

PROPERTY MARKET UPDATE

MONTH IN REVIEW

SEPTEMBER 2025



The national housing market gained further ground in September, with the month marking the strongest increase in national dwelling values since October 2023. According to the Cotality Home Value Index (HVI), national values rose by 0.8% over the month, driven by solid gains across the capital cities, which collectively saw a 0.9% lift.

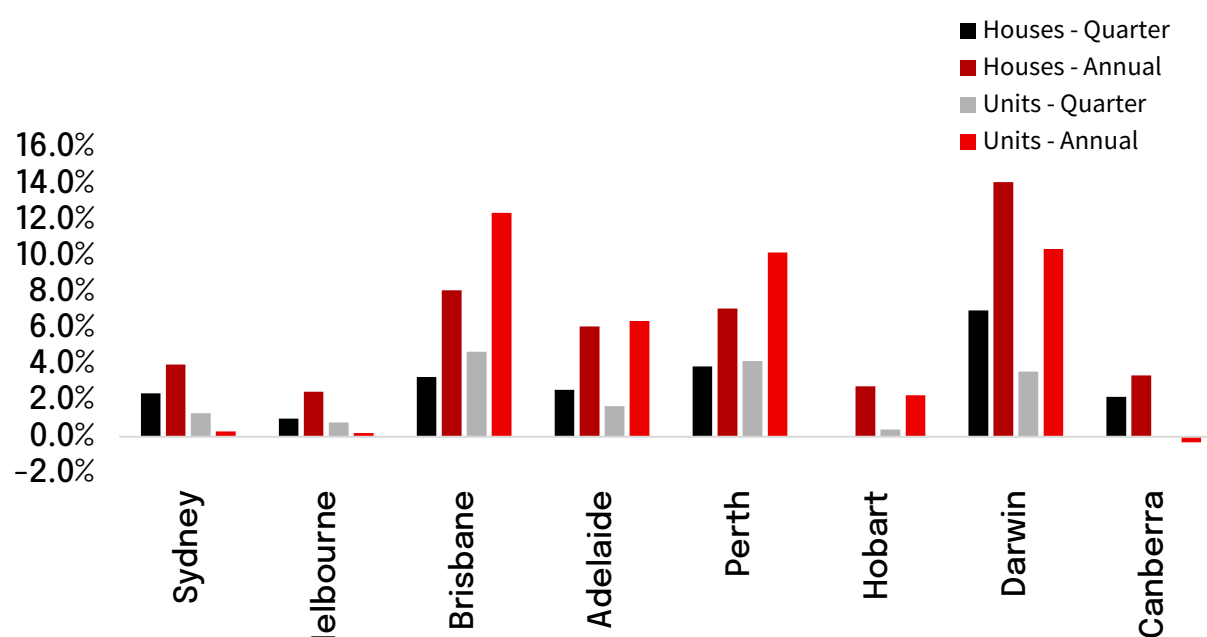
Nationally quarterly growth accelerated to 2.2%, up from 1.5% in the June quarter and double the 1.1% rise recorded in the March quarter. In dollar terms, this equates to an \$18,215 increase in the median dwelling value. Growth has become more widespread, with every capital city and regional area posting gains over the month, quarter and year. The pace of growth is beginning to diverge once again between cities.

Perth and Brisbane are leading the charge among the capitals, with quarterly increases of 4.0% and 3.5%, respectively, largely driven by the unit market. Darwin outpaced all cities, recording a 5.9% rise over the quarter. The rapid growth has been driven by the significant undersupply of listings. At the end of September, advertised stock was 53% below average in Darwin, 45% lower in Perth and 31% below average in Brisbane. Meanwhile, sales activity remains above average, highlighting a clear imbalance between supply and demand.

Most cities are seeing stronger growth in house values compared to units, with capital city house values rising 2.4% over the quarter versus 1.7% for units. Brisbane remains an exception, where unit values have consistently outpaced houses for seven consecutive quarters due to a persistent supply shortage. Perth and Hobart also saw unit values outperform houses, though less consistently.

Growth has been evident across all value tiers, with the strongest momentum shifting from the lower quartile to the middle of the market. This trend likely reflects improved borrowing capacity following interest rate cuts, enabling buyers to target slightly higher price points. Lower quartile dwelling values rose 2.6% over the quarter, middle-tier values increased 2.7% and upper quartile values gained 1.8%.

House & Unit Value Movement – End of September



Source: NAB, Cotality

Advertised listings remain below average across all capitals, supporting continued price growth. Over the four weeks to September 28th, listings were 18% below the five-year average, while sales activity was 7.3% above average. Auction clearance rates have held steady around 70% since mid-August, up from 63% in the June quarter.

Rental conditions tightened further, with the national vacancy rate falling to a record low of 1.4%. Unit vacancies dropped to 1.1% and house vacancies to 1.7%. This decline has reignited rental growth, with the national Rental Index rising 0.5% in September and 1.4% over the quarter – the strongest result since June 2024. Darwin led rental growth with a 2.9% quarterly increase, followed by Hobart (1.9%) and Perth (1.7%).

Despite the rebound in rents, home values are rising faster, causing gross rental yields to edge lower. Nationally, yields fell to 3.65%, the lowest since November 2024. Yields range from 7.8% for Darwin units to 2.6% for Sydney houses.

Outlook

The spring selling season is expected to remain active, supported by low stock levels, strong buyer demand and improving sentiment. Recent interest rate cuts have boosted borrowing capacity and confidence, while real wage growth and a tight labour market continue to underpin housing demand.

The expanded Home Deposit Guarantee, which launches today, is anticipated to drive increased activity among first home buyers – particularly in suburbs newly accessible under the revised price caps. With nearly half of suburbs meeting the new house value thresholds and over 90% for units, competition in these areas is expected to intensify.

Despite the positive momentum, affordability remains a key constraint. The national dwelling value-to-income ratio sits at 7.9, close to record highs, with Sydney reaching 9.6. These stretched metrics may limit further price growth, especially in higher-value markets.

Overall, while conditions remain favourable for continued growth, the pace may moderate as affordability pressures and potential shifts in economic conditions begin to weigh on buyer capacity.

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Market Level Dwelling Growth



Source: Cotality