

Price growth showing greater variability. Rental uplift slowing despite undersupply.

▲ +1.9%

Median house value
(Combined capitals June q-o-q)

▲ +1.7%

Median unit value
(Combined capitals June q-o-q)

▲ +3.7%

Owner-occupier lending
(rolling annual to June)

▲ 17.5%

Investor lending
(rolling annual to June)

▼ -1.3%

House approvals
(rolling annual to June)

▼ -17.8%

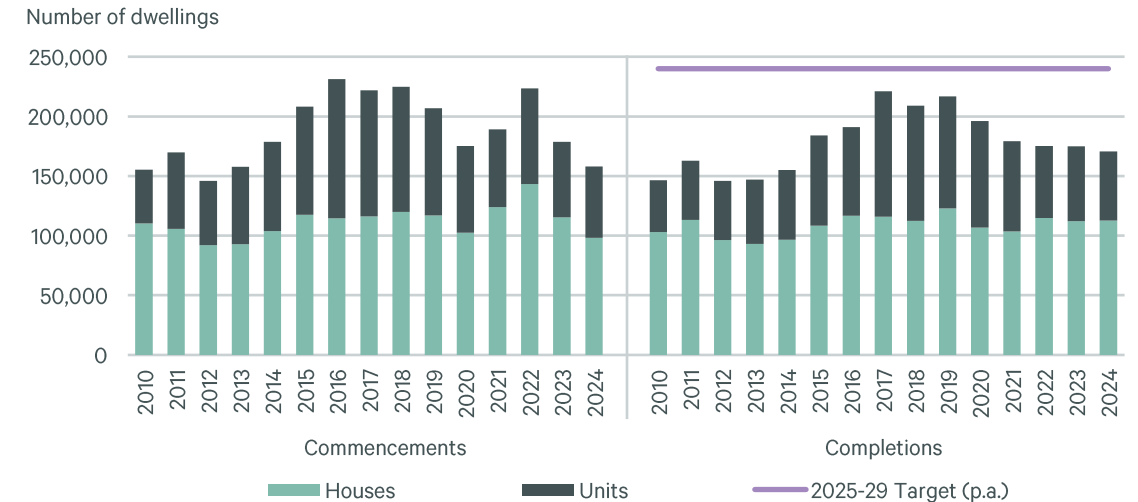
'Other' approvals
(rolling annual to June)

Note: Arrows indicate annual change.

Key Points

- Pricing trends are showing diversity. Sydney's growth pace has decelerated. Melbourne's house values are on a downward trajectory, with unit values flat. Performance in Canberra is patchy. Brisbane, Perth, and Adelaide, by contrast, continue to experience robust and rapid growth.
- National vacancy stood at 1.3% in June, highlighting the critical scarcity of rental properties. Vacancy is expected to remain tight over the medium-term with high borrowing and construction costs, rising property taxes, and protracted planning processes impeding investment and development. An easing in overseas migration will likely lower demand pressures a little.
- New supply, particularly higher density, is retreating, with national commencements to March 2024 trending at its lowest level since 2012 and completions at its lowest level since 2014. This suggests the aspirational 1.2 million new homes target over the five years to FY29 won't be met without a significant uplift in activity. The equivalent average annual target of 240,000 has never been reached, with a deficit of at least 250,000 homes possible by the end of the period.
- CBRE's Q2 2024 Residential Valuer Insights survey showed valuers were becoming more cautious about future demand and availability. 41% of valuers anticipated an increase in local market demand, whilst half predict stability. Similarly, 45% foresaw a listings increase, with an equal percentage expecting no change. Adelaide, Perth, and Brisbane are the markets most expected to face undersupply.

FIGURE 1: Dwelling commencements and completions (rolling annual to March), Australia



Source: Australian Bureau of Statistics; CBRE Research

Further price growth anticipated amid strong demand in Q2. Valuers are more cautious around future demand and supply expectations.

CBRE’s Quarterly Residential Valuations Property Market survey provides a unique perspective of market conditions across Australia’s major residential markets derived from up-to-the-minute, on-the-ground evidence.

The Q2 2024 survey confirmed strong demand conditions have continued, with thirteen times as many valuers seeing ‘strong’ to ‘very strong’ demand compared to ‘soft’ or ‘very limited’ demand.

