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NAB Residential Property Survey Q1 2025



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Housing market sentiment rallied as national housing price growth accelerated in the March quarter. February's rate cut is also likely to have supported the lift in the NAB Residential Property Index to a well above average +40 after moving lower in the previous 3 quarters. Sentiment is now positive across the country, except the ACT. With rates now lower and expected to fall further, confidence also improved. Most property professionals in WA, QLD and SA assess market conditions as rising, approaching their peak or at the peak of the market, while VIC and NSW are at the start of recovery. Foreign buyers were more active in March quarter but may have been prompted by temporary bans from purchasing established dwellings from April 1.

NAB's outlook for property prices is broadly unchanged. We see the 8-capital city dwelling price index ending the year around 3% higher, with a larger increase of around 6% over 2026.

Survey Highlights: The View from Property Experts

Housing market sentiment rallied in the March quarter as national house price growth accelerated. February's rate cut is likely to have also factored. Overall, the **NAB Residential Property Index** rose to a well above average +40, after moving lower in the previous three quarters.

Sentiment lifted across the country, except in TAS (though still positive at +33). Sentiment was highest in the NT (+100) and SA (+80) and bounced back into positive territory (though still below average) in NSW (+31) and VIC (+16) where home values has also started growing again in recent months. Sentiment in the ACT however remained negative (-25).

When property professionals were asked to best describe the state of the housing market in areas where they operate compared to the previous quarter, the majority in WA (84%), QLD (74%) and SA (70%) said the market is rising, approaching the peak or at the peak. In VIC (44%) and NSW (40%) however, most believe housing markets are now at the start of recovery.

With interest rates widely tipped to continue falling (NAB now sees the RBA easing more quickly to reach a neutral stance of 3.10% by Q3), confidence levels also bounced with both short (+51) and long term (+54 pts) measures up sharply after falling below average in the last quarter. Short-term confidence is highest in the NT (+100) and SA (+65) and lowest in VIC (+41) and NSW (+49). The 2-year measure is highest in the NT (+100) and TAS (+67) and lowest in the ACT (0) and WA (+30).

The average survey expectation for house price growth was raised to 2.3% for the next 12 months (from 1.2%) and 3.1% in 2 years' time (from 2.7%). But expectations vary across the country. They are now positive and higher in all states bar QLD and TAS. Expectations are most positive in the NT (5.0%) and WA (4.7%) and lowest in VIC (0.8%). Longer term projections also increased in all states bar WA where they were trimmed back (2.9%) and unchanged in NSW (2.7%). The outlook is strongest for TAS (4.8%) and the NT (4.4%) and lowest in the ACT (2.2%) and NSW (2.7%).

CoreLogic data shows rental values reached a record high in March 2025. In annual terms however, it slowed from a cyclical peak of 9.7% in the year to November 2021 to 3.1% in the year to March 2025 - the slowest rate of growth since March 2021. Despite this, surveyed property professionals expect rental growth to accelerate, with expectations for the next year raised to 2.2% (1.6% previously) and 2.7% in 2 years' time (2.6% previously).

Expectations are higher in all states for the next year except in the NT and VIC. Positive income returns are also forecast across Australia in 2 years' time except in the ACT. That said, expectations were also scaled back in VIC, SA, WA and the ACT.

The market share of FHBs in new housing markets in the March quarter fell to 34.2% after climbing to a 2-year high 38.2% in the final quarter of 2024. Sales to owner occupiers (net of FHBs) however increased to an above average 41.7% (from 37.6%), but local investors were less active (16.3% down from 17.9%). The share of sales to foreign investors rose to 6.9% but remained well below the survey average.

Construction costs are still seen as the main hurdle to starting new housing developments according to a basically unchanged 7 in 10 (71%) property professionals, followed by delays getting planning permits (62%). Far fewer however highlighted housing affordability (15% down from 41%), interest rates (8% vs. 29%) and labour availability (29% vs. 39%). By state, construction costs were the main barrier in WA (90%), QLD (50%) and NSW along with planning permit delays (72%). Delays getting planning permits however was biggest hurdle in in VIC (73%).

Buying activity in established housing markets continued to be dominated by owner occupiers (net of FHBs) with their overall market share increasing to a 3-year high 46.2% from 43.7% in the December quarter 2024. FHBs overall accounted for a lower 32.8% of total sales (down from 35.5%), with the market share of sales to local investors also lower at 15.9% (down from 17.2%) and well below average (18.6%). However this ranged widely from 21.3% in QLD to just 9.1% in VIC (by far the lowest of all states). Foreign buyers however accounted for a slightly higher 3.1% of sales.

Following February's rate cut, price levels and lack of stock replaced interest rates as the biggest constraint for established home buyers in the March quarter. Interest rates were however still viewed as the biggest constraint for home buyers in VIC, but price levels in NSW, and lack of stock in WA, QLD and SA.

