

Trends in housing values and market activity

Housing values have surged through the pandemic and home sales have reached record highs, but there is growing evidence that conditions are losing momentum

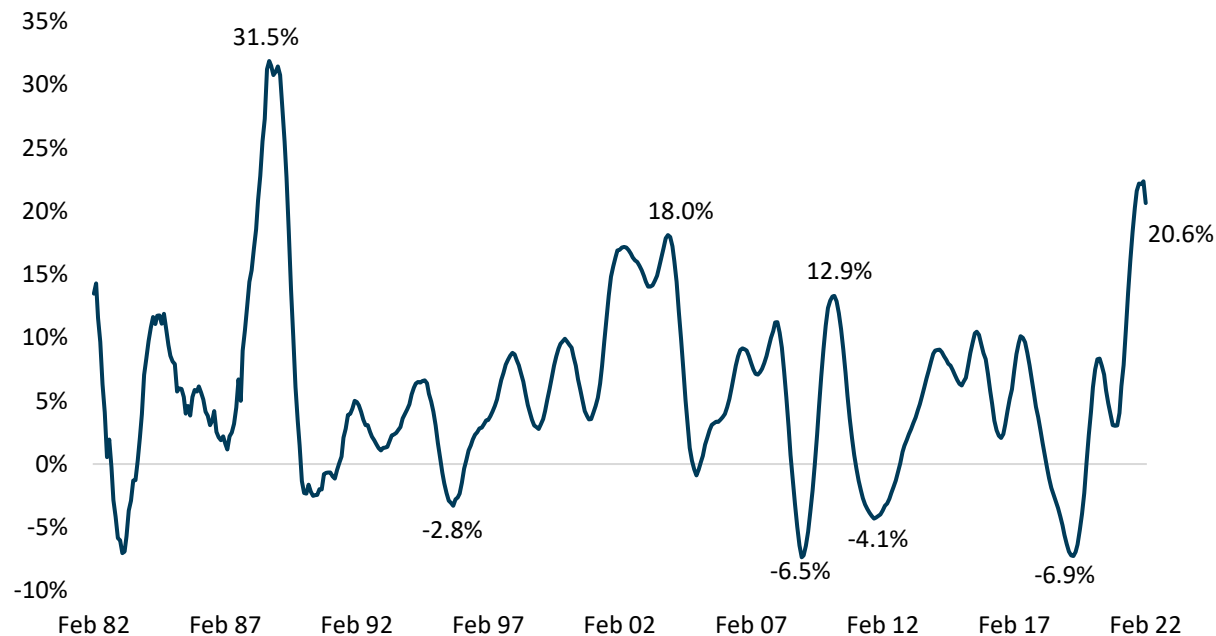
Tim Lawless

CoreLogic

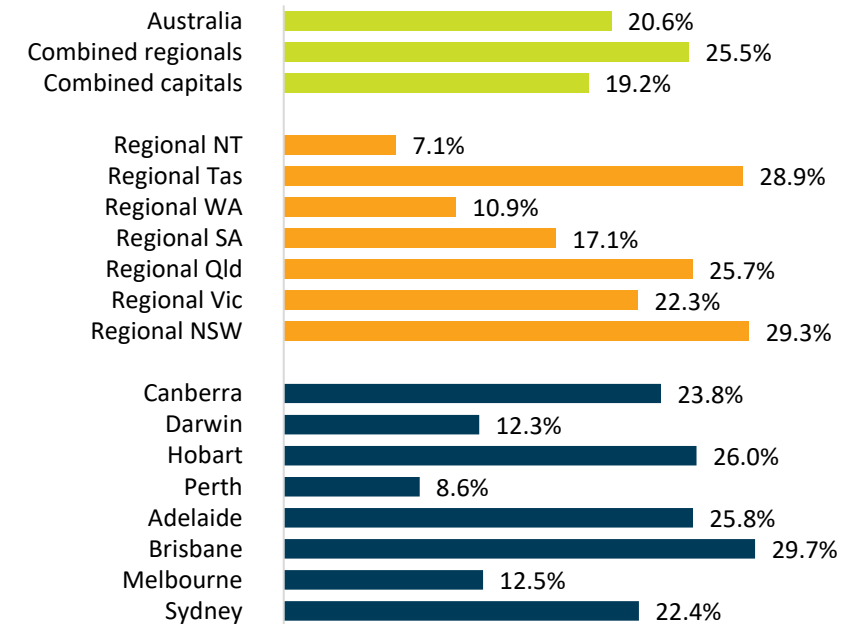


Australian housing values moved through a peak rate of annual growth in January 2022 at 22.4%

