

Domain House Price Report

We've pulled together the latest property market movements for the September 2022 quarter

Key
insights

MELBOURNE KEY FINDINGS

House and unit prices are in the fastest decline on record

Melbourne's housing market downturn gathered significant momentum over the September quarter, with house prices now falling at the fastest pace in the city's history and it marks the first annual decline since mid-2019. House prices are now 6% below the December 2021 price peak, down by about \$66,000. Despite the rapid pace of the falls this quarter, house prices are sitting substantially higher than what they were before the pandemic property boom – prices are still about \$147,000 higher – and would need to fall by a further 14.3% to erase all the growth seen.

Unit prices have had their steepest quarterly fall on record reversing all the positive growth seen last quarter, yet the pace of decline is still more moderate than houses. Unit prices are now 5.7% below the December 2021 price peak, down by about \$34,000. This puts unit prices on track to be lower than they were pre-pandemic over the next quarter if they continue to slide at the current rate of decline. That said, it follows a period of substantial underperformance of unit prices, which rose a modest 9.1% during the upswing compared with a 24.1% jump in house prices. This means units don't need to fall as far to be at pre-pandemic pricing. Affordability constraints, reduced borrowing capacity, a tightening rental market, migration flows returning and the perceived value units offer are expected to continue to support unit prices.

Melbourne Median Property Price September QoQ change



Houses

\$1,028,452

-4.3%



Units

\$561,121

-3.3%

Greater Melbourne by SA4



Dr Nicola Powell

Chief of Research & Economics, Domain

"We're going through housing market conditions that many buyers and sellers have never experienced in their lifetime. The mix of interest rate hikes, strong inflation levels and high household debt has understandably had a significant impact on consumer sentiment.

While prices are expected to continue to fall further, our data married with the current economic indicators show it is likely that the September quarter could be a peak quarterly decline. We've started to see the RBA ease the pace of interest rate hikes which has helped to shift the tone of what we can expect for the rest of the year, along with rising auction clearance rates and consumer sentiment improving from its low. With rising overseas migration and short-term visa holders returning, we should start to see an improvement in investment activity which, in time, will provide more rental opportunities. However, prospective buyers will continue to stick to a more conservative approach by forward planning for any further rate hikes and being mindful of their lower borrowing capacity."

SA4 (Houses)	Median	QoQ	YoY
Melbourne - Inner	\$1,345,000	-10.3%	-6.5%
Melbourne - Inner East	\$1,650,000	-1.2%	3.4%
Melbourne - Inner South	\$1,490,000	-6.7%	-6.9%
Melbourne - North East	\$800,000	-5.0%	-2.4%
Melbourne - North West	\$709,000	-3.0%	4.0%
Melbourne - Outer East	\$900,000	-5.6%	-5.3%
Melbourne - South East	\$780,000	-3.1%	9.1%
Melbourne - West	\$680,000	-1.4%	6.3%
Mornington Peninsula	\$910,000	-3.2%	2.2%

Source: Domain, powered by APM

Median: Capital cities are calculated by using a stratified median price. All other geographies use a middle sale price.
 QoQ: The quarterly change in the median house or unit price.
 YoY: The annual change in the median house or unit price.

Greater Melbourne by SA4



SA4 (Units)	Median	QoQ	YoY
Melbourne - Inner	\$550,000	-6.0%	-5.2%
Melbourne - Inner East	\$654,000	-0.2%	-0.9%
Melbourne - Inner South	\$635,000	-3.8%	-2.3%
Melbourne - North East	\$536,000	-6.0%	1.0%
Melbourne - North West	\$511,000	-1.7%	-10.3%
Melbourne - Outer East	\$630,000	-3.6%	-2.3%
Melbourne - South East	\$521,000	-6.3%	-1.1%
Melbourne - West	\$450,000	-6.1%	-5.3%
Mornington Peninsula	\$607,950	0.3%	4.1%

Source: Domain, powered by APM

Median: Capital cities are calculated by using a stratified median price. All other geographies use a middle sale price.

QoQ: The quarterly change in the median house or unit price.

YoY: The annual change in the median house or unit price.

