Five years on from COVID-19: How the housing market has changed

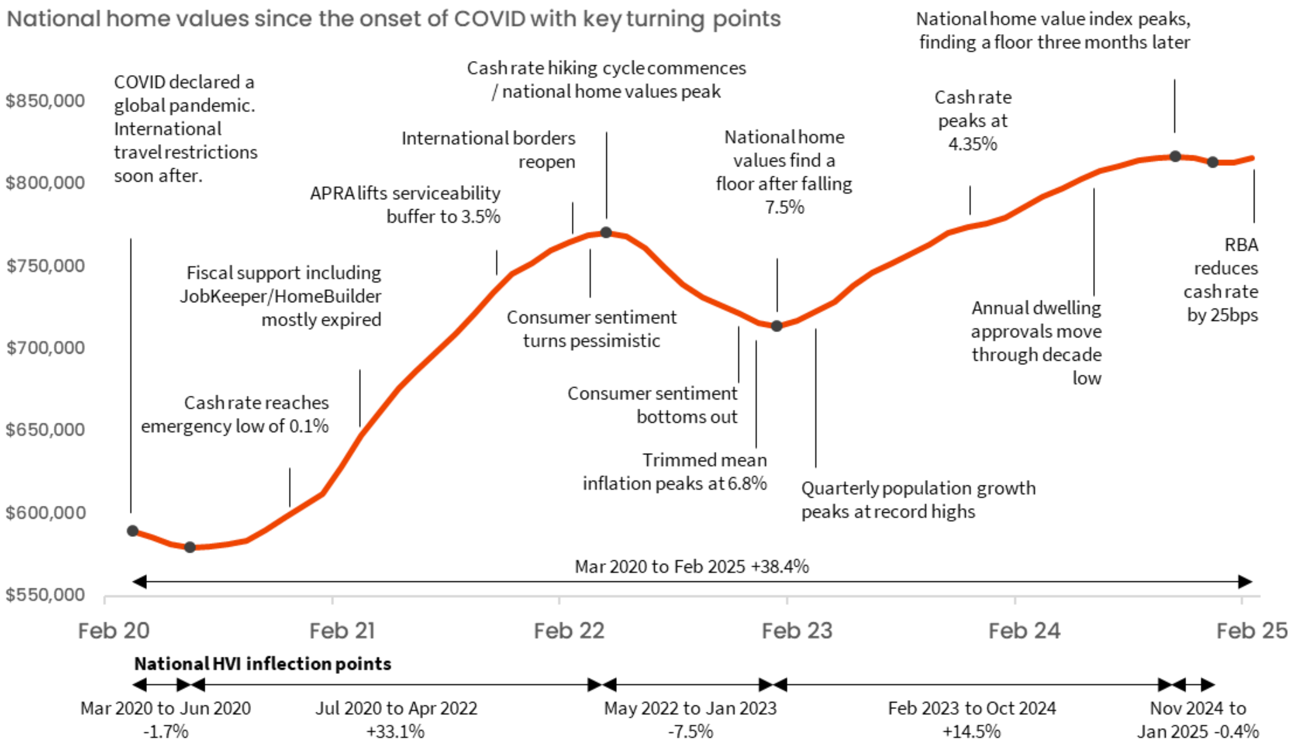
By Tim Lawless, Research Director, CoreLogic Australia

It was March 11th of 2020 when the World Health Organisation declared COVID-19 as a global pandemic. Although the onset of the pandemic is now five years behind us, the influence on housing markets is still being felt.

One of the most significant factors five years on from March 2020 is how housing values have changed. Nationally, home values have been on a roller coaster ride, rising by a cumulative 38.4%, adding approximately $227,000 to the median dwelling value. For some context, the previous five-year period saw national home values rise by a much smaller 20.6%, and the five years before that the market was up just 14.7%.

