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LATEST INTEREST RATE PREDICTIONS FOR 2025

Every property owner and investor with a mortgage has had their eye on interest rates over the last 18 months as they rose from record lows to 4.35%. They have now stayed at this level for a year, despite previous predictions they would drop towards the end of 2024.

Take a look at the factors influencing interest rates and what economists and banks suggest will happen next.

What are the current trends in interest rates?

During the COVID-19 pandemic, the Reserve Bank of Australia (RBA) introduced historically low rates to stimulate the economy. However, the post-pandemic recovery, rising inflation and global economic pressures prompted rate increases that were aimed at getting consumer prices under control.

Recent figures show inflation is now within target, having fallen to its [lowest level in three and a half years](#) during the September quarter. The Reserve Bank aims to have inflation between 2 and 3 per cent and headline inflation now sitting at 2.8%. However, [reports say](#) this is largely due to energy rebates and falling petrol prices rather than an overall slowdown in prices.

The Reserve Bank considers several factors when making interest rate decisions. Because [underlying inflation is still at 3.5%](#), it left interest rates on hold in November. [RBA Governor Michelle Bullock](#) was quoted as saying, "We're watching the data closely, and we're not ruling anything in or out."

What will happen next with interest rates

The major banks are in alignment with their interest rate forecasts. [November predictions](#) said the RBA could cut rates by 0.25 of a percentage point in February 2025 and forecast four cuts by the end of next year.

[Other economists](#) are pointing to an April rate cut and fewer cuts throughout the year.

A change to interest rates will depend on inflation and employment figures. They seem to be tracking in the right direction, but it is impossible to say for sure what will happen.

Another influencing factor is the change in US Government. Donald Trump will take office in January 2025 and [experts are reluctant](#) to make calls about what this may bring for the Australian economy.

Are you paying the best rate?

Many home owners and investors came off fixed rates and experienced a jump in their mortgage repayments over the last two years.

However, while the cash rate remains high, at least for the short term, it still may be possible to shop around. Some lenders have now begun lowering fixed and variable rates, with [reports saying](#) some two- and three-year fixed loans are now priced at a full percentage point below standard variable rates.

If you haven't reviewed your loan for a while, talk to your mortgage broker and lender about refinancing your loan or renegotiating your rate. There may be an option that reduces your monthly payments so you feel less financial pressure.

If you refinance, get professional advice about whether a fixed or variable rate is better for you as you don't want to be locked into a higher rate when costs begin to drop.

Is now the time to buy?

House prices have stabilised in many parts of Australia because of persistently high interest rates. With this in mind, now may be a good time to get into the market; there is always the possibility they will take off again when rates drop. This will potentially contribute to faster capital gains in the future.

Talk to your local real estate agent and your mortgage broker about interest rates and how they may influence your purchasing decisions in 2025 and beyond.

Need some property advice? Your local [Professionals](#) agent always has time for a chat.



IS SUMMER 2024/2025 A GOOD TIME TO LIST YOUR HOME FOR SALE?

With uncertainty around interest rates and market conditions, you may be wondering if summer 2024/2025 will be the right time to list your home.

There are a few different factors to consider, but generally speaking, sellers can still expect plenty of interest and a positive outcome.

Why summer is traditionally a great time to sell

Spring and summer have long been favoured by home sellers, and for good reason. The warmer weather tends to bring more buyers out to inspect properties, creating a busier market atmosphere and more competition.

It's a good idea to list in December if you can because many families look to settle into a new home before the school year starts. During the rest of summer, you have plenty of natural light that makes your home look its best, and the advantage of visitors to the area if you live somewhere regional.

Market conditions are steady

According to [Core Logic](#), while the annual pace of growth has slowed, national values were still up 6.0% for the year leading up to October.

Depending on the city or region you're in, statistics will either show a steady increase (Perth, Adelaide and Brisbane) or a very slight 'settling' of less than two per cent (Melbourne, Hobart, Darwin).

Lack of supply is still fuelling these strong prices. While interest rates were left unchanged in November, [lower inflation](#) means economists are now confident there will be a rate drop over the next six months. This is bringing cautious optimism to the market, and many buyers understand the value of getting into a home before rates drop.

