

HOUSING AUSTRALIA

Affordable Housing Bond Aggregator – Market update
28 November 2025



Market commentary

The RBA Monetary Policy Board left the cash rate unchanged at 3.60% earlier in the month as expected in an unanimous decision. The recent pick up in inflation was noted as the key driver for the decision. There is uncertainty around the policy outlook, including lags in the effect of this year's rate cuts, the balance between aggregate supply and aggregate demand, labour market conditions and productivity growth. The RBA sees core inflation sitting above 3% through to mid-2026, before returning to 2.6% by mid-2027. The return to 2.6% core inflation has been pushed out by 18 months relative to the August Statement on Monetary Policy.

Q3 WPI came in at 0.8% QoQ (3.4% YoY), which is in line with the RBA's November SoMP forecast. Private sector wage growth slowed to 0.7% QoQ (3.2% YoY), while public sector growth continued to grow more strongly at 0.9% (3.8% YoY). In annual terms, wage growth is now 0.54 ppts below its peak in Q3 2023. The unemployment rate declined to 4.3% in October from 4.5% in September. After subdued September growth, employment was up 42.2k (above expectations), driven by full-time employment (+55.3k). Hours worked rose 0.5% m/m pointing to a robust Australian labour market. The data was broadly in line with the RBA's Q4 unemployment forecast of 4.4%. The employment data is not expected to have a material impact on the RBA Board's monetary policy decision in December, where the market expects a hold in the cash rate.

Job cuts by US companies rose sharply in October to 153.1k, the highest since March, and the highest level for the month of October dating back to 2003. Job cuts were driven by the warehousing (47.9k) and technology (33.3k) industries, with firms citing cost-cutting (50.4k), AI (31k) and economic conditions (21.1k) as the primary reasons. US Nonfarm payrolls rose 119k in September, above the consensus of 52k. The three-month moving average rose to 62k vs. 18k in August. Average hourly earnings rose 0.2% m/m, keeping the annual rate unchanged at 3.8%. The unemployment rate rose from 4.3% to 4.4%, driven by a 0.1ppt lift in the participation rate to 62.4%.

Long term bond yields, which determine what Housing Australia can offer the community housing sector have risen over the past month (see Chart 3). As of 28 November 2025 the Aus 10-year Government bond yield was 4.50%. This equates to an estimated 10-year cost of borrowing for Housing Australia of 4.95%. The Housing Australia spread is approximately 45 basis points above the 10-year Government Bond yield.

Chart 1: Cash rate target and BBSW

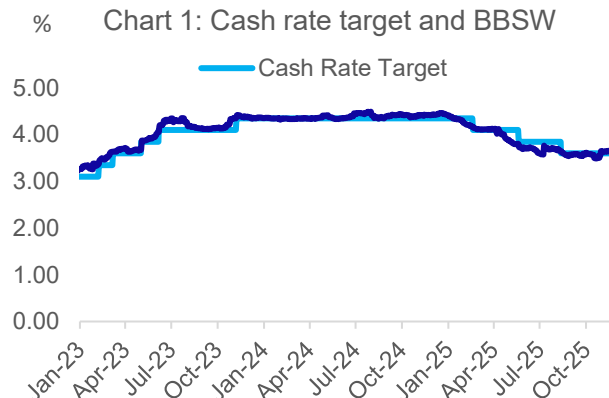
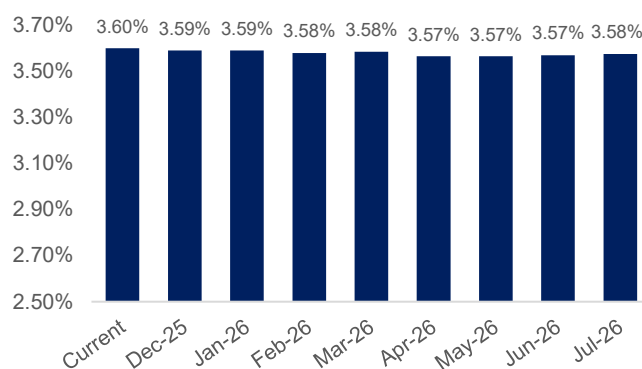


Chart 2: Implied future AUD cash rate, based on cash futures



The following table shows the estimated cost of long-term fixed rate funding for Housing Australia as of 28 November 2025. The interest rates that Housing Australia can offer registered Community Housing Providers (CHPs) for lending to established properties typically ranges from 0.65% to 1.00% above Housing Australia's funding cost (excluding establishment fees) depending on the nature and terms of the loan. Higher margins apply for construction lending.

