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money



# **NAB Residential Property Survey**

## **Q2 2025**



# NAB Residential Property Survey Q2 2025

**Sentiment in the housing market continued to improve in June. 75bp of easing so far this year and an expectation of further rate cuts are likely to have supported the lift in the NAB Residential Property Index to +44. Sentiment is now positive across the country, including the ACT, which, apart from September 2024, had been negative since Q3 2022. With rates now lower and expected to fall further, confidence among industry participants also improved. Most property professionals in WA, QLD, and SA assess market conditions as rising, approaching their peak or at the peak of the market, while VIC and NSW are at the start of recovery, and shifting into a rising market. Generally, the share of foreign buyers active in the June quarter was fairly steady, with slightly more in the established dwellings market and slightly fewer in the new dwelling market. With prices having outpaced our forecasts over recent months, NAB has lifted its forecast for the 8-capital city dwelling price index to 6% over 2025 (was 3.5%) and still expect growth of around 6% over 2026.**

## Highlights:

Housing market sentiment continued to climb, albeit at a more gradual pace in the June quarter. The less restrictive monetary policy stance is likely to have factored. Overall, the **NAB Residential Property Index** continued to be well above average at +44, after the strong rise in March.

Improved sentiment was particularly noticeable in the largest property markets, especially VIC (+36, up from +16 in Q1), while sentiment in ACT turned positive after two weak quarters. In contrast, sentiment in SA and WA eased significantly in Q2.

When property professionals were asked to best describe the state of the housing market in areas where they operate compared to the previous quarter, the largest share of responses in SA (50%) and WA (44%), said the market is approaching the peak. In VIC (44%) and NSW (42%) however, most believe housing markets are now at the start of recovery.

With interest rates widely tipped to continue falling (NAB sees the RBA easing to a terminal cash rate of 3.10% Q1 2026), confidence levels continued to improve for both short (+62pts vs +51 Q1) and long-term horizons (+58pts vs +54 Q1). Short-term confidence is highest in TAS (+100), and the ACT (+90) and lowest in NT (+58) and VIC (+60). The 2-year measure is highest in the ACT and SA (both +80), and lowest in WA (25) and QLD (+56).

The average survey expectation for house price growth increased to 3.3% for the next 12 months (from 2.3%) and 4.1% in 2 years' time (from 3.1%). But expectations vary across the country. They are now higher in all states bar WA and NT. Expectations are most positive in QLD and WA (both 4.1%), but remain the lowest in VIC (2.5%), albeit, up on the previous quarter (0.8%). Longer term projections increased in all states bar TAS and the NT. The outlook is strongest for QLD (4.6%) and the NSW (4.2%) and lowest in the ACT (2.8%) and TAS (3.6%).

According to Cotality (formerly CoreLogic) data, the 8-Capital City dwelling price index rose by 0.8% mom in August, led by gains in Brisbane (which rose by a strong 1.2% mom), followed by Perth and Adelaide at 0.1.1% mom and 0.9% mom, respectively. Sydney prices rose a solid 0.8% mom, while Melbourne recorded a moderate gain of 0.3% mom.

More broadly, 6 month ended growth continues to reflect a convergence of prices across the capitals with some slowing across the smaller capitals, while Sydney and Melbourne price growth has accelerated. With prices having outpaced our forecasts over recent months, we have lifted our forecast for the 8-

capital city dwelling price index to 6% over 2025 (was 3.5%) and still expect growth of around 6% over 2026.

Surveyed property professionals expect rental growth to accelerate, with expectations for the next year raised to 2.3% (2.2% Q1) and 2.9% in 2 years' time (2.7% previously). Expectations are higher in all states for the next year except in WA and NT (eased) and QLD (unchanged). Income returns in 2 years' time were more mixed. While rental growth expectations were positive across all states, half the states indicated a lower value relative to Q1.

The market share of FHBs in new housing markets in the June quarter increased to 40%, the highest since December 2022. Sales to owner occupiers (net of FHBs) eased in June (36.9%, from 41.7 in Q1), and is in line with the long run average. Local investors were again less active (15.7% down from 16.3%), and the share of sales to foreign investors was on par with the previous quarter, still well below the survey average.

Construction costs are still seen as the main hurdle to starting new housing developments according to 74% of property professionals, followed by delays getting planning permits (54%), with the latter easing on the previous quarter (62% in Q1). Housing affordability (35% up from 15%), and sustainability of house prices (15% from 6%) both increased. By state, construction costs were the main barrier in WA and VIC (80%), and WA also had issues with delays around obtaining permits (80%), along with NSW (75%).

Buying activity in established housing markets continued to be dominated by owner occupiers (net of FHBs), although their overall market share eased 42.3% in June, from 46.2% in the March quarter. FHBs overall share increased to 34% in the June quarter (32.8% Q1), with the market share of sales to local investors also up at 18.5% (15.9% Q1) and close to the long run average (18.6%). However, this ranged widely from 27.5% in QLD to just 11.3% in VIC. While the latter is the lowest of all states, the share increased for the investor segment in Q2 (9.1% in Q1). Foreign buyers however accounted for 3.3% of sales, up slightly on Q1.

