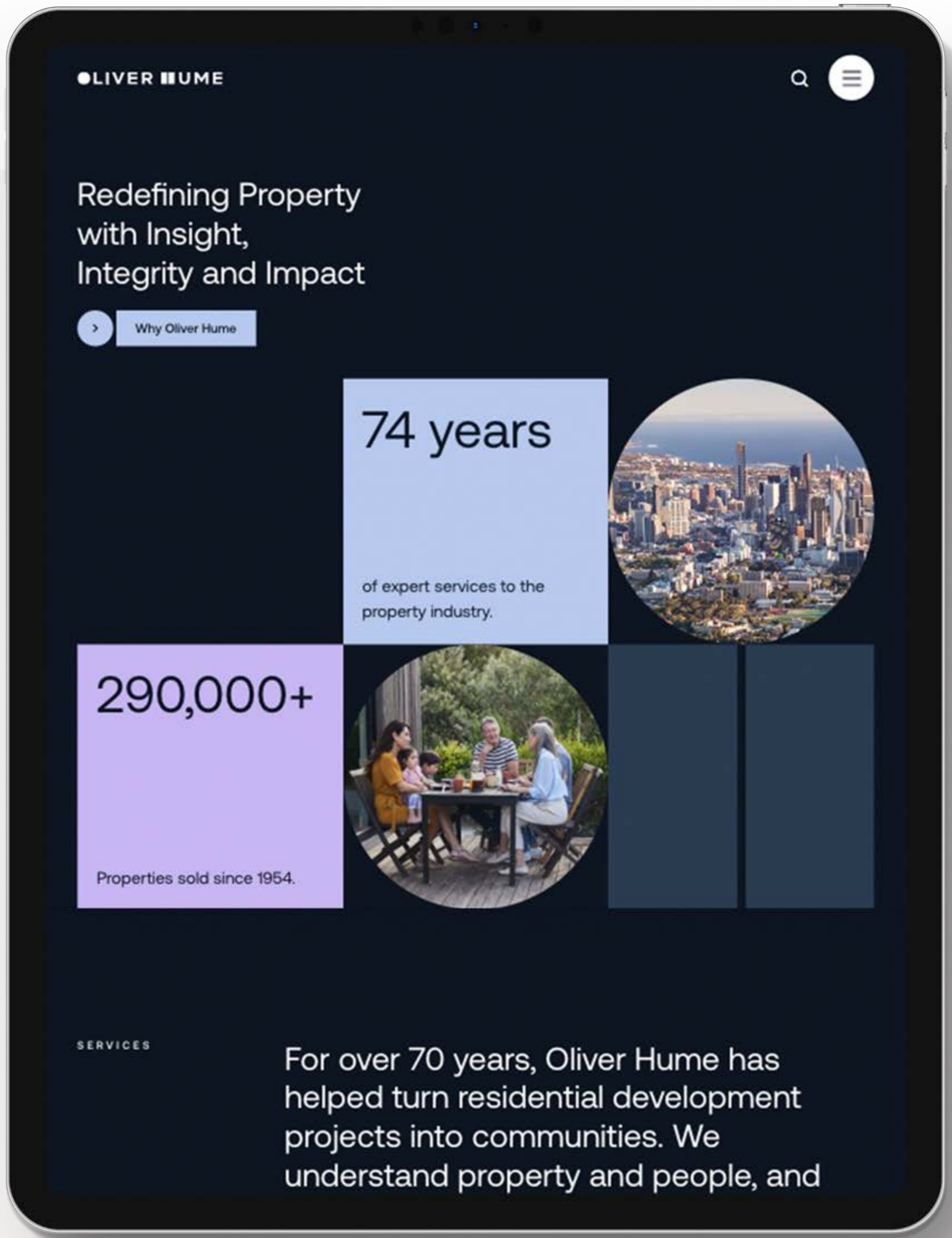
Quarterly Market Insights

December 2025



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Rain, Hail or Shine Buyers Keep Marching On

Julian Coppini
Chief Executive Officer
Oliver Hume Property Group

There is no question that challenges, particularly in Victoria, have dominated the property conversation this year, and it is easy to get caught up in the negativity.

Above-target inflation seems entrenched, and there is a greater likelihood of more interest rate hikes than cuts throughout 2026. Governments are carrying record levels of debt, and cost-of-living rises dominate the airwaves and household budget discussions. In Victoria, the property industry is dealing with an additional layer of issues (taxes, policy, sentiment) on top of the national narrative.

And yet, when I look at the land market across the country, one thing is clear. Rain, hail or shine, buyers are continuing to show up to purchase their first, second, or third home.

The dream is alive and well

The reason buyers continue showing up is simple. Australians have an insatiable appetite for home ownership and that aspiration has not changed, regardless of the rate cycle or the headlines of the day. People still want a place to call their own. They still want the security, lifestyle and long-term wealth creation that comes with owning a home. That underlying demand has proven remarkably resilient.

Even with the recent rate increase, enquiry levels in many markets have remained steady with exceptionally strong demand in Queensland and South Australia. Buyers have adjusted quickly to the higher-rate outlook and seem comfortable with the expectation of more rate increases to come. Rather than waiting endlessly for perfect conditions, many have accepted the new landscape and are making the decision to forge ahead.

We are still seeing high levels of liquidity, with banks' lending freely to owner-occupiers and investors. While the borrowing capacity for some buyers does tighten as rates rise, there is still plenty of credit available for those who meet serviceability requirements. The issue in most of the stronger-performing states is not a lack of demand or finance; it is supply.

In markets like South East Queensland and Adelaide, we are seeing a powerful combination of strong population growth, limited stock and constrained construction capacity, which means developers are managing longer timeframes to deliver lots to market. When you combine high demand with limited supply and adequate liquidity, prices respond accordingly.

Victoria is ready to bounce back

Victoria, however, remains the outlier. But we don't believe that situation will last forever. It can't.

The land market in Victoria has not performed as well as in other states due to stagnation in the established housing market. Established homes built four or five years ago are often selling at significant discounts to the cost of building new. When buyers can purchase an existing home for materially less than replacement cost, the value equation for new land and build packages becomes difficult.

This dynamic has suppressed activity in the land market. It is not because Victorians no longer want to build, it is because the established market has not provided the price growth necessary to make new construction stack up.

Overlay this with higher state taxes, ongoing debate around investor taxation settings and record levels of state debt, and you create a confidence issue. Investors in particular have been cautious. Established listings remain elevated compared to long-term averages, keeping price growth flat and reducing urgency.

However, the challenges we have faced over recent years will ultimately underpin the recovery. The simple fact is that Victorian residential property is now priced at a significant discount to the rest of the country.

When you compare Melbourne to other capital cities, the gap is striking. In many cases, buyers can access significantly better value relative to Sydney, Brisbane or Perth. Rents and vacancy rates remain tight, population growth remains strong, and the fundamentals of a major, growing global city remain intact. The pricing disconnect is becoming increasingly obvious.

> The market will not remain out of balance forever. There will come a point where the discount in Victoria becomes too compelling to ignore. Investors and owner occupiers alike will recognise the relative value on offer. When that shift in sentiment happens, and the established market begins to show sustained price growth, the land market will respond quickly.

History shows that new land sales recover strongly once established prices rise. As soon as the replacement cost equation normalises, confidence returns and activity accelerates. I firmly believe that Victoria will experience that turning point. It is not a question of if, but when.

Across the country, the broader story remains consistent. Australians want homes. There is still liquidity to support them. Where supply is constrained, markets are performing strongly. Where structural issues are holding markets back, the underlying demand has not disappeared; it is simply waiting for the right conditions.

Rain, hail or shine, the land market keeps marching on. When Victoria's established housing market finds its mojo again, its land market will join the march as well.

With 2025 in the rear view mirror, what's coming in 2026?

Matt Bell
Chief Economist
Oliver Hume Property Group

Another year in the bag. With 2025 behind us, and some big differences in performance of land markets, what did we see over the last 12 months, and what does it mean for 2026?

Melbourne

Melbourne spent 2023 and 2024 at near 15-year lows in terms of vacant land sales. For a market that has delivered more than 15,000 lots per year over the long term, sales averaged only 6,000 over the two year period.

Well, 2025 clearly was year one of the recovery. Sales increased strongly in March and June quarters before easing moderately in the September and December quarters. By the end of 2025, 12-month sales volumes had jumped by around 40% to over 9,000, and the median land price rose by 4%. Importantly, rebates and incentives had fallen back to normalised levels.

The change in the rates outlook for 2026 dampened market enthusiasm in November and December, but the early signs for 2026 are good. Oliver Hume's own enquiry and reservation levels are up strongly in January. Established dwelling prices returned to positive monthly growth after a dip in December, and new home sales jumped.

Years of underselling compared to population growth means there is elevated pent-up demand that will need new housing. First home buyer incentives are strong and credit remains readily available. Households are spending again and the unemployment rate is low.

The uncertain rates outlook is the only real cloud on the horizon for 2026.

We expect the Melbourne market to continue its recovery back toward long-term average sales levels and land price growth in 2026, supported by an improved established market and a relatively stable interest rate environment for the remainder of the year.

