

CHU



2025 State of the Strata Market

October 2025



In 2025, the strata market has continued to change.

2025 was marked by easing inflationary pressures, with focus turning to regulatory reform and the costs associated with strata living.

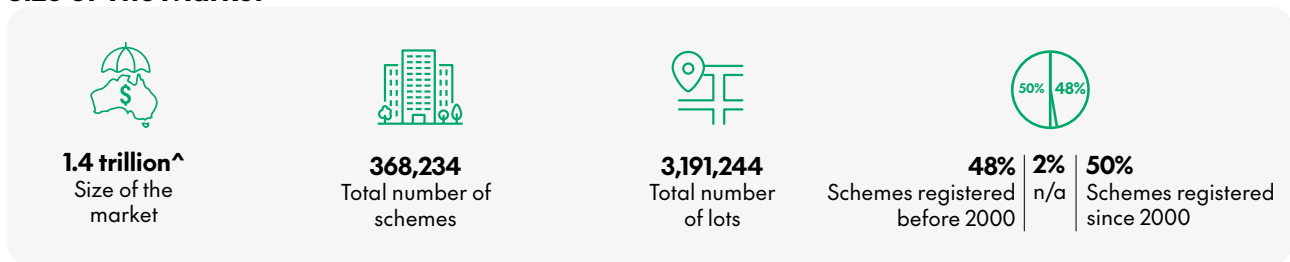
Regulatory reviews across three states representing 40% of strata titles mean that there will be a sharper focus on transparency, consumer protections, and professional standards. Weather events continue to test the resilience of buildings and communities nationwide, and strata property owners are recognising that while inflation may be falling – prices will stay at their elevated levels.

Together, this means that the need for strata managers who help communities thrive, and brokers and authorised representatives who support them to protect their property value – have never been more important.