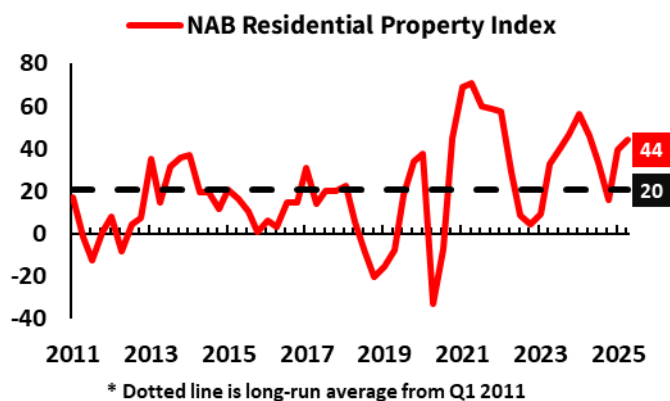
Price levels, interest rates, and lack of stock remain the biggest constraints for established home buyers. Price levels were the biggest constraint for home buyers in NSW, QLD and SA (only 3<sup>rd</sup> for VIC), but WA listed a lack of stock as more important and for VIC it remains interest rates.



## NAB Residential Property Index

Overall, the rise in the **NAB Residential Property Index** continued in the June quarter (+44), after the large jump in March. Housing market sentiment remained upbeat for a second consecutive quarter. This survey was conducted before the August rate cut so we will monitor the effect of that cut in the next survey.

**Chart 3: NAB Residential Property Index**

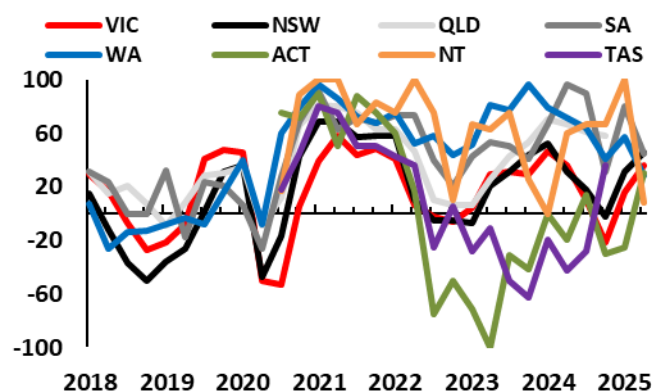


Improved sentiment was particularly noticeable in the largest property markets, especially VIC (+36, up from +16 in Q1), while the ACT turned positive after two quarters of negative sentiment. In contrast, sentiment in SA and WA eased significantly in Q2. While sentiment TAS led the sentiment index this month, some caution with that result, given a low sample size in the quarter.

**Table 3: NAB Residential Property Index: States**

	Mar-25	Jun-25	Next 12 months	Next 2 years
<b>NAB Residential Property Index</b>	<b>40</b>	<b>44</b>	<b>62</b>	<b>58</b>
Victoria	16	36	60	60
New South Wales	31	46	65	62
Queensland	59	62	64	56
South Australia	80	45	75	80
West Australia	57	28	38	25
Australian Capital Territory	-25	30	90	80
Northern Territory	100	8	58	58
Tasmania	33	100	100	67

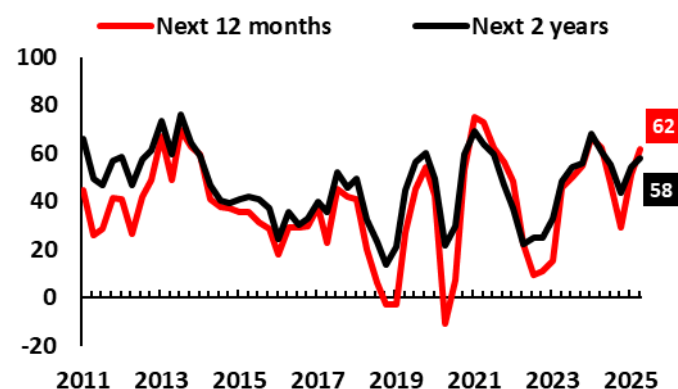
**Chart 4: NAB Residential Property Index: States**



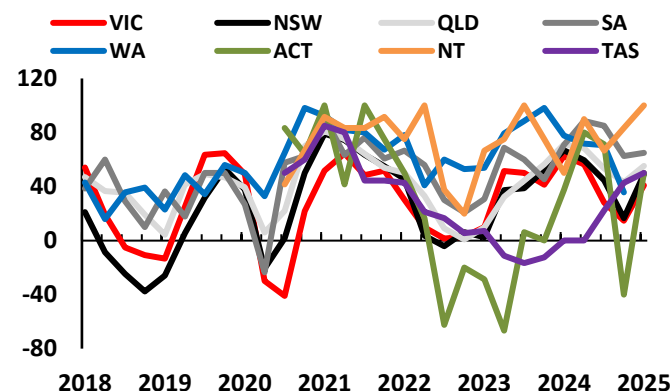
Short (+62) and longer term (+58 pts) confidence increased for a second consecutive quarter.

