

# Home Price Index

1 Dec 2023

## Australian property prices lift in November to record high, defying interest rate rise

### Key findings:

- Home prices have proved resilient to the impact of higher interest rates this year – a trend that continued in November. National home prices hit a new record high, although the pace of growth slowed as more properties came to market.
- National home prices climbed 0.22% in November to peak levels, bringing them up 5.53% so far this year and 1.29% above their previous peak recorded in March 2022.
- Although growth in Sydney has slowed, prices hit a record high in November, increasing 0.32%. Prices are now up 8.27% so far this year and 1.00% above their previous peak recorded in February 2022.
- All capitals, except Darwin, recorded price rises in November. Perth continued its streak with prices rising 0.74% month-on-month. This made Perth the strongest capital throughout the month. Adelaide (+0.34%), Sydney (+0.32%) and Canberra (+0.32%) also saw strong growth.
- Prices in the combined capital cities have outperformed regional markets this year. Although prices in both markets reached fresh peaks in November, capital cities saw stronger growth (+0.26%) than regional markets (+0.12%).

“National home price growth slowed in November, with the spring selling surge increasing choice for buyers.

“Strong housing demand, buoyed by record net overseas migration, tight rental markets, low unemployment and home equity gains, has worked alongside limited housing stock to offset the impacts of higher interest rates this year.

“Despite interest rates climbing again in November and the flow of listings hitting the market increasing, housing demand has remained strong and national prices have now risen for 11 straight months.

“Meanwhile, the sharp rise in construction costs and labour and materials shortages have slowed the delivery of new builds, hampering the supply of new housing.

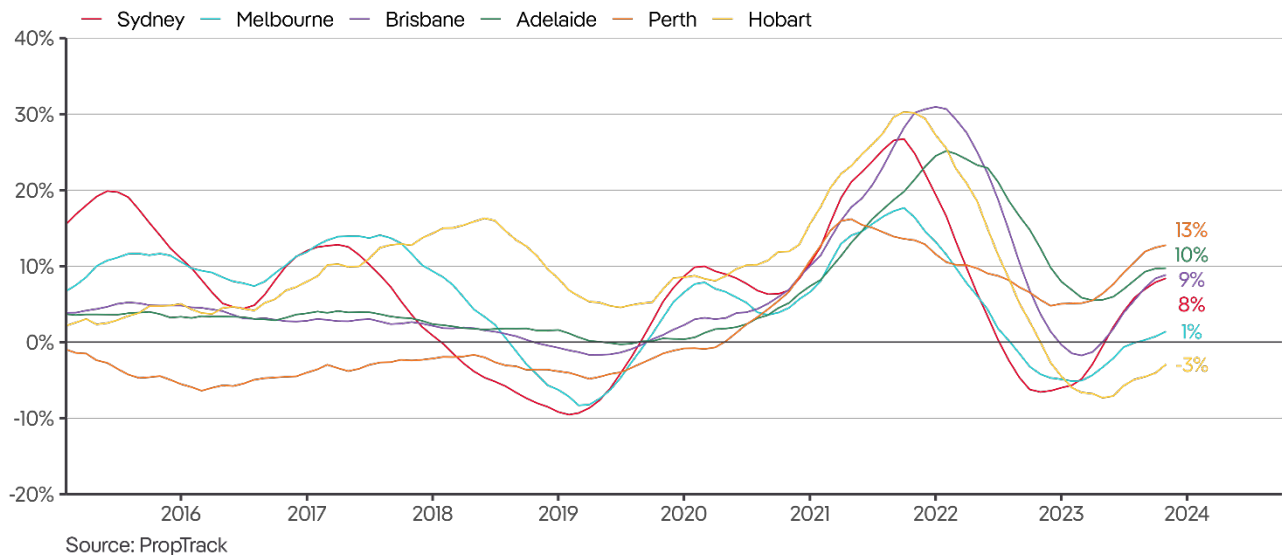
“Looking ahead, price growth is expected to continue as the positive tailwinds for housing demand and a slowdown in the completion of new homes counter the sharp deterioration in affordability and slowing economy. However, prices are likely to lift at a slower pace than they have across 2023.”