The path of growth has been far from straightforward:

- **Early COVID drop.** The national home value index dropped 1.7% in the early months of the pandemic but found a floor by June 2020. The temporary drop could be attributed to the initial shock of a global pandemic that was accompanied by border closures, social distancing measures and a sharp drop in consumer confidence.
- **The most significant surge in values occurred between July 2020 and April 2022,** with national home values jumping 33.1%. Such a rapid rate of home value growth occurred despite the absence of overseas migration. However, with significant shifts in internal migration, a drop in the average household size amplified housing demand, interest rates fell to emergency lows and a record amount of fiscal spending supported households and consumer confidence.
- **The housing market moved through an interlude as interest rates started to rise**, with national home values recording a short but sharp decline of 7.5% over the nine months as interest rates rocketed from record lows, sentiment plunged, and serviceability constraints bit into demand.
- **Growth in home values caught a second wind from February 2023,** lifting by 14.5% to the end of October 2024. This second wave of growth occurred despite high interest rates, low sentiment and affordability challenges, and very low supply.
- **The most recent data shows housing values levelling off,** with the national home value index edging lower by a cumulative 0.4% between November '24 and January '25 before rising 0.3% in February. This was characterised by a flat trend over the past four months as the market adjusts to normalising population growth, affordability challenges and what is likely to be a gradual and cautious rate-cutting cycle.



For media enquiries, contact: media@corelogic.com

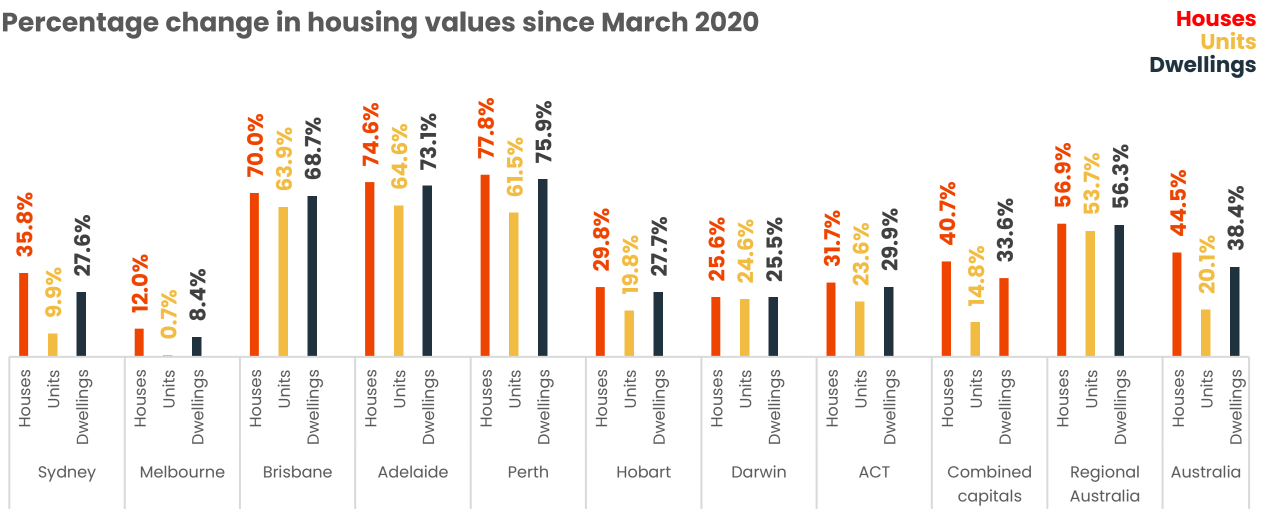
While such a substantial rise in housing values has probably been welcomed by homeowners, the downside has been felt in a worsening of affordability metrics. Australian wages have risen by less than half the increase of housing since the onset of COVID, leading to widespread affordability challenges in most areas. By September of last year, each of CoreLogic's housing affordability metrics were either at, or equal with, record highs.

Regional housing values have risen a lot more relative to the capital cities, with the combined regional areas of Australia recording a 56.3% gain in values since March 2020 compared with a 33.6% rise across the combined capitals. The stronger conditions across regional Australia were most evident between July 2020 and April 2022. Regional dwelling values surged 47.6% through this period, as strong internal migration rates supported demand and buyers took advantage of what were generally more affordable housing prices.

