The national Housing Value Index (HVI) fell by 0.1 per cent across May. (iStock)

National house prices dive for the first time since 2020

A combination of rising interest rates, lower sentiment and higher inventory levels has resulted in Australia's Home Value Index (HVI) decreasing by 0.1 per cent, data from CoreLogic reveals.

This decline in the national HVI is the first month-on-month decrease since September 2020.

Combined with a month-on-month decrease in Melbourne (-0.7 per cent), Sydney (-1.0 per cent) and Canberra (-0.1 per cent), dwelling values have decreased nationally overall by 0.1 per cent, despite a rise in other remaining capital cities around the country.

Even the 0.5 per cent increase in housing values across regional areas in Australia was not enough to offset the overall decrease in prices. The total decrease to the combined capitals index was 0.3 per cent over the month of May.

"There's been significant speculation around the impact of rising interest rates on the property market, and last month's increase to the cash rate is only one factor causing growth in housing prices to slow or reverse," CoreLogic's research director, Tim Lawless, says.

"It's important to remember housing market conditions have been weakening over the past year, at least at a macro level."

Melbourne dwelling prices have fallen four out of the last six months, whereas Sydney dwelling prices have steadily declined since February. However, housing prices in Melbourne are 9.8 per cent higher than those at a pre-COVID level, whereas Sydney's are 22.7 per cent higher and Canberra 37.9 per cent higher than pre-COVID levels.

Data published by CoreLogic.

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