

# PROPERTY MARKET UPDATE

## MONTH IN REVIEW

### MARCH 2024



The national housing market continues to build recording solid momentum and registering new market highs in March. CoreLogic's national Home Value Index recorded its fourteenth straight month of value rises, up a further +0.6% for the month and on par with February's increase. Growth on a quarterly basis remains at sustainable levels at +1.6% and has slightly accelerated on the +1.3% increase recorded last quarter.

Market conditions across capital city markets continue to show some diversity with Each of the capital cities and rest-of-state regions recording a lift in values over the month with the exception of Darwin (where the market eased -0.2%), Regional Victoria (which eased -0.2%) and Melbourne (which was unchanged).

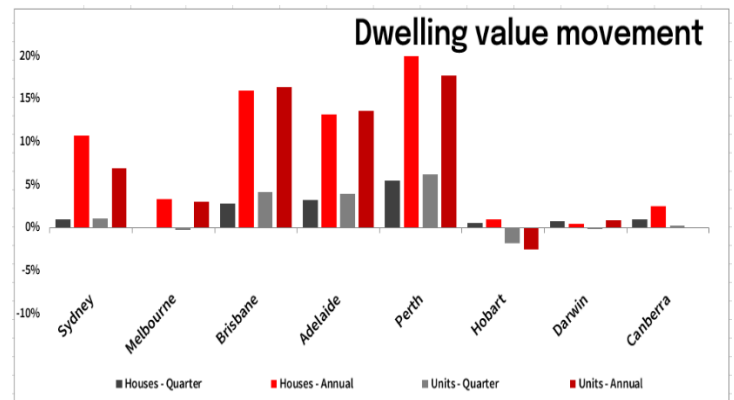
At one end of the scale, Perth continues to perform strongly amongst the capitals with a substantially higher rate of growth (compared to its capital city counterparts), gaining +1.9% for the month. The smaller capitals, Adelaide (up +1.4% for the month) and Brisbane (up +1.1%) continue to display resilience reflecting consistently high rates of dwelling value growth.

These capitals and regions benefit from continuing high purchasing demand, positive demographic factors, booming migration and comparatively more affordable housing choices. The remaining capitals are however reflecting much lower rates of change with Melbourne recording no change in value (0.0%) for the month and easing of -0.2% for the quarter.

The consistent rises in dwelling values in some capital city markets underlines the persistent imbalance between supply and demand which varies across cities and regions.

After being led by the upper quartile most of the year, the strongest growth conditions have migrated to the lower quartile across most capital city markets. Higher demand focused on the middle to lower end of the value spectrum is expected given borrowing capacity is lower than a year ago and housing affordability has become more challenging for many purchasers.

The pace of rental growth picked up again in the March quarter, rising +2.8%, the highest level since the three-months ending May 2022 (+2.9%). This annual trend in rental growth has generally been moving higher since October last year.



Source - CoreLogic



## Market Level Review

### Sydney



- Last month: +0.3% gain in dwelling values
- Quarterly: +0.9% gain in dwelling values
- Annually: Dwellings gained +9.6% with houses +10.7% and units +6.9%
- Units have performed better than houses with a gain of +0.4% for the month and up +1.0% for the quarter vs. houses +0.3% for the month and +0.9% for the quarter.
- Rents are up +9.1% annually for houses and +9.4% for units.

### Melbourne



- Last month: no change (0.0%) in dwelling values.
- Quarterly: -0.2% easing in dwelling values
- Annually: Dwellings gained +3.2% with houses +3.3% and units +3.0%
- Units have performed better than houses with a gain of +0.3% for the month and easing -0.3% for the quarter vs. houses easing -0.1% for the month and easing -0.1% for the quarter.
- Rents are up +10.9% annually for houses and +9.4% for units.

### Brisbane



- Last month: +1.1% gain in dwelling values
- Quarterly: +3.0% gain in dwelling values
- Annually: Dwellings gained +15.9% with houses +15.9% and units gained +16.4%
- Units have performed better than houses with a gain of +1.5% for the month and up +4.1% for the quarter vs. houses +1.0% for the month and +2.8% for the quarter.
- Rents are up +7.6% annually for houses and +11.2% for units.

