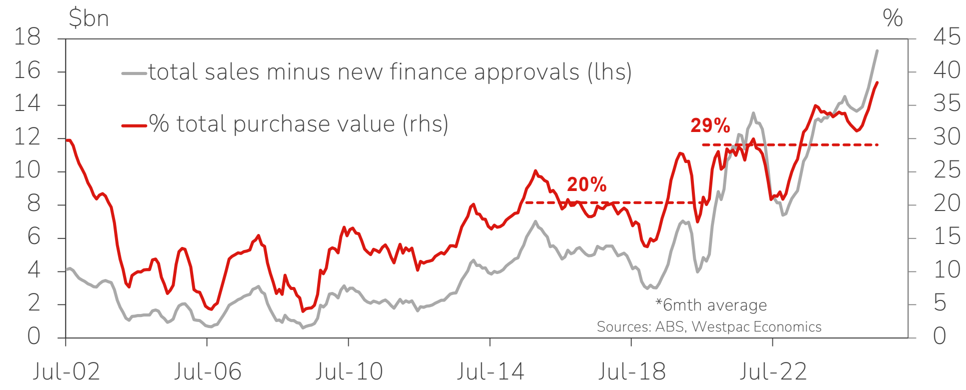


19. Housing credit growth and selected loan types



- The changes to eligibility removed caps on income and raised the dwelling price caps to median price levels in each location. At this stage it is unclear whether there will still be some limit on the total number of places under the scheme.
- In volume terms, the scheme roll-out to date does not look to have lifted total FHB activity but may have prevented what might otherwise have been a more material weakening. Figures imply about a third of FHBs over the last two years have accessed the scheme. The widened eligibility is likely to see coverage increase further, to above half.
- What this means for price growth is less clear cut. Our analysis suggested that while there was a relatively large pool of prospective buyers that would have sufficient savings to qualify for a 5% deposit, loan serviceability tests, which would be applied on a higher 95% loan-to -value ratio (LVR) loan would be a major hurdle for many.
- Lenders and regulators may also be wary about allowing a large increase in high LVR and/or high debt-to-income (DTI) loans. System-wide, loans with 90%+ LVRs currently account for 6.6% of new loans by value vs 15% a decade ago. High DTI loans account for 5.2% vs 20% plus during COVID.
- Turning to the price outlook: as noted, our forecasts have been revised up since May with price growth nationally expected to come in at 6% in 2025 (up from 3% previously) rising to 9% in 2026 (up from 6% previously). Near term forecast changes reflect the significantly stronger signal coming from current conditions, including prices, auction clearance rates and materially tighter 'on market' supply. While largely 'as expected' the lift in housing-related consumer sentiment underscores the current strength of momentum.
- Our upgrade to the medium term view reflects what is increasingly looking like a structural shift in homebuyer funding. Chart 20 shows the portion of purchases that are not being financed by new loans has risen substantively over the last decade from an average of 20% over the five years prior to COVID to closer to 30% over the last five years. This likely reflects a few dynamics, including retirees drawing on super to make cash purchases but also the increasing prevalence and size of intergenerational support for first home buyers. Notably, the state detail suggests this rise is evident in all states except Vic. We now expect this pattern to continue, meaning stretched affordability will take a little longer to 'bite' on demand, allowing for slightly stronger price growth.

20. Non-debt-financed portion of dwelling purchases



21. Dwelling price forecasts

	avg*	2022	2023	2024	2025f	2026f	comments
Sydney	5.4	-11.4	11.3	2.7	5	8	Price growth picking up but high starting point for prices limits scope for gains.
Melbourne	4.0	-7.1	4.2	-2.2	4	10	Recovering more slowly, on-market supply not as tight but prices can run a lot further.
Brisbane	6.7	-1.9	13.5	11.4	7	8	Price growth reigniting and supply very tight but affordability looking v. stretched.
Perth	4.4	4.2	16.2	18.4	8	8	Also v. stretched but buyers, investors especially, unfazed. More gains ahead.
Adelaide	6.8	9.3	8.8	13.5	5	6	Conditions still supportive but period of exceptional growth has run out of puff.
Hobart	6.5	-6.8	-1.8	-0.2	3	4	No uplift from migration affordability still poor but supply now tightening.
Australia	**5.2**	**-6.6**	**10.1**	**5.0**	**6**	**9**	**Interest rate cuts drive lift, affordability constraints start to bite again late 2026.**

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

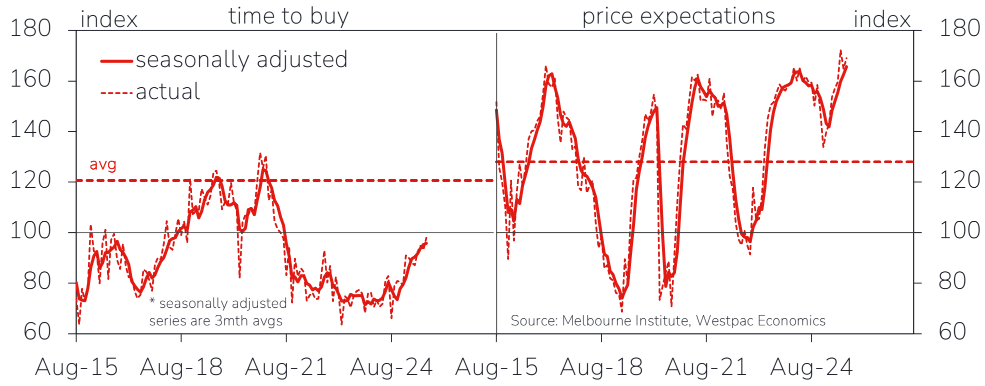
Source: CoreLogic, Westpac Economics

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.

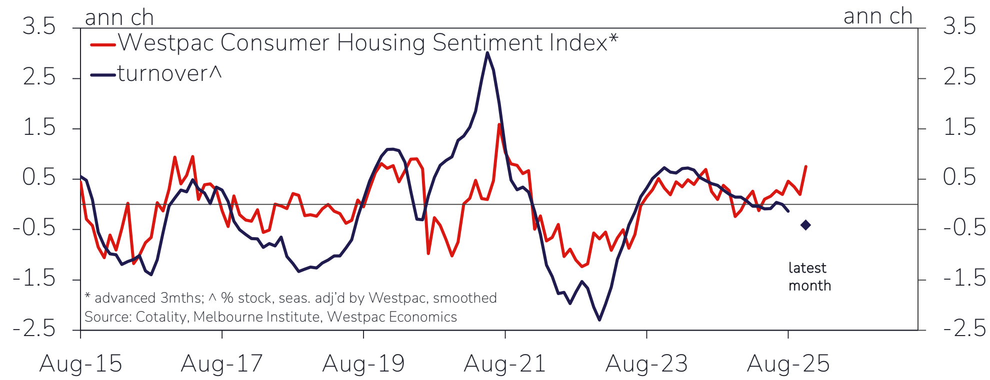
Housing sentiment jumps as prices regain traction

- Momentum is returning to the NSW housing market. Dwelling prices are up 2.5%yr, with houses running well ahead of units. Sydney values are rising at 2.1%yr, but the impact of rate cuts is clear, with the three-month annualised pace running at a robust 5.8%. Regional NSW remains ahead, lifting 3.8%yr.
- Cyclically sensitive top-tier properties in Sydney look have bottomed out with growth moving higher since Feb. The pace has picked-up considerably in the last two months. In contrast, the upturn in mid-and-lower tier dwelling prices is less discernible.
- Turnover slipped for the first time since Feb, –0.7%qtr, with the annual rate also in the red. At 4.6% of dwelling stock, turnover across the state remains slightly below the long-term average of 4.9%. Auction clearance rates in Sydney are sitting around 70%.
- NSW is also seeing the weakest growth in both owner-occupier and investor finance, respectively 1.5%yr and 4.1%yr.
- Lower listings activity looks to be driving price gains. New listings are down –7.2%qtr across NSW (–8.7%qtr in Sydney, –5.3%qtr in regional areas – all figures adjusted to exclude regular seasonal variations). That said, the pace of decline has eased in recent months.
- Total listings have fallen more sharply, and the acceleration suggests some of the older stock may finally be clearing.
- Tighter supply is creating a market imbalance. The sales-to-new-listings ratio jumped to 1.4, up from 1.13 three months ago and above the long-term average of 1.29. Total listings now cover just 2.6 months of sales, also below average, pointing to a market that has swung back in favour of sellers.
- Dwelling approvals are up more than 30%yr, the strongest of any state, led by gains in high-rise projects. Low-and-mid-rise approvals are also climbing, both reflecting state government policy efforts to boost supply. Even so, approvals as a share of dwelling stock are just 1.6%, running below the long-run average.
- Rental conditions remain tight. The easing in the vacancy rate has topped out, with the latest print at 1.7% compared to a 30yr average of 2.2%
- Housing sentiment has strengthened substantially. The **NSW Consumer Housing Sentiment Index** posted the largest gain of the major states, led by a surge in price expectations, now at their highest in more than a decade. Purchasing intentions have lifted 16.8% since the start of the year, sitting just shy of optimism territory.

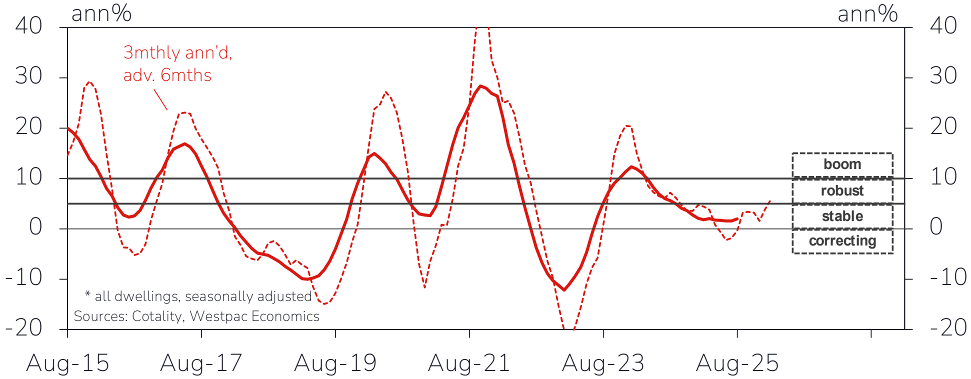
22. NSW consumer: housing-related sentiment



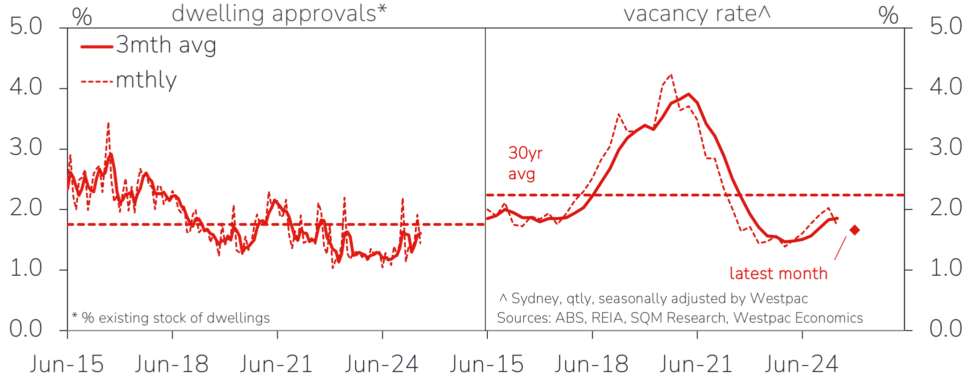
23. NSW housing composite vs turnover



24. Sydney dwelling prices



25. NSW: dwelling approvals, vacancy rate



Population: 8.6mn
Net migration: +89k pa
GSP: $789bn (30% of Aus)
Dwellings: 3.5mn, $4.4trn
Capital: Sydney