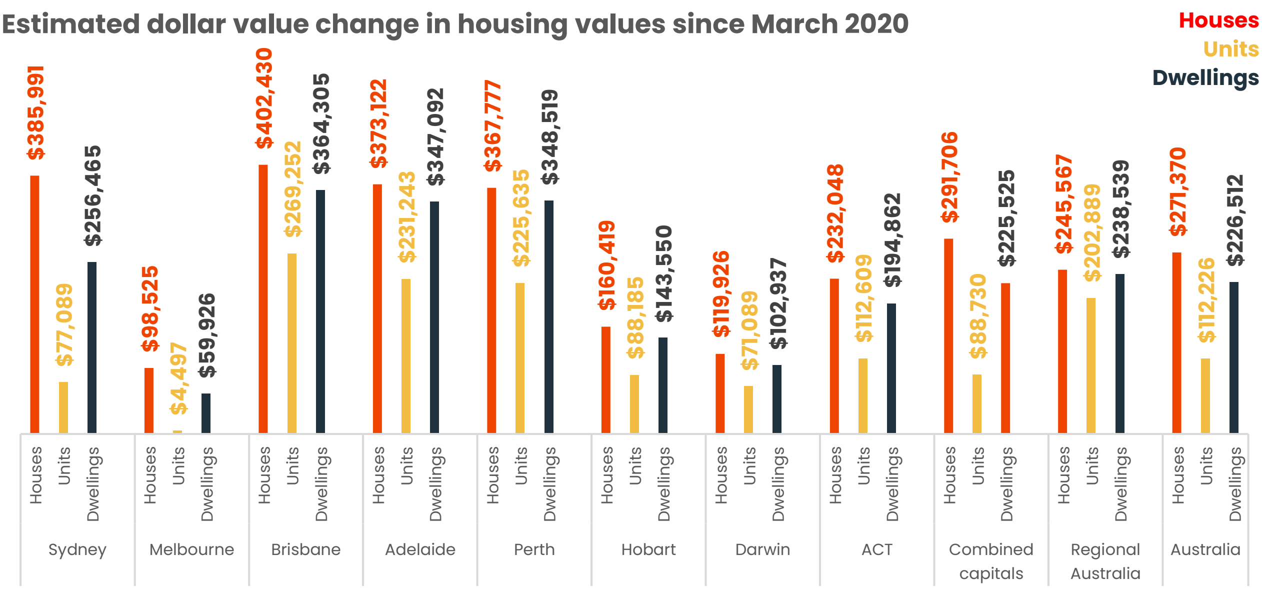
Early in the cycle, it was very much the markets described as 'lifestyle' regions that led the capital gains. Byron Bay home values rocketed 74.7% higher through the early surge in values, Ballina was up 70.8%, Gympie (70.3%), Medowie (65.8%), Nelson Bay (62.8%), Bowral-Mittagong (62.0%) and Orange (61.5%) are among the top growth regions during this period of time. These regions, and many others, shared the commonality of commutability and lifestyle that drove demand and prices higher.

The top regional growth markets over the most recent growth phase have been more diverse, featuring more rural Queensland markets such as Townsville, Rockhampton and Gladstone, as well as coastal markets of WA including Bunbury, Busselton and Geraldton. The stronger growth conditions in these areas may reflect affordability challenges becoming more apparent across many of the commutable lifestyle markets, as well as changed demographic patterns as more workers returned to an office location.

Percentage change in housing values since March 2020



Estimated dollar value change in housing values since March 2020



House values have recorded more than double the growth of unit values. Since March 2020, house values are up 44.5% compared with a 20.1% gain in unit values nationally. Such a significant difference in growth rates reflects the strong preference for 'space' during the height of the pandemic; during the early pandemic surge in values (Jul 2020 to Apr 2022) national house values rose 38.5% compared with a 16.9% rise in unit values. Through the second wind of growth (Feb 23 to Oct 24), the performance has been much closer, with a 15.5% gain in house values and a 11.0% rise in units. The convergence, or even outperformance, of units relative to houses in some cities, comes as affordability pressures deflect more demand towards the multi-unit sector, but also as a burgeoning undersupply of newly built multi-unit dwellings apparent.

Historically, house values have generally shown a stronger growth trend than units, but not to the extent we saw during the pandemic. The percentage difference between the national median house and unit value reached a record high of 32% in June 2022, and based on the most recent data to February 2025, the difference remains elevated at 31.5%.

