



UDIA Housing Index

March Quarter 2024

UDIA National Research Partner

CoreLogic

Report Launch: May 17 2024





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UDIA Housing Index March 2024 – Key Insights

1. The **UDIA Housing Index (UHI)** for the March Quarter 2024 highlights that the national housing market continues to be severely impacted by very high costs and elevated demand, with supply levels remaining at historical lows.
2. The high-cost environment (for developers and consumers) allied with the strong rebound in demand (underpinned by the highest rates of population growth recorded in two decades) versus a very weak national dwelling supply profile (with dwelling approvals and dwelling commencements at decade lows) continues to drive the UDIA Housing Index to well below average levels of performance.
3. The current residential market dynamics are driving strong dwelling price growth and a further erosion of housing affordability. The lack of an adequate new dwelling supply response has contributed to the on-going crisis in the national rental market with stock availability at record lows.
4. There is no indication that pressure is easing in the construction employment sector with job vacancies around twice the long run average. With a retracting forward supply pipeline and an inadequate workforce to service current levels of demand let alone the elevated levels flowing through the national housing market is set to remain mired in the current crisis conditions for at least the next two years.
5. These extremely challenging housing market conditions underscore the need for government authorities across the nation to work arm-in-arm with the residential development sector to devise many and varied (locally appropriate) solutions to help unlock new dwelling supply faster and increase the overall capacity of the Australian new build housing sector.
6. The Victorian and NSW housing markets are currently far weaker than the national average, with QLD returning to a stronger level of performance with the WA market continuing to shoot the lights out with a UDI Index result for the March Quarter 21 points higher than the national average.



Quarterly Change in UDIA Housing Index

Slight QoQ decrease to National Index



Quarterly change in UDIA Housing Demand Sub-Index

Demand Profile weakens modestly



UDIA Housing Supply Sub-Index level below long run ave

Supply Profile at historically low levels



Growth in UDIA Housing Costs Sub-Index over last 12 months

Costs Index sitting at a series high level

Executive Summary



The UDIA Housing Index (UHI) March Quarter 2024 highlights:

- The national housing market is being severely impacted by high costs, escalating demand and low supply which are converging to drive the national UDIA Housing Index (UHI) to a low level of performance.
- The **UDIA Housing Index** dropped 4% in the March quarter to reach 93.5 which is 8% below the long run average and 17% below the peak achieved in June 2021.
- The UDIA Housing **Demand Sub-Index** dropped 6.7% (seasonally adjusted terms) in the March Quarter to 125 but still remains 13% above the long run average.
- The UDIA Housing **Demand Sub-index's** performance has been underpinned by maintenance of historically high rates of population growth and a doggedly tight national rental vacancy rate.
- The UDIA Housing **Supply Sub-Index** continues to languish at historically low levels of activity with an index reading of 89.6 which is 11% below the long run average and 20% below peak performance.
- Weighing negatively on the UDIA Housing **Supply Sub-Index** is the on-going retraction of dwelling approvals and the paucity of rental listings.
- The UDIA Housing **Costs Sub-Index** sits at a series high level of 160 having grown 11% over the last 12 months. Initially driven northwards from June 2021 by rapidly rising input costs to housing construction, the UDIA Housing Costs Sub-Index has been further inflated by the rapid escalation in owner-occupier lending rates which remain at the highest levels since September 2008.

Highlights from UDIA Housing Dashboard:

