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Perth Unit and Townhouse Prices Set to Surge Amid High Demand

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Perth's unit and townhouse market is poised for significant price growth in 2025, driven by strong demand and limited supply, according to the Real Estate Institute of Western Australia (REIWA). With median unit prices reaching \$611,755 in June 2025, up 15.1% annually, and townhouses following suit, affordability constraints are pushing buyers toward these options, fueling competition and upward price pressure.

The Perth property market continues to outperform other Australian capitals, with units and townhouses gaining traction as house prices

climb to a median of \$855,395, per Cotality data. REIWA President Suzanne Brown noted, “The strong rise in house prices has seen demand increase in the unit market, which offers more affordable alternatives” (Real Estate Business). Villas and townhouses, preferred for their courtyards and garages, are seeing the highest growth among unit types, while apartments lag due to less consumer appeal. Perth’s low rental vacancy rate of 0.7%, reported by SQM Research, and high rental yields of 5.7% for units further attract investors, pushing prices higher.

Population growth, up 3.3% to over 2.9 million in Western Australia by September 2023, and a robust economy driven by mining and infrastructure spending are key drivers, per the Housing Industry Association. However, slow land releases and lengthy construction times—3.44 quarters for townhouses, per the Australian Bureau of Statistics (ABS)—exacerbate supply shortages, intensifying competition. “Demand is high, and supply is low,” said REIWA CEO Cath Hart, predicting sustained price growth (HERE Property). Suburbs like Swan, Mundaring, and Kwinana have seen unit price surges of up to 14.2% annually, reflecting broad-based demand.

Economic uncertainties, such as potential U.S. tariffs, may temper growth, but Perth’s fundamentals remain strong, with forecasts predicting a 4-10% rise in unit prices by year-end, per Westpac and REIWA. Investors and first-home buyers are capitalizing on affordability, with @SmartPropertyHQ on X noting that units are now more cost-effective than renting in over 20% of Perth suburbs. As supply struggles to meet demand, Perth’s unit and townhouse market is set to remain a hotbed of opportunity, rewarding savvy investors and buyers.