Charter Keck Cramer

Australian Capital Cities: 40 Years of Dislocation and Recalibration

Residential House & Unit Relative-Value Analysis

Sydney | Melbourne | Brisbane | Perth | Adelaide

September 2026

Have Australia's Housing Markets Broken?

Forty years of evidence says no — every confirmed dislocation on record has recalibrated, and today's dislocations appear to fit the same historical pattern.

Key Finding 1	*Key Finding 2*	*Key Finding 3*	*Key Finding 4*	*Key Finding 5*
46 dislocations since the mid-1980s. 39 have already recalibrated. Across the Sydney, Melbourne, Brisbane, Perth and Adelaide house and unit markets, we have identified 46 confirmed dislocation episodes. Our research shows that 39 of the 46 (85%) have already recalibrated. The remaining 7 are still recalibrating - including Melbourne, Sydney and Brisbane.	**Recalibration is time bounded and not indefinite.** Where a dislocation has run its course, our research shows that the recalibration has historically taken between 6 and 85 months (median of 18 months). The timing has depended on the depth and cause of the episode.	**Today's dislocations sit within the historical envelope.** Peak dislocations across the five cities have ranged from -29.1% (Perth, 2016–2024) to +39.6% (Perth, 2006–2010). The current dislocations in Melbourne, Brisbane and Sydney, whilst material, are not outside the range the market has absorbed and recalibrated from before.	**Every city has cycled through this more than once.** Each of the five cities has moved between overvaluation and undervaluation multiple times over 40 years. The research shows that dislocation and recalibration are the market's normal mechanism for absorbing these shocks (i.e. mining boom, Olympics or GFC).	**Dislocation & recalibration is market-specific & not universal.** Our research shows that city specific drivers cause the markets to dislocate and recalibrate. A single market dislocating is not evidence of a national problem.

The 40-year record is clear: every dislocation has recalibrated. This is a market behaving exactly as it always has — not one that is broken.

Source: Cotality Home Value Index, Charter Keck Cramer

Eleven Market Regimes Have Shaped 40 Years of Relative-Value Cycles

Every dislocation and recalibration analysed in this report sits within one of these defined national housing-market regimes.

1
Financial deregulation & asset boom
Aug-85 – Dec-89 (53 mo)
Credit expansion and asset boom; Japanese outbound investment.

2
Early-1990s recession and repair
Jan-90 – Dec-93 (48 mo)
Recession, unemployment and balance-sheet repair.

3
Mid-1990s recovery
Jan-94 – Dec-99 (72 mo)
Recovery, disinflation and expanding housing credit.

4
Sydney Olympics & early-2000s boom
Jan-00 – Dec-03 (48 mo)
Olympics redevelopment amid a broad housing upswing.

5
Mining boom and credit expansion
Jan-04 – Dec-08 (60 mo)
Resources boom, especially Perth and Brisbane.

6
Post-GFC recovery
Jan-09 – Dec-12 (48 mo)
Rate cuts, fiscal support and post-GFC recovery.

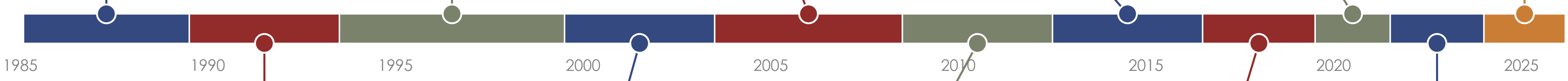
7
Investor and foreign-capital boom
Jan-13 – Dec-16 (48 mo)
Investor lending and foreign-purchaser demand.

8
Macroprudential & foreign-buyer restriction
Jan-17 – Dec-19 (36 mo)
APRA lending constraints and foreign-buyer measures.

9
Pandemic disruption and stimulus
Jan-20 – Dec-21 (24 mo)
Lockdowns, HomeBuilder and very low interest rates.

10
Interest-rate shock
Jan-22 – Jun-24 (30 mo)
Inflation and rapid interest-rate increases.

11
Migration recovery & supply divergence
Jul-24 – Aug-26 (26 mo)
Migration recovery and housing supply shortages.



Current regime (ongoing)