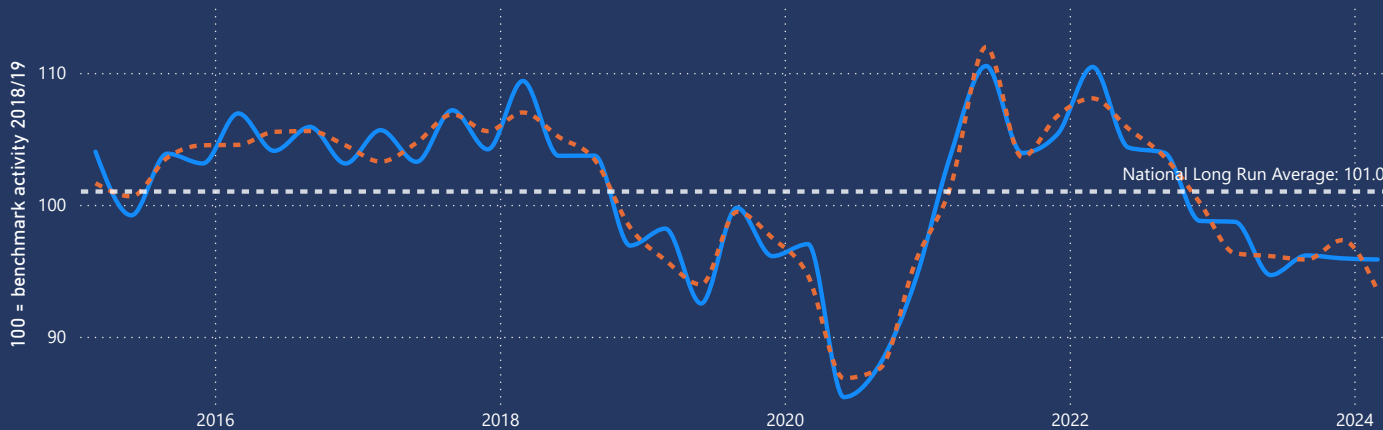
- National population growth is currently around 60% elevated on the long run quarterly average and up over 100% to pre-pandemic levels.
- National dwelling commencements are down 15% against the long run quarterly average.
- Rental listings are down 30% on the long-run average and down 41% to pre-pandemic levels.
- Approvals for new houses are dropped 9% in the March quarter and are down 21% on the long-run average.
- Apartment approvals have been in steep decline for over a year and declined a further 18% in March and are now 43% below the long-run average.
- Critically, construction costs have increased by 33% over the last three years which has put considerable economic pressure on developers and builders to deliver new housing in a cost-effective and timely fashion.
- Job vacancies in the construction sector are 56% higher than the long-run average.
- Permanent skilled visa arrivals are currently 84% higher than the pre-pandemic levels and temporary skilled visas are 75% higher than February 2020.

UDIA Housing Index: National

March Quarter 2024



● Original ● Seasonally Adjusted



93.47

UHI (Seasonally Adjusted)

-4.0%

QoQ

-3.0%

YoY

Key findings

- **UDIA's Housing Index (UHI)** dropped four index points to 93.5 for the March quarter which is lowest reading since September 2020 and 8% lower than the long run average.
- The national housing market's weak performance for the March quarter is principally being driven by the on-going softness of supply side indicators set against an on-going elevation of key cost side indicators.
- A modest decrease in key demand indicators including lending for owner occupier dwelling purchases and modelled softening in population growth for the March quarter (on seasonally adjusted terms) has also contributed to a weakened overall UHI performance.
- The largest destination of new in-bound demand for new dwellings (from overseas arrivals) were NSW and Victoria which both recorded further falls in UHI performance in the March quarter, however the ACT recorded the largest quarterly change across the nation with the UHI retracting 18% to 79.3 which is 21% lower than a 'balanced' housing market level.

Quick UDIA Housing Index (UHI) Explainer

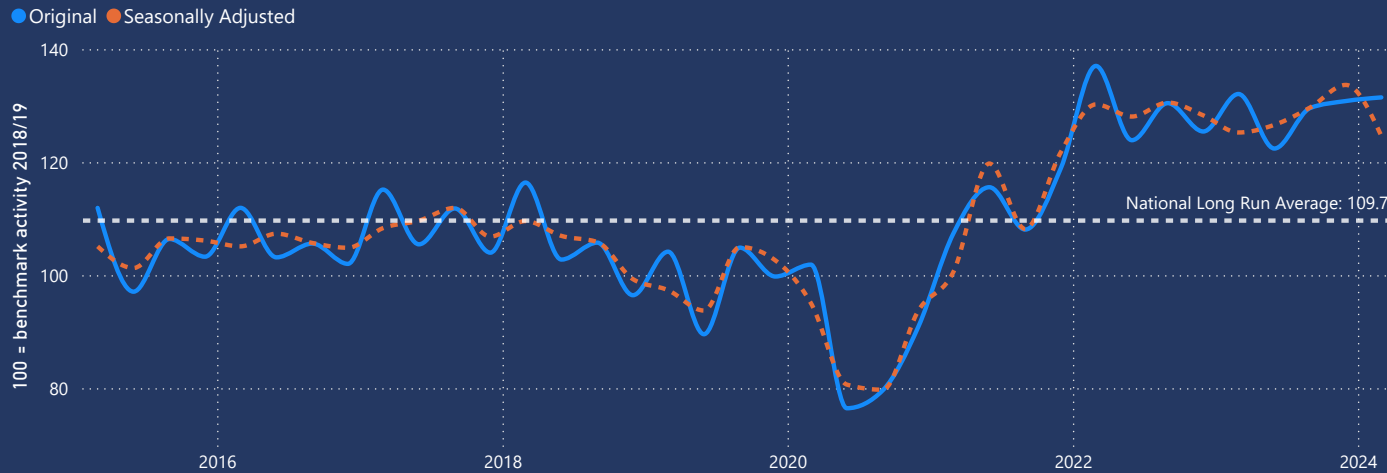
- The UHI benchmarks current quarterly performance against a base of 100 points which was derived as the average performance achieved across the four quarters of FY 2019.
- Positive changes in index reading indicate strengthening conditions, and negative changes indicate worsening/deteriorating/contracting conditions.
- UHI index readings below 100, and sharp downward movement in index readings imply demand is outweighing supply, and if well below 100, the housing market is also being weighed down by high costs.
- Index readings above 100 implies a healthier balance between demand and supply, up until a UHI of around 120 when supply is then beginning to outpace demand.
- Refer to Appendix i & Appendix ii for more information on the UHI methodology