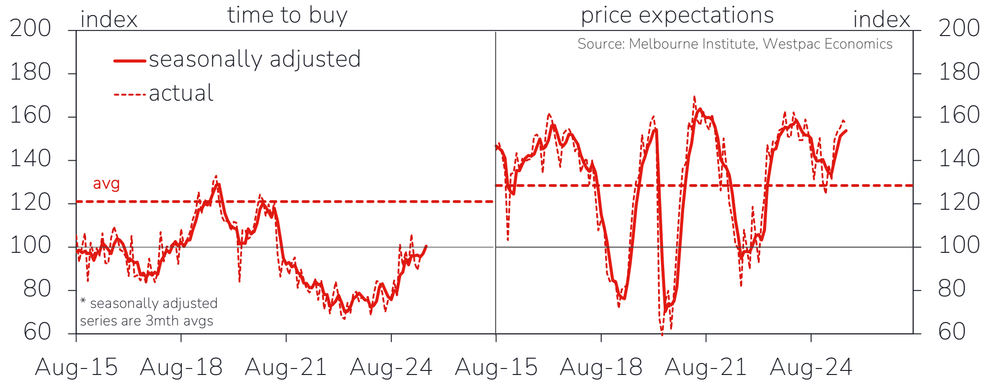
June years	avg*	2022	2023	2024	latest
GSP, ann%	2.2	2.5	4.2	1.2	1.0
State final demand, ann%	2.8	3.8	4.6	1.4	0.7
Employment, ann%	1.7	2.7	3.9	1.2	1.5
Unemployment rate, %#	5.9	3.7	3.2	3.9	4.2
Population, ann%	1.1	1.1	2.1	1.6	1.4
Dwelling prices, ann%	5.8	4.1	–0.9	6.9	2.0
Rental yield, %#	4.7	3.4	4.5	4.5	4.5
Sales/new listings, ratio#	1.29	1.07	1.35	1.30	1.40
Total listings, mths sales#	2.8	3.2	2.6	2.5	2.6

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

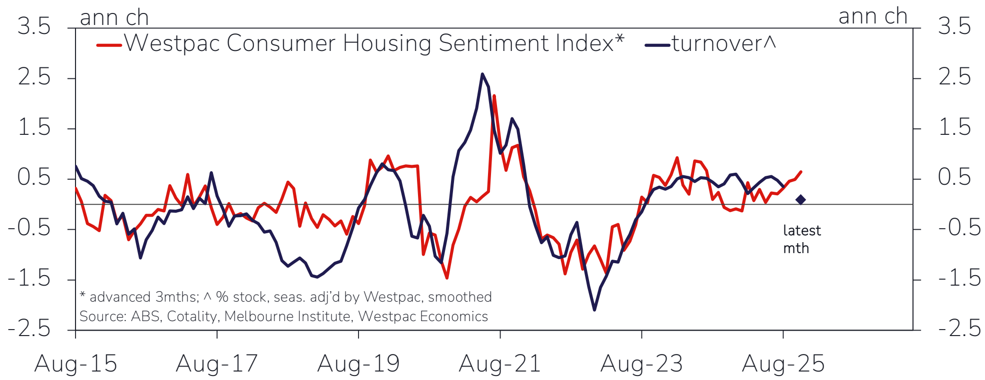
Growth reappears after year-long lull

- Vic dwelling prices have gathered modest traction in recent months. After dropping to a cycle low of -2.3%yr – the only state to dip into negative territory – price growth is now back in the green at 1.6%yr. Houses are driving the recovery, up 2.2%yr. While unit prices remain in decline, the monthly pace suggests further improvements ahead.
- Melbourne values are up 1.4%yr supported by rate cuts. Having significantly underperformed over the last two growth cycles Melbourne has more scope than other markets to sustain price rises. We expect a further, albeit gradual strengthening form here. The three-month annualised pace is running at 4.8%, pointing to firm near-term conditions. Regional Vic is outperforming on an annual basis, up 2.8%yr, with its near-term momentum stronger at 5.3%.
- Some regions are showing considerable strength. On a six month annualised basis north-west Melbourne is growing at 10.1%. This region has usually lagged the growth cycle but looks to be leading it this time around. Bendigo is up 11.3%.
- Turnover activity has softened in Melbourne down –0.3%qtr but still up strongly on a year ago (+10.9%yr). Regional Vic looks stronger, rising 6.1%qtr and 27.5%yr but growth looks to be slowing here. Overall, turnover is around 4.2% of dwelling stock, slightly above the 2024 average of 4.1%.
- New listings have fallen sharply, down –8.2%qtr and 10.2%yr, with weakness spread across both city and regional markets. The sales-to-new-listings ratio has jumped to 1.19 and while this is the lowest in the country it is the firmest that Vic has seen in over three years. Total listings have also fallen –10.9%qtr, easing from an average of 42k per month in 2024 to 37k in recently. At the current sales rate, it covers three months of activity, down from earlier levels and another sign that, like NSW, conditions are tilting more towards sellers.
- Dwelling approvals are tracking at the softest pace across Australia (2.5%yr). The lift is completely driven by strength in high-rise approvals (+12.8%yr) which is offsetting weakness in low-to-mid-rise dwellings (–16.0%yr). Detached home approvals has picked up recently (2.7%yr).
- The rental market tells a different story. Vacancy rates have continued to lift reaching 2.6%. This is the highest in the country and the only capital to be broadly in line with its long-term average. Despite this, rental yields are holding around the same levels seen over the past two years.
- The **Vic Consumer Housing Sentiment Index** posted a 0.7%yr improvement. Buying conditions are now in outright optimistic territory (+30.9%yr), while price expectations are sitting at an annual high.

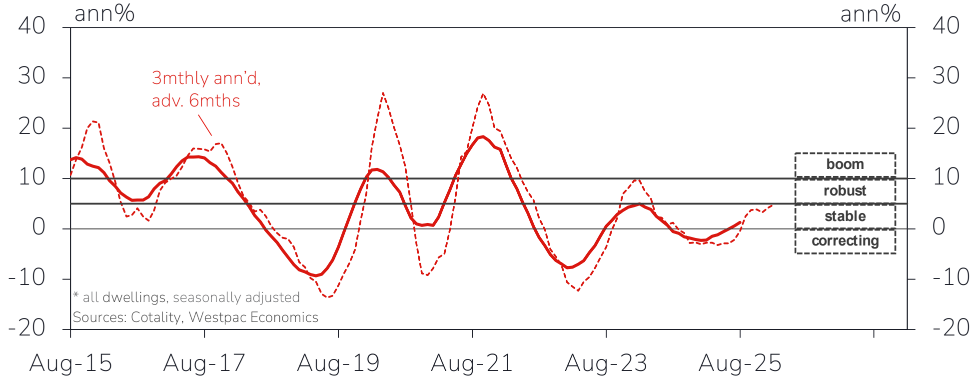
26. Vic consumer: housing-related sentiment



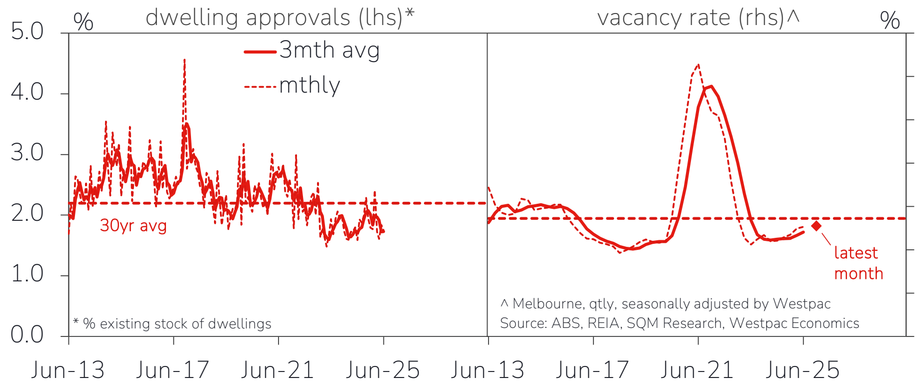
27. Vic housing composite vs turnover



28. Melbourne dwelling prices



29. Vic: dwelling approvals, vacancy rate



Population: 7.1mn
Net migration: +95k pa
GSP: $581bn (22% Aus)
Dwellings: 3.0mn, $2.7trn
Capital: Melbourne

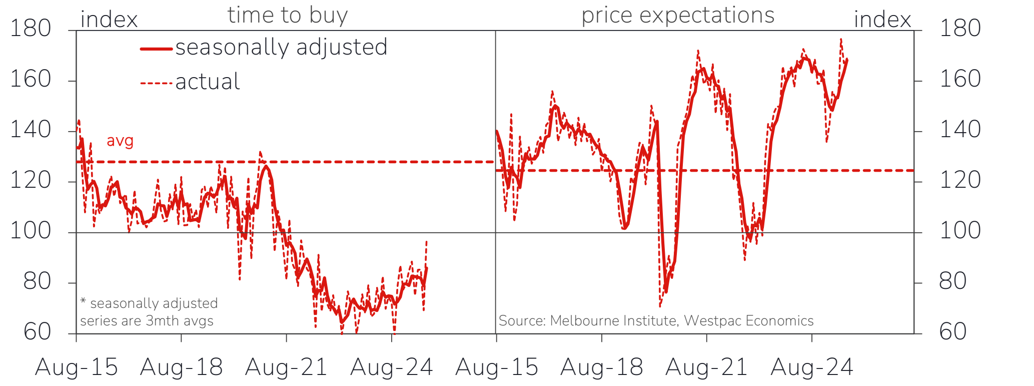
June years	avg*	2022	2023	2024	latest
GSP, ann%	2.7	6.7	3.4	1.5	1.8
State final demand, ann%	3.4	7.2	3.9	1.9	1.7
Employment, ann%	2.2	3.9	4.0	2.6	1.4
Unemployment rate, %#	6.3	3.8	3.8	4.4	4.5
Population, ann%	1.6	1.0	2.8	2.3	1.9
Dwelling prices, ann%	5.8	3.2	–3.4	1.6	1.3
Rental yield, %#	4.8	3.6	4.8	4.9	4.9
Sales/new listings, ratio#	1.05	0.92	0.99	0.93	1.19
Total listings, mths sales#	3.5	3.8	4.1	3.7	3.0

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

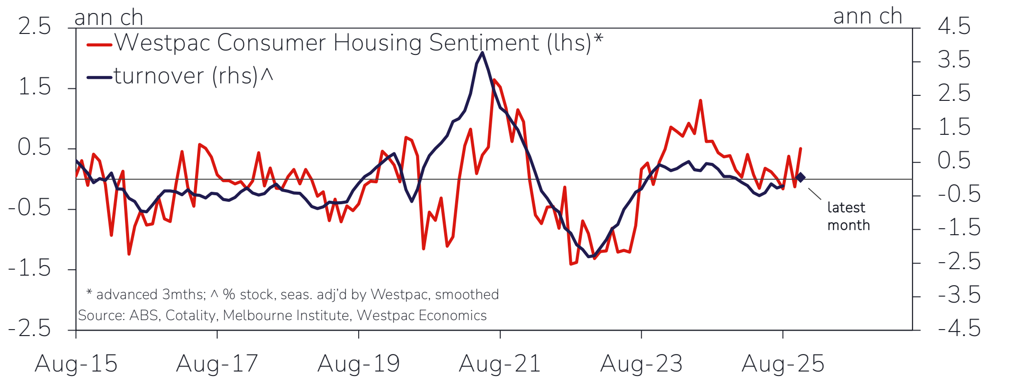
31 straight months of gains

- Qld continues to lead the nation's housing markets with dwelling prices notching 31 consecutive months of gains to be 8.2% higher over the last year. Units are outperforming houses, rising 9.4%yr versus 7.9%yr, while regional Qld is stronger at 8.5%yr compared to Brisbane's 7.9%yr. These 'stronger markets' have usually lagged the other two during cycles.
- Momentum in the capital is particularly robust with prices running at a 12.2% three-month annualised pace, edging conditions back into 'boom' territory.
- Growth is strongest in Brisbane's lower end market, up 12.2%yr, followed by mid-tier at 8.8%yr and top-tier at 5.3%yr. While affordability pressures typically drive the strength at the lower tier, the upper end has seen a notable pick-up, narrowing the growth gap between the two to its tightest in over a year.
- Qld is seeing the second strongest growth in turnover after recording falls between late-2024 and early-2025. Sales are up 5.1%qtr. Brisbane is leading with sales lifting 7.9%qtr, regional Qld lagging at 3.6%qtr. Annual growth remains negative across both Brisbane and regional Qld.
- Listing dynamics are partly buffering this lift in demand. New listings edged 0.6%qtr higher, driven by a 1.2%qtr rise in regional areas, while Brisbane was slightly lower at -0.1%qtr. The sales-to-new-listings ratio is running at 1.43, on a par with 2023's elevated levels and well above the long-term average of 1.03.
- Meanwhile, total listings have dropped 5.0%qtr, falling quickly from 30k in October 2024 to 25k in August. At the current sales rates, this stock would only support 2.1 months of activity – less than half the historical norm.
- Rental conditions in Brisbane are tightening again after last year's easing. The vacancy rate has fallen to 0.8%, close to its cycle low of 0.68%, while gross rental yields are steady at 5.8%.
- Approvals are stronger than most states, up around 8.8%yr. Qld has seen a strong lift in low-to-mid-rise units recently, with August seeing a 75%mth jump on top of a 67%mth jump in July. As a share of stock, approvals are averaging 1.7%, with momentum stabilising in recent months.
- Housing sentiment is also on the rise. The **Qld Consumer Housing Sentiment Index** is up 0.5%yr, underpinned by price expectations at their highest in more than a decade and 35.5% above average. Time-to-buy sentiment has been slower to recover after bottoming in mid-2023, and while it has lifted, Qld consumers remain the furthest below long-term norms of any state.

