

# PROPERTY MARKET UPDATE MONTH IN REVIEW MARCH 2025

more  
than  
money



## Australian property values reached new heights in March, with dwelling values increasing +0.4% over March.

This was the second consecutive month of growth nationally, following a short, subtle three-month softening where values moved -0.5%.

The monthly rise in values was broad-based, with every capital city except Hobart experiencing growth. Among the capitals, monthly changes ranged from a 1.0% rise in Darwin to a -0.4% ease in Hobart. All regional areas recorded growth, varying from 0.3% in regional NSW to 1.4% in regional SA.

Melbourne's growth gained momentum up +0.5% in March with Sydney and Melbourne having the largest weighting in the Home Value Index, now turning the corner, with positive values across both regions rising over the last two months.

Following a -2.2% softening between September 2024 and January 2024, Sydney home values now are at just -1.4% below their record highs. In Melbourne, where the downturn has been longer following its March 2022 peak date, values are -5.6% below.

Despite continued rises across the mid-sized capitals, the pace of gains has slowed, especially in Perth, which is slightly below the prior peak levels (-0.05%) of October 2024. Prior to this, Perth's house values led the five-year upswing among the capitals, rising 75.4% since March 2020.

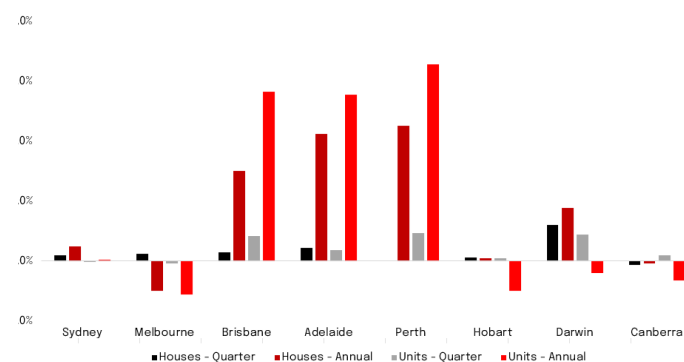
Additionally, the change in values across the different 'price points' – or value tiers – has started to even out. Following a clear

outperformance from the lower quartile of the market since 2023, the rate of change across the value segments is starting to converge. This was the most apparent in Sydney, where upper quartile values have increased by 0.6% over the past three months compared with a 0.3% rise over the lower quartile.

We have outlined previously that the upper markets historically show a stronger response to reduced cash rate settings, especially in Sydney and Melbourne. The majority of the remaining capitals continue to observe outperformance in the lower quartile compared to the upper quartile, however, the gap is reducing.

Regional markets continue to see stronger growth compared to their capital city counterparts, with the combined regionals index rising +0.5% compared with the +0.4% growth across the combined capitals. The growth trajectory has started to converge, as the capital city trend accelerates and the regional trend holds steady.

## House & Unit Value Movement – End of March



Source: CoreLogic

Rental values are also at record highs, with the national rental index increasing a further +0.6% in March, in line with the February increase, but well below the +1.0% increase recorded this time last year, further indicating rental growth is slowing. In annual terms, rents have eased from a cyclical peak of +9.7% over the 12 months ending November 2021 to +3.8% over the past 12 months, which is the slowest annual change since March 2021. Rental growth has slowed more sharply across the unit sector relative to houses, but the slowdown has been from a higher base. Every capital city except the ACT is still recording a higher annual rate of growth in unit rents compared with house rents.







## Market Level Review

### Sydney



- Last month: +0.3% gain in dwelling values
- Quarterly: +0.4% gain in dwelling values
- Annually: +0.9% gain in dwelling values
- Houses: +0.5% for the month, +0.5% for the quarter and +1.2% increase annually.
- Units: -0.1% for the month, -0.1% for the quarter and +0.1% increase annually.
- Rents are up +1.9% annually for houses and +2.5% for units.

### Melbourne



- Last month: +0.5% gain in dwelling values.
- Quarterly: +0.3% ease in dwelling values
- Annually: -2.6% ease in dwelling values
- Houses: +0.5% for the month, +0.6% for the quarter and -2.5% decline annually.
- Units: +0.4% for the month, -0.2% for the quarter and -2.8% decline annually.
- Rents are up +2.2% annually for houses and +2.7% for units.

### Brisbane



- Last month: +0.4% gain in dwelling values
- Quarterly: +0.9% gain in dwelling values
- Annually: +8.6% gain in dwelling values
- Houses: +0.3% for the month, +0.7% for the quarter and +7.5% increase annually.
- Units: +0.7% for the month, +2.1% for the quarter and +14.1% increase annually.
- Rents are up +2.9% annually for houses and +3.9% for units.