South East Queensland

Land sales in the December 2025 quarter fell back to December 2024 and March 2025 levels, well below what we consider the long-term average. As throughout all of 2025, it was accompanied by very high levels of price growth, indicating it remains an undersupplied market with plenty of demand.

One key difference to the Melbourne market is the performance of the local established housing market. Annual price growth ended the year at just under 15%, keeping new house and land competitive, even as affordability became even more stretched across both markets.

The changing rate outlook has had less of an impact in this heavily undersupplied market. Prices rose another 3.1% to add to the 10% in the September quarter, leaving prices 27.5% higher than 12 months ago, outpacing a hot established market.

The sales volume outcome in South East Queensland for 2026 has more to do with the ability to bring stock to market in key corridors than with any change in the demand outlook. With essentially no available stock (<0.6 months of supply at current rates of sale), anything brought to market sells quickly while prices continue to rise. If developers can produce more stock, we can expect sales to head back toward long-term averages and 2026 to show a meaningful increase on 2025 levels, with price growth easing back to levels closer to established market price growth (10%-15%).

Adelaide

The Adelaide market performed similarly to the South East Queensland market in the final quarter of 2025. While underlying demand isn't as strong as in South East Queensland, sales eased as supply of new product continued to be a significant issue, and price growth on a quarterly basis was the strongest of all three markets.

Sales fell by 9% to 550 for the quarter, with the 2025 total coming in 13% lower than the 2024 result. This was primarily due to the very low (and heavily supply affected) first quarter of the year, when only 270 lots sold.

The median lot price rose by $21,000 to $371,000, an increase of 6% and moving inexorably closer to the Melbourne median price of $408,000. The affordability advantage of Adelaide land over Melbourne has shrunk from just under $180,000 in mid-2022 to only $37,000.

Like South East Queensland, the outlook for sales for 2026 depends highly on the ability of developers to bring new product to market. The price growth the market is seeing proves the demand is there, and once supply starts flowing, we expect the sales to follow.

All three markets have started 2026 strongly in terms of enquiry and sales through Oliver Hume's clients. Even with one rate rise already delivered and at least one more coming, we remain confident that the strength of underlying drivers for land remain in place and that 2026 will be a stronger year for greenfield markets.

Victoria

Market Overview

Sales Volumes

Sales eased 7% in the December quarter, continuing the easing evident in the September quarter, to end up at levels well up on 2024, but down from the June 2025 highs. Quarterly sales were 24% higher than the corresponding quarter last year and well up on the 12 months to December 2024 total.

Sales rose in the north, with Mitchell and Whittlesea recording increases on September levels, were steady in Melton, but fell elsewhere. The fall in Wyndham sales moves it back from the highest selling corridor to second, with Melton now the strongest selling corridor, combining for 43% of Melbourne sales. Falls in sales over the second half in Hume and Casey have those corridors selling well below March 2025 quarter levels.

The slowing from June levels over the second half saw Greater Melbourne end 2025 at ~9,100 lot sales in 2025, down on the 10,000 we would have achieved had the June sales rate been sustained, but nearly 40% higher than 2024 and on the way back toward long term average lot sales levels.

> The challenges we have faced over recent years will ultimately underpin the recovery. The simple fact is that Victorian residential property is now priced at a significant discount to the rest of the country.
>
> \- Julian Coppini

Land Prices

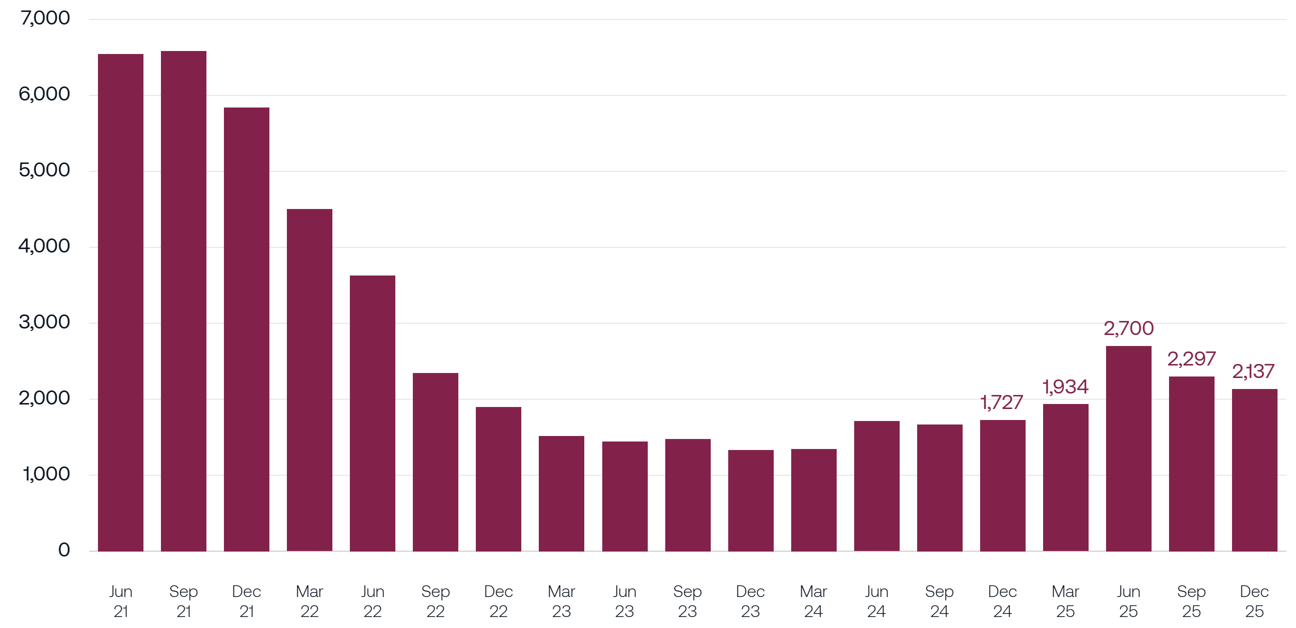
The gross median lot price in Melbourne was essentially steady in the December quarter, rising just $1,000 to $408,000. Headline prices were 3% higher than 12 months prior, but financial incentives for purchasers shrunk noticeably in the final quarter, indicating underlying net price growth.

The story was the same in $/sqm terms over the quarter, with the median $/sqm rate up 0.2% as the average lot size remained steady at 392sqm. An average lot size up 9% over the last 12 months means that the median $/sqm growth rate is down 6%, to $1,041/sqm over the same period. Notably, this means that the gap between Melbourne and South East Queensland in terms of both median price and median $/sqm rate continues to grow.

Median lot prices rose across most corridors in the December quarter with Hume and Wyndham having the strongest increases.

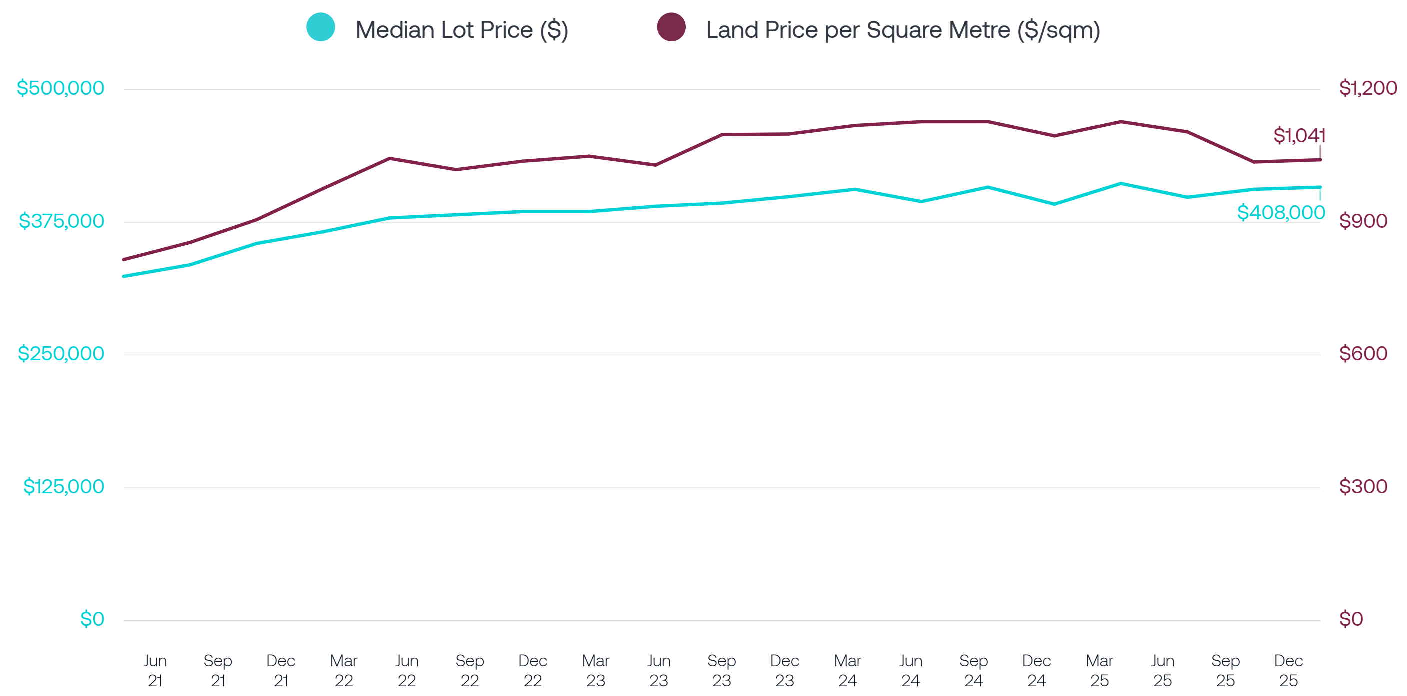
With incentives back to normalised levels in early 2026, and an established market now demonstrating clearly positive annual growth, headline price growth is likely to return in 2026.