Short-term confidence is highest in TAS (+100), and the ACT (+90) and lowest in NT (+58) and VIC (+60). The 2-year measure is highest in the ACT and SA (both +80), and lowest in WA (25) and QLD (+56).

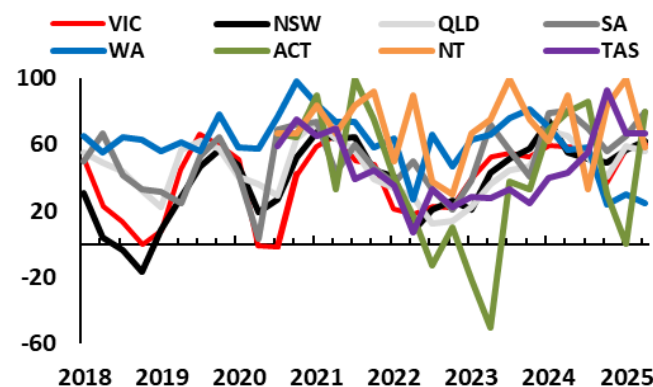
**Chart 5: NAB Residential Property Index: Next 1-2 years**



**Chart 6: Residential Property Index: States - Next 12 months**



**Chart 7: Residential Property Index: States - Next 2 years**



## Survey House Price Expectations

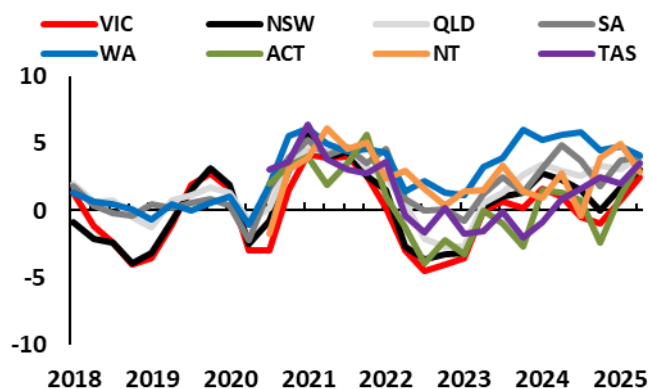
The average survey expectation for house price growth increased to 3.3% for the next 12 months (2.3% previously) and 4.1% in 2 years' time (3.1% previously). But expectations remain diverse across the country.

**Table 4: Avg Survey House Price Forecasts (%)**

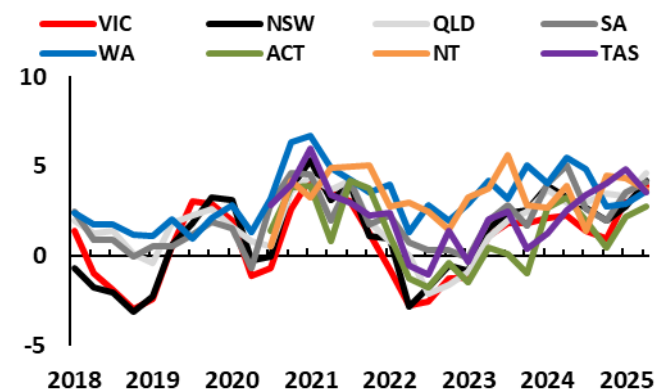
	Next 12 months		In 2 years	
	Mar-25	Jun-25	Mar-25	Jun-25
<b>Australia</b>	<b>2.3</b>	<b>3.3</b>	<b>3.1</b>	<b>4.1</b>
Victoria	0.8	2.5	3.2	3.9
New South Wales	1.7	3.0	2.7	4.2
Queensland	3.1	4.1	3.4	4.6
South Australia	3.7	4.0	3.6	4.1
West Australia	4.7	4.1	2.9	3.7
Australian Capital Territory	1.1	3.5	2.2	2.8
Northern Territory	5.0	2.9	4.4	3.7
Tasmania	2.0	3.6	4.8	3.6

Expectations remain positive and increased in all states bar WA (4.1% vs 4.7% Q1) and NT (2.9%). They are highest in both WA and QLD (4.1%) and, despite a strong increase, lowest in VIC (2.5%). Longer term projections also increased in most states bar TAS and NT. The outlook is strongest in QLD and the NSW and lowest in the ACT and TAS (2.7%).

**Chart 8: Avg Survey House Price Forecasts: States - Next 12 months (%)**



**Chart 9: Avg Survey House Price Forecasts: States - Next 2 years (%)**



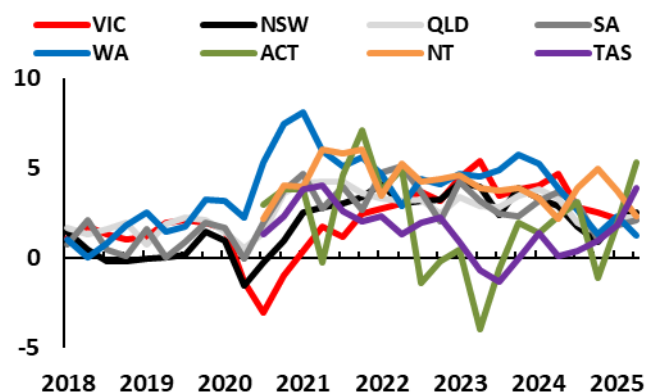
## Survey Rent Expectations

Surveyed property professionals expect a moderate acceleration in rent growth for the next year (2.3% vs 2.2% previously) and 2.9% in 2 years' time (2.7% previously). Expectations are higher in all states for the next year, except in the NT and WA, with the ACT going from lagging to leading in the quarter.

