

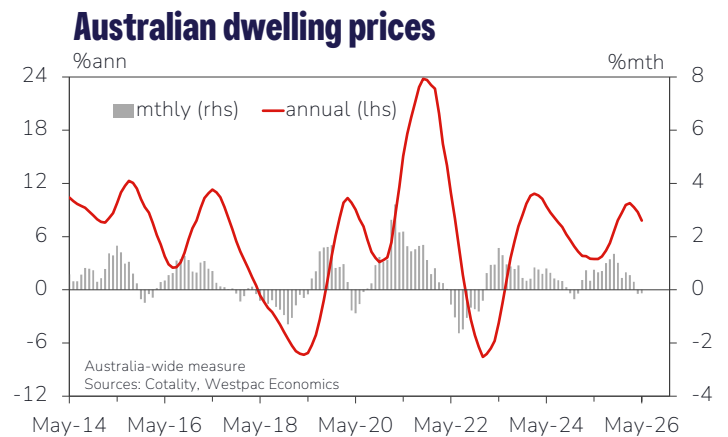
1 June 2026

# AUSTRALIAN DWELLING PRICES BULLETIN

Prices dip again

## Key points

- The Cotality home value index dipped 0.1% in May with April's slight gain revised down to a 0.2% dip and previous months revised slightly lower as well. Annual growth slowed to 7.8%yr.
- The slowdown continues to be most pronounced in Sydney and Melbourne, where both prices and turnover are seeing significant outright declines. Momentum has slowed elsewhere but price and turnover growth remains positive.
- With the full impact of recent and prospective interest rate increases, and housing-related tax policy changes announced in the Federal budget still to come, more weakness is likely in the months ahead.



**May Cotality  
home value  
index: -0.1%**mth**;  
**+7.8%yr****

# Slowdown deepens and widens but still very uneven



**Matthew Hassan**  
Head of Australian Macro-Forecasting

The Cotality home value index, covering the eight major capital cities, dipped  $-0.1\%$  in May with April's small rise revised down to a  $-0.2\%$  dip and previous monthly gains marked down as well. All up, price growth stalled flat over the three months to May, the weakest result since February 2025. Annual growth dropped to  $7.8\%$ yr.

The May data shows a deepening price correction in Sydney and Melbourne and a more pronounced slowdown starting to emerge in other capital cities. That said, divergences remain wide – while a quarter of the detailed sub-markets covered saw prices decline in May, a similar share saw prices rise by over  $0.6\%$ mth, an annualised pace of around  $7.5\%$ yr.

Note that, unless specified, figures in titles, tables and the commentary below are in non-seasonally adjusted terms, consistent with the 'headline' figures reported by Cotality. Figures shown in charts are in seasonally adjusted terms.

The slowdown to date mostly reflects the rate hikes in February and March and uncertainty around the Middle East conflict. The RBA's May rate hike and tax policy changes announced in the Federal budget may also have had some marginal impact but are likely to have more of an impact in the months ahead (see [here](#) for our assessment of how these changes will impact).

Turnover continues to trend lower, albeit only gradually nationwide, with more pronounced weakness in Sydney and Melbourne offset by gains in other cities. Preliminary estimates point to a quarterly decline of  $2.6\%$  over the three months to May, coming off a  $1\%$  decline over the previous three months. The gap between sales and new listings has continued to narrow, having reached all-time highs in the second half of 2025.

Auction markets suggest conditions in the Sydney and Melbourne markets deteriorated over the course of the month, with clearance rates moving further below average and the share of pre-auction withdrawals also well above average. Both point to material price corrections continuing into June. Note that low auction flows mean these measures are less meaningful guides to other capital city markets, although these also point to some cooling in momentum since the start of the year.

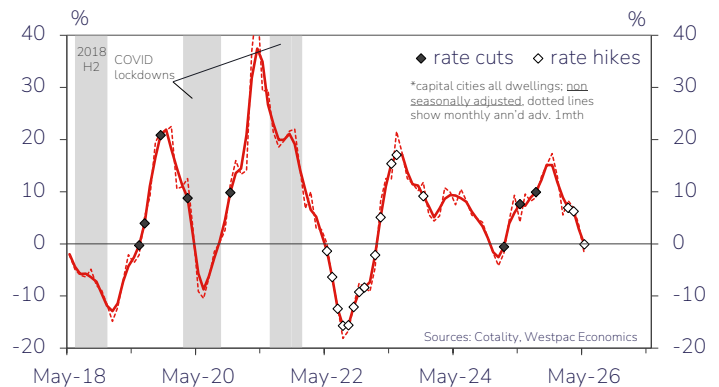
By dwelling type, the slowdown since late last year has remained more pronounced for houses than units. The slowdown continues to be most evident in top-tier properties. Weighted across cities, 'top tier' dwelling prices have declined  $0.6\%$ mth in both April and May, while mid and low price tiers continued to post small positive gains.

