# HOUSING AUSTRALIA

## Affordable Housing Bond Aggregator – Market update

31 October 2025

### Market commentary

The domestic unemployment rate rose 0.20% to 4.50% as of September, indicating a little more spare capacity in the labour market than what the RBA had been expecting. The Q3 CPI data release was materially above the RBA's forecast in August. Trimmed mean CPI was 1.0% QoQ and 3.0% YoY. Headline CPI was 1.3% QoQ. Volatile travel and the unwind of electricity subsidies largely contributed to the inflation print for the quarter (travel prices contributed 14bps and utilities 20bps). Markets are expecting an extended pause from the RBA, with the cash rate expected to be kept on hold at the November meeting. The next rate cut is priced in for May 2026. GDP and employment data ahead of the December meeting would have to be particularly weak to bring a rate cut back into consideration this year.

The Fed cut interest rates by 25bps to 3.75-4.00% at their October meeting. Quantitative tightening was also brought to an end effective 1 December. The rate cut was driven by a rise in downward risks to employment in recent months. However, the Fed views this change as marginal with the Committee continuing to see upside risks for inflation as well as downside risks to employment. The Fed Chair Jerome Powell made it clear that a further rate cut in December is far from a foregone conclusion with strongly differing views on the short-term path for monetary policy.

Long term bond yields, which determine what Housing Australia can offer the community housing sector have stabilised in the middle of the range over the past 3 months (see Chart 3). As of 31 October 2025 the Aus 10-year Government bond yield was 4.29%. This equates to an estimated 10-year cost of borrowing for Housing Australia of 4.74%. The Housing Australia spread is approximately 45 basis points above the 10-year Government Bond yield.

Chart 1: Cash rate target and BBSW

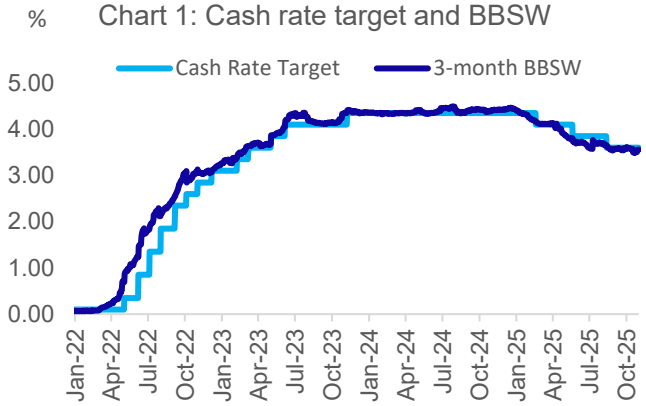
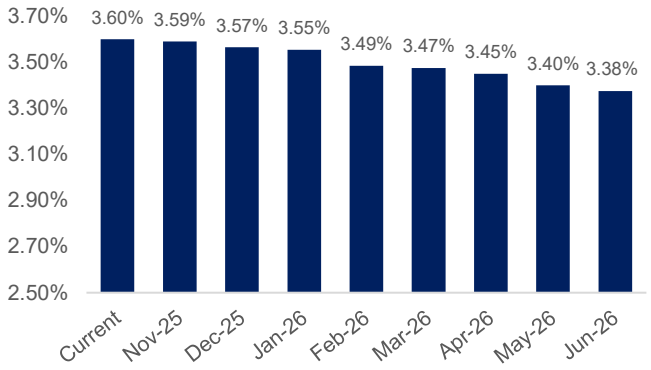



Chart 2: Implied future AUD cash rate, based on cash futures

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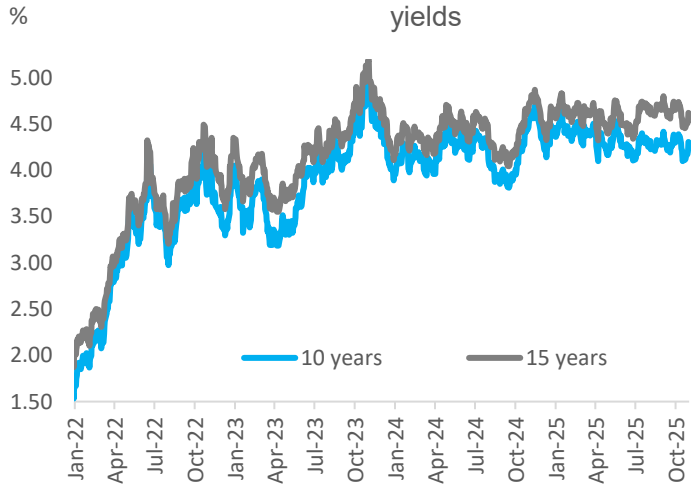
The following table shows the estimated cost of long-term fixed rate funding for Housing Australia as of 31 October 2025. The interest rates that Housing Australia can offer registered Community Housing Providers (CHPs) for lending to established properties typically ranges from 0.65% to 1.00% above 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 | 4.74% | 4.86% | 5.13% |

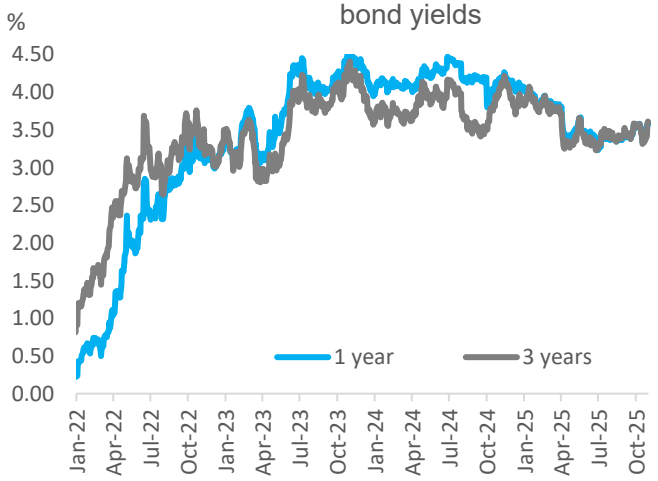
CHPs interested in AHBA finance should speak to their Housing Australia Relationship Manager for information on the relevant margin applicable to their project.

Chart 3: Long-term Australian Government bond yields




| Date | 2022 30-Dec | 2023 29-Dec | 2024 31-Dec | 2025 31-Oct |
|---|---|---|---|---|
| 10 yrs | 4.05% | 3.96% | 4.36% | 4.30% |
| 15 yrs | 4.34% | 4.17% | 4.56% | 4.61% |

Chart 4: Short-term Australian Government bond yields




| Date | 2022 30-Dec | 2023 29-Dec | 2024 31-Dec | 2025 31-Oct |
|---|---|---|---|---|
| 1 yr | 3.33% | 3.97% | 4.02% | 3.58% |
| 3 yrs | 3.50% | 3.61% | 3.82% | 3.61% |

## Macroeconomic data

| Data | Latest | Previous | Δ |
|---|---|---|---|
| RBA Cash Target Rate | 3.60% | 3.60% | +0.00% |
| AUDUSD | 0.6555 | 0.6613 | -1% |
| AU Unemployment Rate | 4.5% | 4.3% | +0.2% |
| AU Headline CPI Indicator YoY | 3.5% | 3.0% | 0.5% |
| 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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