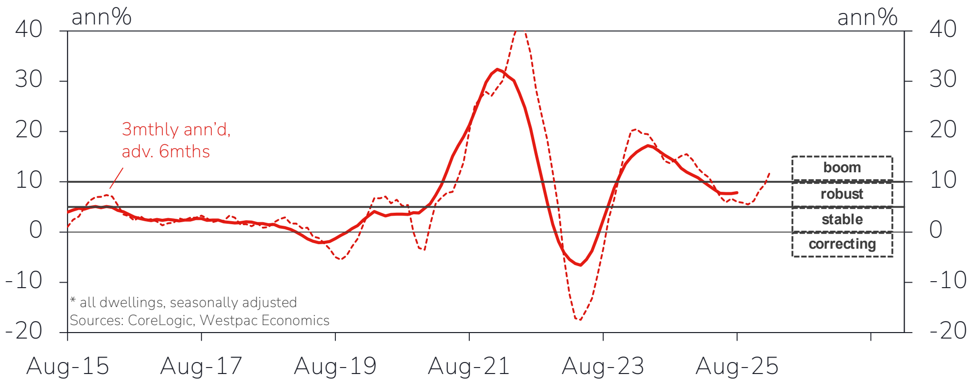
30. Qld consumers: housing-related sentiment



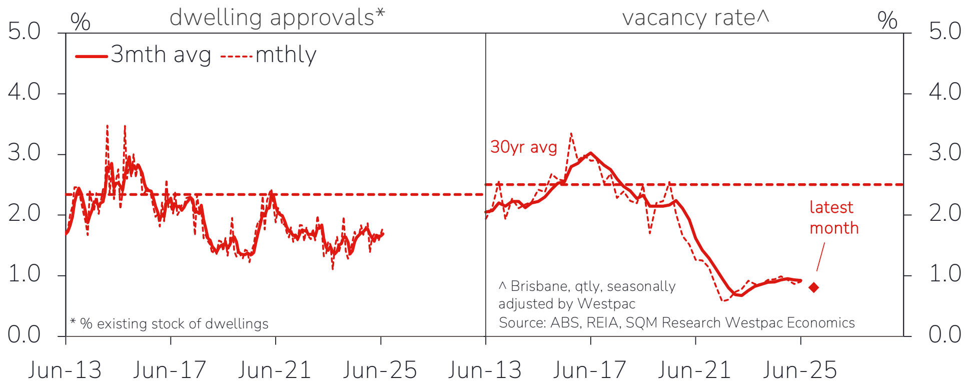
31. Qld housing composite vs turnover



32. Brisbane dwelling prices



33. Qld: dwelling approvals, vacancy rate



Population: 5.7mn
Net migration: +91k pa
GSP: $516bn (20% Aus)
Dwellings: 2.3mn, $2.2trn
Capital: Brisbane

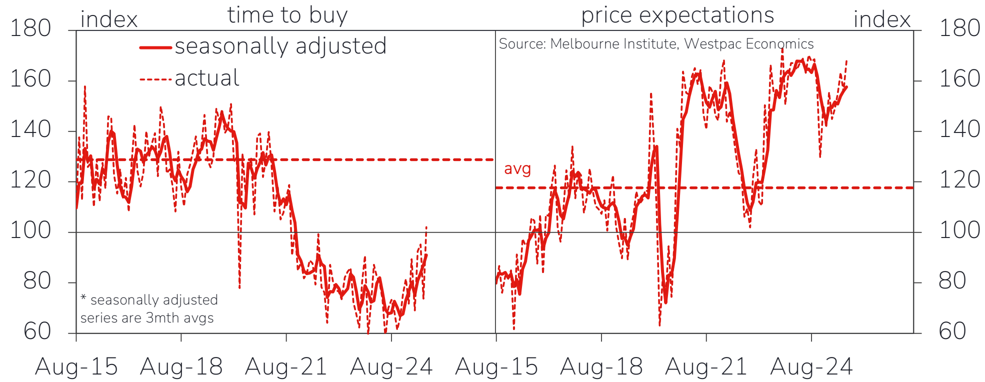
June years	avg*	2022	2023	2024	latest
GSP, ann%	3.4	5.5	2.8	2.1	1.4
State final demand, ann%	3.6	5.0	2.9	2.9	2.3
Employment, ann%	2.4	4.8	2.8	3.8	2.5
Unemployment rate, %#	6.6	4.0	3.8	4.0	4.0
Population, ann%	1.9	1.8	2.6	2.2	2.0
Dwelling prices, ann%	6.6	24.8	–3.8	16.1	7.8
Rental yield, %#	5.1	4.9	5.8	5.7	5.8
Sales/new listings, ratio#	1.03	1.10	1.41	1.26	1.43
Total listings, mths sales#	4.5	2.7	2.7	2.3	2.1

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

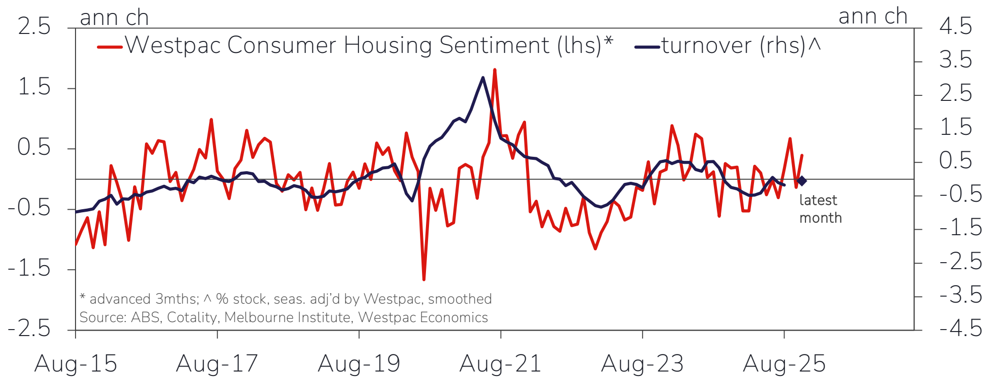
Investors may be returning amid still-tight rental conditions

- WA has seen the firmest lift in dwelling prices over the past three months, up 3.0%qtr. Similar to Qld, the regional and unit markets are seeing stronger growth than house and city markets. Dwelling prices in Perth are running just below a 10% three-month annualised rate.
- By housing tiers, the lower end of the market is outperforming, helping push annual growth to 7.2%yr. Mid-tier dwellings also look to have picked up more recently.
- Turnover edged up 1.1%qtr in August but this will likely turn, with sales falling in both July and August. Perth is the key supporter here, with sales up 1.2%qtr and averaging 4.3k per month, broadly consistent with 2024 levels, while regional sales printed 0.6%qtr.
- Listing dynamics are tightening sharply. New listings fell –16.5%qtr in the three months to August, with house listings dropping a much steeper –18.4%qtr. This is the sharpest fall across the states. As a result, the sales-to-new listings ratio has blown out to 1.36 from 1.20 in previously.
- Total listings are down –17.5%qtr, with the pace of decline deepening in recent months. At the current sales rate, listings equate to just 2.1 months of supply, down from 2.5 months three months ago and well below the long-term average of 5.4 months.
- Rental conditions remain the tightest in the country likely supported by the still-robust population growth. Perth's vacancy rate has been stuck at around 0.5% in recent months, the lowest of any Australian city. Rental yields are exceptionally strong at 7.3%, well above other states and materially higher than the long-run average of 4.8%.
- Investor activity, which softened through much of 2024, looks to be turning. Investor loans lifted 4.1%qtr in Q2, the second strongest pace nationally after SA, while owner-occupier lending rose a more modest 1.8%qtr, running behind NSW in second last place.
- Dwelling approvals have tumbled recently, down –20%qtr and averaging 1.9% of existing stock. The weakness is concentrated in high-rise projects, while low-to-mid rise unit approvals remain solid. Detached home approvals also look to have peaked and is headed lower.
- The **WA Housing Sentiment Index** has improved in recent months, though is only 0.4% higher than a year ago. Both buyer attitudes and price expectations have firmed, with the former at the highest level since late-2021 and only 10% below outright optimistic territory.

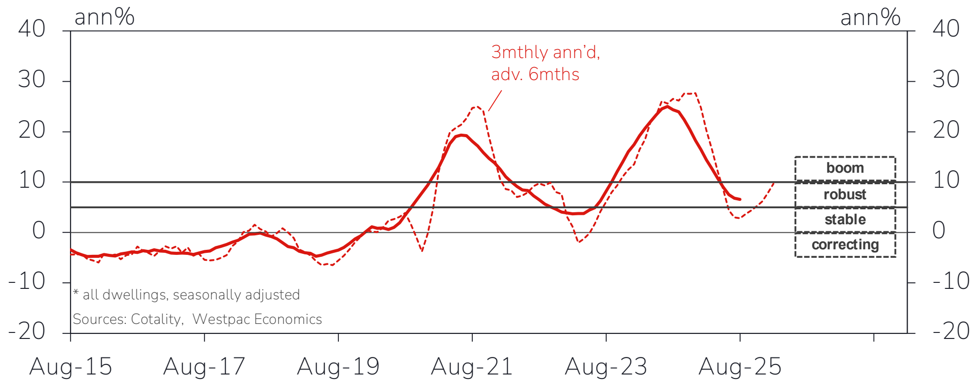
34. WA consumers: housing-related sentiment



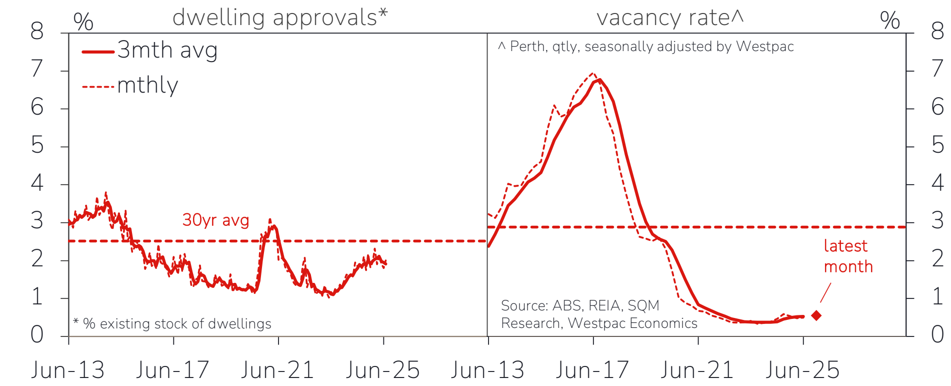
35. WA housing composite vs turnover



36. Perth dwelling prices



37. WA: dwelling approvals, vacancy rate



Population: 3.1mn
Net migration: +61k pa
GSP: $448bn (17% Aus)
Dwellings: 1.2mn, $1.0trn
Capital: Perth