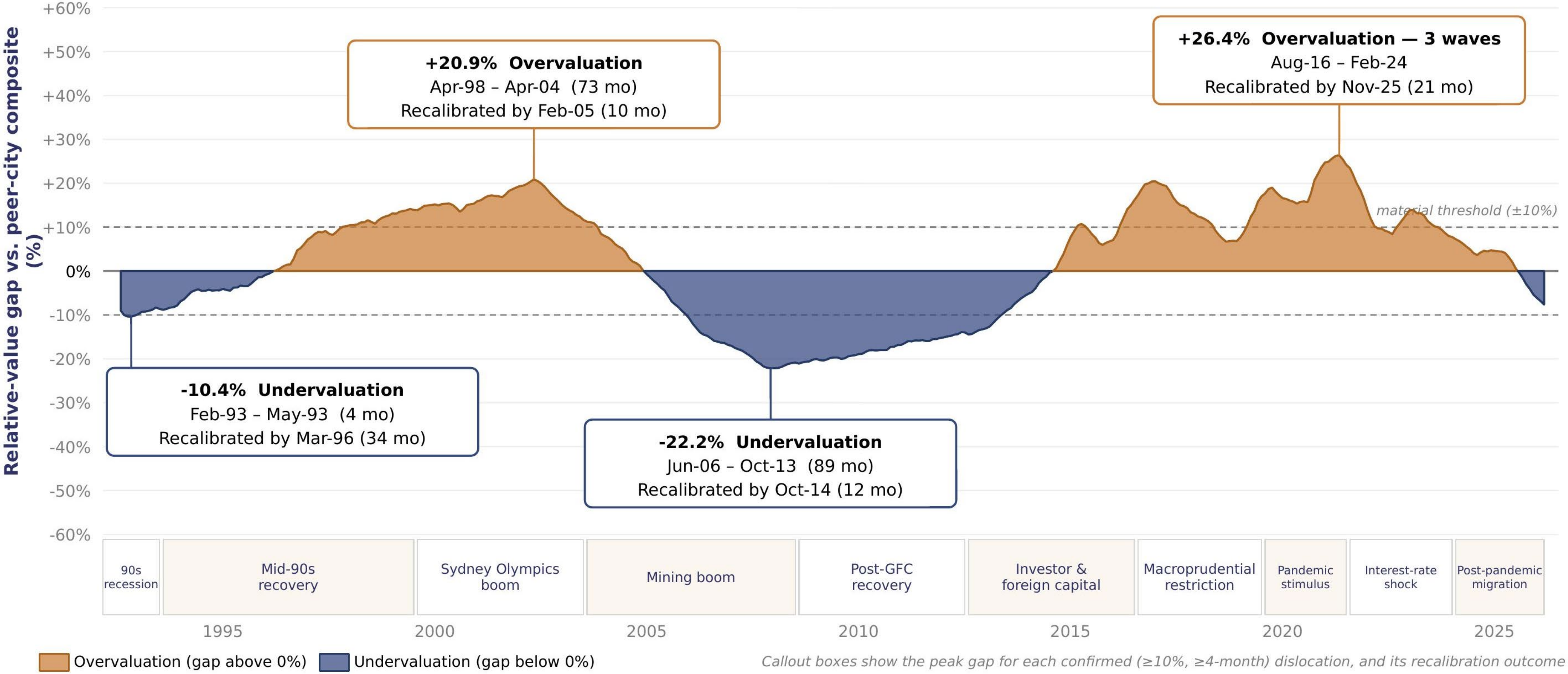
Definitions

Every calculation in this analysis follows these definitions, applied identically and symmetrically across all five cities.

Term	Definition
Peer basket	For a given city, the other four of the five core cities (Sydney, Melbourne, Brisbane, Adelaide, Perth) used as comparators.
Pairwise ratio	A city's value ÷ a peer city's value, same month, same property type (House, Unit or All Dwellings).
Composite ratio	The equal-weight geometric mean of a city's available pairwise ratios against its full peer basket.
Baseline period	Aug-1985 to Dec-2019 (Adelaide: Jan-1993 to Dec-2019, reflecting its data start), restricted to months with a full four-peer basis.
Baseline norm / std. dev.	The mean and standard deviation of the composite ratio over the baseline period.
Z-score	(Composite ratio − baseline norm) ÷ baseline standard deviation.
Relative-value gap	Composite ratio ÷ baseline norm − 1, expressed as a percentage.
Material dislocation	≥ 4 consecutive months with the relative-value gap beyond ±10% of the baseline norm — applied symmetrically to overvaluation and undervaluation.
Recalibration	The gap returning to within ±2.5% of the baseline norm — or being overtaken by a new confirmed dislocation first, in which case the episode is ‘superseded’ rather than recalibrated.
Depth of dislocation	The peak relative-value gap reached during the confirmed (≥4-month) breach.
Depth of recalibration	The further gap closed between the end of the dislocation phase and the point of recalibration (or supersession).

Sydney Houses: Three Overvaluations, One Delayed Recalibration

Three successive overvaluation episodes from 2016–2024, peaking at +26.4% in 2021, only fully recalibrated by Nov-2025 — the longest dislocation on record was a seven-year, -22.2% undervaluation through 2006–2013.