The market share of foreign buyers in Australian housing markets increased in both new (6.9% up from 4.8%) and established markets (3.1% from 2.8%) in the March quarter but remained well below survey average levels (9.0% and 5.0% respectively). This spike may have been precipitated by the Government's announcement in mid-February 2025 that from 1 April 2025, foreign buyers (including temporary residents and foreign-owned companies) will be temporarily banned from purchasing established dwellings in Australia unless an exception applies.

The View from NAB Economics

Our forecasts for residential property prices are broadly unchanged, with the 8-capital city house price index expected to rise 3% this year and by around 6% over 2026 as falling interest rates support price growth. Across capital cities, price growth has converged somewhat through early-2025, with the rapid growth seen in Adelaide, Brisbane and Perth slowing. After a period of weakness, prices in Sydney and Melbourne are also now stabilising.

Our broader views continue to encompass a soft landing for the economy with inflation settling around the middle of the RBA's target band by H2 2025 and unemployment remaining below 4.5%. That said, there are building headwinds in the global economy and shifts in US trade policy are likely to be on net disinflationary for Australia. Consequently, the RBA will need to normalise rates quickly to ensure policy is appropriately calibrated. We now see the RBA cutting to 3.1% by August and then taking the cash rate to 2.6% by early-2026.

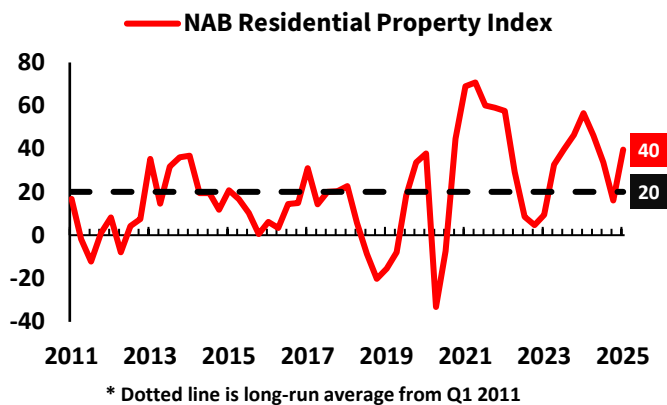
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View from Property Experts

Chart 1: NAB Residential Property Index



View from NAB Economics

Table 2: NAB Hedonic Dwelling Price Forecasts (%)*

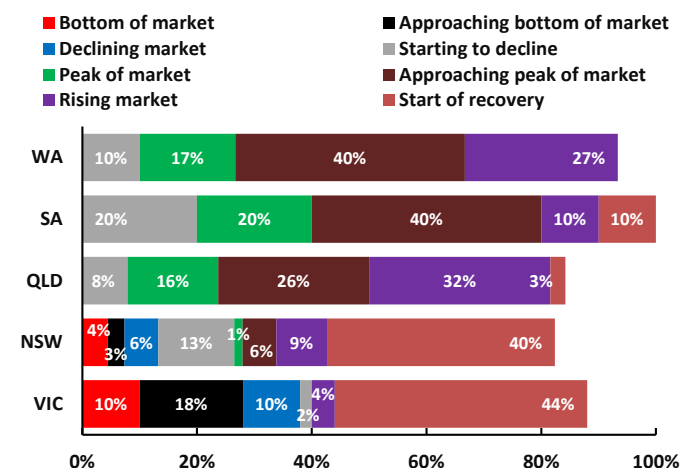
	2023	2024	2025f	2026f
Capital City Average	9.7	4.5	3.3	5.6
Sydney	11.3	2.4	2.7	4.9
Melbourne	4.2	-2.4	2.3	5.5
Brisbane	13.5	11.3	5.9	8.3
Adelaide	8.8	13.2	5.0	5.6
Perth	16.2	17.9	4.7	6.9
Hobart	-1.8	-0.2	2.5	2.4

*% change represent through the year growth to Q4 SOURCE: CoreLogic, NAB Economics

Table 1: Residential Property Index: States

	Dec-24	Mar-25	Next 12 months	Next 2 years
NAB Residential Property Index	16	40	51	54
Victoria	-22	16	41	58
New South Wales	-2	31	49	57
Queensland	58	59	55	59
South Australia	31	80	65	65
West Australia	40	57	60	30
Australian Capital Territory	-30	-25	50	0
Northern Territory	67	100	100	100
Tasmania	36	33	50	67

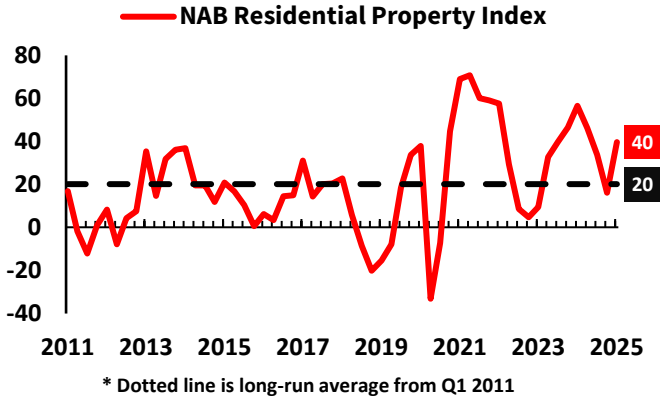
Chart 2: Property Clock: Q1 2025



NAB Residential Property Index

Overall, the **NAB Residential Property Index** rose to a well above average +40 in March, after moving lower in the previous three quarters. Housing market sentiment rallied as national house prices rose by a faster 0.7% in the quarter, with February's rate cut also likely to have provided a boost to sentiment.