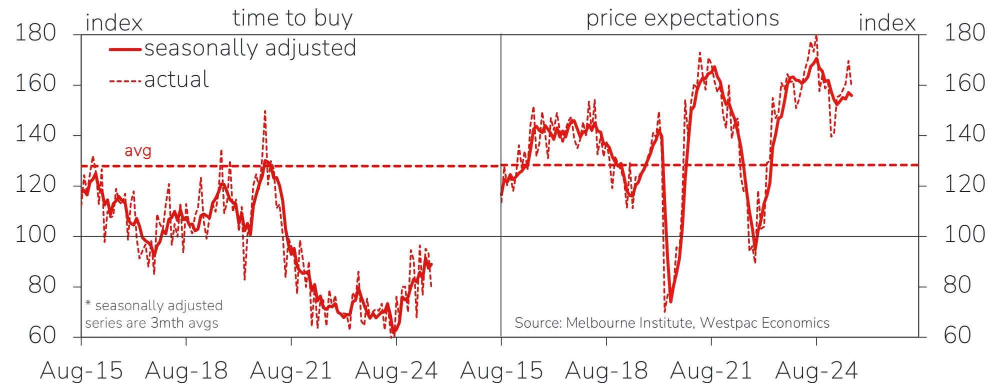
June years	avg*	2022	2023	2024	latest
GSP, ann%	3.8	2.5	3.7	0.5	–0.5
State final demand, ann%	3.7	5.9	3.2	5.7	3.3
Employment, ann%	2.4	5.3	2.6	3.8	3.2
Unemployment rate, %#	5.6	3.2	3.6	3.7	4.1
Population, ann%	1.9	1.6	3.5	3.0	2.5
Dwelling prices, ann%#	6.2	8.3	4.9	24.5	6.5
Rental yield, %#	4.8	5.5	6.6	6.7	7.3
Sales/new listings, ratio#	0.94	0.96	1.23	1.16	1.36
Total listings, mths sales#	5.4	3.7	3.0	2.2	2.1

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

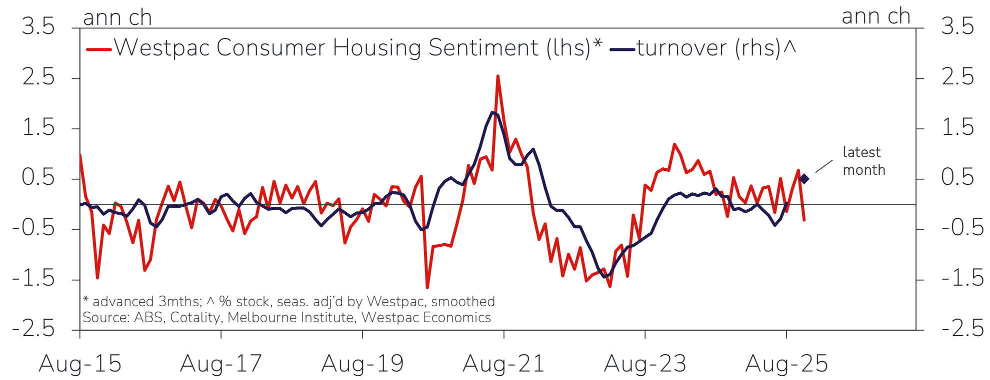
Turnover surges despite choppy sentiment

- At 7.1%yr, the annual growth in dwelling prices in SA continues to ease. The monthly pace saw notable softening between January and June this year, averaging just 0.3% per month, but this has turned in the last two months which both saw lifts of 0.8%mth.
- Regional markets are leading, with prices up 10.9%yr, while Adelaide is 6.5%yr higher. Support from recent rate cuts is evident with prices in Adelaide lifting from a 2.6% three-month annualised pace in June to 6.2% in August.
- Unit prices in SA have seen firmer growth, rising 7.8%yr versus 7.0%yr for houses. The near-term trend shows a slight convergence happening between the two markets. By tiers, lower-tier properties continue to drive gains.
- Turnover rebounded in the three months to August, posting its first lift since February. Sales lifted 7.9%qtr – the strongest gain of any state and the fastest in SA since Jan 2022. Regional SA is leading, up 12.7%qtr, while Adelaide is seeing turnover rise 6.9%qtr.
- New listings remain on a downtrend, falling –4.2%qtr and –9.9%yr. The sales-to-new-listings ratio is now 1.6, well above the levels seen during the 2023-24 cycle and indicative of a stronger seller's market.
- On market-listings have averaged 5.6k so far in 2025, equating to just 1.6 months of sales compared to a long-term average of 3.7 months. This is the lowest supply buffer nationally.
- The dwelling approvals pipeline is solid, having largely been on an uptrend for the past 1.5 years. It is averaging 1.9% of dwelling stock, which is the highest of any state, and should contain some of the price growth over medium-term. Detached home approvals are surging at 15.2%yr.
- Rental conditions remain tight, with the vacancy rate at 0.8%, only 0.3ppts above recent lows. Gross yields are 5.2%, behind WA and Qld but still historically elevated.
- Investor lending is up 15.4%yr, the strongest nationally but momentum has eased. Owner-occupier lending is the second strongest nationally and contrary to other states the pace of growth has not slowed.
- The **SA Housing Sentiment Index** has been choppy, most recently slipping -0.3%yr. Swings have been driven by the time to buy index, though smoothing recent moves points to an upward trend in buyer sentiment. Price expectations are also edging higher after easing through late-2024 and early-2025. Mixed labour market outcomes could drive some further volatility.

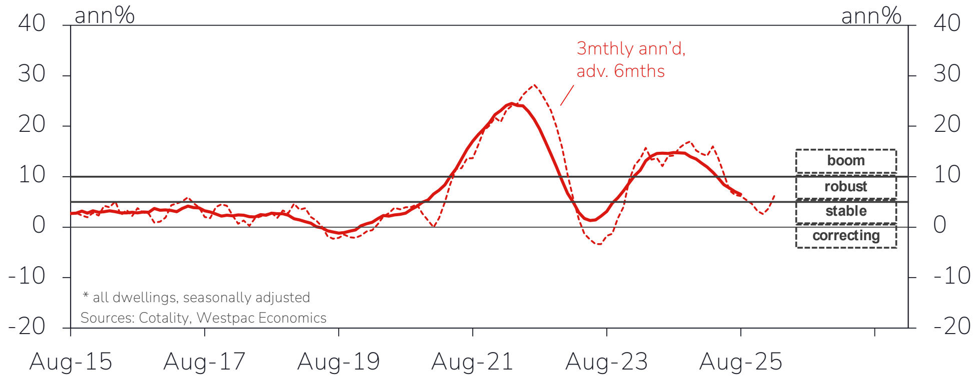
38. SA consumers: housing-related sentiment



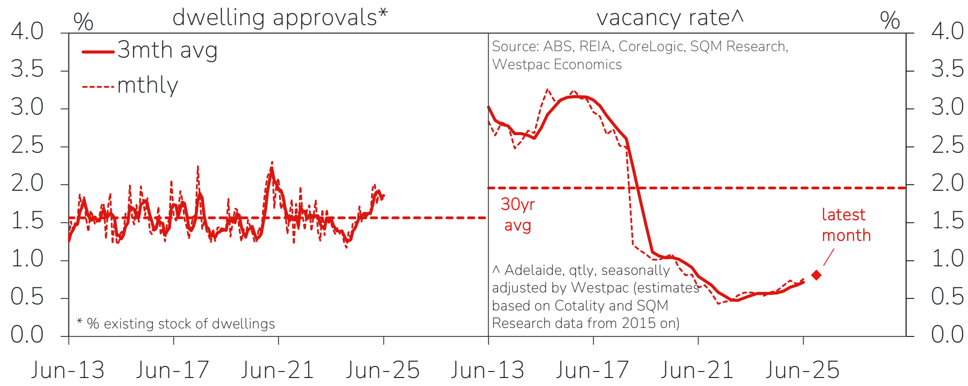
39. SA housing composite vs turnover



40. Adelaide dwelling prices



41. SA: dwelling approvals, vacancy rate



Population: 1.9mn
Net migration: 18k 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	1.8
State final demand, ann%	2.9	6.2	2.6	1.7	2.3
Employment, ann%	1.4	3.1	4.2	–0.7	4.4
Unemployment rate, %#	6.9	4.5	4.1	4.0	4.3
Population, ann%	0.9	1.2	1.8	1.3	1.1
Dwelling prices, ann%	6.7	23.0	1.4	14.7	6.5
Rental yield, %#	5.3	5.7	5.3	4.7	5.2
Sales/new listings, ratio#	1.10	1.35	1.48	1.41	1.58
Total listings, mths sales#	3.7	2.0	2.1	1.7	1.6

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

Mood uplift coincides with strong owner-occupier lending

– Tas dwelling prices have seen only modest shifts since our last update, with annual growth lifting slightly to 2.5%yr and holding in a narrow 2.2-2.8%yr range through 2025. Near-term momentum has weakened, with consecutive monthly price falls between May and July, and a flat result in August.

– The softening is being driven by regional Tas, where annual growth has slowed from 4.7%yr at the start of 2025 to 2.4%yr in August. Hobart is faring better, with annual growth lifting from 0.8%yr to 2.6%yr. That said, the near-term is again weaker, with the three-month annualised pace at –1.1%yr, the only capital with annual growth in the red.

– Growth in mid-tier properties has accelerated recently, while those at the top-end of the market are continuing to see prices fall.

– Turnover has eased, down –3.3%qtr and –1.3%yr, with regional activity falling more sharply than in Hobart. Tas however has seen a strong lift in owner occupier loans over the past year and now leads the rest of Australia (+21.9%yr).

– New listings declined –8.6%qtr (–18.7%yr), pushing the sales-to-new-listings ratio up to 1.51, miles above the long-term average of 1.04 and second only to SA.

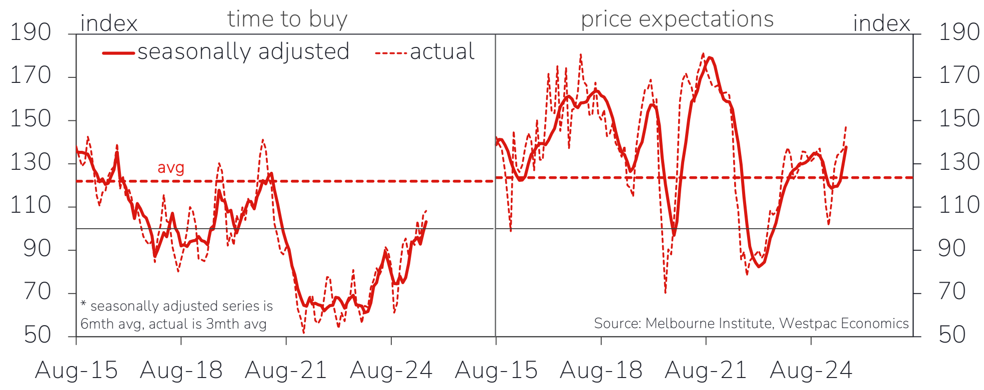
– Total listings dropped –11.6%qtr, leaving on-market supply at 2.9 months of sales. While tighter than Tas's long-run average of 4.9 months, this is not as lean as the immediate post-pandemic period. The disparity between demand and supply, combined with recent interest rate cuts should lend support to prices inear-term.

– The supply pipeline is thinning with dwelling approvals averaging just 0.7% of stock, the weakest nationally. This suggests limited new supply coming through, which could add further upward pressure on prices over time.