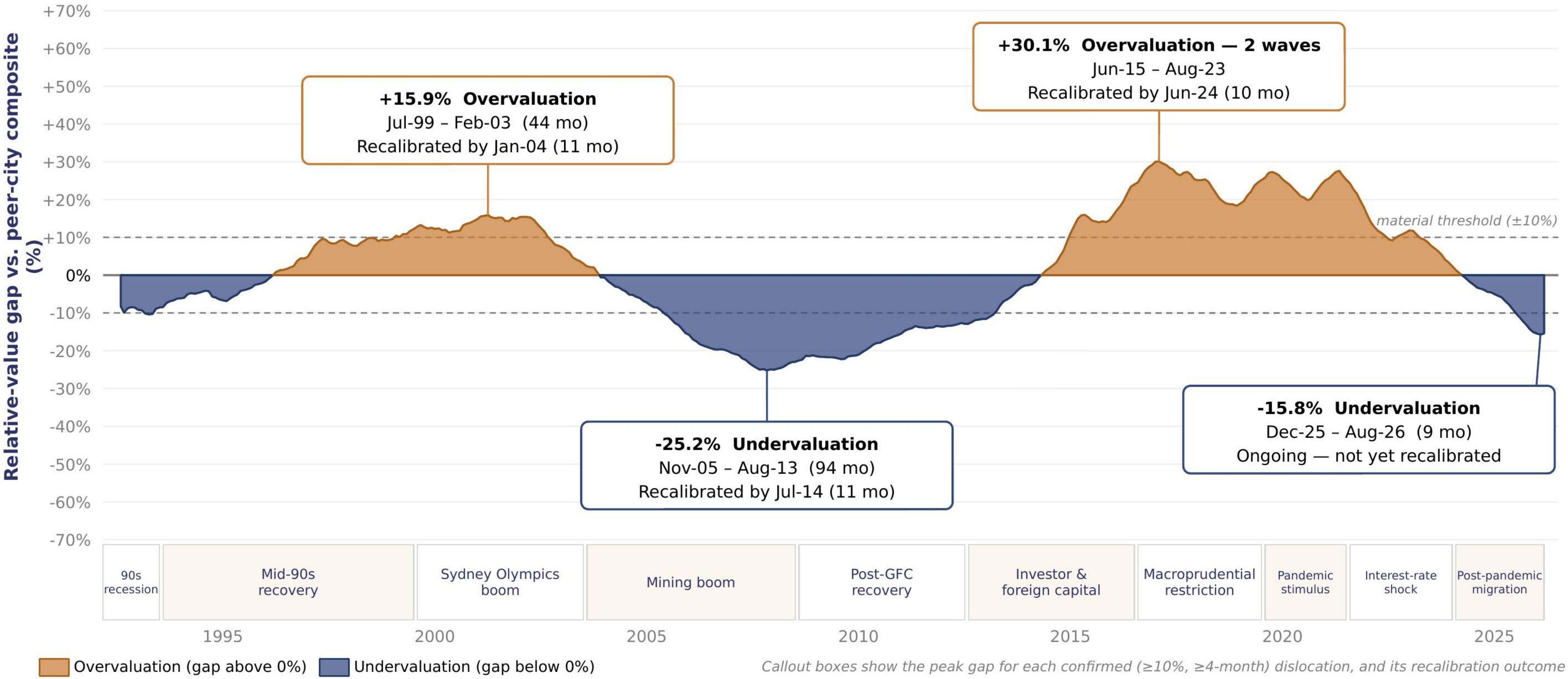


Callout boxes show the peak gap for each confirmed (≥10%, ≥4-month) dislocation, and its recalibration outcome

Source: Cotality Home Value Index, Charter Keck Cramer

Sydney Units: The Largest, Longest Dislocation on Record

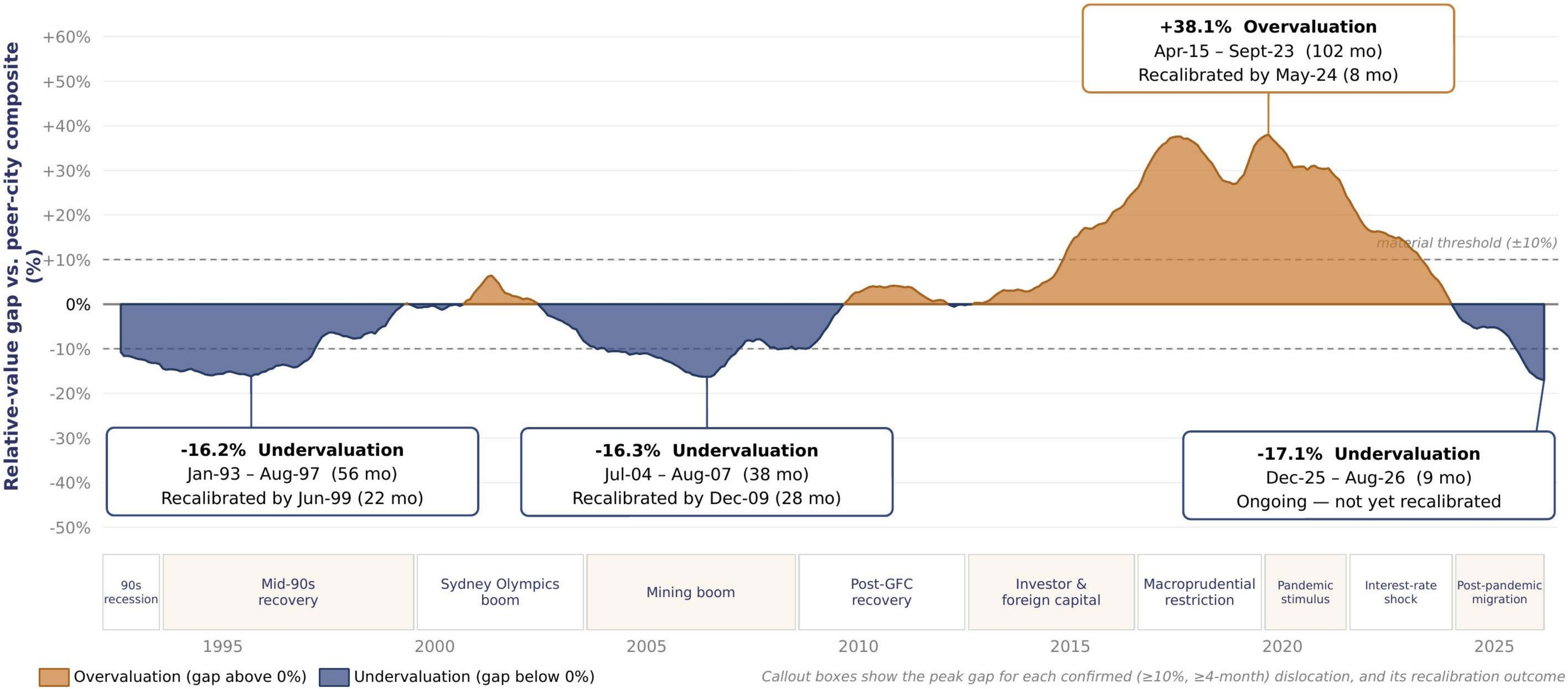
A seven-and-a-half-year, +30.1% overvaluation (2015–2022) — the deepest and longest in the 40-year dataset — recalibrated by mid-2024, and a fresh -15.8% undervaluation has just opened.



