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NAB Residential Property Survey Q4 2024



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With momentum in the national housing market slowing further in the final quarter of 2024, the **NAB Residential Property Index** moved lower for the third consecutive quarter and slipped below average for the first time since March 2023. Outcomes were however mixed across the country, with sentiment dropping back into negative territory in the ACT, VIC and NSW. Confidence moderated with average survey expectations for house prices and rents for the next 1-2 years trimmed back. New research suggests confusion reigns in relation to the current state of housing markets in Australia.

NAB's outlook for property prices has been slightly revised down for 2025, though we expect growth to accelerate in 2026. We now see the 8-capital city dwelling price index ending the year around 3% higher, and for a slightly larger increase of 6% over 2026. On rates, we see the RBA continuing to gradually ease policy with the cash rate falling to 3.1% by early-2026. However, we see the risk leaning towards a slightly slower pace of cuts.

Survey Highlights:

The View from Property Experts

With momentum in the national housing market slowing further during the final quarter of last year, the NAB Residential Property Index also continued to fall. Overall, the Index moved lower for the third straight quarter to +16 from +34 in the September quarter. The Index also printed below the survey average (+20) for the first time since the March quarter 2023.

But outcomes varied across the country. State indices moved back into negative territory in the ACT (-30), VIC (-22) and NSW (-2) but remained positive (though lower) in QLD (+58), WA (+40) and SA (+31). It was unchanged and highest in the NT (+67) and turned positive in TAS (+36) for the first time since December 2022.

In this survey, property professionals were asked to best describe the state of the housing market in which they operate compared to the previous quarter. It highlighted both widespread uncertainty (with the number who didn't know ranging from 11% in WA to 22% in QLD), and the challenges faced in accurately forecasting housing markets with responses varying significantly.

In VIC, 62% said the local market was in decline or at the bottom (8%), but 13% starting to recover and 2% rising. In NSW, 48% said it was falling, 22% recovering or rising and 9% at the peak. In QLD, 37% said it was rising, 28% at the peak and 13% starting to or in decline. In SA, 50% also said market was rising or peaking, but 25% starting to decline and 8% approaching the bottom. In WA, over 8 in 10 (82%) assessed the market as rising or peaking, and only 7% said it was starting to decline (see Chart 2).

Confidence levels around housing markets also fell further as average survey expectations for house prices and rents for the next 1-2 years were revised down. Confidence dropped to its lowest levels since early/mid-2023, with both short (+29) and longer term (+43 pts) measures also printing below average (+38 and +46 respectively). Short-term confidence was highest in the NT (+83) and lowest in the ACT (-40). The 2-year measure was positive across the country, ranging from +93 in TAS to +24 in WA.

The average survey expectation for house price growth was trimmed to 1.2% for the next 12 months (1.8% previously) and 2.3% in 2 years' time (2.7% previously). Property professionals were more positive in QLD (3.4%), the NT (3.9%) and TAS (2.4%) for the next 12 months but scaled back projections in WA (4.4 pts), but still highest overall, and SA (1.8pts). They also see prices falling in the ACT (2.4%) and VIC (-1.0%), with growth flat in NSW (0.0%). House prices are expected to grow across the country in 2

years' time, led by the NT (4.5%) and TAS (4.1%), with growth slowest in the ACT (0.5%) and VIC (1.0%).

Property professionals pointed to a further easing in the availability of rental properties in the December quarter. Though still in short supply, the imbalance narrowed in all key states except WA, where shortages were most prevalent. NAB's survey also suggests rental growth will be softer in the next few years, with expectations for the next 12 months scaled back to 1.6% and 2.1% in 2 years' time - their lowest levels since September 2020. The outlook for rents in the next 1-2 years was scaled back across the country except in the NT and TAS, but positive returns are also expected across the country except in the ACT.

The market share of FHBs in new housing markets increased to 38.2% and was higher for both FHB owner occupiers (27.8%) and investors (10.5%). Sales to owner occupiers (net of FHBs) dipped to 37.6%. Local investors were more active (17.9%) though still well below survey average levels. The market share of sales to foreign buyers also dropped to a 3-year low (4.8%).

Construction costs were again seen as the main hurdle to starting new housing developments in December but by a lower 73% of property professionals. Delays getting planning permits was next according to a higher 61%, followed by housing affordability (37%) and rising interest rates (27%). Construction costs were the main barrier in QLD (78%) and VIC (75%). Planning permits were biggest in NSW, with rates a much bigger concern in VIC (42%).