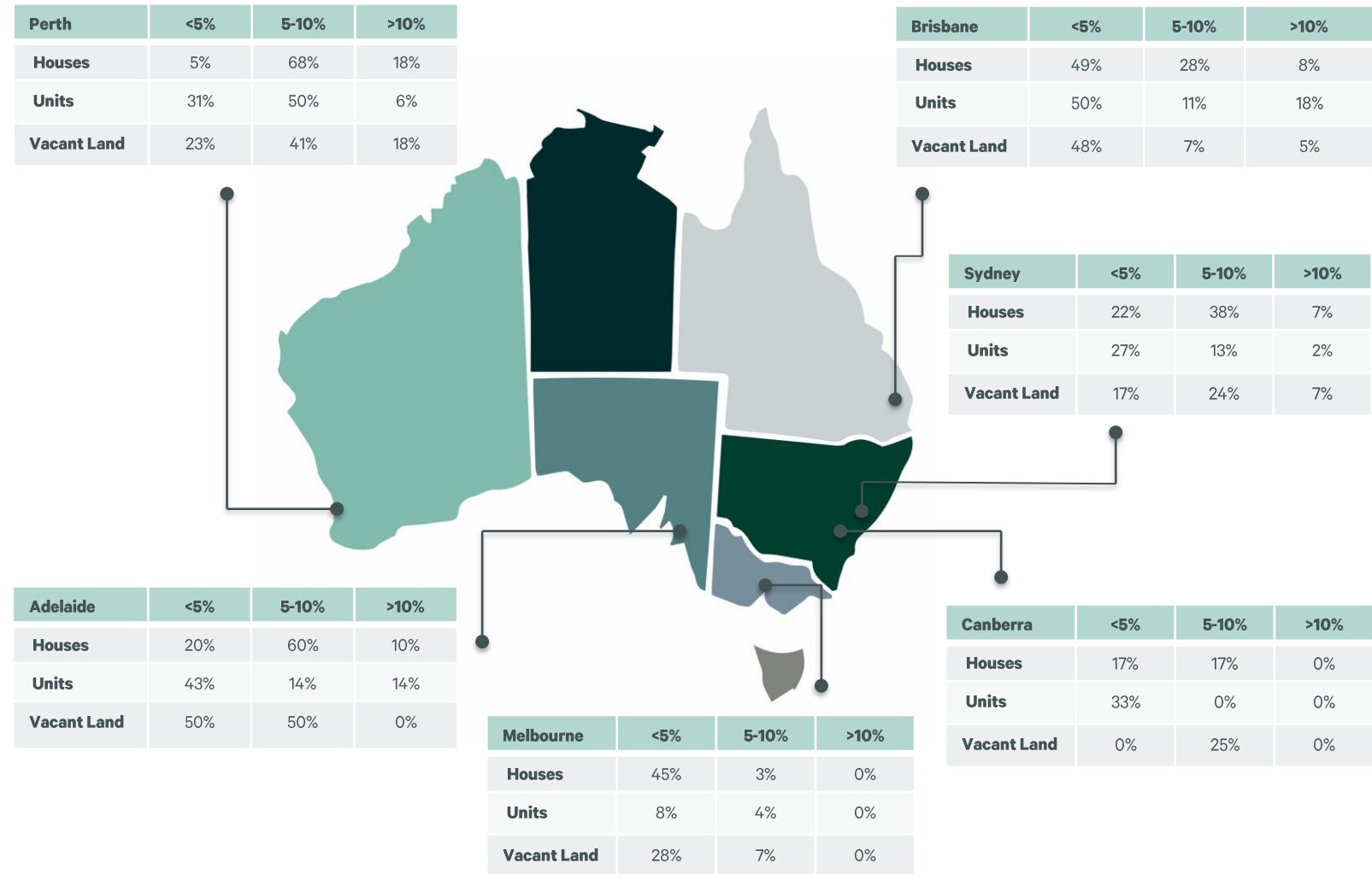
Demand to purchase is particularly strong in Perth, Adelaide, and the Gold and Sunshine Coasts. By contrast, softer demand is evident in Tasmania, Melbourne Outer Metro, and ACT. This quarter, valuers were more cautious about demand expectations for the next 12 months. Forty-five percent of valuers anticipate demand to grow in their local markets (57% in Q1 2024).

As in the previous quarter, valuers see demand as being strongest for houses and recently renovated properties. Softer conditions prevail for unrenovated properties and vacant land. The most active buyer types were reported as first home buyers and local investors. Upgraders and down-sizers are also active, while developers are less active.

In Q2 2024, 70% of valuers expect house values to increase in the next 12 months (78% in Q1 2024), with growth most expected in Perth, Adelaide, and Sydney Metro. This quarter, more valuers expect apartment value and vacant land value growth. Fifty-two percent of valuers expect apartment prices to grow, particularly in Perth, Brisbane Metro, and Adelaide. Fifty-seven percent of valuers expect vacant land values to increase, with the highest growth expected Perth, Adelaide, and Sydney Metro.