Source: Cotality Home Value Index, Charter Keck Cramer

Melbourne Houses: The Longest and Deepest Dislocation on Record

An eight-and-a-half-year, +38.1% overvaluation (2015–2023) — the largest in the 40-year dataset — has fully unwound into a fresh undervaluation opening in late 2025.

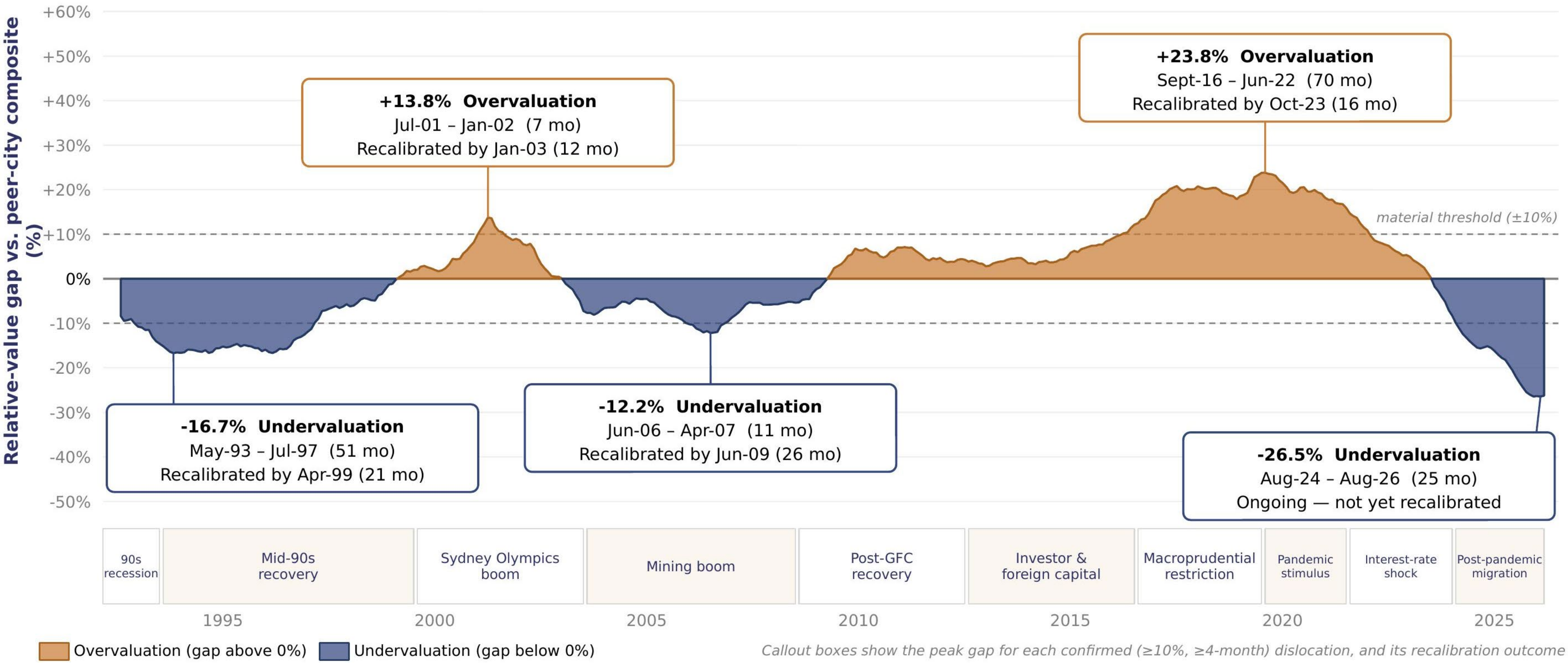


Callout boxes show the peak gap for each confirmed (≥10%, ≥4-month) dislocation, and its recalibration outcome