Buying activity in established housing markets continued to be dominated by owner occupiers (net of FHBs) with an overall market share of 43.7%. FHBs accounted for a slightly higher 35.4% of sales (25.4% owner occupiers and 10.0% investors). The share of sales to local investors was marginally higher at a below average 17.2% but ranged from 23.1% in QLD to just 9.5% in VIC. Foreign buyers also accounted for a lower 2.8% of all sales.

Interest rates are still seen as the biggest barrier for established home buyers across the country, followed by access to credit price levels and lack of stock. Interest rates were the biggest constraint for established home buyers in VIC and NSW, access to credit in SA and lack of stock in WA and QLD.

The market share of foreign buyers in Australian housing markets fell to multi year lows for both new (4.8%) and established (2.8%) housing in the December quarter and was also well below survey averages. The share of foreign buyers was also well below average levels in all states in both new and established and established housing markets.

The View From NAB Economics

We have slightly revised down our forecasts for property prices over 2025 and now expect the 8-capital city index to rise by 3% though we see the index rising by around 5% over 2026. Price growth has slowed over recent months, with Melbourne continuing to decline, and Sydney also now falling. Growth in the smaller capitals has also slowed after a period of very strong growth. We expect the softening to continue in the near-term before price growth normalises in H2 2025.

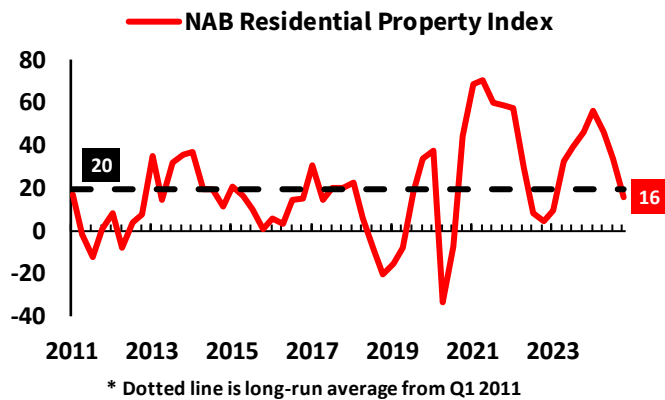
Our broader views continue to encompass a soft landing for the economy with inflation settling around the middle of the RBA's target band by mid-2025, allowing the RBA to gradually ease interest rates away from the current restrictive stance. Importantly, the labour market conditions have remained healthy, and we expect unemployment to peak in the low 4% range. That said, with growth picking up and the labour market starting from a relatively tight position, they RBA will tread carefully.

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Group Chief Economist

View From Property Experts

Chart 1: NAB Residential Property Index



View from NAB Economics

Table 2: NAB Hedonic Dwelling Price Forecasts (%)*

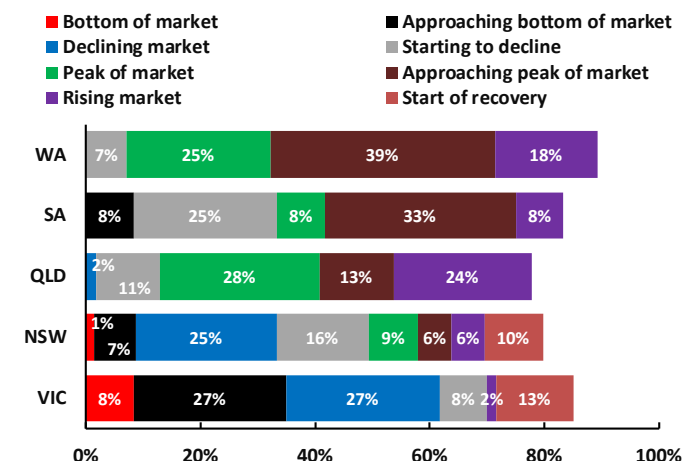
	2023	2024	2025f	2026f
Capital City Average	9.7	4.4	2.9	5.6
Sydney	11.3	2.3	2.3	4.9
Melbourne	4.2	-2.9	1.2	5.5
Brisbane	13.5	11.2	5.4	8.3
Adelaide	8.8	13.0	6.4	5.6
Perth	16.2	18.5	5.8	6.9
Hobart	-1.8	-0.4	1.3	2.4

*% change represent through the year growth to Q4 SOURCE: CoreLogic, NAB Economics

Table 1: Residential Property Index: States

	Sep-24	Dec-24	Next 12 months	Next 2 years
NAB Residential Property Index	34	16	29	43
Victoria	10	-22	15	36
New South Wales	18	-2	17	49
Queensland	61	58	43	41
South Australia	90	31	63	56
West Australia	64	40	36	24
Australian Capital Territory	14	-30	-40	30
Northern Territory	67	67	83	83
Tasmania	-28	36	43	93