Valuers were more cautious on supply expectations (listings) for the next 12 months. Forty-six percent of valuers anticipate an increase in stock available (58% in Q1 2024).

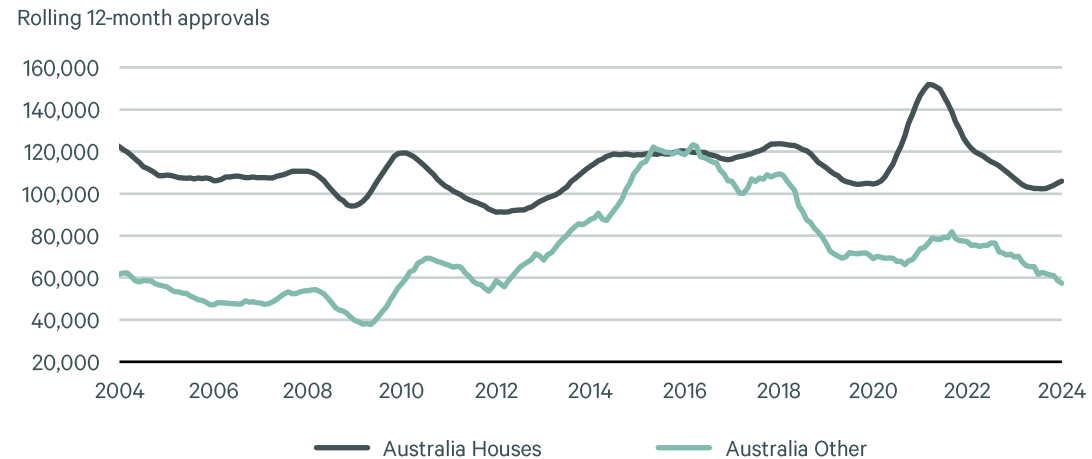
FIGURE 2: A closer look at responses indicating that house and unit values are expected to **increase** in the next 12 months, Q2 2024



Note: Respondents could select from 7 options ranging from "decrease by more than 10%" to "increase by more than 10%". This chart focuses on the percentage of total respondents who chose any of the three increase options.

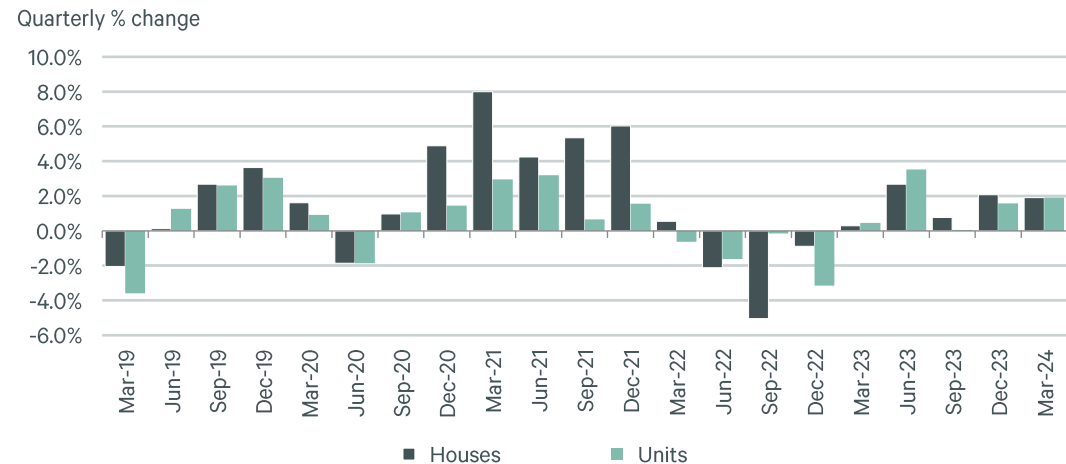
Source: CBRE

FIGURE 3: Residential building approvals, Australia (rolling annual)



