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# NAB Australian Housing Market Update- Mar. 26

Presented by Cotality



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# NAB Australian Housing Market Update

Welcome to Cotality's housing market update for April.

Cotality's national home value index rose 0.3% in April, the slowest monthly growth since January 2025. Every capital city saw the trend in home values lose some momentum in April, but the differences are signalling a clear loss in momentum as the housing cycle moves through a turning point.

Sydney and Melbourne were the main drag on the headline number, with values falling 0.6% over the month. Sydney is now 1.0% below its November peak. Melbourne is 1.9% below its November 2025 cyclical high, and 2.3% below the March 2022 peak. In Perth, the rate of growth is clearly cooling, but it's still a strong market. Home values rose 2.1% in April, adding more than \$21,000 to the median dwelling value. Brisbane, Adelaide and Darwin also saw the pace of gains cool, but from a high base, with values still rising by more than 1% month-on-month in each city.

This cooling trend has been building since late last year, initially because affordability and serviceability were constraining demand, but also a pickup in inflation late last year that weighed on confidence as the RBA took a more hawkish stance. Now, with higher interest rates, a sudden rise in transport costs and the potential for further rate hikes, sentiment has

dropped sharply, adding to the headwinds for housing demand.

Lower demand can be seen in fewer home sales. Capital city sales over the three months to April were estimated to be 5.4% lower than a year ago and 7.4% below the previous five-year average. At the same time, advertised stock is rising in the weakest markets. Over the four weeks ending May third, the number of homes advertised for sale was 12% above the five-year average in Sydney and 3.5% above average in Melbourne.

In the mid-sized capitals, stock is tight, but even in these cities, listings are starting to lift, albeit from a low base, and still below typical levels for this time of year. You can see that demand-supply imbalance in auctions too. Clearance rates have been sitting below 55% since the last week of March.

Growth continues to be concentrated at the most affordable end of the market. Across every capital city, the lower-priced quartile is outperforming, as buyers focus where borrowing power stretches further, and where first home buyer incentives matter most. Sydney is the clearest example. Lower-tier house values are up 2.9% year-to-date, while the most expensive quarter of the market is down 3.3%.

Regional markets are holding up better, but conditions are easing here too. Over the first four months of the year, home values across the combined regional markets rose 4.2%, versus 1.8% across the combined capitals, helped by lower price points and above-average internal migration. Even so, momentum is cooling, with April's rise of 0.9% the smallest monthly increase in nine months.

On the rental side, there's still no real sign of easing. The national vacancy rate was recorded at 1.7% in April, lower for units at 1.6% and 1.8% for houses. Every capital city is recording a vacancy rate of 1.9% or lower, well under the decade average of 2.5%, and a long way from the 3.3% average we saw in the ten years before 2020.

With vacancies this low, rents keep pushing higher, up 0.6% in April and 5.7% higher over the year, the fastest annual pace since October 2024. That's roughly \$38 more per week on the national median rent over the past twelve months.

Gross rental yields in most capitals are well below the cost of debt, before you even factor in holding costs. That means new or recent investors are likely to be running cash-flow negative unless they've put down a large deposit.

Now let's check out the housing trends in each capital city.

Sydney recorded its fourth decline in five months, with dwelling values down 0.6% in April, taking the market 1.0% below record highs from November last year. House values have declined a little more than unit values, down 1.5% since peaking last year, while unit values are down a smaller 0.4% from a peak in March. Lower quartile values are consistently showing a stronger performance, tracking higher in April to be 7.6% higher over the past 12 months compared with a 0.6% annual rise in upper quartile values. As the market weakens, listings have risen to above average levels, tracking 12% above the five-year average.

Melbourne home values were down 0.6% in April, the fifth consecutive month where dwelling values have declined. Since moving through a cyclical high in November last year, the market is down a cumulative 1.9% to be 2.3% below the record high recorded in March 2022. The five-month downturn has seen house values fall by 2.3% and unit values are down a smaller 1.1%. Across the broad value tiers, the lower quartile of the market is showing some resilience, with values relatively flat in April (+0.1%) while upper quartile values drove the decline, falling 1.2% over the month. With demand side headwinds becoming more prominent, listings have trended higher, tracking 5.1% higher than a year ago and 2.2% above the five-year average.

The pace of growth in Brisbane's housing market is easing, but still strong, with value rising a further 1.2% in April, adding approximately \$13,750 to the median value of a home. Although values are still rising rapidly, the quarterly trend has eased from a cyclical high of 5.8% in November last year to 4.7% over the three months ending April. Unit values are still rising faster than houses, up 7.5% over the first four months of the year compared with a 6.2% increase in house values. The strongest growth conditions remain skewed towards the lower priced markets, with lower quartile values up 1.7% in April compared with a 0.9% increase in values across the most expensive quarter of the market.