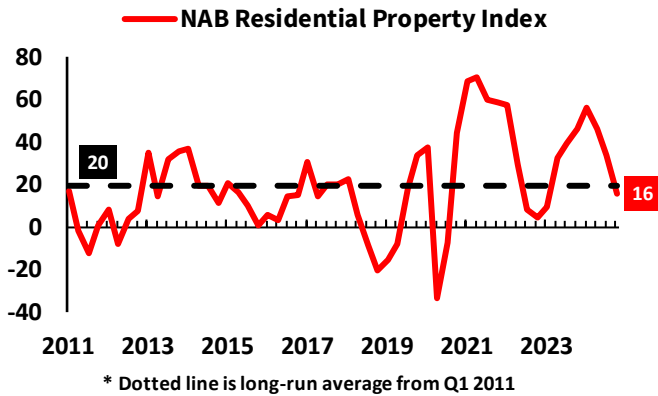
Chart 2: Property Clock: Q4 2024



NAB Residential Property Index

With momentum in the national housing market slowing further during the final quarter of last year, the **NAB Residential Property Index** also continued to fall. Overall, the Index moved lower for the third straight quarter to +16 from +34 in September. It also fell below the survey average (+20) for the first time since the March quarter 2023.

Chart 3: NAB Residential Property Index

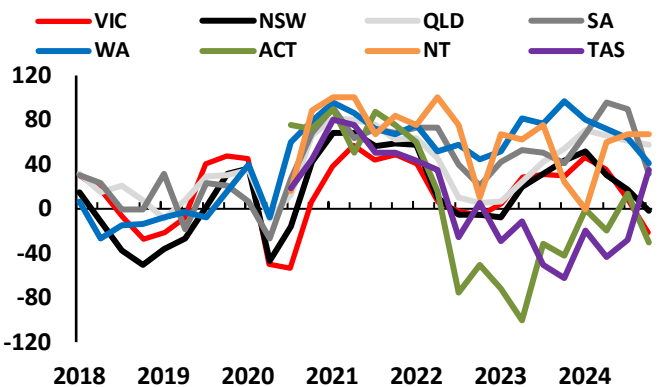


But outcomes varied widely across the country. State indices moved back into negative territory in the ACT (-30), VIC (-22) and NSW (-2). Sentiment remained positive but moderated in QLD (+58), WA (+40) and SA (+31). It was unchanged and highest in the NT (+67) and moved back into positive territory in TAS (+36) for the first time since December 2022.

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South Australia	90	31	63	56
West Australia	64	40	36	24
Australian Capital Territory	14	-30	-40	30
Northern Territory	67	67	83	83
Tasmania	-28	36	43	93

Chart 4: NAB Residential Property Index: States



Confidence levels slipped further in December and dropped to their lowest levels since early/mid-2023. Both the short (+29) and longer term (+43 pts) measures also printed below survey averages (+38 and +46 respectively). Short-term confidence is highest in the NT (+83) and lowest in the ACT (-40). The 2-year measure was however positive across the country but ranged from +93 in TAS to +24 in WA.

