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Terry's View

One media headline described it as “the great Australian housing divide” – the reality that almost everyone agrees there's a housing crisis, yet few can agree on the best ways to fix it. This comes from a study by Macquarie University which conducted a survey to determine people's attitudes to housing and the causes of the many problems which beset the industry. It found almost universal agreement that Australia is facing a housing crisis. Nine out of ten respondents agreed or strongly agreed to that. That's not surprising, because news media is telling us that every day. Nevertheless, most respondents still believe homeownership is possible if people work hard and save (50% of those surveyed agreed strongly with this notion and a quarter disagreed). So, what's behind the housing crisis, according to this survey? The survey participants were asked to rank their top three housing problems from a list of 16 options. According to the respondents, the leading contributors to housing problems are immigration/population growth (39%), high interest rates (36%), lack of new housing supply (29%), and high property taxes (23%). The options respondents could have selected included foreign investment, tax breaks for investors and NIMBY opposition to new development, but none of these scored highly – which is interesting because foreign buyers, investors and NIMBYs have been often scapegoated in mainstream media. One commentator wrote: “Perhaps it shouldn't come as a surprise that we're so dazed and confused about the housing problem.”

After all, there's a lack of genuine leadership on the issue, and enough vested interests to block any progress towards a national housing consensus.” Only 16% of respondents were satisfied with the Federal Government's measures to deal with the housing crisis. But most respondents were unsure. And this reinforces for me that there is little understanding about the problems in the housing industry and how they could be fixed – neither among voters nor among our elected representatives. A big factor is that most people's views are influenced by media headlines and sound-bites – and much of that constitutes misinformation. On one day last week, my daily newsfeed had four articles which declared, categorically, what was causing prices to rise and housing affordability to worsen. One said it was migrants pouring into Australia, another blamed the Federal Government's assistance to first home buyers, another stated it was so-called tax breaks for investors and another said it was the interest rate cuts. In my view, none of them was right. There's not ONE cause of strong property prices. All of those factors play some part, but none of them is the sole or primary cause. The housing crisis has been building for a long time. It results from years of bad government policy, which has meant that we haven't built enough new homes and that everything that happens in the housing market takes longer than it should and costs more than it should. All three levels of government use the housing market as a cash cow and this adds massively to the cost of building new homes, the cost of buying homes and the costs of owning real estate. Every year governments earn over \$100 billion in revenue from the housing industry through stamp duty, land tax, capital gains tax and council rates. This revenue is cocaine to politicians and they're not going to give it up. And that, fundamentally, is why the housing crisis will persist – until someone in government shows leadership, foresight and courage – qualities that are in short supply among politicians across this nation.

Rental Boom Continues

Renters could be paying up to \$10,000 more per year to keep a roof over their heads by 2035, according to new rental market forecasts. That's equivalent to about \$200 more per week according to SQM Research predictions. SQM Research managing director Louis Christopher says nationally rents are likely to rise by between 2% and 4% next year across the capital cities. SQM Research's 2026 Boom and Bust report predicts rents in Hobart will growth the most next year with increases of between 6% and 10%, Darwin rents are tipped to rise by between 5% and 9% while Perth is tipped to be up by between 4% and 7%.

Melbourne and Adelaide rental growth forecasts are fairly subdued between 1% and 3%, and 1% and 4% respectively. Brisbane is between 3% and 5%, while Sydney and Canberra are both between 2% and 4%. Christopher says it's a stark warning that tenants should seriously consider buying a home now if they can afford to. He says continued population growth is set to drive up rents and property prices in the coming years.

Christopher says rents could increase by about \$10,000 a year by 2035 across Australia's major capitals, despite 180,000 new dwellings expected to be completed nationwide in 2026. He says with buying out of reach for many, more Australians will rent long-term and potentially indefinitely.





Property Values Continue Rising

Property values rose once again in November, with the smaller capital cities continuing to lead the charge. Data from PropTrack and Cotality this week shows that nationally, values are up by about 1% during November and about 7.5% in the past 12 months. Both research houses show it is the smaller capital cities that continue to lead the charge.

According to PropTrack data, the highest growth in capital city house markets in the past 12 months was in Darwin, which was up 12.9%, Perth, 11.3%, Brisbane, 11.1%, Adelaide, 10.2%, Sydney, 7%, Hobart, 6.8%, Melbourne, 4.6% and the ACT, 3.6%. Unit markets also chalked up strong yearly performances with median unit prices up 16.8% in Brisbane, 14.2% in Perth, 9.7% in Adelaide, 6.6% in Hobart, 5.3% in Sydney and 3.1% in Melbourne. Darwin and ACT unit markets both had slight declines of -0.8% in the past 12 months.

Cotality Research Director Tim Lawless says growth in home values across the mid-sized capitals is once again diverging from the larger cities, as buyers seek out relative affordability where they can.

PropTrack senior economist Eleanor Creagh says the property market has chalked up ten consecutive month of growth. "Increased borrowing capacities, lower mortgage rates and improving sentiment are fuelling renewed competition, and national prices hit a new peak in October," she says.

She says unit price growth is outperforming houses in many capital cities as buyers pivot toward more attainable options.



Loan Sizes Rising

The average loan size for buyers across Australia grew by 8.4% in the September quarter to reach \$661,520.

Mortgage Choice's September quarter Home Loan Report shows the biggest increase was in Western Australia, which is up 11.8% to \$588,010, while South Australia and the Northern Territory are up 10.6%, Queensland is up 9.7%, New South Wales/ACT is up 6.4% and Victoria/Tasmania is up 4.6%.

It says the highest average loan size is now \$752,914 in New South Wales and the ACT. Mortgage Choice CEO Anthony Waldron says a shortage in supply and growing demand is driving prices and therefore loan sizes higher.

The report also shows that investor confidence is improving, with the growth in investment loan values outpacing owner-occupier loans. The value of investment loans is up in every region, with Western Australia and Queensland leading the charge.

"Current market conditions are encouraging a new generation of investors to enter the market, suggesting the demand for investment properties is likely to remain strong," Waldron says.

The findings show a decline in investors looking to sell their investment property in the next 12 months - 23% in the September quarter compared to 31% previous quarter. "Market conditions are driving a shift in investor behaviour, with our research showing a growing number of investors are planning to hold onto their investment property over the next 12 months".



Regions Performing Well

Regional Australia property market values rose by 2.4% in the three months to October. Cotality's November 2025 Regional Market Update shows the pace of price growth increased in 60% of Australia's largest 50 noncapital Significant Urban Areas (SUA) during the quarter. Over the quarter, regional Western Australia continued to perform strongly, led by the Kalgoorlie - Boulder region, Geraldton, and Albany.

While growth figures were solid, Hotspotting warns investors that buying in locations driven largely by one industry or the resources sector can be risky. The Mildura - Buronga region on the New South Wales/ Victoria border was also strong, as was Toowoomba in Southeast Queensland. Days on market remain low in many regional areas, particularly in Western Australia and Queensland, although in regional New South Wales in particular the time it takes to sell is blowing out, with four locations where it takes on average more than 60 days to sell.

The report says despite the general acceleration in growth trends, regional sales activity remains relatively diverse. Victoria had the strongest increase in sales activity, with six regions recording an annual rise of 20% or more in transaction levels in the 12 months to August. Darwin transaction levels increased by 53.1% while Lismore in NSW recorded the largest decline of - 22.7%.