Chart 3: NAB Residential Property Index

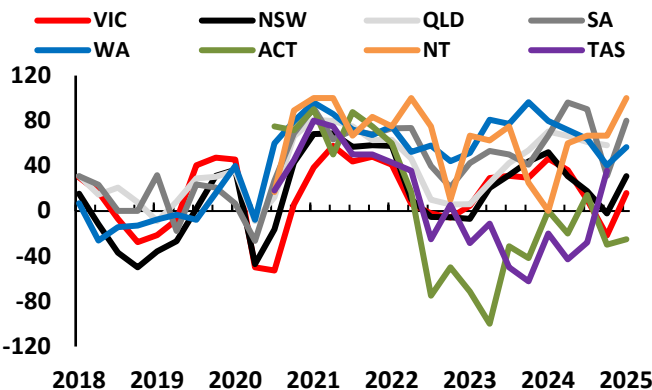


Sentiment lifted across the country, except in TAS though it was still positive (+33). It was highest in the NT (+100) and SA where it also climbed steeply (+80). State indices bounced back into positive territory in NSW (+31) and VIC (+16) where home values also started growing in recent months, but both states continued to print below survey (+23 & +19 respectively). Housing market sentiment in the ACT however remained negative (-25).

Table 3: NAB Residential Property Index: States

	Dec-24	Mar-25	Next 12 months	Next 2 years
NAB Residential Property Index	16	40	51	54
Victoria	-22	16	41	58
New South Wales	-2	31	49	57
Queensland	58	59	55	59
South Australia	31	80	65	65
West Australia	40	57	60	30
Australian Capital Territory	-30	-25	50	0
Northern Territory	67	100	100	100
Tasmania	36	33	50	67

Chart 4: NAB Residential Property Index: States



With interest rates now tipped to continue falling (with a larger headwind emanating from the global backdrop, NAB Economics now sees the RBA easing more quickly to reach a neutral stance (3.10% by Q3), confidence levels also bounced, with short (+51) and longer term (+54 pts) measures up sharply after dropping below average in the last quarter.

Short-term confidence is highest in the NT (+100) and SA (+65) and lowest in VIC (+41) and NSW (+49). The 2-year measure was highest in the NT (+100) and TAS (+67) and lowest in the ACT (0) followed by WA (+30).

Chart 5: NAB Residential Property Index: Next 1-2 years

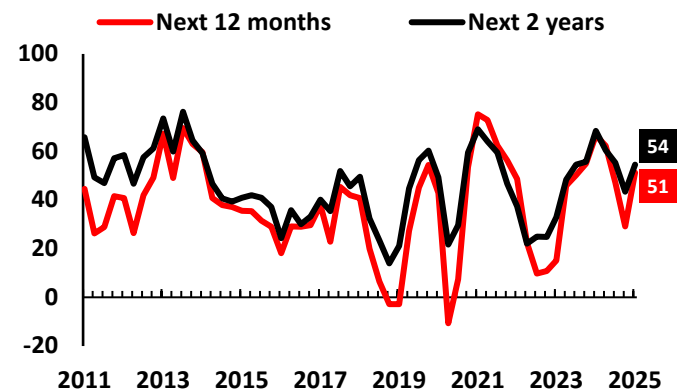


Chart 6: Residential Property Index: States - Next 12 months

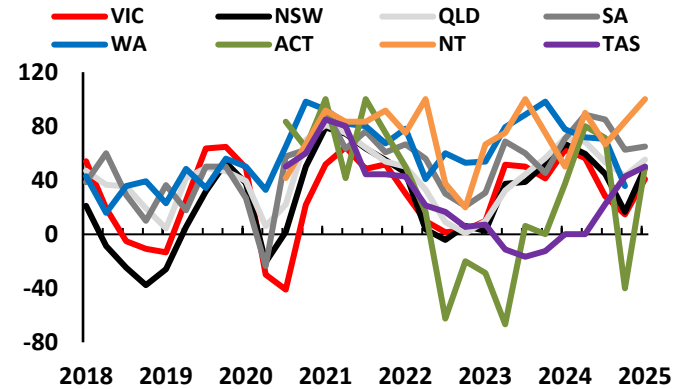
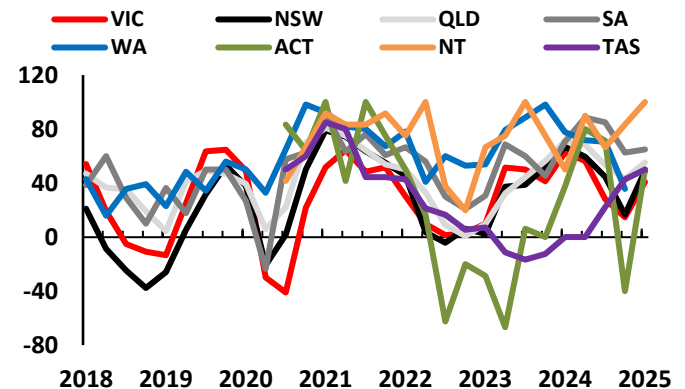


