



# The Week In Real Estate

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## Unit Rents Outpace Houses

Rental growth for houses in Australia's capital cities has finally reached a plateau.

For the first time since 2019, combined-capital house rents remain unchanged for three consecutive quarters, according to the latest Domain Rent Report. Domain Chief of Research and Economics Dr Nicola Powell says house markets have reached an affordability ceiling. But it's a different story in the unit market, where rent growth is continuing.

Unit rent growth outpaced house rent growth in Sydney, Melbourne, Brisbane, Canberra and Hobart over the March quarter. Although the pace of growth is easing, house and unit rents are at record highs across all capital cities.

Powell says in the house market, annual growth has slowed to its lowest point in nearly five years in Sydney and Perth, just over four years in Brisbane and Adelaide and just over three years in Melbourne.

In the unit market, Perth recorded its slowest March quarter since 2018, Adelaide since 2019, Sydney since 2021, and Melbourne and Brisbane since 2022.

Hobart and Darwin had their strongest March quarter since 2022.

## Board Payments To Count

Banks will now allow home buyers to increase their borrowing capacity by taking into account the income they can earn by renting out a room to a relative or friend.

Previously, banks would not take this income into account, but the Commonwealth Bank has announced it now will.

A spokesperson says it can factor in "boarder income" - up to a maximum of one boarder and \$150 per week - when assessing a customer's ability to service their loan.

The policy change is not available for investors.

It is expected to particularly help first-home buyers enter the market by improving their borrowing capacity and increasing their ability to service the loan.

It may allow buyers to borrow up to \$50,000 more and it is hoped it will increase the number of rooms for rent.

Customers with guarantor support, claiming the First Homeowner Grants, or taking part in a Home Guarantee Scheme are also eligible.



## Quote Of The Week

*"Regional markets seem to be benefitting from a second wind of internal migration, along with an affordability advantage in some markets, and what looks to be some permanency in hybrid working arrangements across some occupations and industries."*

CoreLogic Research Director, Tim Lawless



## Double-Digit Growth In The Regions

Australia's smaller capital cities and regional areas are continuing to outperform, with new figures showing double-digit price growth across many markets. The top ten regional markets have outperformed the capital city markets in the 12 months to April 2025, according to CoreLogic data. While the Western Australia statistical area, Midwest, tops the list with 25.4% dwelling growth, a further eight locations in the top ten are in regional Queensland. The best Queensland performer for dwelling price growth is Townsville, up by 23.5%, followed by Gladstone, 22.2% and the Central Highlands, up 21.8%. Despite price growth easing in Perth markets, it still has seven locations in the top ten capital city statistical areas for dwelling price growth. Swan leads the list with 16.8% growth, followed by Mundaring, which is up 15.7%. Adelaide's Playford and Mitcham statistical areas both recorded dwelling growth of 13% and the Beenleigh area in Greater Brisbane is also in the top ten for growth of 13.8%. CoreLogic Research Director, Tim Lawless, says regional markets are continuing to benefit from working from home arrangements. "Regional markets seem to be benefitting from a second wind of internal migration, along with an affordability advantage in some markets, and what looks to be some permanency in hybrid working arrangements across some occupations and industries," he says.



## New Unit Prices Jump

Off-the-plan unit prices have jumped by a record 24% on the back of rising material costs and labour shortages.

The increase has pushed the average cost of a new unit to \$19,000 per square metre, which Urbis says is the biggest increase it has recorded in a decade.

The average price of presales and under-construction projects across Sydney, Melbourne, Brisbane, Perth and Gold Coast is now up by 34% year-on-year.

Urbis says the unit market in Brisbane in particular, is strong, with off-the-plan prices up 33% in the December 2024 quarter to \$23,000 per square metre. Australian Bureau of Statistics figures show approvals for apartments, townhouses and semi-detached homes increased 7.5% in the 12 months to February.

Urbis director, Mark Dawson, says more than half (55%) of off-the-plan sales are now to owner-occupiers compared with 43% in 2018. While the proportion of foreign buyers of units dropped to 8% in 2024, Urbis says local (living in same state) investors account for 24% of purchases and interstate investors account for about 13% of sales.



## Cranes Dot Skyline

The number of cranes across Australian city skylines indicates that the construction sector is still performing well, according to the latest Rider Levett Bucknall Crane Index.

In the first quarter of 2025, it identified 840 cranes in operation. Rider Levett Bucknall, Oceania Director of Research and Development, Ewen McDonald, says for the past six quarters there has consistently been more than 800 cranes in operation. While it considers the number of cranes in operation to be strong, it is down from the record high of 882 cranes recorded 18 months ago. Sydney has the largest number of cranes in operation, 373, followed by 199 in Melbourne, 65 in Brisbane, and 59 on the Gold Coast. Perth has 41 cranes in operation, Canberra, 22, Adelaide, 19 and Darwin, 2.

"The increase in crane activity aligns with broader construction growth across Australia. According to the Australian Bureau of Statistics, total construction activity in 2024 rose by 2.7%, or \$7.6 billion, compared to 2023," Ewan says.

"Residential construction saw a 2.7% increase, while non-residential construction experienced a slight decline. The civil engineering sector, however, showed robust growth with a 5.8% increase."