[CLICK HERE TO ACCESS THE UDIA HOUSING INDEX ONLINE](#)

UDIA Housing Demand Sub-Index: National



March Quarter 2024



124.65

Demand Sub-Index (Seasonally Adjusted)

-6.7%

QoQ

-0.5%

YoY

181.48

Population Growth

2.2%

QoQ

-10.4%

YoY

98.63

Owner Occupier Dwelling Lending

-1.2%

QoQ

6.2%

YoY

89.81

New Dwelling Sales

0.3%

QoQ

2.3%

YoY

155.93

Rental Vacancy Rate

-0.3%

QoQ

7.6%

YoY

Key findings

- The **UDIA Housing Demand Sub-Index** dropped by 9.2 index points in seasonally adjusted terms in the March Quarter to 124.7 which is still 13% higher than the long run average and within an elevated performance band observed since the March quarter of 2022.
- The UDIA Housing Demand Sub-Index's strong performance has been underpinned by the maintenance of historically high rates of population growth and a doggedly tight national rental vacancy rate (sitting at 1.0% in the March 2023 quarter according to SQM).
- Weighing negatively on the aggregate demand profile is the ongoing weakness in residential consumer sentiment nationally being expressed in a retraction of new dwelling sales which is down 24% on the long run average settled sales volumes and lending for owner-occupier housing which is -11% on the long run average.
- In summary the forward expectation is for demand to remain high and likely push higher as we appear to have reached or are close to the peak of the current interest rate cycle, and the supply of established and new market housing remains muted.

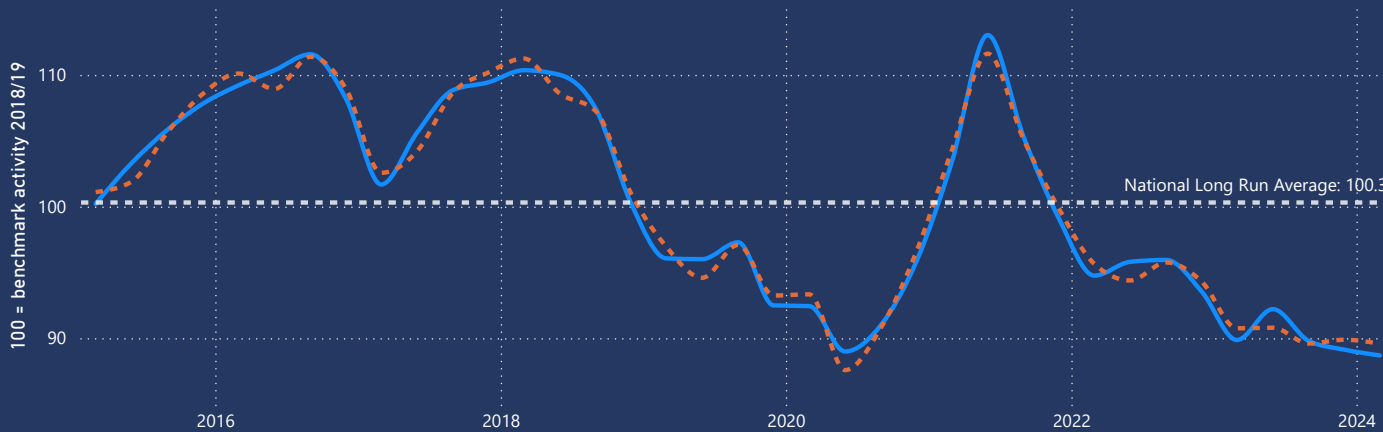
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UDIA Housing Supply Sub-Index: National