Rolling annual change in national dwelling values

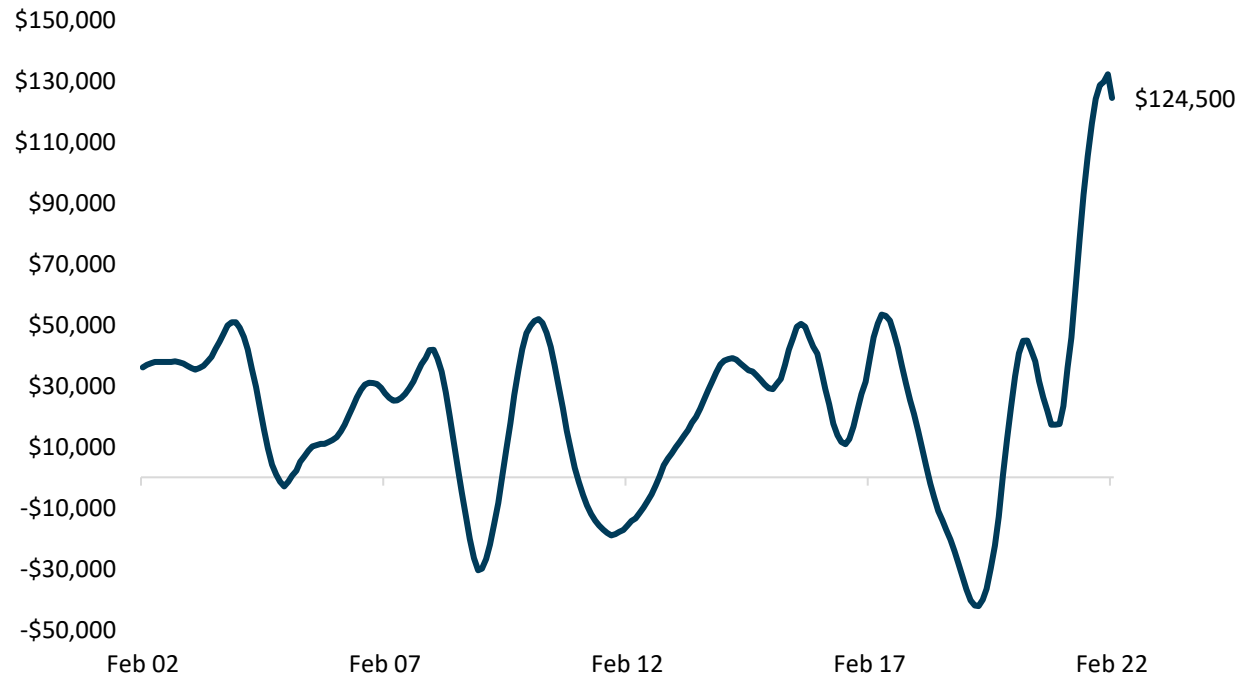


Annual change in dwelling values (to Feb 2022)

