



Fuel Shortage Blows Out Construction Costs

It's not just fuel that could be in short supply if the war in the Middle East is prolonged, with the building industry warning that it could result in shortages of construction materials and price hikes.

Builders are already looking for alternative routes for products out of Europe, according to Master Builders CEO Denita Wawn.

"In one instance, we've heard of a tenfold increase in the freight costs between shipping and air freight," she says.

"It makes the feasibility of any construction project more challenging right now."

Wawn says builders with fixed-price contracts will have to absorb extra costs.

The cost of building rose by 35.4% between the end of 2019 and the start of 2026, according to the Cordell Construction Cost Index.

Cotality's head of research, Gerard Burg, says the next index update in April will show a "relatively significant" price hike in construction costs.

He says the ongoing fuel shortage could impact the ability to move building materials around Australia.

Cheaper Rents Harder To Find

Cheaper rents are nearly impossible to find, with new data showing rental affordability has hit its lowest levels since 2008.

The only glimmer of hope, according to the realestate.com.au Rental Affordability Index, is in Victoria, where rental affordability improved slightly in the past 12 months.

Rea Group senior economist Angus Moore says rent growth, while still solid, has slowed from the peaks experienced in 2022 and 2023 – but affordability will remain very challenging in the year ahead.

The report measures the share of rental properties that a typical household income (\$124,000) can afford. It shows that nationally a typical household income can afford just 37% of rental properties.

In New South Wales, that is 25% of rental properties, Western Australia is 24%, Queensland is 29%, and Victoria is 63%.

Both South Australia and Tasmania are the tightest markets where a typical income can afford only 19% of rental properties.

Moore says rents in Perth have nearly doubled since the start of the pandemic and in Adelaide have increased 60%.



Quote Of The Week

"For housing, there is still plenty of demand side pressure coming through, running up against ongoing supply side challenges."

Cotality head of research, Tim Lawless





Blink and You'll Miss Out Suburbs

Despite doomsday predictions that rising interest rates will slow down property sales, new data shows many suburbs where properties are changing hands within less than two weeks.

PropTrack data shows that strong buyer demand, combined with limited housing supply, is driving faster sales in many areas, which could lead to further price growth.

The fastest-selling suburb nationally is Carrum Downs in Melbourne's outer south east, where a typical house sells in 11 days.

The median house price in Carrum Downs rose almost 12% in the past 12 months to \$787,500, at about three times the pace of price growth of Greater Melbourne.

Adelaide's fastest-selling suburbs are Bridgewater (16 days) and Crafers (14 days). Brisbane's fastest-selling suburbs are Zillmere (15 days) and Chermside West (19 days). Sydney's fastest-selling suburbs are Naremburn (18 days) and Clovelly (19 days).

Perth's fastest-selling suburbs are Woodvale (13 days) and Edgewater (18 days). On a capital city basis, houses sell fastest in Adelaide (22 days) and take the longest in Hobart (36 days).



Population Growth Equal Housing Demand

While Australia's population growth has slowed, it's still high enough to have an impact on housing demand.

Australian Bureau of Statistics figures show that Australia's population grew by 1.6% in the year ending September 2025 to reach 27.7 million – 423,600 higher than a year earlier.

Cotality head of research, Tim Lawless, says that the growth is 12% above the decade average but 36% down on the post-COVID high.

Western Australia had the highest population growth over the 12 months of 2.2%, followed by Victoria and Queensland, which are both up by 1.7%.

Lawless says the current levels of population growth are continuing to put pressure on the housing market.

"For housing, there is still plenty of demand side pressure coming through, running up against ongoing supply side challenges," he says.

"While the housing headwinds are mounting – think affordability and serviceability challenges, cost of living pressures and higher interest rates – the ongoing demand-supply mismatch should help to keep a floor under housing prices."



Property Profits on the Rise

Property owners are continuing to overwhelmingly secure nominal profits, according to the latest Domain Profit and Loss Report, with sellers in Brisbane and Perth leading the charge. In the 12 months to December 2025, 97.5% of house resales and 88.3% of unit resales achieved a profit, with a median profit of \$440,000 for houses and \$228,000 for units.

Almost all sales in Perth and Brisbane (99.5%) were for a profit, although it is Sydney where sellers achieved the highest median profit of \$750,000. Canberra had the largest share of loss-making sales of 6.9% with a median loss of \$68,500. The report says Sydney, Brisbane, Adelaide and Perth markets now have record levels of markets achieving house profits.

In the unit market, Brisbane has the highest level of profit-making sales – 99.1%, followed by Perth, 96.8% and Adelaide, 96.6%. Darwin has the lowest level of profit-making unit sales (72%). Brisbane unit sellers achieved the highest median profit of \$325,000.