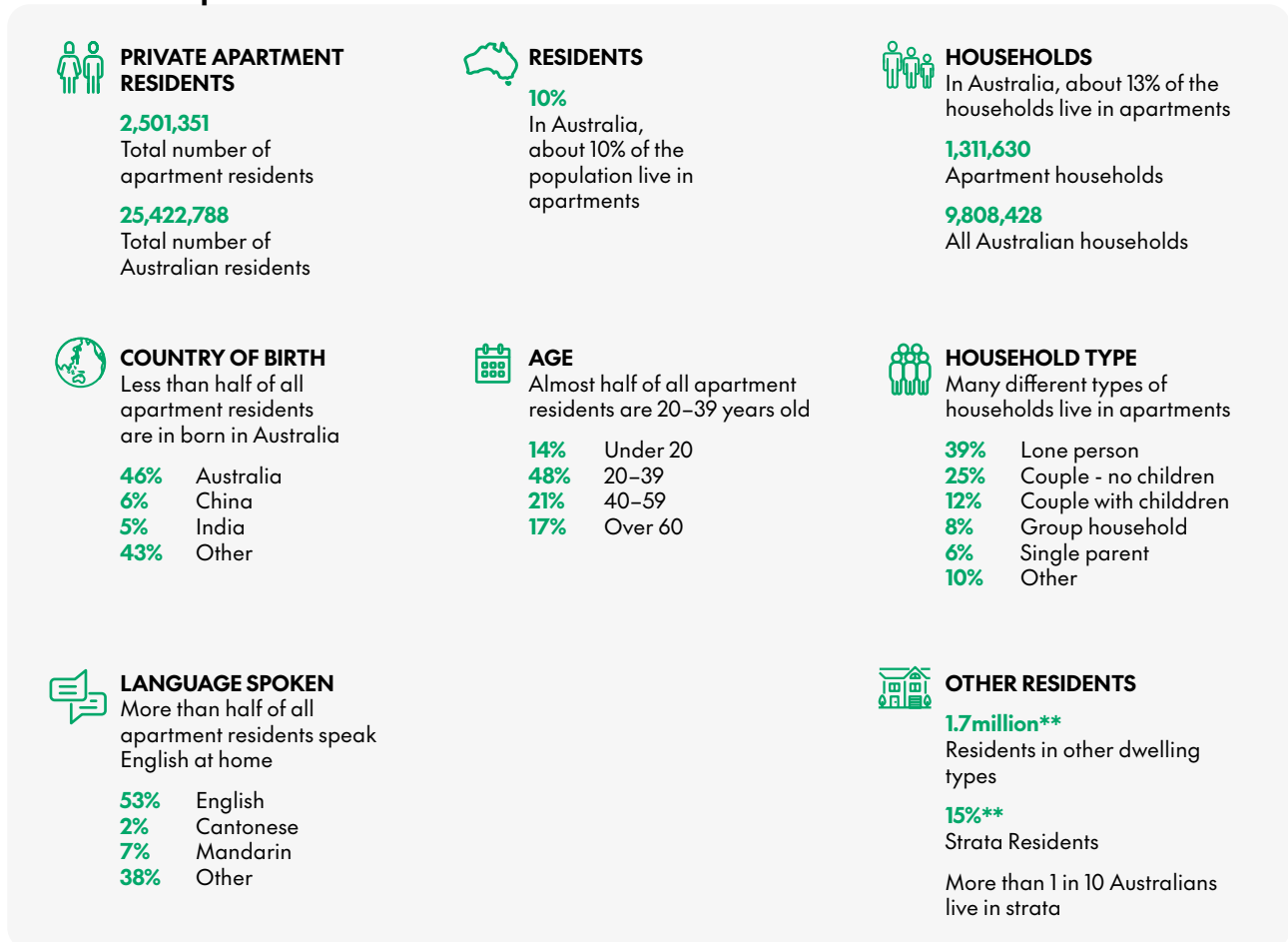
Strata Market Key Statistics

With the NSW govt estimating that over 50% of people in Sydney will be living in strata by 2040, the challenges and opportunities of this sector are more important than ever.

Size of The Market



Who lives in Apartments*



The above data is based on research from Strata Community Association and was published in a report by City Futures Research Centre, UNSW Sydney, 2024. 2021 census data Residents and households in occupied private flats, units and apartments, the majority of which are owned under strata title. Because other property types, including townhouses and villas, can be owned under strata title, the actual number of people living in strata properties will be greater. Tenure figure includes unoccupied dwellings. **Conservative estimate derived from analysis of land titles data on strata and community schemes and census data on dwellings. *Estimate based on data provided by strata insurers who insure 52% of all strata and community lots in Australia.

Economic Conditions

With the RBA easing rates to ~3.6%, borrowing costs have improved. Inflation has also eased, but this doesn't unwind the price increases that are already in the system. Building costs remain significantly higher than they were in 2020, and are expected to stabilise at this level, rather than fall.

For lot owners already balancing tight budgets against strata levies, these higher costs can make it harder to prioritise essential maintenance. That's why it remains critical to plan and communicate around the importance of property upkeep to protect the long-term health of the property.

Insurers continue to adapt as premiums increase in higher-risk environments, such as coastal areas, flood zones, or those affected by cladding issues. The volatility of claims driven by climate events pose a shared challenge for owners, strata managers and insurance providers.

Australia continues to fall short of federal housing targets. The National Housing Accord aims to deliver 1.2 million new homes by 2029. At the current pace, fewer than 950,000 will be delivered—leaving a shortfall of over 250,000 homes.

What does it mean?

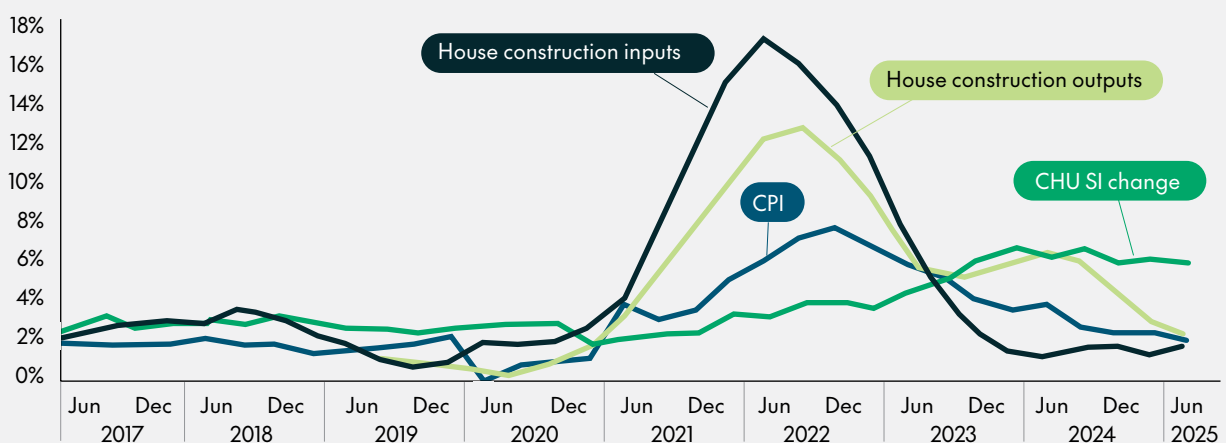


For bodies corporate and strata managers, due to inflation in recent years many strata properties are at risk of underinsurance because valuations haven't kept pace with replacement costs. Along with meeting legal obligations to insure the property for its current value, an up-to-date Building Sum Insured (BSI) protects you from underinsurance.