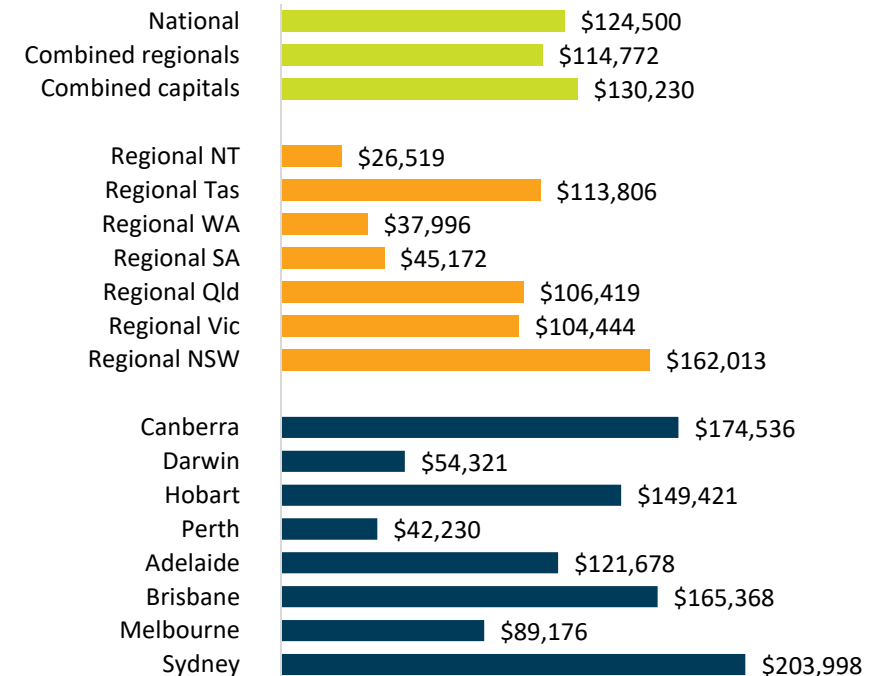


In dollar terms, the typical Australian dwelling has increased in value by approximately \$144,000 since the onset of the pandemic