Chart 5: NAB Residential Property Index: Next 1-2 years

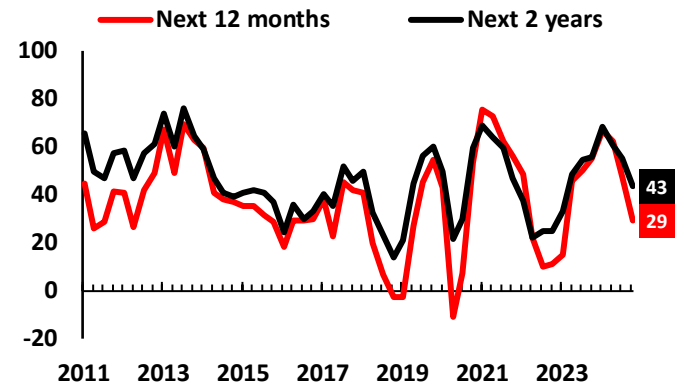


Chart 6: Residential Property Index: States - Next 12 months

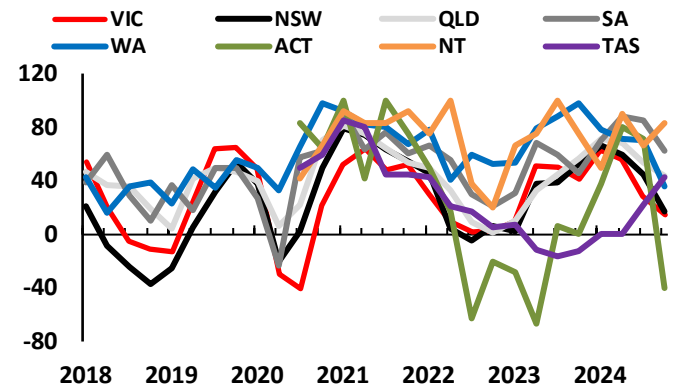
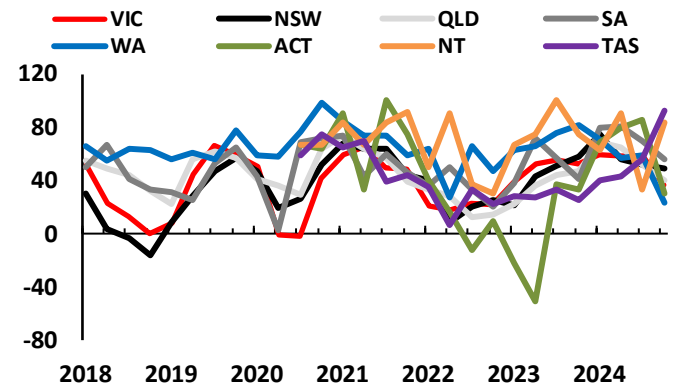


Chart 7: Residential Property Index: States - Next 2 years



Survey House Price Expectations

The average survey expectation for house price growth was trimmed to 1.2% for the next 12 months (1.8% previously) and 2.3% in 2 years' time (2.7% previously). But expectations are diverse across the country.

Table 4: Avg Survey House Price Forecasts (%)

	Next 12 months		In 2 years	
	Sep-24	Dec-24	Sep-24	Dec-24
Australia	1.8	1.2	2.7	2.3
Victoria	-0.5	-1.0	1.4	1.0
New South Wales	1.5	0.0	2.7	2.0
Queensland	2.6	3.4	3.0	3.5
South Australia	3.7	1.8	2.7	2.0
West Australia	5.8	4.4	4.9	2.8
Australian Capital Territory	0.8	-2.4	2.0	0.5
Northern Territory	-0.4	3.9	1.4	4.5
Tasmania	1.6	2.4	3.4	4.1

Surveyed property professionals lifted house price growth projections for the next 12 months in QLD (3.4%), the NT (3.9%) and TAS (2.4%).

They were scaled back in WA (4.4 pts) but still highest overall and SA (1.8pts). Property professionals now see prices falling the ACT (-2.4%) and VIC (-1.0%), with growth flat in NSW (0%).

House prices are however expected to grow across the country in 2 years' time, led by the NT (4.5%) and TAS (4.1%), with growth slowest in the ACT (0.5%) and VIC (1.0%).

Chart 8: Avg Survey House Price Forecasts: States - Next 12 months (%)

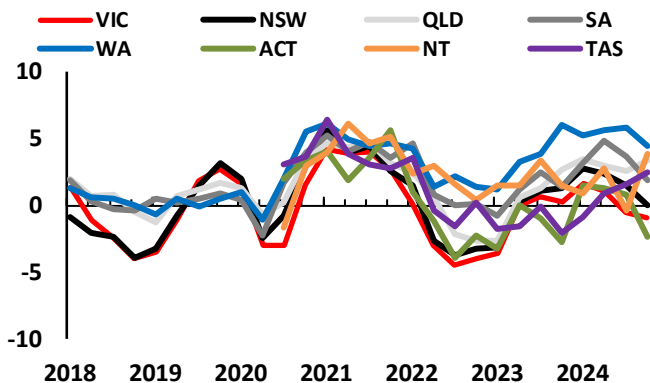
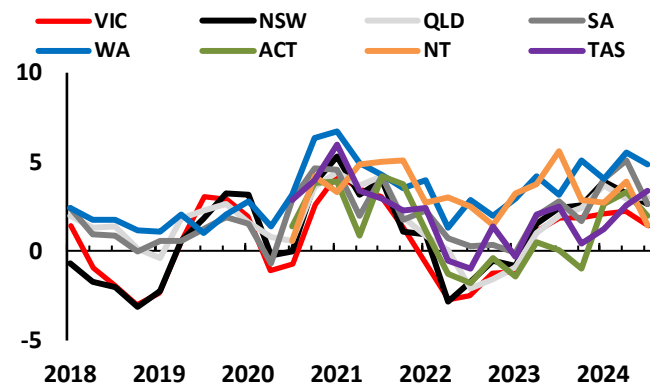


Chart 9: Avg Survey House Price Forecasts: States - Next 2 years (%)



Survey Rent Expectations

CoreLogic data shows that rental markets finished 2024 on a softer note with the with the smallest December quarter rise in rents since 2018. Our survey suggests rental growth will also be softer over the next few years, with expectations for the next 12 months scaled back to 1.6% and to 2.1% in 2 years' time - and now at their lowest levels since September 2020.