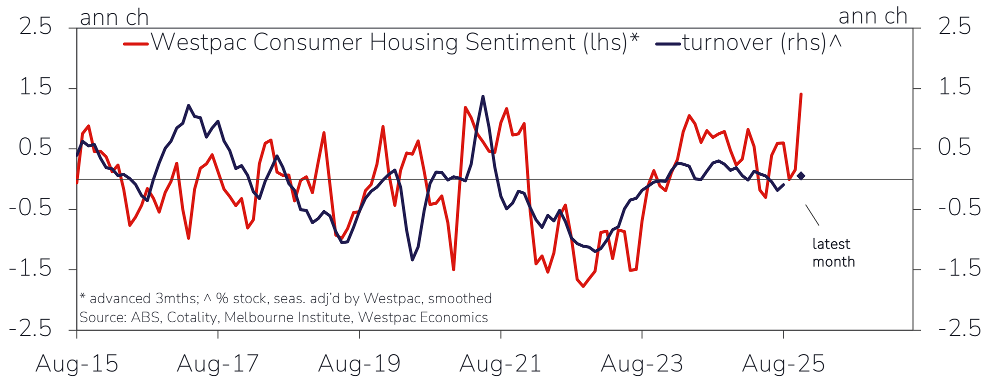
– Rental conditions remain tight, with vacancy rates falling to 1.8%. Tas is the only state where conditions are still tightening and well-below the 30-year average of 2.4%. Gross rental yields sit at 4.7% which is higher than the previous three years but still around 1ppt below long-run norms.

– Housing sentiment has strengthened sharply alongside a broader lift in the consumer mood. The **Tas Consumer Housing Sentiment Index** is up 1.4%yr, the strongest gain of any state and the biggest lift since the pandemic. Price expectations are now at their highest level in three years and above the long-term average. Buyer sentiment has also pushed into net optimistic territory for the first time in four years.

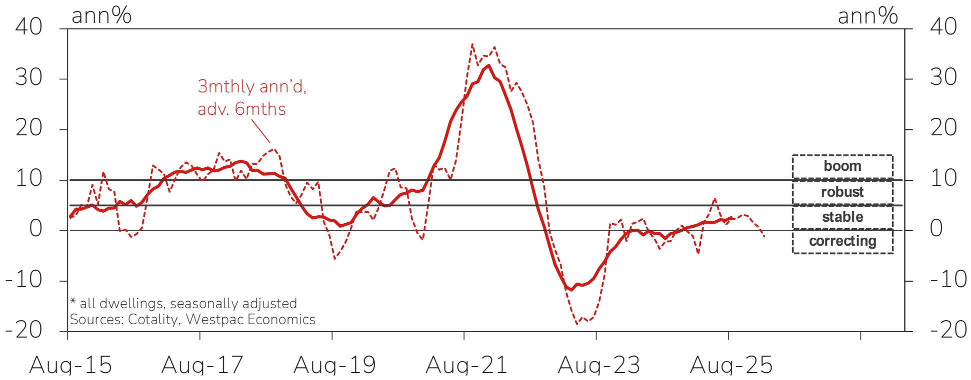
42. Tas consumers: housing-related sentiment



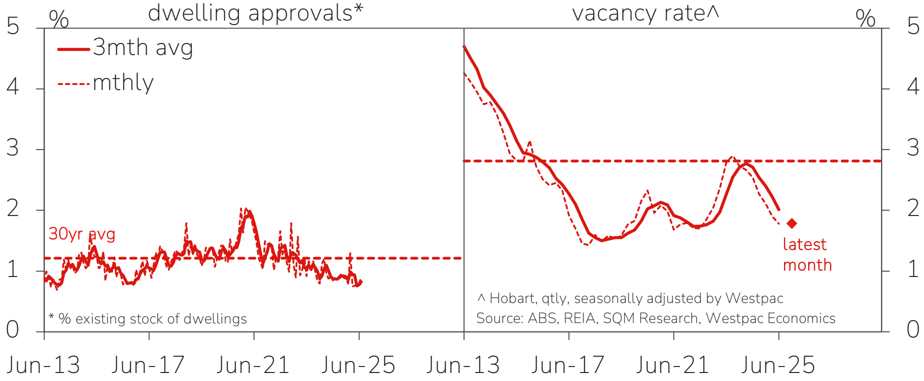
43. Tas housing composite vs turnover



44. Hobart dwelling prices



45. Tas: dwelling approvals, vacancy rate



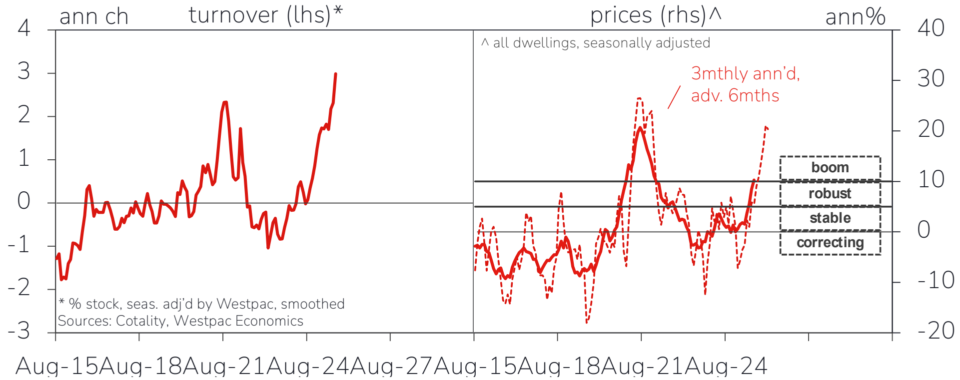
Population: 0.6mn
Net migration: 2k pa
GSP: $41bn (2% Aus)
Dwellings: 0.3mn, $179bn
Capital: Hobart

June years	avg*	2022	2023	2024	latest
GSP, ann%	2.4	4.5	1.9	1.4	1.3
State final demand, ann%	2.9	5.5	1.4	1.9	2.1
Employment, ann%	1.5	2.1	2.8	–1.3	0.8
Unemployment rate, %#	7.5	4.4	4.0	4.0	3.9
Population, ann%	0.8	0.9	0.3	0.2	0.3
Dwelling prices, ann%	6.4	16.6	–10.4	–0.5	2.1
Rental yield, %#	5.8	4.0	4.3	4.2	4.7
Sales/new listings, ratio#	1.05	0.86	1.06	1.09	1.51
Total listings, mths sales#	4.9	2.6	4.4	4.3	2.9

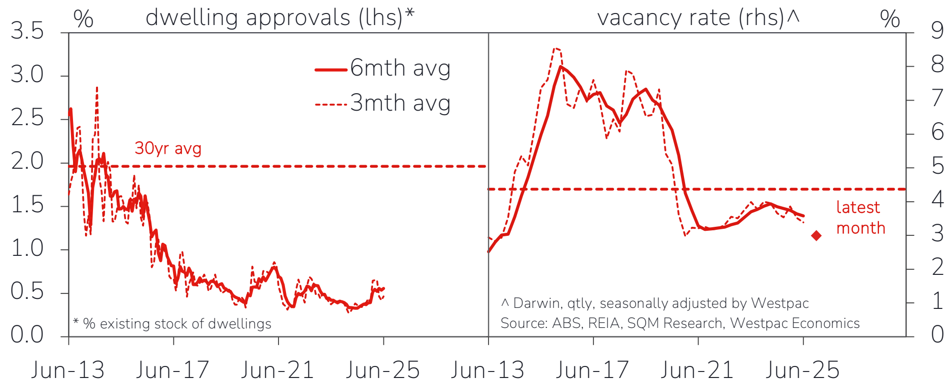
* avg last 25yrs; # June qtr readings
Sources: ABS, CoreLogic, REIA, Westpac Economics

NT booms; ACT meanders

46. Turnover, Darwin dwelling prices



47. NT: dwelling approvals, vacancy rate

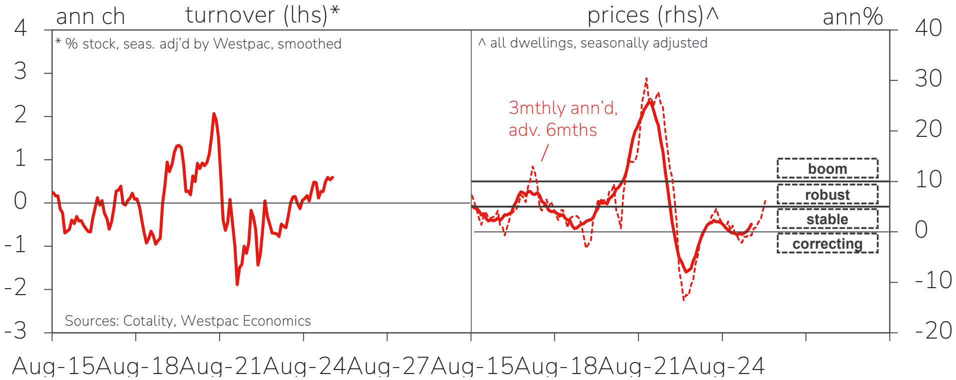


Population: 0.3mn
Net migration: 1k pa
GSP: $35bn (1% Aus)
Dwellings: 0.1mn, $47bn
Capital: Darwin

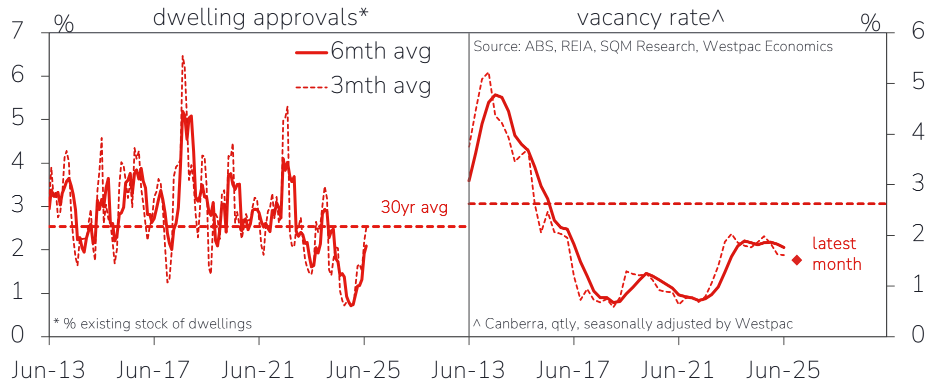
June years	avg*	2022	2023	2024	latest
GSP, ann%	2.9	5.4	–5.2	4.6	n.a.
State final demand, ann%	2.4	6.9	1.3	4.4	4.9
Employment, ann%	1.5	2.4	2.7	–0.8	3.5
Unemployment rate, %#	6.7	4.3	4.3	4.1	4.0
Population, ann%	1.2	2.0	1.7	1.3	1.3
Dwelling prices, ann%	4.3	6.0	–2.6	2.6	9.0
Sales/new listings, ratio#	1.24	1.13	1.35	1.32	3.41
Total listings, mths sales#	5.3	4.5	5.0	3.6	1.0

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

48. Turnover, Canberra dwelling prices



49. Dwelling approvals, vacancy rate

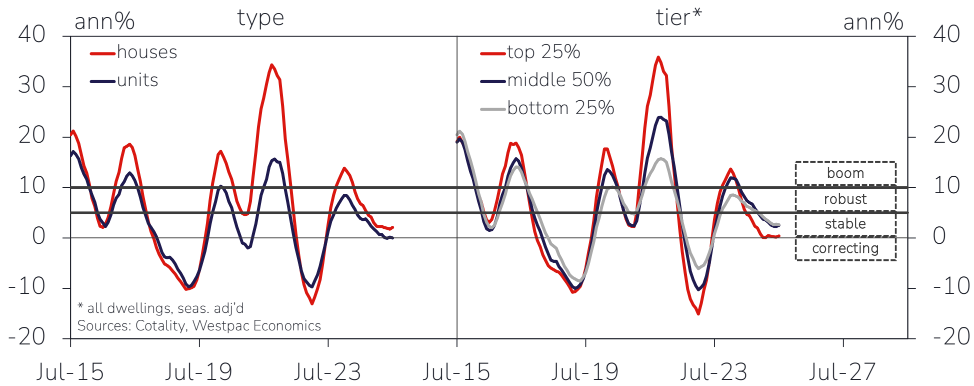


Population: 0.5mn
Net migration: 4k pa
GSP: $53bn (2% Aus)
Dwellings: 0.2mn, $191bn
Capital: Canberra