Chart 7: Residential Property Index: States - Next 2 years



Survey House Price Expectations

The average survey expectation for house price growth was raised to 2.3% for the next 12 months (1.2% previously) and 3.1% in 2 years' time (2.7% previously). But expectations remain diverse across the country.

Table 4: Avg Survey House Price Forecasts (%)

	Next 12 months		In 2 years	
	Dec-24	Mar-25	Dec-24	Mar-25
Australia	1.2	2.3	2.7	3.1
Victoria	-1.0	0.8	1.4	3.2
New South Wales	0.0	1.7	2.7	2.7
Queensland	3.4	3.1	3.0	3.4
South Australia	1.8	3.7	2.7	3.6
West Australia	4.4	4.7	4.9	2.9
Australian Capital Territory	-2.4	1.1	2.0	2.2
Northern Territory	3.9	5.0	1.4	4.4
Tasmania	2.4	2.0	3.4	4.8

Expectations are now positive in all states and were also raised in all states bar QLD (3.1%) and TAS (2.0%). They are highest in the NT (5.0%) and WA (4.7%) and lowest in VIC (0.8%) and the ACT (1.1%). Longer term projections also increased in most states bar WA where they were scaled back (2.9% vs. 4.9%) and in NSW where they were unchanged (2.7%). The outlook is strongest in TAS (4.8%) and the NT (4.4%) and lowest in the ACT (2.2%) and NSW (2.7%).

Chart 8: Avg Survey House Price Forecasts: States - Next 12 months (%)

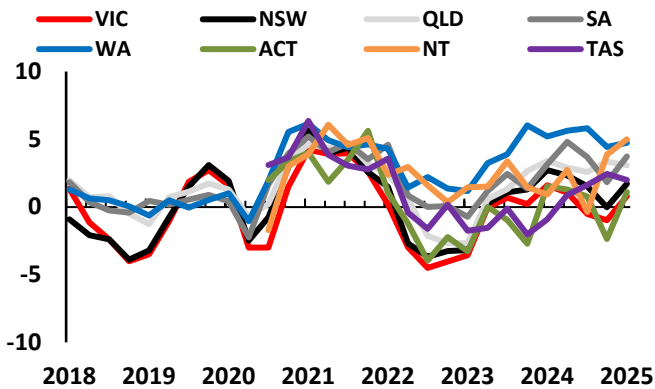
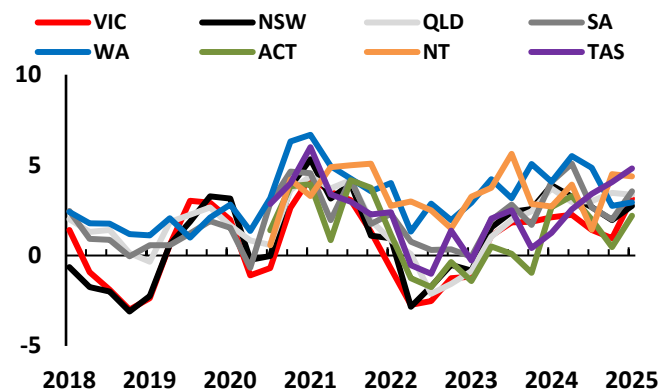


Chart 9: Avg Survey House Price Forecasts: States - Next 2 years (%)



Survey Rent Expectations

According to the latest CoreLogic Hedonic Home Value Index report, rental values reached a record high in March 2025. In annual terms however, the pace of growth slowed from a cyclical peak of 9.7% in the year to November 2021 to 3.1% in the year to March 2025 - the slowest rate of annual growth since March 2021.

Table 5: Avg Survey Rent Forecasts (%)

	Next 12 months		In 2 years	
	Dec-24	Mar-25	Dec-24	Mar-25
Australia	1.6	2.2	2.6	2.7
Victoria	2.5	2.2	3.7	3.2
New South Wales	0.9	2.2	2.6	2.9
Queensland	1.4	2.3	2.1	3.0
South Australia	1.0	1.9	3.2	1.7
West Australia	1.3	2.3	1.5	1.4
Australian Capital Territory	-1.1	1.9	4.4	-1.9
Northern Territory	5.0	3.8	2.8	5.0
Tasmania	1.0	1.8	2.2	2.7

Despite this, surveyed property professionals expect rent growth to accelerate, with expectations for the next year raised to 2.2% (1.6% previously) and 2.7% in 2 years' time (2.6% previously). Expectations are higher in all states for the next year except in the NT and VIC. Positive returns are also forecast across Australia in 2 years', except in the ACT. That said, expectations were also scaled back in VIC, SA, WA and the ACT.

