# The Week In Real Estate

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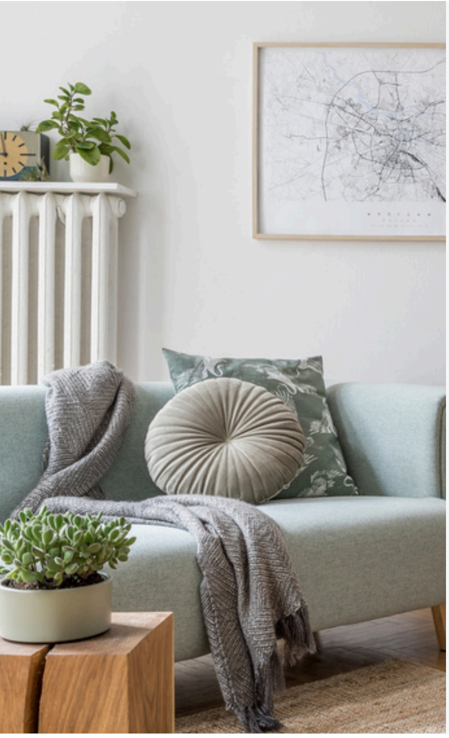


## Unit Prices Growing

A shortage of supply is set to see demand, and prices, for existing apartments grow in the next 18 months according to an analysis by CBRE.

It says at the moment there is a price difference of about 23% between newly built and existing apartments offered for sale which makes existing stock an attractive market for investors, particularly during a period of tight vacancies and strong employment levels.

But it predicts that as new supply remains constrained the price difference will begin to close. CBRE head of research Sameer Chopra, says the high cost of construction and a shortage of new apartments will result in price increases.

“Apartment values have not kept pace with construction costs in the past five years,” he says. “That disparity is currently at 23%. We expect this gap to close out and revert to a premium.”

Vacancies are tipped to continue to drop to as low as 1.2% in 2029, down from 1.9% in 2024.

“These tight conditions will endure as vacancies stay at around half of the previous decade average of 2.5%,” Chopra says.

## Market Confidence Improves

Investors are rushing back into the market with the latest ABS lending figures showing almost $12 billion in investment loans were written in August.

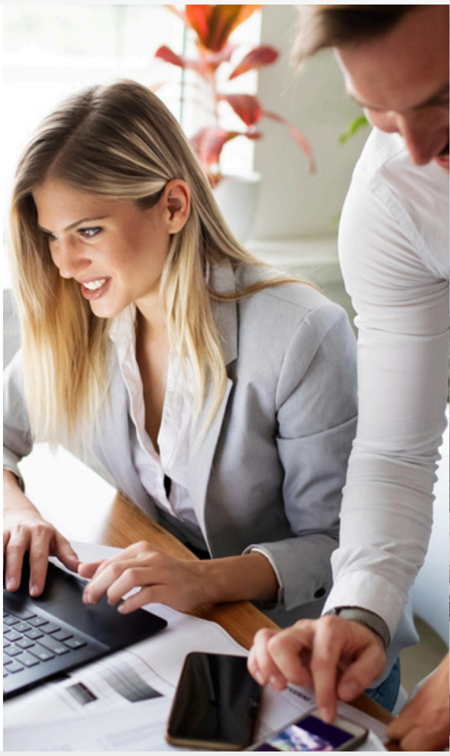
This is a 1.4% increase on the previous month and 34.2% higher than at the same time in 2023.

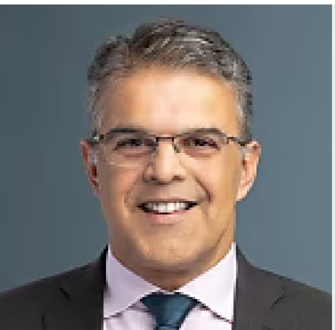
ABS head of finance statistics, Mish Tan, says the value of investor loans is nudging closer to its previous peak in January 2022. The value of owner-occupier loans also increased in August, up by 0.7% to $18.7 billion, 16.8% higher than August 2023.

Queensland is the strongest state for investment loans with the value of new commitments up 7.9% during the month, followed by South Australia, 5.1%. The ACT was the only other State where the value of investment loans rose, it is up by 0.4%.

In Tasmania it fell by 9.1%, Western Australia is down by 8.3%, Northern Territory, -8.1% and Victoria - 2.7%. New South Wales has been unchanged since July.

“Queensland rose by just over 40 per cent in the past 12 months. This $2.0 billion rise was more than any other state”, Tan says.





## Quote Of The Week

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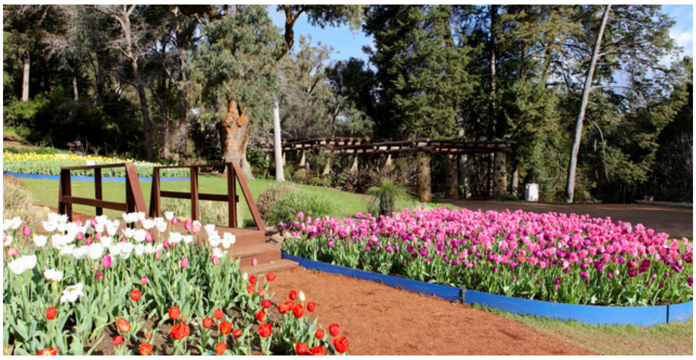
**CBRE head of research Sameer Chopra**

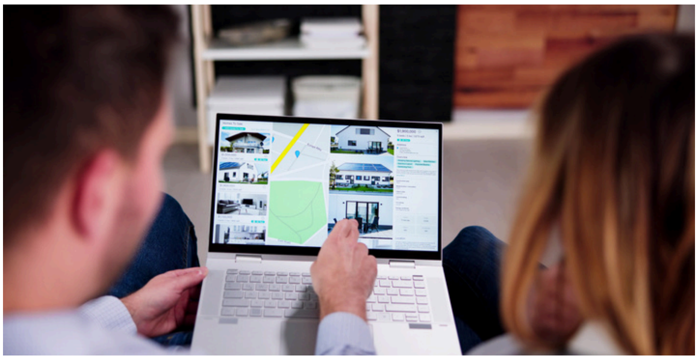


## Top-performing Suburbs

Property prices are continuing to surge with analysis by PropTrack showing the top performers in the past 12 months.