The outlook for rental growth was cut back in all states over the next 1-2 years except in the NT and TAS. Positive income returns are however still forecast across the country, except in the ACT.

Table 5: Avg Survey Rent Forecasts (%)

	Next 12 months		In 2 years	
	Sep-24	Dec-24	Sep-24	Dec-24
Australia	2.5	1.6	2.6	2.1
Victoria	2.8	2.5	3.7	2.5
New South Wales	1.8	0.9	2.6	2.1
Queensland	2.0	1.4	2.1	1.9
South Australia	3.0	1.0	3.2	0.8
West Australia	2.7	1.3	1.5	0.9
Australian Capital Territory	3.1	-1.1	4.4	-0.4
Northern Territory	3.9	5.0	2.8	5.8
Tasmania	0.4	1.0	2.2	3.0

Chart 10: Avg Survey Rent Forecasts: States - Next 12 months (%)

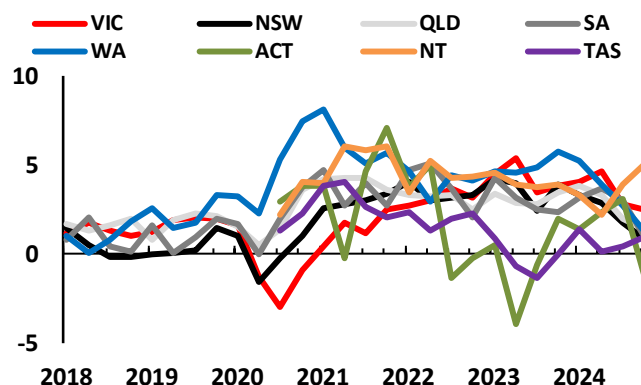


Chart 11: Avg Survey Rent Forecasts: States - Next 2 years (%)

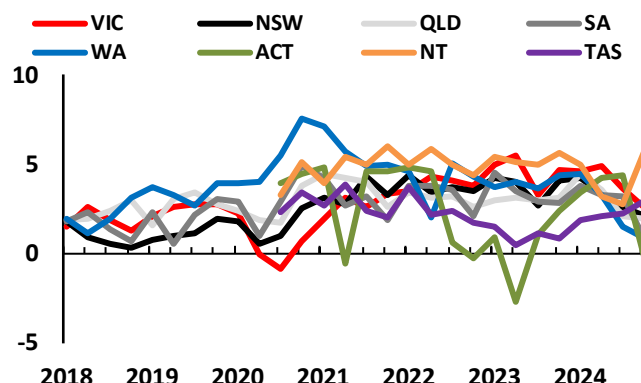
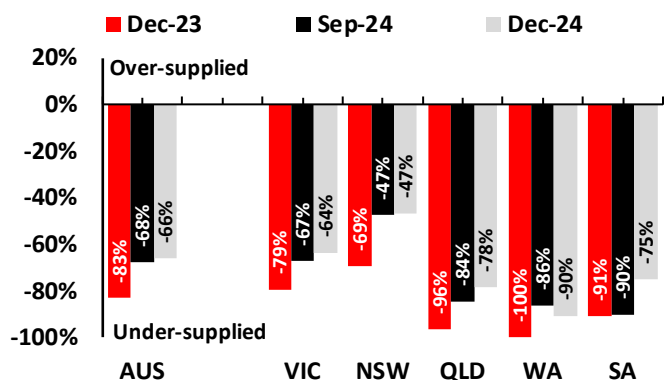


Chart 12: Housing Demand/Supply Balance for Rental Properties (net balance)



Property professionals also pointed to a further easing in the availability of rental properties in the December quarter. Though still in short supply, the imbalance narrowed in all key states except WA, where shortages were most prevalent.

New Housing Markets

The market share of FHBs in new housing markets in December increased to a 2-year high 38.2% and was higher for FHB owner occupiers (27.8%) and investors (10.5%). Sales to owner occupiers (net of FHBs) however dipped to 37.6%. Local investors were more active in this market (17.9%) though still well below survey average levels. The market share of sales to foreign investors also dropped to a 3-year low (4.8%) and was well below average.