Chart 10: Avg Survey Rent Forecasts: States - Next 12 months (%)

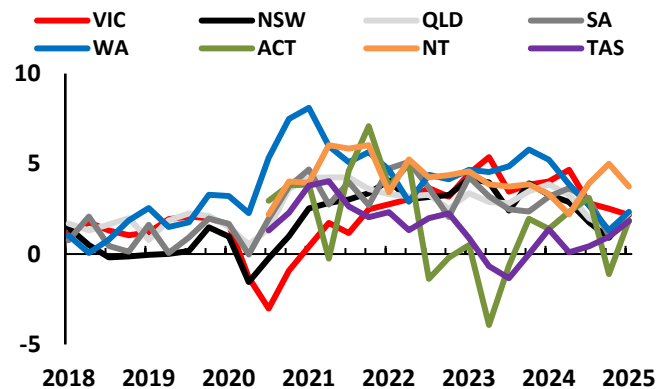


Chart 11: Avg Survey Rent Forecasts: States - Next 2 years (%)

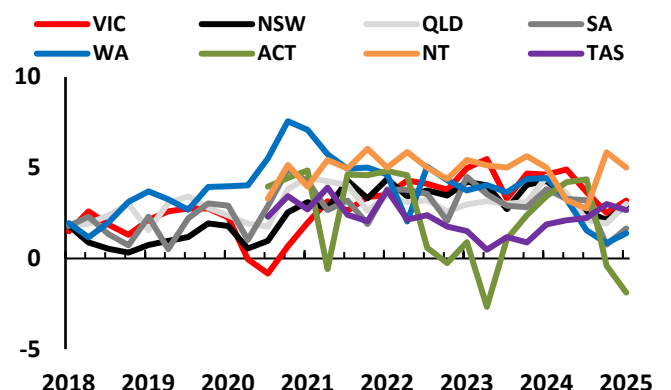
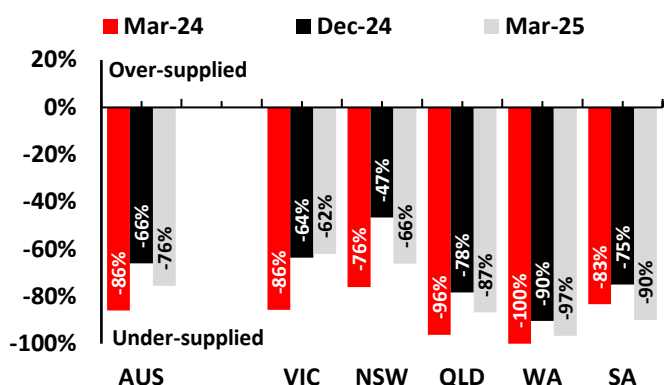


Chart 12: Housing Demand/Supply Balance for Rental Properties (net balance) - Main States



Property professionals said the availability of rental properties worsened in the March quarter. Though still in short supply, the imbalance narrowed slightly in VIC (-62%) but widened in all other key states with shortages of rental properties most prevalent in WA (-97%), SA (-90%) and QLD (-87%).

New Housing Markets

The market share of FHBs in new housing markets in the March quarter fell to 34.2% after climbing to a 2-year high 38.2% in the last quarter of 2024. Though and the share of FHB owner occupiers fell to 23.8% (from 27.8%), the share of FHB investors increased to 11.2% (from 10.5%). Sales to owner occupiers (net of FHBs) however increased to an above average 41.7% (from 37.6%), but local investors were less active (16.3% down from 17.9%). The market share of sales to foreign investors increased to 6.9% after dropping to a 3-year low 4.8% in the previous quarter but remained well below the long-term survey average.

Chart 13: Buyers: New Developments (% share)