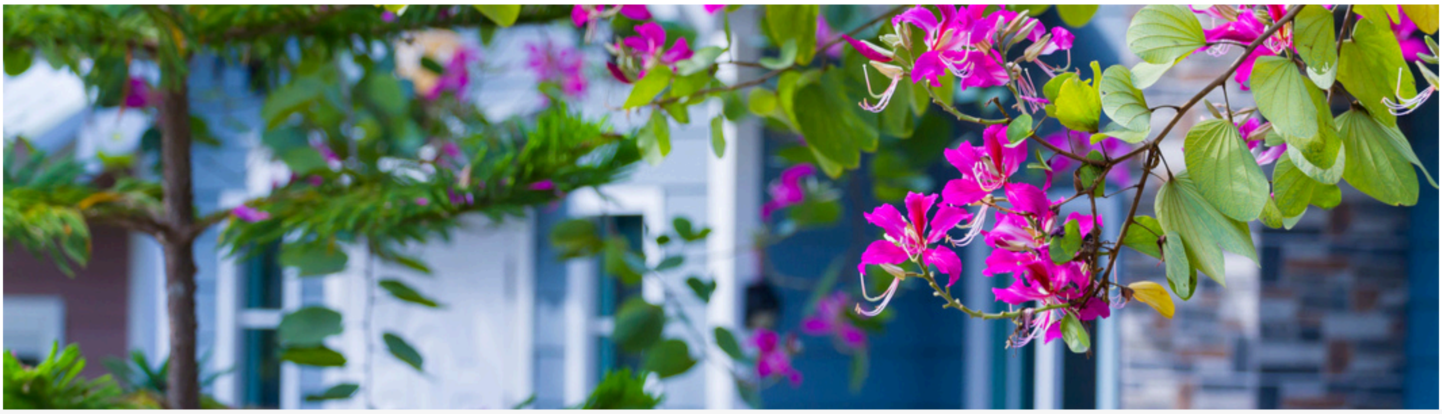
The Perth suburb of Armadale was the best performer, with 42.9% growth in house values year on year. In Adelaide, Davoren Park is at the top with nearly 38% growth while Sydney's Gables had 33% growth, Brisbane's Kingston, 29.2% and Victoria's Ivanhoe, 17.3%. PropTrack senior economist Eleanor Creagh says what all those areas have in common is tight supply and higher migration levels due to affordable prices. She says higher interest rates mean buyers were more attracted to the affordable end of the market and a chronic shortage of housing in both rental and buying markets is also driving up prices.

"Addressing the supply of suitable homes across the country is of paramount importance," she says. "Perth has been the nation's strongest performing market over the past year." Western Australia prices have surged by more than 23% in the past 12 months.



## Listings On The Rise

REA Group's September PropTrack Listing Report shows new listings hit their highest volume for the month of September since 2015. Nationally listings rose by 2.8% in September according to Director of economic research, Cameron Kusher. He says a few factors are in play. Those anticipating an interest rate cut this year realised it was now unlikely until 2025 and felt they couldn't hold on to sell any longer and owners have a higher level of equity in their property and want to take advantage of that. Kusher says with the rental market easing slightly sellers are more confident of finding somewhere to rent between selling and buying a new home. "A lot of people, when they sell their property, they don't buy at the exact same time," he says. "So, they need to rent for a period of time. When the rental market has been so tight, that has probably discouraged some people from putting their properties on the market." The analysis shows Canberra has the largest year-on-year increase in new listings, up by 19.8%, followed by Sydney, up by 17.9% and Perth, 17.7%. Total listings are 7.7% higher over the year across combined capital cities but are lower in Brisbane, Adelaide, Perth, and Darwin.



## Rents Ease in Spring

Growth in asking rents has eased in Spring with Domain's latest rental report showing all capital cities have passed their peak growth phases.

It says for the first time in nine months, quarterly rental growth for both houses and units has stalled across the combined capitals. Despite the slowdown in rental growth, tenants are still paying record-high asking rents in most capital cities.

"All capital cities remain firmly a landlords' market, with vacancy rates uniformly below 2%," the report says. "Undoubtedly, affordability is a significant factor contributing to this slowdown and will likely continue to restrict further growth." The report says rental demand is easing, with the number of prospective tenants per rental listing on Domain falling to its lowest level since 2019, indicating a better balance between supply and demand.

"Demand-side pressures are diminishing as net overseas migration has decreased 19% since its March 2023 peak. "Additionally, affordability constraints are driving demographic shifts, prompting tenants to seek house shares or opt for intergenerational living to alleviate the financial strain." There's no room at the inn in these suburbs which have Australia's lowest vacancy rates. Data from Top Removals says Brisbane is Australia's tightest rental market with just two vacancies per 100,000 people.