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Market Essentials Year end 2025

NATIONAL OVERVIEW – 2025

- 2025 marked a solid housing rebound after the slowdown of 2023–2024, with national dwelling values rising ~6% over the year.
- Growth was broadly distributed, but houses outperformed apartments in nearly every capital city and regional zone.
- Regional markets outpaced capital cities, led by strong demand in WA, QLD, NSW coastal regions and parts of VIC.
- Rents climbed sharply, particularly in tight regional markets where vacancy rates often fell below 1%.
- Investor participation remained patchy, but first-home buyer activity lifted in the second half of the year as affordability stabilised and government support programs expanded.
- By late 2025, stabilising interest rates improved buyer sentiment, although affordability pressures remained high.

NEW SOUTH WALES

- Sydney houses showed steady annual gains, driven by outer-ring suburbs where supply stayed tight.
- Units lagged, especially in inner Sydney, though some improvement appeared late in the year.
- Regional NSW delivered mixed results:
- Coastal markets (Central Coast, Port Macquarie, Wollongong) enjoyed healthy growth.
- Bowral–Mittagong was one of the few national markets to record a small annual price decline.
- Rental pressures intensified across both Sydney and regional centres, with some coastal towns operating at near-zero vacancy.

VICTORIA

- Melbourne had a moderate recovery, with houses outperforming units as buyers prioritised space and affordability.

- Regional Victoria was one of 2025's quieter comeback stories — Bendigo, Ballarat and Shepparton all recorded higher turnover and improving prices in the second half.
- Rental growth was solid but less aggressive than NSW/QLD, as Melbourne's rental supply improved slightly.

QUEENSLAND

- One of 2025's strongest performers.
- Brisbane house values rose steadily, while coastal lifestyle markets such as Sunshine Coast, Gold Coast and Toowoomba were among the most consistent improvers nationally.
- Rents surged across SEQ and regional centres; yields held up relatively well because price growth, while strong, was still affordable compared to NSW/VIC.
- Interstate migration continued to support the market.

WESTERN AUSTRALIA

- Clear standout market of 2025.
- Perth delivered steady gains, but the real momentum came from regional WA, which dominated national growth rankings:
- Albany: ~23% annual growth
- Kalgoorlie: strongest quarterly result late in 2025
- Rental markets in WA tightened significantly, with some of the highest annual rent increases in the country.

SOUTH AUSTRALIA

- Adelaide remained a consistent, stable performer, delivering moderate but uninterrupted growth across the year.
- Regional SA (Victor Harbor, Mount Gambier) saw competitive selling conditions – low days-on-market, low vendor discounting.
- Rents rose steadily, supported by strong population retention and limited new supply.

TASMANIA

- Tasmanian markets saw mixed but positive momentum through 2025.
- Northern and North-West regions (Launceston, Burnie) outperformed Hobart, supported by comparatively better affordability and strong rental demand.
- Rents rose sharply in several key towns as vacancy rates tightened.

NORTHERN TERRITORY

- A more variable year: Darwin experienced modest improvement, but values moved inconsistently month to month.
- Smaller regional NT markets were highly volatile due to low sales volumes.
- Rental demand held firm, though growth was not as strong as in WA or QLD.

AUSTRALIAN CAPITAL TERRITORY

- ACT delivered a stable, consistent year, with house values recovering gradually.
- Units remained softer, mirroring trends in Sydney/Melbourne.
- Rents increased moderately, driven by low turnover and ongoing population stability.

HOUSES VS APARTMENTS – 2025 SUMMARY

- Houses:
- Strongest annual growth across the country.
- Favoured in outer-suburban and regional markets with limited supply.
- Apartments:
- Underperformed in Sydney, Melbourne and Brisbane CBD/middle-ring zones.
- Some improvement late in the year as investors returned slowly and affordability pushed buyers into smaller dwellings.

RENTAL MARKET – 2025 SUMMARY

- Rents surged, especially in regional WA, regional NSW and SE Queensland.
- Vacancy rates compressed, with many regional centres below 1%, the tightest levels in over a decade.
- Gross yields held relatively stable nationally — rising rents offset price increases, preventing major yield compression.

2025 HIGHS

- Albany (WA) and Kalgoorlie (WA) — strongest regional growth in Australia.
- Sunshine Coast & Toowoomba (QLD) — consistently high demand and tight rental conditions.
- Strong national rental growth supported investor returns despite modest yield compression.
- Rapid sales turnover in many regional markets.

2025 LOWS

- Bowral–Mittagong (NSW) — one of few markets with a negative annual result.
- Inner-city apartments struggled most of the year in Sydney/Melbourne.
- Affordability constraints limited first-home buyer activity until interest rates stabilised late in the year.

Summary

Overall, 2025 was a resurgent year for Australia's housing market, driven mainly by strong demand for houses, tightening rental markets and exceptional performance in Western Australia and Queensland. Apartments lagged but showed tentative improvement late in the year. Regional areas outperformed the capitals, rental pressures intensified nationwide, and stabilising interest rates in the back half of 2025 helped restore confidence. While not a boom year, 2025 marked a clear return to growth and sets the stage for a pivotal 2026 shaped heavily by affordability and interest-rate direction.