Melbourne Vacant Land Sales (Quarterly)



Source: Oliver Hume Research

Melbourne Land Prices



Source: Oliver Hume Research

VICTORIA

Melbourne

Median lot prices by suburb (gross)
December Quarter 2025

Median Price
$408,000

Median Size
392 sqm

Land price per sqm
$1,041 per sqm

Commonly Sold Lots
12.5 x 28m
14 x 28m
14 x 32m

Source: Oliver Hume Property Group

Unravelling Modern Marketing: Digital vs Traditional

Karen Stephenson
Project Marketing Manager
Oliver Hume Property Group

Modern marketing has undergone a fundamental shift. What was once driven by mass messaging, broad targeting and general assumptions, is now powered by data, technology, and real time consumer insight.

Digital marketing sits at the centre of this revolution, reshaping how brands connect, engage, and grow by combining data, technology, and human insight like never before.

Despite this, there is still a vital role for traditional marketing. Printed collateral, brochures, flyers, site signage, direct mail campaigns, and sponsorship of local clubs, events, and community branding all remain key pillars in a well rounded marketing strategy.

The Digital Transformation of Marketing

At its core, digital marketing is all about being precise and relevant. With the help of search engines, social media, email, and programmatic ads, marketers can now reach audiences based on behaviour, interests, intent, and timing. This is marketing that meets people where they are, and when they're most likely to engage.

This evolution brings some clear advantages to marketers and businesses:

- **Data-driven decisions**
  Campaigns can be tracked and tweaked in real time instead of waiting weeks for results.
- **Personalisation at scale**
  Brands can craft tailored experiences that inspire loyalty and connection.
- **Cost efficiency**
  Budgets are flexible, and smaller players can now stand shoulder to shoulder with bigger brands.
- **Interactive engagement**
  Digital channels create conversations and communities, not just impressions.

In short, digital marketing has turned what used to be unilateral broadcasting into genuine relationship building.

How the Industry Benefits

For the property industry, this shift is game changing. Marketers no longer need to guess what works, they can research, test, learn, and adjust as they go, and do this at speed.

It's a more dynamic and creative environment, but also a more accountable one.

With clear metrics like conversion rates, customer lifetime value, and ROI, marketers can show these strategies as a true driver of growth and report results back to businesses and key stakeholders.

Traditional Marketing Still Matters

That said, traditional marketing hasn't lost its power and should still form part of the marketing strategy.

Television, radio, print, billboards, and live events can create emotional impact and trust on a large scale with customers.

These channels are ideal for storytelling and building awareness, which digital channels alone cannot always match.

And the truth is, customers don't separate the two. They might see a TV ad, scroll past the brand on Instagram, notice a billboard on the freeway and later click an email offer. It should all blend together in one continuous journey.

The Power of Integration

Modern marketing shouldn't be a choice of digital or traditional. It's about integration. When traditional and digital work hand in hand, they amplify each other's strengths and should be used in conjunction for optimum results.

- A TV or outdoor ad can inspire people to search online.
- A digital campaign can reinforce what someone already saw in print or heard on radio.
- Data insights can help determine when and where to place a traditional campaign for the best impact.

The result is a cohesive, connected experience that feels natural to customers.

Conclusion

Modern marketing isn't about choosing whether to opt for digital or traditional channels, it's about finding balance and driving impact for the business. Digital brings precision, data, and instant feedback, while traditional channels deliver trust, emotion, and reach. The real magic happens when they come together in a seamless strategy. In a world where audiences expect relevance, authenticity, and great storytelling, the brands that master both in 2026 will be the ones that truly stand out.

Black Friday Campaign Secures REA Award

Mitchy Koper
National Head of Corporate Communications & Marketing
Oliver Hume Property Group

Oliver Hume's hugely successful Black Friday Land Grab campaign has been recognised for its innovative approach, securing a win at the recent REA Excellence Awards for "Integrated Brand Campaign of the Year".

The Black Friday Land Grab reframed traditional property marketing by merging retail urgency with digital sophistication, revealing how the industry can evolve when bold creative thinking meets a real strategic need.

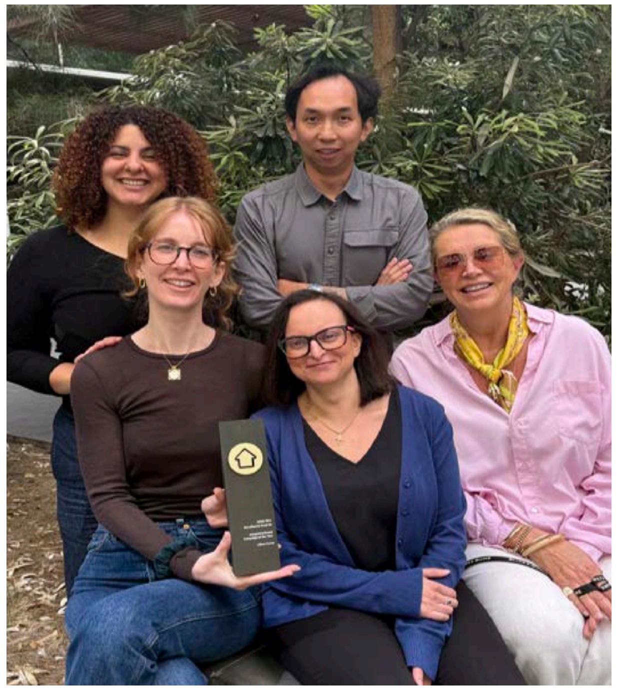
At its core, the campaign aimed to address a critical business challenge: vendors holding large volumes of titled land that needed to be settled before the 2025 land tax deadline.

Oliver Hume transformed this pressure into possibility, launching a "weekend only" event that converted fiscal urgency into market excitement.

The initiative delivered unmatched results, signalling a shift in how the property sector can leverage retail psychology and PropTech sophistication to drive land sales and accelerate settlements.

The success of Black Friday Land Grab came from the seamless blend of retail urgency, elevated creativity, and sophisticated technology, delivering an end-to-end digital ecosystem rarely seen in property.

Well done to the team that pulled this campaign togther, particularly Gerrard Ellis, Jessica Lochrie, Sarah Attard, Kyle Vuong and Annie Hanson.



Making a Real Difference Where it's Needed Most

Carmen Prosenik
Executive Assistant
Oliver Hume Property Group

At Oliver Hume, we know that life can be challenging at times, and no one should have to go through it alone. Strong communities are built on people supporting one another and stepping up when it really counts - and that's something we deeply believe in. For us, giving back isn't just about fundraising; it's about being present, getting involved, and making a genuine difference in the communities where we live and work.

This year, we're proud to continue supporting some incredible organisations, including The Big Group Hug, PCs for Kids, and Variety – The Children's Charity. Through donation drives, volunteering, and team-led initiatives, we'll be helping provide practical support to families and children who need it most. Whether it's donating essential items, packing care kits, or giving our time, every contribution truly matters.

We're also excited to begin a new partnership with TLC for Kids, supporting seriously ill children and their families as they navigate everyday life.

Being able to offer comfort and practical help during such difficult times is something we're incredibly proud to be part of.

Throughout the year, we'll also run additional fundraising and awareness activities connected to important community moments and causes. These initiatives give us the opportunity to come together as a team and support issues that are meaningful to our people.

We encourage everyone to get involved in whatever way feels right - donate, volunteer, join a fundraiser, or share an idea for a cause close to your heart.

We're looking forward to what's ahead. Keep an eye out for updates and please get in touch if you'd like to learn more or be involved.

Together, we can continue building stronger communities and making a real difference where it's needed most.

Navigating the New Era of First Home Buyer Lending: A Guide for Developers

Adam Duster

MyFirstHome & MyFirstLoan

The Australian housing landscape has undergone a seismic shift following the policy-heavy 2025 election year. For property developers, this represents both a historic opportunity, and a complex set of logistical hurdles. While homeownership is more accessible than it has been in years, the "how" of securing these buyers has changed.

To maximise sales in the current climate, developers must understand the nuances of recent lending changes and why specialised partnerships are now a requirement, not an elective, for project success.

Recent government interventions have significantly lowered the barriers to entry for First Home Buyers, specifically targeting deposit constraints and serviceability requirements.

1. Expanded Home Guarantee Scheme (HGS)

Since the expansion in October 2024, the HGS has become a primary driver for city markets.

- **Low Entry Cost**
  FHBs can now enter the market with just a 5% deposit and no LMI.
- **No Income Caps**
  The removal of income restrictions and the increase in property price caps have brought high-income, low-deposit "inner-city professionals" into the First Home Buyer pool.
- **Unlimited Places**
  Unlike previous iterations, the scheme now offers unlimited places, providing a consistent stream of demand.