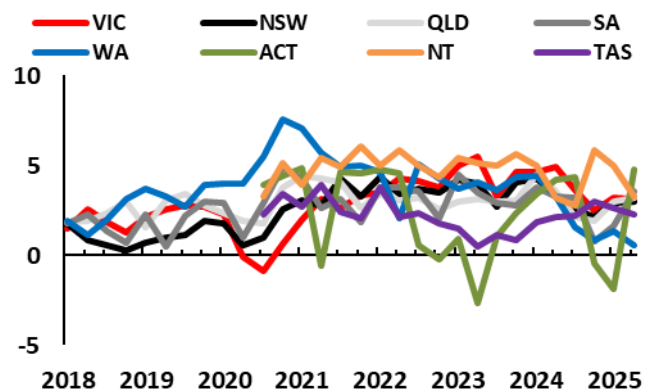
**Table 5: Avg Survey Rent Forecasts (%)**

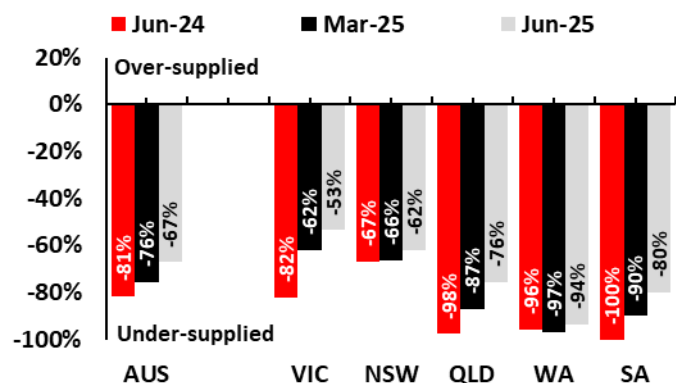
	Next 12 months		In 2 years	
	Mar-25	Jun-25	Mar-25	Jun-25
<b>Australia</b>	<b>2.2</b>	<b>2.3</b>	<b>2.7</b>	<b>2.9</b>
Victoria	2.2	2.2	3.2	3.1
New South Wales	2.2	2.6	2.9	3.0
Queensland	2.3	2.3	3.0	3.2
South Australia	1.9	2.1	1.7	3.6
West Australia	2.3	1.2	1.4	0.6
Australian Capital Territory	1.9	5.4	-1.9	4.8
Northern Territory	3.8	2.4	5.0	3.3
Tasmania	1.8	3.9	2.7	2.3

**Chart 10: Avg Survey Rent Forecasts: States - Next 12 months (%)**



**Chart 11: Avg Survey Rent Forecasts: States - Next 2 years (%)**

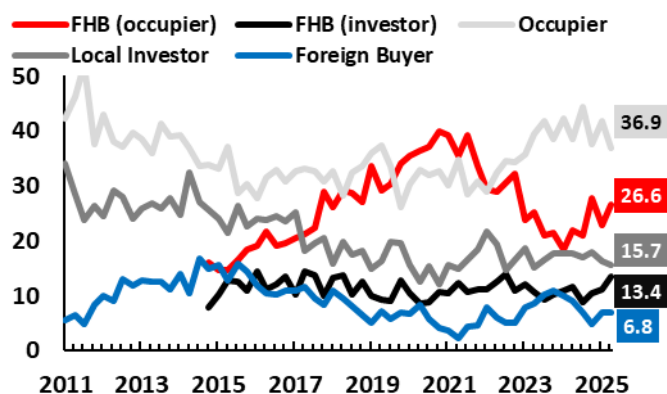


**Chart 12: Housing Demand/Supply Balance for Rental Properties (net balance) – Main States**

Property professionals said the availability of rental properties improved in the June quarter. Though still in short supply, the imbalance narrowed across all selected states, especially VIC (-53%). The shortages of rental properties remain most prevalent in WA (-94%).

## New Housing Markets

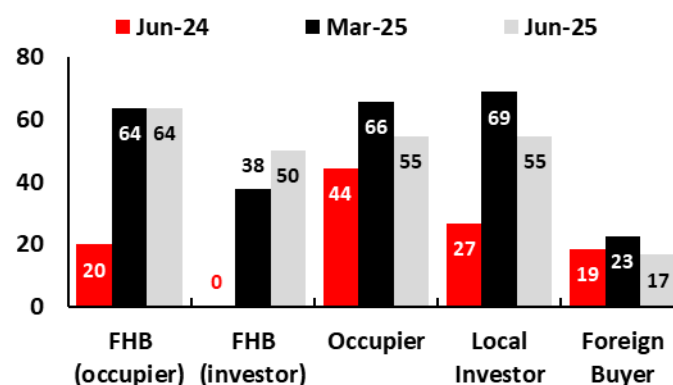
The market share of FHBs in new housing markets in the June quarter increased to 40%, the highest since December 2022. Sales to owner occupiers (net of FHBs) eased in June (36.9%, from 41.7 in Q1), and is in line with the long run average. Local investors were again less active (15.7% down from 16.3%), and the share of sales to foreign investors (6.8%) was on par with the previous quarter, still well below the survey average.

