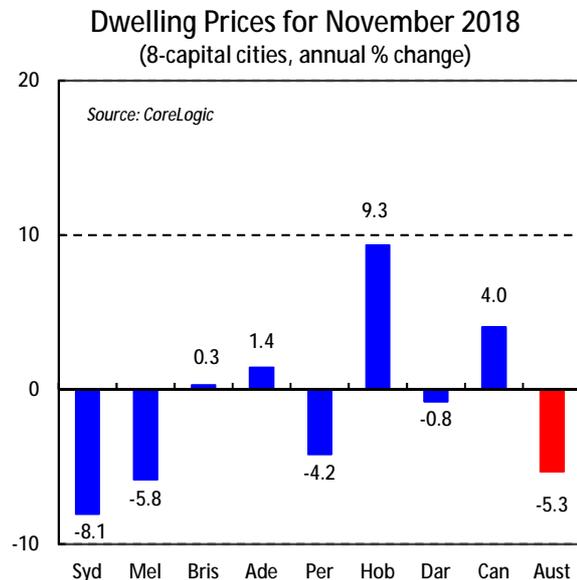
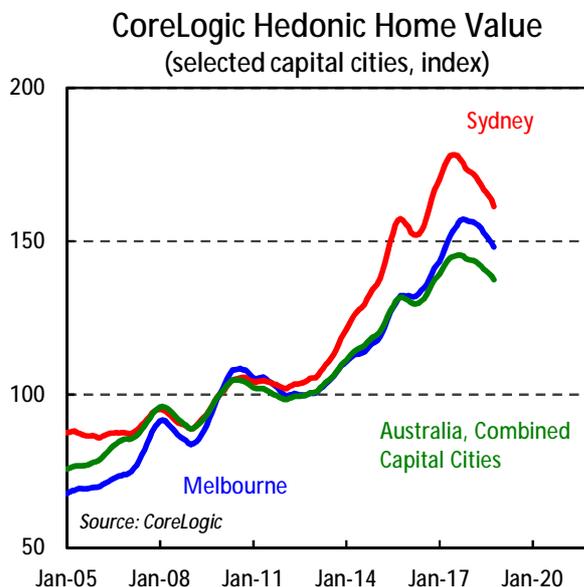


## Dwelling Prices Downturn Accelerates

- The downturn in national dwelling prices accelerated in November. The CoreLogic eight-capital city combined dwelling price index fell 0.9% in October, the 14<sup>th</sup> consecutive month of decline and the largest monthly decline since December 2008.
- The annual decline in capital city dwelling prices also accelerated from 4.6% in October, to a decline of 5.3% in November. It was the weakest annual pace since April 2009.
- In November, Sydney (-1.4%), Melbourne (-1.0%) and Perth (-0.7%) drove the decline. After outperforming other capital cities over recent years, Sydney and Melbourne are leading the downturn in prices. Dwelling prices in other capital cities rose in November.
- Demand for housing has been impacted by tighter credit conditions and the introduction of regulatory measures in recent years. We expect declines in dwelling prices to continue.



The downturn in national dwelling prices accelerated in November. The CoreLogic eight-capital city combined dwelling price index fell 0.9% in October, the 14<sup>th</sup> consecutive month of decline and the largest monthly decline since December 2008.

The annual decline in capital city dwelling prices also accelerated from 4.6% in October, to a decline of 5.3% in November. It was the weakest annual pace since April 2009. The tightening in lending conditions is weighing on demand for housing, as are the regulatory measures of recent

years.

In November, Sydney (-1.4%), Melbourne (-1.0%) and Perth (-0.7%) drove the decline. After outperforming other capital cities over recent years, Sydney and Melbourne are leading the downturn in prices. Prices are down 9.5% and 5.8% in Sydney and Melbourne, respectively, from their peak. Perth dwelling prices also continued to decline, falling 0.7% in November.

Dwelling prices in other capital cities mostly edged higher in November. Prices gained in Brisbane and Adelaide (both up 0.1%), the ACT (0.6%) and Hobart and Darwin (both rising 0.7%).

On a year ago, Hobart still had the strongest growth of all capital cities, at 9.3%. Canberra (4.0%) and Adelaide (1.4%) had modest growth in the year, while Brisbane dwelling prices edged higher (0.3%). Annual price declines accelerated in Sydney (-8.1%), Melbourne (-5.8%) and Perth (-4.2%) in November. Dwelling prices in Darwin slipped 0.8% in the year to November.

Outside of the capital cities, combined regional dwelling prices slipped further in November (-0.1%). The annual pace of regional dwelling price growth decelerated to 0.3% in November, from 0.8% in October.

## Outlook

A downturn in dwelling prices continues to be driven by Sydney, Melbourne and Perth. Dwelling prices in most other capital cities continue to increase. Demand for housing, however, has been impacted by tighter credit conditions and the introduction of regulatory measures in recent years. We expect declines in dwelling prices to continue. Nonetheless, it is important that this correction is taken in the context of an over 70% increase in prices from its 2013 trough to its 2017 peak in Sydney, and a near 60% increase in prices in Melbourne over the same period.

Jo Horton, Senior Economist  
Ph: 02-8253-6696

## Contact Listing

Chief Economist

Besa Deda

[dedab@bankofmelbourne.com.au](mailto:dedab@bankofmelbourne.com.au)

(02) 8254 3251

Senior Economist

Josephine Horton

[hortonj@bankofmelbourne.com.au](mailto:hortonj@bankofmelbourne.com.au)

(02) 8253 6696

Senior Economist

Janu Chan

[chanj@bankofmelbourne.com.au](mailto:chanj@bankofmelbourne.com.au)

(02) 8253 0898

### The Detail

The information contained in this report (“the Information”) is provided for, and is only to be used by, persons in Australia. The information may not comply with the laws of another jurisdiction. The Information is general in nature and does not take into account the particular investment objectives or financial situation of any potential reader. It does not constitute, and should not be relied on as, financial or investment advice or recommendations (expressed or implied) and is not an invitation to take up securities or other financial products or services. No decision should be made on the basis of the Information without first seeking expert financial advice. For persons with whom Bank of Melbourne has a contract to supply Information, the supply of the Information is made under that contract and Bank of Melbourne’s agreed terms of supply apply. Bank of Melbourne does not represent or guarantee that the Information is accurate or free from errors or omissions and Bank of Melbourne disclaims any duty of care in relation to the Information and liability for any reliance on investment decisions made using the Information. The Information is subject to change. Terms, conditions and any fees apply to Bank of Melbourne products and details are available. Bank of Melbourne or its officers, agents or employees (including persons involved in preparation of the Information) may have financial interests in the markets discussed in the Information. Bank of Melbourne owns copyright in the information unless otherwise indicated. The Information should not be reproduced, distributed, linked or transmitted without the written consent of Bank of Melbourne.

---