Things to consider before listing in summer

While summer offers many advantages, it's not without its challenges. Careful preparation can help you maximise the season's benefits. Here are some points to keep in mind:

- **Holiday distractions:** The summer holidays, particularly around Christmas and New Year, can see buyers' attention diverted to travel and celebrations. Aim to list your property either earlier in December or after the holiday period in January for maximum visibility.

- **Heat and inspections:** You don't want the heat to put people off. Ensure your home feels cool and inviting by switching on the air conditioning or opening windows for ventilation. Time your open home for mid or late morning, before temperatures peak for the day. You may even decide to have a late afternoon showing.
- **Local market conditions:** Speak with a real estate agent to understand buyer activity in your area and whether this summer is a good time to put your place on the market.

How to make your home stand out this summer

While there is still plenty of buyer demand, it's important to spend time preparing your home so it stands out from the competition.

Before you list your place for sale in summer:

- **Enhance your outdoor spaces:** Buyers will be drawn to well-maintained gardens, patios and decks. Consider adding an outdoor furniture set or a pop of colour with flowers.
- **Prioritise natural light:** Open curtains, clean your windows and use strategically placed mirrors to create a bright and airy interior.
- **Keep it cool:** Make sure your home feels comfortable when buyers walk in by addressing any ventilation or cooling needs before inspections begin.
- **Stage for summer living:** Highlight features that suit the season, such as a covered entertaining area.

Is summer 2024/2025 the right time to sell?

If you need to sell, you need to sell, but summer is an excellent time to get noticed. Buyers tend to be out in force, and your real estate agent will have plenty of interested parties who have been looking for several months and want to make a decision before the new year.

Before you make your decision, speak with a few different agents who can give you an idea of what demand is like in your area, the price they think you can achieve and how long they estimate your sale will take.

Ready to sell your home this summer? One of our [property experts](#) can help. Get in touch today.



BUYING SMART: WHY WHAT'S OUTSIDE YOUR HOME IS JUST AS IMPORTANT

When buying a property, it's easy to focus solely on the house or apartment itself. While the layout, size and condition of the place you choose are important, outside factors can impact your lifestyle as well as future property value and overall satisfaction.

Here's a closer look at what to explore at outside the four walls of your new place before you put in an offer:

Local amenities

If you have children or plan to start a family, being near quality schools and childcare facilities will be an advantage. Homes in catchment areas for leading schools are often highly sought after and tend to hold their value over time. Even if you don't have children, this proximity can make your property appealing to future buyers.

Research the performance and reputation of nearby schools, and check if the property falls within the catchment zones for your preferred options. Easy access to childcare centres is another benefit, as it can reduce your morning commute.

If children aren't part of your future, think about what else is in the neighbourhood. Is there a cafe within walking distance and somewhere to grab a couple of litres of milk? How far away are the local medical centres, shopping centres, gyms and parks? These all contribute to the overall desirability of the property.

Future infrastructure plans

Infrastructure development can affect the value of your home. Major projects, such as new roads and tunnels, train lines or shopping centres, can make an area more attractive to buyers and investors. However, a change in density zoning that brings a lot of new homes to the area in a short period of time may have a negative impact.

Check local council plans and government announcements to see if any upcoming projects could increase the value of the property you're considering.

Proximity to main roads

Being close to major roads has its advantages and disadvantages. On the one hand, good road access makes commuting easier and more convenient. On the other, properties too close to busy roads

may experience noise pollution, reduced privacy, and air quality concerns.

Strike a balance by looking for a property with easy access to main roads without being directly adjacent to them. A visit during peak traffic hours can help you determine how the location is affected by congestion or noise.

Public transport options

Access to reliable public transport is a priority for many buyers. Train stations, bus routes and ferry terminals can make commuting cheaper and less stressful while reducing dependence on a car.

If public transport is important to your lifestyle, ensure the property has a bus stop or train station within a reasonable walking distance or a very short drive. Check schedules and services to confirm you'll be able to get to work on time. When the time comes to sell, your buyer will be thinking about this as well, so have a long-term perspective in mind.

Tips for evaluating external factors

- **Visit multiple times:** Explore the property at different times of day and on weekends to get a complete picture of the area.
- **Check future plans:** Review council websites and development applications to understand how the area may evolve.
- **Check out the neighbourhood:** What impression do the neighbouring houses give of the area.
- **Get an insurance quote:** This can provide insights into how safe the area is
- **Consider your lifestyle:** Align the property's location with your daily habits, whether that means being near shops, public transport or recreational facilities.

