



The Week In Real Estate

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Vacancies Rising

Australia's extremely tight vacancy rate has eased slightly, with new data now putting it at 1.9%.

Despite the increase, up from 1.8% in October 2024, CoreLogic's Quarterly Rental Review says all capital city markets remain below the 3% vacancy rate which represents a balanced market.

The tightest vacancy rate is 1.1% in Adelaide, followed by Perth, 1.4% and Melbourne, 1.8%. Hobart's vacancy is 1.9%, Brisbane is 2.1%, Sydney is 2.5%, and Darwin is 2.8%. Another source of vacancy rate data, SQM Research, has different numbers, with a national vacancy rate of just 1.4%. CoreLogic research director, Tim Lawless, says demand is falling in some capital cities amid slowing migration levels but he doesn't believe it will ease the high rents many markets have recorded in the past couple of years.

"I'm not expecting a sharp decline in rents nationally due to the underlying undersupply of rental properties," he says.

Lawless expects the return of migration levels to pre-pandemic levels by FY2027, which he says will reduce demand and put downward pressure on rents.

Investors Keen To Buy in 2025

Investors are keener to buy in 2025 than they have been since mid-2022, according to API Magazine's latest Property Sentiment Report.

It says 30% of respondents intend to buy in the next 12 months and the majority (65%) of those are investors.

The report says investors believe 2025 is a good year to build their portfolios, with many turning back to houses as their preferred asset.

"While still some way short of the 45% recorded in Q2 2022, the proportion of buyers looking to purchase a house has risen steadily for six months to 39%," the report says.

More than a third of respondents selected Queensland (34%) as their preferred state for investment in 2025.

Surprisingly, 20% selected Victoria for investment despite new taxes and fees, which have been a deterrent to investors in the past 12 months.

Investors say they are happy if they can achieve a yield of between 4.6% and 5.5%, and the majority (79%) are not willing to lose a good tenant to pursue a higher return.



Quote Of The Week

"At a national level, many homeowners who hadn't moved or upgraded in some time took the opportunity to do so, leveraging the substantial equity gains in their properties over recent years."

PropTrack director of economic research Cameron Kusher



Price Growth Continues

Australia's house prices have chalked up eight consecutive quarters of growth.

Domain's latest House Price Report shows the December quarter results make it the longest period of uninterrupted quarterly growth since between 2012 and 2015. It was also the seventh consecutive quarter of unit price growth.

During the December quarter, Brisbane's median house price breached the \$1 million median mark for the first time, and its unit market hit a new median high of \$633,000.

The report shows the pace of price growth slowed nationally during the December quarter.

With prices in the Perth house market increasing substantially in 2024, buyers began turning to its unit market instead, driving it to achieve the highest unit market growth in the December 2024 quarter of 5.4%. Buyers seeking affordability drove up median unit prices in all capital cities, with Darwin up by 4.4%, Melbourne 2.1%, Brisbane 1.8%, Hobart 1.5%, Adelaide 0.6% and Sydney 0.4%.



Where Listings Are Lifting

Listings are starting to lift with some locations now at higher levels since the start of the pandemic, according to PropTrack analysis. Its latest listings report says there is a 7.9% increase nationally in listings between 2023 and 2024 – the strongest year since 2021. PropTrack director of economic research Cameron Kusher says the lift is fuelled by a few factors, including that sellers are taking advantage of the strong price gains they have made in recent years.

“At a national level, many homeowners who hadn't moved or upgraded in some time took the opportunity to do so, leveraging the substantial equity gains in their properties over recent years,” Kusher says.

Year on year, Kusher says total listings are up by 6.7% across the combined capital cities and 4.7% across the combined regional centres.

“Capital city prices have increased substantially, making them less accessible for many buyers – in contrast, regional markets remain relatively affordable, which has kept demand metrics stronger there,” Kusher says.



Fixed Rate Drop Begins

The first of Australia's big banks has moved to drop fixed interest rates a month ahead of the Reserve Bank of Australia's first meeting of 2025.

This week Macquarie Bank dropped its one-year fixed rate from 5.85% to 5.69%. Both of its two-year and three-year fixed rates have been dropped at the same time by 14 basis points. The RBA meets for the first time in 2025 on February 18.

Canstar data insights director, Sally Tindall, says the drop may “ignite” further competition in the fixed-rate market.

“The fixed-rate market has been relatively quiet over the summer break, with more lenders hiking these rates in the month of December than cutting,” she says.

“However, this move from Macquarie could push other lenders into taking a look at the competitiveness of their fixed rates in the lead-up to the RBA's next meeting.” The Commonwealth Bank has the highest one-year fixed term rate of 6.39%, followed by NAB, 6.29%, ANZ, 6.14% and Westpac, 6.09%.