



The Week In Real Estate

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Where Everyone Is Moving To

Australia's regional cities continue to appeal to capital city dwellers with migration from cities to the regions outpacing movements in the reverse direction.

The latest Regional Movers Index shows 32.2% more people are moving from capital cities to regional areas than back in the opposite direction.

Migration from regional areas to the capitals, accounts for an 8.6% of moves which is the second-lowest share of regional-to-capital migration since COVID lockdowns were lifted three years ago.

City dwellers are increasingly flocking to regional New South Wales and Victoria, with the two states accounting for 71% of all net regional inflows in the December quarter of 2024 (up from 66% at the same time in 2023.)

The Sunshine Coast retained its position as the most popular regional destination for city movers for the ninth consecutive quarter, although that has been gradually declining.

Lake Macquarie was the second most popular destination, followed by Greater Geelong, Moorabool and Maitland.

Most Affordable Land

Land prices are continuing to rise throughout Australia with Adelaide now recording the most affordable capital city land in Australia.

The median land lot price in Adelaide is \$307,000 according to the Urban Development Institute of Australia's annual State of the Land Report.

Perth is \$329,000, Melbourne, \$403,000, South-east Queensland \$417,000, ACT \$651,750 and Sydney is the most expensive at \$666,667.

UDIA National President, Col Dutton, says while there are some positive signs of improved supply in the land market, the apartment and multi-unit sector continues to have record low levels of output, which is weighing heavily on dwelling production.

"Housing supply shortages are set to continue due to elevated (and still growing) material input costs, labour shortages, combined with high inflation leading to cost of living pressures and interest rate rises," he says.

"Across the past two decades, Australia has significantly under delivered new dwelling supply across the nation. This undersupply has contributed to the ongoing erosion of housing affordability and has driven down home-ownership rates and led to increasing household indebtedness."



Quote Of The Week

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UDIA National President, Col Dutton



Housing Pain And Gain

Solid price growth throughout 2024 means the majority of people selling are achieving nominal profits.

The latest CoreLogic Pain and Gain report shows that in the December quarter of 2024, there were 95,300 home resales and 94.8% of sellers made a nominal profit, with the median profit a record \$306,000.

The number of sellers achieving a profit dropped slightly from the previous quarter result of 95.1% but gross profits from resales in the December quarter are estimated to be \$35.6 billion - up from \$35 billion in the previous quarter.

Sellers who made a loss usually held the property for a shorter period of time than those making a profit. The median hold period for a profit-making sale was 9.3 years and 7.6 years for those that made a loss.

Brisbane had the highest level of profit making sales, 99.6%, followed by Adelaide, 99.1%, Perth 97.4%, Hobart, 94.7%, ACT, 93.3%, Sydney, 92.5%, Melbourne 89.2% and Darwin, 71.7%.



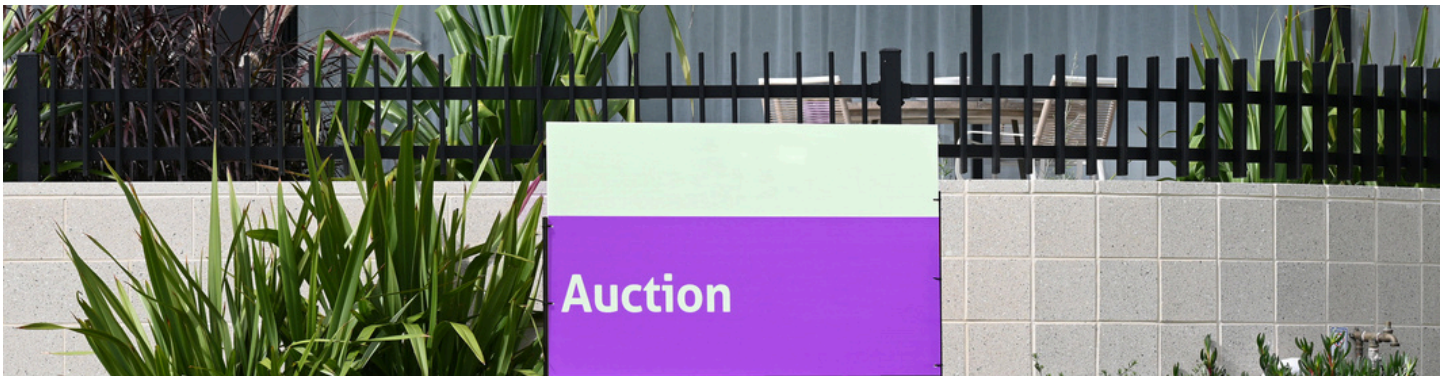
Student Accommodation Surge

The growth of Australia's student accommodation sector could help ease the crisis in Australia's suburban rental market.

An additional 5,605 beds have been added since the start of 2024, bringing the total pipeline of student-only beds to 35,605 with much of that based in Melbourne, Brisbane and Sydney. The Urbis Student Accommodation Benchmark report says there are more than 11,100 student housing beds under construction, and a further 14,938 beds approved for development. Melbourne has a student accommodation pipeline of 8,875 beds, Brisbane, 7118, Sydney 6849, Perth 5354 and Adelaide 3121. Student Accommodation Council executive director Torie Brown says investor confidence remains strong in student accommodation.

"The need for more dedicated purpose-built student (PBSA) accommodation is clear, and the investor fundamentals in Australia are strong," Brown says.

"The easiest way to increase housing for students and to reduce their demand on the private rental market is to work with the sector to increase PBSA development."



Auction Activity

Almost 2500 homes were offered for auction throughout Australia's capital cities last week, with a further 2000 to go under the hammer this coming weekend.

The combined capital city clearance rate came in at 68.7% last week, with Melbourne achieving the highest clearance rate of 70.6%. Sydney was 69.1%, Brisbane, 61.5% and Adelaide, 60.8%.

The results come as property listings continue to rise. REA Group figures show new listings rose by 16.4% in the past month although they remain 7.9% lower than at the same time last year.

Month-on-month new listings are up in all capital cities, while year-on-year new listings are only up in Brisbane and Adelaide. PropTrack senior economist Eleanor Creagh says both the combined capital cities (-7.0%) and combined regional markets (-9.5%) recorded fewer new listings compared to the same time last year.

New listings in Sydney (-7.3%) and Melbourne (-15.1%) are lower than at this time last year, while Adelaide is up 7.1% and Brisbane is up 4%.