## Cotality home value index: May 2026

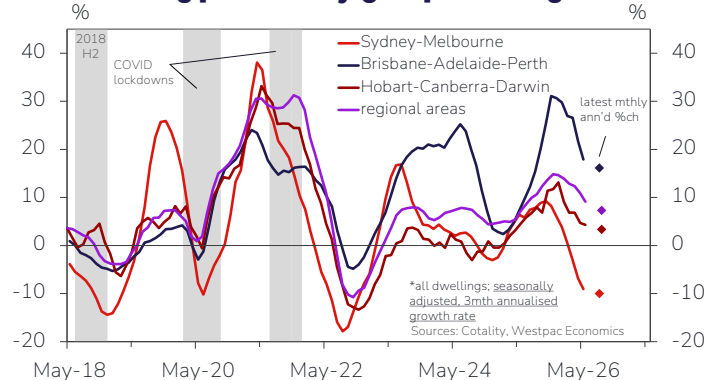
	%mth				%ann			
	Feb	Mar	Apr	May	Feb	Mar	Apr	May
Australia*	0.6	0.3	-0.2	-0.1	9.8	9.3	8.8	7.8
seas. adjusted	0.5	0.2	-0.1	-0.2	9.7	9.3	8.8	7.9
– houses	0.5	0.3	-0.2	-0.2	10.8	10.2	9.6	8.5
– units	0.7	0.3	-0.1	0.0	6.5	6.2	6.1	5.6
Major capital cities								
Sydney	0.0	-0.4	-0.8	-0.9	6.4	5.1	4.0	2.3
Melbourne	-0.2	-0.7	-0.8	-0.8	4.7	3.1	2.0	0.5
Brisbane	1.6	1.5	1.0	0.9	17.5	18.7	19.1	19.1
Adelaide	0.9	1.4	0.9	0.5	10.5	11.4	12.1	12.3
Perth	2.3	2.2	1.1	1.5	22.5	24.4	25.0	25.8
Turnover <sup>Δ</sup>	-1.0	-3.7	-2.0	-2.6	6.6	2.9	2.0	1.0

\* combined capital cities  
Sources: Cotality, Westpac Economics.  
<sup>Δ</sup> rolling 3mth total, %3mth and %ann ch, seasonally adjusted by Westpac.

## Australian dwelling prices: 3mth ann'd



## Dwelling prices: city groups and regional areas



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The May price results by capital city were as follows:

- **Sydney:** another hefty  $-0.9\%$  mth decline, slowing annual growth to  $2.3\%$  yr. House prices declined  $1.1\%$  mth, unit prices down a milder  $-0.3\%$  mth. 'Top tier' houses were weaker still, down  $-1.6\%$  mth,  $-4.2\%$  qtr and  $-2.4\%$  yr.
- **Melbourne:** down  $-0.8\%$  mth, in line with April's  $-0.8\%$  fall and March's  $-0.7\%$  to be down  $-2.3\%$  qtr. At  $0.5\%$  yr, annual growth is barely positive and set to move into negative next month. Top 'tier' segments are showing similar weakness to Sydney.
- **Brisbane:** price growth slowed modestly, to  $0.9\%$  mth, from  $1\%$  in April and  $1.5-1.6\%$  in February and March. Annual growth remains strong at  $19.1\%$  yr.
- **Adelaide:** a slower  $0.5\%$  gain in prices, the weakest in 12 months, but with annual growth still lifting a touch to  $12.3\%$  yr.
- **Perth:** the only major capital show a significant improvement, prices up a solid  $1.5\%$  in May, compared  $1.1\%$  in April, lifting annual growth to a very strong  $26\%$  yr.
- Outcomes across the smaller capitals were mixed. Price growth holding up in Darwin ( $1.5\%$  mth,  $20.3\%$  yr), solid in Hobart ( $0.9\%$  mth,  $9.3\%$  yr), but softer in Canberra ( $-0.2\%$  mth,  $4.3\%$  yr).

