

Melbourne Property

Market Snapshot - May 2025

Recent data signals a shift in economic momentum that could benefit Melbourne property owners in the months ahead.



INTEREST RATES SET TO FALL

For the first time since 2021, Australia's underlying inflation has returned to the RBA's target band, with the March quarter CPI sitting at 2.9% year-on-year. Financial markets are pricing in a 95% chance of a rate cut at the RBA's May 20 meeting, with at least three cuts expected by September. If realised, this would ease borrowing costs and potentially support renewed buyer activity across Melbourne's inner and outer suburbs.



MELBOURNE'S POPULATION GROWTH LEADING THE NATION

Victoria's population grew by 2.1% in the past year, one of the strongest growth rates nationally. Much of this is driven by overseas migration and the return of international students. Notably, Melbourne leads the country in student accommodation development, with 8,875 beds currently in the pipeline—more than Brisbane and Sydney.



PROPERTY DEVELOPMENT COSTS AND REGULATION

Melbourne ranks second highest in the country for statutory costs and charges on new properties. Government charges make up 43 % of the cost of a typical house-and- land package and 32% of infill apartment costs. Despite these hurdles, demand for quality housing remains strong, especially from owner-occupiers seeking long-term value.



INDUSTRIAL PROPERTY HOLDING STRONG

Melbourne's industrial sector remains one of the most active in the country. While rental growth is moderating, demand remains steady, and the city continues to lead in total industrial floorspace leased. Investors are watching yields closely, but fundamentals remain solid in key growth corridors.

WHAT IT ALL MEANS

Melbourne remains a standout performer across population growth, rental demand, and infrastructure-led development. Easing inflation and the prospect of rate cuts could present opportunities for both buyers and sellers as confidence gradually rebuilds.