March Quarter 2024



● Supply Sub-Index (Original) ● Supply Sub-Index (Seasonally Adjusted)



89.57

Supply Sub-Index (Seasonally Adjusted)

-0.3%

QoQ

-1.3%

YoY

81.71

Dwelling Approvals

-9.0%

-1.1%

QoQ YoY

83.15

Dwelling Commencements

6.7%

-11.1%

QoQ YoY

116.80

Resi Construction Work

1.5%

8.5%

QoQ YoY

73.07

Rental Listings

-0.7%

-3.4%

QoQ YoY

Key findings

- The **UDIA Housing Supply Sub-Index** for the March 2024 quarter was recorded at 89.6 which reflected a third consecutive quarter of negligible change in this composite supply index nationally.
- The current level of the Supply Sub-Index performance is alarmingly low (and continues to trend lower), and is 11% lower than the long run average, with only the first two quarters of 2020 recording lower levels of new housing demand – a time when Australia’s international and domestic borders were firmly clamped shut.
- Weighing particularly negatively on the Supply Sub-Index is the record low levels of new dwelling approvals, which for the March quarter dropped another 9% from the December quarter 2023 and is now 25% lower than the long run average (on indexed terms).
- The ongoing paucity of national rental listings (which are also down to record low levels) as well as a challenging market for dwelling commencements (which are down 11% on a rolling 12-month average) are also strongly contributing to weigh down the national Supply Sub-Index.
- With the forward supply pipeline looking increasingly challenged due to on-going cost and capacity pressures impacting the new-build sector there is no expectation of a marked improvement in the performance of the UDIA Supply Sub-Index over the coming four quarters.

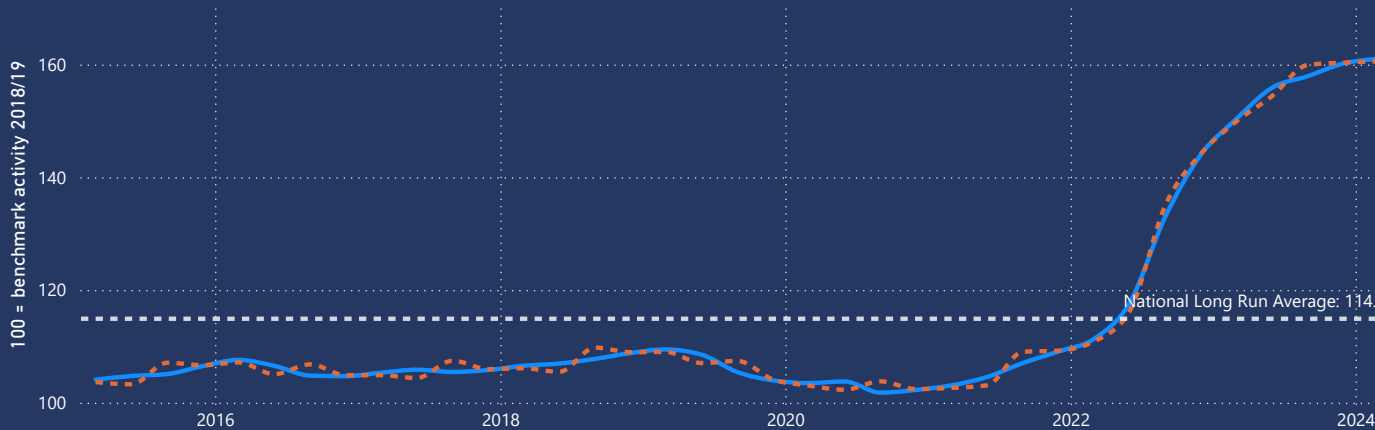
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UDIA Housing Costs Sub-Index: National

March Quarter 2024



● Costs Sub-Index (Original) ● Costs Sub-Index (Seasonally Adjusted)



161.01

Costs Sub-Index (Original)

0.2%

QoQ

7.2%

YoY

Key findings

- The **UDIA Housing Costs Sub-Index** recorded a relatively sedate 0.2% growth in the March Quarter after registering an 7.2% growth over the last 12 months (on indexed terms). The March Quarter 2024 reading of 160.6 is 56% higher than March 2020, marking the start of the COVID-19 pandemic.
- Initially driven northward from June 2021 by rapidly rising input costs to housing construction, the UDIA Housing Costs Sub-Index, has been further inflated by the rapid escalation in owner-occupier residential lending rates which reached 8.77% in November 2023, the highest standard variable rate level since September 2008.
- While many developers nationwide are now reporting a (relative) stability in building material cost growth pressures, it is assumed that rather than input costs retracting we may have instead found a new 'floor' and new residential project pricing will need to adjust to a 'new normal' cost base.