Chart 13: Buyers: New Developments (% share)

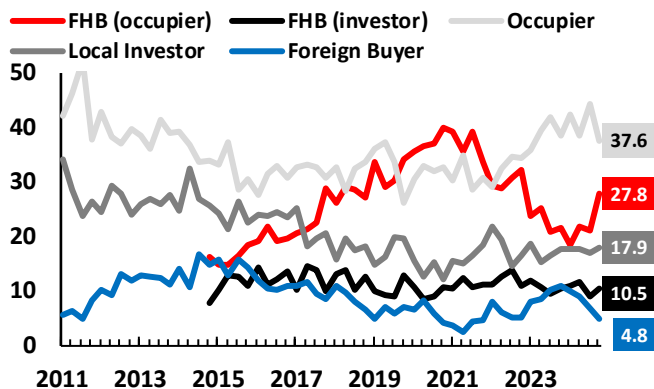


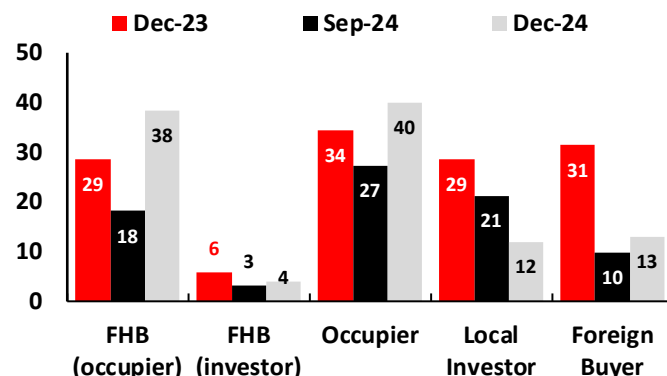
Table 6: Buyers: New Developments: Main States Q4 2024 (%)

	VIC	NSW	QLD	SA	WA
FHB (occupier)	25.8	26.3	28.3	7.0	40.0
FHB (investor)	13.3	8.8	6.7	3.0	13.3
Owner Occupier	37.5	37.5	43.3	80.0	18.0
Local Investor	17.5	21.3	16.7	10.0	18.3
Foreign Buyer	5.8	3.8	5.0	0.0	5.3

In the December quarter, FHB owner occupiers were most active in VIC (39.2%), owner occupiers in SA (80.0%), local investors in NSW (21.3%) and foreign buyers in VIC (5.8%).

On balance, more property professionals still expect buyer share in new home markets rise than fall in all groups in the next 12 months. The biggest growth is expected among owner occupiers or upgraders and FHB owner occupiers.

Chart 14: Expected Change in Share of New Property Buyers in Next 12m (net balance)



Barriers to Starting New Housing Projects

Construction costs still seen as the main hurdle to starting new housing developments, but by a lower 73% of property professionals. Delays getting planning permits was next according to a higher 61%, followed by housing affordability (37%) and rising interest rates (27%). By state, construction costs were the main barrier in QLD (78%) and VIC (75%), and equal highest with planning permits in WA (67%). Planning permits was biggest in NSW, with rising rates a much bigger concern in VIC (42%).

Chart 15: Main Barriers to Starting New Housing Developments (%)

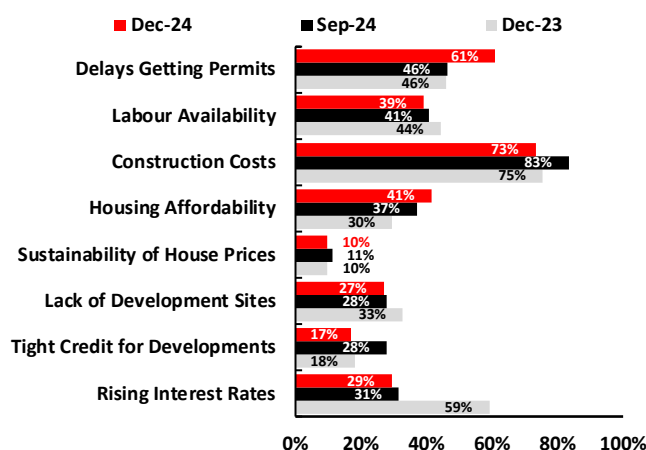


Table 7: Main Barriers to Starting New Developments: Main States Q4 2024 (%)

	VIC	NSW	QLD	WA
Rising Interest Rates	42%	22%	11%	33%
Tight Credit for Developments	17%	22%	0%	17%
Lack of Development Sites	33%	22%	22%	33%
Sustainability of House Prices	8%	22%	0%	17%
Housing Affordability	67%	56%	11%	33%
Construction Costs	75%	56%	78%	67%
Labour Availability	33%	33%	56%	50%
Delays Getting Permits	67%	67%	56%	67%

Established Property

Buying activity in established housing markets continued to be dominated by owner occupiers (net of FHBs) with an overall market share of 43.7%. These buyers also accounted for the lion's share of established home sales in all states from 47.9% in SA to 39.5% in WA.

