

# THE RESIDENTIAL WRITE-UP

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## HOME PRICES CONTINUE TO CLIMB, BUT THE PACE SLOWS IN EARLY 2026

Australia's housing market opened 2026 on a positive note, with the latest Cottality Home Value Index showing a 0.4% rise in national dwelling values in January. While this marks the 13th consecutive month of growth, the figures reveal a continued slowdown from the peaks recorded in mid to late 2025.

January's growth rate was the lowest since the recovery began in January 2023, and well below the monthly average of 0.6% recorded over 2025. National dwelling values rose by 8.6% over the 2025 calendar year, equating to roughly \$71,400 in added equity for the median homeowner. However, as affordability constraints, higher debt servicing costs, and shifting interest rate expectations come into focus, the market is beginning to show signs of moderation.

### Performance varies by region

Not all markets are cooling at the same pace. Perth continues to lead the nation, with a 1.6% increase in January and a 16.7% annual growth rate. Adelaide and Brisbane also outperformed the national average, with 1.1% and 1.0% increases respectively for the month.

These markets are benefiting from strong internal migration, tight rental markets, and limited available stock. Western Australia and South Australia remain relatively affordable compared to Sydney and Melbourne, further supporting buyer demand. In contrast, Sydney's housing values rose by just 0.2% in January, and Melbourne remained flat. These results suggest affordability challenges and weaker economic confidence may be weighing on buyer activity in the larger, more expensive capitals.

### Regional markets hold steady

Across regional Australia, dwelling values also posted modest growth. The combined regional index rose by 0.5% in January, continuing a stable trajectory. Regional South Australia (up 1.5%) and regional Western Australia (up 1.3%) were standout performers, while regional New South Wales and Victoria recorded softer outcomes. Despite cost-of-living pressures, many regional markets remain supported by lifestyle demand and a relatively affordable entry point compared to metropolitan areas. A factor underpinning continued price growth is low housing supply. New listings remained below the five-year average in January, even as total advertised stock levels across the combined capitals sat 17.6% below the five-year benchmark. Perth and Adelaide, in particular, continue to face severe supply constraints, contributing to upward pressure on prices.

Cottality's data suggests that while price growth is likely to continue in early 2026, momentum is slowing and market conditions may become more segmented.

Affordability constraints, tighter lending conditions, and limited new housing supply are expected to be the dominant themes influencing housing outcomes in the months ahead.

# TEN PROPERTY MARKETS IDENTIFIED AS FUTURE GROWTH HOTSPOTS

Ten property markets across four states have been identified as offering strong long-term capital growth potential.

According to a new report from property research firm Hotspotting, the list includes locations in Queensland, New South Wales, Victoria, and Tasmania.

Inner Brisbane and the Sunshine Coast in Queensland made the list, with Brisbane benefiting from significant infrastructure development ahead of the 2032 Olympics. The Sunshine Coast has evolved from a holiday destination to a diversified growth region.

In Tasmania, both Greater Hobart and Launceston were highlighted for their growth potential. Hobart benefits from physical development constraints and investment in higher-value industries, while Launceston offers relative affordability combined with a diverse economy and solid rental returns.

Victoria had three areas on the list: the City of Casey, Greater Geelong, and Latrobe City. Casey offers house prices starting in the low-\$600,000s with strong projected population growth, while Geelong has successfully transitioned from manufacturing to a diversified regional city.

Latrobe City remains one of Victoria's more affordable markets with several towns recording median house prices below \$400,000, making it attractive for investors seeking growth and income.

In New South Wales, Tamworth, Parramatta, and the Hunter Valley were identified as promising markets. Tamworth serves as a regional hub for northern NSW with diverse employment opportunities, while Parramatta continues to strengthen its position as Sydney's second CBD.

The Hunter region, with its large, diversified economy and growing population, is expected to benefit from transport upgrades and faster links between Sydney and Newcastle.