For brokers, ensuring clients have accurate and current replacement values is more critical than ever. Up-to-date valuations support an appropriate Building Sum Insured (BSI), reduce underinsurance risk, and protect owners from unexpected coverage shortfalls at claim time.

Australian building cost inflation vs Australian CPI (source: ABS)
vs Sum Insured changes at CHU



Affordability

Insurance affordability has continued as a prominent theme in public discussion this year. However, it is crucial to differentiate housing insurance and strata insurance, as apartment owners face fundamentally different circumstances than house owners – and their insurance reflects that.

In the twelve months to June 2025, strata insurance premiums rose by a modest 2.8% – from an average of \$954 to \$981 per lot annually. During the same period, household incomes grew by 3.4%, meaning in real terms, apartment owners actually received a slight reduction in price.

Meanwhile, house insurance premiums surged by 14% – five times faster than strata premiums.

Strata insurance affordability

City	Weekly income	Strata Insurance Premium	Affordability Index
Adelaide	\$1,483	\$842	0.6 weeks
Brisbane	\$1,867	\$995	0.5 weeks
Gold Coast	\$1,737	\$1,403	0.8 weeks
Melbourne	\$1,962	\$920	0.5 weeks
Perth	\$1,821	\$1,085	0.6 weeks
Sydney	\$2,284	\$1,176	0.5 weeks
Hobart	\$1,261	\$765	0.6 weeks

Source: CHU internal data

House insurance affordability

State	Weekly income	House Insurance Premium	Affordability Index
SA	\$1,790	\$1,933	1.3 weeks
QLD	\$2,064	\$3,166	1.8 weeks
VIC	\$2,173	\$2,299	1.2 weeks
WA	\$2,214	\$2,224	1.2 weeks
NSW	\$2,448	\$2,613	1.1 weeks
TAS	\$1,596	\$2,155	1.7 weeks

Source: Canstar

Note:

Weekly income is the average weekly gross income for the location, based on inflated census data.

Affordability is the number of weeks of gross household income required to pay the insurance premium.

The breakdown above reveals how strata insurance has continued to remain affordable for owners – despite the general pressures facing the sector.

Strata insurance is more affordable as it covers multiple units under a single policy. When insurance providers assess risk and spread costs across 5, 50, or 100 lots, this provides natural cost efficiencies that individual house policies cannot match.

Compared to standalone houses, apartment buildings typically feature:

- Shared fire safety systems with 24/7 monitoring
- Multi-storey towers that are typically concrete constructed with fire sprinkler protection
- Less exposure to bushfire risk due to urban location

Houses, particularly in outer suburbs and regional areas, face compounding risks of bushfire zones, flood plains, ageing construction, and dispersed locations that complicate emergency responses.

What does it mean?



For bodies corporate over the past year, they collectively gained ground on insurance affordability, while house owners managed increasing premiums as part of their cost of living pressures.



For brokers this data can help position price increases, when they do occur, as affordable compared to income growth and house insurance, and stable compared to last year.

Weather Events

In 2025, Australia experienced a series of weather events that underscore the climate risk faced by strata.

Catastrophes intensify pressure on communities, insurers, and governments to accelerate support, resilience, and risk-mitigation measures.

The increasing climate risk faced by strata is demonstrated by the range of cyclones, floods and storms in the first six months of this year:

January SE251	QLD. Floods .Triggered by tropical lows, causing widespread flooding and damage across northern QLD.
February	WA. Severe Tropical Cyclone Zelia. Category 5 system impacting WA's Pilbara/Kimberley, with destructive winds, flooding, and disruption.
March CAT252	QLD/NSW. Ex-Tropical Cyclone Alfred. Tracked unusually far south along the QLD/NSW coast, bringing heavy rainfall and flooding; later a trigger for the ARPC premium review.
March to May	QLD/NSW/VIC. Severe storms. A run of hailstorms and wild weather across QLD, NSW, and VIC; by May, insurers reported more weather claims than in all of 2024.
April	WA. Tropical Cyclone Errol. Rapid intensification before crossing WA's Kimberley coast; localised but notable.
May CAT253	NSW. Floods. Widespread flooding across multiple catchments, major road closures and thousands of claims lodged.

What does it mean?



For strata managers and brokers schemes are facing greater financial pressure than in previous years, particularly those at higher risk of significant weather events. It's important to recognise this and support with appropriate solutions and licensed advice.