Rolling annual dollar value change in Australian dwelling values

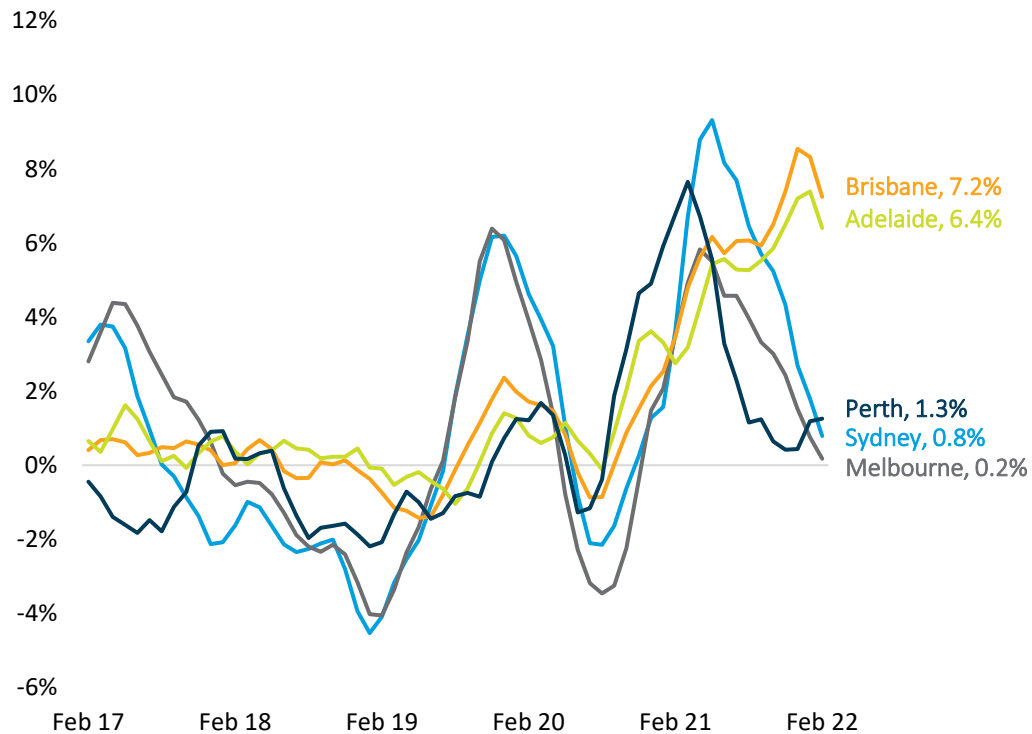


Annual dollar value change, dwellings

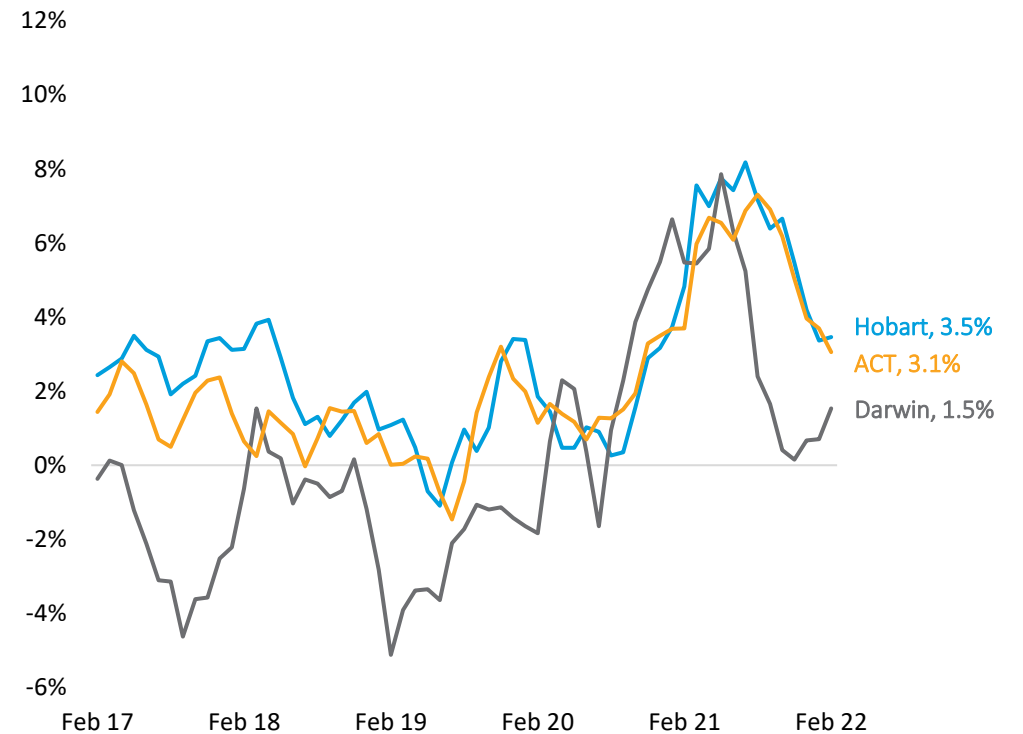


The pace of growth in housing values has been slowing since April last year and conditions have become more diverse