Source: Cotality Home Value Index, Charter Keck Cramer

Melbourne Units: Shorter Cycles, Consistently Following Houses

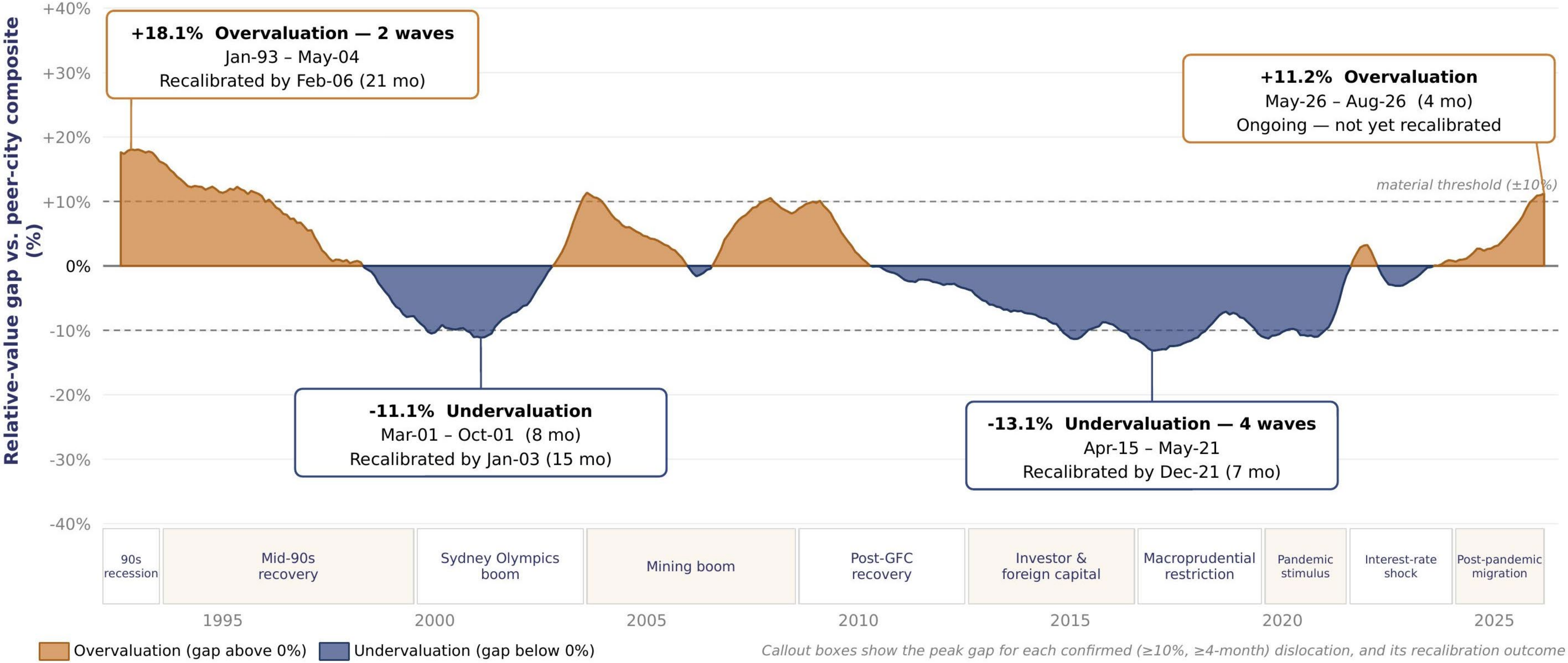
Every unit dislocation has tracked a house dislocation with a 6–18 month lag, and the current -26.5% undervaluation is the deepest unit dislocation on record.



Source: Cotality Home Value Index, Charter Keck Cramer

Brisbane Houses: Rare Overvaluations, Frequent Short Dips

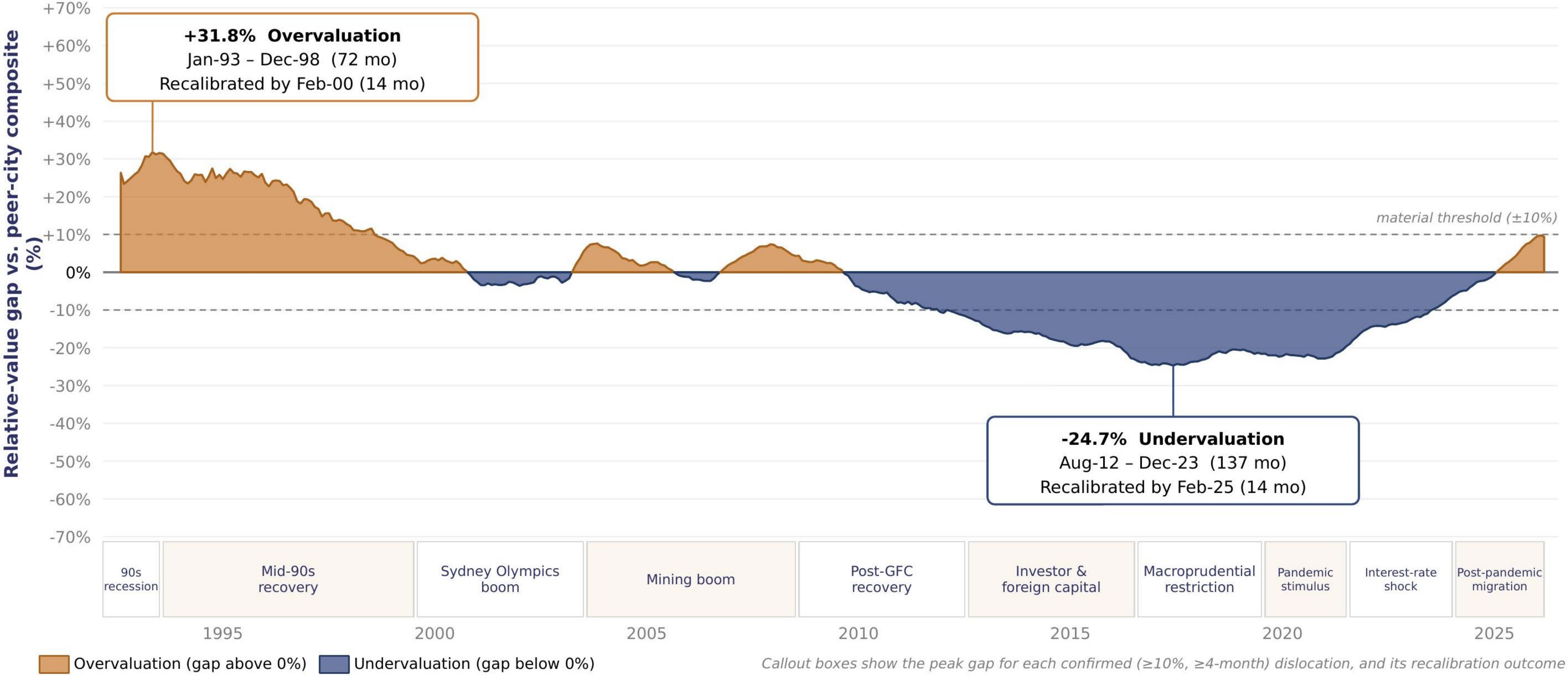
Confirmed overvaluations occurred only in 1993–1996 (+18.1%) and 2003–2004 (+11.4%); four modest undervaluations since 2015 recalibrated together by late 2021, and a fresh +11.2% overvaluation opened in mid-2026.