Chart 16: Buyers: Established Property (% share)

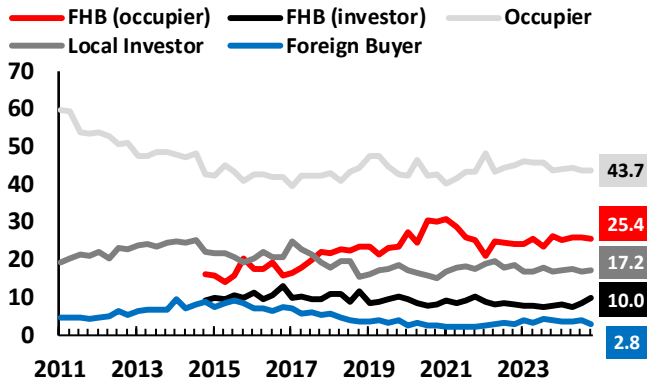
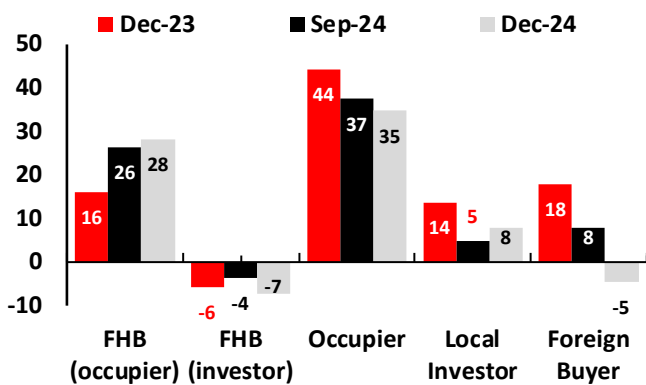


Table 8: Buyers: Established Housing: Main States Q4 2024 (%)

	VIC	NSW	QLD	SA	WA
FHB (occupier)	34.1	20.3	22.0	24.0	28.8
FHB (investor)	8.0	9.6	10.9	13.3	13.0
Owner Occupier	44.6	45.7	39.7	47.9	39.5
Local Investor	9.5	20.7	23.1	12.3	15.0
Foreign Buyer	3.2	2.4	3.5	1.3	3.1

FHBs accounted for a slightly higher 35.4% of total sales (25.4% owner occupiers and 10.0% investors) in the December quarter, with FHB owner occupiers most active in VIC (34.1%) and FHB investors in SA (13.3%). In total, the market share of sales to local investors was marginally higher but below average at 17.2%. It also ranged significantly from 23.1% in QLD to just 9.5% in VIC. Foreign buyers accounted for a lower 2.8% of sales.

Chart 17: Expected Change in Share of Established Property Buyers in Next 12m (net balance)



More property professionals on balance expect the market share of buyers in established home markets to increase for FHB owner occupiers, owner occupiers and local investors, but expect the share of FHB investors and foreign buyers to fall.

Established housing constraints

While remaining on hold, interest rates remained the biggest constraint for established home buyers in the December quarter, followed by access to credit, price levels and lack of stock. Interest rates were the biggest constraint for home buyers in VIC and NSW, but access to credit in SA and lack of stock in WA and QLD.

Chart 18: Constraints: Established Home Buyers

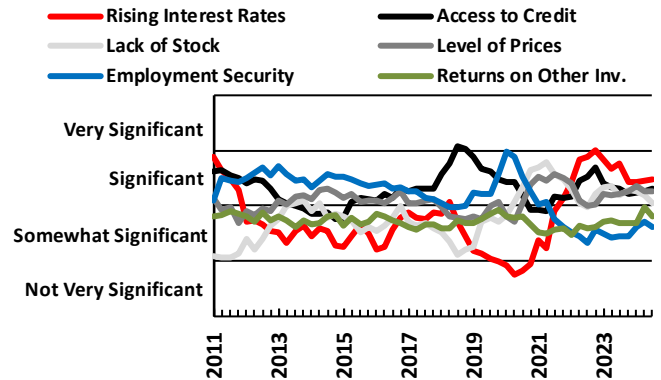
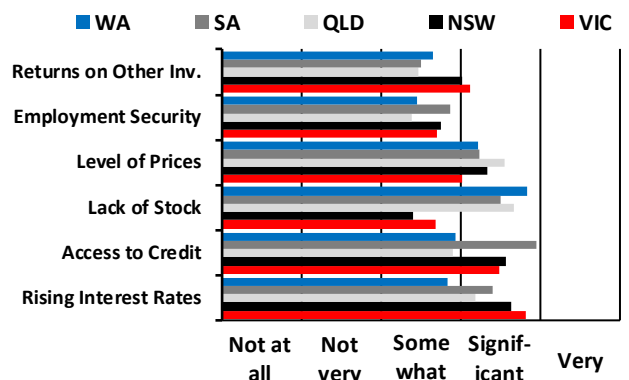


Chart 19: Constraints: Established Home Buyers - States



Foreign Buyers

The market share of foreign buyers in Australian housing markets fell to multi year lows for both new (4.8%) and established (2.8%) housing in the December quarter and were also well below average (9.0% and 5.0% respectively).

