

# THE RESIDENTIAL WRITE-UP

Cash Rate Update | increased to 4.35%



## GOLD COAST RENTAL PRICES NOW EXCEED SYDNEY AS MARKET STABILISES

Brisbane is quickly establishing itself as one of the world's most dynamic luxury property markets, driven by Olympic infrastructure investment, severe stock shortages and record levels of wealth creation.

According to Knight Frank's Wealth Report, Australia is fourth globally for billionaire growth, projected to rise 77 per cent by 2031, and fifth for ultra-high-net-worth individual growth at nearly 60 per cent. Globally, 89 new ultra-high-net-worth individuals are created each day, supporting sustained demand for luxury assets.

The luxury residential sector is experiencing uneven performance across Australia's major cities. Melbourne has recorded a 4 per cent increase in buying power over five years, while Sydney has declined 5 per cent. Brisbane is down 5 per cent, Perth down 11 per cent, and the Gold Coast down 14 per cent, though the Gold Coast continues to offer the strongest relative value.

Globally, luxury residential prices rose 3.2 per cent in 2025, outperforming mainstream housing markets for a second consecutive year. Within Australia, Perth led luxury price growth at 4.1 per cent, followed by the Gold Coast at 2.8 per cent and Brisbane at 2.1 per cent, while Sydney and Melbourne recorded slight declines.

Brisbane has been identified as a key luxury growth location, supported by Olympic-related infrastructure investment and ongoing urban redevelopment. Planning conditions have enabled fast-tracked development, with top-end apartment prices rising from around \$9 million to over \$15 million within a 12-month period.

Investor activity has shifted toward Brisbane, overtaking Victoria amid higher taxation settings, while owner-occupier lending has reached record levels.

At the top end of the market, demand is being driven by both migration and demographic changes.

Looking ahead, Brisbane, the Gold Coast and Perth are expected to be the strongest performing luxury markets in 2027, with 2 per cent growth forecast in luxury residential prices. The Knight Frank report found that in Brisbane, \$1 million now buys 5 per cent less than it did five years ago, while the Gold Coast has seen the biggest reduction in buying power at 14 per cent but still offers the greatest value for money.

## RENTAL MARKET HITS AFFORDABILITY CEILING AS VACANCY RATES REACH RECORD LOWS

Renters have reached their financial limit, with record-low vacancy rates failing to drive rent increases across the capital cities, according to new Domain data. The Domain Rental Report shows national vacancy rates have fallen to a record low of 0.7 per cent, continuing the pressure on renters across the capital cities. Despite these conditions, rent growth is no longer uniform, with several markets now showing signs of slowing down.

Rental performance is increasingly fragmented across the country. Perth is recording the strongest rebound in rents, Brisbane continues steady growth, while Sydney has flattened at record highs, and Melbourne's recovery remains uneven. Adelaide is also showing more seasonal growth patterns. In Sydney, house rents remain at \$800 per week, with unit rents at \$750, marking the first sustained period in five years where rents have stalled despite extremely tight conditions.

Domain's Chief Residential Economist Dr Nicola Powell said the market has now reached a clear affordability threshold. "Three months ago, we warned that renters were running out of capacity to absorb higher rents. Even during the usually stronger quarter, this month's data shows that affordability ceiling has now been reached," Dr Powell said. "Vacancy rates are lower than ever and supply remains incredibly tight, but rent growth is no longer accelerating everywhere. That tells us households simply can't stretch any further."

Dr Powell said affordability, not demand, is now the key constraint in the rental market. "In many cities, we're seeing rents hold flat or rise unevenly despite worsening shortages. Affordability, not demand, is now the key constraint," she said.

While supply remains extremely tight, renter behaviour is increasingly influencing outcomes, with households adjusting expectations, delaying decisions, and shifting location or housing type in response to cost pressures.

Dr Powell said there is a clear disconnect between theory and reality in the current market. "What we're seeing now is a clear disconnect between theory and reality. In theory, tight vacancy rates should allow landlords to keep pushing rents higher. In reality, many renters are simply at their financial limit," she said.