Regulation and Legislation

Senate Inquiry

The Senate Select Committee report on the Impact of Climate Risk on Insurance Premiums and Availability (Nov 2024) painted a stark picture.

Climate change increases the frequency and severity of disasters, while premiums are rising beyond the reach of many in high-risk areas.

The Inquiry’s report recommended greater transparency in premium calculations, quarterly ACCC price monitoring, the abolition of state insurance taxes, the expansion of the Cyclone Pool (Australian Cyclone Reinsurance Pool Corporation) to cover all natural disasters, and new investment in resilience and mitigation, possibly including a levy on fossil fuel companies.

What does it mean?



For strata managers, encourage committees to build resilience into all parts of their plan, from capital works to routine maintenance to reduce risks and associated costs.



For brokers, there is urgency to embrace transparency. However, the increasing frequency and severity of disasters means that affordability challenges will remain until investment in resilience catches up. Brokers can play a key role in encouraging resiliency investment.

ARPC Review

The September 2025 review of the Cyclone Pool confirmed that premiums for homes and strata will remain unchanged, despite losses from Ex-Tropical Cyclone Alfred. The review found overall pricing adequate, retained the cross-subsidy structure that supports reinsurance for higher-risk properties, and introduced new discounts for SMEs that invest in resilience.

While acknowledging the uncertainty of climate change impacts, it concluded that there was no strong scientific basis yet to adjust rates and chose not to impose an extra premium to recover the Pool’s current deficit.

What does it mean?



For eligible bodies corporate, the short-term premium stability is good news, as is the creation of clearer incentives to invest in mitigation.



For brokers, there is a clear signal that future reviews may revisit pricing as cyclone risks evolve, a risk that should be discussed with strata managers and owners.

NSW in Focus

Changes to the Strata Schemes Development Act 2015 and the Strata Schemes Management Act 2015 introduced tougher accountability for strata managers. There will be standardised maintenance and capital works planning, greater disclosure of conflicts, and stronger hardship protections.

What does it mean?



For strata managers, there are greater compliance obligations, but also a chance to stand out through transparency and professionalism.



For brokers to gain clarity on building condition, maintenance, and funding adequacy, and deliver a stronger advisory role.



For bodies corporate, clearer rights and fairer safeguards, though costs may rise as schemes adjust.

The NSW Building, Design and Strata Legislation Amendment Regulation 2025 delayed certain obligations tied to cladding claims in professional indemnity policies. It also postponed increases in building bond percentages.

Additional changes adjusted liability exposures for builders and designers.

What does it mean?



For strata managers & bodies corporate, update budgets to anticipate a 3% bond from July 2026, track defect and cladding issues closely during the deferral period, and request advice on insurance gaps relating to cladding claims.



For developers and builders, factor deferred obligations into forward project costs and prepare documentation and processes for 2026 compliance.



For brokers, review Professional Indemnity Insurance (PII) coverage with strata clients to highlight exclusions and educate stakeholders on the continuing risk gap.

WA in Focus

At the end of 2024, Western Australia commenced its five-year review of the *Strata Titles Act 1985*, seeking public consultation on strata management standards. The consultation highlighted concerns around rising levies, levy collection, maintenance plan effectiveness, outdated by-laws, proxy farming, and delays in dispute resolution. Strong calls were made for the professionalisation of strata managers through licensing, qualifications (including proposed Certificate IV requirements), stricter trust account rules, and clearer role structures. These reforms aim to lift service standards, strengthen governance, and provide owners with greater confidence in management.

What does it mean?



For bodies corporate, clearer responsibilities and a more consistent quality of service, although balanced against the potential of costs associated with managers upskilling.



For strata managers, reforms will tighten governance and increase the attraction of professional management.



For brokers, better risk management and data integrity are crucial, with WA setting a precedent that may prompt other states and territories to follow suit.

ACT in Focus

The ACT Legislative Assembly’s Standing Committee on Legal Affairs is reviewing the Unit Titles (Management) Act 2011. Possible reforms include licensing strata managers, training for committee members, and a new strata Commissioner.

What does it mean?



For bodies corporate, expect stronger consumer protections and governance, balanced against higher compliance costs.

Buildings, Safety, and Risk

Defects and Cladding remain a pressure point, with new precedents tightening builder accountability.

Schemes with unresolved cladding or structural issues still face limited or unaffordable insurance. The 2025 NSW Strata Defects Survey opened to collect data on how defect management is evolving and where stronger regulation may be needed.

The High Court’s decision in *Pafburn Pty Limited & Anor v. The Owners - Strata Plan No 84674* confirmed that developers cannot easily shift liability elsewhere.