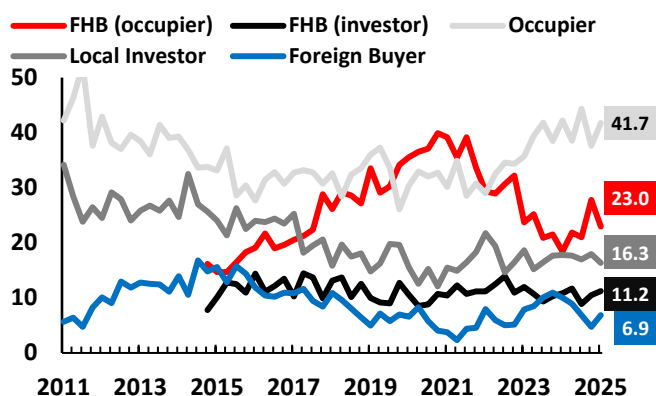


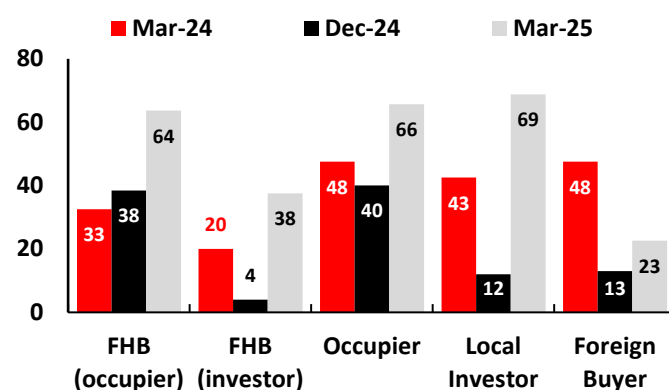
Table 6: Buyers: New Developments: Main States Q1 2025 (%)

	VIC	NSW	QLD	SA	WA
FHB (occupier)	16.3	19.4	22.5	25.0	36.3
FHB (investor)	7.5	15.6	6.8	10.0	11.3
Owner Occupier	57.5	37.5	37.3	54.5	32.5
Local Investor	13.8	15.0	26.0	10.0	15.0
Foreign Buyer	5.0	11.0	5.5	0.5	5.0

In the March quarter, FHBs were most active in WA (47.5%), with FHB owner occupiers accounting for the highest share in WA (36.3%) but FHB investors in NSW (15.6%). Owner occupiers net of FHBs was highest in VIC (57.5%) and SA (54.5%), while local investors led the way in QLD (26.0%). Foreign buyers accounted for the largest market share in NSW (11.0%) and around twice higher than in QLD (5.5%) and VIC (5.0%).

On balance, more survey participants expect buyer share in new home markets rise than fall in all groups in the next 12 months, led by local investors (69% on balance expect them to increase their market share), followed by owner occupiers (66%) and FHB owner occupiers (64%). A relatively large number also expect the market share of FHB investors to rise (38%).

Chart 14: Expected Change in Share of New Property Buyers in Next 12m (net balance)



Barriers to Starting New Housing Projects

Construction costs are still the main hurdle to starting new housing developments according to a basically unchanged 7 in 10 (71%) property professionals overall, followed by delays getting planning permits (62%). Far fewer highlighted housing affordability (15% down from 41%), interest rates (8% vs. 29%) and labour availability (29% vs. 39%). By state, construction costs were highlighted as the main barrier in WA (90%), QLD (50%) and NSW along with planning permit delays (72%). Delays getting planning permits however was biggest hurdle in VIC (73%).

Chart 15: Main Barriers to Starting New Housing Developments (%)

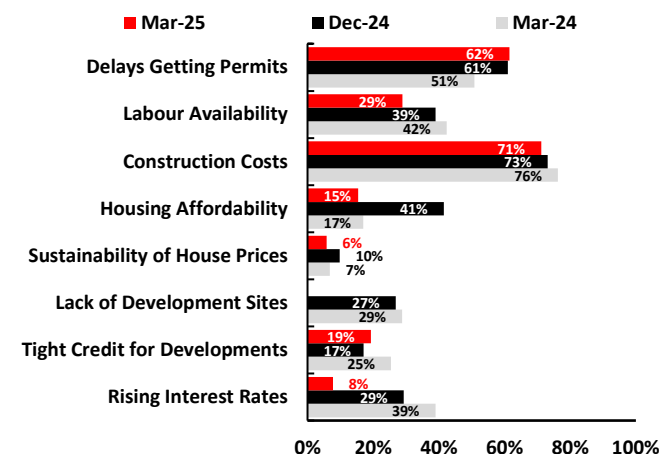


Table 7: Main Barriers to Starting New Developments: Main States Q1 2025 (%)

	VIC	NSW	QLD	WA
Rising Interest Rates	9%	11%	0%	10%
Tight Credit for Developments	27%	33%	0%	0%
Lack of Development Sites	9%	22%	25%	40%
Sustainability of House Prices	18%	0%	0%	10%
Housing Affordability	36%	6%	0%	10%
Construction Costs	64%	72%	50%	90%
Labour Availability	27%	22%	25%	40%
Delays Getting Permits	73%	72%	38%	60%

Established Property

Buying activity in established housing markets continued to be dominated by owner occupiers (net of FHBs) with their overall market share increasing to a 3-year high and well above average 46.2% (43.7% in the final quarter of 2024). These buyers also accounted for the lion’s share of established home sales in all states, ranging from 52.6% in in SA to 42.6% in QLD.

