

# Home Price Index

2 June 2025

## Australian home values hit record high as rates fall; Perth prices overtake Melbourne

### Key findings:

- National home prices hit a new record in May, growing by 0.39%. Prices have now grown for five consecutive months and are up 4.12% year-on-year.
- Capital city markets led the gains over the month, rising 0.45%. All capitals saw prices rise. Sydney, Brisbane, Adelaide, Perth and Darwin are all now at price peaks.
- Melbourne saw the strongest monthly rise (+0.79%), continuing its recovery after a prolonged period of softer growth. However, values remain 2.85% below their peak.
- Despite Melbourne leading monthly gains, Perth's median home value of \$787,000 has overtaken Melbourne's at \$782,000 for the first time in a decade. This reflects Melbourne's relative weakness compared to Perth's persistent outperformance in recent years and affordability-driven demand.
- Adelaide (+11.04%) led annual growth among the capitals, followed by Perth (+8.40%) and Brisbane (+8.38%). Although these markets continue to lead annually, momentum is increasing in Melbourne, Canberra and Hobart after lagging in 2024.
- Regional prices rose 0.25%, with annual growth of 5.19% outpacing the combined capitals (+3.71%). Regional prices are now 65% higher than their levels five years ago.

"National home prices rose 0.39% in May, marking the fifth consecutive month of growth and a new record high for Australian home values. With interest rates falling, price momentum has increased and broadened, with all capitals seeing prices lift in May.

"Price growth across the capitals is starting to converge. Melbourne, which previously lagged the other capitals, is now seeing home price growth pick up. Cities such as Perth and Brisbane are now seeing growth moderate after strong outperformance. The growth seen in all capital cities is underpinned by improved buyer sentiment and renewed confidence following interest rate cuts.

"Lower interest rates have lifted borrowing capacities and boosted buyer demand. And with further price increases and rate cuts expected, prospective buyers are moving off the sidelines and accelerating their purchasing decisions.

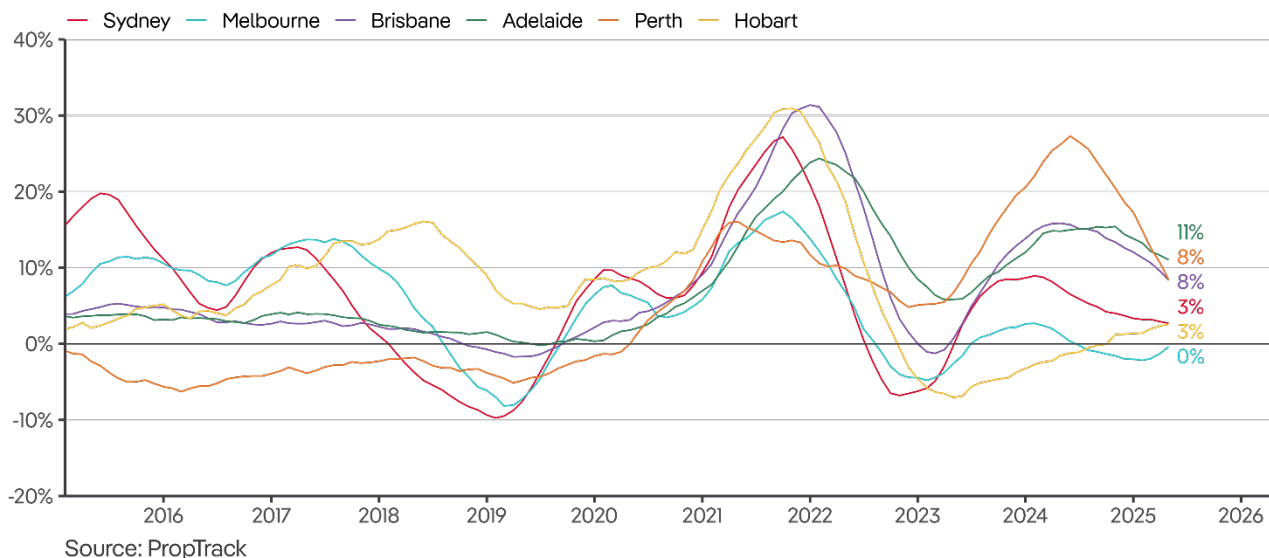
"Looking ahead, while stretched affordability will remain a constraint, a chronic lack of new housing supply, population growth, and targeted buyer incentives are expected to keep upward pressure on prices. In combination with interest rates continuing to move lower, these factors are likely to drive further price growth throughout the remainder of 2025."