What does it mean?



For bodies corporate, expect requirements to inspect, document, and remediate defects. Schemes with unresolved cladding issues will struggle to obtain affordable insurance unless remediation or certification is completed.



For developers and builders, expect state reforms to tighten obligations, including stronger bonds and clearer statutory liabilities.



For everyone, more litigation and tribunal cases will emerge as owners seek to hold builders accountable.

Lithium Battery Risk

Lithium-ion batteries have rapidly become the new focus of risk.

Western Australia’s fire service confirmed 94 lithium battery fires by August 2025. In NSW, 25 had already occurred by February, compared to 318 for the entire year of 2024. Regulators have issued new safety guidelines, and many strata managers are now embedding formal battery management policies.

What does it mean?



For bodies corporate, expect new building rules or by-laws covering battery storage, disposal, and charging practices. This may include formal battery registers and restrictions (e.g., on charging in common areas).



For strata managers, support your community with appropriate by-laws that comply with national standards.

Tobacco Wars

Organised crime-linked arson and fire bombings against tobacconists have escalated, pushing risks toward “uninsurable”. Police crackdowns continue, with over 250 attacks since 2023 and more than 100 arrests in Victoria alone.

In 2025, incidents spanned multiple states:

January QLD	Two arson attacks on the same shop (Jan 26 & 28).
April VIC	Same store firebombed twice in 8 days.
May VIC	Fire at adjoining businesses, including “Mahoneys Groceries & Tobacco.”
May QLD	Targeted arson left two men seriously burned.
July NSW	Store destroyed by suspicious fire.
August SA	Store broken into with an angle grinder, set on fire.
September QLD	Ram-raid followed by fire, shop destroyed.
September SA	Fire at a shop recently converted from a tobacconist.

What does it mean?



For bodies corporate, buildings with tobacconists or vape tenants may face difficulty obtaining insurance. Committees may need to reassess tenant risk policies to avoid exposure to uninsurable businesses. Expect higher premiums or exclusions where schemes house high-risk retail outlets.



For brokers, expect insurer caution and stricter underwriting in mixed-use strata with tobacconist tenants.

Disclaimer: Incident counts are compiled from media and public reports and should be treated as indicative, not exhaustive

Sustainability

The focus on sustainability accelerated in 2025, with policy, funding, and industry initiatives converging to make greener living more accessible in strata.

NSW reforms now require capital works plans to consider energy and water efficiency upgrades, while new rules have removed barriers to installing rooftop solar and EV charging. Federally, strata buildings have been included in the Solar Battery Scheme, supported by government guidance to help schemes become “EV-ready”.

On the ground, ARENA-backed projects are rolling out thousands of affordable EV charging sockets, and commentators point to growing uptake of electrification measures such as heat pumps, balcony solar, and load management systems. CHU will soon launch its Strata Green Grant Program, giving owners direct support to invest in sustainable improvements.

What does it mean?



For bodies corporate, expect more sustainability upgrades due to improved affordability from rebates and removal of by-laws and supermajority hurdles. NSW Capital Works requirements mean levy forecasts will likely include green upgrades.



For strata managers in NSW, sustainability will be integrated into capital works and maintenance planning, and they will expect to guide committees through funding options, grants, and compliance changes. Nationally, expect an increase in management of approvals and by-law updates as sustainability upgrades increase.



For brokers, expect to advise clients on how sustainability upgrades (such as solar, load management, and batteries) intersect with insurance (e.g., fire risk, asset values, and resilience).

Looking Ahead

For the remainder of 2025 and into 2026, there will be more updates to come. Keep an eye out for:

NSW's third phase of strata reforms (1 Apr 2026) will embed expanded disclosure and regulatory powers.

NSW Defects Survey report

ACT Unit Titles (Management) Act 2011 review

WA Five-Year Review Discussion Paper for public comment

NSW Building, Design and Strata Legislation Amendment Regulation 2025 deferrals expire (July 2026)

ARPC Cyclone Reinsurance Pool – Following the September 2025 review, the next update is expected in late 2026, reassessing pricing, subsidies, and resilience incentives with potential implications for strata affordability in cyclone-exposed regions.

Federal housing supply targets (National Housing Accord). Midpoint check against the goal of 1.2m homes by 2029. By 2026, government pressure on states and councils to lift supply (and associated infrastructure) is likely to intensify, influencing strata development feasibility and affordability.

South Australia State Election — Scheduled for 21 March 2026

Victoria State Election — Expected 28 November 2026

Next Australian Census due in 2026, providing updated information about strata living

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