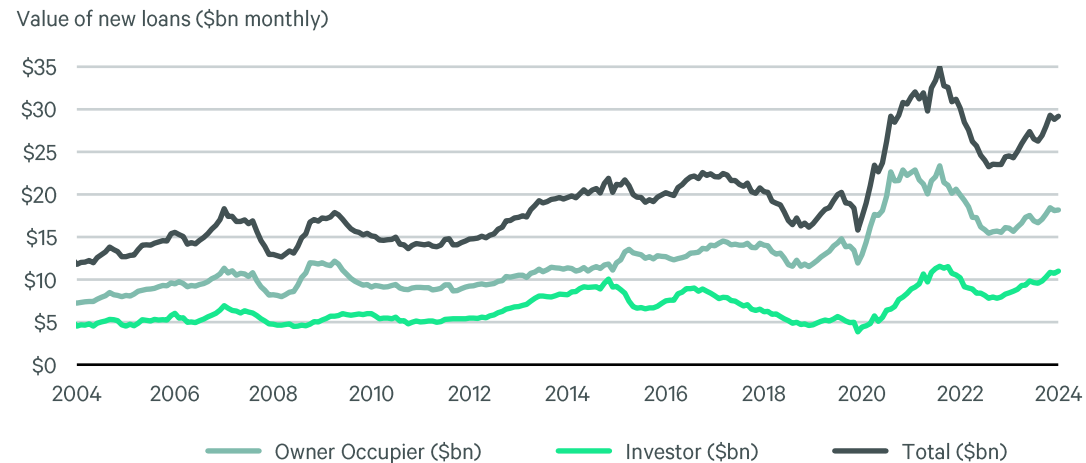
Source: Australian Bureau of Statistics

FIGURE 5: Australian residential prices (quarterly % change)



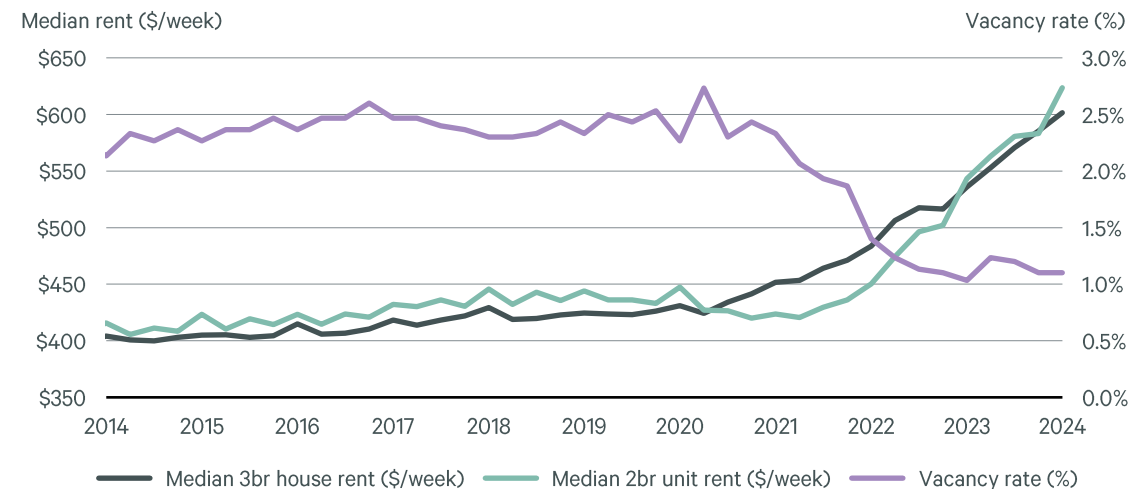
Source: Real Estate Institute of Australia

FIGURE 4: Residential lending (excluding refinancing), Australia



Source: Australian Bureau of Statistics

FIGURE 6: Australian median rent and vacancy rate



Source: Real Estate institute of Australia; SQM Research

SYDNEY

Residential values in Sydney continue to push higher in 2024, although the pace of growth has slowed. CoreLogic data to June, was showing:

- the median house value at \$1.467 million, up 1.1% q-o-q and 6.8% higher y-o-y; and
- the median unit value at \$855,500, also up 1.1% in the quarter and 5.0% higher y-o-y.

The spread between median house and unit values remains at near record levels. As confirmed by the CBRE valuers survey, units are in high demand. This is mostly due to the significant price difference, attracting first-time home buyers who find freestanding dwellings unaffordable, and premium-end downsizers. Sydney also continues to be the most expensive market in Australia, with the gap to Melbourne values widening as that market struggles in the current cycle. The smaller capitals (Brisbane, Perth, and Adelaide), however, have seen growth over the past year outstrip Sydney, eroding some of their affordability advantage.

It is not a surprise that growth has eased given the scale of increase that occurred in 2023, particularly with borrowing capacity reduced and economic conditions softening. Stock on the market has also increased in 2024, providing buyers with greater choice. With inflation likely to remain above the RBA target level for longer, and the potential for interest rate cuts to be delayed into 2025, sentiment may soften over the second half of the year, suggesting further slowing in value gains is likely.