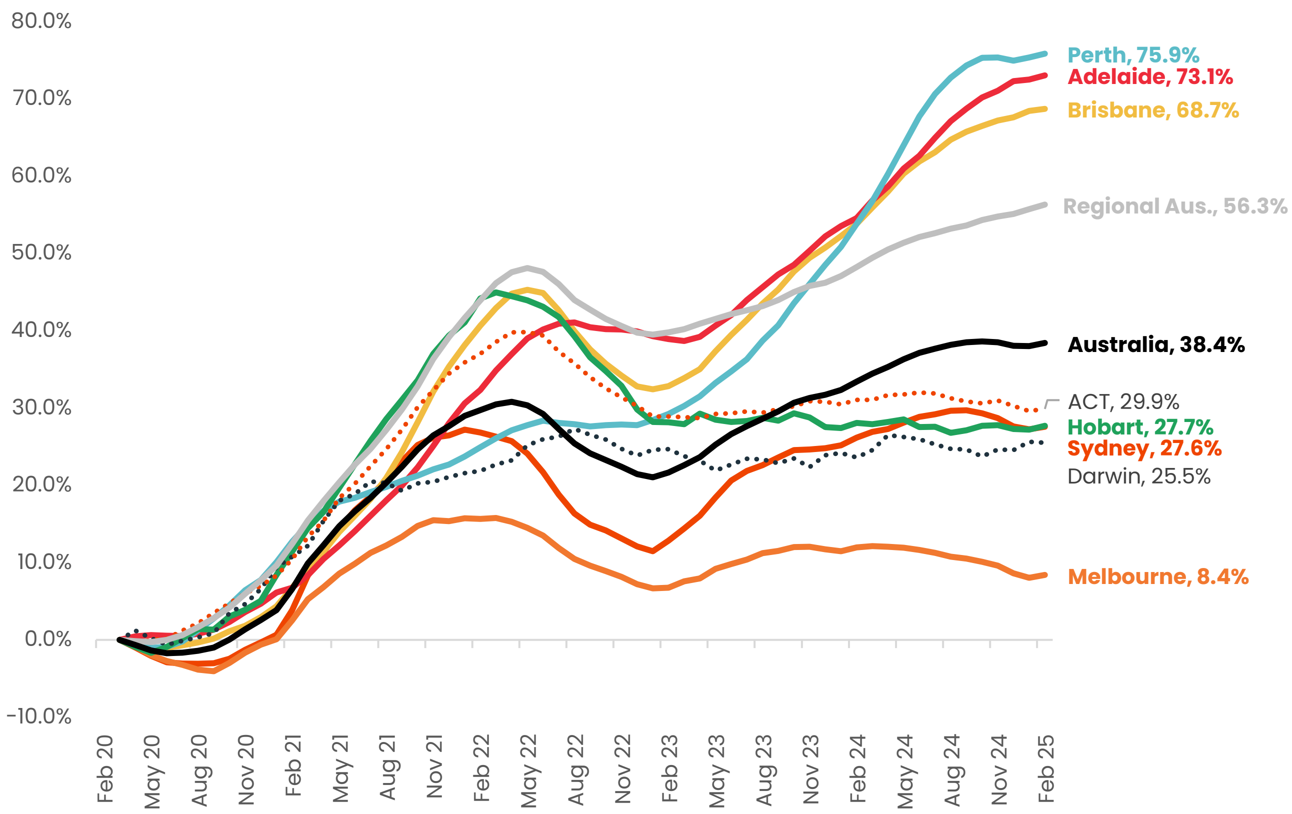
The mid-sized capitals dominated the cumulative growth trend.

Perth topped the growth tables with a stunning 75.9% surge in housing values since March 2020, adding roughly $348,519 to the median dwelling value. Perth came into this growth cycle from a relatively weak and very affordable housing position, with the five years prior to March 2020 recording an 11.8% drop in dwelling values. Coming into the pandemic, Perth's median dwelling value was the second lowest of any capital city (after Darwin). Despite such a significant rise in values, Perth's median dwelling value remains relatively affordable, with values higher in Sydney, Brisbane, Canberra and Adelaide at the end of February 2025.

Adelaide recorded the second-highest cumulative rise in values across the capitals since March 2020, up 73.1% or approximately $347,092. Similar to Perth, Adelaide came into the cycle from a generally soft run of growth. Dwelling values had risen by 'only' 11.1% in the five years ahead of March 2020 and the median was third lowest across the capitals (after Perth and Darwin). Adjusting for local incomes, Adelaide is now amongst the most unaffordable capitals, with the second-highest unaffordability metrics after Sydney.

Brisbane values have recorded the third-highest cumulative gain since March 2020, up 68.7%. In approximate dollar terms, Brisbane has led the cumulative gain since the onset of COVID-19, with $364,305 added to the median value, the largest dollar value gain across the capitals despite Perth and Adelaide recording a higher percentage gain. Brisbane has overtaken Melbourne and the ACT to record the second-highest median dwelling value of any capital city, after Sydney.