"Hitting an affordability ceiling doesn't mean rents suddenly fall, but it does mean pricing power is weakening. The market is starting to self-regulate as renters push back, through longer decision times, negotiating harder, downsizing, sharing, or walking away altogether." Dr Powell said landlords expecting aggressive rent rises in 2026 may be overestimating demand.

"For landlords and agents expecting aggressive rent rises in 2026, the risk is overestimating demand elasticity. Pushing rents beyond what the market can bear can actually increase vacancy periods, tenant churn and leasing costs," she said.

"The more sustainable strategy from here is defensive rather than aggressive growth: prioritising long-term tenancy, minimising turnover, and recognising that even in undersupplied markets, affordability ultimately sets the ceiling."

Tighter household budgets are shifting renters' priorities toward value, location and practicality, with more weight placed on affordability and liveability rather than competition for scarce properties.





## 3 THINGS TO KNOW ABOUT BUY NOW, PAY LATER VS A PERSONAL LOAN

Buy now, pay later services have become a familiar part of how many Australians pay for things, from clothing and electronics to medical bills and car repairs. For smaller purchases, in particular, they can be very appealing with instant access, no interest, and repayments spread over a few weeks.

However, as the number of people borrowing through these platforms has grown, so too has the question of whether a personal loan might actually be a better fit. The two products work differently, and the right choice depends on what you're buying, how much you need, and how you plan to manage repayments. Here are three things worth understanding before you decide which option to use.

### **Buy now, pay later can be cost-effective if you pay on time**

Most buy now, pay later platforms charge no interest, which sounds great. But they do charge late fees if you miss a repayment, and those fees can add up quickly if you have multiple active orders running at once. Some platforms also charge account-keeping or payment processing fees depending on the plan you choose.

For a small, one-off purchase that you can comfortably repay within the interest-free window, buy now, pay later can be a good low-cost option. The challenge comes when the repayments don't align with your cash flow, or when you're juggling several purchases at once.

It's also worth being aware that some buy now, pay later providers now offer longer repayment terms with interest charges attached, which changes the cost equation considerably.

### **Personal loans are better suited to larger amounts**

Buy now, pay later platforms typically cap borrowing limits at a few thousand dollars, and repayment windows are usually short - often four fortnightly instalments or a few months at most. For larger purchases, this can put real pressure on your budget.

A personal loan allows you to borrow a larger amount and repay it over a term that suits your financial situation, typically anywhere from one to seven years. While interest does apply, spreading the repayments over a longer period can make the monthly cost more manageable than trying to clear a large buy now, pay later balance in a matter of weeks.

For expenses like a car repair, home appliance, a medical procedure or travel, a personal loan often provides a more structured way to borrow.

### **Buy now, pay later activity can affect your ability to borrow**

One thing many people don't realise is that buy now, pay later commitments can be taken into account when lenders assess a loan or mortgage application. Even if each individual purchase seems small, multiple active repayment schedules can signal to a lender that your disposable income is more limited than your bank statements alone might suggest.

In 2024, buy now, pay later providers in Australia became subject to the National Consumer Credit Protection Act, meaning they are now required to conduct credit checks in certain circumstances. This also means that missed payments or defaults through these platforms may now appear on your credit file.

If you're planning to apply for a home loan or other significant finance in the near future, it's worth being mindful of how your buy now, pay later usage might be viewed by a lender.

If you're unsure which option makes the most sense for what you need, a finance broker can help you compare your options across a range of personal loan products and lenders.

## 4 REASONS YOUR HOME LOAN APPLICATION MIGHT BE DECLINED

Having a home loan application declined can be a frustrating experience, especially after months of saving and searching for the right property. While lenders assess applications differently, there are some common reasons why borrowers don't get approved. Understanding these factors before you apply can help you put your best foot forward and improve your chances. Here are four of the most common reasons home loan applications are declined, and what you can do about them.

### **Your credit history has some issues**

Lenders will review your credit report as part of the application process. This report contains a record of your borrowing history, including any missed or late payments, defaults, credit enquiries and other financial obligations. A history of missed repayments or a default listed on your file can raise concerns for lenders about your ability to manage debt. Even multiple credit applications in a short period can have a negative impact, as each application typically generates an enquiry on your credit file. Before applying, it's worth requesting a copy of your credit report to check for any errors or issues that could affect your application. If there are problems, taking steps to address them before you apply can make a difference.