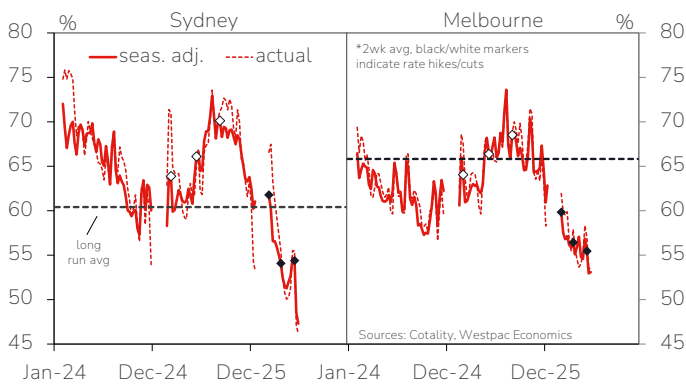
- **Regional markets** showed some cooling as well but remain firmer all capital cities except Brisbane, Adelaide and Perth. Annual price growth ranges from  $7.8\%$  yr in regional Victoria, to  $8.7\%$  yr in regional NSW, and  $14.7\%$  yr in regional Queensland (which includes the Gold and Sunshine Coasts).

Overall, the May update shows a downturn continuing to unfold, led by the top end of the Sydney and Melbourne markets. Momentum is slowing nearly every else as well but is coming from a much strong starting point with both prices and turnover still posting positive gains.

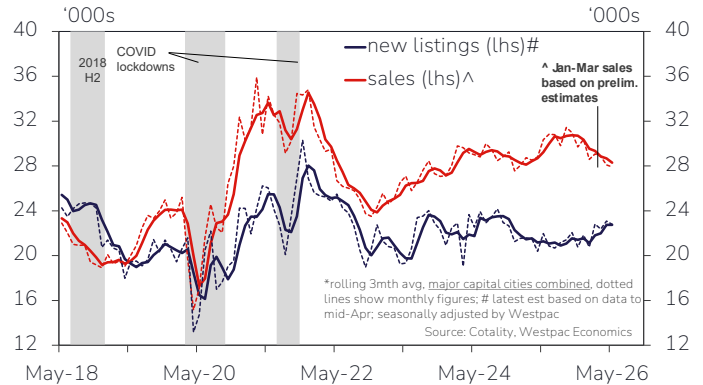
As noted previously, it often takes several months for the full effects of interest rate changes to have their full impact on housing markets. Tax policy changes will also take time to fully impact, noting that these have yet to be legislated, and will only come into effect from mid-year.

Markets are likely to enter a broader and more pronounced correction as these changes impact through the second half of the year. While there are reasons to expect a relatively mild correction nationally, markets are likely to be unsettled in coming months with the risk of an 'air pocket' emerging as investor activity pulls back, especially if there is a sharp shift in, currently solidly positive, price expectations.

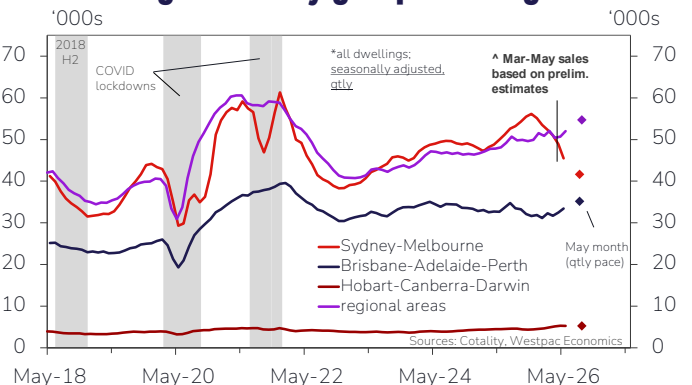
**Auction clearance rates**



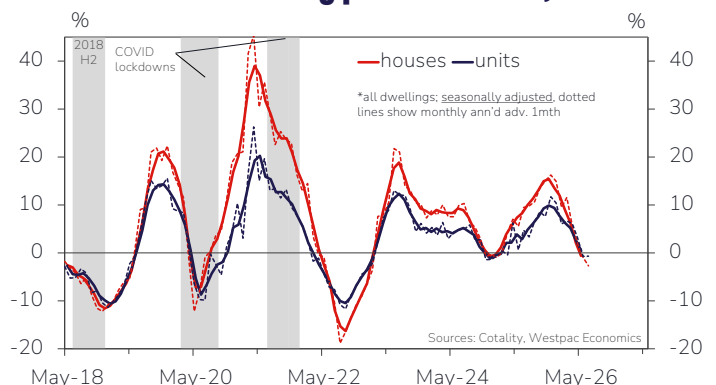
**Australian dwellings: sales and listings**