Cumulative change in dwelling values since onset of COVID

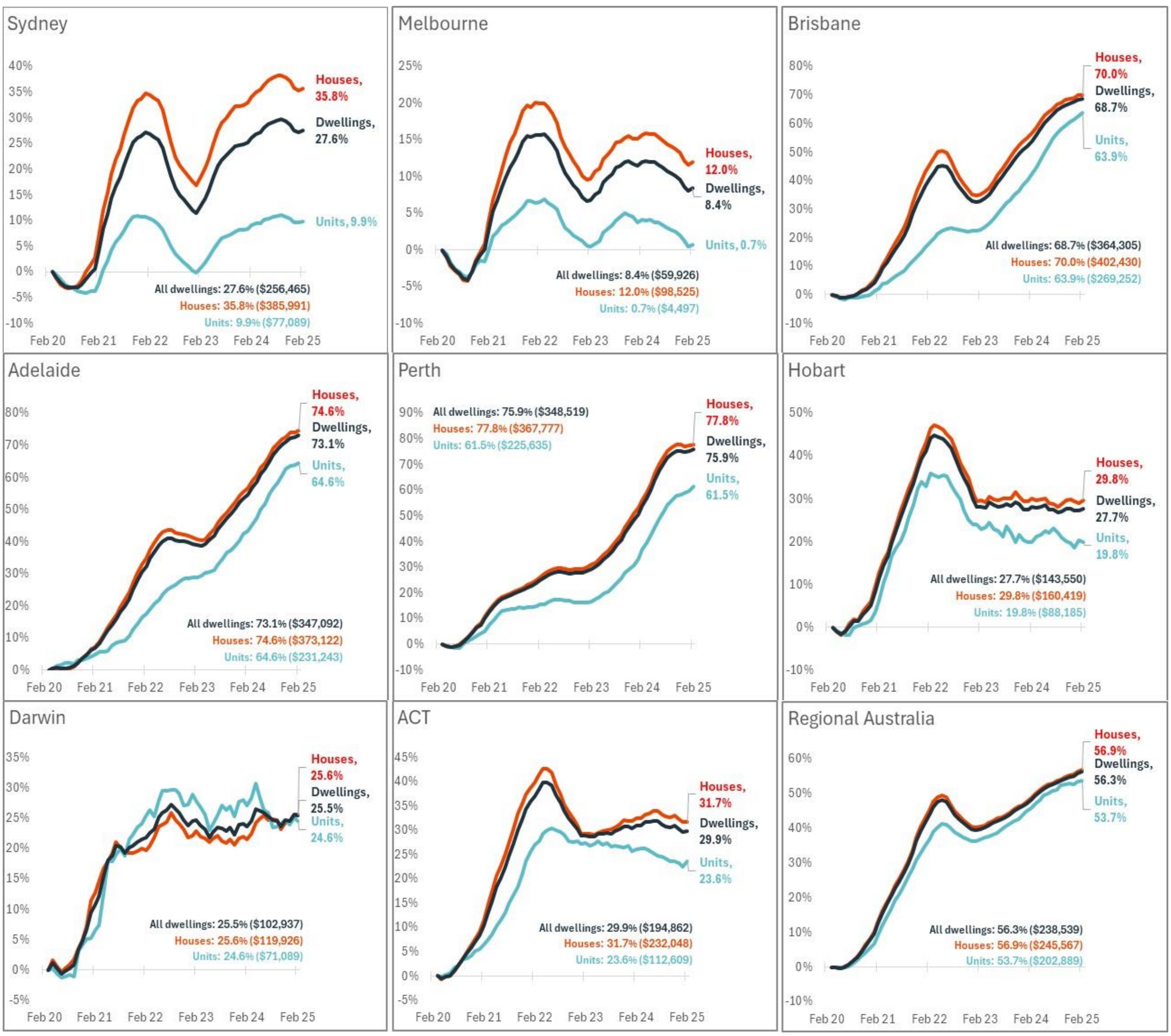


At the other end of the cumulative gain table is Melbourne, where dwelling values have risen by just 8.4% since March 2020, by far the lowest cumulative growth rate of any capital city. There are a variety of factors that have contributed to Melbourne's softer growth outcome, including