### PropTrack Home Price Index November 2023

All dwellings	Monthly growth	Annual growth	Change from peak	Change since March 2020	Median value
Sydney	0.32%	8.40%	At peak	32.5%	\$1,065,000
Melbourne	0.04%	1.39%	-3.71%	16.7%	\$807,000
Brisbane	0.20%	8.85%	At peak	54.9%	\$775,000
Adelaide	0.34%	9.74%	At peak	56.7%	\$703,000
Perth	0.74%	12.76%	At peak	45.0%	\$622,000
Hobart	0.03%	-2.92%	-6.63%	37.9%	\$656,000
Darwin	-0.12%	-1.75%	-2.74%	24.9%	\$486,000
ACT	0.32%	0.97%	-4.49%	37.2%	\$846,000
<b>Capital Cities</b>	<b>0.26%</b>	<b>6.54%</b>	<b>At peak</b>	<b>32.0%</b>	<b>\$823,000</b>
Rest of NSW	0.07%	1.56%	-1.64%	49.3%	\$715,000
Rest of Vic.	-0.18%	-2.25%	-4.67%	39.1%	\$585,000
Rest of Qld	0.35%	7.36%	At peak	59.0%	\$632,000
Rest of SA	0.84%	10.04%	At peak	56.3%	\$415,000
Rest of WA	0.18%	5.96%	At peak	44.8%	\$472,000
Rest of Tas.	0.08%	0.74%	-0.80%	52.7%	\$501,000
Rest of NT	0.03%	-2.21%	-2.42%	13.3%	\$431,000
<b>Regional Areas</b>	<b>0.12%</b>	<b>2.60%</b>	<b>At peak</b>	<b>49.8%</b>	<b>\$625,000</b>
<b>National</b>	<b>0.22%</b>	<b>5.42%</b>	<b>At peak</b>	<b>36.5%</b>	<b>\$761,000</b>

## Annual change in home prices

By capital city, all dwellings



### Sydney

Sydney is leading Australia's home price recovery. After falling 6.82% from February to November 2022, prices have now risen for 12 consecutive months and are up 8.40% from their low point in November 2022. Having fully recovered last year's losses, prices are now 1.00% above their previous peak recorded in February 2022.

### Brisbane

Home prices in Brisbane have risen at a fast pace this year, regaining all of 2022's price falls. The pace of growth slowed in November, but prices still climbed 0.20% to hit a price peak. Prices are now 8.85% above their level a year ago and up 8.91% year-to-date.

### Perth

Perth home prices have risen at a fast pace this year and Perth remains the strongest market in the country in terms of annual growth. Home prices rose 0.74% in November — the 17<sup>th</sup> consecutive month of growth — to a new peak. Perth prices are up 12.30% year-to-date. Limited supply amid strong buyer demand has resulted in a sellers' market, with prices in Perth up 12.76% from their level a year ago. The relative affordability of the city's homes, population growth, and very tight rental markets are also supporting home values.

### Darwin

Darwin home prices fell by 0.12% in November. Prices now sit 1.75% below their level a year ago and 2.74% below their May 2022 peak. Darwin has not seen a recovery in prices in 2023, but it also did not see as large a downturn in 2022.

### Melbourne

Melbourne home prices grew by a modest 0.04% in November. This brings prices up 1.39% from their level a year ago. Even so, prices in Melbourne remain 3.71% below their peak in March 2022. Compared to their low point in January 2023, home prices in Melbourne are up 1.92%. This means the price recovery in Melbourne is lagging Sydney, Brisbane and Canberra but remains ahead of Hobart.

### Adelaide

Adelaide home prices rose 0.34% month-on-month in November to a new peak and are now up 9.19% year-to-date. Adelaide is one of the country's top performing markets, with home prices up 9.74% year-on-year. The comparative affordability of the city's homes has seen prices defy rapid interest rate rises. Low stock levels are also intensifying competition, with home prices in Adelaide rising at a fast pace.

### Hobart

Prices in Hobart rose 0.03% in November. Hobart remains the weakest performing market when comparing annual price growth (-2.92%), as well as the change from peak (-6.63%). However, this comes after several years of outperformance, as well as strong growth during the pandemic. Home prices in Hobart are still up 37.93% since March 2020.

### ACT

Home prices in Canberra rose 0.32% month-on-month to sit 0.97% above levels seen in November last year. While prices in Canberra have recovered 2.35% since hitting their trough in February 2023, they remain 4.49% 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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