

# PROPERTY MARKET UPDATE MONTH IN REVIEW APRIL 2024



The national housing market continues its solid performance recording steady momentum whilst registering new market highs in April. CoreLogic's national Home Value Index continued to trend higher recording its fifteenth straight month of value increase, up a further +0.6% for the month which was on par with both February and March increases. Growth on a quarterly basis remains at sustainable levels at +1.8% and has slightly accelerated on the +1.6% increase recorded last quarter.

Beyond the headline numbers, multi-speed conditions remain with the mid-sized capitals of Perth, Adelaide and Brisbane continuing to lead the pace of growth. Market conditions continue to exhibit diversity with each of the capital cities and rest-of-state regions recording a lift in values over the month with the exception of Melbourne (where the market subtly eased -0.1%) and Regional Victoria which recorded no change in value (0.0%).

Perth is the clear standout amongst the capitals with a substantially higher rate of growth (compared to its capital city counterparts), gaining +2.0% for the month followed by Adelaide (+1.3%) and Brisbane (+0.9%). There are no obvious signs of heat coming out of the Perth housing market just yet, however the pace of growth in the Brisbane market is beginning to moderate.

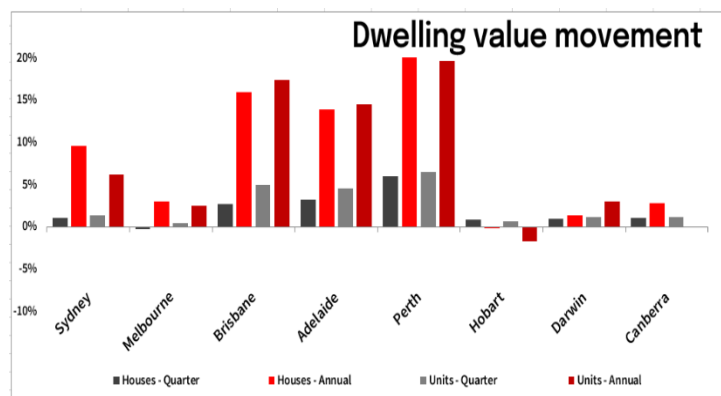
The key metric of low supply in these markets continues to impact the market despite high interest rates and persistent inflation.

The monthly change in Sydney values (+0.4%) has held reasonably firm around the +0.4% mark each of the past three months, while Melbourne's market (-0.1%) has broadly

stabilised after recording a subtle -0.8% dip over the three months to January.

The strongest growth conditions across almost every capital city market (with the exception of Darwin) are being seen within the lower value range of the market, evidenced by Sydney's lower quartile and middle quartile recording the same quarterly change at +1.7% versus a milder +0.5% gain seen within the upper quartile dwelling values.

Rents increased a further +0.8% nationally in April, with the pace of rental growth slightly lower relative to February and March recordings of +0.9% and +1.0% respectively. Rental supply remains extremely short indicating rental growth will remain well above average for the medium term.



Source - CoreLogic



## Market Level Review

### Sydney



- Last month: +0.4% gain in dwelling values
- Quarterly: +1.1% gain in dwelling values
- Annually: Dwellings gained +8.7% with houses +9.6% and units +6.2%
- Units have performed better than houses with a gain of +0.6% for the month and up +1.4% for the quarter vs. houses +0.3% for the month and +1.0% for the quarter.
- Rents are up +9.2% annually for houses and +8.7% for units.

### Melbourne



- Last month: -0.1% easing in dwelling values.
- Quarterly: no change (0.0%) in dwelling values
- Annually: Dwellings gained +2.8% with houses +3.0% and units +2.5%
- Units have performed better than houses with a gain of +0.1% for the month and +0.4% for the quarter vs. houses easing -0.2% for the month and -0.3% for the quarter.
- Rents are up +10.2% annually for houses and +8.8% for units.

### Brisbane



- Last month: +0.9% gain in dwelling values
- Quarterly: +3.1% gain in dwelling values
- Annually: Dwellings gained +16.1% with houses +15.9% and units gained +17.4%
- Units have performed better than houses with a gain of +1.6% for the month and up +5.0% for the quarter vs. houses +0.8% for the month and +2.7% for the quarter.
- Rents are up +7.9% annually for houses and +10.5% for units.

