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Melbourne Suburbs Surge as Rate Cuts Lift Market

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House prices across Melbourne have risen sharply in select suburbs since interest rate cuts began in February, with some areas recording gains of more than \$300,000 in just five months. PropTrack data reveals that 150 suburbs have posted at least a \$10,000 increase, with the strongest performers pushing the city's overall median house price higher.

Canterbury, one of Melbourne's most prestigious areas, leads the surge with its median house price now sitting at \$3.5 million, up \$385,000 since February. Bittern, on the

Mornington Peninsula, has climbed \$210,000 to \$1.18 million, while Gembrook has broken into the million-dollar club, rising from \$910,000 to \$1,049,800.

Economists say Melbourne's growth has been uneven compared with other capitals. AMP Capital chief economist Shane Oliver described the city as a "laggard," pointing to Victoria's weaker economy and additional state property taxes that may have deterred investors. He noted the pattern mirrors previous downturn recoveries, including after the Global Financial Crisis and during the recessions of the late 1980s and 1990s.

Not all suburbs have reacted to the cuts. PropTrack data shows 32 suburbs recorded no change, while 162 saw declines. Units in some areas have fared better, with Sunshine's median flat price jumping \$54,500 to \$458,000, and Hampton East townhouses gaining \$112,500 to reach \$975,000.

PropTrack senior economist Anne Flaherty said the mixed response despite strong population growth was a warning sign about the state's property tax regime. "Those areas that are outperforming are feeling stronger owner-occupier demand," she said, adding that the top-performing suburbs generally appeal to buyers with above-average incomes.

Real Estate Institute of Victoria interim chief executive Jacob Caine believes buyers are waiting for further interest rate cuts before making significant moves. "Despite two cuts so far this year, they haven't been large or frequent enough to generate widespread growth," he said.

Buyer's agent Julie DeBondt-Barker said many buyers remain cautious, often holding back even after months of searching. "They believe there will always be another property," she noted, pointing to ongoing nervousness about both rising and falling rates.