- A more significant disruption to economic activity through the pandemic due to a more severe lockdown regime.
- Demographic factors have been unfavourable, with interstate migration diving during the pandemic. Along with more residents leaving the state for other regions, internal migration favoured regional Victoria which further detracted from Melbourne's demand profile.
- Once international borders re-opened, Melbourne saw housing demand pick up as overseas migration surged, but most of this demand was centred in rental markets due to the short term nature of most migrants who were here to study.
- Investor demand has generally been weaker than average across Victoria, reflecting the stronger growth prospects in other markets that were more attractive to investors, but also a higher property tax regime that has likely disincentivised investment demand.
- Victoria has also shown a higher per-capita number of dwelling completions since 2017, a remind of how a healthier level of new housing supply can help to keep a lid on housing affordability.

Each of the capitals has shown a different trend driven by differences in demographic flows, local economic conditions, housing affordability, investment demand, policy settings and housing supply levels. While the mid-sized capitals have dominated the pandemic growth trend, it is clear these markets are now losing momentum.

Cumulative change in housing values since the onset of COVID in March 2020



While the most recent month of data doesn't yet paint a trend, CoreLogic's February home value index update showed the strongest monthly gains were in Melbourne and Hobart with a 0.4% rise. These are also two cities where housing values have recorded more material declines from their respective highs, with Hobart values 11.9% below peak levels in February 2025 and Melbourne values down 6.4%. The silver lining to this weakness has been an improvement in housing affordability that should help to support housing demand going forward.

Even Sydney, where housing is generally most unaffordable, recorded a rise in values in February, with the largest gains driven by the premium sector of the market.

The top 30 list of growth by significant urban area is varied, comprising a mix of commutable regional markets, outer metro suburbia and rural markets where economic conditions are robust. Many of these regions will show a diverse pattern of growth since March 2020, with some areas seeing a surge in values through the worst of the pandemic when interest rates were at record lows, while for others, the strong growth trend has been back loaded to the last couple of years and occurred at a time of rising interest rates but high demand.

The largest overall gains since March 2020 have quite often been recorded in markets that have come from a low-price base. Adelaide's Murray Bridge has topped the tables with values more than doubling since March 2020, the only significant urban area to record growth of more than 100% since the onset of COVID. Five of the top ten highest growth regions are still recording a median dwelling value below the $500,000 mark.

Only two regions had a February 2025 median dwelling value over the one-million-dollar mark: Sunshine Coast and Gold Coast/Tweed Heads. Both regions already had a relatively high median coming into the pandemic, however demand for commutable lifestyle properties has seen value across these regions surge and remain high.

Only two significant urban areas have recorded a decline in values since the onset of COVID: Alice Springs (-5.6%) and Mount Isa (-3.6%), with both areas missing the lift in housing demand that drove housing prices higher in most areas.

Top 30: Significant Urban Areas with the largest change in dwelling values since onset of COVID

Rank	Significant Urban Area	State	Change in values since onset of COVID (March 2020 to current)	Median value
1	Murray Bridge	SA	101.0%	$496,101
2	Kingaroy	Qld	95.6%	$468,554
3	Geraldton	WA	94.4%	$494,131
4	Gympie	Qld	94.3%	$611,361
5	Busselton	WA	93.4%	$926,865
6	Bundaberg	Qld	93.3%	$556,430
7	Warwick	Qld	89.6%	$491,106
8	Maryborough	Qld	89.1%	$461,360
9	Hervey Bay	Qld	85.2%	$698,855
10	Gladstone	Qld	84.1%	$524,724
11	Bunbury	WA	81.0%	$655,004
12	Muswellbrook	NSW	80.8%	$488,667
13	Port Pirie	SA	77.9%	$266,649
14	Perth	WA	75.9%	$807,715
15	Gold Coast - Tweed Heads	Qld/NSW	74.5%	$1,043,760
16	Adelaide	SA	72.9%	$820,825
17	Toowoomba	Qld	72.7%	$681,349
18	Albany	WA	72.7%	$621,841
19	Victor Harbor - Goolwa	SA	72.5%	$727,984
20	Mount Gambier	SA	71.7%	$462,364
21	Rockhampton	Qld	71.3%	$526,630
22	Port Lincoln	SA	71.1%	$471,971
23	Port Hedland	WA	70.7%	$456,072
24	Medowie	NSW	70.7%	$827,371
25	Singleton	NSW	70.3%	$663,629
26	Yeppoon	Qld	69.6%	$758,211
27	Brisbane	Qld	68.3%	$902,218
28	Townsville	Qld	67.4%	$551,921
29	Sunshine Coast	Qld	65.7%	$1,064,323
30	Nelson Bay	NSW	64.5%	$913,112

