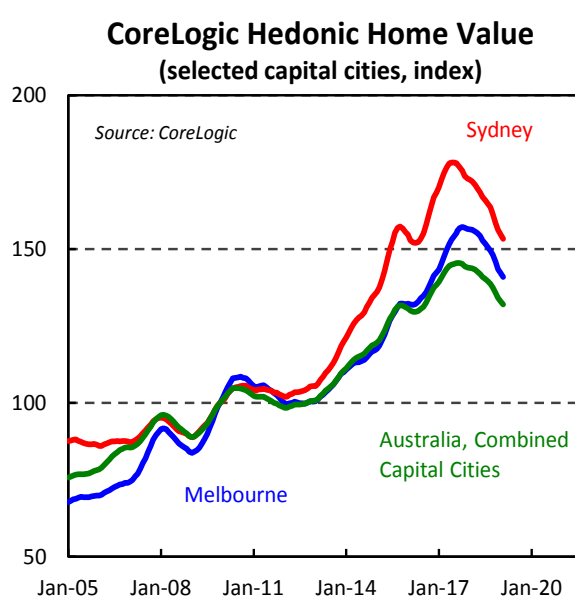
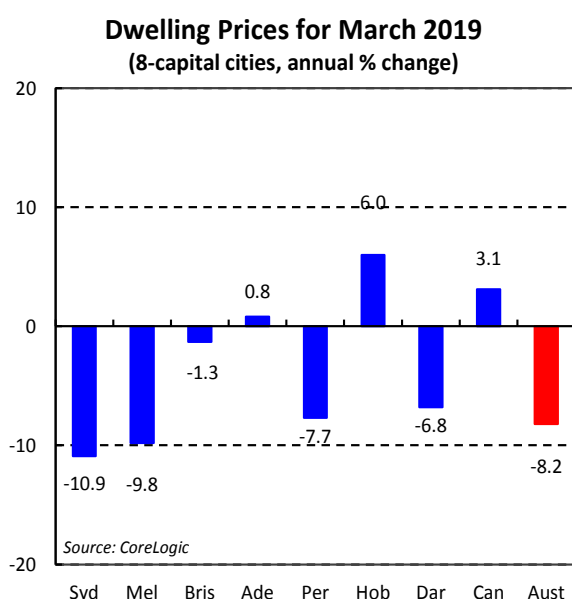


Monday, 1 April 2019

Dwelling Prices No Respite In Sight

- The downturn in dwelling prices continued in March, led by Sydney and Melbourne. The pace of decline has eased in recent months, although geographically it has become more widespread, with dwelling prices in Adelaide, Brisbane and some regional areas succumbing to weakness.
- Dwelling prices across the 8 combined capital cities fell by a slightly larger 0.7% in the month, which was the smallest decline since October last year. The annual pace of dwelling price decline fell to 8.2% in March, from a fall of 7.6% in February.
- Price declines continued to be sharpest in Sydney and Melbourne, both in March and over the past year. The annual pace of decline in dwelling prices deepened in Sydney, Melbourne, Brisbane, Perth and Darwin. In the year to March, Hobart, Canberra and Adelaide dwelling prices still recorded growth.
- We remain concerned about the impact of the slowdown in dwelling prices on consumer spending, against a backdrop of high levels of household debt and slow wage growth. A slowdown in the pace of economic growth is likely to convince the RBA to cut official interest rates this year.



The downturn in dwelling prices continued in March, led by Sydney and Melbourne. The pace of decline has eased in recent months, although geographically it has become more widespread, with dwelling prices in Adelaide, Brisbane and some regional areas succumbing to weakness.

Dwelling prices across Australia (both capital cities and regional areas) fell by 0.6% in March and

by 6.9% on a year ago. Dwelling prices across the 8 combined capital cities fell by 0.7% in the month, which was the smallest decline since October last year. The annual pace of dwelling price decline fell to -8.2% in March, from a fall of -7.6% in February.

All capital city dwelling prices fell in March, with the exception of Hobart (+0.6%) and Canberra where prices were unchanged for the month. Price declines continued to be sharpest in Sydney and Melbourne, both in March and over the past year.

States and Territories

Price declines continue to be led by Sydney, both in March and over the past year. Sydney dwelling prices fell 0.9% in March, the smallest drop in five months. Sydney dwelling prices have fallen for 20 consecutive months. The annual pace of decline in Sydney dwelling prices fell to -10.9% in March, from -10.4% in February. Sydney dwelling prices are now down 13.9% from their peak in July 2017. However, to keep this in perspective, Sydney dwelling prices rose 72.0% in the five years to their July 2017 peak.

The pace of decline in Melbourne dwelling prices also eased a little in March, with a fall of 0.8%, the smallest decline in four months. The annual pace of decline in Melbourne dwelling prices deteriorated to -9.8% in March, from -9.1% in February. Melbourne dwelling prices are down 10.3% from their November 2017 peak, although they also had strong growth of nearly 60% over the prior five years.

Brisbane dwelling prices defied the trend with the largest decline since September 2011. Dwelling prices in Brisbane fell 0.6% in March. The annual pace of dwelling price growth sunk further into decline in Brisbane in March, falling by 1.3%.

Adelaide dwelling prices slipped lower in March, with a decline of 0.2%. For the year to March, Adelaide dwelling prices continued to eke out a small increase of 0.8%, down slightly from an increase of 1.0% in February.

Dwelling prices in the ACT stabilised again in March, with no change for the month. The annual pace of growth in dwelling prices in the ACT eased slightly to 3.1%, from 3.4% in February.

Perth dwelling prices continued their decline in March, although the pace of decline was the smallest since June 2018, at -0.4%. For the year to March, Perth dwelling prices slumped 7.7%, down from a decline of 6.9% in the year to February.

Dwelling price growth remains strongest in Hobart, among the capital cities. Hobart dwelling prices rose 0.6% in March. The annual pace of growth in Hobart dwelling prices has eased to 6.0% in March, from 13.2% a year earlier.

Darwin dwelling prices fell further in March, although the pace of decline, at 0.6%, was the smallest in three months. Over the year to March, Darwin dwelling prices fell 6.8%.

Outlook

The slowdown in dwelling prices continued. The pace of decline has eased in recent months, although geographically the softness has become more widespread. We remain concerned about the impact of the slowdown in dwelling prices on consumer spending, against a backdrop of high levels of household debt and slow wage growth. A slowdown in the pace of economic growth is likely to convince the RBA to cut official interest rates this year.

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