

PROPERTY MARKET UPDATE MONTH IN REVIEW JANUARY 2024



The national housing market continued its brisk upswing recording a broad-based rise in January. CoreLogic's national Home Value Index recorded its twelfth straight month of value rises, up a further +0.4% for the month and up marginally from the +0.3% gains seen in November and December. Growth on a quarterly basis eased from +2.1% last quarter to +1.0% at more sustainable levels.

Despite the upswing headline trend, diverse conditions remain evident across capital city markets with three of the capitals (Melbourne -0.1%, Canberra -0.2% and Hobart -0.7%) recording subtle declines in value last month, while further capitals (Brisbane +1.0%, Adelaide +1.1% and Perth +1.6%) continue to post strong results, rising at a monthly rate of +1.0% or more.

Perth continues to be a standout performer amongst the capitals, recording a +1.6% gain in January following on from solid monthly gains in excess of +1.0% since October. The strong performance in Perth is attributed to housing demand continuing to outweigh supply and the relative affordability of Perth compared to its eastern-seaboard counterparts, helping to push dwelling values +16.7% higher over the last twelve months.

The combined regionals are now showing a stronger trend in value growth relative to the capital cities with the combined regional index gaining +1.2% over the rolling quarter compared to the +1.0% rise recorded across the combined capitals market.

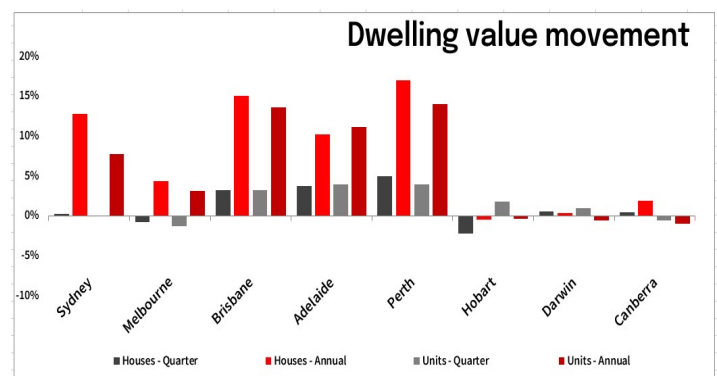
With both the combined capitals and combined regionals continuing to lose momentum in the pace of dwelling value growth, the capital city growth trend has eased at a greater

rate, mostly due to the flatter growth conditions in Melbourne and Sydney.

Sales volumes have held slightly above average over the last quarter despite the slowing economy, a higher interest rate environment and worsening housing affordability. CoreLogic estimates there were 115,241 dwellings sold over the three months ending January: +11.9% higher than the same period last year and +0.5% higher than the previous five-year average.

High migration continues to support housing demand, however, tight rental markets contribute to incentivizing renters to transition into home ownership, if they can afford to do so.

The pace of rental growth picked up again in January as leasing markets enter the seasonally stronger first quarter of 2024. Following a +0.6% rise in December, the national rental index recorded its strongest monthly rise since April with rents rising +0.8% in January.



Source - CoreLogic

Market Level Review

Sydney

- Last month: +0.2% gain in dwelling values
- Quarterly: +0.1% gain in dwelling values
- Annually: Dwellings gained +11.4% with houses +12.8% and units +7.7%
- Houses have performed better than units with a gain of +0.3% for the month and up +0.2% for the quarter vs. units +0.1% for the month and easing -0.1% for the quarter
- Rents are up +8.9% annually for houses and +10.9% for units



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Melbourne

- Last month: -0.1% easing in dwelling values
- Quarterly: -0.9% easing in dwelling values
- Annually: Dwellings gained +3.9% with houses +4.3% and units +3.1%
- Houses have performed better than units remaining flat at 0.0% for the month and easing -0.8% for the quarter vs. units easing -0.3% for the month and -1.3% for the quarter
- Rents are up +11.1% annually for houses and +10.2% for units

Brisbane

- Last month: +1.0% gain in dwelling values
- Quarterly: +3.2% gain in dwelling values
- Annually: Dwellings gained +14.8% with houses +15.0% and units gained +13.6%
- Units have performed better than houses with a gain of +1.1% for the month and up +3.2% for the quarter vs. houses +1.0% for the month and +3.2% for the quarter
- Rents are up +6.8% annually for houses and +12.6% for units