2. Help to Buy Scheme (Shared Equity)

This shared equity program is specifically designed for FHBs with lower serviceability.

- The government takes a 30% stake in established homes or a 40% stake in new homes.
- Buyers can secure a property with as little as a 2% deposit.
- This scheme is capped at 10,000 applications per year and is available only to two eligible lenders.

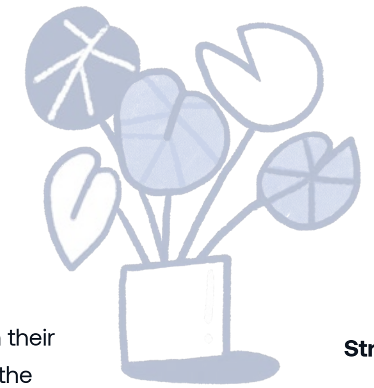
3. APRA Advantage for New Builds

Perhaps the most significant "win" for developers arrived on February 1, 2026, when APRA introduced Debt-to-Income (DTI) restrictions, limiting high-risk lending where debt exceeds six times a purchaser's income.

Crucially, these restrictions do not apply to the purchase of new homes. This creates a massive competitive advantage for the development industry, as First Home Buyers with higher DTI ratios are naturally funnelled away from the established market and toward new builds.

Why Developers are Struggling to Convert First Home Buyers

Despite the high demand, many developers are finding that First Home Buyer leads are "sticky" and slow to convert.



The challenges are largely administrative and financial:

- **Deposit Mismatches**
  FHBs are increasingly requesting 5% deposits in contract conditions to match their HGS requirements, whereas the industry standard remains 10%. These requests force developers to assess deals on a case-by-case basis to ensure settlement certainty.
- **Slow Government Approvals**
  For Help-to-Buy sales, government approvals are notoriously slow. Contracts are being signed "subject to finance," dragging out the timeline from signed contract to unconditional status.
- **The Pre-Approval Trap**
  Many FHBs obtain pre-approvals directly from banks, which are valid only for established homes. When they pivot to a House & Land package, they are forced to restart the process, delaying sales by weeks.

How MyFirstHome and MyFirstLoan Secure Your Sales

This is where MyFirstHome and MyFirstLoan become your most valuable project partners. We don't just find buyers; we support their ability to settle.

Boosting Borrowing Power

While big banks use a rigid 3% serviceability buffer, our access to non-bank lenders allows us to use a 2% buffer. This single change boosts a buyer's borrowing power by 10%. Furthermore, our ability to lock in 5-year fixed rates can increase a First Home Buyer's borrowing capacity by up to 30%.

Streamlining the Sales Process

We solve the developer's "finance delay" in three specific ways:

1. **Fast Qualification**
   MyFirstLoan supports MyFirstHome by quickly qualifying leads so you only focus on buyers with the financial means to settle.
2. **Specialised Pre-Approvals**
   We ensure buyers have the right pre-approval for new builds from day one, preventing the "back-to-the-bank" delays.
3. **Incentive Maximisation**
   Our deep understanding of state and federal incentives ensures First Home Buyers utilise every dollar available to them, bridging the gap between their budget and your price point.

The Bottom Line

The 2026 First Home Buyer market favours the development industry, but only for those who can navigate the complexities of shared equity, serviceability buffers, and specific First Home Buyer contract conditions.

MyFirstHome offers you direct access to a database of qualified, ready-to-act First Home Buyers. Partnering with us derisks your project through higher-quality First Home Buyer sales.

**Mortgage brokerage services are provided by a related body corporate of MyFirstHome Pty Ltd, MyFirstLoan.au Pty Ltd ACN 168 808 946 (MFL) as a credit representative (Australian credit representative number 564038) of Allied Financial Consulting Pty Limited ACN 059 732 419, which holds Australian Credit Licence number 393845. As a credit representative, MFL is authorised to provide credit services where it is not a credit provider under any credit contract, for example, to act as a broker for loans provided by other credit providers. Loans brokered by MFL are structured and managed by Homestar Finance (which holds Australian Credit Licence 390860), which engages a professional trustee and lender to be the 'lender of record' for its loans. Quoted rates are correct as on publication date.

Primed for Outperformance? The Outlook for Melbourne's Residential Market

Arash Manafi
National Research Manager
Oliver Hume Property Group

Following the first interest rate increase in two years, questions have re-emerged around the outlook for the residential property market and how different states, including Victoria, are likely to respond, given the differing places in the cycle.

There is no doubt that interest rates are a key influence on housing markets. Higher rates directly impact borrowing capacity and buyer confidence, with first home buyers particularly exposed after several years of stretched affordability. That said, interest rates are not the only factor shaping the residential market outlook.

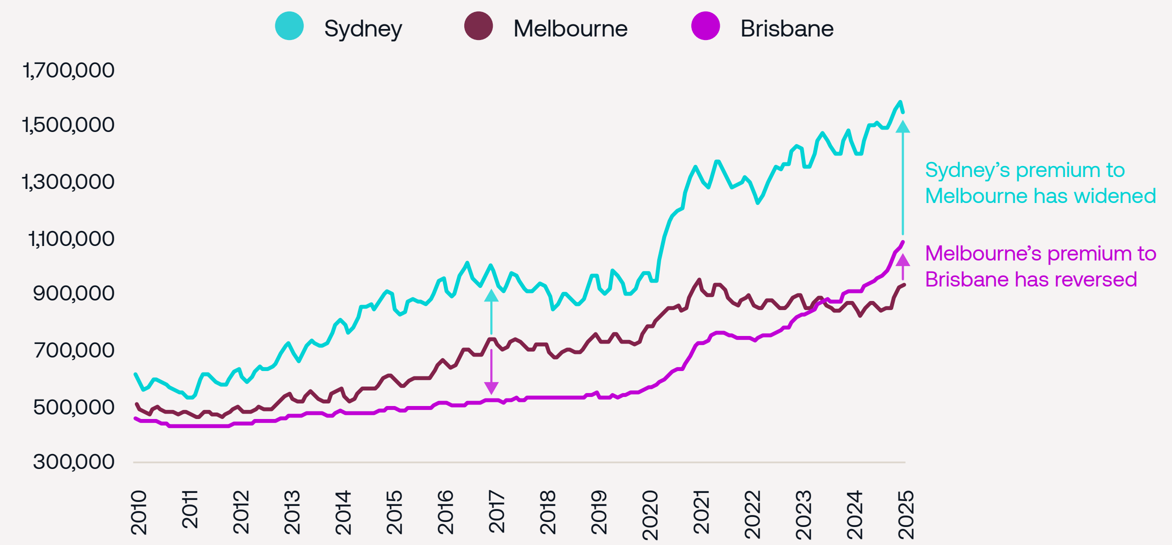
Nationally, supply and demand fundamentals remain supportive of capital growth. While net overseas migration is expected to ease from post pandemic peaks, it should remain high enough to underpin healthy housing demand.

On the supply side, new home completions have fallen well short of National Housing Accord targets, and this will help to offset some of the negative impacts of higher interest rates on prices.

The Melbourne established property market has underperformed Sydney and Brisbane in recent years and now sits as the most affordable city of the major eastern capital markets. This is evident when looking either at absolute median house price levels or income to dwelling price measures, leaving Melbourne undervalued relative to national historical benchmarks.

Oliver Hume analysis indicates Melbourne house prices are currently around 15 percent (or $160,000) below where the median price would be if it was in line with its historical relationship to the national median price.

Quarterly Median House Price



Melbourne House Price Benchmark

Benchmark	Actual Melbourne Median House Price (Dec 2025)	OH Research Implied Melbourne Median House Price*	Gap ($)	Gap (%)
Sydney	$935,000	$1,140,000	-$205,000	-18%
Brisbane	$935,000	$1,260,000	-$328,000	-26%
National	$935,000	$1,090,000	-$159,000	-15%

* Implied Melbourne prices are calculated by applying Melbourne's historical relative pricing to current Sydney, Brisbane and national benchmark prices.

Comparing it to Sydney and Brisbane, This suggests there is scope for Melbourne prices to catch up and potentially outperform over the medium term as sentiment improves.

Melbourne's record relative affordability is also relevant beyond local owner occupier demand. Historically, affordability divergence between states has been a leading indicator of interstate migration flows, suggesting Victoria's current affordability position will lead to improved net interstate migration levels.

Interstate investors are also likely to respond to relative value opportunities, particularly as the interest rate cycle stabilises. Melbourne's lower price base and longer-term capital growth prospects may attract investors who have been priced out of Sydney and Brisbane but retain purchasing capacity for more affordable options.

First home buyers remain an important contributor to market activity. Despite interest rates continuing to constrain borrowing capacity, elevated pent-up demand, government incentives and Melbourne's affordability may support entry level participation as the interest rate environment stabilises, even without a rate cut.

While the interest rate outlook remains an important influence on Melbourne's residential market, it is not the sole driver. Strong underlying demand, ongoing supply constraints and record relative affordability provide important counterweights. While we are likely to see some short-term negative impacts, there is scope for activity to lift in the medium term, particularly across entry level segments, with a stronger longer-term outlook for Melbourne's residential market.