Notably absent from the list were some recent top performers like Darwin and Perth. Hotspotting said these locations had moved through their strongest growth phases and it is now difficult to buy.





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## HIDDEN SPENDING HABITS DERAILING HOME LOAN APPLICATIONS

Young Australians are losing their shot at home ownership due to underestimating their living expenses on mortgage applications, with some understating monthly spending by more than \$1,000.

According to research from Money.com.au, one in five homeowners significantly underestimated their living expenses when applying for a mortgage. Within this group, 12% had their underestimation flagged by a broker or lender but still proceeded with their loan, while 8% had their applications rejected outright.

The findings come as household spending continues to rise across the country. Australian Bureau of Statistics data shows household spending jumped 1.3% in October and is now 5.6% higher than a year ago, driven by increased discretionary purchases across clothing, furnishings, electronics, and hospitality.

Money.com.au mortgage expert Debbie Hays said many borrowers have little real visibility over their day-to-day spending, creating risks for both clients and brokers. "Most people don't know how much they spend each month," Ms Hays said. "More often than not, mortgage applicants will have an estimate of their living expenses, and when you go through their bank statements, you find glaring inconsistencies. You want to find those errors before you submit your loan application."

Lenders are conducting thorough reviews of applicants' financial situations, examining bank statements line by line to verify declared expenses. This scrutiny applies equally to refinancing applications as it does to new loans. Despite these challenges, the majority of borrowers are accurately representing their finances, with 69% of mortgage holders correctly estimating their expenses and 11% even overstating their costs.

The research revealed a significant generational divide in expense estimation accuracy. Among those who underestimated their expenses, 32% of Gen Z applicants had their home loan rejected, compared with only 13% of Millennials. This disparity highlights the importance of financial education and thorough expense reviews, particularly for first-time buyers and younger borrowers who may have less experience managing their finances.

Lenders typically use the household expenditure measure (HEM) as a benchmark for assessing living expenses, adjusting for income, relationship status, and dependents. They compare this benchmark and the borrower's declared expenses with at least three months of bank statements. If actual spending exceeds declared amounts, lenders will use the higher figure in their calculations. In many cases, this reduces borrowing capacity and can sometimes push applications below serviceability thresholds, resulting in rejection.

# AUSTRALIA LAGS BEHIND IN GLOBAL HOME OWNERSHIP GROWTH

Australia is struggling to keep pace with other developed nations in home ownership growth.

According to a new global index that scores countries out of 100 based on ownership rates, five-year changes, price growth and affordability, Australia has scored just 51.56, trailing behind many European and Asian markets.

Australia's home ownership rate stands at 65.8% with no net growth over the past five years, indicating stagnation rather than expansion in the property market.

Despite annual house price growth slowing to 3.47%, the country's affordability score is just 28, among the lowest for comparable economies.

This contrasts sharply with countries like Poland, Romania, and Latvia in the European Union, which report high home ownership rates of 86.8%, 93.9%, and 83.8% respectively.

These markets demonstrate how steady demand, contained price growth, and accessible borrowing costs can support both owner-occupiers and investors.

South Korea emerges as a standout performer in Asia, combining strong ownership rates of 84.8% with limited house price increases, creating favourable conditions for home buyers.

At the lower end of the index are countries like Switzerland, with a home ownership rate of 42.82% and minimal five-year growth of just 0.04%. Germany shows an even more constrained picture with ownership at 47.1% and a five-year decline of 7.47%.

Colombia also struggles with ownership challenges, reporting a rate of 36% and a significant five-year decline of 8.40%, despite relatively modest price increases of 2.75%.

The index reveals a widening gap between markets where ownership is broadly accessible and those where affordability continues to act as a major constraint, with Australia firmly in the latter category.





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## THINGS TO CONSIDER BEFORE BUYING A USED CAR

Buying a second-hand vehicle typically comes with a lower price tag, but they can also have hidden risks. If you're thinking about upgrading your car without breaking the bank, here's what to consider before signing on the dotted line.

