



Home Price Index

1 April 2025

Home prices hit record high in March as rate cut reignites buyer demand

Key findings:

- National home prices rose 0.27% in March, pushing values to a record high. Prices are now 3.91% higher than a year ago and up 48% over the past five years.
- Capital city markets led the monthly gains, with prices rising 0.31%, while regional markets saw a 0.18% increase. Both markets hit new peaks in March.
- Canberra (+0.54%) and Sydney (+0.47%) led the price growth this month, while Brisbane (+0.07%), Adelaide (+0.18%), and Perth (+0.15%) saw more modest increases. Despite this, these three markets remain the top performers over the past year, with values up 9.39%, 11.32%, and 11.53%, respectively.
- The strongest turnaround in quarterly price growth was recorded in Melbourne, Canberra and Sydney. These markets saw a notable uplift in momentum in early 2025, following slower conditions at the end of 2024.
- In contrast, growth has decelerated in Adelaide, Brisbane and Perth over the same period.
- While capital cities are now leading the price rebound, annual growth in regional areas (+4.59%) continues to slightly outpace capital city growth (+3.64%). Poor affordability and a surge in choice throughout spring tempered price growth in the capitals in 2024, but February's rate cut reignited buyer demand and price growth.

“Home prices across the country climbed in March, following a clear shift in market momentum triggered by the Reserve Bank’s February rate cut.

“February’s rate cut boosted borrowing capacities and buyer confidence, helping to reignite demand and reverse the small price declines seen in the months prior. National home prices continued their upward trend in March, building on February’s rebound. Market sentiment has improved and buyers who had delayed purchasing decisions due to the sustained higher interest rate environment are likely re-entering the market.

“Beyond interest rates, structural factors are continuing to support price growth. Population growth remains strong – though it is beginning to moderate – and Australia continues to face a significant shortage in new home completions. However, stretched affordability remains a major challenge and will only improve gradually, given the modest and measured rate reductions expected ahead.

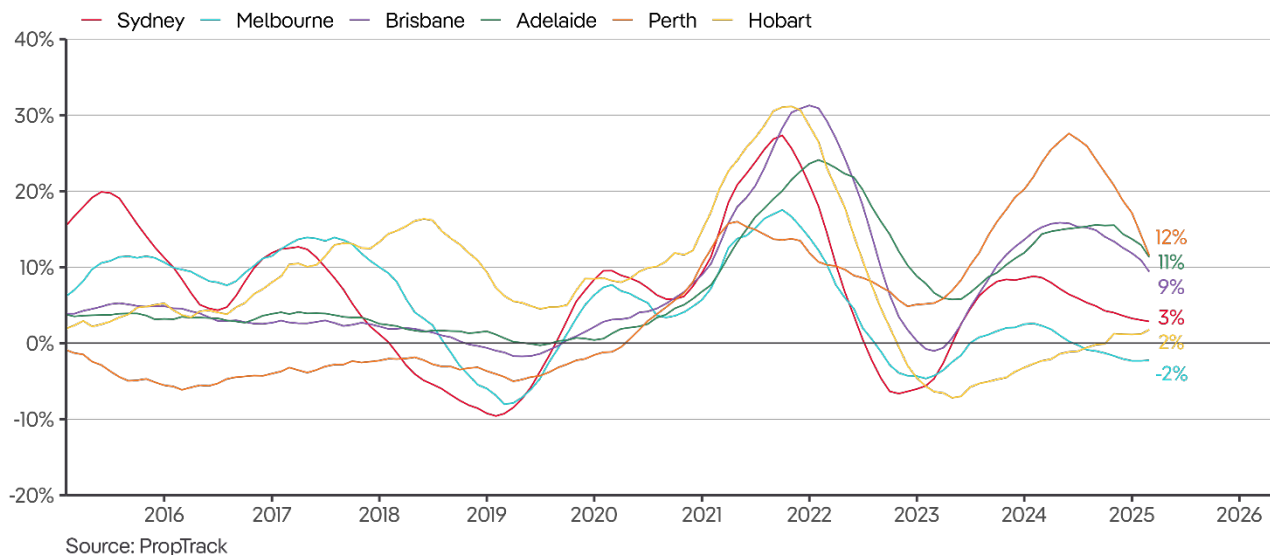
“We expect prices to keep lifting over the coming months, but the rate of growth is likely to be more modest compared to recent years. With affordability still a major constraint, the impact of further rate cuts will be somewhat tempered.”

PropTrack Home Price Index March 2025

| All dwellings | Monthly growth | Annual growth | Change from peak | Change since March 2020 | Median value |
|-----------------------|----------------|---------------|------------------|-------------------------|------------------|
| Sydney | 0.47% | 2.85% | At peak | 39.9% | \$1,104,000 |
| Melbourne | 0.20% | -2.26% | -4.31% | 15.7% | \$778,000 |
| Brisbane | 0.07% | 9.39% | At peak | 82.1% | \$876,000 |
| Adelaide | 0.18% | 11.32% | At peak | 83.5% | \$796,000 |
| Perth | 0.15% | 11.53% | -0.04% | 83.2% | \$770,000 |
| Hobart | 0.38% | 1.78% | -6.94% | 37.7% | \$672,000 |
| Darwin | 0.34% | 3.78% | At peak | 32.6% | \$519,000 |
| ACT | 0.54% | 0.42% | -4.75% | 36.7% | \$834,000 |
| Capital Cities | 0.31% | 3.64% | At peak | 42.7% | \$865,000 |
| Rest of NSW | 0.20% | 3.29% | At peak | 57.8% | \$741,000 |
| Rest of Vic. | -0.03% | -1.53% | -4.48% | 40.0% | \$573,000 |
| Rest of Qld | 0.25% | 8.75% | At peak | 83.9% | \$718,000 |
| Rest of SA | 0.64% | 11.34% | At peak | 86.4% | \$476,000 |
| Rest of WA | -0.21% | 11.90% | -0.55% | 84.3% | \$574,000 |
| Rest of Tas. | 0.11% | 2.63% | -0.05% | 58.7% | \$521,000 |
| Rest of NT | 0.24% | 4.74% | -0.51% | 14.6% | \$423,000 |
| Regional Areas | 0.18% | 4.59% | At peak | 63.1% | \$663,000 |
| National | 0.27% | 3.91% | At peak | 48.0% | \$799,000 |

Annual change in home prices

By capital city, all dwellings



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 SA1 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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