Finally, talk to your local real estate agent. Property professionals understand the value of a property based on dozens of factors, including the interior of the home, its location, size and orientation, the neighbourhood and the current market conditions. Ask about what makes one place more valuable than another, so you have a better idea of the offer you should put forward.

Need advice before you decide where to buy? Get in touch with a Professionals agent in the area.



CAN YOU NEGOTIATE TO PAY LESS RENT?

Rental prices are high in Australia and the rising cost of living has made staying on top of finances even more difficult.

If you love where you live but the cost is unmanageable, or if something has happened and you need to pay less for the short term, negotiating a rent reduction may be possible.

Why would landlords agree to reduce rent?

Of course, your landlord's main goal is to earn as much rent as possible, so they can offset the mortgage payments they have on the property.

However, a paying tenant is better than no tenant at all. If you leave, even if someone new applies and moves in, the risk to your landlord is several weeks with no money coming in to cover costs at all. Because of this, they may consider a request to decrease the rent.

You might have a strong case for negotiating to pay less rent if:

- **You've been a model tenant:** Long-term tenants who pay on time, maintain the property well and rarely complain are worth holding onto.
- **The property has issues that aren't being fixed:** If the home requires repairs or doesn't meet the agreed standard, you could use this as leverage for a rent adjustment.
- **You are willing to sign a longer lease:** The landlord may be ok with less rent if you agree to stay for two years or more.
- **You're experiencing financial hardship:** If unexpected circumstances like job loss or illness make rent unaffordable, landlords may consider temporary or permanent reductions to avoid losing you as a tenant.
- **Comparable properties cost less:** If you notice you are paying more than other tenants for similar properties, you may be able to negotiate your rent.
- **Your lease is up for renewal:** Your landlord may be ok with accepting less rent rather than risking a gap in tenants.
- **You offer to pay in advance:** If you can pay six months rent in advance you may be able to pay less.

Before you ask to pay less rent, check market conditions. If you're in an extremely tight market and rents are increasing, you risk being asked to leave when your lease expires. The final decision is up to the landlord, so have a back up plan just in case.

How to negotiate your rent

If you've decided to ask for a rent reduction, preparation and professionalism are key. Here's a step-by-step approach:

1. **Do your research:** Look at similar rental properties in your area to see if your current rent is above the market average. Gather evidence such as online listings or rental market reports to support your case.
2. **Know your value as a tenant:** Highlight your reliability, long tenancy and positive relationship with the landlord and property manager.
3. **Make a reasonable request:** Be realistic about the amount you're asking for. A reduction of 5–10% might be more acceptable than a drastic cut.
4. **Communicate clearly:** Send a polite and professional email or letter to your landlord or property manager outlining your reasons for the request. Be specific and back up your claims with evidence if possible.
5. **Offer solutions:** If a permanent reduction isn't feasible, propose alternatives, such as a temporary discount or an extended rent freeze.

What to avoid when negotiating

While negotiating rent is a fair request, it's important to approach it correctly. Avoid:

- **Making emotional appeals:** Focus on factual evidence rather than personal stories.
- **Threatening to leave:** Unless you're genuinely prepared to move out, this approach can damage the relationship with your landlord.
- **Being confrontational:** A cooperative tone is more likely to yield positive results than an aggressive or demanding attitude.

What if the landlord says no?

Not all landlords will agree to lower the rent, particularly if they have a high-demand property or face financial obligations. If your request is declined:

- **Consider negotiating other terms:** You might request improvements to the property or flexibility in payment terms instead of a rent reduction.
- **Reassess your budget:** Look for ways to cut expenses elsewhere or consider moving to a more affordable property if rent becomes unsustainable.
- **Keep the relationship positive:** A good landlord-tenant relationship can help in future negotiations or situations.

Negotiating to pay less rent was common during COVID when rental vacancies rose and many people were experiencing financial hardship. With the market being tight at the moment, it won't be so straightforward, but if you have a good relationship with your landlord and property manager they may consider a reasonable request.

Want to rent a home from a reliable and responsive property management company? Contact your local [Professionals](#) representative today.



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