

Home Price Index

1 July 2024

National home prices reach new peak in June, marking 18 months of consecutive increases despite slower growth

Key findings:

- National home prices lifted 0.18% to a new peak in June, despite recording the slowest pace of monthly growth since December 2022. Prices are up 10.14% from their December 2022 low, lifting 3.14% year-to-date to sit 6.55% above June 2023 levels.
- Price growth slowed in the combined capital cities yet rose by 0.22% to reach a new peak in June, marking a 6.91% increase year-on-year. However, performance has varied as conditions differ across the capitals.
- Over the past quarter, every capital saw a slowdown in home price growth, as Perth (+0.65%), Brisbane (+0.50%) and Adelaide (+0.45%) recorded the strongest growth in June. Meanwhile Melbourne (-0.43%), Hobart (-0.21%), Darwin (-0.11%), and Canberra (-0.05%) were weakest, indicating mixed performance.
- Perth, Adelaide and Brisbane have recorded the fastest pace of growth for much of the past two years, with Perth prices up 22.52% in the past year, while Adelaide and Brisbane have grown 14.61% and 14.14% respectively.
- Capital city prices have outpaced regional areas over the past year and did so in June despite slowing growth. Prices in the combined regions rose 0.07% to be 5.61% above June 2023 levels, as regional WA (+0.59%) and regional Queensland (+0.24%) led growth in June.

“National home prices have cycled through 18 consecutive months of growth to hit a fresh peak in June despite the pace of growth slowing as winter begins.

“Although the number of homes hitting the market this year has lifted, strong population growth, tight rental markets and home equity gains continue to bolster demand. Meanwhile, building activity remains challenged, resulting in the chronic shortage of housing being exacerbated by a lack of new construction.

“Interest rate stability has sustained buyer and seller confidence, while the continuous rise in home prices is motivating many to overcome affordability challenges and transact with the expectation of further growth. As a result, demand is outpacing supply, pushing prices and rents higher and offsetting the higher interest rate environment.

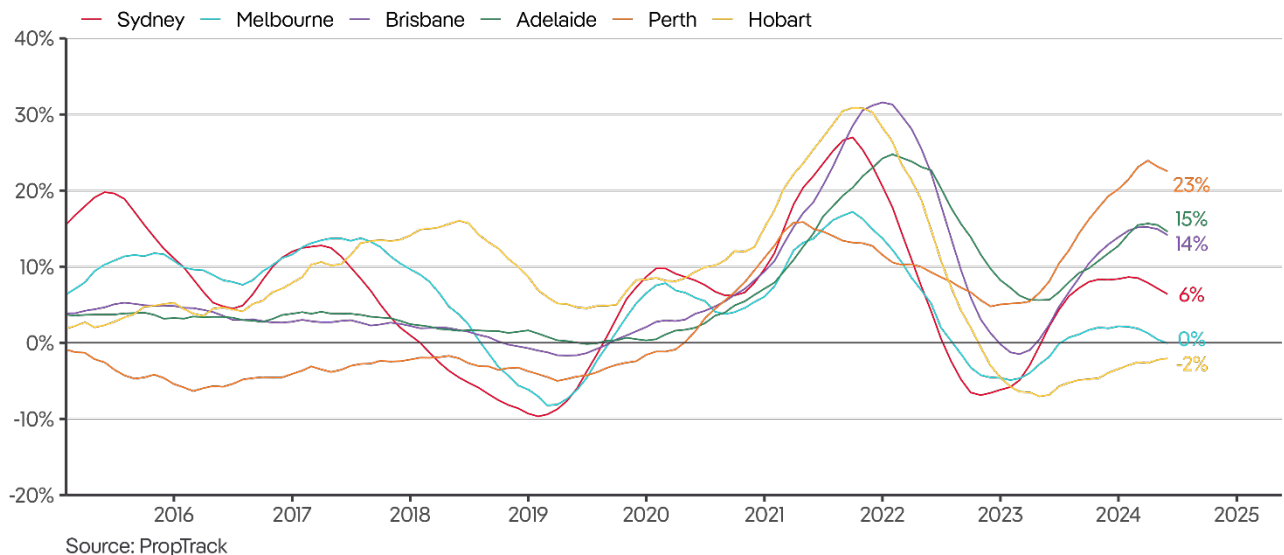
“From July, tax cuts will lift household incomes increasing borrowing capacities and buyers’ budgets, further supporting price growth. Although home prices are expected to rise in the coming months, they will likely maintain a slower pace through the seasonally quieter winter period, particularly with increasing uncertainty around interest rates.”

