



# Home Price Index

1 February 2025

## Home prices fall in January, but the downward trend could be short lived

### Key findings:

- National home prices fell 0.08% in January, though remain 3.82% higher year-on-year.
- Capital cities led the decline in prices, falling 0.16% in January. In contrast, regional areas recorded a 0.12% rise in prices over the month.
- Hobart (-0.46%), Melbourne (-0.30%), and Sydney (-0.21%) led price falls in January, with prices also dropping in Darwin (-0.11%), Canberra (-0.10%) and Adelaide (-0.07%) over the month.
- Prices in Perth were flat in January, remaining at peak levels. Meanwhile, Adelaide recorded a small fall (-0.07%) in January, bringing prices 0.27% below their peak.
- Brisbane was the only capital to see price rises in January, lifting 0.08% over the month.
- Perth (+15.38%), Adelaide (+12.41%) and Brisbane (+10.44%) remain the strongest performing capitals over the past year. However, the pace of growth has slowed in recent months.
- Annual price growth in regional areas (+4.47%) outpaced the capital cities (+3.56%) in January as poor affordability and a surge in choice through spring tempered price growth in the capitals.
- Despite the recent downturn, national home prices have risen over the past year, and compared to March 2020, national home values are 45.0% higher.

“National home prices fell in January, as the softer end to 2024 carried over into the new year.

“While housing demand remained resilient to persistent affordability constraints, the pace of home price growth slowed throughout 2024, culminating in small falls over the past two months.

“This softening in growth has occurred alongside a surge in stock for sale, giving buyers more choice and reducing the urgency to transact. Affordability challenges, weaker economic conditions and the sustained higher interest rate environment have also been contributors to slowing – and reversing – growth.

“With interest rate cuts on the horizon, the price falls seen over the past two months are likely to be short lived.

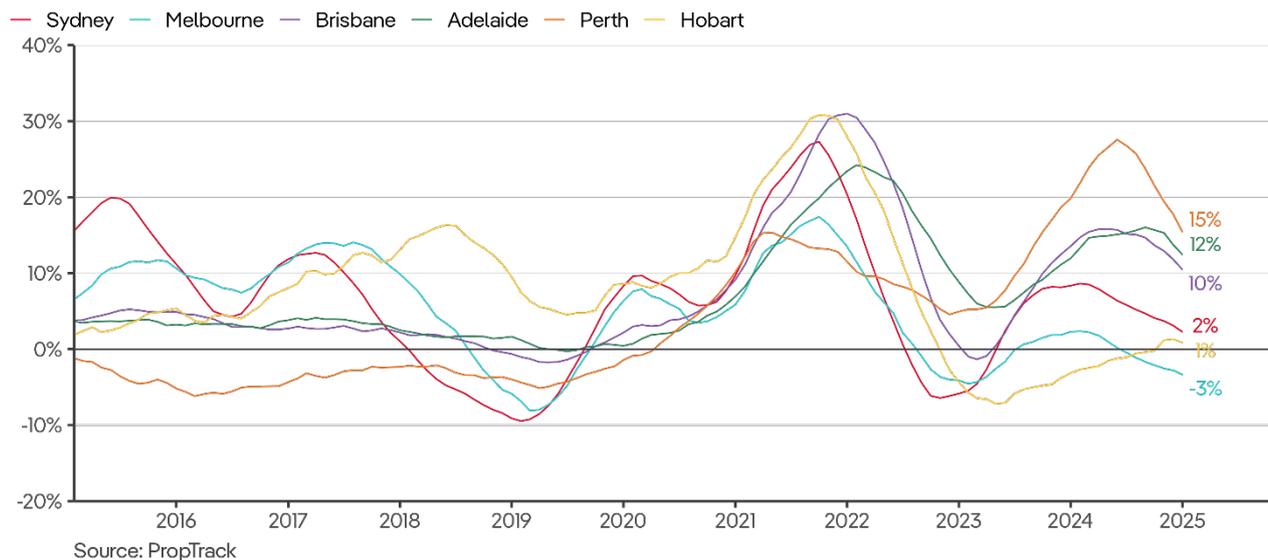
“As interest rates move lower this year boosting borrowing capacities, improving affordability and buyer confidence are expected to drive renewed demand and price growth. However, the stretched starting point for affordability will likely dampen the uplift in prices compared to prior easing cycles, resulting in the pace of home price growth trailing the strong performance of recent years.”

