



# The Week In Real Estate

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## Seasonal Vacancy Rise

Residential vacancy rates rose to 1.4% in November, the highest level in three years, according to SQM Research.

It says the total number of vacant rental properties is now 41,894, up from 36,486 in October, due mainly to seasonal factors.

According to SQM Research, vacancies rose to 2% in Melbourne, 1.8% in Sydney and 1.1% in Brisbane - all still below the 3% considered to represent a balanced rental market. It says some pockets have much higher vacancy rates, in particular inner city markets. The Sydney CBD vacancy rate is 6.4%, Melbourne's CBD is 5.9% and Brisbane CBD is 2.4%. SQM Research, Managing Director Louis Christopher says the rise is a result of seasonal factors and broader economic pressures.

"At this time of year, we normally record a seasonal increase in vacancies driven in part by university graduates completing their courses and returning home," he says.

Christopher says high costs of living also means more people are pooling resources and moving into shared housing instead of renting a property on their own, which has also freed up some of the rental market.

## High End To Year

New home sales are tipped to end the year on a high despite a softening in November, according to the Housing Industry Association.

It is predicted that by the end of 2024, new home sales levels will be higher than those recorded in 2023.

The latest HIA New Home Sales Report shows sales were up 8.8% in October before a 10.1% fall in November. HIA Economist Maurice Tapang says despite those fluctuations, all indicators show an improvement in market confidence through the course of 2024. And he believes the market will continue to improve in 2025.

"Stabilising home building materials costs, a return to normal build timeframes, low unemployment and unchanged cash rate settings have provided the certainty that new home buyers need," Tapang says.

"The rise in sales has been geographically dispersed, with markets such as Queensland, South Australia and Western Australia faring better than the two largest states."

"As the volume of established homes available for purchase and rent remains inadequate to service growing demand, buyers are increasingly returning to the new home market."



## Quote Of The Week

***"As the volume of established homes available for purchase and rent remains inadequate to service growing demand, buyers are increasingly returning to the new home market."***

**HIA Economist, Maurice Tapang**



## Shop For Apartments

Demand for property in Australia's regional centres is tipped to continue as new data reveals the number of people leaving city areas is on the rise. The Regional Australia Institute's (RAI) Regional Movers Index for the September quarter shows more than a third of those moving (35.6%) are going from a capital city to a regional area. RAI CEO Liz Ritchie says few people are moving in the other direction, as strong job markets across regional Australia and affordable property markets make regional living more desirable. She says the population flow into regional Australia is at its highest level since March 2022 and 80% above the pre-COVID-19 average. The top five locations for regional movers from capital cities are the Sunshine Coast, Gold Coast, Greater Geelong, Moorabool and Lake Macquarie. Ritchie says it is important that governments help regional centres cope with the growth. "It's vital this demographic shift is recognised, and regional communities are provided with the infrastructure, services and support they need. As a nation, we must acknowledge that we are in a new era of migration where regional Australia is at the forefront," she says. "Regional Australia is growing, and for that to continue we need adequate foundations. The time to lay them is now."



## Property Confidence Rises

While the long-awaited interest rate cut did not materialise in the second half of 2024, confidence is still rising in the property sector.

The December 2024 Procore/Property Council Industry Sentiment Survey shows industry confidence is up by eight points, even though concerns remain about supply, affordability, and construction challenges. The survey shows South Australia is the most confident state, while confidence has risen in New South Wales and Queensland property markets, followed by Western Australia. Confidence is lowest in Victoria. Property Council Chief Executive Mike Zorbas says property price growth expectations by respondents have soared. However, the survey says housing affordability and supply are the most critical issues facing the property sector.

Zorbas says urgent government intervention is needed to deliver more homes.

"Solving the housing crisis requires action on all fronts – from reducing costs to cutting red tape and fostering greater investment," he says.



## Top Picks For 2025

Property experts have picked the top suburbs to watch in 2025 for the REA Group's Hot 100.

REA Group director of economic research Cameron Kusher says a large number of affordable suburbs are on the list this year. Suburbs are nominated based on growth drivers, including affordability, amenity, family appeal, location, investment prospects, gentrification, population growth, demographic change and infrastructure spending. REA economist Anne Flaherty says despite recent price declines she believes Melbourne is poised for strong future growth. "If you look at the fundamentals of Melbourne's property market, it is forecast to be the strongest growing capital city (for population), it has the most diverse local economy, it attracts very high numbers of international students and international migrants," she says. Among the top 100, the experts picked Mayfield, Enmore and Prestons in New South Wales, Braybrook, Corydon and Geelong West in Victoria and Coomera, Fairfield and Herston in Queensland.

Picks in South Australia include Andrews Farm, Munno Para West and Christie's Beach and in Western Australia, Bassendean, Bayswater, and Scarborough are among the top picks. Flaherty says some on the list are the lesser-known suburbs that may benefit from amenities in neighbouring areas or be starting to see gentrification.