### Perth



- Last month: +0.2% gain in dwelling values
- Quarterly: +0.2% gain in dwelling values
- Annually: +11.9% gain in dwelling values
- Houses: +0.2% for the month, +0.0% for the quarter and +11.3% increase annually.
- Units: +0.9% for the month, +2.3% for the quarter and +16.4% increase annually.
- Rents are up +6.0% annually for houses and +8.2% for units.





# PROPERTY MARKET UPDATE MONTH IN REVIEW MARCH 2025

more  
than  
money



## Adelaide



- Last month: +0.8% gain in dwelling values
- Quarterly: +1.0% gain in dwelling values
- Annually: +11.0% gain in dwelling values
- Houses: +0.8% for the month, +1.1% for the quarter and +10.6% increase annually.
- Units: +1.0% for the month, +0.9% for the quarter and +13.9% increase annually.
- Rents are up +4.8% annually for houses and +8.2% for units.

## Hobart



- Last month: -0.4% ease in dwelling values
- Quarterly: +0.2% gain in dwelling values
- Annually: -0.2% ease in dwelling values
- Houses: -0.3% for the month, +0.3% for the quarter and +0.2% decline annually.
- Units: -0.9% for the month, +0.2% for the quarter and -2.5% annually.
- Rents are up +4.4% annually for houses and +5.7% for units.

## Darwin



- Last month: +1.0% ease in dwelling values.
- Quarterly: +2.8% gain in dwelling values
- Annually: +2.6% gain in dwelling values
- Houses: +1.1% for the month, +3.0% for the quarter and +4.4% increase annually.
- Units: +0.8% for the month, +2.2% for the quarter and -1.0% decline annually.
- Rents are up +2.0% annually for houses and +6.2% for units.

## Canberra



- Last month: +0.2% gain in dwelling values.
- Quarterly: -0.1% ease in dwelling values
- Annually: -0.5% ease in dwelling values
- Houses: +0.3% for the month, -0.3% for the quarter and -0.2% decline annually.
- Units: +0.0% for the month, +0.5% for the quarter and -1.6% decline annually.
- Rents are up +1.6% annually for houses and +1.5% for units.





# PROPERTY MARKET UPDATE MONTH IN REVIEW MARCH 2025

more  
than  
money



## Regional Australia



- Last month: +0.5% gain in dwelling values
- Quarterly: +1.4% gain in dwelling values
- Annually: +5.3% gain in dwelling values
- Houses: +0.5% for the month, +1.3% for the quarter and +5.3% increase annually.
- Units: +0.6% for the month, +1.6% for the quarter and +5.5% increase annually.

## Perspectives

Improved sentiment following the February rate cut continues to be the biggest driver of the positive turnaround in dwelling values, along with the cut's direct influence of a slight improvement in borrowing capacity and mortgage serviceability. The rate cutting cycle is expected to be a drawn-out process, affordability constraints whilst progressively easing will remain.

The positive growth recorded for the second month in a row and up-turn in prices is more of an expected response to the easing.

## Outlook

The rate-cutting cycle is expected to be gradual, with interest rate settings unlikely to move into stimulatory territory for some time yet. Rates are expected to continue to gradually reduce by 75 basis point, bringing it to 3.35% by 2026. Until home loan serviceability improves more substantial, wider market economists do not expect to see housing markets moving into a material growth trend.

New housing supply is also expected to remain constrained amid high costs, a scarcity of skilled trades and compressed profit margins. Although population growth is easing, the cumulative undersupply of housing will take some time to address. Housing construction costs are still rising from an already high base, creating ongoing feasibility challenges for builders and developers. The competition for trades with the infrastructure sector is also likely to persist for several years at least, with these challenges contributing to the low supply which could support further value growth.

Cost of living relief should support household balance sheets, although the May 3<sup>rd</sup> federal election is anticipated to see some caution despite what is expected to be a flurry of campaign announcements on housing more broadly.

**Disclaimer** – The information contained in this publication is gathered from multiple sources believed to be reliable as at the end of March 2025 and is intended to be of a general nature only. It has been prepared without taking into account any person's objectives, financial situation or needs. Before acting on this information, NAB recommends that you consider whether it is appropriate for your circumstances. NAB recommends that you seek independent legal, property, financial and taxation advice before acting on any information in this publication.