**Dwelling sales: city groups and regional areas**

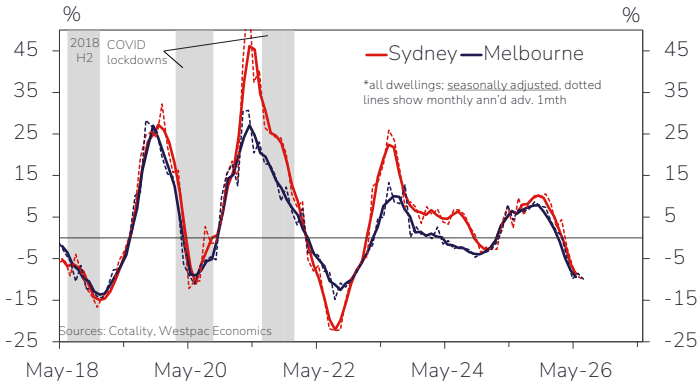


**Australian dwelling prices: houses, units**

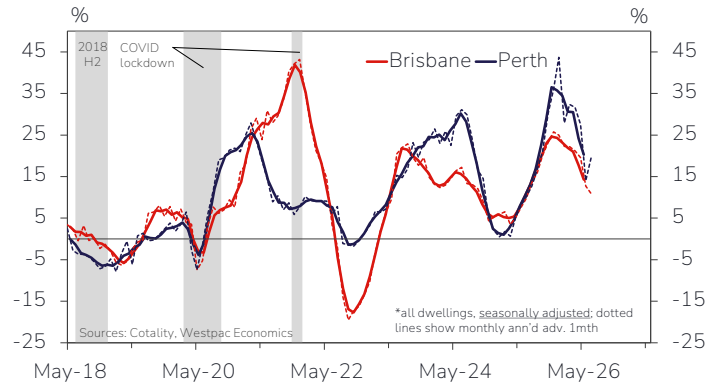


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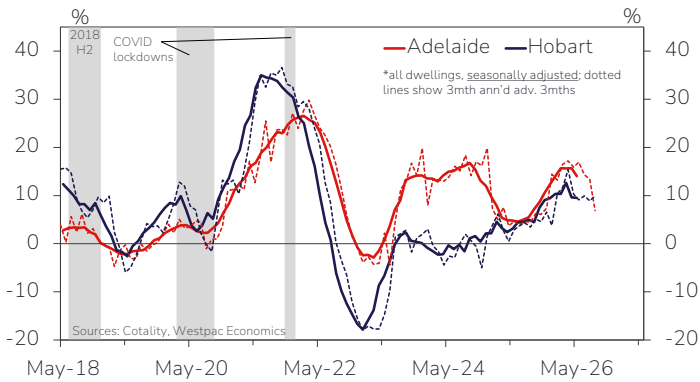
**Sydney, Melbourne dwelling prices: 3mth ann'd**



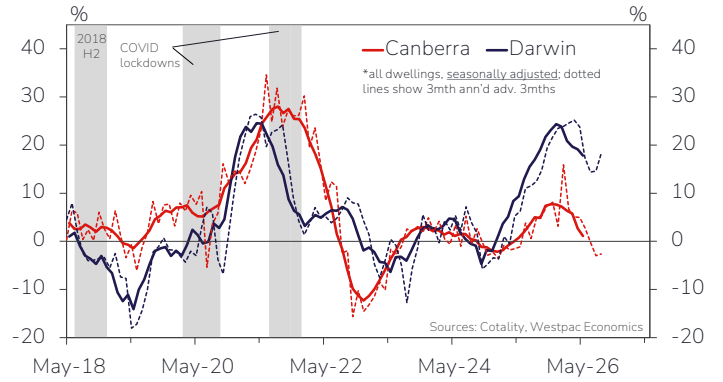
**Brisbane, Perth dwelling prices: 3mth ann'd**



**Adelaide, Hobart dwelling prices: 6mth ann'd**



**Canberra, Darwin dwelling prices: 6mth ann'd**



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