

Home Price Index

1 May 2024

National home prices hit new record in April with Perth and Adelaide leading growth

Key findings:

- National home prices lifted 0.23% to hit a new record in April. Prices are now 6.60% above April 2023 levels.
- Prices in the combined capital cities rose 0.21% to a new peak in April, with prices now up 7.19% since April 2023. However, performance has diverged significantly between the capitals.
- All capitals bar Melbourne (-0.10%) and Hobart (-0.24%) saw prices rise in April, though the pace of growth has slowed since March in all cities except Darwin.
- Perth and Adelaide remain the strongest performing markets and recorded the fastest monthly growth in April, up 0.83% and 0.55% respectively. Perth prices are up 20.16% over the past year, while Adelaide has grown 13.99%.
- Prices in capital cities have outpaced regional areas over the past year. However, regional areas lifted 0.30% in April to a new peak, outpacing the 0.21% growth across the combined capitals. Regional NSW (+0.50%), regional WA (+0.33%) and regional Queensland (0.30%) led growth in April.

“National home prices hit a new record in April, as strong buyer demand has outpaced the rise in new listings this year. While demand remains robust, the pace of price growth is beginning to slow.

“The stable interest rate environment has been a driver of confidence among buyers and sellers. Higher than expected inflation in the March quarter has pushed back the expected timing of rate cuts but most expect that the next move for interest rates will be down although the timing remains uncertain.

“Strong population growth, tight rental markets, low unemployment and home equity gains are stimulating housing demand. Meanwhile, the supply side of the housing market has fallen short in responding to substantial demand. Building activity is at decade low levels, exacerbating the housing supply shortage.

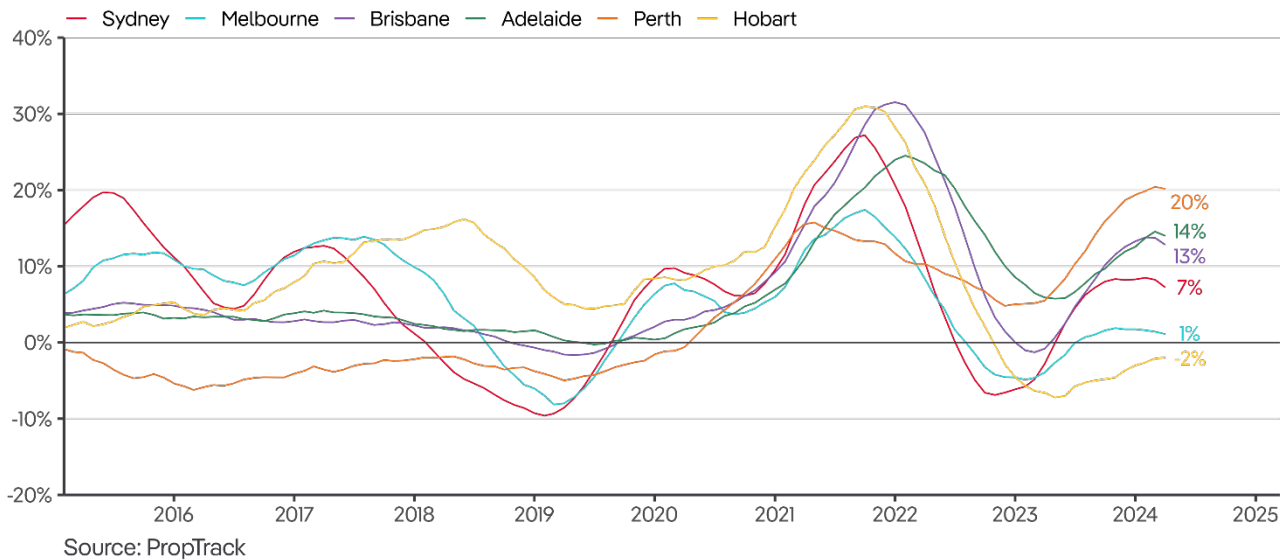
“Despite some easing in population growth, this mismatch between supply and demand is expected to persist in mitigating the downward effects of affordability challenges and a decelerating economy. As a result, prices are expected to remain on the rise in the months ahead.”

