



Australian Property Update

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Terry's View: Population Growth Stars

Population growth is not the most important factor in real estate, but it is a major metric worth considering. Where population levels grow, inevitably demand for property grows, which can lead to price growth.

Percentage-wise, Western Australia and Queensland are the leaders for population growth in Australia, but in terms of pure numbers of new residents, it is Victoria that leads the pack.

The latest insights from the demographic data platform, Informed Decisions, in the year to March 2025, an additional 125,000 residents moved to Victoria.

Most of that growth came from overseas migration, which was responsible for 93,000 new residents. It wasn't all one-way traffic; the state did lose some residents to other states. NSW at the same time gained 102,000 new residents, 97,000 of them from overseas.

Despite these big numbers, Queensland and Western Australia remain the fastest growing states, with population growth of 1.8% and 2.3% respectively - above the national average of 1.6%. Both enjoyed substantial uplift from overseas migrants, but were also the two states to grow substantially from internal migration, particularly Queensland.

Every state and territory increased by at least 1.1% during the year, with the exception of Tasmania, which rose just 0.2%.

Australia's population is 27.54 million - up by 423,357 over the year.

Cranes Show Construction Strong

Australia's construction industry is still going strong, according to the latest Rider Levett Bucknall Crane Index, which shows an increase in the number of cranes on work sites throughout the country.

The Q3 2025 index shows 845 cranes are operating on construction sites, with more than half, 498, on residential projects. This is an increase from the first quarter of the year, when there were 484 cranes working on residential projects.

Residential construction now accounts for 58.9% of all crane activity. Other construction sectors recording increases in crane numbers include mixed-use developments (up from 103 to 108 cranes) and data centres (up from 29 to 32 cranes).

Sydney leads Australia for crane activity with 370 operating across its skyline, followed by Melbourne with 199, Brisbane, 73, Perth, 39, Adelaide, 26, Canberra, 12 and Darwin, 4. The data also shows high levels of construction in major regional areas, particularly coastal locations.

The Gold Coast has 67 cranes operating, up from 59 at the start of the year; the Sunshine Coast has 13, Wollongong has 29, Newcastle has 9 and the Central Coast has 13. RLB research director Oliver Nichols says construction activity remains steady across Australia, with crane levels above the long-term average.

"Despite the overall drop in crane numbers from a year ago, the crane index metrics, together with the construction work data, and approvals point to a sector that remains stable while reallocating resources," he says. Australian Bureau of Statistics June quarter data shows total construction activity is up by 3%.





Wealth Up, CPI Down, Rates Steady

Three different pieces of important financial data have been released in the past week, which show the broader impact property has on the Australian economy.

Firstly, Australian Bureau of Statistics data (ABS) shows household wealth is increasing in Australia, rising 2.7% in the June quarter. Total household wealth has now hit \$470.1 billion - driven by strong growth in residential property values and superannuation balances. The value of property rose 1.9% or by \$205.2 billion.

Secondly, the latest ABS Consumer Price Index out this week shows that CPI hit 3% growth in August, up from 2.8% in July.

ABS head of prices statistics, Michelle Marquardt, says the main contributors to the increase are housing and health costs. The growth in housing costs was driven by increases in electricity. And thirdly, the Reserve Bank of Australia Board met this week and decided to keep interest rates on hold at 3.6%.

The unanimous decision says that while the housing market is strengthening - a sign that recent interest rate decreases are having an effect - recent data suggests that inflation in the upcoming September quarter may be higher than expected.

It says financial conditions have eased since the beginning of the year, which is having some impact, but it will take some time to see the full effects of earlier rate reductions.



More Help For FHBs

More Australian First Home Buyers (FHB) are eligible for help to get into the market with the Home Guarantee Scheme broadening its reach. Significant changes were introduced to the Federal Government scheme this week, which aim to help FHBs get into the market with a smaller deposit.

The scheme was originally launched in 2020, allowing FHBs to purchase with a deposit as low as 5% and avoid paying lenders' mortgage insurance (LMI).

The Federal Government acts as a guarantor for the remainder of the deposit, which is normally 20%. Until now, there have been caps on how many buyers could apply to use the scheme.

From October 1, those caps have been lifted with the scheme now available to all eligible owner-occupiers who have not owned property in the past ten years. Income caps will also be removed and property value thresholds also lifted significantly.

Canstar data insights director, Sally Tindall, says while the scheme will allow more buyers to enter the property market sooner, it's vital they understand what they are signing up for when they purchase with just a 5% deposit.

She says while they will no longer have to pay expensive Lenders Mortgage Insurance, a smaller deposit typically means a bigger loan, higher monthly repayments and potentially a higher interest rate.



Energy Efficiency Tops Buyer's List

New research shows that property buyers are prepared to pay a premium for homes with energy-saving features. Cotality's Watt's it Worth report shows buyers are willing to pay a premium of about 2.7% to secure a home with solar power. Based on the national median house price, this translates to an additional \$23,100.

The report says each additional star in the National House Energy Rating Scheme (NatHERS Star) can also add 1.3% or about \$10,560 to the value of a house. In Hobart, solar could add an estimated 5.4% to the median house value, Brisbane, 3.3%, Darwin and Melbourne, 2.8%, Perth and ACT, 2.1%, Adelaide, 1.7% and Sydney, 1.6%.

Cotality Senior Director, Banking and Finance, Tom Coad says the report highlights that energy performance is becoming an increasingly important lens through which Australia's homes should be appraised, financed, and upgraded.

"Australia's housing market is at an inflection point where energy performance, once peripheral to value, is increasingly becoming a consideration in how homes are compared, bought, managed, financed, insured, improved and regulated," he says. The report says improving a property with energy efficiency features is increasingly linked to capital growth and protection from rising energy and retrofit costs."