Source: Cotality Home Value Index, Charter Keck Cramer

Brisbane Units: Two Dislocations in 40 Years, One Lasting 11

A +31.8% overvaluation (1993–1998) gave way to 13 years of equilibrium before a -24.7% undervaluation opened in 2012 and persisted for 137 months — the longest dislocation of any city or product — before recalibrating in early 2025.

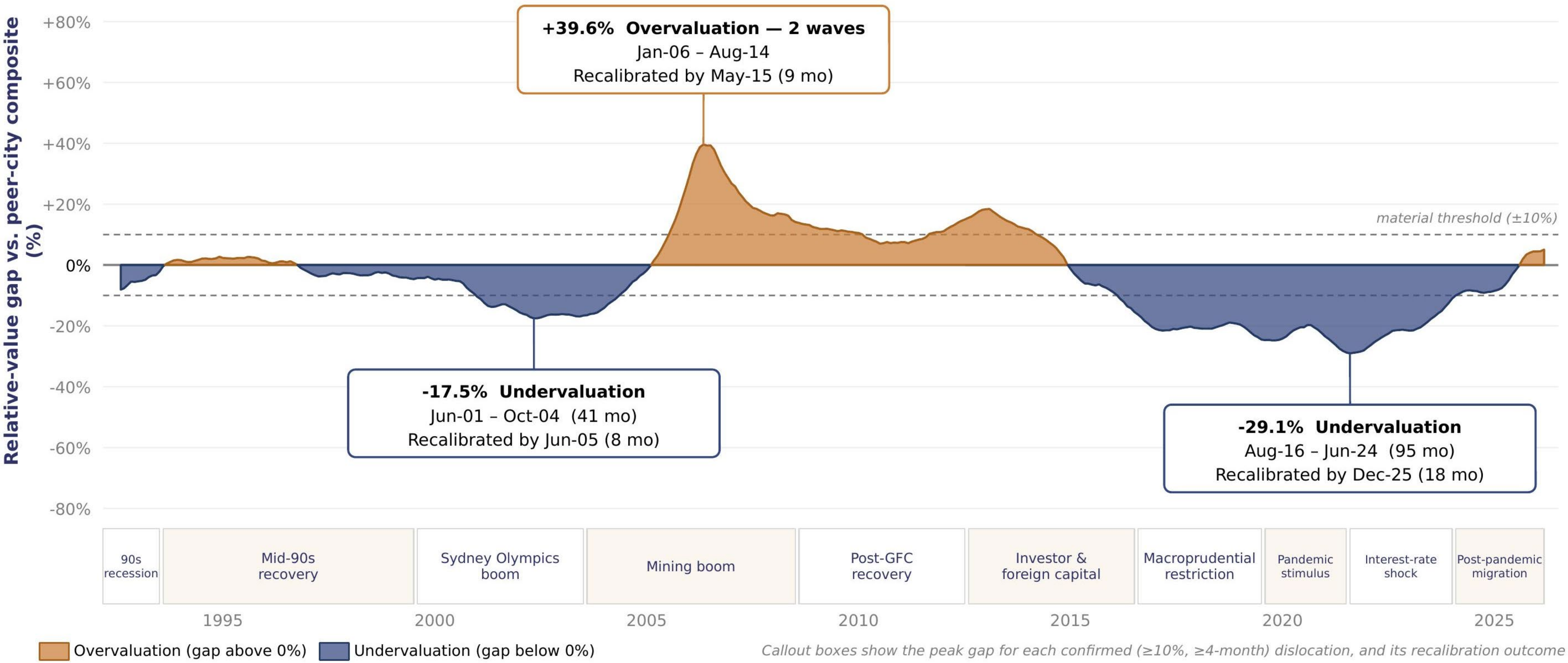


Callout boxes show the peak gap for each confirmed (≥10%, ≥4-month) dislocation, and its recalibration outcome

