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Market Essentials March 2025

National Overview

- **National House Price Growth:** National house prices increased by **5.1% in 2024**, with moderate growth expected in 2025 (forecast: **3.3% for houses, 4.6% for units**).
- **Rental Market:** Rental price growth moderated from **7.8% in March 2024** to **6.7%** in September 2024, reflecting tightening vacancy rates but continued strong demand.
- **Interest Rates & Sentiment:** Market sentiment has improved, supported by expectations of **lower interest rates**, and increased buyer activity and auction clearance rates.

Key Insights

- **Price Growth:** NAB reports a **moderate price recovery** in most cities, with **Adelaide, Brisbane, and Perth** continuing to show the strongest growth.
- **Buyer Confidence:** Buyer confidence is slowly improving, driven by a **relatively stable interest rate environment** and **easing cost-of-living pressures**.
- **Interest Rate Impact:** The impact of previous rate hikes has diminished, although concerns persist about affordability, particularly in **Sydney** and **Melbourne**.
- **Rental Market Tightness:** The **rental market** remains very tight across most cities, with **strong demand** and **limited supply**, leading to continuing rental price growth. However, expect rental growth to **moderate in 2025**.

State-by-State Market Breakdown

New South Wales (NSW)

- **Sydney:**
 - **House Price:** Median of **\$1,100,000**. Monthly growth of **+0.28%**, with modest recovery in early 2025 after a period of decline.
 - **Sales Activity:** Sydney recorded **23,014 house transfers** and **25,185 attached dwelling transfers** in H1 2024, showing a **5.69%** and **14.57%** year-on-year increase, respectively.

- **Market Trends:** Sydney's market shows slow recovery, with increased buyer interest, particularly in **high-end properties**.

Victoria (VIC)

- **Melbourne:**
 - **House Price:** Median price of **\$772,561**. Monthly growth of **+0.4%** in February 2025, signaling recovery after 10 months of declines.
 - **Market Conditions:** Melbourne has seen the weakest growth among Australian capitals but is showing signs of revival.
 - **Sales Data:** Recorded **23,246 established house transfers**, down **0.29%** in H1 2024, with a **2.11% increase** in attached dwelling transfers.

Queensland (QLD)

- **Brisbane:**
 - **House Price:** Median of **\$894,425**. Annual growth of **9.7%** and monthly growth of **+0.2%**.
 - **Market Performance:** Brisbane experienced solid growth, especially in the **outer suburbs** and **regional Queensland**, continuing to benefit from strong migration trends and relatively affordable housing compared to Sydney and Melbourne.
- **Regional Queensland:** Regional areas performed better, with **1.0% quarterly growth**.

Western Australia (WA)

- **Perth:**
 - **House Price:** Median price of **\$807,933**. Recorded **+0.3%** monthly growth and **14.3%** annual growth in 2024.
 - **Market Outlook:** Perth's property market has seen one of the strongest recoveries with robust price growth in the second half of 2024, largely driven by resource sector activity and improved sentiment.

South Australia (SA)

- **Adelaide:**
 - **House Price:** Median of **\$822,201**. Annual growth of **11.9%** and **+0.3%** monthly growth in February 2025.
 - **Market Conditions:** South Australia, particularly Adelaide, has been one of the best-performing markets with **double-digit growth** in the past year.
 - **Sales Performance:** Strong transfers with **16.89%** year-on-year increase in house transactions in H1 2024.

Tasmania (TAS)

- **Hobart:**
 - **House Price:** Median of **\$661,544**. February growth of **+0.4%**, but saw a **-0.3%** annual decline.
 - **Market Performance:** Hobart's market has slowed in comparison to the previous boom years but still showing modest recovery.
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Additional Key Trends and Insights

- **Property Settlements:** 2024 saw an increase in **property settlements** across mainland states, with **Queensland** and **NSW** seeing the highest numbers, totalling **723,312 settlements**.
 - **Market Sentiment:** Buyer confidence is improving, albeit slowly. Despite concerns over **affordability**, buyers are showing increasing interest in regions with **strong economic fundamentals** like **Queensland** and **Western Australia**.
 - **Interest Rates:** While interest rates are still high compared to historical lows, **rate hikes** have lessened their impact, with expectations of **stability** in 2025, which could lead to a more positive outlook for property buyers.
 - **Rental Market:** The rental market remains tight, especially in **capital cities** like **Sydney** and **Melbourne**, leading to **moderated rental growth** in 2025.
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