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## Melbourne House Prices Near \$1m Amid Market Recovery

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– Categories: Real Estate



Melbourne's residential property market is on track to reach a median house price of \$1 million, following a steady rebound driven by strong population growth and the possibility of interest rate cuts.

According to PropTrack's Home Price Index for July, the city's median house value currently stands at \$983,000, a \$24,000 (2.15%) rise over the past year. Although still among the more affordable of Australia's capital cities, Melbourne is showing signs of renewed momentum.

PropTrack senior economist Anne Flaherty said the city's property market had reversed course over the past six months, with indicators pointing toward continued growth.

"We do think that the median price per house in Greater Melbourne will hit that \$1m mark," Ms Flaherty said. "Further interest rate cuts would improve borrowing conditions, allowing buyers to increase their budgets."

This sentiment is echoed in recent listings, such as a four-bedroom home at 14 Autumn Grove, Mernda, with an asking range between \$950,000 and \$1.045 million, aligning closely with the city's current median.

Melbourne's median unit price stands at \$609,000, making it the fourth most affordable in the nation behind Adelaide, Brisbane, and Sydney. Regional Victoria also saw price growth, with house prices reaching \$588,000 and units rising to \$414,000 in July.

While the Real Estate Institute of Victoria previously reported the city's median house price at \$1,004,500 in 2021, rising interest rates have since pushed prices lower. According to PropTrack, Melbourne's highest recorded median was \$992,000 in February 2022.

Nationally, Melbourne remains the third-most affordable capital city housing market, behind Sydney (\$1.564m) and Brisbane (\$1.067m).

However, housing supply remains a concern. Australian Bureau of Statistics figures show approvals for new homes in Victoria grew just 1.4% in June, while unit approvals fell 6.1%.

"There was an 18% shortfall in new home construction across Victoria during the 2024 financial year," Ms Flaherty noted, warning that this lags behind the housing demand driven by population growth.

Empower Wealth analyst Kevin Au pointed to ongoing construction challenges. "High construction costs and labour shortages continue to hamper new development, keeping pressure on both prices and rental markets," he said.

Despite these hurdles, market confidence is rising. Lachlan Vidler, Chair of the Property Investment Professionals of Australia, said interest rate cuts and population growth were renewing interest in Melbourne's outer suburbs and regional hubs such as Geelong.

“Low vacancy rates and improving affordability are helping drive the recovery,” Mr Vidler said.