Housing Australia's estimated AHBA cost of funds 10 years 12 years 15 years

Fixed rate cost of funds	4.95%	5.06%	5.32%
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CHPs interested in AHBA finance should speak to their Housing Australia Relationship Manager for information on the relevant margin applicable to their project.

Chart 3: Long-term Australian Government bond yields

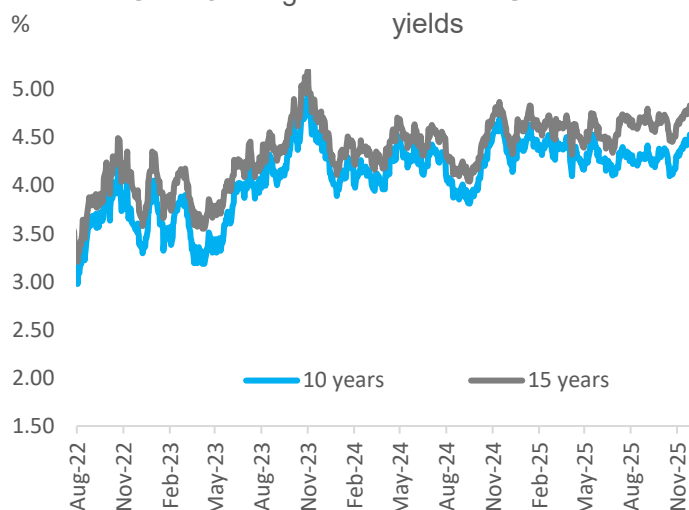
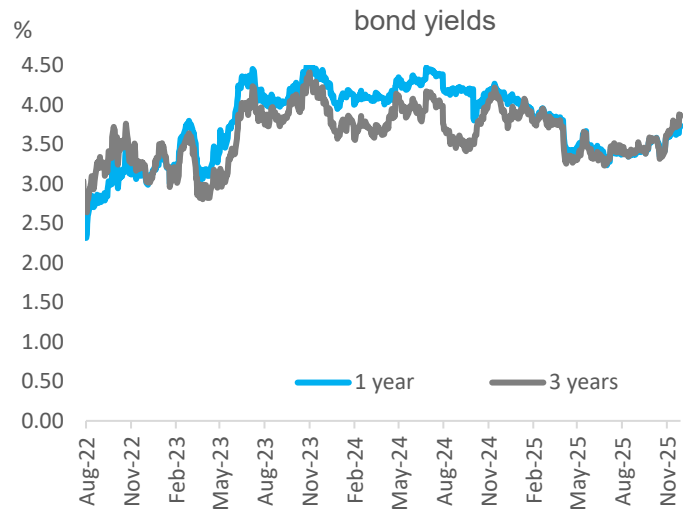


Chart 4: Short-term Australian Government bond yields



	2022	2023	2024	2025
Date	30-Dec	29-Dec	31-Dec	28-Nov
10 yrs	4.05%	3.96%	4.36%	4.51%
15 yrs	4.34%	4.17%	4.56%	4.81%

	2022	2023	2024	2025
Date	30-Dec	29-Dec	31-Dec	28-Nov
1 yr	3.33%	3.97%	4.02%	3.74%
3 yrs	3.50%	3.61%	3.82%	3.87%

Macroeconomic data

Data	Latest	Previous	Δ
RBA Cash Target Rate	3.60%	3.60%	+0.00%
AUDUSD	0.6539	0.6545	0%
AU Unemployment Rate	4.3%	4.5%	-0.2%
AU Headline CPI Indicator YoY	3.8%	3.6%	0.2%
AU GDP YoY	1.8%	1.4%	0.40%
US Fed Funds	3.75% - 4.00%	4.00% - 4.25%	-0.25% - -0.25%

Note

The source of all market data in this report is Bloomberg.

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