Rolling quarterly change in dwelling values

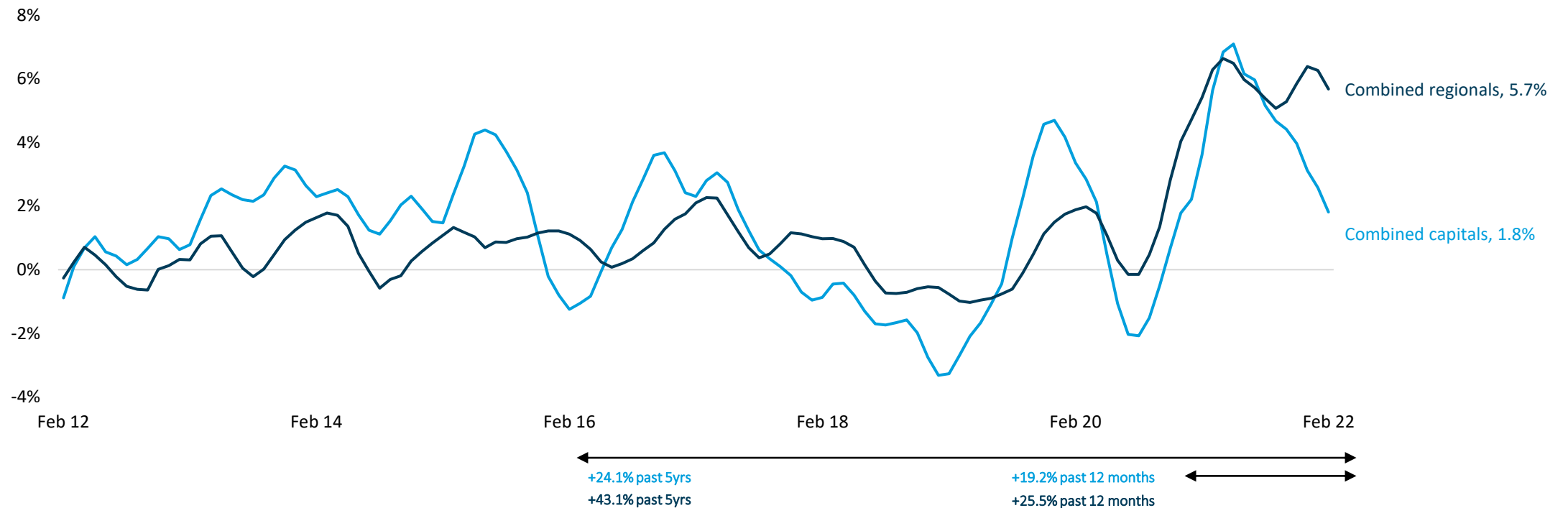


Rolling quarterly change in dwelling values



Regional markets have generally recorded a faster rate of growth and have been more resilient to slowing conditions

Rolling three month change in dwelling values – combined capital cities v combined regional areas

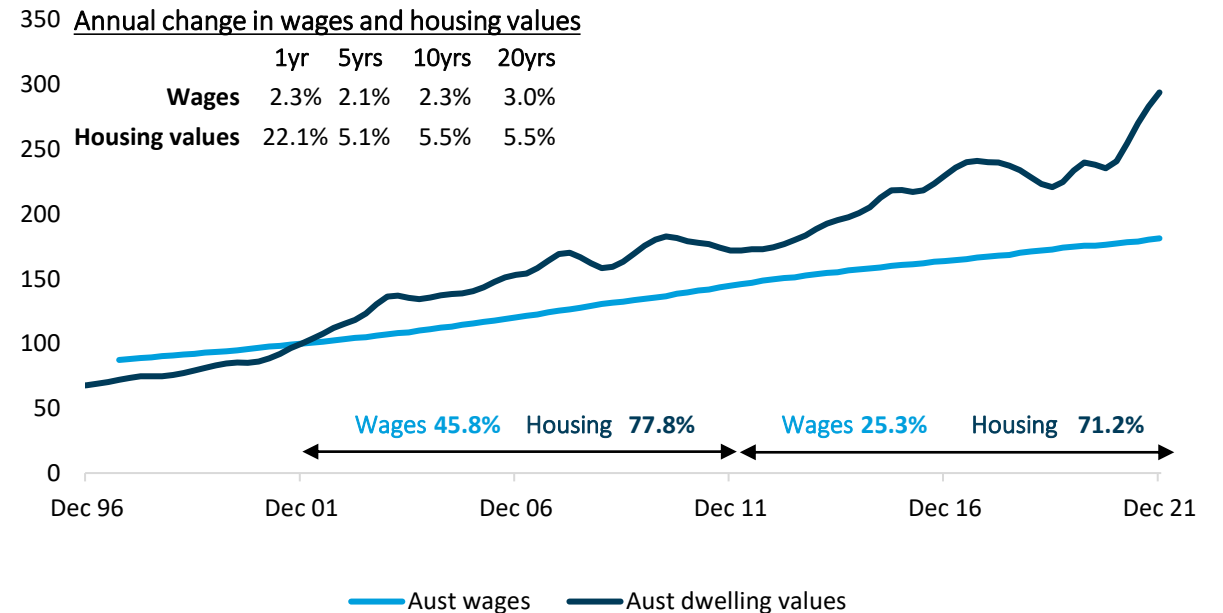


With such a rapid rate of growth in housing values against a backdrop of low income growth, housing affordability pressures have become more pronounced