### Understand your budget and finance options

Before anything else, know how much you're willing and able to spend. This means factoring in more than just the purchase price. Consider ongoing costs like insurance, registration, fuel, and maintenance. If you're not paying cash, investigate used car finance options. Many lenders offer loans for second-hand vehicles, but they may have age or condition restrictions. Speaking with a finance broker can help you find a loan that suits your situation and compare interest rates and features. Getting pre-approved can also give you greater confidence when negotiating.

### Inspect the car inside and out

A car's appearance can tell you a lot about its history. Walk around the vehicle and look for dents, scratches, rust, or paint inconsistencies as these could signal past accidents or neglect. Check the tyres for wear and ensure the lights and windows are all working properly. Inside, look for signs of wear and tear on the upholstery, dashboard, and flooring. Pay attention to any musty smells, which could be a sign of water damage or mould. If anything seems off, ask questions.

### Don't skip the test drive

Photos and ads don't always tell the full story. A test drive is essential. Take the car for a drive on different road types, if possible, residential streets, highways, and inclines. Listen for unusual noises, check the brakes, steering response, and make sure all electronics (radio, windows, air con) are working. If the seller hesitates or refuses a test drive, that's a red flag.

### Review the service history

Ask for the vehicle's logbook and service records. A well-maintained car should have consistent records showing routine servicing. If there are big gaps between services or if repairs seem frequent, it could be a sign of future problems. You should also check the vehicle's history using the Personal Property Securities Register (PPSR) to ensure there's no money owing on it and that it hasn't been written off or stolen.

### Get a professional inspection

Even if everything looks and sounds fine, a pre-purchase inspection by a qualified mechanic is still a good idea. They'll be able to assess the engine, suspension, brakes, and other components that you may not know how to check. This small upfront cost could save you thousands down the track.

Buying a used car doesn't need to be stressful. With a little preparation, you can avoid the pitfalls and find a vehicle that fits your lifestyle and budget. A finance broker can help you compare your options and help ensure you get the loan to suit your needs.

# CAN YOU GET MOTORCYCLE FINANCE WITH A LOW DEPOSIT?

For many first-time buyers, owning a motorbike is a ticket to freedom and a bit of weekend adventure. But if you're a young rider trying to get finance with a small deposit, getting a loan might not be as straightforward. Fortunately, getting approved for motorbike finance with minimal upfront cash is possible. Here are five steps to help you boost your approval.

## Understand your credit profile

Even if you don't have a big deposit, a clean credit history can work strongly in your favour. Lenders will assess your credit score to gauge your reliability. If your score is solid and your repayment history is good (even on things like phone bills or BNPL), it signals you're a responsible borrower. If your credit file is thin or includes missed payments, consider taking steps to improve it before applying, or speak to a finance broker who can help match you with lenders that are open to lower-deposit applicants with limited history.

## Choose the right bike and budget wisely

Not all motorbikes are created equal in the eyes of lenders. Brand-new, road-legal models from reputable manufacturers are often easier to finance than vintage or custom bikes. And while it can be tempting to stretch for the dream machine, aiming for a realistic purchase price helps with approval, especially when you're offering a lower deposit. Having a clear picture of what your repayments will look like each month and showing that it fits comfortably within your income and expenses, is key.

## Consider a secured bike loan

If you're buying from a dealer and the bike will be used as security, you may qualify for a secured motorbike loan, which might offer better rates and higher approval chances compared to unsecured loans. Secured loans reduce the lender's risk, which can offset a smaller deposit. Just be aware that if you fail to repay the loan, the lender has the right to repossess the bike.

## Show stability and consistent income

Lenders want confidence that you can manage your repayments. If you're casually employed or have recently changed jobs, it may be harder to get approved. If you can, wait until you have at least 3–6 months in your current role before applying. If you're self-employed, providing clear bank statements, BAS statements or tax returns can help build your case.

## Work with a finance broker

A finance broker who understands bike loans can make a big difference. They'll help you compare options and assess your personal situation.



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