# Australian home prices hit a new record in May; Perth prices jump 20% in a single year while Brisbane and Adelaide also record gains

# **Key findings:**

- National home prices lifted 0.30% to hit a new record in May, bringing prices up 2.73% year-to-date. Prices were 6.68% above May 2023 levels and up 9.58% from their December 2022 low.
- Prices in the combined capital cities rose 0.41% to a new peak in May. Capital city prices are now up 7.22% yearon-year, though performance has diverged between capitals as well as regional areas.
- All capitals bar Hobart (-0.13%) and Canberra (-0.21%) saw prices rise in May, though the pace of home price growth has slowed since the end of the summer in every capital city.
- Perth (+0.73%), Brisbane (+0.67%) and Adelaide (+0.53%) recorded the strongest price growth in May. In keeping with the trend seen for much of the past two years, these markets remain the strongest for annual growth, with Perth prices up 20.58% over the past year, while Adelaide and Brisbane have grown 14.49% and 13.69% respectively.
- Prices in capital cities have outpaced regional areas over the past year. This trend continued in May, with prices in the combined regional areas remaining flat while regional NSW (+0.16%) and regional Tasmania (+0.12%) were the only regional markets to see price growth in May.

PronTrack Home Price Index May 2024

"With housing supply unable to meet demand, national home prices have cycled through 17 consecutive months of growth to hit a fresh peak in May.

"Despite a rise in the number of homes for sale this year, strong population growth, tight rental markets, and home equity gains continue to bolster strong demand. Meanwhile, building activity remains challenged by capacity constraints and higher costs, with consequent tight housing supply pushing prices and rents higher.

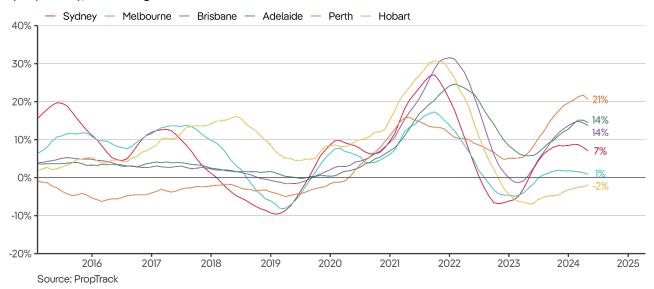
"This mismatch between supply and demand is continuing to offset the higher interest rate environment. Further, current interest rate stability has sustained buyer and seller confidence, while ongoing home price rises are likely incentivising many to overcome affordability challenges and transact with the expectation of further growth.

"Despite some easing in the rate of population growth and more stock on market, home prices are expected to lift further in the months ahead. Although, it is likely the pace of growth will continue slowing through the seasonally quieter winter period, particularly with interest rate cut expectations pushed out to late-2025."

All dwellings	Monthly growth	Annual growth	Change from peak	Change since March 2020	Median value
Sydney	0.42%	7.01%	At peak	37.0%	\$1,101,000
Melbourne	0.23%	0.87%	-3.08%	17.5%	\$806,000
Brisbane	0.67%	13.69%	At peak	68.0%	\$834,000
Adelaide	0.53%	14.49%	At peak	68.5%	\$748,000
Perth	0.73%	20.58%	At peak	64.3%	\$699,000
Hobart	-0.13%	-1.93%	-8.97%	34.9%	\$674,000
Darwin	0.25%	1.38%	-1.34%	27.4%	\$486,000
ACT	-0.21%	1.23%	-4.58%	36.9%	\$834,000
Capital Cities	0.41%	7.22%	At peak	37.6%	\$851,000
Rest of NSW	0.16%	4.74%	At peak	53.4%	\$730,000
Rest of Vic.	-0.29%	-1.12%	-4.26%	40.2%	\$588,000
Rest of Qld	-0.05%	9.95%	-0.05%	69.4%	\$672,000
Rest of SA	-0.06%	11.68%	-0.06%	67.6%	\$443,000
Rest of WA	-0.03%	11.67%	-0.03%	60.2%	\$508,000
Rest of Tas.	0.12%	1.96%	At peak	55.8%	\$506,000
Rest of NT	-0.18%	-4.90%	-5.92%	8.8%	\$409,000
Regional Areas	0.00%	5.30%	At peak	55.5%	\$642,000
National	0.30%	6 68%	Atnesk	<i>1</i> 2 1%	\$784 000

# Annual change in home prices

By capital city, all dwellings



## **Sydney**

Sydney home prices lifted 0.42% in May to a new peak, bringing prices up 3.09% year-to-date. Prices were 7.01% above May 2023 levels and 11.89% abover their November 2022 low. The uplift in properties hitting the market this year has been matched by robust demand fuelling further price increases. However, growth momentum has slowed consistently since February as buyers benefit from more choice.

## **Brisbane**

Brisbane is now the second-most expensive capital following a period of consistently strong growth. Prices are now 18.15% above their December 2022 low, putting values ahead of Melbourne and on par with Canberra. Brisbane remains one of the strongest performing markets over the past year with home prices now 13.69% above May 2023 levels. Prices lifted a further 0.67% in May to a fresh peak, though the strength of monthly growth has eased from the fast pace seen throughout the first three months of 2024.

#### Perth

Perth has maintained its streak of relative outperformance and remains the strongest market in the country for monthly (+0.73%) and annual (+20.58%) 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

Darwin home prices rose 0.25% in May, with prices now 1.38% higher than a year ago. However, prices remain 1.34% below their May 2022 peak.

#### Melbourne

Melbourne home prices lifted 0.23% in May, reversing the small falls (-0.05%) seen in April. Prices are up 0.87% year-on-year but remain 3.08% below their March 2022 peak. Melbourne's recovery is lagging Sydney and Brisbane, where prices fully recovered from 2022's falls last year. Prices in Melbourne have regained just under half of their decline, up 2.42% from their January 2023 low.

#### **Adelaide**

Adelaide home prices rose 0.53% in May to a new peak. Adelaide remains one of the country's top performing markets, with home prices up 14.49% 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 fell in May, declining 0.13% to sit 1.93% below levels seen this time last year. Hobart remains the weakest capital city market when comparing annual price growth (-1.93%), as well as the change from peak (-8.97%). 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 34.9% since March 2020.

#### **ACT**

Home prices in Canberra fell 0.21% in May, though prices remain 1.23% above May 2023 levels. After recovering just under a third of their decline, prices were 4.58% 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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