### Perth



- Last month: +1.9% gain in dwelling values
- Quarterly: +5.6% gain in dwelling values
- Annually: Dwellings rose +19.8% with houses up +20.0% and units +17.7%
- Units have performed better than houses with a gain of +2.0% for the month and up +6.2% for the quarter vs. houses +1.9% for the month and +5.5% for the quarter.
- Rents are up +13.7% annually for houses and +15.9% for units.





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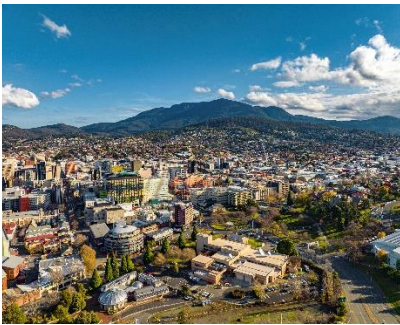
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## Adelaide



- Last month: +1.4% gain in dwelling values
- Quarterly: +3.3% gain in dwelling values
- Annually: Dwellings rose +13.3% with houses up +13.2% and units +13.6%
- Units have performed better than houses with a gain of +2.0% for the month and up +3.9% for the quarter vs. houses +1.3% for the month and +3.2% for the quarter.
- Rents are up +9.2% annually for houses and +9.5% for units.

## Hobart



- Last month: +0.2% gain in dwelling values.
- Quarterly: +0.1% gain in dwelling values
- Annually: Dwellings gained +0.3% with houses up +0.9% but units down -2.6%
- Houses have performed better than units with a gain of +0.3% for the month and +0.5% for the quarter vs. units gaining +0.2% for the month but easing -1.8% for the quarter.
- Rents are down -0.8% annually for houses and -1.8% for units.

## Darwin



- Last month: -0.2% easing in dwelling values.
- Quarterly: +0.4% gain in dwelling values
- Annually: Dwellings gained +0.5% with houses gaining +0.4% and units up by +0.8%
- Houses have performed better than units with marginal easing of -0.2% for the month but up +0.7% for the quarter vs. units recording no change in value (0.0%) for the month but easing -0.2% for the quarter.
- Rents are up +4.4% annually for houses and +1.6% for units.

## Canberra



- Last month: +0.4% gain in dwelling values.
- Quarterly: +0.8% gain in dwelling values
- Annually: Dwellings gained +1.9% with houses up +2.5% and units easing -0.1%
- Houses have performed better than units with a gain of +0.5% for the month and +0.9% for the quarter vs. units gaining +0.1% for the month and +0.2% for the quarter.
- Rents are up +0.3% annually for houses and up +1.2% for units.



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## Regional Australia



- Last month: +0.6% gain in dwelling values
- Quarterly: +1.8% gain in dwelling values
- Annually: Dwellings gained +6.0% with houses gaining +5.9% and units gaining +6.5%
- Units have performed better than houses with a gain of +0.8% for the month and +2.0% for the quarter vs. houses gaining +0.6% for the month and +1.7% for the quarter.

## Perspectives

The property market in 2024 continues to display a positive shift in conditions, negotiating the higher interest rate environment and cost-of-living impacts better than many expected. A wide divergence in the rate of values growth across regions, capitals and housing types remains. Other key indicators including improving consumer sentiment, moderating inflation and a generally accepted expectation that interest rates will reduce later in 2024 will provide a boost for the property sector.

The market reacted favourably to the RBA's decision to keep the cash rate on hold at 4.35% at its last meeting on 20<sup>th</sup> March noting inflation continues to moderate. Despite inflation easing, the economy is slowing and the economic outlook remains uncertain with the tone and future commentary around interest rates by the BBA continues to be carefully watched.

An easing in interest rates forecast in the second half of 2024 will provide further support for consumer sentiment, additional relief to cost-of-living pressures and a boost for the property market.

## Outlook

The outlook for property market as we move further into 2024 is one of growing optimism amid a backdrop of easing inflation, strong migration numbers and a stabilising interest rate environment. Inflation, and by extension interest rates, remain the key factor influencing property markets in the coming months.

In most regions upward pressure on prices is prevalent with the fundamentals of housing supply and demand remaining out of balance where supply continues to be insufficient to meet increasing demand. On the demand side, over the year ending September 2023, Australia's population growth peaked at +2.5%, the fastest pace of annual growth since the commencement of the ABS national population series in 1981.

**Disclaimer** – The information contained in this publication is gathered from multiple sources believed to be reliable as at the end of March 2024 and is intended to be of general nature only.

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