PropTrack Home Price Index April 2024

| All dwellings | Monthly growth | Annual growth | Change from peak | Change since March 2020 | Median value |
|-----------------------|----------------|---------------|------------------|-------------------------|------------------|
| Sydney | 0.25% | 7.24% | At peak | 35.5% | \$1,081,000 |
| Melbourne | -0.10% | 1.10% | -3.39% | 17.0% | \$805,000 |
| Brisbane | 0.23% | 12.82% | At peak | 64.7% | \$818,000 |
| Adelaide | 0.55% | 13.99% | At peak | 66.2% | \$730,000 |
| Perth | 0.83% | 20.16% | At peak | 61.1% | \$678,000 |
| Hobart | -0.24% | -1.98% | -8.54% | 35.4% | \$666,000 |
| Darwin | 0.17% | 0.16% | -2.02% | 25.9% | \$491,000 |
| ACT | 0.01% | 2.10% | -4.40% | 37.2% | \$836,000 |
| Capital Cities | 0.21% | 7.19% | At peak | 36.0% | \$840,000 |
| Rest of NSW | 0.50% | 4.25% | At peak | 52.9% | \$718,000 |
| Rest of Vic. | -0.09% | -0.91% | -3.67% | 40.9% | \$585,000 |
| Rest of Qld | 0.30% | 10.03% | At peak | 68.0% | \$659,000 |
| Rest of SA | 0.03% | 11.61% | At peak | 67.1% | \$434,000 |
| Rest of WA | 0.33% | 10.65% | At peak | 57.8% | \$497,000 |
| Rest of Tas. | 0.20% | 1.72% | At peak | 55.4% | \$505,000 |
| Rest of NT | -0.16% | -4.83% | -5.55% | 9.9% | \$403,000 |
| Regional Areas | 0.30% | 5.07% | At peak | 54.9% | \$634,000 |
| National | 0.23% | 6.60% | At peak | 40.8% | \$774,000 |

Annual change in home prices

By capital city, all dwellings



Sydney

Sydney home prices lifted 0.25% in April to a new peak. The influx of new listings this year has been matched by robust demand fuelling further price increases. However, growth momentum has slowed since the beginning of 2024, with both monthly and quarterly growth easing in April.

Brisbane

Brisbane remains one of the strongest performing markets over the past year, with home prices now 12.82% above April 2023 levels. Prices lifted a further 0.23% in April with the strength of monthly growth easing.

Perth

Perth has maintained its streak of relative outperformance and remains the strongest market in the country for monthly and annual home price growth. Prices lifted 0.83% in April and are up 20.16% on April 2023 levels. Record low supply amid strong buyer demand has resulted in a sellers' market. The relative affordability of the city's homes, population growth, and very tight rental markets are also supporting home values.

Darwin

Darwin home prices rose 0.17% in April, returning them to positive annual growth, with prices up 0.16% on levels seen in April 2023. However prices remain 2.02% below their May 2022 peak.

ACT

Home prices in Canberra were broadly flat (+0.01%) in April, though prices were up 2.10% from their April 2023 levels. With the price recovery in Canberra still underway, prices are currently 4.40% below their March 2022 peak after recovering just over a third of their decline.

Melbourne

Melbourne home prices fell 0.10% in April, though remain up 1.10% year-on-year. Prices in Melbourne remain 3.39% below their March 2022 peak with price recovery lagging behind that of Sydney and Brisbane, where prices fully recovered from 2022's falls last year. Melbourne remains ahead of Hobart and Canberra, with prices up 2.02% from the January 2023 low.

Adelaide

Adelaide home prices rose 0.55% month-on-month in April to a new peak. Adelaide remains one of the country's top performing markets, with home prices up 13.99% year-on-year. The comparative affordability of the city's homes has seen prices defy the significant increase in interest rates since May 2022. Low stock levels are also intensifying competition, with home prices in Adelaide rising at a fast pace over the past year.

Hobart

Prices in Hobart continued to fall in April, declining 0.24% to now sit 1.98% below levels seen this time last year. Hobart remains the weakest capital city market when comparing annual price growth (-1.98%), as well as the change from peak (-8.54%). However, this comes after several years of outperformance, as well as strong growth during the pandemic which has seen affordability deteriorate. Home prices in Hobart are still up 35.4% since 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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