

PROPERTY MARKET UPDATE

MONTH IN REVIEW

AUGUST 2025



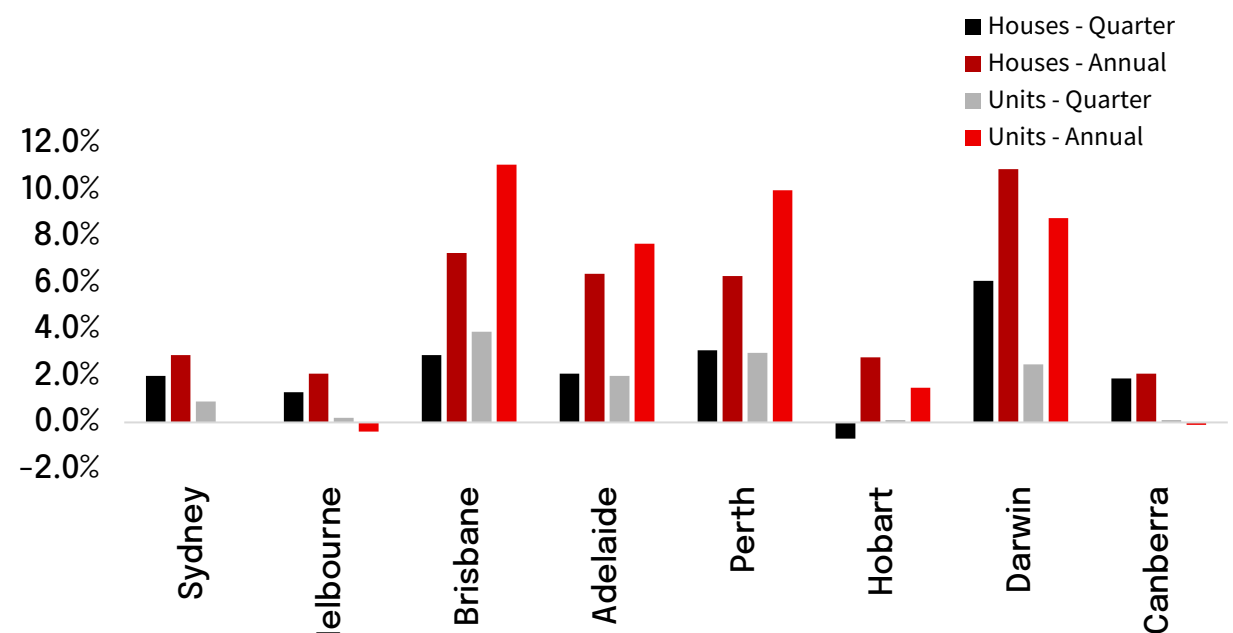
Australia's housing market continued its upswing in August, with national home values rising by 0.7%, according to Cotality's Home Value Index (HVI). This marks the most significant monthly increase since May 2024 and continues a trend of steady recovery, lifting annual growth to 4.1%. The rebound has been gradually gaining pace since the Reserve Bank's rate cut in February, which helped ease financial pressure on buyers and reignite market activity.

A key driver of this growth is the ongoing imbalance between supply and demand given advertised supply is around 20% lower than usual for this time of year and buyer interest remains is building given easing official interest rates and bringing forward of the Home Guarantee Scheme. Sales volumes are up 2% compared to last year and nearly 4% above the five-year average. This mismatch is placing upward pressure on prices and giving sellers a clear advantage heading into the spring season.

Auction clearance rates reflect this seller-friendly environment, climbing to 70% in late August – the highest level seen since early 2024. The pace of value growth remains more subdued than in previous cycles. For context, the pandemic-era boom saw monthly gains peak at 3.1% in March 2021 and although interest rates are now easing, the current cash rate is still significantly higher than the ultra-low 0.1% that fuelled earlier surges.

Growth is being seen across nearly all regions, with the mid-sized capitals again leading this. Brisbane posted a 1.2% rise in August, followed closely by Perth (1.1%) and Adelaide (0.9%). Darwin also saw a strong 1.0% increase, bringing its year-to-date growth to 10.8% - the highest among all capital cities. Hobart was the only capital to record a decline, with values slipping by 0.2%.

House & Unit Value Movement – End of August



Source: NAB, Cotality

Rental markets are starting to re-accelerate. National rents rose by 0.5% in August, the sharpest monthly increase since May 2024. This marks the second consecutive month of annual rental growth acceleration, now sitting at 4.1%. Vacancy rates remain extremely low at 1.5%, underscoring the tight market conditions.

Like its dwelling value performance, Darwin continues to stand out in the rental space, with house rents up 6.5% and unit rents surging 9.4% over the past year. These gains are supporting a robust gross rental yield of 6.5%, making the city particularly attractive to investors.

Melbourne, the ACT and Sydney have seen the slowest rental growth among capital cities over the past year, though momentum is starting to build. Sydney remains the most expensive rental market, with houses averaging \$833 per week and units \$749. In contrast, Hobart offers the most affordable rents, with houses at \$603 and units at \$506 per week.

Outlook

The broad-based rise in housing values is expected to continue into spring, traditionally a period of increased listings. While more stock may test buyer depth, demand is likely to remain strong, supported by improved consumer sentiment, recent and anticipated reductions in interest rates, rising real wages, renewed household savings and a tight labour market.

A further boost to demand will come from the expanded Home Guarantee Scheme, launching on 1st October. With no income caps, higher price thresholds and unlimited places, the scheme is expected to attract strong interest from first home buyers.

Whilst the positive outlook, the rate of growth is anticipated to remain moderate due to continued affordability, high household debt, cautious lending and stabilising population growth.

PROPERTY MARKET UPDATE

MONTH IN REVIEW

JULY 2025



Market Level Dwelling Growth



Source: Cotality