The Home Design Trends That Will Shape 2026

Aleks Czajkowski
Operations Manager
Oliver Hume Property Group

In 2026, home design is shifting away from how a house looks and toward how it actually functions. Cost-of-living pressures, hybrid work, and rising energy costs are changing what buyers value, with performance, flexibility, and long-term comfort taking priority over visual impact.

To understand how these shifts are playing out in real buyer demand, we spoke with Warren Mirabile, Product Development Manager at Fairhaven Homes, about evolving design priorities.

Open-plan living is being re-worked

Large, fully open-plan layouts are losing some appeal. Buyers still want light and connection, but they also want separation, particularly when it comes to noise.

With working from home now part of everyday life, there's a growing demand for spaces that can be closed off for focus, calls or quiet time. Zoned living offers a better balance, creating purpose in floor plans without sacrificing openness.

Sustainability is now about running costs

Sustainability is no longer driven purely by environmental values. In 2026, it's largely financial. Rising energy prices have pushed buyers to focus on efficiency. Solar, battery storage, insulation and orientation are increasingly seen as essentials rather than upgrades. Buyers are thinking less about how a home looks to visitors and more about how it performs for the people living in it.

Elwood 31, on display at Ridgelea Estate, Nar Nar Goon

Energy efficiency underpins value

Energy efficiency has become a core contributor to property value.

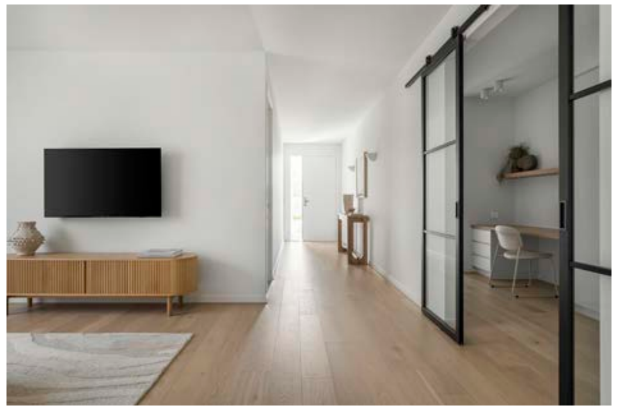
There's a gradual move toward better performing homes, with more attention paid to insulation, glazing and overall thermal performance. Buyers are willing to invest slightly more upfront if it means lower ongoing costs and reduced reliance on heating and cooling.

Flexible layouts are in demand

Versatility is becoming one of the most sought-after design features.

Buyers want homes that can adapt as their needs change, whether that's working from home, accommodating extended family or simply using spaces differently over time. Additional bedroom-and-ensuite combinations are increasingly popular, particularly as multi-generational living becomes more common.

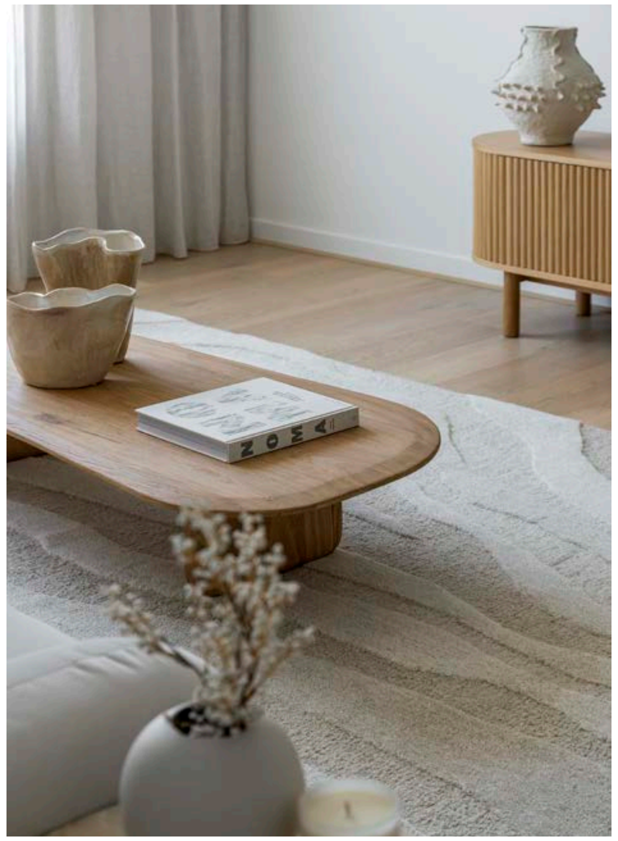
Outdoor living is also being reconsidered. In many greenfield areas, large alfresco spaces are underused due to the climate, leading buyers to favour integrated rooms that can be used year-round instead.



Warmer interiors take over

The cold, highly polished look of recent years is fading.

In its place are warmer interiors that feel comfortable and lived in. Soft neutral palettes are replacing stark whites and cool greys, with textures like timber grain, matte finishes, and natural materials playing a bigger role.



What's falling away

Highly open layouts with little acoustic control are being replaced with zoned designs. Cool, clinical colour schemes are giving way to warmer tones.

Design choices driven purely by appearance are being questioned. Our lifestyles are getting busier, so people are favouring natural elements that can patina over time, and moving away from high maintenance materials.

In 2026, buyers are looking for homes that are easier to live in, cheaper to run and better suited to real life not just homes that look good on a plan.

South East Queensland

Market Overview

Sales Volumes

Land sales fell for the second consecutive quarter in December, down 15% compared to September levels and bringing the cumulative fall since June to over 20%. This quarterly rate of sales remains slightly above average levels of the prior two years and just below long-term average levels. On a rolling 12-month basis, sales are down 6%, but still well above 2022 and 2023 levels. The fall in sales is due to supply shortages, with unsold stock sitting at less than 0.5 months of trading supply across most markets.

A 31% fall in sales in Moreton Bay saw it slip to number three behind Ipswich and Logan (which also both saw falls in sales). Only Brisbane saw sales rise in the quarter, up 7%. Logan remains the highest selling corridor.

Compared to the first quarter of 2025, with total South East Queensland sales relatively steady, it was no surprise to see the big three corridors of Ipswich, Logan and Moreton Bay essentially steady in terms of sales volumes. A 25% fall in sales in Redlands and a 15% fall on the Gold coast being offset by a doubling in sales in Brisbane LGA.

> The sales volume outcome for South East Queensland for 2026 has more to do with the ability to bring stock to market in key corridors than with any change in the demand outlook. With essentially no available stock (<0.6 months of supply at current rates of sale), anything brought to market sells quickly while prices continue to rise.
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> \- Matt Bell

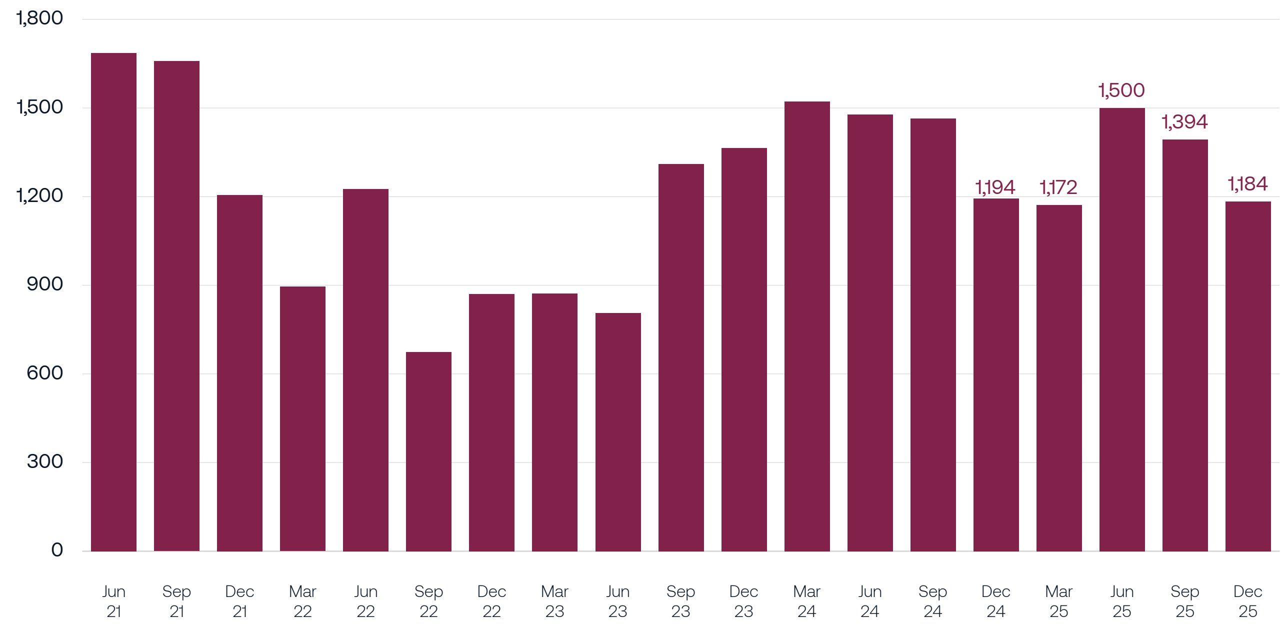
Land Prices

Median land prices jumped again in the December quarter, though not quite as much as we witnessed in the September quarter. The median lot price in South East Queensland edged closer to $500,000, finishing the year at $498,400, up another 3.1% in the quarter to be 27.5% higher than the same time last year.