Chart 20: Share of Total Demand for New & Established Housing: Foreign Buyers (%)

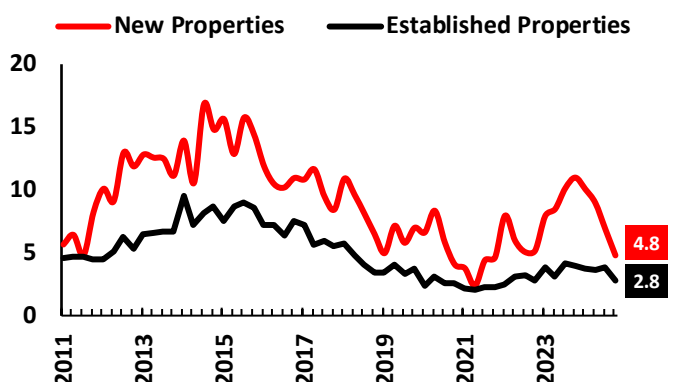
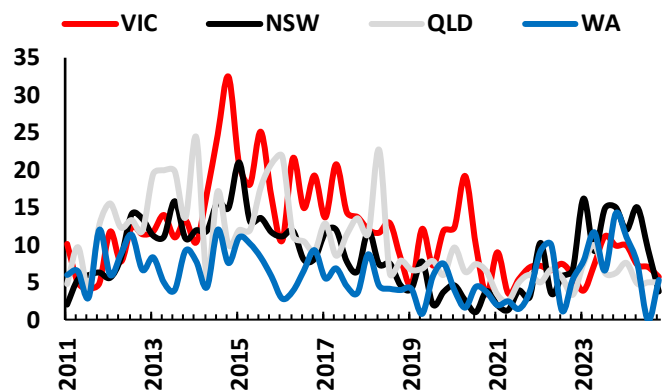
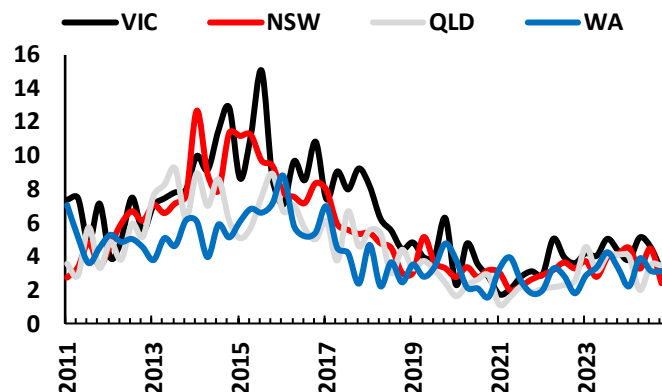


Chart 21: Share of Total Demand for New Property: Foreign buyers - States (%)



In new home markets, the share of foreign buyers fell in VIC (5.8%) and NSW (3.8%) and continue to sit well below survey average levels (11.7% and 8.7% respectively). They were unchanged in QLD (5.0%) but increased in WA (5.3%) though also below average (10.1% and 6.2% respectively).

Chart 21: Share of Total Demand for Established Property: Foreign buyers - States (%)



In established home markets, the share of foreign buyers fell in all states except QLD (unchanged at 3.5%) and was highest of all states. Their market share was lowest in NSW (2.4%) followed by VIC (3.2%), with the share of foreign buyers in both these states also printing at around half their survey average levels (6.3% and 5.4% respectively).

About the survey

The NAB Quarterly Australian Residential Property survey was first launched in Q1 2011.

The survey was expanded from NAB's Quarterly Australian Commercial Property Survey, which was launched in April 2010.

Given the large number of respondents who are also directly exposed to the residential market, NAB expanded the survey questionnaire to focus more extensively on the Australian residential market.

The large external panel of respondents consists of Real Estate Agents/Managers, Property Developers, Asset/Fund Managers and Owners/Investors.

Around 250 property professionals participated in the Q4 2024 survey.

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