### **Your borrowing capacity doesn't meet the lender's requirements**

Lenders calculate how much you can borrow based on your income, existing debts, living expenses and other financial commitments. If your expenses are high relative to your income, or you carry significant existing debt, your borrowing capacity may fall short of the loan amount you're applying for. Credit card limits can also affect this, even if you rarely use them. Lenders typically assess credit cards at their full limit rather than the balance outstanding, which can reduce your borrowing power more than many applicants expect. Reducing or closing unused credit cards, paying down existing debts and reviewing your regular expenses before you apply are all steps that may help improve your borrowing capacity.

### **Your employment or income situation**

Lenders want to feel confident that you have a stable, ongoing income to support your repayments. If you're newly self-employed, have recently changed jobs, or earn a significant portion of your income through commissions, bonuses or casual hours, some lenders may view your income as less predictable.

Self-employed borrowers, in particular, may face additional scrutiny. Lenders typically want to see at least two years of tax returns and financial statements to assess income reliably. If your business is newer than that, or your taxable income is reduced through legitimate deductions, it can sometimes complicate the application process.

Understanding how your income is assessed by different lenders before you apply can help you approach the right lender for your situation. A mortgage broker can be particularly useful here, as they can compare your options across lenders with different policies.

### **Doesn't meet the lender's criteria**

Most lenders require a minimum deposit, typically at least 10 to 20 per cent of the property's value, though this can vary. Borrowing above 80 per cent of the property's value usually means paying Lenders Mortgage Insurance (LMI), which adds to the overall cost.

The property itself can also be a factor. Some lenders have restrictions on certain property types, including small apartments, properties in specific postcodes, rural or remote locations, or properties with structural issues. If the lender's valuation of the property comes in lower than the agreed purchase price, it can also affect how much they're willing to lend. Knowing a lender's property requirements before you apply can save time and help avoid the disappointment of a declined application after you've already found a home you love.

If you're unsure about any aspect of your application, speaking with a mortgage broker before you apply is a good first step. A broker can review your financial position, help identify any potential issues, and compare your options.





## WHAT YOU NEED TO UNDERSTAND ABOUT FIXED VS VARIABLE RATES

After three interest rate cuts in 2025, many borrowers were hoping the pressure had eased. But the Reserve Bank of Australia has since reversed course, lifting the cash rate again in 2026. For borrowers with an existing home loan, or those looking to buy, this has brought the fixed versus variable rate question back into focus.

Fixing your rate can offer certainty, but it also involves trade-offs that are worth understanding before making a decision. Here are three things to think about before deciding which option might suit your situation.

### **Fixed rates offer certainty, but at a cost**

A fixed rate loan locks in your interest rate for a set period, typically between one and five years. During that time, your repayments stay the same regardless of what the RBA does with the cash rate. For borrowers who value predictability and want to budget with confidence, this can be beneficial.

However, fixed rates are generally priced with future rate movements already factored in. When lenders expect rates to rise, fixed rates often move ahead of the cash rate, meaning you may be paying a premium for that certainty from day one. It's also worth noting that fixed-rate loans typically come with restrictions. Most limit how much extra you can repay during the fixed period, and breaking the loan early can trigger significant break costs.

### **Variable rates move with the market - in both directions**

Variable rate loans move up or down in line with changes to the cash rate and lender funding costs. When the RBA cuts rates, variable borrowers typically benefit quickly. But when rates rise, repayments increase too. The trade-off for accepting that uncertainty is flexibility.

Variable rate loans generally allow unlimited extra repayments, access to offset accounts, and the ability to refinance without penalty if a better deal becomes available. For borrowers who want to pay down their loan faster or keep their options open, variable rate loans often provide more room to do so.