These price levels are new historical highs and with Melbourne's median lot price essentially steady in the December quarter, it seems there is no going back to the Melbourne median land price exceeding South East Queensland's. A continuing steady average lot size keeps South East Queensland more expensive than Melbourne on a $/sqm basis as well, with a 14% premium.

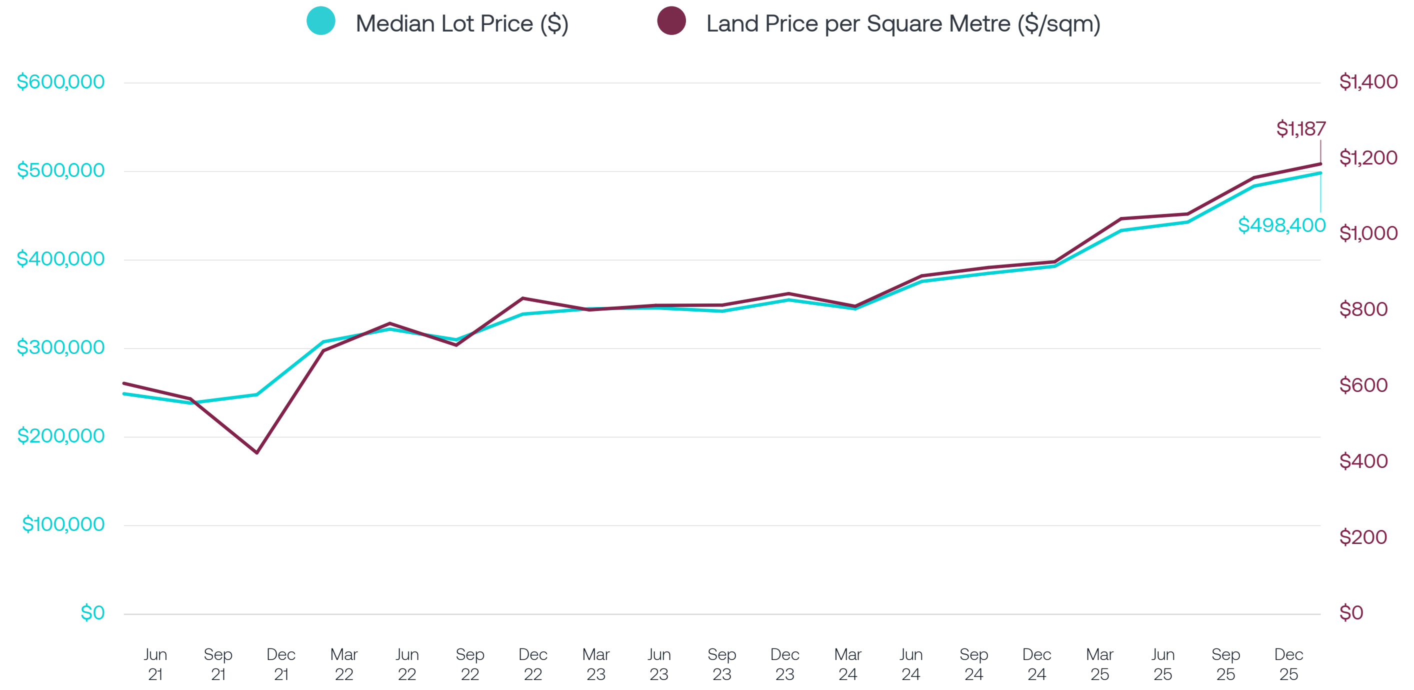
The strongest price growth in the quarter was experienced in the (ironically) smaller volume corridors of Brisbane and the Gold Coast, where the change in composition of sales between projects can change significantly as projects sell out and sales shift between projects and sub-regions. But even the strongest selling corridors of Moreton Bay (5.1%), Ipswich (5.5%) and Logan (9.3%) saw very strong quarterly price growth. Annual price growth for all three range from 23% to 27%. Logan and Ipswich easily remain the most affordable corridors in South East Queensland. December 2025 is the first quarter on record without a single LGA median price under $450,000.

South East Queensland Vacant Land Sales (Quarterly)



Source: Oliver Hume Research

South East Queensland Land Prices



Source: Oliver Hume Research

QUEENSLAND

South East Queensland

Median Lot Prices by Suburb (Gross)
December Quarter 2025

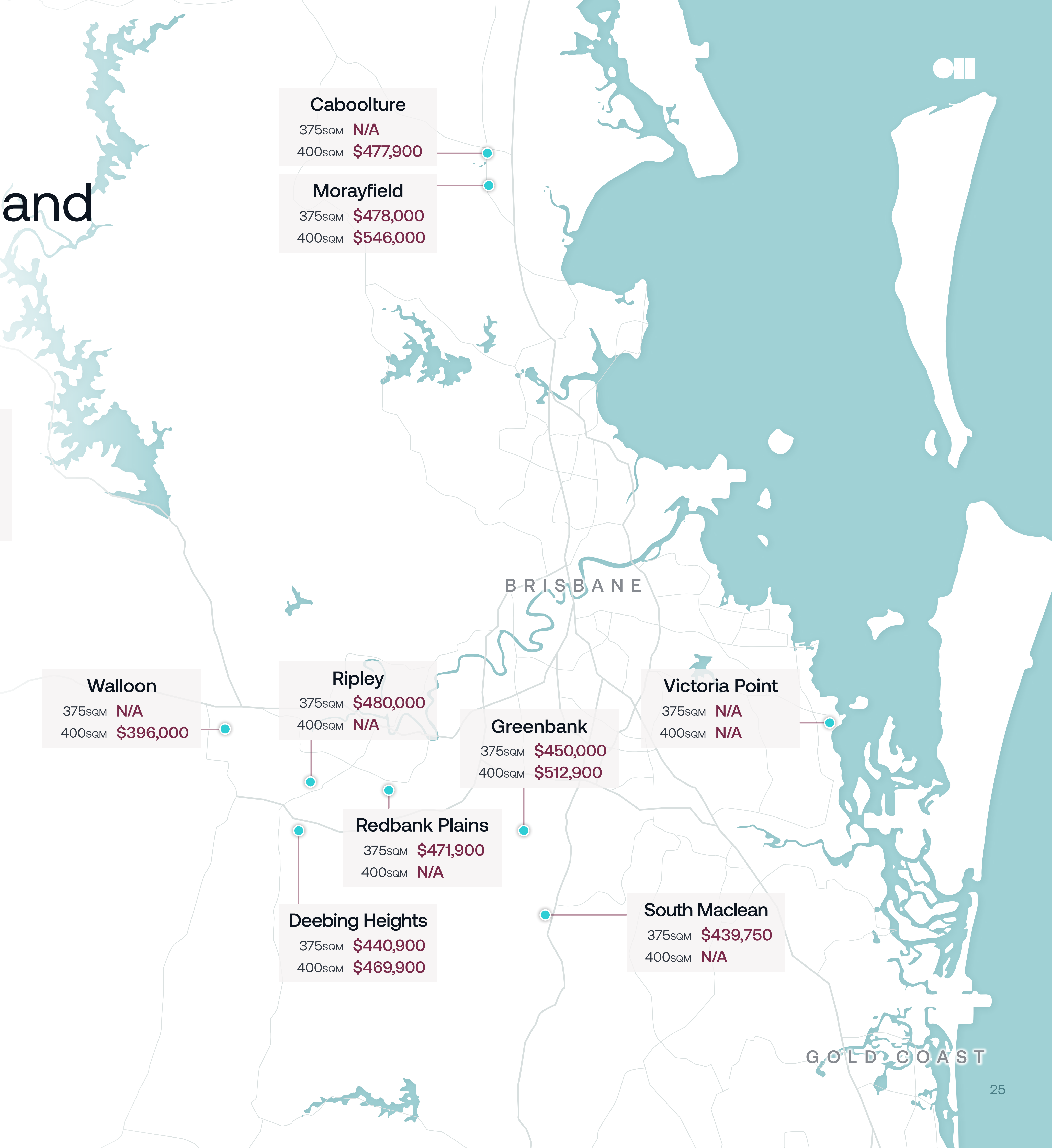
Median Price
$498,400

Median Size
420 sqm

Land price per sqm
$1,187 per sqm

Commonly Sold Lots
12.5 x 30m
12.5 x 28m
12.5 x 32m

Source: Oliver Hume Property Group



Despite leading global rate hikes, Australian property remains well positioned

Eliza Owen

Housing Market Analyst

Cotality (formerly Head of Research, Australia)

The global housing market is entering a new phase. After a year of broad relief from rate cuts, 2026 is shaping up as a more uneven cycle. Australia is the first major economy to turn the screws again. Yet despite leading the world back into rate hikes, Australia's housing market still looks comparatively resilient, supported by tight supply, strong migration and conservative lending that keeps forced selling low. In a world of diverging monetary paths, Australia remains one of the steadier stories.

