

Home Price Index

1 Mar 2024

National home prices jump to new peak in February as buyer demand keeps up with increasing supply; Brisbane now as expensive as Melbourne

Key findings:

- National home prices lifted 0.45% to hit a new record in February, marking the largest monthly rise since October 2023. That brings prices up 0.82% so far this year to sit 6.15% above February 2023 levels.
- Prices across the combined capital cities rose 0.48% to a fresh peak in February. Capital city prices are now 7.06% above the same time last year.
- Brisbane values have surged 60.7% since the onset of the pandemic and are now on par with Melbourne.
- All capitals bar Hobart saw prices rise in February. Adelaide (+0.81%), Perth (+0.56%) and Sydney (+0.55%) saw the strongest growth, with Sydney recording its largest monthly increase since August 2023.
- Smaller capitals continue to outperform. Perth, Adelaide and Brisbane remain the strongest markets over the past year - up 16.32%, 12.76% and 12.16% respectively.
- Prices in capital cities have outpaced regional areas year to date. Even so, regional areas lifted 0.36% in February to a new peak. Regional SA (+1.09%) and regional Queensland (+0.77%) led growth, while prices declined in regional NT (-0.08%).

“The slowdown in home price growth recorded toward the end of 2023 has reversed this year, with prices hitting a new peak in February.

“More homes have hit the market this year, but demand has kept up with that increase. The expectation that interest rates will fall in the second half of 2024 is likely providing a positive tailwind for activity.

“Housing demand is also being buoyed by population growth, tight rental markets, resilient labour market conditions and recent home equity gains. 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.

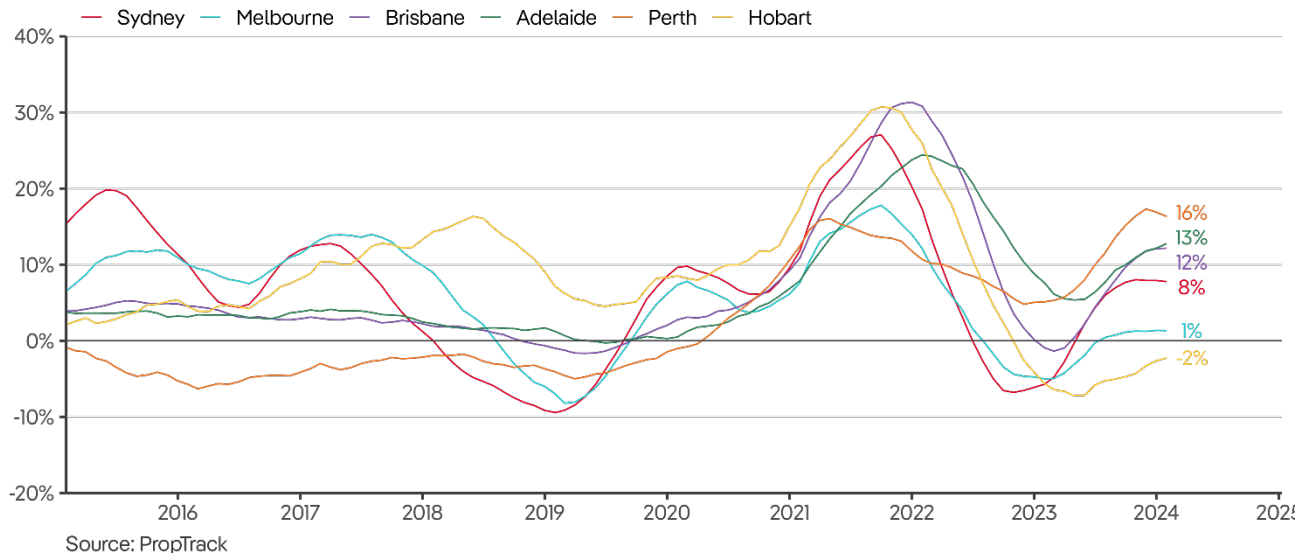
“Looking ahead, the positive tailwinds for housing demand and a slowdown in the completion of new homes are likely to offset the impact of reduced affordability and a slowing economy. As a result, prices are expected to lift further in the months ahead.”

