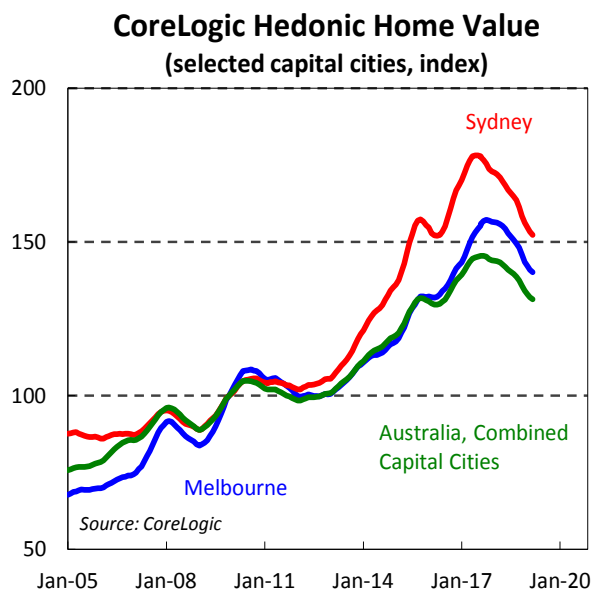
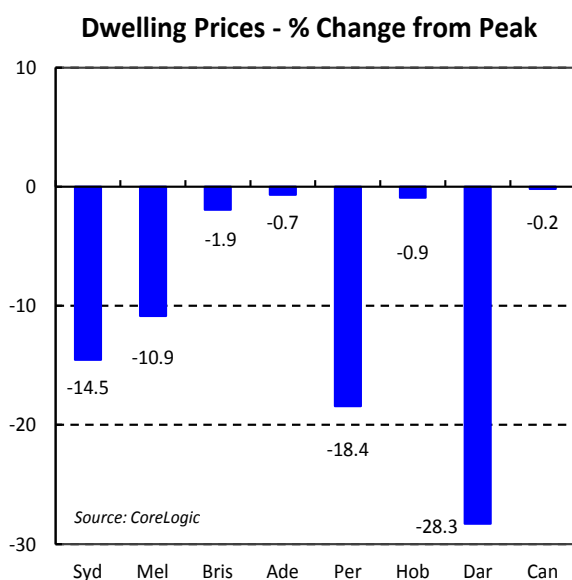




Dwelling Prices Downturn Drags on

- Dwelling prices extended their decline in April, falling 0.5% across the capital cities. On a year ago, prices were down 8.4%, the largest annual decline recorded in this series, which began in 1980.
- Weakness is becoming more widespread across the country. All capital cities registered a decline in prices over April with the exception of Canberra.
- Declines in Sydney and Melbourne are however, becoming less pronounced. Dwelling prices fell 0.7% in Sydney, but this was the smallest decline in six months. In Melbourne, prices fell 0.6% in April, the best result in 10 months. Prices are still further below their peaks, down 14.5% and 10.9%, respectively.
- There have been some tentative signs of stabilising in the housing market with auction clearance rates are off their lows. Nonetheless, recent tightening measures are still weighing on the housing market. Negative sentiment and entrenched expectations of further weakness suggest that a turnaround in the housing market is unlikely anytime soon.



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Weakness is becoming more widespread across the country. All capital cities registered a decline in prices over April with the exception of Canberra (0.4%) where strong population gains and a

tight rental market are propping up prices.

Declines in Sydney and Melbourne are however, becoming less pronounced. Dwelling prices fell 0.7% in Sydney, but this was the smallest decline in six months. In Melbourne, prices fell 0.6% in April, the best result in 10 months. Prices are still further below their peaks, down 14.5% and 10.9%, respectively.

Among other capital cities, prices fell modestly in Brisbane (-0.4%), Perth (-0.4%) and Adelaide (-0.1%). Hobart prices fell 0.9% in April, after peaking in March. Dwelling price declines were greatest in Darwin, at 1.2% in the month, as the unwinding of the Inpex Ichthys project and falling population weigh on housing demand.

On an annual basis, all capital cities except for Adelaide (0.3%) and Canberra (2.5%) were in decline. Sydney (-10.9%) and Melbourne (10.9%) had the largest annual price declines. Perth (-8.3%) and Darwin (-7.1%) were also down in the year still being impacted by the mining investment downturn. Dwelling prices in Brisbane were also down (-1.9%) modestly. Adelaide (0.3%), Hobart (3.8%) and Canberra (2.5%) were the only capital cities to record gains in the year, with Hobart and Canberra outperforming other capital cities.

Outlook

The slowdown in dwelling prices is continuing. Weakness is becoming more widespread across the country however the pace of decline has eased in recent months, in Sydney and Melbourne. There have been some tentative signs of stabilising in the housing market with auction clearance rates are off their lows. Nonetheless, recent tightening measures are still weighing on the housing market. Negative sentiment and entrenched expectations of further weakness suggest that a turnaround in the housing market is unlikely anytime soon.

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