165.04

Cost of Finance

1.0%

QoQ

12.9%

YoY

156.99

Input Costs to Housing Construction

0.1%

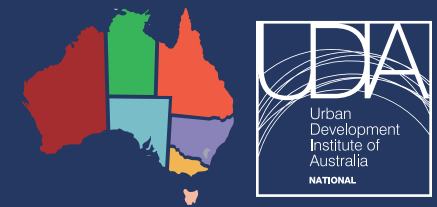
QoQ

1.7%

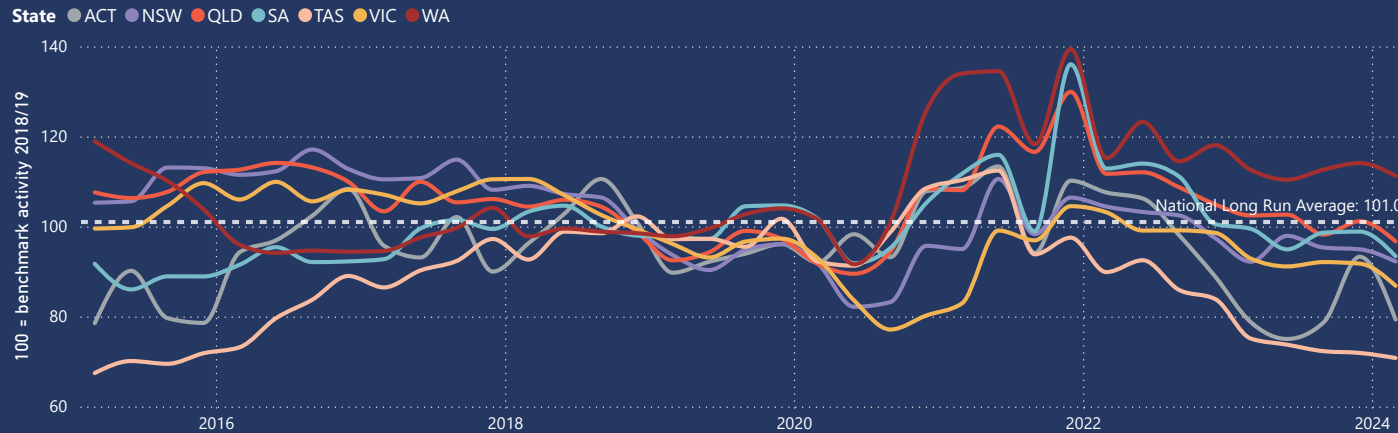
YoY

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UDIA Housing Index: State & Territory Overlay



March Quarter 2024



State	QoQ	YoY
ACT	-15.0%	0.7%
NSW	-2.9%	0.0%
QLD	-4.4%	-5.6%
SA	-5.5%	-6.1%
TAS	-1.6%	-5.7%
VIC	-5.4%	-6.5%
WA	-2.5%	-1.2%

Key findings

- Every State and Territory recorded a weakening of the UDIA Housing Index for the March quarter ranging from a 13.7 index decline in the ACT to a 0.2 index decline for Tasmania.
- Whilst WA recorded a modest decrease in the UHI for March, this is the only jurisdiction in the nation with current market performance above the long run national average, and WA's UHI reading is currently 20% higher than the March 2024 quarter's national index reading.
- The two largest housing markets in the nation, NSW and Victoria, both continue to record well below average UHI performance with Victoria recording an UHI of 86.8 for the March quarter which is 14% below the long run national average.
- While there are similar jurisdictional profiles across the nation for the UDIA Housing Demand and Housing Costs Sub-Indexes, the biggest divergence across the nation is in the positive upward trend in the Housing Supply Sub-Index for WA and QLD versus the rest of the nation where supply is flat-lining or trending in a negative direction.

