



# Australian Property Update

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## Terry's View: Most Don't Want House Prices To Fall

We hear a lot in the media about the desire to make housing more affordable, but when it comes down to it, the majority of Australians don't actually want house prices to fall. A recent survey by Newspoll found more than a third (34%) of respondents want prices to increase relative to inflation, another 30% want prices to remain the same, and 30% want prices to fall.

And among mortgage holders, the appetite for price drops is even lower: just 18% want prices to fall, with the vast majority preferring price growth or price stability. It's understandable, real estate is the cornerstone of the wealth of most Australians, and few of them want the value of their asset to decrease. The idea that the country is crying out for falling property prices doesn't match the numbers revealed by the survey.

This may explain the lack of meaningful action from politicians on the level of property values. While politicians of all levels claim to care about housing affordability, none have implemented policies to improve it. Indeed, most policies and actions taken by federal and state governments are making affordability worse by pushing up property values – including the expanded federal government scheme that allows first-home buyers to purchase with a deposit of just 5%.

Federal Treasury modelling shows the expanded 5% deposit scheme for FHBs will bring forward demand and exert some upward pressure on prices - a trade-off it appears happy to accept in exchange for increased home ownership. It provides further evidence that politicians' rhetoric about wanting to improve housing affordability is just hot air.

## Million Dollar Markets

The steady growth in Australian property values in recent years means one in three suburbs now has a median value higher than \$1 million. The number of suburbs with \$1 million plus medians has grown by 143% in the past five years, according to analysis by Cotality and is now common outside of prestige property markets.

The data shows 1652 markets had a median value at or above the \$1 million mark, compared to 1468 at the same time last year. Brisbane experienced the biggest growth in million-dollar median suburbs in the past 12 months, with 38 additional suburbs added to the list.

New South Wales still has the highest number of suburbs with \$1million medians, 771, followed by Queensland with 346, Victoria with 218, Western Australia with 141, ACT with 56, South Australia with 116 and Hobart with 4.

According to Cotality, properties with a seven-figure price tag made up 30.8% of sales in the year to September 2025, more than double the level at the same time five years ago.

Cotality economist Kaytlin Ezzy says a \$1 million price tag is becoming more common as rising values push more Australian suburbs into the seven-figure club.

"Five years ago, just 14% of Australian suburbs were members of the million-dollar club, with the majority concentrated in Sydney's prestigious Northern Beaches, Eastern Suburbs, and North Sydney and Hornsby regions," she says.

"Today, 41.9% of house and 13.5% of unit suburbs nationally claim a spot on the once prestigious million-dollar list, with seven-figure price tags becoming more commonplace."





## Australia's Economic Powerhouses

Western Australia has snared top spot for the fifth consecutive quarter on Australia's economic leaderboard. The state tops the CommSec report, after being ranked first in four of eight economic indicators. Queensland climbed to second from third place, driven by a rebound in household spending, while South Australia slipped down to third spot.

The Northern Territory is the surprise package this quarter, jumping into fourth position from eighth in the previous quarter. This is the highest it has ranked since October 2016. It is following a similar trajectory to Greater Darwin's property market, which Hotspotting has identified as Australia's strongest market. Victoria slipped to fifth spot, pushing Tasmania down to sixth, while New South Wales is seventh and the ACT is now in eighth place.

The report says Western Australia's economy ranks first for household spending, housing finance, dwelling starts and equipment spending. Tasmania has the strongest jobs market, South Australia is tops for construction work and the Northern Territory is top for population growth.

The report says that despite a challenging global economic and geopolitical backdrop, stabilising exports, government support and solid growth in household consumption are expected to drive activity in the resources-led economies of Western Australia, Queensland and the Northern Territory in 2026.



## Where Foreign Investors Are Buying

Australian-based buyers may be put off by increasing taxes put on property investment in Victoria, but it hasn't been enough to dissuade foreign investors. New data shows foreign investors are buying more properties in Victoria than in any other state.

Data from the Australian Taxation Office's first annual Register of Foreign Ownership report shows that foreign investors spent \$2.25 billion on new homes and land in Australia in FY2024.

The majority of purchases were made by buyers from China, Japan, Singapore and Hong Kong. In terms of new dwellings, 1070 were purchased by foreign investors in Victoria, 442 in New South Wales, 258 in Queensland and 116 in the ACT. Western Australia only had 78 new dwelling sales to foreign investors, South Australia had 54 and Tasmania, 9, with just one bought in the Northern Territory.

Land sales were also highest in Victoria (1092 lots), followed by Queensland (460) and South Australia (222).

University of Adelaide, senior housing policy researcher, Sha Liu, says foreign buyers only accounted for about 1% of total housing transactions in FY2024 compared to about 5% in FY2016.

The Federal government has introduced new regulations in recent years, which make it more expensive for foreign investors to buy property in Australia.



## FHB Lending Stalled

New lending figures show only a 0.2% increase in loans to FHB in the past year. Money.com.au's First Home Buyer Mortgage Insights report says there were 123,363 loans to first home buyers in the 12 months to June 2025.

This means FHB activity is 31.7% below its September 2021 peak – a time of historically low interest rates. The average new FHB loan is now \$546,315, which is about \$154,000 less than the average non-FHB loan.

Money.com.au property expert Debbie Hays says Queensland and Victoria are the only major states to experience an increase in lending to FHB. FHB lending activity is up 5% in Queensland and 4% in Victoria in the past 12 months. Western Australia is down -8%, New South Wales is down -4% and South Australia is down -1%.

Hays says Victoria has the highest number of FHBs, as it has the smallest average loan size among the Eastern states. Hays believes lending to FHB may rebound toward the end of the year as the expansion of the First Home Guarantee scheme takes hold.

"The scheme's expansion will likely boost demand and support continued growth in the first home buyer segment in the short term. But as more first home buyers rush to take advantage of it, competition will intensify," she says.