Chart 16: Buyers: Established Property (% share)

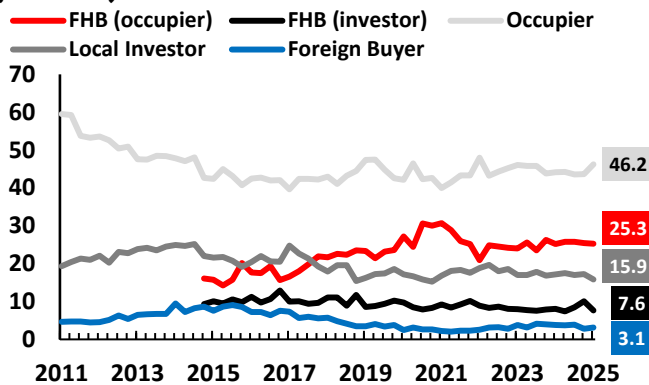


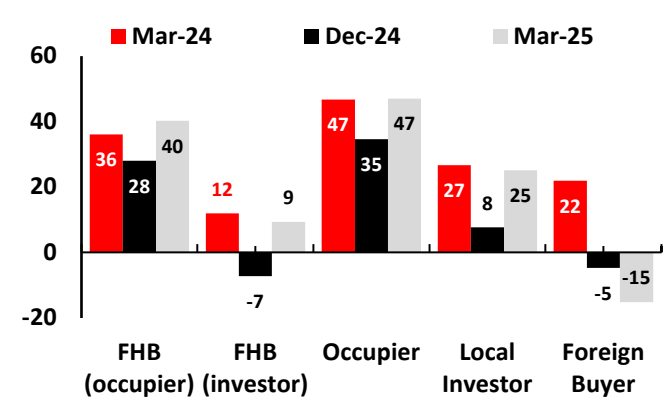
Table 8: Buyers: Established Housing: Main States Q1 2025 (%)

	VIC	NSW	QLD	SA	WA
FHB (occupier)	32.3	22.9	20.7	23.6	25.8
FHB (investor)	5.4	10.3	7.9	4.4	6.4
Owner Occupier	48.9	43.8	42.6	52.6	48.7
Local Investor	9.1	18.6	21.3	13.1	15.2
Foreign Buyer	2.6	3.5	3.1	2.4	3.6

FHBs overall accounted for a lower 32.8% of total sales in this market in the March quarter (down from 35.5%). This largely reflected a lower market share of FHB investors (7.6% down from 10.0%), with the market share of FHB owner occupiers basically unchanged (25.3% vs. 25.4%). FHB’s were most prominent in VIC (37.6%) and lowest in SA (28.0%), with FHB owner occupiers most active in VIC (32.3%) and FHB investors in NSW (10.3%).

The total market share of sales to local investors fell to 15.9% (from 17.2%) and remained well below the survey average (18.6%). It also ranged significantly from 21.3% in QLD to just 9.1% in VIC (by far the lowest of all states). Foreign buyers however accounted for a slightly higher 3.1% of sales (2.8% in the previous quarter), ranging from 0.3% in WA to 4.5% in QLD.

Chart 17: Expected Change in Share of Established Property Buyers in Next 12m (net balance)



More property professionals on balance expect the market share of buyers in established home markets to increase for owner occupiers (47%), FHB owner occupiers (9%), local investors (25%) and FHB investors (9%), but more on balance expect the market share of foreign buyers to fall (-15%).

Established Housing Constraints

Following the February rate cut, price levels and lack of stock replaced interest rates as the biggest constraint for established home buyers in the March quarter. Interest rates were however still the biggest constraint for home buyers in VIC, but price levels in NSW, and lack of stock in WA, QLD and SA.

Chart 18: Constraints: Established Home Buyers

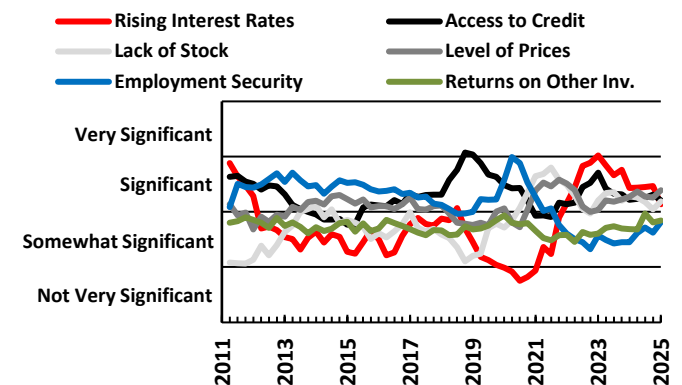
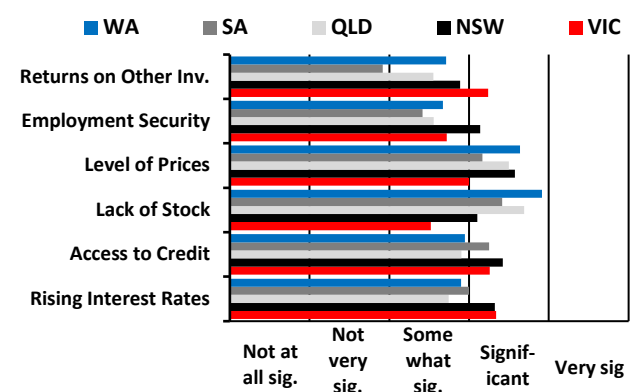