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UDIA Housing Index



Appendix i: About the UDIA Housing Index (UHI)

UDIA's Housing Index (UHI) provides a quarterly 'health check' on the state of the new build Australian housing market. Drawing from a range of data sources the UHI provides timely indicators of changes in demand, supply and costs for new residential properties across the nation.

Unique in the Australian marketplace, the UHI provides a nuanced perspective on the performance of the national housing market new build segment through the assembly of three informing sub-indexes: a Housing Demand Sub-Index; a Housing Supply Sub-Index; and a Housing Costs Sub-Index which feed into an over-arching composite UDIA Housing Index (UHI).

A total of ten key data sources are drawn upon to produce the quarterly UHI which includes headline demographic and economic data from the Australian Bureau of Statistics and the Reserve Bank of Australia, in addition to bespoke property market data provided exclusively to UDIA from CoreLogic.

The UHI and the three informing sub-indexes, benchmark current quarterly performance against a base index of 100. Index readings higher than 100 highlight stronger than usual market performance, and lower than 100 signifies weaker than usual performance. (Please refer to Appendix ii for more detailed information).

The quarterly UHI report also features the UDIA New Housing Market Performance Dashboard: National, which provides benchmarked updates to 26 demand/supply/industry profile indicators. An extract of the UDIA Housing Dashboard is found in Appendix iii.

In addition to providing a national overview, the UHI report also provides an update on how each State and Territory is performing across the overarching Housing Index.

The UDIA Housing Index and the UDIA Housing Dashboard has been designed for UDIA members, the property development sector more broadly, as well as government policy makers and media outlets to better understand the current performance and trajectory of the national and State and Territory housing markets. By drawing on a range of key-input indicators the UHI is able to cut through single indicator volatility to provide robust and sophisticated insights on the health of the new build residential market to help inform better business and policy formulation decisions.

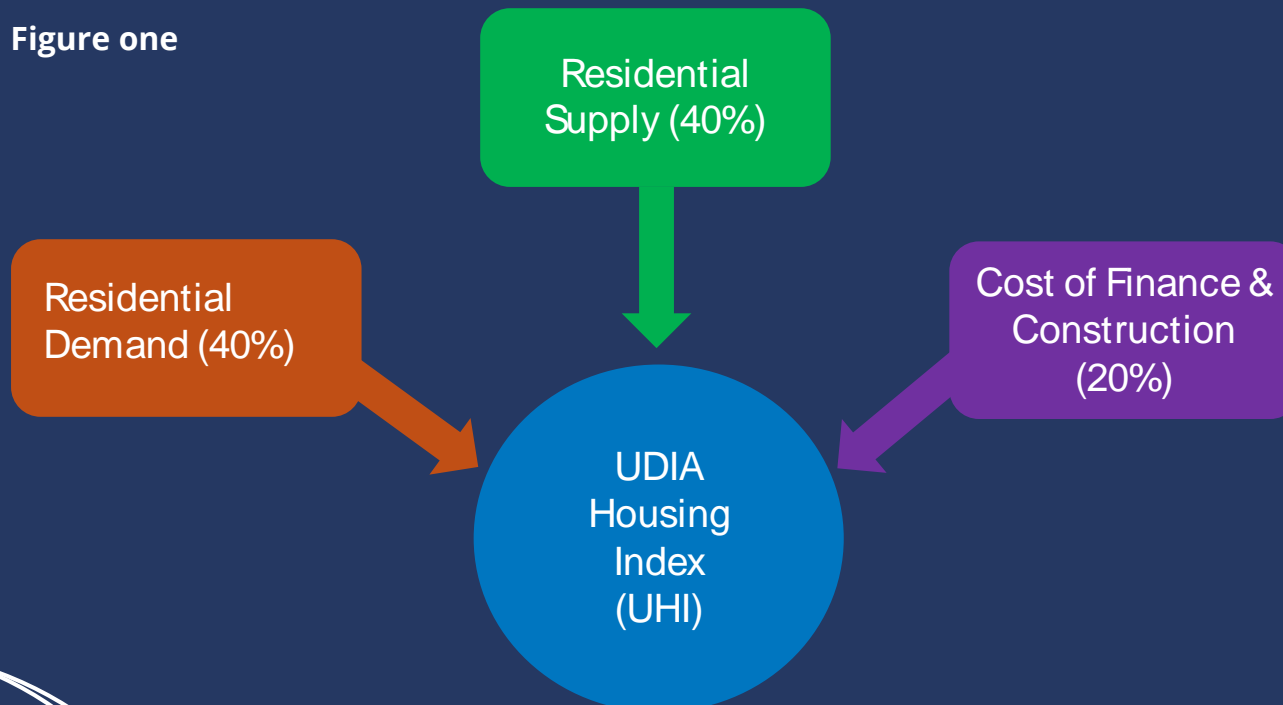
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Appendix ii: UDIA Housing Index Methodology

