



# The Week In Real Estate

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February 01, 2025



## State Of The States

Western Australia has topped Australia's economic leaderboard for the second quarter in a row, narrowly pipping Queensland and South Australia to the post.

The January 2025 CommSec State of the States report, which analyses the performances of Australia's state economies, says WA remains resilient.

It topped the list for its level of retail spending, unemployment, population growth, housing finance and dwelling starts. Although perhaps in a sign its fortunes may be starting to cool, like its property market, its weakness is its economic growth, where it came second last (to the Northern Territory).

Queensland and South Australia tied for the second spot on the national leaderboard, followed by Victoria, Tasmania, New South Wales, and the Northern Territory. South Australia leads for economic growth, according to the report, with economic activity up 8.4% on the long-term average.

Victoria has the highest level of construction work done in the past quarter, about 16% above the decade average, while, not surprisingly, Western Australia, where properties were selling very quickly at the end of 2024, had the highest level of housing finance commitments and dwelling starts.

## New Rules For Sellers

New rules have come into play for property sellers, and ignoring them may prove costly.

As of the start of the year, all properties sold in Australia are required to get a clearance certificate from the ATO or risk 15% of the sale price being withheld.

Previously, the rule only applied to overseas-based sellers, but it now applies to all Australian residents who own property.

Anyone selling property in Australia must provide the buyer with a clearance certificate confirming their status as an Australian resident for tax purposes at the time of settlement or earlier. It does not apply to sellers who signed contracts before the start of the year but have not yet settled.

Previously, the rules applied to properties valued at \$750,000 but that threshold has now been removed.

It comes at the ATO revealing it is making another push to find landlords who have not declared rental income or are under-estimating their earnings.

It will match bond data to tax returns to see if landlords didn't declare an income from a rental property they've lodged a bond for or if they have potentially misreported income.



## Quote Of The Week

*"If we are going to solve the housing crisis, we need to build more apartments and make them more attractive for people to invest in – only then will we see a lowering of rental inflation and more homes for Aussies."*

Master Builders Australia, CEO Denita Wawn



## Land Prices Rising

Median land prices are rising nationally, with new analysis showing a 7.6% increase in the past 12 months.

HIA economist Maurice Taping says analysis of 52 housing markets across Australia shows the median price of land sold in the September 2024 quarter hit a record high of \$366,510. The price of land in capital city markets drove the increase, up by 9.2% in the past 12 months to \$408,160. "Prices have increased the fastest in areas where either home building activity is beginning to pick up or where the cost of providing the infrastructure for new lots is high," Taping says.

"Brisbane and Perth recorded the strongest growth in their median land prices, up in the past 12 months by 21.2% and 38.6%, respectively." The analysis says that Sydney land prices are up by 7.2%. Taping says as a result of prices rising, buyers are looking at more affordable locations to purchase land, such as growing regional locations or they are reducing costs by buying smaller lots.

"Australia's regions continue to provide better land purchasing opportunities compared to the capital cities, with the median price growing in the year by a slower 2% cent to \$281,910," Taping says.



## Home Building Race

As buyers turn their attention to land, new data from the Australian Bureau of Statistics shows about 45,000 homes were officially completed over the third quarter of 2024. Victoria by far delivered the most new homes, with more than 15,000 finished in the quarter, followed by New South Wales, with 11,220, Queensland (8177), Western Australia (5924), South Australia (3104), ACT (943), Tasmania (704) and the Northern Territory (122). The Property Council of Australia group executive of policy and advocacy, Matthew Kandelaars, says it's important that construction of new housing be ramped up "as quickly as possible". The number of homes completed in the quarter is well below the rate needed to meet the Federal Government's target of 1.2 million new homes in five years. The data also shows that work started on an additional 43,000 properties that were not yet completed at the end of the quarter, which is 13.9% higher than the same time in 2023. Master Builders Australia, CEO, Denita Wawn, says the majority of properties constructed during the quarter are detached houses. She says it's important that the construction of apartment projects also lifts. "If we are going to solve the housing crisis, we need to build more apartments and make them more attractive for people to invest in – only then will we see a lowering of rental inflation and more homes for Aussies," she says.



## Auction Market Returning

Australia's auction market is set to pick up pace again following the Australia Day long weekend and the start of the school year in some states.

Only a small number of auctions are generally held in the weeks between Christmas and the end of January, with the market tending to ramp up the weekend after the Australia Day long weekend. Of the auctions held last weekend, CoreLogic analysed 400 results, and Domain analysed 499.

Both have Adelaide and Melbourne as the top two markets for auction clearances across the weekend.

CoreLogic has Adelaide on top at 76.1%, while Domain places it in second spot with a clearance rate of 61%.

CoreLogic says Melbourne's clearance rate was 61% while Domain has its clearance rate at 63%.

The number of properties scheduled to go under the hammer is expected to rise over the coming weeks, with CoreLogic tracking about 1300 auctions currently scheduled for next weekend.