

Mitchells Realty

Australian Property Update



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Terry's View: Skilled Migrants In Demand

Overseas migration numbers have been front and centre of political debate recently with a call for reduced numbers and the intake to be more targeted. Change to migration levels have a huge impact on residential real estate. More people lead to more demand for housing and in recent years the rate of creation of new dwellings has not kept pace with the demand created by new population.

Once we got through the Covid years, there was (from 2022) a massive increase in the nation's population, despite a gradual falloff in natural increase. Overseas migrant numbers rose to unprecedented levels – and for two years the national population grew by more than 600,000 on average.

The creation of new dwellings has not kept pace with this above-normal level of population growth – and that is reflected in the level of rental vacancies. The national vacancy rate, according to SQM Research, is 1.3% - and has been stuck below 1.5% since 2021. Those levels are extremely tight and mean many locations have very few vacant properties available for renters.

Despite this housing issue, the reality is that Australia needs migration. Those who are calling for zero migration have not considered the other problems which would result if migration was completely cut off. Without migrants, many industries in Australia would not be able to find the workers they need, ranging from aged care workers, to doctors to tradies.

Without more tradespeople, Australia can't build the houses needed to turn around the national housing crisis. Australia needs migrants – but fewer than in the past couple of years and also more targeted selections to those who can provide what the nation needs to fix the housing crisis.



Terry Ryder

Australia's Leading Independent
Property Analyst

Profit Making Dominates Despite Easing

While price growth may have eased in recent months, new analysis shows the vast majority of sellers are still achieving a nominal profit. Cotality's latest Pain and Gain Report shows that 95.4% of sales during the June quarter achieved a profit compared with 96.1% in the previous quarter.

Brisbane remains in top spot in terms of profit-making sales with 99.8% of sales at a profit, followed by Adelaide (98.9%), Perth (98.8%), Hobart (97.6%) and Sydney (92.7%).

Melbourne's level of profitability is the lowest of Australia's capital cities at 89%. Nationally the median profit for sellers was \$371,000 for sales during the quarter, with Brisbane the highest profit of \$525,000.

Regional Australia outperformed capital city Australian in terms of profits in the quarter and house markets outperformed unit markets. Cotality Head of Research Gerard Burg says the results show just how much equity owners have built over the past five years.

The median hold time for a profit-making resale is 9.1 years nationally, compared with 8.1 years for a loss-making sale.

"Owners who have held their property for nine or 10 years have generally experienced several periods of value growth, giving them a much larger equity buffer when market conditions weaken," Burg says.

"Recent buyers have had much less time to accumulate those gains and are therefore more exposed when values fall, particularly if they bought close to a market peak."

Despite the slight easing in the past quarter Burg says profitability is still exceptionally high by historical standards.

"But we are starting to see the impact of weaker housing market conditions flow through to resale outcomes," he says.

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Tradie Shortage Threatens Targets

Australia cannot overcome its housing shortage problems without thousands of more skilled tradespeople.

According to the Housing Industry Association (HIA), there is an 83,000 shortage of skilled workers across the residential construction industry.

It warns without a massive increase in the workforce the housing crisis will continue. HIA Managing Director Jocelyn Martin says every housing target ultimately depends on having enough qualified people to do the work

“Tradies build our homes, maintain our communities and help Australians recover after natural disasters, yet the industry is facing significant workforce shortages at a time when demand for housing continues to grow,” she says.

The residential building sector is competing for workers with major infrastructure, renewable energy, technology and digital economy projects.

The HIA says the lack of skilled workers is a major constraint on residential construction, slowing the delivery of new homes, increasing construction costs and making improvements to housing affordability more difficult.

Martin says Australia must increase the number of people entering trades, improve apprenticeship completion rates and support the businesses that are training new workers.

“The solution is not moving workers from one sector to another. It is increasing the number of skilled people entering and completing trade careers,” she says.



A Super Boost to Household Wealth

Record superannuation holdings are picking up the slack from the residential property market, driving big increases in Australia’s level of household wealth.

New Australian Bureau of Statistics data shows that Australian household wealth reached a record \$19.39 trillion in the June 2026 quarter with superannuation investment making up a record \$4.7 trillion of that.

Residential property still remains that largest component of household wealth despite land and dwelling values recording a quarterly decline of 0.2%.

During the quarter superannuation assets increased by 5.2%.

Australian households hold \$12.90 trillion in residential property assets (67% of total wealth).

Our bank accounts are also flush despite cost-of-living pressures with \$2 trillion held in cash and deposits.

ABS head of finance statistics, Dr Mish Tan, says the fall in the contribution to household wealth by residential land and dwellings is a result in lower property prices.

“The mean dwelling price fell by 0.7% with falls seen across New South Wales, Victoria and the Australian Capital Territory,” she says.

The ABS data shows a seasonal rise in new loans for housing during the quarter, driven by both owner occupiers and investors.

Households borrowed \$70.7 billion in long-term loans and \$1.9 billion in short-term loans.



Rates Rise As Predicted

The Reserve Bank of Australia (RBA) has increased interest rates to their highest level in 15 years. Declaring that inflation remains elevated, it increased the rate by 25 basis points to 4.6%. According to the RBA the conflict in the Middle East has broadened and global energy prices are now much higher than had been assumed in the August forecasts, resulting in higher inflation.

It says even though the economy does appear to be slowing, inflation is still too high. “The Board will continue to do what it considers necessary to bring inflation sustainably back to target, including increasing the cash rate target further if needed,” it says.

A rise in interest rates had appeared a near certainty when the consumer price index (CPI) rose 3.5% in the 12 months to July 2026 and August unemployment figures came in at 4.6% - the highest level in almost five years. A 25-basis point increase in interest rates can reduce borrowing capacity by about \$11,200, based on Australia’s average full-time income.

It is the fourth rate rise in 2026. The RBA will next meet again on November 3, 2026. Commonwealth Bank head of Australian economics Belinda Allen says the increase adds roughly \$91 per month to repayments on a \$600,000 variable-rate loan with 25 years remaining.