

HOUSING AUSTRALIA

Affordable Housing Bond Aggregator – Market update
28 February 2026



Market commentary

The RBA Monetary Policy Board increased the cash rate to 3.85% in a unanimous decision in the first week of February. The rate rise came on the back of meaningful upward revisions to the RBA's trimmed mean inflation forecasts in the quarterly SoMP for two consecutive quarters.

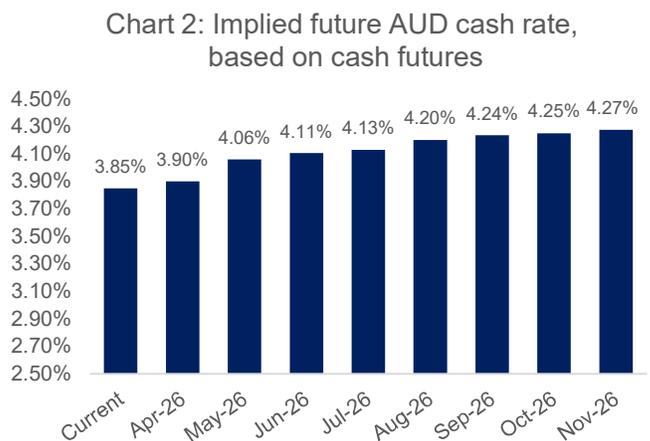
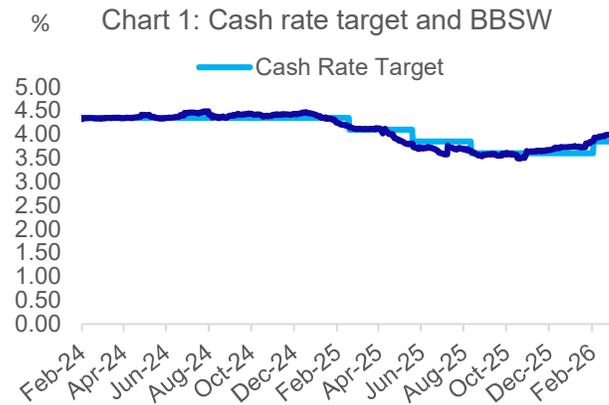
Unemployment rate remained at 4.1%, while employment change was broadly in line with expectations at +18k, moderating after a strong December print. The employment print suggests the labour market remains tight. The Wage Price Index (WPI) rose 0.8% in the December quarter, on par with expectation. While the annual pace lifted from 3.3% YoY in September to 3.4% YoY in December, this was largely due to regular revisions of seasonal factors which revised down the September print.

January CPI was 3.8% YoY versus a consensus of 3.7%. Monthly trimmed mean was 0.3% MoM and YoY trimmed mean was 3.4%. The data confirmed that price pressures continue to run above the RBA's target band, leaving them on track for additional tightening.

January Nonfarm payrolls rose by 130k and the unemployment rate eased 0.1% to 4.3% in the US. The data supports the Fed's narrative that the labour market is showing signs of stabilising and that the FOMC can afford to be patient regarding future interest rate reductions.

US Headline CPI rose 0.2% MoM, below the consensus expectation of 0.3% MoM, with the annual rate slowing to 2.4% YoY. Core inflation rose 0.3% MoM (2.5% YoY), matching the consensus. Core goods prices were unchanged as used car prices fell 1.8% MoM, offsetting price increases across other components. Durable goods orders fell 1.4% MoM in December following a 5.4% MoM lift in November. Excluding transport equipment, orders rose 0.9% MoM. Core capital goods orders rose 0.6% MoM, with gains broad-based, although equipment tied to AI-related investment continued to be a key driver.

Long term bond yields, which determine what Housing Australia can offer the community housing sector have fallen over the past month (see Chart 3). As of 27 February 2026, the Aus 10-year Government bond yield was 4.65%. This equates to an estimated 10-year cost of borrowing for Housing Australia of 5.10%. The Housing Australia spread is approximately 45 basis points above the 10-year Government Bond yield.



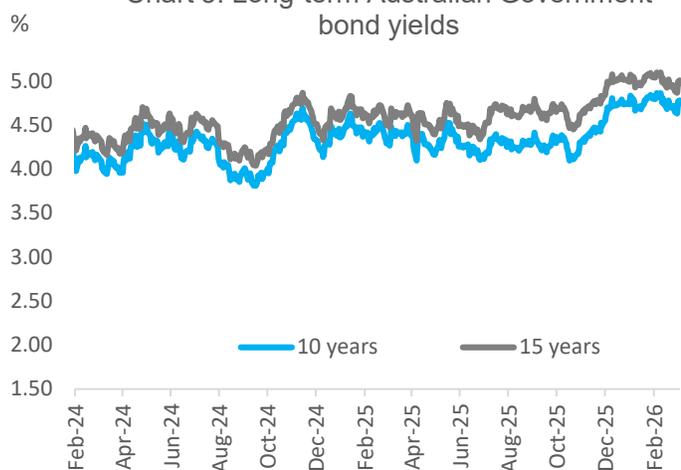
The following table shows the estimated cost of long-term fixed rate funding for Housing Australia as of 27 February 2026. The interest rates that Housing Australia can offer registered Community Housing Providers (CHPs) for lending to established properties typically ranges from 0.65% to 1.00% above 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	5.10%	5.26%	5.34%
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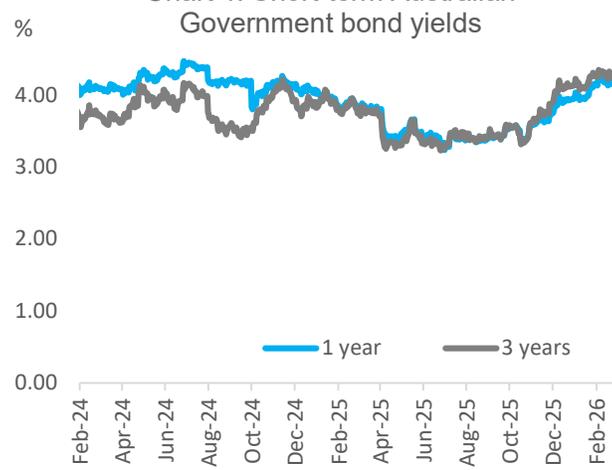
CHPs interested in AHBA finance should speak to their Housing Australia Relationship Manager for information on the relevant margin applicable to their project.

Chart 3: Long-term Australian Government bond yields



	2023	2024	2025	2026
Date	29-Dec	31-Dec	31-Dec	27-Feb
10 yrs	3.96%	4.36%	4.74%	4.65%
15 yrs	4.17%	4.56%	5.00%	4.89%

Chart 4: Short-term Australian Government bond yields



	2023	2024	2025	2026
Date	29-Dec	31-Dec	31-Dec	27-Feb
1 yr	3.97%	4.02%	3.95%	4.15%
3 yrs	3.61%	3.82%	4.14%	4.22%

Macroeconomic data

Data	Latest	Previous	Δ
RBA Cash Target Rate	3.85%	3.60%	+0.25%
AUDUSD	0.7118	0.6964	2%
AU Unemployment Rate	4.1%	4.1%	+0.0%
AU Headline CPI Indicator YoY	3.8%	3.8%	0.0%
AU GDP YoY	2.1%	1.9%	0.20%
US Fed Funds	3.50% - 3.75%	3.50% - 3.75%	0.00% - 0.00%

Note

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

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