**Chart 13: Buyers: New Developments (% share)****Table 6: Buyers: New Developments: Main States Q2 2025 (%)**

	VIC	NSW	QLD	SA	WA
FHB (occupier)	36.7	15.8	0.0	22.5	45.0
FHB (investor)	14.2	10.8	0.0	10.0	5.0
Owner Occupier	30.8	37.5	0.0	60.0	40.0
Local Investor	11.7	23.3	0.0	6.5	10.0
Foreign Buyer	6.7	10.8	0.0	1.0	0.0

In the June quarter, FHBs were most active in VIC (47.5%), with FHB owner occupiers accounting for the highest share in WA (45%), but FHB investors in VIC (14.2%). Owner occupiers net of FHBs was highest in SA (60%), while local investors led the way in NSW (23.3%). Foreign buyers accounted for the largest market share in NSW (10.8%). Note that this Quarter, there were no responses from QLD for this question.

More survey participants expect buyer share in new home markets to rise, with the net balance still positive across purchaser types. For FHB occupiers, this was unchanged on the previous quarter (+64), with FHB investors expected to increase, the remaining groups in the next 12 months expected to ease.

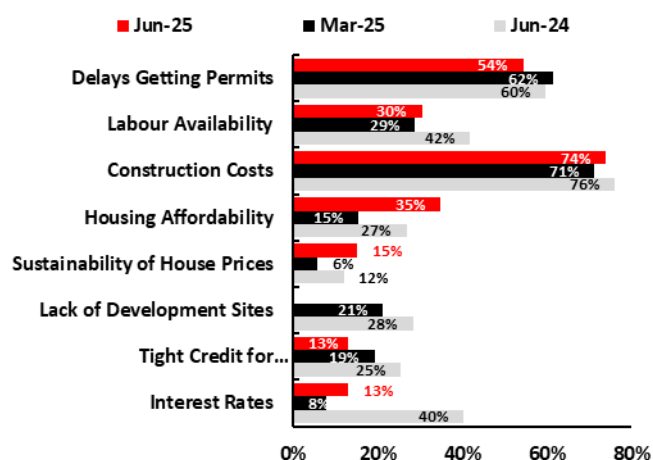
**Chart 14: Expected Change in Share of New Property Buyers in Next 12m (net balance)**

## Barriers to Starting New Housing Projects

Construction costs are still seen as the main hurdle to starting new housing developments according to 74% of property professionals, followed by delays getting planning permits (54%), with the latter easing on the previous quarter (62% in Q1). Housing affordability (35% up from 15%), and sustainability of house prices (15% from 6%) both increased. By state, construction costs were the main barrier in WA and VIC (80%), and

WA also had issues with delays getting permit delays (80%), along with NSW (75%).

**Chart 15: Main Barriers to Starting New Housing Developments (%)**



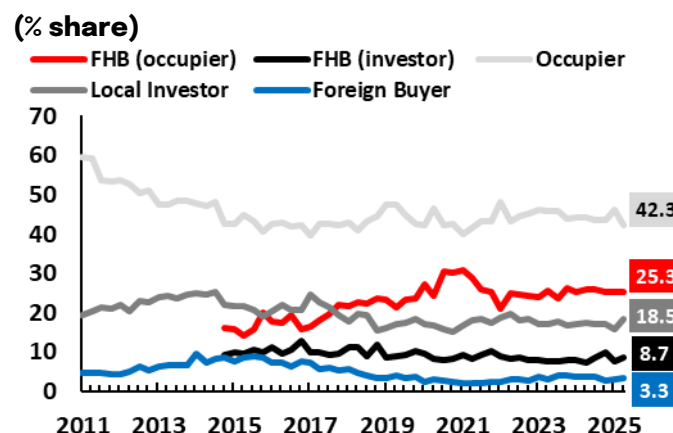
**Table 7: Main Barriers to Starting New Developments: Main States Q2 2025 (%)**

	VIC	NSW	QLD	WA
Rising Interest Rates	13%	17%	17%	0%
Tight Credit for Developments	20%	8%	17%	0%
Lack of Development Sites	20%	33%	0%	20%
Sustainability of House Prices	20%	8%	0%	20%
Housing Affordability	47%	33%	17%	40%
Construction Costs	80%	75%	67%	80%
Labour Availability	33%	25%	33%	60%
Delays Getting Permits	40%	75%	50%	80%

## Established Property

Buying activity in established housing markets continued to be dominated by owner occupiers (net of FHBs), although their overall market share eased to 42.3% in June, from 46.2% in the March quarter. FHBs overall share increased to 34% in the June quarter (32.8% Q1), with the market share of sales to local investors also up at 18.5% (15.9% Q1) and close to the long run average (18.6%). However, this ranged widely from 27.5% in QLD to just 11.3% in VIC. While the latter is the lowest of all states, the share increased for the investor segment in Q2 (9.1% in Q1). Foreign buyers however accounted for 3.3% of sales, up slightly on Q1.