PropTrack Home Price Index June 2024

All dwellings	Monthly growth	Annual growth	Change from peak	Change since March 2020	Median value
Sydney	0.41%	6.39%	At peak	37.8%	\$1,107,000
Melbourne	-0.43%	-0.07%	-3.89%	16.5%	\$803,000
Brisbane	0.50%	14.14%	At peak	70.6%	\$840,000
Adelaide	0.45%	14.61%	At peak	70.5%	\$759,000
Perth	0.65%	22.52%	At peak	68.7%	\$713,000
Hobart	-0.21%	-2.06%	-9.56%	34.2%	\$671,000
Darwin	-0.11%	2.63%	-0.11%	29.1%	\$477,000
ACT	-0.05%	0.58%	-5.30%	36.0%	\$836,000
Capital Cities	0.22%	6.91%	At peak	38.4%	\$855,000
Rest of NSW	0.08%	4.47%	At peak	53.7%	\$729,000
Rest of Vic.	-0.22%	-1.18%	-4.49%	40.1%	\$586,000
Rest of Qld	0.24%	10.84%	At peak	71.7%	\$682,000
Rest of SA	-0.13%	11.79%	-0.15%	68.7%	\$441,000
Rest of WA	0.59%	16.27%	At peak	66.9%	\$504,000
Rest of Tas.	-0.22%	2.27%	-0.22%	56.0%	\$502,000
Rest of NT	0.04%	-3.72%	-5.72%	8.9%	\$399,000
Regional Areas	0.07%	5.61%	At peak	56.5%	\$643,000
National	0.18%	6.55%	At peak	43.0%	\$787,000

Annual change in home prices

By capital city, all dwellings



Sydney

Price growth has slowed over the past quarter in Sydney as home prices lifted 0.41% in June, the slowest pace of monthly growth since December 2023. Still, prices rose to a new peak, up 3.57% year-to-date, 6.39% above June 2023 levels and 12.38% above their November 2022 low. The increase in properties hitting the market this year has been met with strong demand, driving further price growth. However, the pace of growth has eased steadily since the end of the summer selling season as buyers enjoy more options.

Brisbane

Brisbane has surpassed Canberra to remain the second-most expensive capital following a period of consistently strong growth. Prices are now 19.96% above their December 2022 low, putting values ahead of Melbourne and Canberra. Brisbane remains one of the strongest performing markets over the past year with home prices now 14.14% above June 2023 levels. Prices lifted a further 0.50% in June, reaching a new peak, although the pace of growth is slowing compared to earlier in the year.

Perth

Perth has maintained its streak of relative outperformance and remains the strongest market in the country for monthly (+0.65%) and annual (+22.52%) home price growth. Tight supply amid strong buyer demand has seen competitive conditions fuelling strong price growth. The relative affordability of the city's homes, population growth and very tight rental markets are also supporting home values.

Darwin

After hitting a fresh peak in May 2024, Darwin home prices fell 0.11% in June. Still, prices are 2.63% higher than a year ago.

Melbourne

Melbourne home prices fell 0.43% in June, down 0.07% year-on-year. This is the slowest pace of annual growth since July 2023, as prices remain 3.89% below their March 2022 peak. Price momentum is weaker in Melbourne as buyers have consistently enjoyed more choice relative to other markets. At the same time, construction rates relative to population growth in Victoria have been somewhat balanced compared to other parts of the country.

Adelaide

Adelaide remains one of the country's top performing markets, as home prices rose 0.45% in June to a new peak, up 14.61% 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. Despite the strong pace of annual growth, monthly growth eased in June to the slowest pace since March 2023.

Hobart

Prices in Hobart have remained in a downturn for the past 27 months, falling a further 0.21% in June to sit 2.06% below levels seen this time last year. Hobart remains the weakest capital city market when comparing annual price growth (-2.06%), as well as the change from peak (-9.56%). However, this comes following a period of outperformance during the pandemic as well as strong growth in the years preceding. Home prices in Hobart are still up 34.2% since March 2020.

ACT

Home prices in Canberra fell 0.05% in June, though prices remain 0.58% above June 2023 levels. This leaves prices 5.30% below their March 2022 peak.

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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