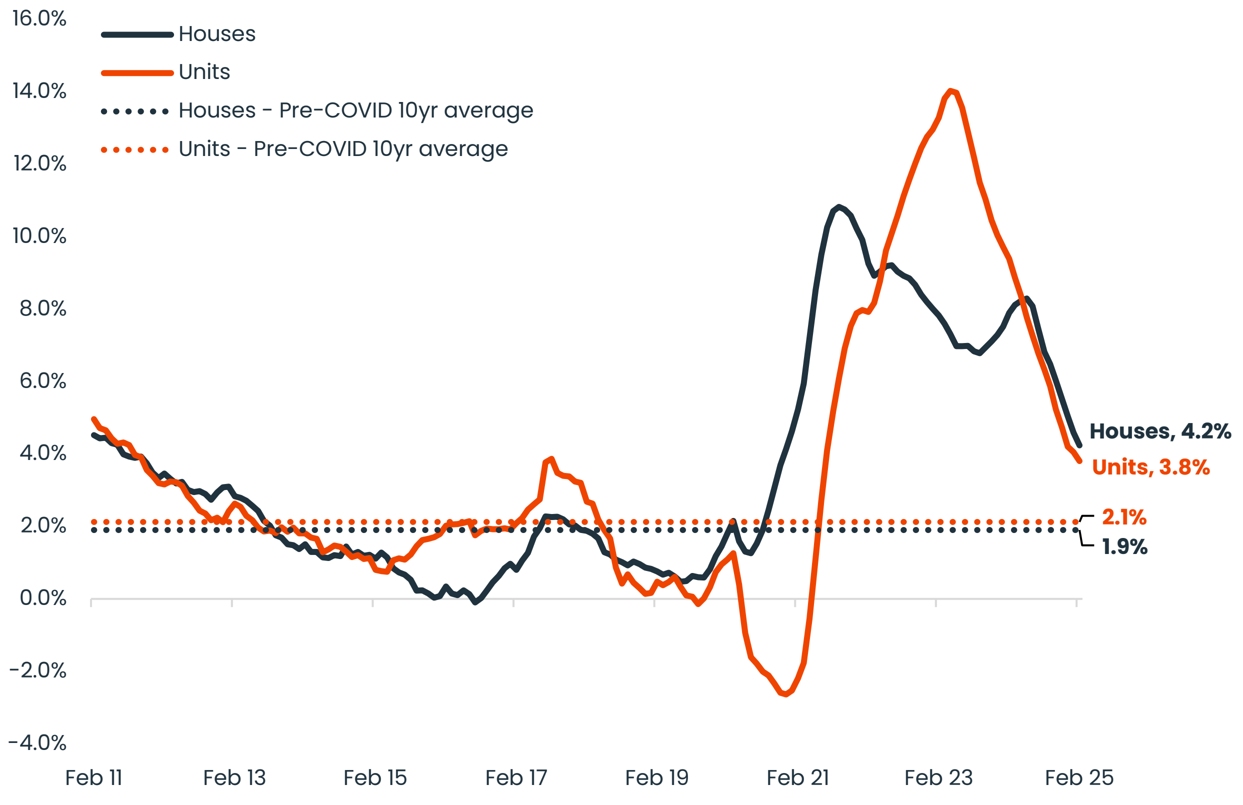
Rental markets have also been through a period of significant growth, with CoreLogic's national rental index rising by 37.6% since March 2020, 5.8 times faster than the change in rents over the previous five-year period (6.5%). The national median rental rate is now $177/week higher than levels in March 2020.

The overall growth rate in house and unit rents has been similar at a national level, with house rents rising 38.7% and unit rents up 35.1%, however the path of growth has been very different. Unit rents posted a sharp fall early in the pandemic due to less demand from students as international borders closed and social distancing measures prevented on campus study. A preference for space during the pandemic was another factor behind the weaker demand for unit rentals early in the pandemic.

