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Mortgage Demand Shifts to Outer Melbourne Suburbs

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New data from the National Australia Bank (NAB) has revealed the top Australian suburbs leading home loan demand in 2025, with unexpected growth in outer metropolitan areas such as Truganina and Tarneit in Victoria.

According to NAB's proprietary home lending data covering January to May 2025, outer suburban markets are gaining momentum. Truganina in Melbourne's west topped the list of most popular metropolitan suburbs for mortgage lending. Five of the top 10 suburbs are in the city's outer ring.

Despite the Reserve Bank of Australia's recent decision to hold interest rates steady, lending activity is increasing. Auction activity is also at an 18-month high, showing renewed buyer confidence. NAB anticipates two more rate cuts this year, following the two already implemented, which is expected to drive further activity among first-home buyers.

Government support has also been a significant factor. Queensland has introduced major housing affordability reforms. First-home buyers in the state no longer pay stamp duty on new homes, regardless of property value. The state's 2025 budget also launched the "Boost to Buy" shared equity program to assist buyers with limited deposits.

In Western Australia, revised stamp duty concessions have significantly reduced upfront costs for new buyers. These state-level reforms, combined with federal initiatives like the Home Guarantee Scheme, continue to support Australians entering the housing market. The scheme, allowing eligible buyers to purchase with smaller deposits, is expected to expand in 2026.

In Victoria, demand remains strong in suburbs like Tarneit, where an incomplete home sold for \$311,000 in April 2025, contributing to the suburb's rise into the top 10 nationally. Schofields in New South Wales also made the list, with vacant land in the area selling for \$66,000 in early 2025.

While activity hasn't reached frenzy levels, lending and auction trends suggest a stronger-than-expected winter market. NAB executives say that while buyers were previously hesitant due to rate uncertainty, improved conditions are prompting more Australians to enter the market sooner than anticipated.

The data indicates that home ownership remains a strong aspiration across Australia, particularly in growth corridors offering affordability and new infrastructure.