Home Price Index

1 Feb 2024

Slow start to 2024 with home prices flat in capital cities and up only slightly in regional markets

Key findings:

- National home prices were relatively flat in January, lifting a slight 0.02%.
- Prices across the combined capital cities were steady, following a very modest fall in December. The pace of home price growth has slowed over recent months, with prices flat since October.
- Across January, prices fell very slightly in Sydney (-0.04%), Melbourne (-0.09%), Adelaide (-0.13%), and Canberra (-0.13%), while they grew modestly in Hobart (0.09%) and Brisbane (0.17%). Perth was the only city to record notable monthly growth, with prices up 0.5% in January.
- Most regional areas saw prices lift modestly, with regional SA (+0.24%) and WA (+0.25%) leading the way. Regional NSW (+0.21%) continued its string of modest monthly growth, while regional Victoria saw a small increase in prices (+0.06%), meaning prices have been largely stable since September.
- Regional Queensland was the only regional area to see prices decline, down 0.2%, after relatively strong growth in recent months.

"Home price growth has slowed from what we were seeing in the middle of 2023, with national prices relatively unchanged since November. Several factors have contributed to the slowdown, including the additional interest rate rise in November and more homes hitting the market in late winter and spring, giving buyers more choice.

"Regional areas have very slightly outpaced capital cities over the past few months. Even so, capital city areas remain the stronger performer over the past year.

"Strained affordability – which sits at its worst level in at least 30 years – is likely weighing on home prices. Nonetheless, we expect prices in 2024 will still grow, albeit at a slower pace than in 2023.

"A more stable interest rate environment, coupled with ongoing population growth and a low level of new building activity, will support home price growth this year."

PropTrack Home Price Index January 2024

All dwellings	Monthly growth	Annual growth	Change from peak	Change since March 2020	Median value
Sydney	-0.04%	6.78%	-0.25%	31.2%	$1,057,000
Melbourne	-0.09%	0.77%	-4.71%	15.4%	$799,000
Brisbane	0.17%	10.71%	At peak	57.8%	$794,000
Adelaide	-0.13%	10.52%	-0.13%	58.7%	$708,000
Perth	0.50%	15.45%	At peak	50.2%	$640,000
Hobart	0.09%	-2.41%	-8.13%	36.2%	$669,000
Darwin	-0.38%	-1.47%	-2.19%	25.7%	$481,000
ACT	-0.13%	0.46%	-6.20%	34.7%	$831,000
Capital Cities	**0.00%**	**6.07%**	**-0.14%**	**31.7%**	**$823,000**
Rest of NSW	0.21%	2.18%	-1.16%	49.8%	$711,000
Rest of Vic.	0.06%	-1.36%	-3.83%	40.1%	$583,000
Rest of Qld	-0.20%	7.56%	-0.20%	60.4%	$640,000
Rest of SA	0.24%	10.45%	At peak	58.9%	$415,000
Rest of WA	0.25%	8.67%	At peak	50.3%	$479,000
Rest of Tas.	0.05%	1.31%	-0.27%	53.2%	$507,000
Rest of NT	0.09%	-3.24%	-3.52%	12.4%	$421,000
Regional Areas	**0.06%**	**3.24%**	**At peak**	**50.8%**	**$625,000**
National	**0.02%**	**5.26%**	**-0.01%**	**36.6%**	**$760,000**

