

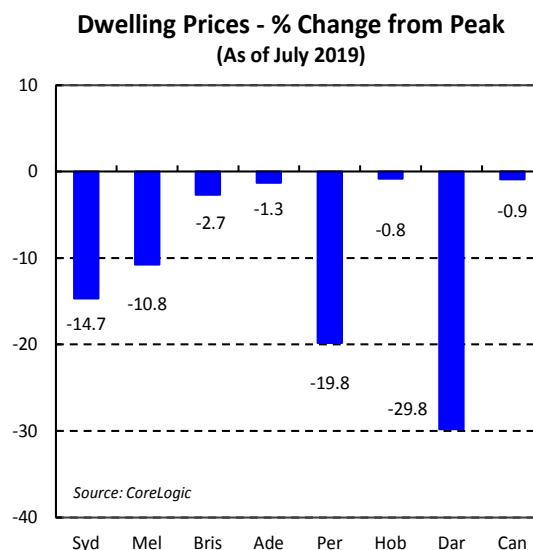
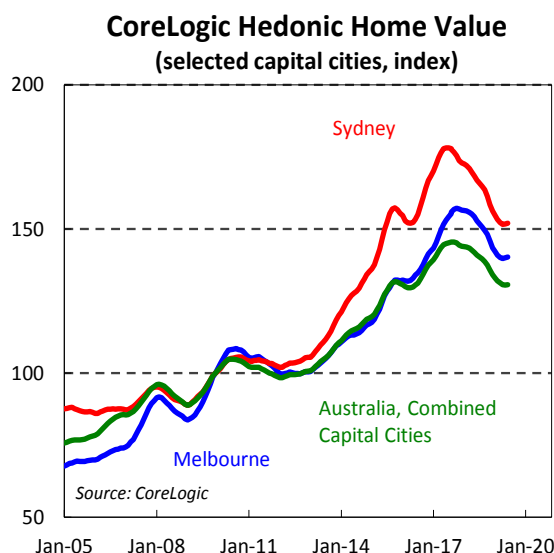
Thursday, 1 August 2019



Dwelling Prices

Finding a Floor

- Today, we gained further evidence of stabilising in dwelling prices. Dwelling prices across 8-capital cities edged up 0.1% in July. While this was a small increase, it was the best result since August 2011.
- Dwelling prices in both Sydney and Melbourne have increased for two consecutive months, providing a clearer indication that prices in these two capital cities have bottomed out.
- The stabilisation in prices was more broad-based across capital cities in July. Five out of the eight capital cities recorded increases, including Brisbane (0.2%), Hobart (0.3%) and Darwin (0.4%), along with Sydney and Melbourne (both rising 0.2%).
- The two rate cuts from the RBA and clarity over housing tax policies after the Federal election have translated into a major turnaround in sentiment within the housing market. Stronger interest in the housing market has also been reflected in higher auction clearance rates in Sydney and Melbourne.
- In annual terms, dwelling prices in all capital cities declined in July, except for Hobart and Canberra.
- Recent rate cuts from the RBA and the prospect of more to come will continue to support the housing market. A return to the strong price growth over 2012 to 2017 is unlikely any time soon. Slow income growth and high household debt levels will likely prevent a sharp turnaround. However, it would seem that the housing market is performing better than expected and a mild recovery could come sooner than previously thought. The litmus test will be the spring selling season, as sales volumes are still low.



Today, we gained further evidence of stabilising in dwelling prices. Dwelling prices across 8-capital cities edged up 0.1% in July. While this was a small increase, it was the best result since August 2011.

Dwelling prices in both Sydney and Melbourne have increased for two consecutive months, providing a clearer indication that prices in these two capital cities have bottomed out. Additionally, the stabilisation in prices was more broad-based across capital cities in July. Five out of the eight capital cities recorded increases, including Brisbane (0.2%), Hobart (0.3%) and Darwin (0.4%), along with Sydney and Melbourne (both rising 0.2%).

Dwelling prices in Adelaide (-0.3%), Canberra (-0.3%) and Perth (-0.5%) declined in July.

The two rate cuts from the RBA and clarity over housing tax policies after the Federal election have translated into a major turnaround in sentiment within the housing market. This pick up in sentiment has been reflected in responses in the Westpac-Melbourne Institute consumer sentiment survey, relating to housing. Stronger activity in the housing market has also been reflected in higher auction clearance rates in Sydney and Melbourne.

Dwelling prices are still well down from their peaks in Sydney and in Melbourne. Declines from peaks remain modest in Brisbane, Adelaide, Hobart and Canberra, while the largest falls were in Perth and Darwin.

On an annual basis, dwelling prices in all capital cities were in decline, except for Hobart (2.8%) and Canberra (1.1%). Annual rates however, improved in Sydney (-9.0%) and Melbourne (-8.2%), Brisbane (-2.4%), Perth (-8.9%) and Darwin (-7.6%). Adelaide dwelling prices were down 0.8% in the year to July.

Outlook

The two rate cuts from the RBA over June and July and the prospect of more to come will continue to support the housing market. A return to the strong price growth over 2012 to 2017 is unlikely any time soon. Slow income growth and high household debt levels will likely prevent a sharp turnaround. However, it would seem that the housing market is performing better than expected and a small recovery could come sooner than previously thought. The litmus test will be the spring selling season, as sales volumes are still low.

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