Source: Cotality Home Value Index, Charter Keck Cramer

Perth Houses: The Deepest Boom-Bust Cycle of Any Capital City

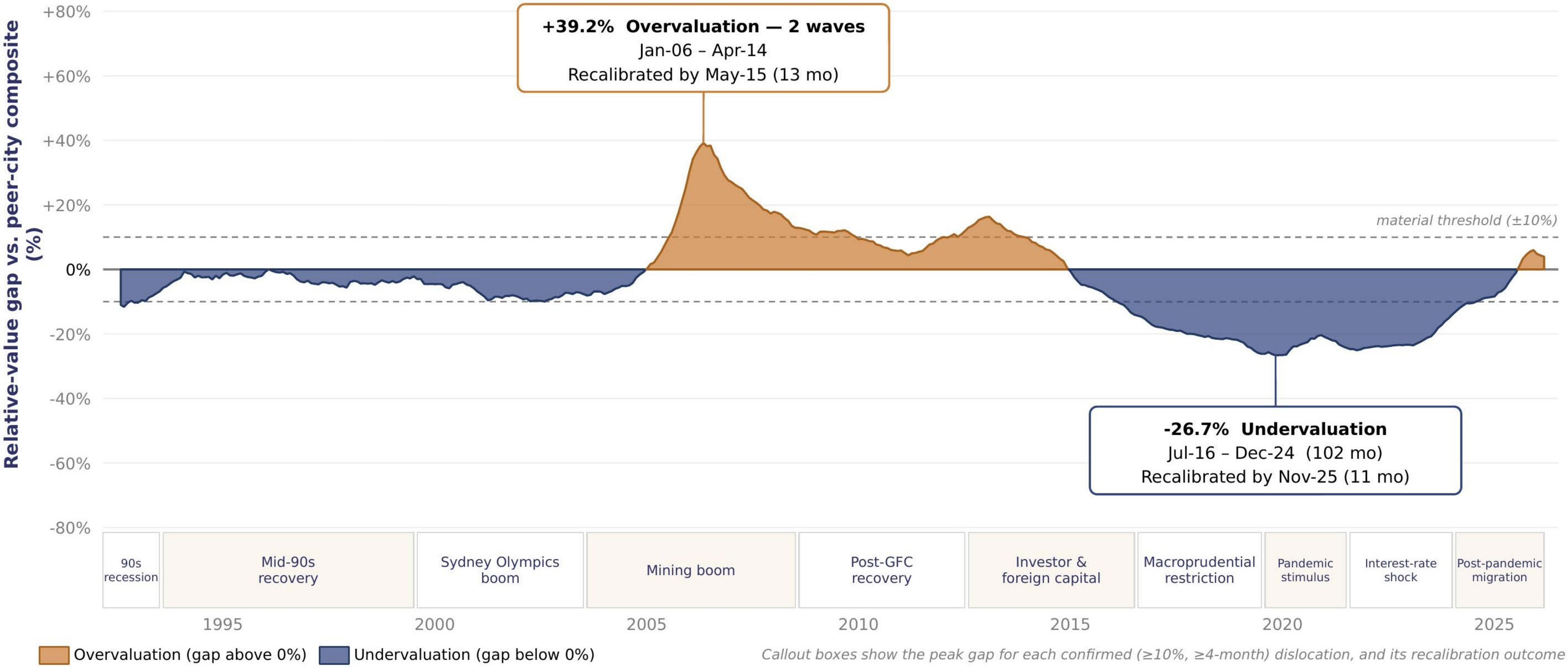
A mining-boom overvaluation peaked at +39.6% in 2006 — the largest gap in the dataset — followed a decade later by an eight-year, -29.1% undervaluation (2016–2024) that only recalibrated in December 2025.



Source: Cotality Home Value Index, Charter Keck Cramer

Perth Units: Mirroring Houses Through an Extreme Boom-Bust Cycle

A +39.2% mining-boom overvaluation (2006–2010) was followed by an eight-and-a-half-year, -26.7% undervaluation (2016–2024) — nearly identical in shape and timing to the house market — recalibrating in November 2025.