PropTrack

Annual change in home prices
By capital city, all dwellings

Source: PropTrack
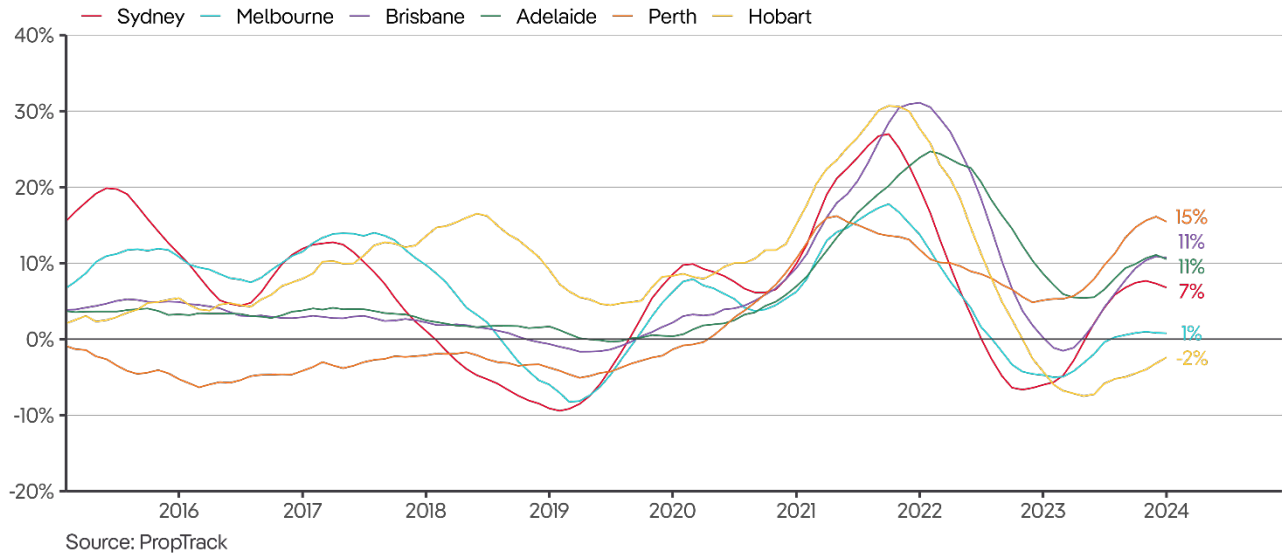
Sydney
Sydney home prices declined a very modest 0.04% in January after dipping very slightly in December as well. While only modest falls – and amid lighter sales volumes due to the end-of-year break – the pace of home price growth has slowed compared to the middle of 2023. As a result, home prices in Sydney have been largely flat since September last year, though are still up 6.78% compared to January 2023.

Melbourne
Melbourne saw home prices decline 0.09% in January, continuing the city's recent run of small monthly declines. Unlike Sydney and Brisbane, both of which saw prices recover in 2023, home prices in Melbourne remain 4.71% below their pre-rate-rise March 2022 peak. Buyers in Melbourne have been enjoying more choice than has been true in many other parts of the country, with the total number of properties listed for sale sitting above the decade average since mid-winter.

Brisbane
Brisbane home prices rose 0.17% to start off 2024, hitting a new peak and bringing them 10.71% higher than a year earlier. Brisbane has been one of the strongest-performing markets since the pandemic began, with prices up 58% since March 2020.

Adelaide
Adelaide home prices declined a little in January, a change from the strong performance in 2023. However, this was amid typically lighter sales volumes in January due to the end-of-year break. We expect Adelaide will continue its momentum from 2023 and be one of the stronger-performing cities, given its relative affordability.

Perth
Perth has started 2024 the way it finished 2023: as the strongest performing property market around Australia. Perth was the only city to record notable growth in January, with prices rising 0.5% in the month to be 15.45% higher than a year ago. Supporting home prices, buyers in Perth are facing record-low choice. While affordability has declined significantly as interest rates have risen, WA remains the most affordable state across Australia, which is likely supporting prices as well.

Hobart
Home prices in Hobart increased very slightly (+0.09%) in January, amid light sales volumes for the end-of-year break. After being the strongest performing capital city for much of the pandemic and years prior, prices in Hobart have been trending downwards for close to two years, and it has been the weakest-performing market over the past year. This is, in part, a response to incredibly strained affordability in Tasmania after years of strong price growth.

Darwin
Darwin home prices dipped 0.38% in January, taking them 1.47% lower than at the start of 2023. Unlike some of the larger capitals, home prices in Darwin have not reached their pre-rate-rise peak, sitting 2.19% lower than May 2022.

ACT
Prices declined in Canberra in January, down 0.13%. Canberra saw slower growth over 2023 than some of the larger capitals, meaning home prices are up just 0.46% compared to 12 months ago. They are still 6.2% behind the peak levels reached in March 2022 – making it the second-largest fall from peak behind Hobart.

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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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