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Media Release

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Demand-driven price growth highlights affordability pressures as REIA releases REMF report

The Real Estate Institute of Australia (REIA) has today released its Real Estate Market Facts (REMF) report for the December quarter 2025, showing a broad price growth across all capital cities as demand continue to shape the housing market.

REIA President Jacob Caine said the expansion of the Government's 5% deposit scheme last year is playing a significant role in current market conditions.

"While the scheme has supported access to home ownership, it has also lifted borrowing capacity and increased competition at more affordable price points, contributing to stronger price growth, especially in the other dwellings market" Mr Caine said.

House prices also recorded strong growth, with the national median rising 4.0 per cent over the quarter to $1,170,381, the strongest quarterly increase since December 2021. All capitals recorded gains, led by Perth, Brisbane and Adelaide.

REIA said these demand-side pressures are now being compounded by broader economic challenges, including consecutive interest rate increases, housing taxation discussions and rising cost-of-living pressures.

Mr Caine said the impact is being felt most acutely by new entrants to the property market, particularly those who have entered through low-deposit loans.

"This cohort are more likely to purchase other dwellings in middle and outer suburban areas, where longer commuting distances mean higher exposure to rising fuel and transport costs, further stretching already tight household budgets," he said.

Rental markets remained relatively stable over the quarter, with national median rents for three-bedroom houses increasing by 1.3% and two-bedroom other dwellings rising by 0.9%. However, vacancy rates remain low and tight conditions persists across most capitals.

These demand-driven conditions are now intersecting with heightened policy uncertainty following this week's release of the Select Committee on the Operation of the Capital Gains Tax Discount report.

The report, led by the Greens, proposes significant changes to the capital gains tax discount and negative gearing, with insufficient consideration of the impact on housing supply. While Labor members stopped short of formally endorsing the recommendations, references to the findings informing future budget considerations indicate an increased likelihood of policy change come the May Budget.

"In a market already facing chronic undersupply, any policy changes must be considered in the context of their impact on private investment and the delivery of new housing," Mr Caine said.

"The result of reducing the CGT discount or negative gearing will be a reduction in rental property investment. This will lead to a contraction in the supply of rental properties putting upward pressure on rents, as fewer investors enter or remain in the market."

Recent interest rate increase by the Reserve Bank of Australia will further erode affordability gains from last year, particularly for households carrying high levels of mortgage debt.

"All four major banks are now expecting further rate increases through to at least May, particularly if underlying inflation remains elevated."

The REIA noted the RBA has also warned inflation could remain above its 2.5 per cent midpoint target until at least 2028, signalling a more prolonged period of tighter financial conditions.

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Median sale price ($'000)