**Chart 16: Buyers: Established Property**



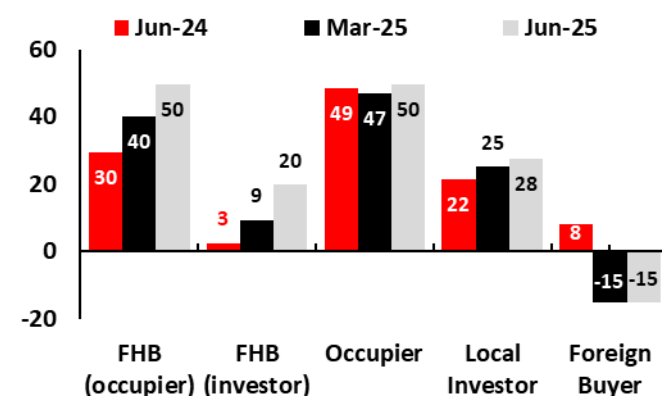
**Table 8: Buyers: Established Housing: Main States Q2 2025 (%)**

	VIC	NSW	QLD	SA	WA
FHB (occupier)	32.4	25.0	20.4	23.9	16.4
FHB (investor)	7.7	11.4	6.8	8.1	6.4
Owner Occupier	42.1	40.4	43.1	47.9	39.9
Local Investor	11.3	18.1	27.5	17.7	24.1
Foreign Buyer	4.7	4.2	1.6	2.2	0.8

FHBs overall accounted for a higher share (34.0%) of sales in the market in the June quarter (up from 32.8%). While FHB owner occupiers were unchanged (25.3%), the market share of FHB investors increased slightly (8.7% up from 7.6%). FHB's were most prominent in VIC (40.0%) and lowest in WA (22.8%), with FHB owner occupiers most active in VIC (32.4%) and FHB investors in NSW (11.4%).

The total market share of sales to local investors increased to 18.5% (from 15.9%), close to the survey average (18.6%). It also ranged significantly from 27.5% in QLD to just 11.3% in VIC, still the lowest of all states, despite increasing in June. Foreign buyers accounted for a slightly higher share of sales (3.3% vs 2.1% in the previous quarter), ranging from 0.8% in WA to 4.7% in VIC.

**Chart 17: Expected Change in Share of Established Property Buyers in Next 12m (net balance)**

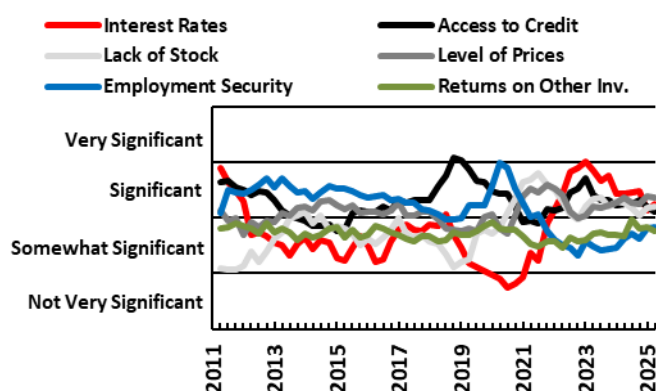


More property professionals on balance expect the market share of buyers in established home markets to increase for owner occupiers (50%), FHB owner occupiers (50%), local investors (28%) and FHB investors (20%, up from 9% previously), but more on balance expect the market share of foreign buyers to fall (-15%).

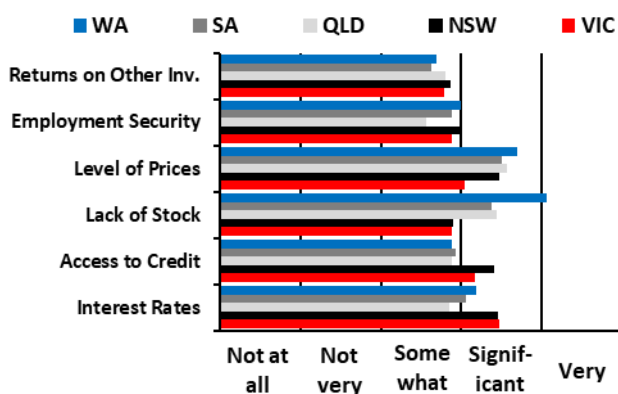
## Established Housing Constraints

Price levels and lack of stock continue for a second quarter as the biggest constraint for established home buyers in June. Interest rates were however still the biggest constraint for home buyers in VIC, while price levels in NSW, QLD and SA, with lack of stock in WA.