House rents surged through the early phase of the pandemic, with demand amplified by a drop in the average household size, which the RBA estimates lifted housing demand by around 120,000 households. As affordability become more challenging and international borders reopened, unit rents soared, reaching an annual peak rate of growth of 14.0% in April 2023.

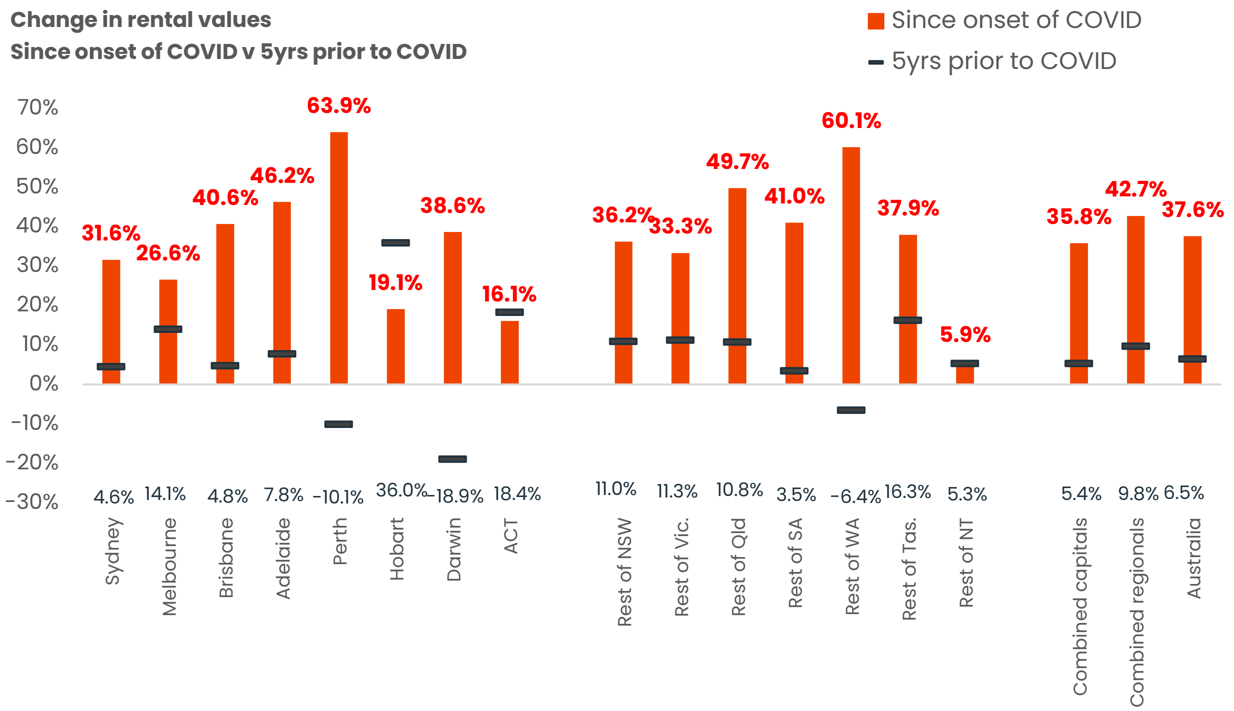
Rental trends have been losing pace as affordability challenges become more substantial for renters, the average household size gradually rises and overseas migration normalises.

Rolling annual change in Australian rents



Across the broad regions of Australia, regional markets have seen the largest rise in rents, up 42.7% since March 2020 compared with a 35.8% rise in capital city rents. In the five years prior to COVID, regional rents rose by just 9.8% and capital city rents were up only 5.4%. Regional WA (+60.1%) and regional Queensland (+49.7%) have recorded the highest rental growth since the onset of COVID.

Perth has recorded the largest rise in rents of any region, up 63.9% since March 2020 and adding approximately $274/week to the median. The surge in Perth rents is a dramatic turn-around from the 10.1% *decline* in rents recorded in the five years prior to the pandemic. Rental demand has surged due to a combination of high overseas and interstate migration. The other mid-sized capitals, Adelaide (+46.2%) and Brisbane (+40.6%) rounded out the top three capital cities for rental appreciation.



Hobart and the ACT were the only broad regions where the change in rents since March 2020 has been less than the five years prior to the pandemic. Hobart's weaker rental conditions are mostly attributable to a slowdown in demand as population growth eases into negative territory. In the ACT, softer rental conditions can be better attributed to a healthier supply response, especially across the unit sector.