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Regional NSW House Prices Surge, Forcing Buyers to Look Further Afield

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Homebuyers searching for affordable properties in New South Wales (NSW) are facing a tougher challenge as regional house prices have climbed to a record median of \$800,000. According to the latest Domain House Price Report, released Thursday, regional NSW experienced a 5.3% rise in house prices over the year ending in June, surpassing Sydney's 4.2% growth. This rapid increase is pushing buyers to explore more distant and traditionally overlooked areas to find affordable housing options.

The most significant price growth has been seen in regions where median house prices remain relatively affordable, ranging from \$560,000 to nearly \$670,000. These areas are attracting both homebuyers and metropolitan investors seeking better value outside the expensive urban core. Dr. Nicola Powell, Domain's Chief of Research and Economics, noted that the NSW regions saw a 2.6% increase in house prices in just the last quarter, mirroring Sydney's growth rate. She attributes this trend partly to recent interest rate cuts that have boosted buyer confidence across the housing market.

One standout example is the Upper Hunter region, specifically the coal town of Muswellbrook, which recorded the largest annual house price growth statewide at 18.2%, reaching a median price of \$585,000. Historically overlooked and sometimes mocked, Muswellbrook is now gaining recognition as an affordable and promising location. Tony McTaggart, a local First National real estate agent, points out that the town's affordability, job availability, and new infrastructure investments, including solar and wind farms and the Singleton Bypass, which shortens travel time to Sydney, are fueling renewed interest. Additionally, the nearby Newcastle airport improves connectivity.

KPMG's Director of Planning and Infrastructure Economics, Terry Rawnsley, explained that regions like Muswellbrook have long offered good rental yields compared to purchase prices. The ripple effect from the Newcastle market boom, combined with recent interest rate cuts, has encouraged more buyers to invest in these emerging regional hotspots. Rawnsley emphasizes the value proposition these areas offer: affordable prices and the potential for financial gain.

Other NSW regions experiencing strong house price growth include Lismore in the northeast, which saw a 17.6% increase over the past year, now with a median of \$635,000. Despite devastating floods in 2022 that damaged over 1,700 homes, the market there is recovering as renovations boost property values. Robbie Pruess, an agent at Raine & Horne Lismore, shared that while some buyers remain cautious, others are willing to purchase in flood-prone areas due to affordability.

Kempsey, on the Mid North Coast, recorded a 15.8% rise in house prices. Carlos Peters of Stone Real Estate Kempsey highlighted that Kempsey is gaining popularity as a more affordable alternative to pricier coastal towns like Port Macquarie and Coffs Harbour, whose median house prices stand at around \$805,000 and \$820,000, respectively. With strong local industries, such as the Akubra hat company, Nestle factory, timber, cattle, and retail,

combined with improving transport infrastructure, Kempsey is attracting buyers from Sydney seeking lifestyle changes without the high cost.

This surge in regional house prices underscores a broader trend: as major cities become increasingly unaffordable, regional NSW is experiencing renewed demand and growth. While the current government's policies have not alleviated housing pressures, market forces and infrastructure investments continue to drive these shifts. For prospective buyers, understanding these evolving dynamics is essential to navigating the competitive property landscape outside metropolitan hubs.