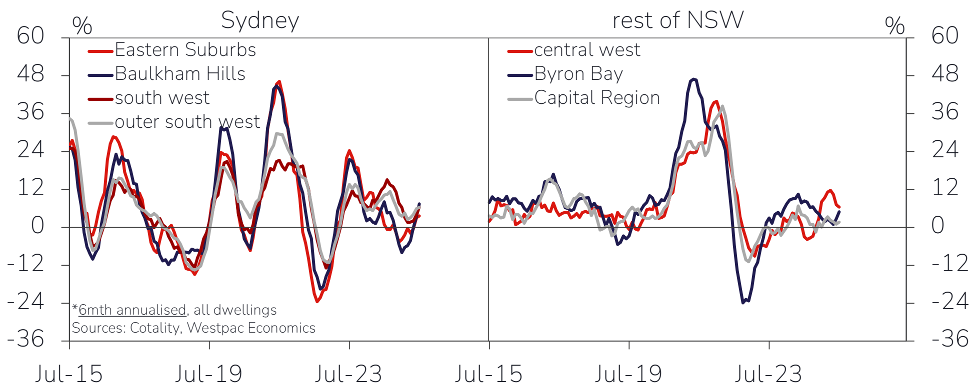
June years	avg*	2022	2023	2024	latest
GSP, ann%	3.7	2.7	4.7	4.0	n.a.
State final demand, ann%	3.6	3.0	1.7	1.9	3.8
Employment, ann%	1.6	3.0	3.1	–0.1	1.5
Unemployment rate, %#	6.6	4.0	3.9	3.9	3.8
Population, ann%	1.7	1.9	2.2	1.5	1.5
Dwelling prices, ann%	5.6	15.9	–7.3	2.1	0.9
Sales/new listings, ratio	1.43	1.18	1.29	1.32	1.82
Total listings, mths sales	2.5	2.2	2.7	2.7	2.3

* 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

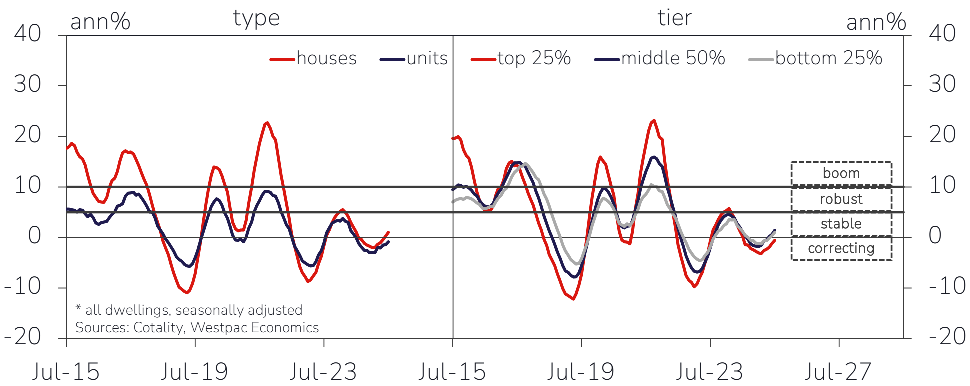


	Sydney	rest of NSW
Population:	5.6mn	2.9mn
Net migration*:	+80k pa	+27k pa
Employ (%state):	69%	31%
Dwellings, no.:	2.1mn	1.4mn
Dwellings, value:	$3.1trn	$1.2trn

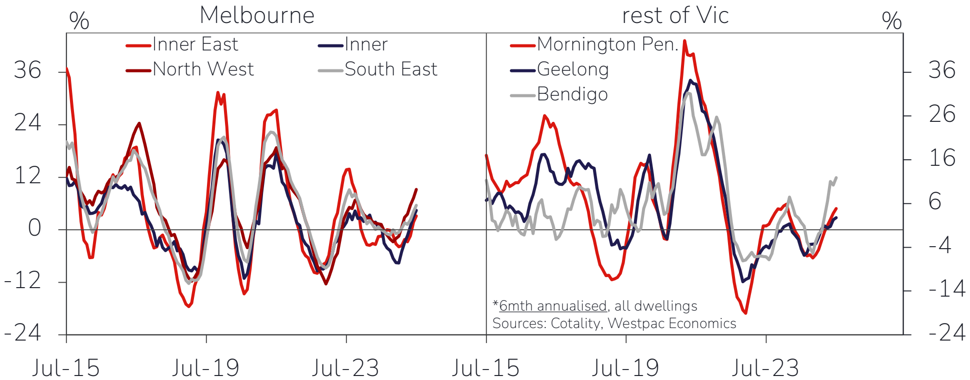
June years	avg^	2022	2023	2024	latest
Sydney					
Employment, ann%	1.8	3.9	4.4	1.0	2.5
Unemployment rate, %	5.3	3.5	3.5	4.1	4.2
Houses – prices, ann%	6.2	5.5	–0.9	7.8	2.8
– sales/new listings, ratio	1.12	1.02	1.30	1.21	1.32
– total listings, mths sales	3.1	3.0	2.6	2.6	2.6
Units – prices, ann%	4.6	0.8	–1.0	4.6	–0.1
– sales/new listings, ratio	1.57	1.16	1.46	1.41	1.52
– total listings, mths sales	2.3	3.3	2.7	2.3	2.4
rest of NSW					
Employment, ann%	1.3	1.0	2.9	1.6	–1.0
Unemployment rate, %	7.1	4.0	2.6	3.6	4.0
Dwelling prices, ann%	6.1	20.8	–6.5	4.1	3.8

* estimates as at Jun 2024 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

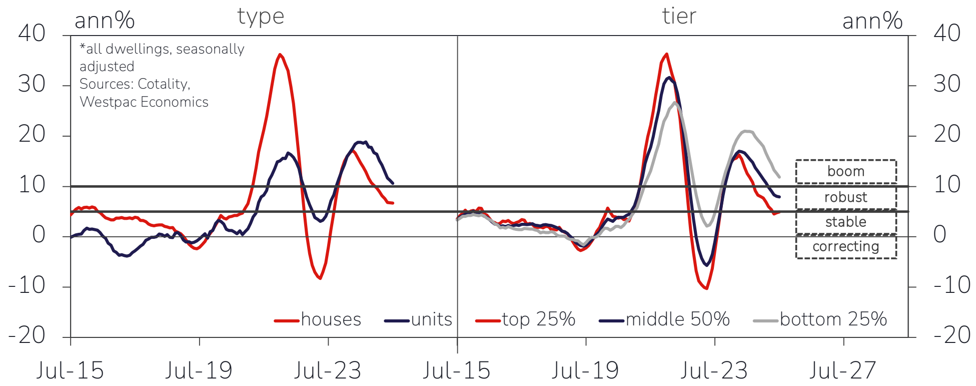


	Melbourne	rest of VIC
Population:	5.4mn	1.6mn
Net migration*:	+114k pa	+17k pa
Employ (%state):	79%	21%
Dwellings, no.:	2.1mn	0.9mn
Dwellings, value:	$2.1trn	$0.5trn

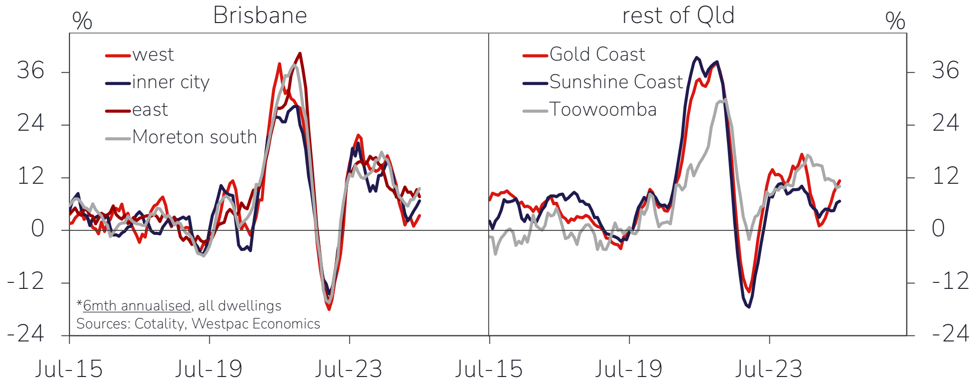
June years	avg^	2022	2023	2024	latest
Melbourne					
Employment, ann%	2.4	4.7	4.3	2.6	2.9
Unemployment rate, %	6.2	3.9	4.0	4.5	4.6
Houses – prices, ann%	6.4	3.8	–3.7	2.0	2.0
– sales/new listings, ratio	1.05	0.95	1.01	0.96	1.21
– total listings, mths sales	3.4	3.2	3.9	3.6	2.9
Units – prices, ann%	4.5	1.7	–2.6	0.7	–0.5
– sales/new listings, ratio	1.06	0.85	0.94	0.91	1.13
– total listings, mths sales	3.8	5.2	4.8	4.0	3.3
rest of VIC					
Employment, ann%	1.5	–0.6	2.4	1.7	–2.0
Unemployment rate, %	6.7	3.2	2.7	4.0	3.9
Dwelling prices, ann%	5.6	16.2	–5.7	–0.4	2.6

* estimates as at Jun 2024 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

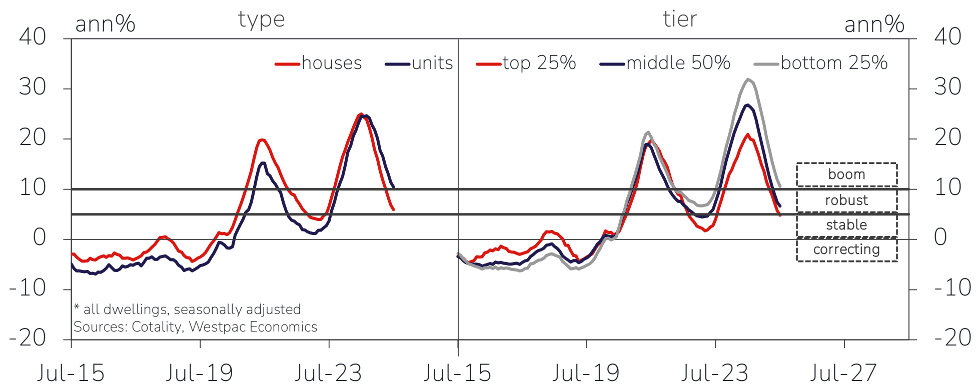


	Brisbane	rest of QLD
Population:	2.8mn	2.8mn
Net migration*:	+60k pa	+43k pa
Employ (%state):	52%	48%
Dwellings, no.:	1mn	1.3mn
Dwellings, value:	$1.1trn	$1.1trn