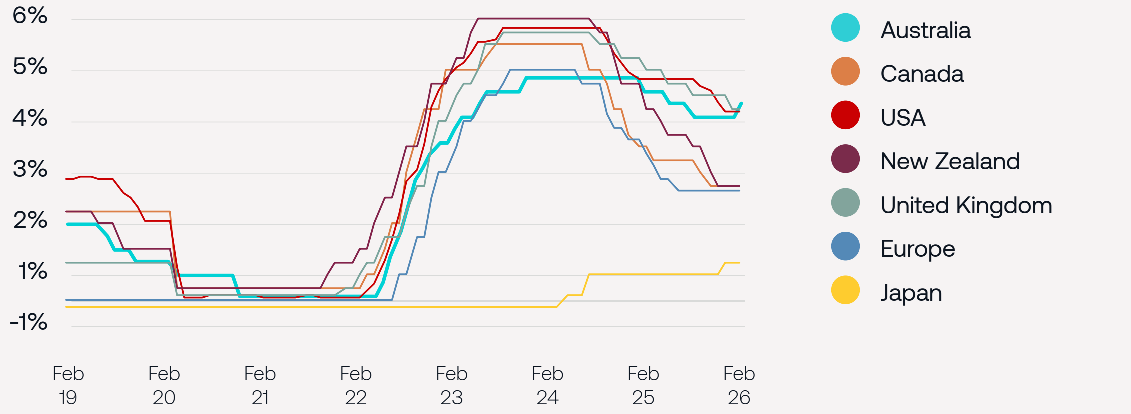
A global rate cycle that's no longer in sync

Through the early 2020s, major central banks moved almost in lockstep: emergency easing during the pandemic, followed by rapid tightening to tame inflation (Figure 1). That synchronisation is now breaking down. The US and UK are expected to hold or even cut rates early in 2026, though conflict with Iran presents great uncertainty to this outlook. Resource heavy economies (Australia, Canada, New Zealand) and the Euro Area face renewed tightening. Australia has already moved first, a headwind for demand but not yet a decisive drag on prices in all submarkets.

Differences in demand across the globe

In many countries, home values rose through 2025 as borrowing costs eased and new housing supply remains a fairly universal challenge. Australia and the US were standouts for capital growth in the post pandemic period, though the US cooled sharply last year. Cotality US estimates of price growth were under 1% in 2025. This year, US demand will be shaped by competing forces, such as looser mortgage rules aimed at boosting home ownership, contrasted with restrictions on institutional investment in standalone houses. The likely outcome is softer price growth but more activity from individual buyers.

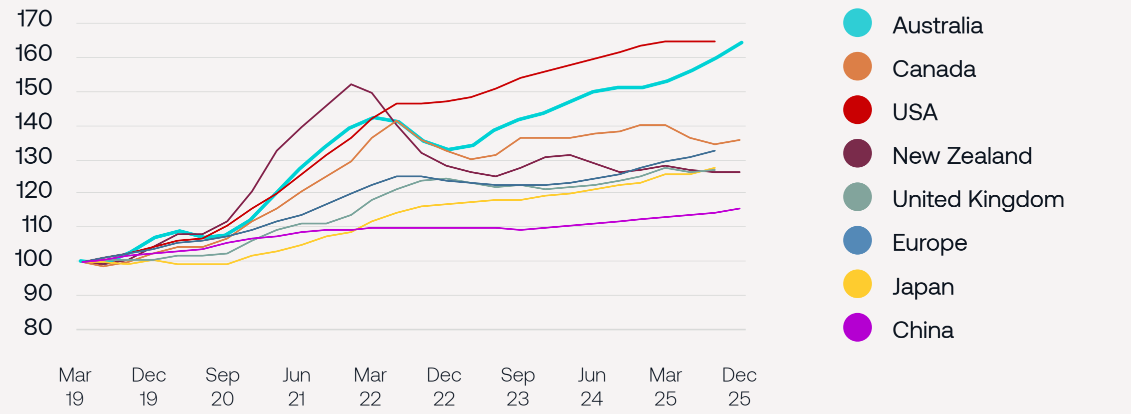
Figure 1: International Central Bank Rates



Sources: RBA, RBNZ, BOC, FED, BOE, ECB, BOJ

Figure 2: Nominal Home Value Indices

Quarterly, Index at Q1 2016 = 100



Sources: OECD, Cotality AU & NZ

Japan remains an outlier on rates, but its housing market has been buoyed by a weak yen and strong foreign inflows, lifting nominal home values around 4% over the year. The Australian dollar, meanwhile, is at its strongest against the yen in at least a decade.

China sits at the opposite end of the spectrum. A crackdown on developer debt has left the country with a prolonged supply glut, weak nominal price growth and falling sales. Rather than spilling over into global weakness, China's instability may be redirecting foreign capital toward more transparent, better regulated markets, including Australia.

New Zealand and Canada have struggled to regain momentum. Home values remain well below their COVID era peaks, down 17% from late 2021 in New Zealand and 3.9% below mid 2022 levels in Canada. This reflects weak demand and a dramatic slowdown in migration. Canada even recorded a net loss of international migrants in the September quarter of 2025; New Zealand added just over 10,000 migrants across the entire year. Australia, by contrast, recorded net overseas migration of 306,000 in the year to June 2025, far above pre pandemic norms.

Why Australia still looks steady

Australia's mortgage system remains one of its biggest stabilisers. Without US style government backed mortgage agencies, Australian banks hold more of their own risk, enforcing stricter stress-tests and keeping arrears low. When conditions soften, households can often wait out the cycle rather than sell into weakness.

As long as labour markets remain solid, Australia's residential market is positioned to stay stable, even as global rate paths diverge and other economies and assets face sharper swings.

The main headwind for Australian real estate is affordability, and a stronger Australian dollar only adds to affordability pressures for foreign buyers. However, it also creates offshore opportunities for Australians. The AUD has gained roughly 6% against the USD and 2% against the NZD year to date, supported by firm commodity prices and a more hawkish RBA. With several global housing markets sitting below record highs, this could create good counter-cyclical buying opportunities for Australians venturing into foreign markets.

Back to Victoria: Shifting the mindset from "Least Worst" to "Best in Class"

Linda Allison

Chief Executive Officer
UDIA Victoria

The mighty Big V. AFL State of Origin football is back, but is the development industry also back? It depends on who you ask.

While the Victorian Government has been boasting about building more homes than any other state, there would be few in the Victorian development industry who would say that we are hitting the ball out of the park. We have the highest property taxes in the country, the highest debt burden (24.5% of Gross State Product in Victoria versus 12.8% in New South Wales), and foreign buyers as a share of new home buyers sits at around half of its long-term average. All these factors make a return to form look difficult.

Sporting analogies aside, Victoria is now more than two years into a Victorian government housing statement that gave the lofty ambition of building 80,000 homes a year for a decade. Dwelling completions were around 56,000 last year – short of both the Victorian Government's own targets and the Commonwealth Housing Accord targets. It was a solid result but did little to claw back years of under supply.

While challenges are apparent there are strong fundamentals and a gradual return by the brave and the bold to redirect the capital flows that were redirected interstate in recent years back to Victoria. Conversations are emerging about Melbourne being under-valued, and the potential for future price growth. Melbourne's median house price is lower than Sydney and Brisbane. More first home buyers are entering the market.

On the demand side Melbourne's strong population growth means that Melbourne will be Australia's largest capital city (and already is if you count some of our fringe suburbs). Net overseas migration is still very strong. Part of Melbourne's popularity as a preferred destination is the relative availability of house and land packages. Many are still chasing the great Australian dream.

All of these elements can combine to present Melbourne both locally, and on the global stage, as a strong investment destination, and a fantastic place to call home. To push Victoria back up the leaderboard, industry needs stronger signals from government to give investors greater confidence, and policy reform to cut through the red tape that delays development, drives up costs and ultimately impacts viability of projects.

In this, a state election year, UDIA Victoria has launched its election platform Building Homes, Backing Industry that calls for politicians and aspiring members of parliament to adopt a "Housing First" mindset to recognise the need to address the housing affordability crisis and to enable industry to get on with the job.

Tax reform, genuine supply measures, planning reform, especially in greenfield approvals processes are critical to reach the state's potential, as well as removing industry roadblocks to support a skilled, productive and resilient workforce.

One of UDIA Victoria's strategic goals is to reposition Victoria as a premier property destination. In other words, bring back the mighty Big V.

Larkview Sets the Pace for Adelaide's Undersupplied Land Market

Ryan Davis

General Manager - Project Marketing
Oliver Hume Property Group

Oliver Hume continues to deliver outstanding sales results at Jinding's Larkview residential development in Mount Barker, with the project's stellar location and the ongoing land shortage across Adelaide contributing to strong demand.

Since launching in September 2025, Oliver Hume has helped deliver exceptional sales momentum across multiple releases at Larkview. A recent boutique release of just five homesites attracted more than 65 registered buyers. In total, more than 100 lots have now been sold, with strong enquiry from owner-occupiers, particularly first home buyers.

Larkview's success is underpinned by a combination of location and market fundamentals. Mount Barker offers a compelling lifestyle proposition in the Adelaide Hills, balancing natural surrounds with established infrastructure, schools, retail and convenient access to the CBD. For buyers seeking space, community and connectivity, it represents a highly attractive alternative to inner-metro living.