Perth

- Last month: +1.6% gain in dwelling values
- Quarterly: +4.9% gain in dwelling values
- Annually: Dwellings rose +16.7% with houses up +17.0% and units +14.0%
- Houses have performed better than units with a gain of +1.6% for the month and up +5.0% for the quarter vs. units +1.3% for the month and +3.9% for the quarter
- Rents are up +13.0% annually for houses and +16.5% for units

Adelaide

- Last month: +1.1% gain in dwelling values
- Quarterly: +3.7% gain in dwelling values
- Annually: Dwellings rose +10.3% with houses up +10.2% and units +11.1%
- Houses have performed better than units with a gain of +1.1% for the month and up +3.7% for the quarter vs. units +1.0% for the month and +3.9% for the quarter

- Rents are up +7.9% annually for houses and +9.8% for units

Hobart

- Last month: -0.7% easing in dwelling values
- Quarterly: -1.5% easing in dwelling values
- Annually: Dwellings eased -0.4% with houses -0.5% and units -0.4%
- Units have performed better than houses with easing of -0.1% for the month but gained +1.8% for the quarter vs. houses easing -0.8% for the month and -2.2% for the quarter
- Rents are down -2.3% annually for houses and -3.2% for units

Darwin

- Last month: +0.3% gain in dwelling values
- Quarterly: +0.7% gain in dwelling values
- Annually: Dwellings eased -0.1% with houses gaining +0.3% and units eased by -0.6%
- Units have performed better than houses with a gain of +0.4% for the month and +0.9% for the quarter vs. houses gaining +0.2% for the month and +0.5% for the quarter
- Rents are up +3.4% annually for houses and +2.7% for units

Canberra

- Last month: -0.2% easing in dwelling values
- Quarterly: +0.2% gain in dwelling values
- Annually: Dwellings gained +1.2% with houses up +1.9% and units easing -1.0%
- Houses have performed better than units with easing of -0.2% for the month and +0.4% for the quarter vs. units easing -0.3% for the month and -0.6% for the quarter
- Rents are down -1.9% annually for houses and up +0.5% for units

Regional Australia

- Last month: +0.4% gain in dwelling values
- Quarterly: +1.2% gain in dwelling values

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- Annually: Dwellings gained +4.9% with houses gaining +4.7% and units gaining +5.7%
- Units have performed better than houses with a gain of +0.5% for the month and +1.6% for the quarter vs. houses gaining +0.4% for the month and +1.1% for the quarter

prospect of rate cuts later this year and easing inflation, consumer sentiment should eventually move higher.

Perspectives

The property market in 2024 has started the year in similar fashion to where it left off in 2023 with a general trend of higher dwelling values, albeit reflecting a wide divergence in values across regions, capitals and housing types.

Inflation continues to moderate with the CPI trending lower (as released yesterday) against a backdrop of slowing economic conditions and the cash rate peaking at 4.35%. Lower inflation should assist in bringing the cash rate down with most forecasters indicating the cash rate will reduce by 25 basis points towards the end of 2024, with further moderation in interest rates in 2025.

The market awaits next Tuesday's RBA meeting on the likelihood of a change in the interest rate, although the market expectation is for no change. An easing in interest rates will provide support for consumer sentiment and some relief to cost-of-living pressures.

Outlook

The property market in 2024 is shaping up as a year of two halves with more modest growth nationally in the first half with greater momentum as rates reductions begin to become clearer and relief when stage 3 tax cuts are passed on. Notwithstanding 2024 will reflect greater diversity across housing types and from region to region as part of the country continue to experience significant shortage of listings resulting in continue stronger price growth.

A mix of key factors set to influence the outlook in housing markets in 2024 are also diverse with interest rates, inflation, consumer sentiment, credit policy (if APRA again considers reducing the home loan serviceability buffer from 3% back to 2.5%) and changes in demographics central to the direction of the market. Consumer sentiment has been pessimistic since mid-2022 with the monthly measure from the Westpac-Melbourne Institute moving lower again in January. Historically, there has been a strong correlation between home purchasing activity and consumer confidence and with the

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