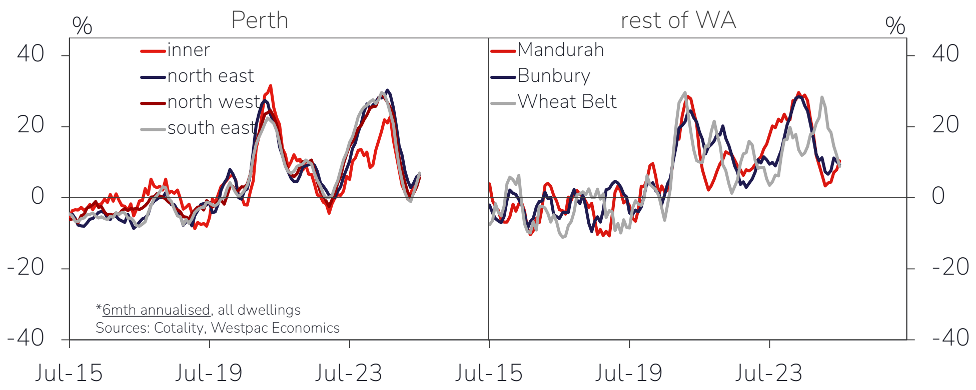
June years	avg^	2022	2023	2024	latest
Brisbane					
Employment, ann%	2.7	5.3	3.6	4.1	3.7
Unemployment rate, %	6.2	4.2	3.7	4.5	3.9
Houses – prices, ann%	7.0	26.5	–5.2	15.7	7.2
– sales/new listings, ratio	0.93	0.99	1.33	1.17	1.36
– total listings, mths sales	5.0	3.0	2.9	2.6	2.2
Units – prices, ann%	5.1	15.8	4.1	18.8	11.1
– sales/new listings, ratio	1.53	1.36	1.53	1.51	1.64
– total listings, mths sales	3.4	2.3	2.1	1.7	1.6
rest of Qld					
Employment, ann%	2.2	3.9	2.1	3.4	1.7
Unemployment rate, %	6.9	3.8	3.9	3.4	4.1
Dwelling prices, ann%	5.9	22.7	–1.8	12.3	8.4

* 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

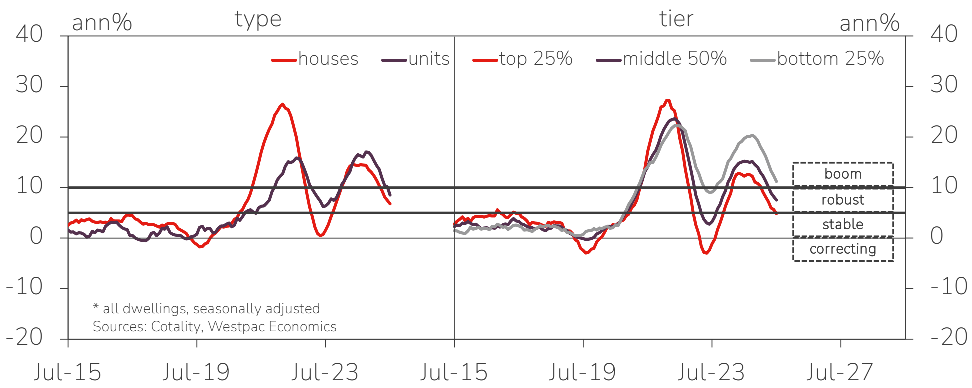


	Perth	rest of WA
Population:	2.4mn	0.6mn
Net migration*:	+61k pa	+6k pa
Employ (%state):	82%	18%
Dwellings, no.:	0.9mn	0.3mn
Dwellings, value:	$0.8trn	$0.2trn

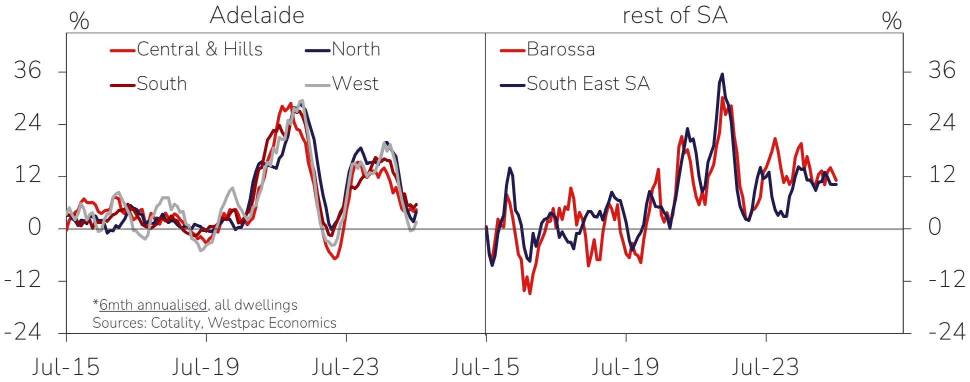
June years	avg^	2022	2023	2024	latest
Perth					
Employment, ann%	2.7	5.4	3.3	4.8	3.0
Unemployment rate, %	5.8	3.1	3.6	3.9	4.2
Houses – prices, ann%#	6.4	8.9	5.2	24.7	6.1
– sales/new listings, ratio	0.96	1.02	1.30	1.23	1.49
– total listings, mths sales	5.3	3.4	2.7	2.1	1.9
Units – prices, ann%#	5.1	3.6	2.8	23.2	9.9
– sales/new listings, ratio	0.88	0.78	1.05	0.97	1.04
– total listings, mths sales	5.9	5.6	3.8	2.7	2.6
rest of WA					
Employment, ann%	1.3	5.8	1.0	0.7	–0.1
Unemployment rate, %	5.2	3.6	3.5	3.0	3.6
Dwelling prices, ann%	5.3	11.3	6.9	16.7	11.0

* 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

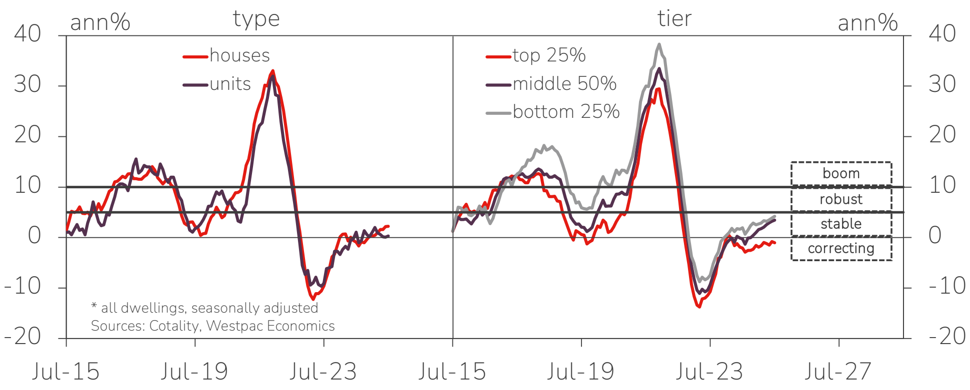


	Adelaide	rest of SA
Population:	1.5mn	0.4mn
Net migration*:	+18k pa	+3k pa
Employ (%state):	80%	20%
Dwellings, no.:	0.6mn	0.2mn
Dwellings, value:	$0.6trn	$0.1trn

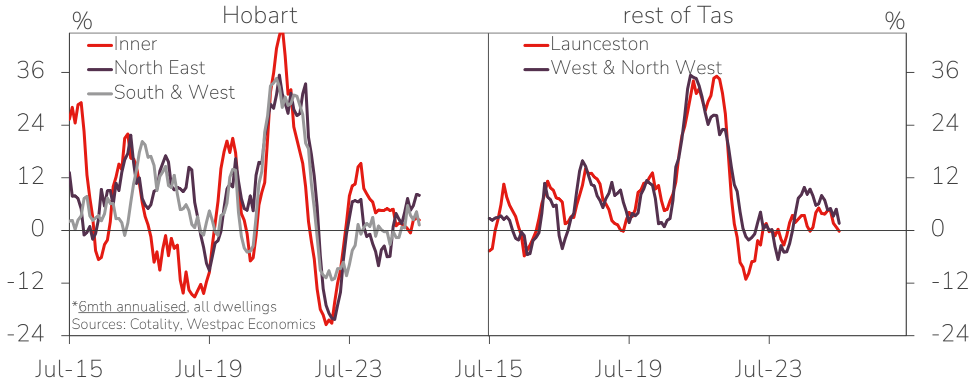
June years	avg^	2022	2023	2024	latest
Adelaide					
Employment, ann%	1.7	4.8	4.2	–0.9	4.8
Unemployment rate, %	7.1	4.4	4.2	4.1	4.0
Houses – prices, ann%	6.7	24.2	0.7	14.5	6.3
– sales/new listings, ratio	1.08	1.29	1.42	1.36	1.51
– total listings, mths sales	3.6	2.0	2.1	1.8	1.7
Units – prices, ann%	7.3	14.9	6.3	15.9	7.7
– sales/new listings, ratio	1.19	1.51	1.67	1.58	1.80
– total listings, mths sales	3.9	2.1	1.8	1.5	1.3
rest of SA					
Employment, ann%	0.8	–1.6	4.8	0.0	0.8
Unemployment rate, %	6.3	4.8	3.8	3.3	5.3
Dwelling prices, ann%	7.2	20.5	7.5	10.7	10.8

* 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

60. Tas: Hobart dwelling prices by type, tier



61. Tas dwelling prices, selected sub-region



	Hobart	rest of TAS
Population:	255k	321k
Net migration*:	flat pa	+1k pa
Employ (%state):	46%	54%
Dwellings, no.:	107k	163k
Dwellings, value:	$77bn	$94bn

June years	avg^	2022	2023	2024	latest
Hobart					
Employment, ann%	1.8	0.7	3.6	1.0	–0.7
Unemployment rate, %	6.9	4.3	3.9	4.1	4.1
Houses – prices, ann%	6.6	17.2	–10.6	–0.6	2.8
– sales/new listings, ratio	1.00	0.84	1.00	1.02	1.40
– total listings, mths sales	5.2	3.0	4.9	4.6	2.8
Units – prices, ann%	5.6	13.9	–9.7	–0.3	1.4
– sales/new listings, ratio	1.22	0.98	1.30	1.34	1.89
– total listings, mths sales	4.0	2.4	3.0	3.6	2.3
rest of Tas					
Employment, ann%	1.1	3.9	1.4	–3.8	2.6
Unemployment rate, %	8.0	4.4	4.0	3.9	3.7
Dwelling prices, ann%	6.4	20.7	–3.2	–0.3	2.3

* 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 (29 Aug)	Sep–25	Dec–25	Mar–26	Jun–26	Sep–26	Dec–26	Mar–27	Jun–27
Cash	3.60	3.60	3.35	3.10	2.85	2.85	2.85	2.85	2.85
90 Day BBSW	3.57	3.55	3.30	3.05	2.95	2.95	2.95	2.95	2.95
3 Year Bond	3.32	3.35	3.45	3.60	3.70	3.80	3.85	3.90	3.95
3 Year Swap	3.41	3.40	3.50	3.65	3.75	3.85	3.90	3.95	3.95
10 Year Bond	4.29	4.25	4.30	4.35	4.45	4.55	4.60	4.65	4.70
10 Year Spread to US (bps)	8	–10	–10	–15	–15	–15	–15	–15	–15
US									
Fed Funds	4.375	4.125	3.875	3.875	3.875	3.875	3.875	3.875	3.875
US 10 Year Bond	4.21	4.35	4.40	4.50	4.60	4.70	4.75	4.80	4.85

Exchange rate forecasts

	Latest (29 Aug)	Sep–25	Dec–25	Mar–26	Jun–26	Sep–26	Dec–26	Mar–27	Jun–27
AUD/USD	0.6536	0.66	0.68	0.69	0.70	0.71	0.71	0.72	0.72
NZD/USD	0.5889	0.60	0.61	0.61	0.62	0.62	0.62	0.63	0.63
USD/JPY	146.99	146	144	142	140	138	136	134	133
EUR/USD	1.1664	1.17	1.18	1.19	1.19	1.20	1.20	1.21	1.21
GBP/USD	1.3495	1.35	1.36	1.36	1.37	1.37	1.37	1.37	1.38
USD/CNY	7.1318	7.15	7.10	7.05	7.00	6.95	6.90	6.80	6.70
AUD/NZD	1.1099	1.10	1.12	1.13	1.13	1.14	1.14	1.14	1.14

Economic and financial forecasts

Australian economic growth forecasts*

	2025				2026			
	Q1	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
GDP %qtr	0.2	0.4	0.5	0.5	0.5	0.5	0.6	0.6
%yr end	1.3	1.5	1.7	1.6	1.9	2.0	2.1	2.2
Unemployment Rate %	4.1	4.2	4.3	4.4	4.4	4.5	4.5	4.5
Wages (WPI) %qtr	0.9	0.8	0.7	0.7	0.8	0.8	0.6	0.8
%yr end	3.4	3.4	3.3	3.2	3.0	3.0	2.9	3.0
CPI Headline %qtr	0.9	0.7	0.8	0.5	0.6	0.8	0.6	0.5
%yr end	2.4	2.1	2.7	2.9	2.6	2.7	2.5	2.6
CPI Trimmed Mean %qtr	0.7	0.6	0.6	0.6	0.6	0.5	0.5	0.7
%yr end	2.9	2.7	2.4	2.4	2.3	2.2	2.2	2.3

