PropTrack

Home Price Index

1 October 2024

Price growth slowed in September as more homes listed for sale provided greater choice for buyers

Key findings:

- National home prices lifted 0.04% in September and are now 5.67% higher than a year ago.
- Prices in the combined capital cities have increased 5.88% over the past year, but were flat in September. Growth remained varied across the capitals, reflecting a multi-speed market.
- Adelaide (+0.53%), Perth (+0.24%), and Brisbane (+0.20%) recorded the strongest growth in September, while Hobart and Melbourne were the only capitals to see prices fall over the month, with prices down 0.31% and 0.30% respectively.
- Of the capital cities, Perth, Adelaide and Brisbane have recorded the fastest pace of growth over the past two years. This trend persisted in September with Perth prices up 22.34% over the past 12 months, followed by Adelaide (+15.05%) and Brisbane (+13.31%).
- Capital city prices have outpaced regional areas over the past year, but in September growth in regional areas (+0.11%) outpaced the combined capitals (+0.01%).
- Performance was also diverse in regional areas. Regional WA (+15.47%) and regional QLD (+10.98%) have led growth over the past year, while regional Victoria has recorded the largest falls year-on-year (-1.32%).

"The upswing in Australia's home prices has persisted into the spring selling season, though growth has slowed with buyers enjoying more choice.

"Housing demand remains resilient, defying affordability constraints with prices lifting across much of the country in September, albeit at a slower pace in most markets. The number of homes listed for sale has lifted providing more choice and slowing price growth. However, the pace of growth remains varied with differing supply and demand conditions driving diverse performance across the country.

"July's tax cuts boosted borrowing capacities and buyers' budgets, while the persistent growth in home prices is likely motivating some to overcome affordability challenges and transact.
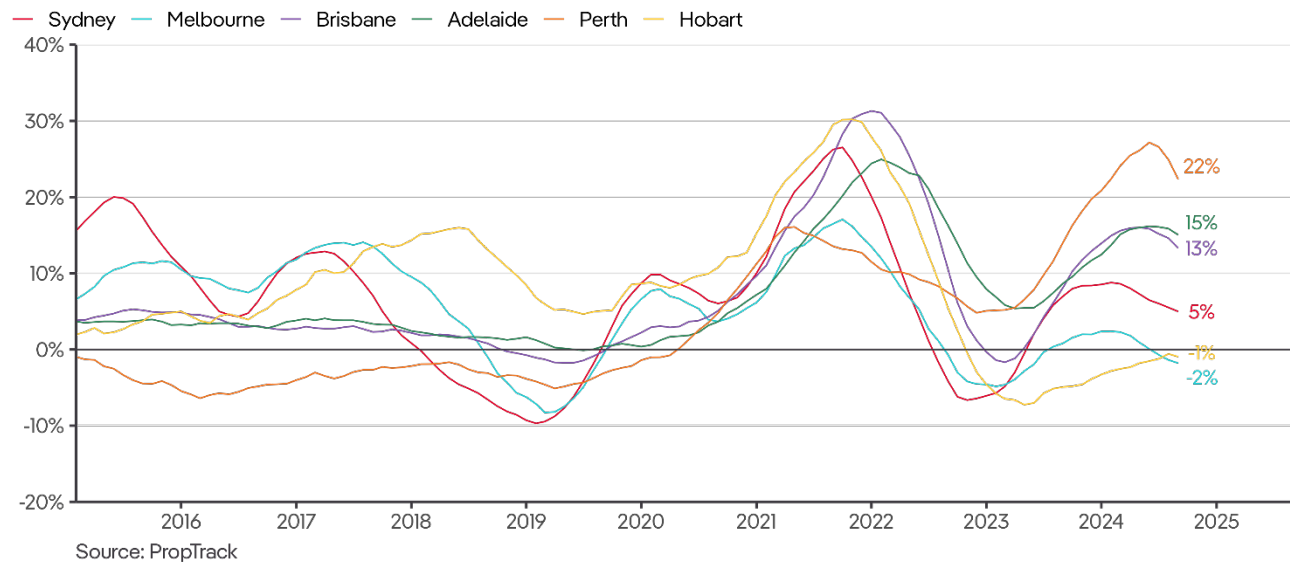
"Though prices are rising, sustained high interest rates, cost of living pressures, weak consumer sentiment and affordability constraints are weighing. Buyers now have more properties to choose from, though uncertainty around the timing of interest rate cuts is likely also having an impact on the pace of growth. Ahead, prices are expected to lift through the typically busier spring selling season, albeit at a slower pace."