At the same time, Adelaide's ongoing shortage of quality residential land continues to drive competition. Undersupply has constrained the local market for several years, limiting choice and driving up prices. Projects such as Larkview, which deliver thoughtfully planned communities in proven growth areas, are meeting a clear gap in the market.

Larkview is part of a broader growth strategy for Oliver Hume in South Australia. The team is currently working with leading developers to bring a number of new projects to market, including a new Villawood Properties project at Aldinga and ID_Land's new project at Riverlea Park, where a 500-plus lot greenfield site marks the company's first major foray into the state.

Adelaide

Market Overview

Sales Volumes

December quarter results came close to maintaining the strength of September sales, but in the end eased slightly with volumes down 9% to 550, right in line with the quarterly average rate of 2024. Sales were 29% higher than the corresponding quarter last year but still down 13% on a rolling 12-month basis as the very weak start to 2025 continues to pull the overall figures down and supply constraints continue to impact available stock and sales.

Playford easily maintained its place at the top of the sales table with only a mild easing of the high levels of sales reported in the last quarter. Mt Barker sales also eased slightly but volumes remain at historically high levels, nearly double the rate seen in the first half of 2025. Onkaparinga also hit a 2-year high for quarterly land sales and Light sold the most since the final quarter of 2021.

Demand remains robust as demonstrated in the level of price growth, and as more supply comes to market, we expect overall activity levels to push slowly higher.

> The Adelaide market reflected our South East Queensland market in the final quarter of 2025. While underlying isn't as strong as in South East Queensland, sales eased as supply of new product continued to be a significant issue, and price growth on a quarterly basis was the strongest of all three markets.
>
> \- Matt Bell

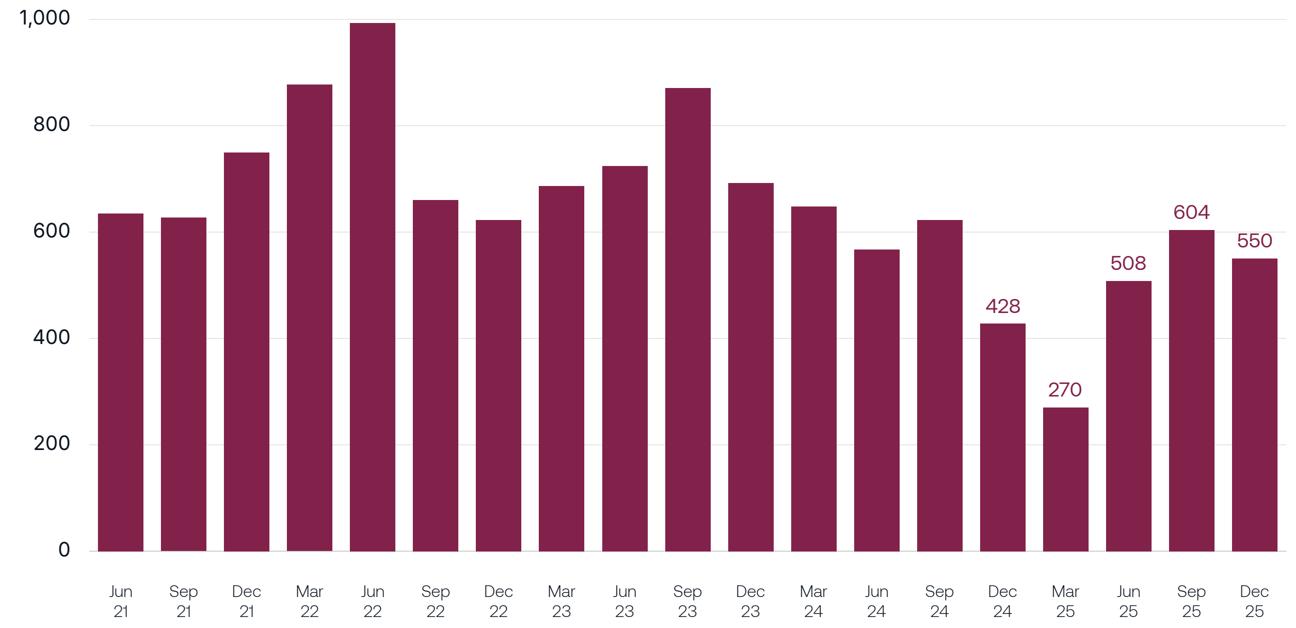
Land Prices

The growth in median lot price in Adelaide increased in the December quarter, rising by 6% (compared to 4% in September) to a new high of $371,000, maintaining annual growth at a very strong 27%. On a $/sqm basis price growth was even stronger at 6.8% for the quarter and 41% for the year as the median lot size fell to a new low of 378sqm, 10% smaller than the corresponding quarter last year.

During the December quarter, the highest-selling corridor of Playford recorded a decline in its median land price. However, this was primarily driven by a compositional shift toward higher-density stock rather than softening values. Overall market strength was sustained by gains in other active corridors. Most notably, the Light Regional Council, further to the north, recorded robust growth, with the median land price surging 32.6% year-on-year.

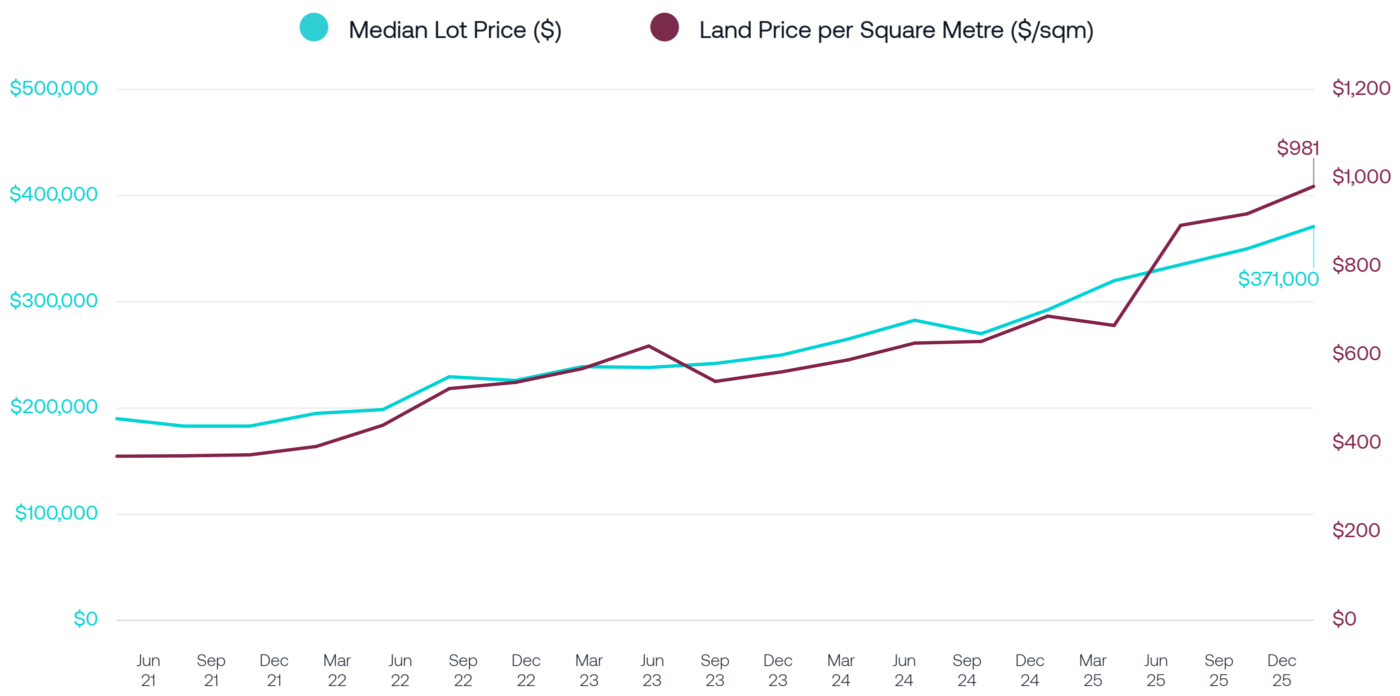
Even with another quarter of strong price growth and the highest land price growth in the country, Adelaide land prices still remain lower than both Melbourne and South East Queensland, but in $/sqm terms, sits only 15% behind Melbourne.

Adelaide Vacant Land Sales (Quarterly)



Source: Oliver Hume Research

Adelaide Land Prices



Source: Oliver Hume Research

SOUTH AUSTRALIA

Adelaide

Median Lot Prices by Suburb (Gross)
December Quarter 2025

Median Price
$371,000

Median Size
378 sqm

Land price per sqm
$981 per sqm

Commonly Sold Lots
12.5 x 30m
10 x 30m
15 x 32m

Source: Oliver Hume Property Group

About The Guest Contributors

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Eliza has a wealth of experience in property data analysis and reporting. She has worked as an Economist at Residex, a Research Analyst at Domain Group, and previously as the Commercial Real Estate and Construction Analyst at Cotality.

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Linda is an advocacy, communications and stakeholder engagement professional with more than 20 years of experience in the property, not-for-profit and corporate sectors. She is passionate about creating great cities for everyone in our community - from homes, workplaces and spaces where people can thrive, to the infrastructure essential for the movement of people and goods.

Portland 49, on display at Riverfield Display Village, Clyde

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