	Calendar years			
	2024	2025f	2026f	2027f
GDP % qtr	–	–	–	–
%yr end	1.3	1.6	2.2	2.6
Unemployment rate %	4.0	4.4	4.5	4.3
Wages (WPI)	–	–	–	–
annual chg	3.2	3.2	3.0	3.1
CPI Headline	–	–	–	–
annual chg	2.4	2.9	2.6	2.6
Trimmed mean	–	–	–	–
annual chg	3.2	2.4	2.3	2.5

* currently under review

Consumer sentiment: housing-related measures

		2023	2024				2025					
index*	avg	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Jul	Aug	%mth	%yr
‘Time to buy a dwelling’												
Australia	116.1	74.3	77.8	72.8	76.1	81.6	91.6	93.3	88.5	97.8	10.5	37.0
– New South Wales	115.8	76.2	73.3	81.0	78.9	79.1	88.1	94.9	93.2	98.0	5.2	48.3
– Victoria	115.5	77.0	84.3	70.0	84.6	91.4	106.0	95.6	97.1	100.7	3.7	30.9
– Queensland	128.0	79.2	78.3	69.9	59.3	77.5	88.5	85.4	69.3	97.1	40.2	34.6
– Western Australia	128.8	59.6	82.5	58.2	68.6	75.6	89.4	95.2	73.8	102.1	38.3	39.2
– South Australia	127.9	70.3	73.3	62.8	67.2	69.9	68.0	95.1	93.5	79.3	–15.2	4.3
– Tasmania	122.0	62.5	78.9	109.6	45.6	77.0	97.5	72.1	127.7	124.9	–2.2	113.5
House price expectations												
Australia	126.4	157.3	161.1	163.8	150.5	142.0	146.5	166.5	162.8	164.2	0.9	4.1
– New South Wales	128.0	158.2	160.1	161.8	150.3	133.9	153.7	172.3	164.8	169.1	2.6	6.1
– Victoria	128.4	151.1	157.7	158.9	131.3	130.0	131.0	155.1	158.4	157.1	–0.9	9.5
– Queensland	124.6	164.1	168.4	170.0	168.7	164.6	155.9	176.6	167.0	168.9	1.1	3.9
– Western Australia	117.7	161.8	164.4	163.3	168.6	150.4	145.0	163.4	155.7	167.8	7.8	0.0
– South Australia	128.3	161.6	159.4	177.3	157.6	160.7	155.3	160.6	169.7	159.4	–6.1	–11.6
– Tasmania	128.3	137.5	124.3	135.3	135.5	121.1	123.5	133.1	145.9	147.9	1.4	16.3

* 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**	**Dec**	**Mar**	**Jun**	**Sep**	**Dec**	**Mar**	**Jun**	**Jul**	**Aug**	**%mth**	**%yr**
Unemployment expectations												
Australia	129.2	128.9	128.1	133.1	138.4	123.7	117.9	127.4	128.7	125.6	–2.4	–5.9
– New South Wales	129.6	128.4	129.0	130.0	142.9	123.5	118.2	123.8	129.3	127.9	–1.1	–7.5
– Victoria	131.2	126.0	126.3	134.0	138.2	122.8	112.2	131.5	128.9	121.1	–6.0	–9.3
– Queensland	133.2	132.4	132.0	132.5	139.4	121.0	122.4	134.0	126.2	127.3	0.8	–0.7
– Western Australia	128.1	128.2	115.4	142.2	134.7	128.4	114.1	121.5	134.6	128.7	–4.4	5.0
– South Australia	135.3	133.8	129.4	135.2	128.0	134.8	130.6	118.8	124.2	123.8	–0.4	–9.9
– Tasmania	138.3	129.7	144.0	121.7	126.2	110.5	129.0	136.1	140.9	136.8	–2.9	2.6
Risk aversion											qtr ch	ann ch
Australia	17.3	56.2	55.2	46.7	48.2	48.3	44.8	49.0	n.a.	n.a.	4.2	1.3
– New South Wales	11.7	57.8	54.3	43.0	59.1	49.4	57.6	51.3	n.a.	n.a.	–6.3	–2.4
– Victoria	11.0	55.0	56.0	51.6	48.0	49.3	38.6	51.4	n.a.	n.a.	12.8	2.2
– Queensland	12.7	53.1	52.2	48.0	40.6	45.1	34.2	37.9	n.a.	n.a.	3.7	–5.2
– Western Australia	7.0	61.7	69.1	51.4	53.2	42.3	48.2	49.3	n.a.	n.a.	1.1	–3.3
– South Australia	14.4	59.1	44.5	34.8	33.4	49.7	34.4	49.8	n.a.	n.a.	15.3	15.9
– Tasmania	15.5	40.6	67.9	35.6	48.9	45.8	34.0	28.2	n.a.	n.a.	–5.8	–16.3

* 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.

Dwelling prices and turnover

		2023			2024				2025			
	avg	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Jul	latest
Dwelling prices, ann%*												
Australia	6.1	–1.5	5.5	9.7	10.6	8.7	7.1	4.9	3.7	3.0	3.1	3.6
– Sydney	5.8	–0.9	7.6	11.3	10.9	6.9	5.1	2.8	2.0	1.5	1.6	2.1
– Melbourne	5.8	–3.3	1.7	4.2	4.3	1.7	–0.8	–2.2	–1.5	0.0	0.6	1.4
– Brisbane	6.6	–3.7	5.6	13.5	16.5	16.1	14.1	11.4	9.1	7.6	7.6	7.9
– Perth	6.2	5.0	10.3	16.2	20.3	24.4	24.1	18.4	12.5	7.4	6.8	6.6
– Adelaide	6.7	1.3	4.9	8.8	13.1	14.5	14.8	13.5	10.8	7.6	7.0	6.5
– Hobart	6.4	–10.4	–6.0	–1.8	0.0	–0.5	–0.5	0.6	1.7	2.1	2.1	2.6
Turnover, %stock^												
Australia	5.6	4.4	4.6	4.5	4.8	4.7	4.9	4.7	4.7	4.9	4.9	4.8
– New South Wales	5.7	4.2	4.5	4.5	4.7	4.7	4.8	4.6	4.7	4.7	4.7	4.6
– Victoria	4.6	3.5	3.8	3.7	4.0	4.0	4.2	4.3	4.3	4.6	4.6	4.4
– Queensland	6.5	5.5	5.5	5.5	5.7	5.8	5.8	5.5	5.3	5.6	5.7	5.6
– Western Australia	6.2	5.5	5.5	5.8	5.8	5.7	5.9	5.5	5.4	5.8	5.8	5.7
– South Australia	4.6	4.0	3.9	4.1	4.0	4.2	4.0	4.0	4.0	3.8	3.9	4.2
– Tasmania	5.5	3.8	3.5	3.6	3.8	3.8	3.8	3.8	3.9	3.7	3.6	3.7

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

Residential property listings

		2023			2024				2025			
	avg	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Jul	latest
Sales/new listings ratio*												
Australia^	1.16	1.32	1.17	1.25	1.34	1.20	1.25	1.29	1.31	1.40	1.40	1.42
– Sydney	1.29	1.35	1.23	1.29	1.38	1.30	1.29	1.37	1.31	1.41	1.41	1.40
– Melbourne	1.05	0.99	0.93	1.00	1.08	0.93	1.05	1.16	1.16	1.22	1.22	1.19
– Brisbane	1.03	1.41	1.29	1.29	1.31	1.26	1.23	1.27	1.23	1.36	1.38	1.43
– Perth	0.94	1.23	1.11	1.32	1.24	1.16	1.17	1.13	1.17	1.28	1.30	1.36
– Adelaide	1.10	1.48	1.25	1.45	1.43	1.41	1.35	1.45	1.41	1.37	1.40	1.58
– Hobart	1.05	1.06	0.95	1.18	1.11	1.09	1.16	1.17	1.25	1.35	1.38	1.51
Total listings, months of sales*												
Australia^	3.4	2.9	2.8	2.7	2.5	2.6	2.5	2.6	2.6	2.4	2.4	2.3
– Sydney	2.8	2.6	2.6	2.6	2.5	2.5	2.5	2.6	2.7	2.6	2.6	2.6
– Melbourne	3.5	4.1	3.8	3.7	3.5	3.7	3.6	3.5	3.4	3.1	3.0	3.0
– Brisbane	4.5	2.7	2.5	2.4	2.3	2.3	2.3	2.4	2.6	2.3	2.2	2.1
– Perth	5.4	3.0	2.8	2.4	2.2	2.2	2.1	2.4	2.5	2.3	2.2	2.1
– Adelaide	3.7	2.1	2.2	1.8	1.8	1.7	1.8	1.7	1.8	1.8	1.8	1.6
– Hobart	4.9	4.4	4.6	4.6	4.2	4.3	4.1	4.0	3.8	3.3	3.1	2.9

* 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

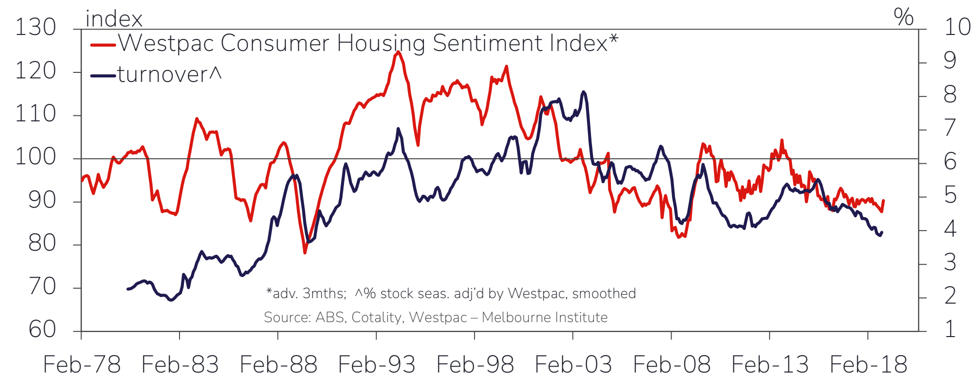
The **Westpac Consumer Housing Sentiment Indexes** presented in this report are composite measures based on a weighted combination of four indexes from the Westpac–Melbourne Institute Consumer Sentiment survey.

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**.

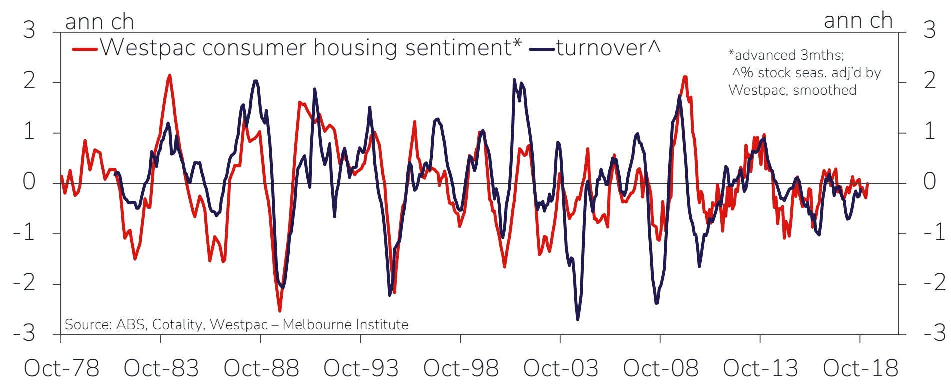
Each of these components is seasonally adjusted, converted to a consistent base and combined using fixed weights determined by historical regression analysis. Note that the house price expectations component is only available from 2009 on – a reweighted composite based on the remaining measures is used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



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