

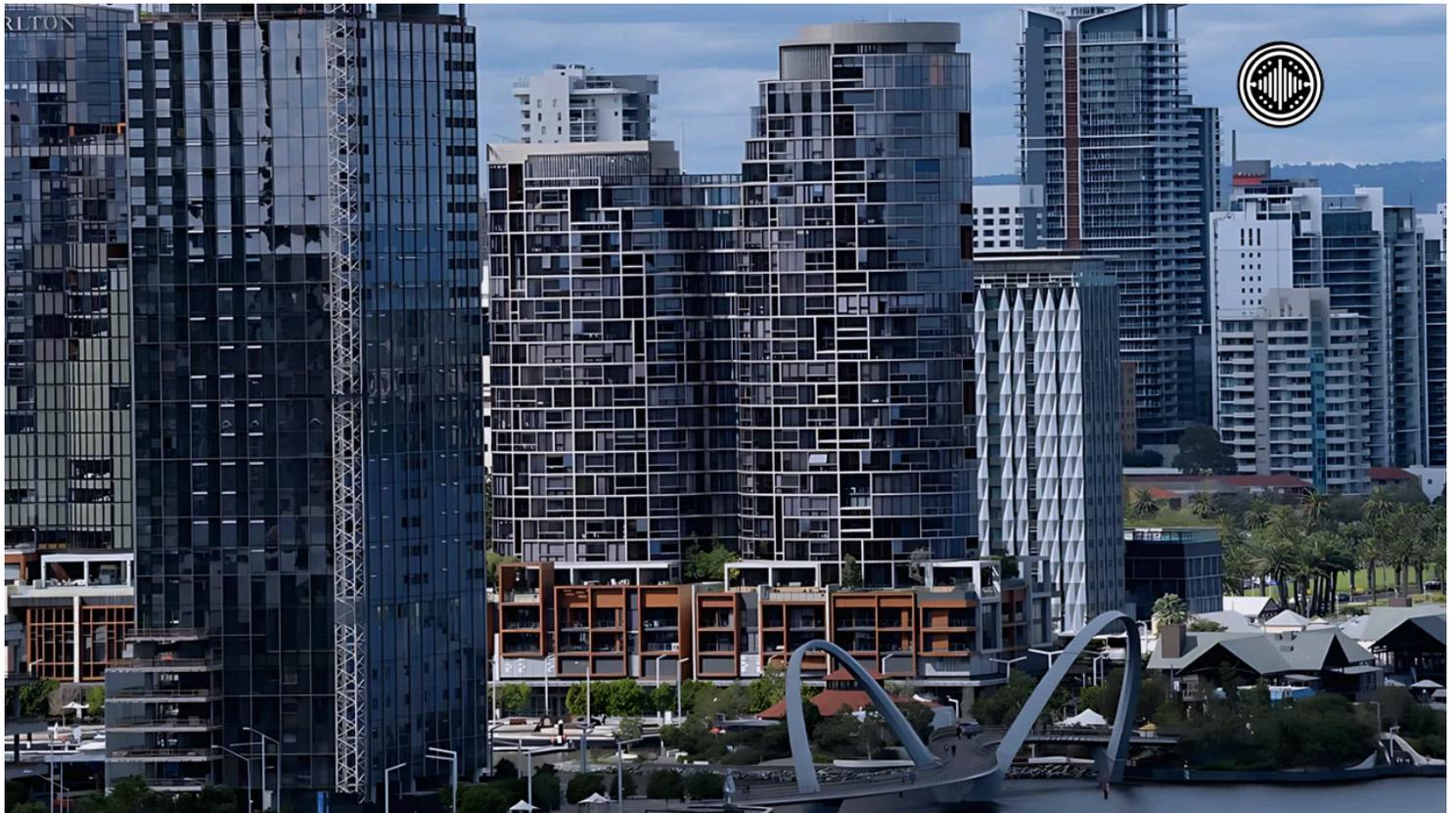
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Melbourne Forecast to Lead Australia's Housing Rebound

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– Categories: Real Estate



Melbourne is forecast to experience the strongest home price growth in Australia by 2026, with house prices expected to rise by 6.6 per cent, adding nearly \$65,000 to the current median value.

According to KPMG's latest *Residential Property Outlook*, national house prices are predicted to grow by 4.5 per cent next year, with renewed investor activity and anticipated interest rate cuts driving market momentum.

Melbourne's current median house price stands at \$983,000. The projected increase would lift that figure by \$64,878, or approximately \$178 per day. Unit prices in Melbourne are also forecast to rise by 7.1 per cent, adding more than \$43,000 to the current \$609,000 median.

KPMG chief economist Dr Brendan Rynne said Melbourne's affordability and amenities are playing key roles in its property market revival. "We expect strong gains next year, particularly in the unit market, where affordability is much more favourable," he said.

Mortgage Choice Cheltenham broker Rhys Elmi noted that buyer demand is already increasing. "People who were cautious over the past two years are now acting, anticipating a rise in prices once rates fall," he said. He added that most borrowers are opting for variable-rate loans, anticipating further rate cuts.

Buyers' advocate Arin Russell, director of Arin Russell Property, said investors from Western Australia are beginning to shift focus to Melbourne. "They've had their growth in Perth and are now diversifying," he said. "Some are first-home buyers, others experienced investors, all chasing value."

While Melbourne is expected to lead growth, Sydney is forecast to see solid gains as well. The city's median house price could increase by 4.2 per cent, about \$65,688, while unit prices may rise 6.1 per cent, or around \$52,460. Dr Rynne noted Sydney's strong employment market and infrastructure investment as key drivers of this trend.

In contrast, Perth's price growth is forecast to slow. KPMG predicts a 1.6 per cent rise in 2026, down from 4.7 per cent this year, translating to an increase of around \$15,000. Russell attributed this to worsening affordability and limited land supply, suggesting that some buyers may begin looking to other cities for better opportunities.

KPMG's report indicates that while all capital cities will see some level of growth, Melbourne is positioned to outperform in both the house and unit segments, driven by improved affordability, investor interest, and a more favourable lending environment.