### PropTrack Home Price Index May 2025

All dwellings	Monthly growth	Annual growth	Change from peak	Change since March 2020	Median value
Sydney	0.39%	2.70%	At peak	41.3%	\$1,124,000
Melbourne	0.79%	-0.38%	-2.85%	17.6%	\$782,000
Brisbane	0.24%	8.38%	At peak	85.3%	\$889,000
Adelaide	0.52%	11.04%	At peak	87.3%	\$805,000
Perth	0.27%	8.40%	At peak	86.7%	\$787,000
Hobart	0.30%	2.58%	-6.25%	39.0%	\$685,000
Darwin	0.27%	5.50%	At peak	36.0%	\$535,000
ACT	0.22%	1.50%	-4.35%	37.7%	\$856,000
<b>Capital Cities</b>	<b>0.45%</b>	<b>3.71%</b>	<b>At peak</b>	<b>44.8%</b>	<b>\$877,000</b>
Rest of NSW	0.37%	4.12%	At peak	60.1%	\$751,000
Rest of Vic.	0.18%	0.38%	-3.48%	41.7%	\$578,000
Rest of Qld	0.25%	8.66%	At peak	87.6%	\$733,000
Rest of SA	-0.30%	11.83%	-0.30%	89.8%	\$486,000
Rest of WA	0.12%	8.84%	-0.76%	86.2%	\$578,000
Rest of Tas.	-0.29%	1.72%	-0.58%	58.2%	\$526,000
Rest of NT	-0.14%	3.15%	-1.81%	14.1%	\$416,000
<b>Regional Areas</b>	<b>0.25%</b>	<b>5.19%</b>	<b>At peak</b>	<b>65.7%</b>	<b>\$672,000</b>
<b>National</b>	<b>0.39%</b>	<b>4.12%</b>	<b>At peak</b>	<b>50.1%</b>	<b>\$809,000</b>

# Annual change in home prices

By capital city, all dwellings



## 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.

## Copyright and disclaimer notices

In compiling this report, PropTrack Pty Ltd (PropTrack) has relied on historical and current data supplied by State government agencies. The information contained in this report is summary information only. PropTrack does not make any warranty as to the accuracy, completeness or reliability of the information or accept any liability arising in any way from any omissions or errors. The information should not be regarded as advice or relied upon by you or any other person and we recommend that you seek professional advice before making any property decisions.

### Australian Capital Territory Data

The Territory Data is the property of the Australian Capital Territory. No part of it may in any form or by any means (electronic, mechanical, microcopying, photocopying, recording or otherwise) be reproduced, stored in a retrieval system or transmitted without prior written permission. Enquiries should be directed to: Manager, Customer Services, Environment and Planning Directorate, GPO Box 158 CANBERRA ACT 2601.

### Queensland Data

Based on or contains data provided by the State of Queensland (Department of Natural Resources and Mines) 2017. In consideration of the State permitting use of this data you acknowledge and agree that the State gives no warranty in relation to the data (including accuracy, reliability, completeness, currency or suitability) and accepts no liability (including without limitation, liability in negligence) for any loss, damage or costs (including consequential damage) relating to any use of the data. Data must not be used for direct marketing or be used in breach of the privacy laws.

### New South Wales

Contains property sales information provided under licence from the Valuer General New South Wales. PropTrack Pty Ltd is authorised as a Property Sales Information provider by the Valuer General New South Wales.

### South Australian Data

This information is based on data supplied by the South Australian Government and is published by permission. The South Australian Government does not accept any responsibility for the accuracy, completeness or suitability for any purpose of the published information or underlying data.

### Tasmanian Data

This product incorporates data the copyright ownership of which is vested in the Crown in Right of Tasmania. The data has been used in the product with the permission of the Crown in Right of Tasmania.

The Crown in Right of Tasmania and its employees and agents:

- (a) give no warranty regarding the data's accuracy, completeness, currency or suitability for any particular purpose; and
- (b) do not accept liability howsoever arising, including but not limited to negligence, for any loss resulting from the use of or reliance upon the data.

Base data with the LIST © Crown in Right of Tasmania  
<https://www.thelist.tas.gov.au>

### Victorian Data

The State of Victoria owns the copyright in the Property Sales Data and reproduction of that data in any way without the consent of the State and Victoria will constitute a breach of the Copyright Act 1968 (Cth). The State of Victoria does not warrant the accuracy or completeness of the Property Sales Data and any person using or relying upon such information does so on the basis that the State of Victoria accepts no responsibility or liability whatsoever for any errors, faults, defects or omissions in the information supplied.

### Western Australian Data

Information contained within this product includes location information

### Author:

Eleanor Creagh  
Senior Economist, REA Group