Annual change in wages v dwelling values, Australia

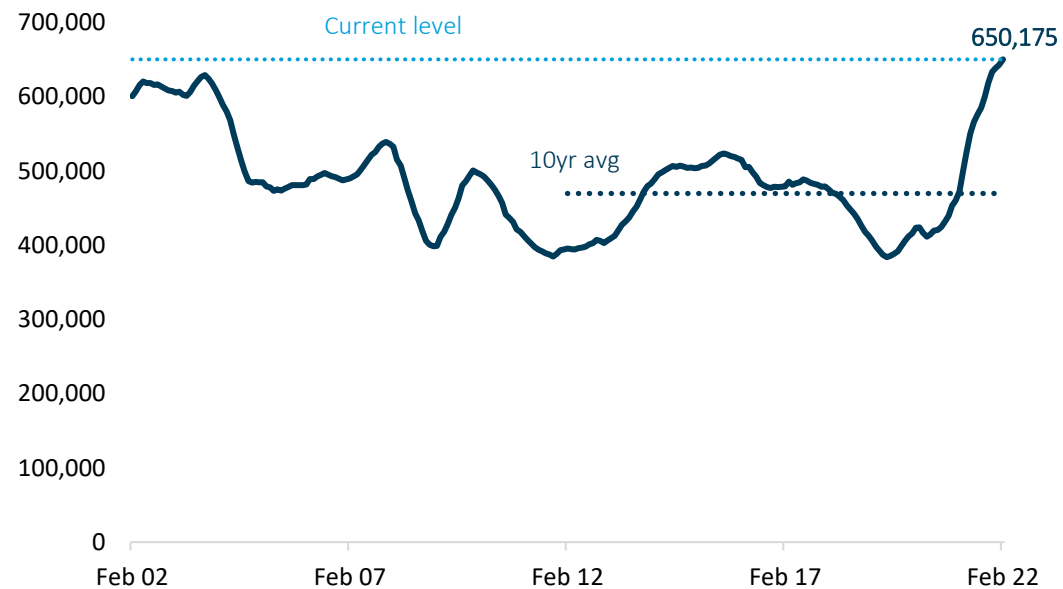


Wages v Housing values, Australia

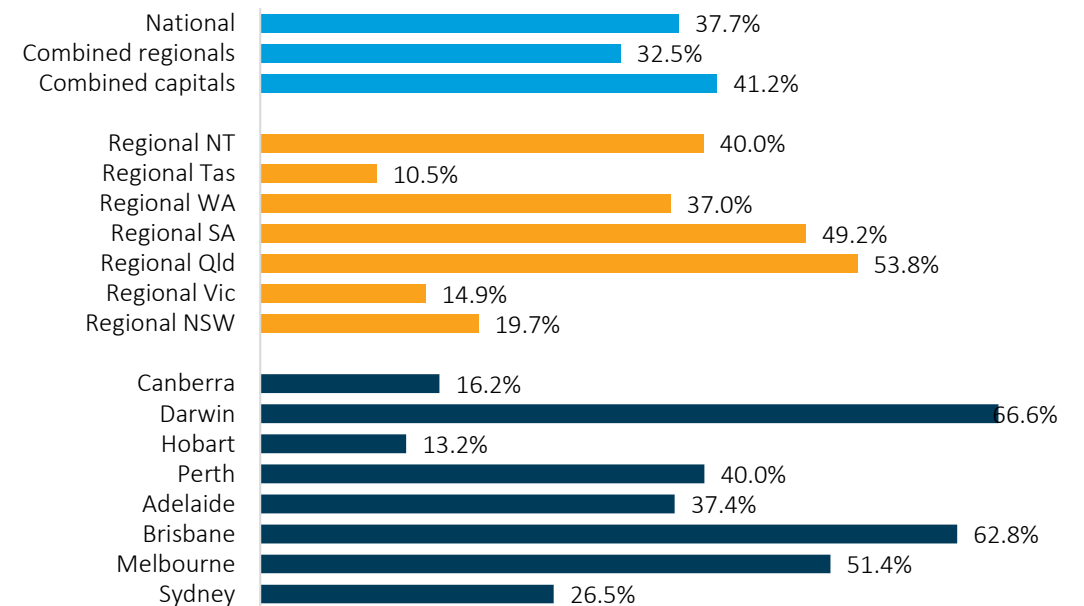


Housing demand has surged after a long period of declining turnover

Annual sales, National



Year on year change in settled sales



Most of the factors that have supported higher housing values are losing their potency

- › Record low mortgage rates
 - › Fixed rates rising through most of 2021 and cash rate set to rise later this year
 - › Improved affordability following the 2017-2019 reduction in housing values
 - › Earlier improvements in housing affordability have now been eroded by high value growth / low income growth.
 - › Higher levels of housing sentiment
 - › Housing sentiment (based on the Westpac/MI survey 'time to buy a dwelling index' is now 36% below the Nov 2020 high.
 - › A surge in household savings amid lockdowns
 - › Households savings are normalising and are likely to be further diminished by higher costs of living and higher cost of debt.
 - › An imbalance between demand and supply
 - › Listing numbers are normalising while demand has likely peaked
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