**Chart 18: Constraints: Established Home Buyers**



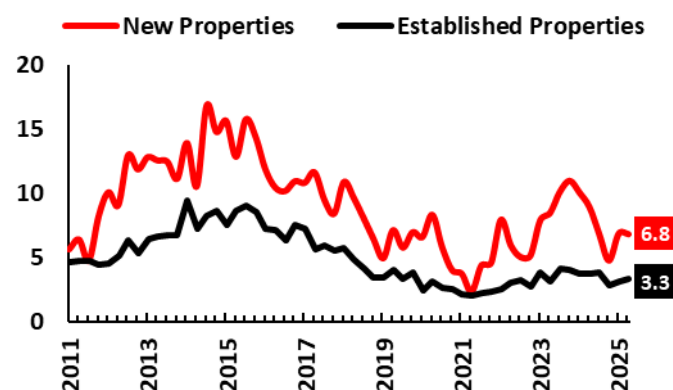
**Chart 19: Constraints: Established Home Buyers - Main States Q2 2025**



## Foreign Buyers

The market share of foreign buyers in Australian housing markets eased slightly in June for new properties (6.8% down from 6.9%) and increased slightly for established properties (3.3% from 3.1%) in the June quarter but remained well below survey average levels (8.9% and 5.0% respectively).

**Chart 20: Share of Total Demand for New & Established Housing: Foreign Buyers (%)**



In new home markets, the overall share of foreign buyers in VIC increased in the June quarter (6.7%) after falling in March but is still below the series average (11.7%). Foreign buyer activity also declined in WA to 0.0%. In NSW the share was almost unchanged (10.8% vs 11% previous quarter) and continues above the survey average (8.7%).

For the established home market, there was a moderate increase in share in the June quarter (3.3% vs 3.1% previously). The share of foreign buyers in VIC rose from 2.6% to 4.7% over the quarter and was highest of all states. In contrast, WA, which recorded the highest in the previous quarter, dropped to the lowest in June (0.8%).

**Chart 21: Share of Total Demand for New Property: Foreign buyers - Main States (%)**

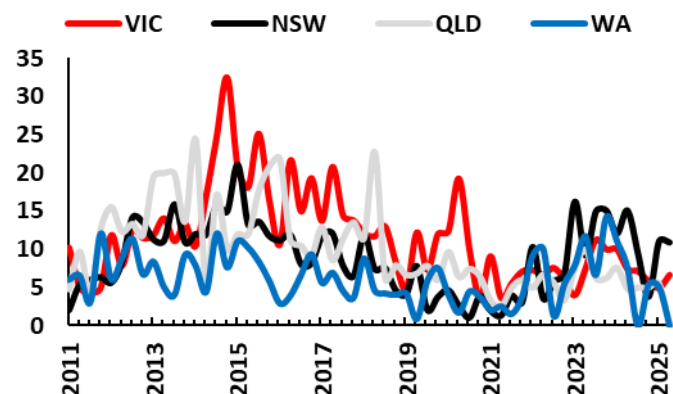
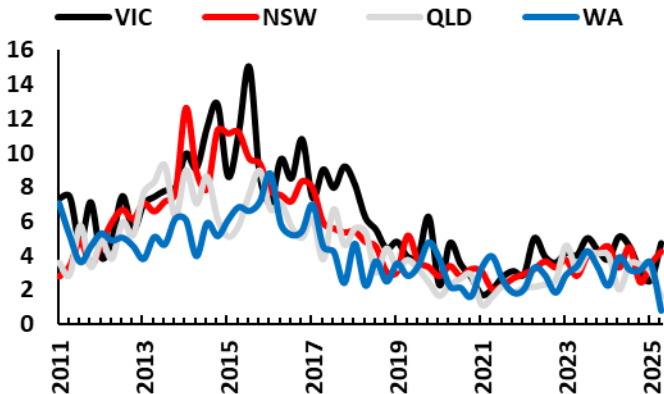




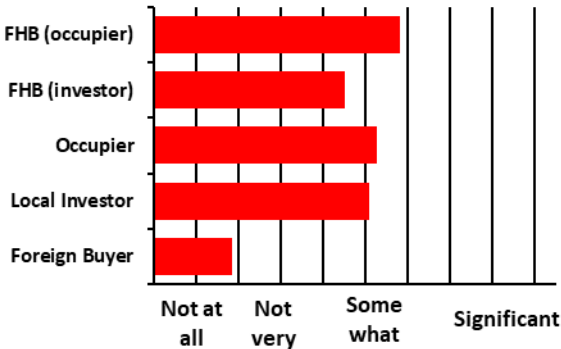
Chart 22: Share of Total Demand for Established Property: Foreign buyers - Main States (%)



Special questions:  
Interest rate cuts

Property professionals were asked to indicate what impact they thought easing monetary policy would have in terms of demand from each of the property buyer segments. In all segments, respondents thought that the cut in rates would have some increase in demand. The largest boost is expected to come from the FHB occupier group, followed by owner occupiers (ex. FHB). Property professionals even thought there might be a small boost to foreign buyers.