- The UDIA Housing Index (UHI) is published by the Urban Development Institute of Australia (UDIA) quarterly. The UHI tracks the performance of the Australian housing market through a composite index comprised of three contributing sub-indices: the UDIA Housing Demand Sub-index, the UDIA Housing Supply Sub-Index and the UDIA Housing Costs Sub-Index which measures rates of change of residential market activity as well as benchmarked contributing factors to residential market activity.
- The UHI was launched by the Urban Development Institute of Australia (National) in May 2024 (March Quarter) as a 'simple' means of tracking the health of the National housing market as well as State and Territory housing markets. The UDIA Housing Index draws upon a range of monthly and quarterly reporting metrics sourced from the Australian Bureau of Statistics, CoreLogic and the Reserve Bank of Australia.
- The UHI is a Laspeyres Index which means it is a weighted average of recent changes in housing market metrics, where the weight given to each demand/supply/cost metric reflects its importance in highlighting current market activity against the base period.
- The UHI and the three sub-indices are benchmark indexed to 100 against the quarterly average level of activity achieved in FY 2019.
- The UDI Index is a composite index with the three sub-indices contributing weightings set out in Figure One (on next page). The UDIA Housing Demand Sub-Index and the UDIA Housing Supply Sub-Index have four contributing input metrics each weighted at 25% each, and the UDIA Housing Costs Sub-Index has two contributing metrics weighted at 50%, as set out in Table One (on next page).
- The UHI includes an inverted index series of the Housing Costs Sub-Index. This provides an appropriate contributing performance affect, whereby an increase in costs weighs negatively on the overarching composite UHI.

Figure one



UDIA Housing Index



Appendix ii: UDIA Housing Index Methodology cont.

Table one

	#	Metric Type/Name	Metric Descriptor	Input Metric Weighting	UHI Weighting	Data Source	Data Update Frequency
UDIA Demand Sub-Index	1	Residential Demand	Population Growth	25%		ABS	Quarterly
	2	Residential Demand	New Dwelling Sales (settled)	25%		CoreLogic	Monthly
	3	Residential Demand	New Owner Occupier Residential Loan Commitments	25%		ABS	Monthly
	4	Residential Demand	Residential Vacancy Rate	25%		SQM	Monthly
UDIA Supply Sub-Index	5	Residential Supply	Total Dwelling Approvals	25%		ABS	Monthly
	6	Residential Supply	Total Dwelling Commencements	25%		ABS	Quarterly
	7	Residential Supply	Residential Construction Work Done (Value)	25%		ABS	Quarterly
	8	Residential Supply	Residential Rental listings	25%		CoreLogic	Monthly
UDIA Costs Sub-Index	9	Cost of Finance	Owner Occupier Variable Mortgage Rate	50%		RBA	Monthly
	10	Construction Costs	Input prices to house construction industry (ABS Index)	50%		ABS	Quarterly
	A	UDIA Demand Sub-Index	Composite Sub-Index		40%	UDIA	Monthly
	B	UDIA Supply Sub-Index	Composite Sub-Index		40%	UDIA	Monthly
	C	UDIA Costs Sub-Index	Composite Sub-Index		20%	UDIA	Monthly
	D	UDIA Housing Index	Overarching Composite Housing Market Performance Index			UDIA	Monthly