PropTrack Home Price Index February 2024

All dwellings	Monthly growth	Annual growth	Change from peak	Change since March 2020	Median value
Sydney	0.55%	7.77%	At peak	33.3%	\$1,053,000
Melbourne	0.28%	1.33%	-3.87%	16.5%	\$797,000
Brisbane	0.54%	12.16%	At peak	60.7%	\$797,000
Adelaide	0.81%	12.76%	At peak	62.3%	\$709,000
Perth	0.56%	16.32%	At peak	52.8%	\$651,000
Hobart	-0.12%	-2.26%	-7.99%	35.9%	\$664,000
Darwin	0.08%	-0.80%	-2.38%	25.7%	\$481,000
ACT	0.49%	1.16%	-5.42%	35.7%	\$828,000
Capital Cities	0.48%	7.06%	At peak	33.7%	\$823,000
Rest of NSW	0.24%	2.92%	-0.55%	50.6%	\$713,000
Rest of Vic.	0.02%	-1.24%	-3.49%	40.6%	\$587,000
Rest of Qld	0.77%	8.46%	At peak	63.0%	\$645,000
Rest of SA	1.09%	12.15%	At peak	63.7%	\$423,000
Rest of WA	0.08%	9.65%	At peak	52.6%	\$484,000
Rest of Tas.	0.01%	0.51%	-0.85%	52.2%	\$506,000
Rest of NT	-0.08%	-3.83%	-4.37%	10.7%	\$437,000
Regional Areas	0.36%	3.90%	At peak	52.1%	\$628,000
National	0.45%	6.15%	At peak	38.4%	\$761,000

Annual change in home prices

By capital city, all dwellings



Sydney

Sydney home prices lifted 0.55% in February to a fresh peak. Despite the increase in new listings hitting the market in Sydney, buyer demand kept up as the summer selling season drew to a close. After the pace of home price growth slowed through the holiday period, growth reaccelerated with prices rising 1.00% year to date. However, home price growth remained slower than the pace seen in April and May last year during the nascent home price recovery.

Brisbane

Home prices in Brisbane have risen at a fast pace over the past year and are now 12.16% above February 2023 levels. Prices lifted a further 0.54% in February and are up 1.17% so far in 2024. Brisbane has been one of the strongest-performing markets since the pandemic onset, with prices up 60.7% since March 2020, putting dwelling values on par with Melbourne.

Perth

Perth home prices rose at a fast pace over the past year and this has continued in 2024. Perth remained the strongest market in the country in terms of annual growth, with prices up 16.32%. Home prices rose 0.56% in February — the 19th consecutive month of growth — to a new peak. 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 0.08% in February, taking them 0.80% below their level a year ago. Unlike the larger capitals, Darwin has not seen a recovery in prices and prices remain 2.38% below their May 2022 peak.

Melbourne

Melbourne home prices lifted 0.28% in February, bringing them up 0.38% so far this year and 1.33% above February 2023 levels. Even so, prices in Melbourne remained 3.87% below their peak in March 2022. The price recovery in Melbourne is lagging Sydney and Brisbane but remains ahead of Hobart and Canberra, with prices up 1.66% from their January 2023 low.

Adelaide

Adelaide home prices rose 0.81% month-on-month in February to a new peak and are now up 1.46% year-to-date. Adelaide is one of the country's top performing markets, with home prices up 12.76% 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 in 2024.

Hobart

Prices in Hobart fell 0.12% in February. Hobart remained the weakest capital city market when comparing annual price growth (-2.26%), as well as the change from peak (-7.99%). 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 35.9% since March 2020.

ACT

Home prices in Canberra rose 0.49% in February, bringing prices up 1.16% above their trough a year ago in February 2023. Despite recovering a small portion of their falls, prices remain 5.42% 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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Author:

Eleanor Creagh
Senior Economist, PropTrack

Media enquiries:

Sophie Clausen
Media Relations Specialist
0407 675 979
Sophie.Clausen@rea-group.com

For PropTrack insights visit:

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