Adelaide home values rose 1.1% in April, the seventh month in a row where home values have risen by more than 1%. While conditions remain strong, the trend rate of growth has eased since moving through a cyclical high in December last year when values were up 4.2% over the quarter. The past three months has seen the trend rate of growth ease to 3.5%. It's the lower quartile of the market where values are consistently rising the fastest, up 15.6% over the past twelve months compared with a 9.5% rise across the most expensive quarter of the market.

Perth continued to lead the nation for home value growth, with the market up 2.1% in April, taking the median about \$21,280 higher in April. The 26.0% increase recorded over the past 12 months is the strongest annual gain for the region since the 12 months ending January 2007 as the market was cooling from peak mining boom conditions. Value growth remains concentrated around the lower price tiers, with values up 2.4% for lower quartile properties in April compared with a 1.8% rise across the upper quartile of the market. Extremely low stock levels remain a feature of the Perth market,

supporting the upwards pressure on prices, but this is starting to change with a clear upswing in total listings underway, albeit from a low base.

Hobart home values edged 0.2% higher in April, the smallest month on month rise in seven months. Growth conditions are skewed towards the more affordable end of the market, with values up 1.1% over the month across the lower quartile but 0.8% down across the most expensive quarter of properties. A similar result can be seen over the past 12 months with values up 12.0% and 5.5% respectively for lower and upper quartile home values. Regional areas of Tasmania are recording a stronger result, up 0.5% in April, led by Burnie-Ulverstone with a 1.7% jump over the month.

Darwin home values were up 1.3% in April and trending 3.0% higher through the rolling quarter. The trend rate of growth, which helps to read through the monthly volatility, has been easing since moving through a cyclical high in December the values were up 5.6% over the quarter. Both house and unit values were at a record high in April, with the unit market posting a nominal recovery from the earlier 2013 record high a month ago in March. The unit sector has been showing a stronger rate of growth than houses through the year to date, up 7.1% compared with a 3.3% rise in house values.

Canberra home values were flat in April, breaking a fourteen-month run of mild value growth. In a turn of events, it has been the unit sector showing a stronger growth trend, with values up 0.8% over the past three months compared with a 0.3% rise in house values. The latest update takes the median house value to just under \$1.5 (\$1,049,789) which is the fourth highest across the eight capitals (after Sydney, Brisbane and Perth), while the unit market has the third lowest median of any capital after Darwin and Hobart.

Overall, housing demand is facing a tougher, and worsening, set of headwinds. It's a mix of cyclical pressures and external shocks, and it's weighing on both value growth and sales activity. Importantly, this slowdown didn't start with the February and March rate rises, it was already underway well before that, and before the conflict in Iran.

Affordability is at record lows across most capitals. Serviceability has deteriorated as inflation has outpaced wages, and higher interest rates have reduced borrowing capacity. Population growth is also normalising after the post-pandemic surge,

removing a key demand tailwind that supported housing activity in recent years.

More recently, geopolitical uncertainty, and a global oil shock, has added to the downside risk. Inflation data to March confirms the rapid flow through of high fuel prices to transport costs and there is likely more to come.

With the sharp rise in headline inflation and widespread expectation of higher interest rates, consumer sentiment has fallen sharply. Lower confidence usually translates into fewer high-commitment decisions, like buying property. Historically, sentiment and home sales tend to move together.

You can see these pressures in the data. Value growth is easing, auction clearances are below average, and listings are lifting in most markets. More choice, and longer selling times, reduces urgency, and that's gradually creating more balanced market conditions, or even giving buyers the upper hand where stock is above average.

At the same time, demand is highly price-sensitive. Competition is strongest below the median, where first home buyer support and serviceability limits concentrate demand.

One offsetting factor is new housing supply. Housing supply constraints should provide some support for home values. New dwelling construction continues to undershoot underlying demand, and that gap could widen as higher oil and fuel prices lift construction costs.

Another factor helping to offset the headwinds is the labour market, where persistently low unemployment rates support income security and reduces the risk of forced selling. Put together, these factors should help prevent a sharp downturn. The base case looks like further loss of momentum rather than a major correction.

As 2026 progresses, outcomes are likely to remain diverse, varying by city, region, and price point. If you're buying, selling, or investing, the key is to stay on top of your local conditions and data flows, not just the national headline.

With the market evolving it is more important than ever to stay up to data with the latest insights.