### **Splitting your loan is an option worth considering**

Many borrowers feel pressure to choose between fixed and variable, but a split loan allows you to do both. With a split loan, a portion of the balance is fixed, and the remainder sits on a variable rate. This approach can offer a degree of repayment certainty on the fixed portion while retaining some of the flexibility of a variable loan, including the ability to make additional repayments and use an offset account on the variable portion.

The split that suits you will depend on your financial situation, your outlook on rates, and how much flexibility you need. There's no single right answer, and the best mix will differ from borrower to borrower. Speaking with a mortgage broker can help you compare your options across a range of lenders and loan structures.

## 5 COSTS OF CARAVAN OWNERSHIP TO FACTOR INTO YOUR BUDGET BEFORE YOU BORROW

Caravanning has become one of Australia's most popular ways to travel, and it's easy to see why. The freedom to explore at your own pace, with your own comforts, is hard to match. But for many buyers, the purchase price is just the beginning. A caravan loan can make the upfront cost manageable, but it's the ongoing expenses that can catch first-time owners off guard. Before you work out how much to borrow, it's worth building a clear picture of what owning a caravan actually costs over time. Here are five costs to factor into your budget before you sign on the dotted line.

## Registration and insurance

Like any vehicle, a caravan needs to be registered, and registration costs vary depending on the state or territory you're in and the size and weight of the van. It's a recurring annual expense that's easy to overlook when you're focused on the purchase price. Insurance is equally important. Comprehensive caravan insurance typically covers accidental damage, theft, storm damage and third-party liability. Premiums will depend on the value of the van, how often you use it, where you store it and your claims history. If you plan to travel extensively, it's also worth checking whether your policy covers you for on-site and in-transit damage, as policies can vary considerably on this point.

## Vehicle upgrades and running costs

Not every vehicle is suitable for towing a caravan, and matching your tow vehicle to your van's weight rating is both a legal requirement and a safety consideration. If your current vehicle isn't up to the job, upgrading to one with a higher towing capacity could be a significant additional cost.

Even if your vehicle is already suitable, towing a loaded caravan increases fuel consumption considerably. Depending on the size of your van and the distances you travel, fuel costs can add up quickly, particularly on longer trips through regional Australia. Additional towing accessories such as weight distribution hitches, brake controllers and towing mirrors may also be required, and these can add several hundred to several thousand dollars to your setup costs.

## Servicing and maintenance

Caravans require regular servicing to stay safe and roadworthy. Annual servicing typically includes checking the brakes, bearings, tyres, gas systems, electrical connections and water systems. The cost will vary depending on the age and condition of the van and which service provider you use. Beyond routine servicing, wear and tear on tyres, seals, awnings and appliances is part of ownership. Older vans, can require more frequent attention, and repairs to things like roof leaks or damaged annexes can be costly. Setting aside a maintenance buffer each year is a sensible approach, particularly if you plan to use the van regularly or take it off sealed roads.

## Storage and site fees

Unless you have space at home to store your caravan securely, you'll likely need to factor in storage costs. Covered or undercover storage facilities offer better protection but come at a higher price. Outdoor storage is more affordable but leaves the van more exposed to the elements over time. When you're out on the road, caravan park and campsite fees are another regular expense. Powered sites at popular parks in peak season can be surprisingly expensive, and costs add up quickly on longer trips. Free camping and low-cost options are available for those willing to venture further off the beaten track, but it's worth being realistic about what your travel style will cost when mapping out your budget.

## Accessories and upgrades

Most buyers find that once they take ownership of a caravan, there's a list of extras they want to add. Solar panels, lithium battery upgrades, water tanks, satellite systems and outdoor furniture are just some of the additions that can significantly increase the true cost of ownership beyond the purchase price. Some of these additions are practical necessities for extended travel or off-grid camping. Others are upgrades that make the experience more enjoyable. Either way, it's easy to spend thousands on accessories in the first year of ownership. Before you borrow, think about what you'll realistically want to add to the van, and whether it makes more sense to factor those costs into your loan from the outset rather than funding them separately later. A finance broker can help you compare your options across a range of caravan loan products to find one that suits your budget and the way you plan to travel.



*This is general information only and is subject to change at any given time.  
Your complete financial situation will need to be assessed before acceptance of any proposal or product.*