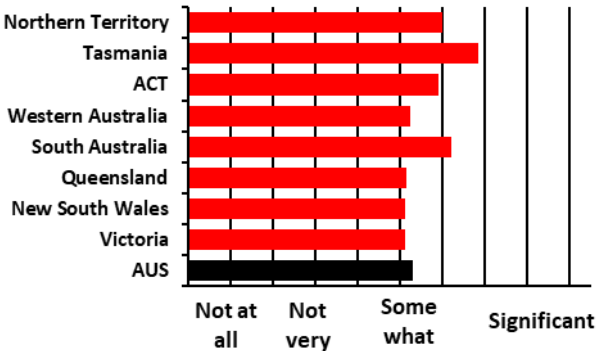
Chart 23: Degree to which rate cuts will boost demand



Federal Government 5% Deposit and FHB demand

Our survey respondents were also asked if the Federal Governments 5% deposit for new home buyers would boost demand from that segment. Generally, respondents said there would be some boost to demand across all states. Professionals in the smaller states thought that there would be a larger boost.

Chart 24: Degree to which the Federal Governments 5% FHB deposit scheme will boost demand





# About the survey

The NAB Quarterly Australian Residential Property survey was first launched in Q1 2011.

The survey was expanded from NAB's Quarterly Australian Commercial Property Survey, which was launched in April 2010.

Given the large number of respondents who are also directly exposed to the residential market, NAB expanded the survey questionnaire to focus more extensively on the Australian residential property market.

The large external panel of respondents consists of Real Estate Agents/Managers, Property Developers, Asset/Fund Managers and Owners/Investors.

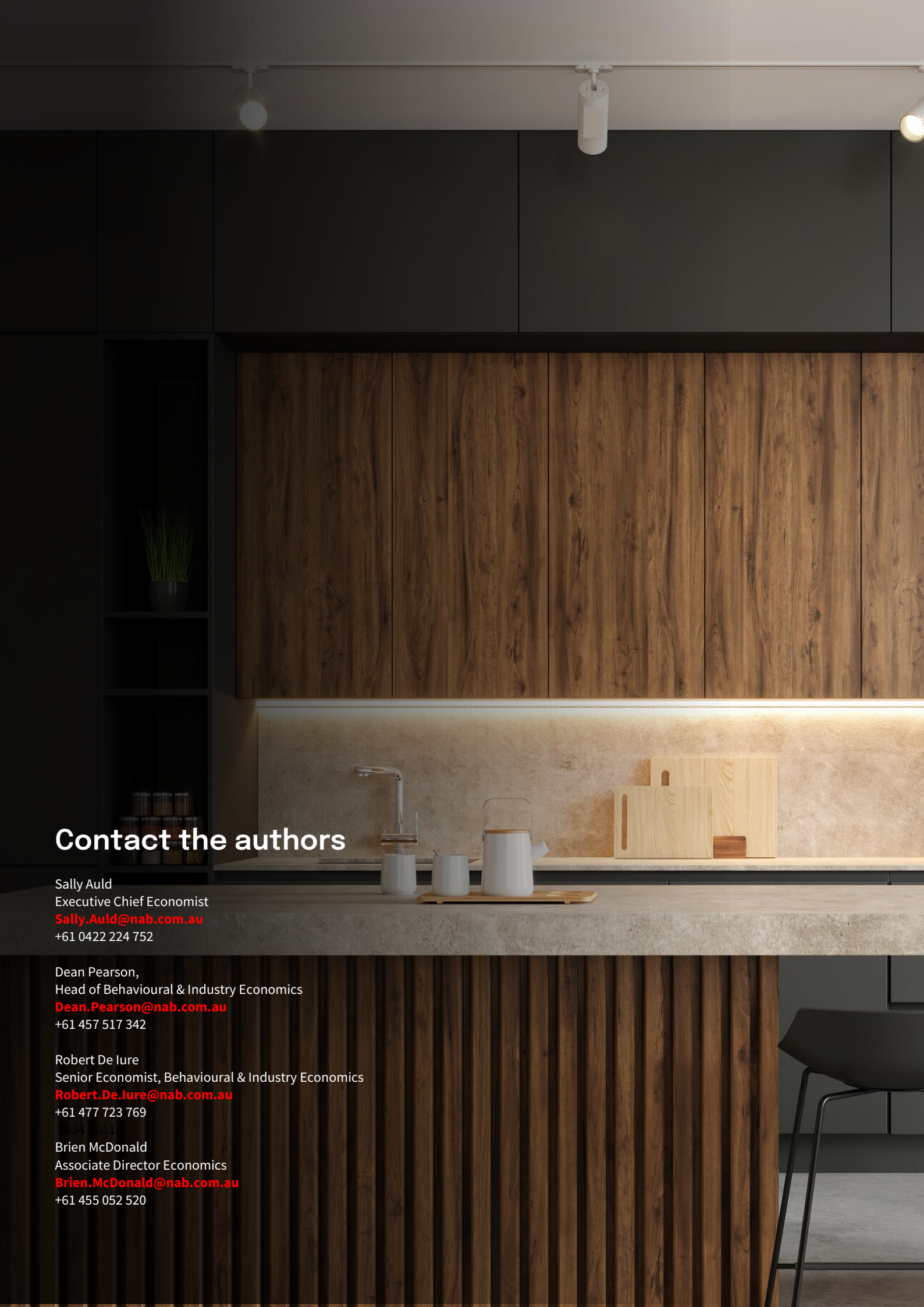
Around 250 property professionals participated in the Q2 2025 survey.

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