### PropTrack Home Price Index January 2025

All dwellings	Monthly growth	Annual growth	Change from peak	Change since March 2020	Median value
Sydney	-0.21%	2.25%	-0.98%	36.8%	\$1,101,000
Melbourne	-0.30%	-3.39%	-6.12%	13.2%	\$779,000
Brisbane	0.08%	10.44%	At peak	78.8%	\$871,000
Adelaide	-0.07%	12.41%	-0.27%	80.2%	\$795,000
Perth	0.00%	15.38%	At peak	78.3%	\$775,000
Hobart	-0.46%	0.87%	-7.78%	36.1%	\$670,000
Darwin	-0.11%	0.08%	-1.85%	26.6%	\$509,000
ACT	-0.10%	0.10%	-5.95%	35.1%	\$828,000
<b>Capital Cities</b>	<b>-0.16%</b>	<b>3.56%</b>	<b>-0.66%</b>	<b>39.9%</b>	<b>\$865,000</b>
Rest of NSW	0.23%	3.45%	At peak	56.2%	\$734,000
Rest of Vic.	-0.15%	-2.28%	-4.09%	38.1%	\$577,000
Rest of Qld	0.02%	9.31%	At peak	79.1%	\$715,000
Rest of SA	0.60%	12.94%	At peak	84.0%	\$471,000
Rest of WA	0.90%	13.38%	At peak	79.5%	\$561,000
Rest of Tas.	0.09%	3.40%	At peak	57.8%	\$522,000
Rest of NT	0.17%	1.82%	-3.64%	11.7%	\$414,000
<b>Regional Areas</b>	<b>0.12%</b>	<b>4.47%</b>	<b>At peak</b>	<b>59.5%</b>	<b>\$658,000</b>
<b>National</b>	<b>-0.08%</b>	<b>3.82%</b>	<b>-0.33%</b>	<b>45.0%</b>	<b>\$796,000</b>

# Annual change in home prices

By capital city, all dwellings



## Sydney

Sydney home prices fell 0.21% in January, bringing prices 0.98% below their peak. Despite the decline, prices remained a modest 2.25% above their levels from a year ago. House prices have outperformed unit prices over the past year lifting 2.53% and 1.24%, respectively. Affordability has been a driver across Sydney with more affordable regions, such as Outer West, South West and Parramatta, outperforming over the past year.

## Brisbane

Home prices in Brisbane lifted 0.08% in January, the only capital to see prices rise over the month, though the pace of growth has slowed significantly over the past year. Unit prices have outperformed house prices over the past year, increasing by 13.96% and 9.81% respectively. Despite slowing growth, Brisbane remains one of the strongest performing capital city markets over the past year, with home prices now at a fresh peak and sitting 10.44% above January 2024 levels. This prolongs a run of strong growth that has seen Brisbane become the second-most expensive capital, ahead of Melbourne and Canberra, with prices up 84% over the past five years.

## Perth

Perth home prices were flat in January, remaining at their price peak and marking the smallest monthly change since mid-2022 when prices briefly fell. Though the pace of growth has slowed significantly over the past year, Perth remains the top performing capital for annual home price growth (+15.38%), with the comparative affordability of the city's homes, strong population growth and limited new housing supply contributing to the persistently strong growth of recent years.

## Darwin

Home prices in Darwin declined 0.11% in January, though remained 0.08% higher than a year ago. House prices outperformed unit prices over the past year lifting 0.16% in January compared to small falls for units (-0.22%).

## Melbourne

Melbourne home prices were down 0.30% in January, bringing prices 3.39% below January 2024 levels and 6.12% below their March 2022 peak. Melbourne ranked as the fifth-most expensive capital in January, having been surpassed by Adelaide late in 2024. Price momentum has been weaker in Melbourne over the past four years, partly due to greater buyer choice and higher property taxes. Additionally, construction activity in Victoria has aligned more closely with population growth over the past decade.

## Adelaide

Adelaide home prices fell a small 0.07% in January, marking the second consecutive month of falls and bringing prices 0.27% below their peak. Despite the small falls, Adelaide remains one of the top performing capitals over the past year and prices were 12.41% above January 2024 levels. The comparative affordability of the city's homes has contributed to persistently strong growth of recent years, though the pace of price growth has slowed – and reversed – with affordability having deteriorated significantly and the higher interest rate environment persisting.

## Hobart

Hobart home prices dropped 0.46% in January, marking the second consecutive month of falls. Despite the decline, prices were 0.87% higher than the same time last year. Even so, Hobart remains the weakest capital city market when comparing change from peak, with prices down 7.78%, despite recovering some of their two-and-a-half-year decline in the second half of 2024.

## ACT

Home prices in Canberra fell 0.10% over the month yet were 0.10% above their January 2024 levels. Prices remained 5.95% below their March 2022 peak, but were up 35.1% from March 2020.

## Methodology

The PropTrack HPI model uses a hybrid methodology that combines repeat sales and hedonic regression. Both of these methodologies are commonly used to measure housing price movements in Australia and overseas. These methodologies are designed to estimate the change in home prices in a way that is not affected by the quality and location of the sample of homes that transact in a given period.

Repeat sales regression matches transactions of identical properties over time. This uses the fact that the change in price of a given property over time should only reflect changes in market prices (assuming no significant alteration or renovation was undertaken between sales). Hedonic regression breaks down the value of homes into observable characteristics (e.g. size, location) to account for differences in characteristics of sold properties over time.

The PropTrack HPI uses a hybrid methodology, which starts with a repeat sales regression, but allows transactions for non-identical, but closely located properties of the same type to be matched together. Sales of properties of the same type (house, unit) in the same ABS Statistical Area Level 1 are matched together. There are over 57,000 spatial SAI regions across Australia, with a population generally between 200 and 800 people. This increases the number of matches that can be used to estimate home price growth and uses the fact that nearby properties are generally similar. Hedonic regression is used to account for differences in the size of properties that are matched together, using the number of bedrooms in each property.

In this way, the hybrid methodology augments the repeat sales methodology for home price growth to be estimated where there might not be sufficient volume of repeat sales transactions.

The PropTrack HPI estimates home price growth in a robust and flexible manner, which is revised each month, allowing each estimate to best reflect the available data on Australian home prices over time.

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