UDIA Housing Index



Appendix iii: UDIA Housing Dashboard (National) – Demand

Metric	MoM	QoQ/3M change	YoY/Rolling 12M change	Current v Pre-Pandemic	Current v Long Run Average	Latest Headline Figure	Long Run Benchmark Figure	Latest Data	Source
Population Growth (Quarterly)		1%	3%	61%	105%	172,679.00	84,404.18	September 2023	ABS
New House Sales (Rolling 12 month)	1%	3%	1%	-1%	-5%	53,745.00	56,534.48	February 2024	CoreLogic
New Apartment Sales (Rolling 12 month)	1%	4%	3%	-32%	-52%	18,653.00	38,858.53	February 2024	CoreLogic
New Loan Commitments: Total Housing - Owner Occupier (#)	10%	-15%	-8%	-1%	-12%	30,225.00	34,389.93	March 2024	ABS
New Loan Commitments: Total Housing - Investor (#)	15%	-12%	-2%	52%	13%	16,948.00	14,934.81	March 2024	ABS
New Loan Commitments: Total Housing - First Home Buyer (#)	11%	-18%	1%	-2%	-11%	10,118.00	11,405.18	March 2024	ABS
New Loan Commitments: Construction of dwellings (Owner Occupiers)	3%	-2%	-25%	-22%	-36%	2,740.00	4,268.39	March 2024	ABS
New Loan Commitments: Purchase of newly erected dwellings (Owner Occupiers)	-4%	0%	-8%	-22%	-22%	1,641.00	2,098.93	March 2024	ABS
New Loan Commitments: Purchase of existing dwellings (Owner Occupiers)	3%	-1%	-3%	9%	-5%	21,971.00	23,117.37	March 2024	ABS
Average Weekly Asking Rent: Houses	1%	3%	10%	35%	37%	584.35	456.19	February 2024	CoreLogic
Average Weekly Asking Rent: Multi-Unit	1%	2%	2%	28%	33%	582.07	438.26	February 2024	CoreLogic
Residential Rental Vacancy Rate	0%	-0%	-0%	-2%	-2%	0.01	0.03	March 2024	SQM

CLICK HERE TO ACCESS THE LATEST UDIA HOUSING DASHBOARD DATA

UDIA Housing Index



Appendix iv: UDIA Housing Dashboard (National) – Supply

Metric	MoM	QoQ/3M change	YoY/Rolling 12M change	Current v Pre-Pandemic	Current v Long Run Average	Latest Headline Figure	Long Run Benchmark Figure	Latest Data	Source
Total Dwelling Approvals (#)	2%	-9%	-11%	-14%	-21%	12,767.00	16,186.17	March 2024	ABS
Detached House Approvals	4%	-3%	-9%	3%	-5%	8,916.00	9,389.56	March 2024	ABS
Multi-Unit Approvals (#)	-2%	-18%	-15%	-37%	-43%	3,965.00	6,905.33	March 2024	ABS
Total Dwelling Commencements (#)		1%	-10%	-19%	-15%	37,904.00	44,801.45	December 2023	ABS
Detached House Commencements (#)		3%	-16%	-9%	-16%	23,217.00	27,583.44	December 2023	ABS
Multi-Unit Commencements (#)		-2%	-0%	-31%	-13%	14,541.00	16,798.89	December 2023	ABS
Residential Construction Work Done (Value)		-7%	2%	36%	63%	23,176,516.00	14,242,608.92	December 2023	ABS
Residential Rental Listings	1%	-0%	-8%	-41%	-29%	103,539.16	146,807.41	March 2024	SQM

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UDIA Housing Index



Appendix v: UDIA Housing Dashboard (National) – Industry Profile

Metric	MoM	QoQ/3M change	YoY/Rolling 12M change	Current v Pre-Pandemic	Current v Long Run Average	Latest Headline Figure	Long Run Benchmark Figure	Latest Data	Source
New Detached House Median Sale Price	0%	1%	3%	39%	39%	800,750.00	574,989.32	February 2024	CoreLogic
New Multi-Unit Median Sale Price	1%	1%	5%	20%	20%	588,812.50	490,341.46	February 2024	CoreLogic
Input prices to house construction (National index)		0%	1%	33%	35%	158.50	117.67	March 2024	ABS
Construction Sector Jobs (total employed)		-2%	0%	18%	12%	1,316.93	1,114.89	February 2024	ABS
Construction Sector Job Vacancies (National)		-2%	-11%	68%	56%	27,900.00	17,910.34	February 2024	ABS
Permanent Skilled Visas (all classes)	14%	-6%	17%	111%	43%	43,190.00	30,246.43	April 2024	ABS
Temporary Skilled Visas (all classes)	28%	-11%	37%	123%	13%	20,210.00	17,854.58	April 2024	ABS

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UDIA National
12/120 Edward St,
Brisbane City
QLD 4000

T 02 4415 9170
E udia@udia.com.au
www.udia.com.au

Please contact **Toby Adams** for all
UDIA Housing Index technical queries:
tadams@udiawa.com.au

Please contact **Deanna Lane** for all
UDIA Housing Index media enquiries:
dlane@udiansw.com.au

Research Partner

CoreLogic



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