

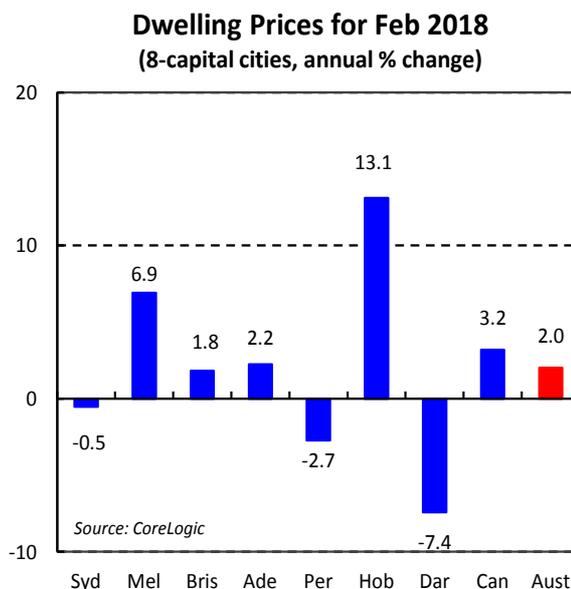
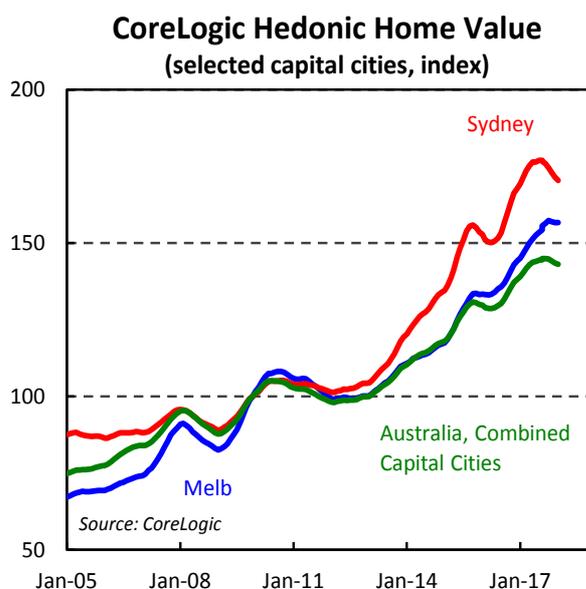
Data Snapshot

Thursday, 1 March 2018



Dwelling Prices Everything in Moderation

- A moderation in the housing market is continuing. The eight-capital city combined index by CoreLogic fell 0.3% in February, the fourth consecutive monthly drop. Despite falling in recent months, dwelling prices are only 1.3% down from its September peak.
- Most capital cities saw prices decline, although the cooling in conditions continues to be most evident in Sydney's housing market. On an annual basis, prices were down 0.5%, the first annual decline in Sydney dwelling prices since August 2012. Sydney prices are now 3.7% down from their July peak, still a modest decline given strong growth in recent years.
- Hobart was the standout as the only capital city with double-digit annual growth. There remains healthy annual growth in Melbourne (6.9%). Modest gains continued in Brisbane (1.8%), Adelaide (2.2%) and Canberra (3.2%). Prices in Perth (-2.7%) and Darwin (-7.4%) continued to decline in the year, reflecting the lingering impact of declining mining investment.
- We expect to see price growth continue to moderate given regulatory measures targeting investors and interest-only lending. Nonetheless, we do not expect large scale price declines. Strong population growth and solid growth in employment should continue to be supportive of housing demand.



A moderation in the housing market is continuing. The eight-capital city combined index by CoreLogic fell 0.3% in February, the fourth consecutive monthly drop. Despite falling in recent months, dwelling prices are only 1.3% down from its September peak.

On an annual basis, dwelling prices were 2.0% higher than a year ago, the weakest annual pace since January 2013.

Most capital cities saw prices decline. The cooling in conditions continues to be most evident in Sydney's housing market, where prices fell 0.6%, the sixth consecutive monthly drop. On an annual basis, prices were down 0.5%, the first annual decline in Sydney dwelling prices since August 2012. Sydney prices are now 3.7% down from their July peak, still a modest decline given strong growth in recent years.

Darwin had the largest drop in dwelling prices in February (-0.9%). Among other capital cities, Melbourne (-0.1%), Brisbane (-0.1%), Perth (-0.2%) and Canberra (-0.3%) also fell. Hobart (0.7%) was the only capital city where prices rose in the month, which continues to benefit from strong growth in tourism.

On an annual basis, Hobart was the standout (13.1%). There remains healthy annual growth in Melbourne (6.9%). Modest gains continued in Brisbane (1.8%), Adelaide (2.2%) and Canberra (3.2%). Along with Sydney; prices in Perth (-2.7%) and Darwin (-7.4%) continued to decline in the year, reflecting the lingering impact of declining mining investment.

Outlook

Dwelling prices are continuing to moderate under the weight of tighter lending conditions for interest-only and investor loans, and a broader weakening in confidence within the housing market. Markets where investors have been most active, namely Sydney and Melbourne, will likely continue to see the most pronounced easing in conditions. While we expect to see price growth continue to moderate given these regulatory measures, we do not expect large scale price declines. Strong population growth and solid growth in employment should continue to be supportive of housing demand.

Janu Chan, Senior Economist
Ph: 02-8253-0898

Contact Listing

Chief Economist

Besa Deda
dedab@bankofmelbourne.com.au
(02) 8254 3251

Senior Economist

Josephine Horton
hortonj@bankofmelbourne.com.au
(02) 8253 6696

Senior Economist

Janu Chan
chanj@bankofmelbourne.com.au
(02) 8253 0898

The Detail

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