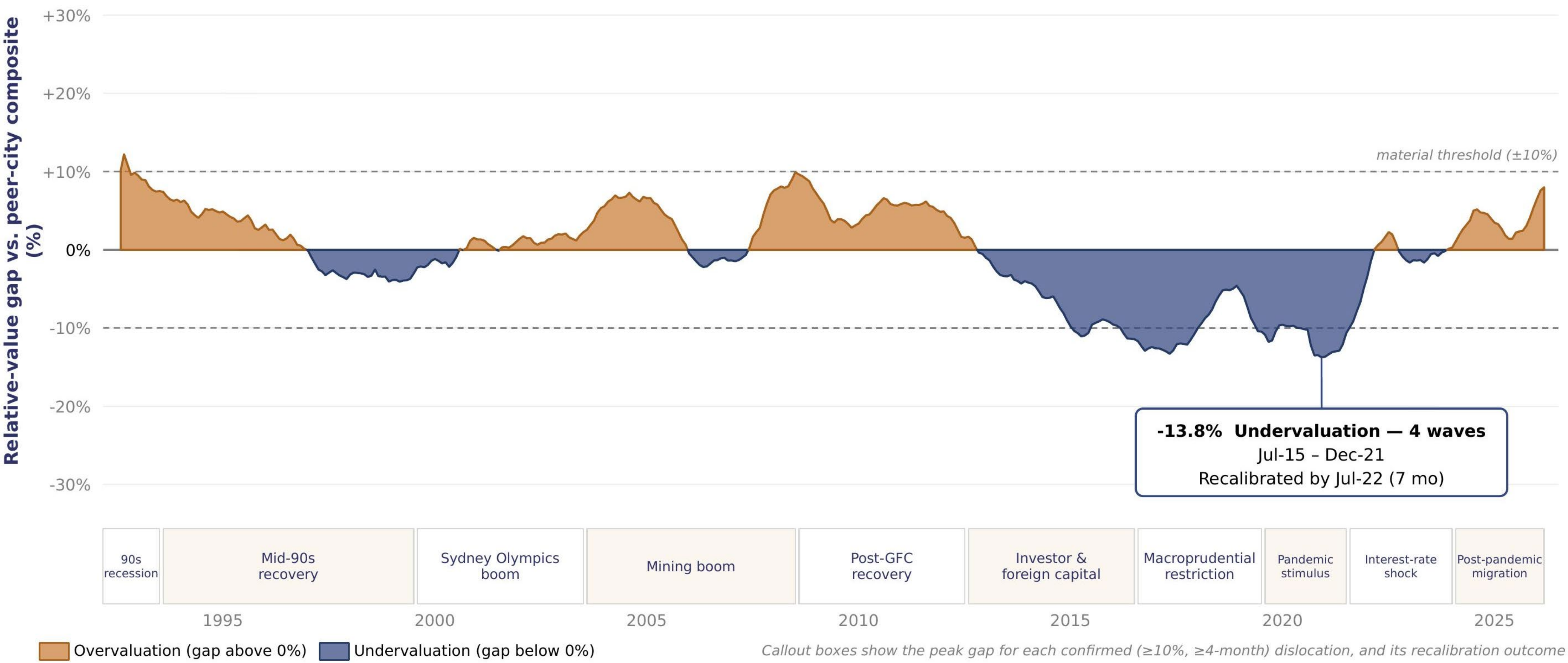


Callout boxes show the peak gap for each confirmed (≥10%, ≥4-month) dislocation, and its recalibration outcome

Source: Cotality Home Value Index, Charter Keck Cramer

Adelaide Houses: Never a Confirmed Overvaluation in 40 Years

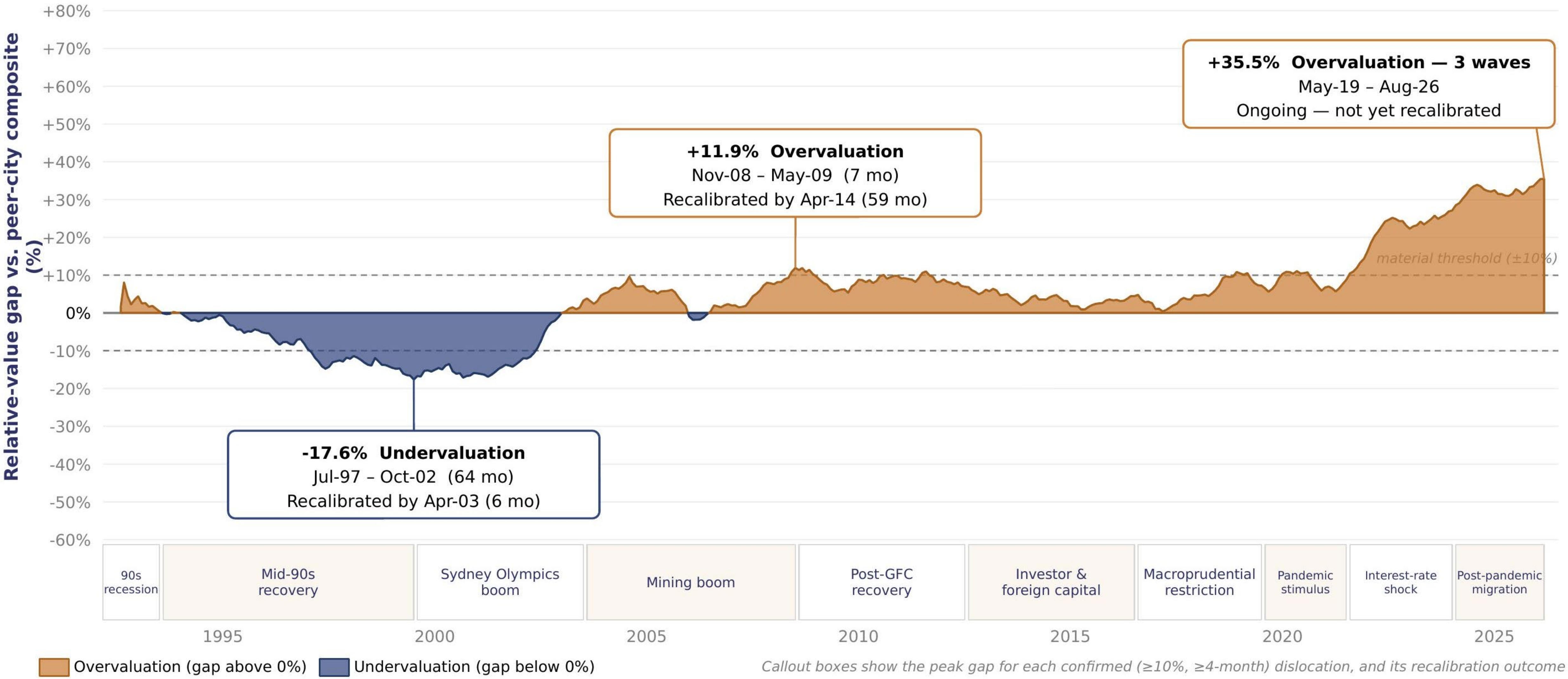
In 40 years, Adelaide houses have recorded only shallow undervaluation episodes (-11% to -13.8%, 2015–2021), all fully recalibrated by the 2022 boom, and have never breached the +10% overvaluation threshold.



Source: Cotality Home Value Index, Charter Keck Cramer

Adelaide Units: A Record +35.5% Overvaluation Is Still Widening

After decades of only brief, shallow dislocations, Adelaide units have been overvalued continuously since 2022, reaching +35.5% by August 2026 — the largest and longest-running overvaluation in the market's history, with no recalibration yet in sight.



Callout boxes show the peak gap for each confirmed (≥10%, ≥4-month) dislocation, and its recalibration outcome

Source: Cotality Home Value Index, Charter Keck Cramer

Thank you