

Media Release

Housing hikes WA inflation rate

28 January 2026

Western Australia's inflation rate surged to 4.4 per cent in December 2025 – well above the national average of 3.8 per cent – driven largely by increasing housing costs and widespread labour shortages.

Newly released data from the Australian Bureau of Statistics shows Perth had one of the highest annual inflation rates in Australia for the year to December 2025, second only to Brisbane.

WA saw housing costs rise by 8.6 per cent compared to a year ago and rents climbed another 6.2 per cent – some of the highest increases in the nation.

The year to December 2025 also saw a 5.1 per cent uplift in the cost of purchasing a new dwelling in Perth.

"This puts housing affordability under greater strain, even before a possible interest rate rise," Master Builders Australia Chief Economist Shane Garrett said.

Analysis by Master Builders Australia shows national services inflation hit an 8-month high during December. Services inflation has intensified due to persistent labour shortages across the economy, which are detrimental to productivity and make it more expensive to source suitable workers.

"This inflationary surge shows that price pressures were much tougher at the end of 2025 than anticipated by the Reserve Bank. There is now a real threat that interest rates could start increasing as early as next week," said Mr Garrett.

Master Builders Western Australia (MBAWA) CEO Matt Moran said the inflation figures come as no surprise to those involved in the building and construction industry.

"For years, we have struggled to build the new homes WA needs because of worsening labour shortages, red tape and escalating construction material costs.

"MBAWA is committed to working with the State Government on pragmatic policies to assist the local industry to build affordable houses our community needs."

"MBAWA believes focusing on supply-side solutions, such as boosting the building and construction workforce and increasing the availability of land is critical," said Mr Moran.

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About Master Builders WA

Master Builders WA services the needs of the entire building and construction industry, from residential to commercial, civil engineering businesses, principal contractors to subcontractors, manufacturers and suppliers. We assist members by providing access to a wide range of specialised services, recognition through awards, as well as advocacy to government and industry. MBAWA also serves the Western Australian public by fostering best practice work standards.

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