Chart 19: Constraints: Established Home Buyers - Main States Q1 2025

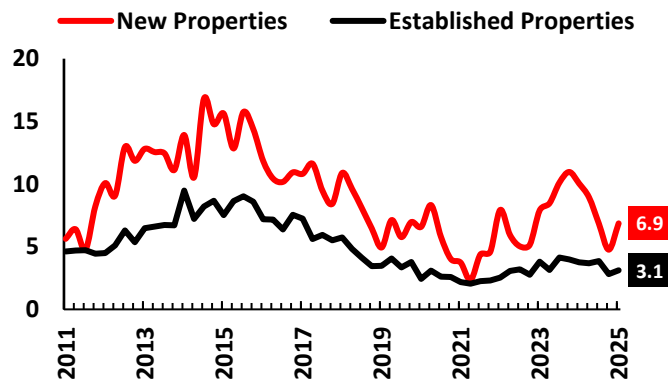


Foreign Buyers

The market share of foreign buyers in Australian housing markets increased for in new (6.9% up from 4.8%) and established (3.1% from 2.8%) housing markets in the March quarter but remained well below survey average levels (9.0% and 5.0% respectively).

This spike may have been precipitated by the Government’s announcement in mid-February 2025 that from 1 April 2025, foreign persons (including temporary residents and foreign-owned companies) will be temporarily banned from purchasing established dwellings in Australia unless an exception applies.

Chart 20: Share of Total Demand for New & Established Housing: Foreign Buyers (%)



In new home markets, the overall share of foreign buyers in VIC fell to a 2-year low (5.0%) and also well below average (11.7%). Foreign buyer activity also declined in WA to a below average 5.0%. In QLD, market their market share inched up from 5.0% to 5.5% but remained at around the half survey average level. In contrast, we recorded a sharp spike in the share of foreign buyers in new property markets in NSW to 11.0%, up from 3.8% in the previous quarter, and above the survey average (8.7%).

Trends in established home markets were mixed in the March quarter. The share of foreign buyers in this market rose from 3.1% to 3.6% over the quarter in WA and was highest of all states. In NSW, it also increased from 2.4% to 3.5%. In QLD however, it fell from 3.5% to 3.1%, while property professionals in VIC estimated market share fell to a near 4-year low 2.6% from 3.2% in the previous quarter.

Despite these divergent trends, the market share of foreign buyers of established homes remained below average in all states.

Chart 21: Share of Total Demand for New Property: Foreign buyers - Main States (%)

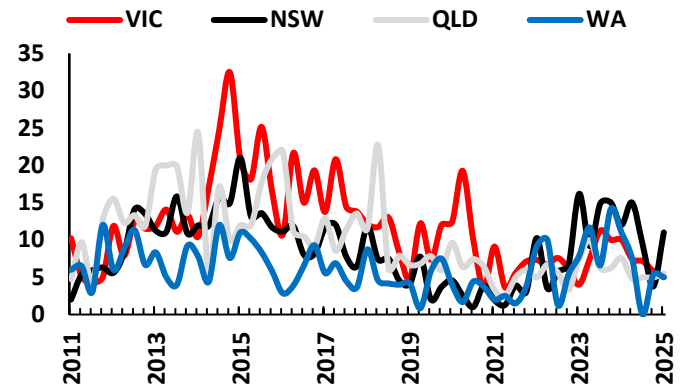
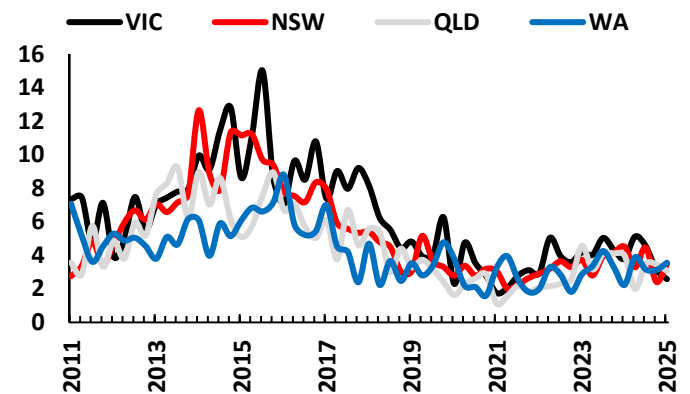


Chart 21: Share of Total Demand for Established Property: Foreign buyers - Main States (%)



About the survey

The NAB Quarterly Australian Residential Property survey was first launched in Q1 2011.

The survey was expanded from NAB's Quarterly Australian Commercial Property Survey, which was launched in April 2010.

Given the large number of respondents who are also directly exposed to the residential market, NAB expanded the survey questionnaire to focus more extensively on the Australian residential property market.

The large external panel of respondents consists of Real Estate Agents/Managers, Property Developers, Asset/Fund Managers and Owners/Investors.

Around 280 property professionals participated in the Q1 2025 survey.

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