PropTrack Home Price Index September 2024

All dwellings	Monthly growth	Annual growth	Change from peak	Change since March 2020	Median value
Sydney	0.01%	4.98%	At peak	38.5%	$1,103,000
Melbourne	-0.30%	-1.79%	-4.82%	15.2%	$792,000
Brisbane	0.20%	13.31%	At peak	75.2%	$855,000
Adelaide	0.53%	15.05%	At peak	76.6%	$778,000
Perth	0.24%	22.34%	At peak	78.2%	$754,000
Hobart	-0.31%	-0.95%	-8.34%	35.8%	$683,000
Darwin	0.00%	0.94%	-1.72%	27.1%	$511,000
ACT	0.08%	-0.38%	-5.91%	35.3%	$839,000
Capital Cities	**0.01%**	**5.88%**	**At peak**	**40.0%**	**$862,000**
Rest of NSW	0.12%	3.32%	At peak	53.8%	$722,000
Rest of Vic.	-0.02%	-1.32%	-5.12%	39.2%	$575,000
Rest of Qld	0.16%	10.98%	At peak	75.3%	$695,000
Rest of SA	0.58%	10.79%	At peak	72.2%	$441,000
Rest of WA	-0.04%	15.47%	-0.04%	71.8%	$531,000
Rest of Tas.	-0.23%	0.95%	-0.80%	54.3%	$523,000
Rest of NT	-0.14%	-0.49%	-4.59%	10.1%	$412,000
Regional Areas	**0.11%**	**5.12%**	**At peak**	**57.7%**	**$646,000**
National	**0.04%**	**5.67%**	**At peak**	**44.5%**	**$792,000**

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Annual change in home prices

By capital city, all dwellings

Source: PropTrack

Legend: Sydney — Melbourne — Brisbane — Adelaide — Perth — Hobart

End-of-line labels: 22%, 15%, 13%, 5%, -1%, -2%

Sydney

Sydney home prices were flat in September (+0.01%) as price growth slowed with buyers in Sydney enjoying more options. Despite slower growth, prices remained at peak levels, up 3.96% year-to-date, and 4.98% above September 2023 levels. The increase in properties hitting the market this year has been met with strong demand, but is a contributor to slowing price growth, alongside affordability constraints and high interest rates.

Brisbane

Prices lifted 0.20% in September to reach a new peak, although the pace of growth has slowed. Brisbane remained one of the strongest performing markets over the past year with home prices now 13.31% above September 2023 levels. Stock on market in Brisbane remains constrained relative to Sydney, Melbourne, Hobart and Canberra, contributing to stronger selling conditions.

Perth

Home prices in Perth lifted 0.24% in September, with growth slowing as buyers enjoyed more choice as the typically busier spring selling season begun. Still, Perth maintained its streak of outperformance and was the strongest market in the country for annual home price growth (+22.34%). Tight supply amid strong buyer demand has seen competitive conditions fuelling strong price growth. Sellers in Perth have the upper hand this spring, though the number of properties hitting the market has increased, total stock on market remains well below the prior five-year average as new listings are quickly absorbed.

Darwin

After hitting a fresh peak in May 2024, Darwin home prices were flat in September with prices sitting 0.94% higher than a year ago.

Melbourne

Melbourne home prices fell 0.30% in September, the sixth straight month of declines, with prices falling 2.19% in that period. Prices were 1.79% below their September 2023 levels and 4.82% below their March 2022 peak. Price momentum is weaker in Melbourne as buyers have consistently enjoyed more choice relative to other markets, higher property taxes in Victoria are also playing a role. At the same time, in the past decade construction rates relative to population growth in Victoria have been more balanced compared to other parts of the country.

Adelaide

Adelaide was the top performing capital city in September, as home prices rose 0.53% to a new peak, up 15.05% year-on-year. Though growth has slowed, low stock levels are intensifying competition, and sellers hold the upper hand this spring. Although the number of properties hitting the market has increased, total stock on market remains well below the prior five-year average as new listings are quickly absorbed amidst strong buyer demand. The comparative affordability of the city's homes has contributed to the ongoing strong growth of recent years, though if current trends persist, values may eclipse Melbourne by the first quarter of next year.

Hobart

Prices in Hobart resumed their two and a half year downturn, falling 0.31% in September. They now sit 0.95% below September 2023 levels, having recovered 0.87% from their June 2024 trough. Hobart remains the weakest capital city market when comparing change from peak (-8.34%), though this follows a period of outperformance during the pandemic and strong growth in the years preceding.

ACT

Home prices in Canberra rose 0.08% over the month to sit 0.38% below September 2023 levels. This leaves prices 5.91% below their March 2022 peak.

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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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