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Melbourne Leads Surge in Australian Housing Demand

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Buyer interest is climbing sharply across Australian housing markets, driven by falling interest rates and rising consumer confidence. Investors and homebuyers are actively pursuing affordable opportunities as the Reserve Bank of Australia has reduced rates three times in 2025, lowering the cash rate to 3.6%.

The Westpac-Melbourne Institute Consumer Sentiment Index jumped 5.7% in August, reaching its highest level since early 2022. Households increasingly view now as an opportune time to purchase property. Analysts suggest that lower rates are reshaping buyer sentiment and could sustain strong demand throughout the spring selling season.

Data from PropTrack highlights surging interest in a broad mix of capital city and regional suburbs, with one state in particular experiencing a notable resurgence after years of lagging performance. Nationally, houses listed over the past year received an average of 41 enquiries, while units averaged 40. Sydney recorded the highest enquiry rates, followed by Brisbane, Adelaide, and Perth.

REA Group senior economist Eleanor Creagh said the rising enquiries reflect intensifying competition among buyers. “An increase in enquiries per listing is an indicator that buyer demand is growing relative to available supply,” Creagh said. “Heightened competition typically places upward pressure on prices. Sustained increases often signal stronger market activity ahead.”

Victoria has emerged as a standout market, with Melbourne suburbs showing the sharpest lift in demand of any capital city. Buyer interest in houses increased in 90% of Melbourne suburbs year-on-year, compared with just 39% in Sydney. Overall enquiries per listing in Melbourne rose 22%, with outer suburbs like Campbellfield and Dallas more than doubling activity.

“After lagging behind other capitals for much of the past five years, Melbourne is now relatively affordable,” Creagh said. “Buyers see long-term value and potential, supported by population growth and improved borrowing capacity following recent rate cuts.”

Real estate agent Richard Ali of Barry Plant Glenroy noted a surge of interstate investors. “We have many buyers from Sydney who are willing to pay more than local buyers to secure property,” Ali said.

Demand is expanding beyond metropolitan areas, with regional hubs such as Bendigo, Ballarat, Geelong, Mildura, and New South Wales’ Albury recording heightened enquiries. Creagh said regional buyers often balance affordability with lifestyle and long-term growth.

“These areas offer larger homes at lower price points than the capitals,” she said. “Post-pandemic migration trends continue to drive demand, with buyers valuing space,

affordability, and flexible working arrangements.”

Local agent Clinton Gilson of Gilson Yonson Real Estate said competition in Albury is intense. “Every property we list is selling above the asking price. Recently, one property received 18 offers and sold \$87,000 above appraisal,” Gilson said.

In Sydney, demand is concentrated in western and southwestern suburbs, including St John’s Park and Lansvale, with activity also spiking on the Central Coast. More affordable outer markets are drawing buyers away from inner-city suburbs, while premium areas like Rose Bay, Bellevue Hill, and Bronte remain active for houses, and Kirribilli and Double Bay lead for units.

Smaller capitals such as Darwin and Hobart are also seeing rising enquiries. Suburbs like Driver and Bellamack in Darwin, and Montrose and North Hobart in Hobart, topped the charts for buyer interest.

The combination of lower interest rates, relative affordability, and ongoing migration trends is creating a nationwide rebound in housing demand, highlighting Melbourne and regional markets as key hotspots for buyers this year.