### Perth



- Last month: +2.0% gain in dwelling values
- Quarterly: +6.0% gain in dwelling values
- Annually: Dwellings rose +21.1% with houses up +21.3% and units +19.6%
- Houses have performed better than units with a gain of +2.0% for the month and up +6.0% for the quarter vs. units +1.9% for the month and +6.5% for the quarter.
- Rents are up +13.3% annually for houses and +15.5% for units.



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## Adelaide



- Last month: +1.3% gain in dwelling values
- Quarterly: +3.3% gain in dwelling values
- Annually: Dwellings rose +14.0% with houses up +13.9% and units +14.5%
- Units have performed better than houses with a gain of +1.7% for the month and up +4.5% for the quarter vs. houses +1.2% for the month and +3.2% for the quarter.
- Rents are up +9.1% annually for houses and +9.3% for units.

## Hobart



- Last month: +0.3% gain in dwelling values.
- Quarterly: +0.8% gain in dwelling values
- Annually: Dwellings eased -0.4% with houses down -0.2% and units down -1.7%
- Units have performed better than houses with a gain of +0.9% for the month and +0.6% for the quarter vs. houses gaining +0.2% for the month and +0.8% for the quarter.
- Rents are up +0.3% annually for houses but down -2.1% for units.

## Darwin



- Last month: +0.6% gain in dwelling values.
- Quarterly: +1.0% gain in dwelling values
- Annually: Dwellings gained +1.9% with houses gaining +1.4% and units up by +3.0%
- Houses have performed better than units with a gain of +0.8% for the month and up +0.9% for the quarter vs. units gaining +0.2% for the month and +1.1% for the quarter.
- Rents are up +5.0% annually for houses and +1.4% for units.

## Canberra



- Last month: +0.2% gain in dwelling values.
- Quarterly: +1.0% gain in dwelling values
- Annually: Dwellings gained +2.1% with houses up +2.8% and units recording no change in value (0.0%)
- Units have performed better than houses with a gain of +0.2% for the month and +1.1% for the quarter vs. houses gaining +0.1% for the month and +1.0% for the quarter.
- Rents are up +1.9% annually for houses and up +1.5% for units.



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## Regional Australia



- Last month: +0.8% gain in dwelling values
- Quarterly: +2.1% gain in dwelling values
- Annually: Dwellings gained +6.4% with houses gaining +6.3% and units gaining +7.2%
- Houses have performed better than units with a gain of +0.8% for the month and +2.1% for the quarter vs. units gaining +0.6% for the month and +2.0% for the quarter.

## Perspectives

The property market in 2024 year-to-date continues to trend higher and display resilience in the face of a higher interest rate environment and softer economic growth. A wide disparity in the rate of values growth across regions, capitals and housing types remains. Other key indicators including continued low consumer sentiment, worsening affordability, persistent inflation and growing realisation that interest rates may need to stay higher for longer moderating expectations of any relief before late 2024.

All eyes will turn to the RBA next Tuesday for their decision on the cash rate which is currently 4.35% and statement and media conference for indication of the outlook.

Interest rates are widely expected to stay higher for longer as a consequence of the higher-than-expected March quarter CPI reading of +1.0% as the RBA works to contain persistent inflation. An element of marketplace uncertainty has re-emerged with many economists and financial markets pushing back their timing for rate cuts and re-ignited some speculation that interest rates could rise again (as opposed to the next direction being down). NAB and most of the market now forecasting November 2024 for the first cut.

## Outlook

The outlook for property market is one of steady growth coupled with continued uncertainty around the future frequency and trajectory of interest rates. Any increase would likely again trigger a period of caution and readjustment as the market did in November 2023 (the last increase). Demand-side pressure from surging migration numbers versus limited levels of supply continues to support upward dwelling price growth. Inflation, and by extension interest rates, remain the key factor influencing property markets looking forward.

Aiding housing affordability, a positive tailwind to property markets in the coming months are the impending Stage 3 tax cuts set to come into effect from July 2024.

Capital city auction clearance rates are holding up suggesting buyer confidence remains resilient despite last weeks renewed inflation result. Despite the downside risks around inflation and interest rates for housing markets, values are likely to be supported by the ongoing mismatch between housing demand and supply for some time yet.

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