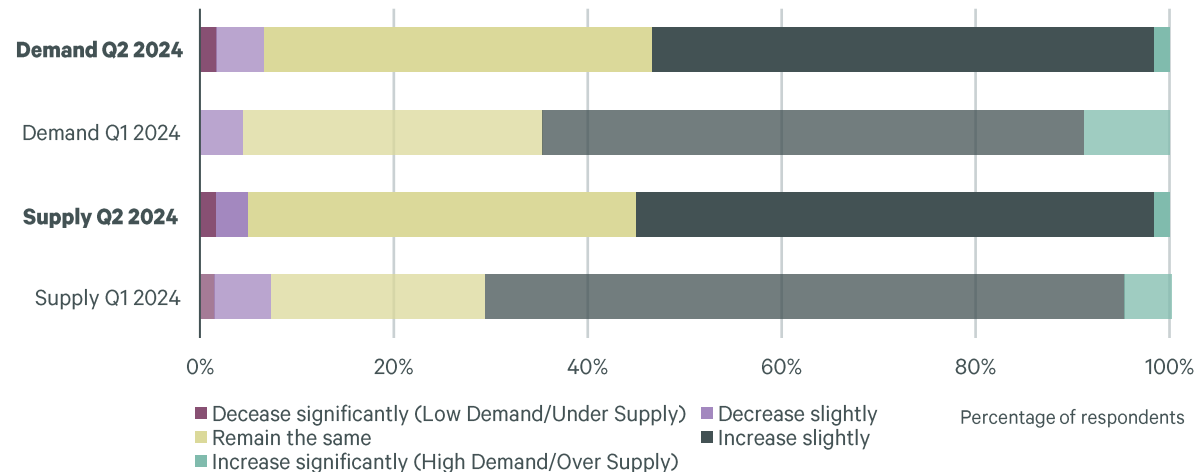
Metropolitan vacancy has risen to 1.7% in June, a minor fluctuation often observed mid-year. While this may be providing some slight relief to renters, rates remain well below market equilibrium, with the market expected to be undersupplied over the medium-term. For the YE December 2023, New South Wales witnessed the highest overseas migration result amongst all states, registering a net gain of 184,600, maintaining pressure on the already strained market.

According to Domain, median rents for the June quarter were sitting at:

- \$750/week for houses, unchanged from last quarter but 7.1% higher y-o-y; and
- \$720/week for units, up 2.9% from last quarter and 7.5% higher y-o-y.

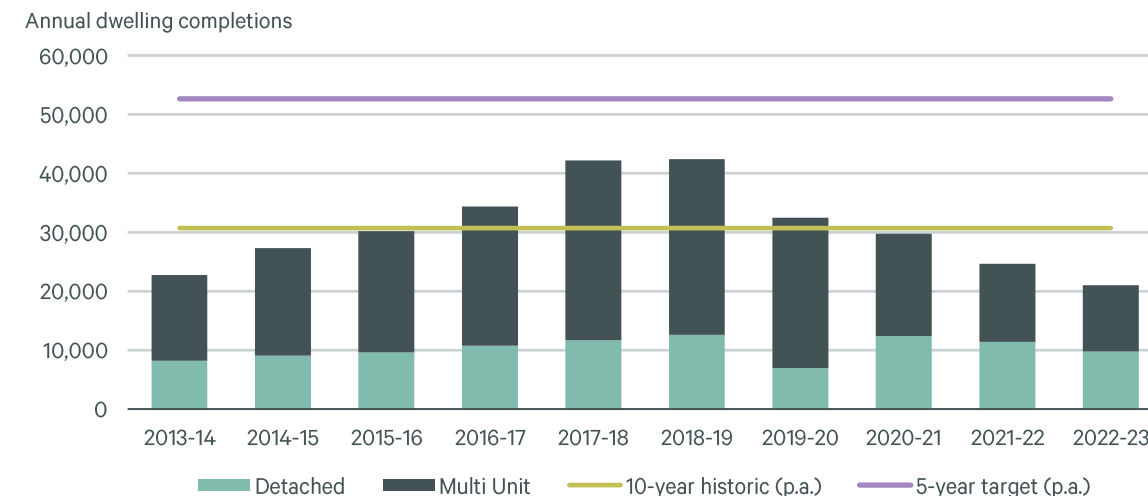
CBRE expects rents to increase further, albeit at a slowing rate, with growth of around 5% per annum continuing through to 2028. The supply pipeline remains constrained, with ambitious target of 263,400 new dwellings across metropolitan Sydney over the next five years unlikely to be met. This target is 72% above the 10-year historic completions average to FY23.

FIGURE 7: Demand and supply (listings) in local markets in the next 12 months, NSW.



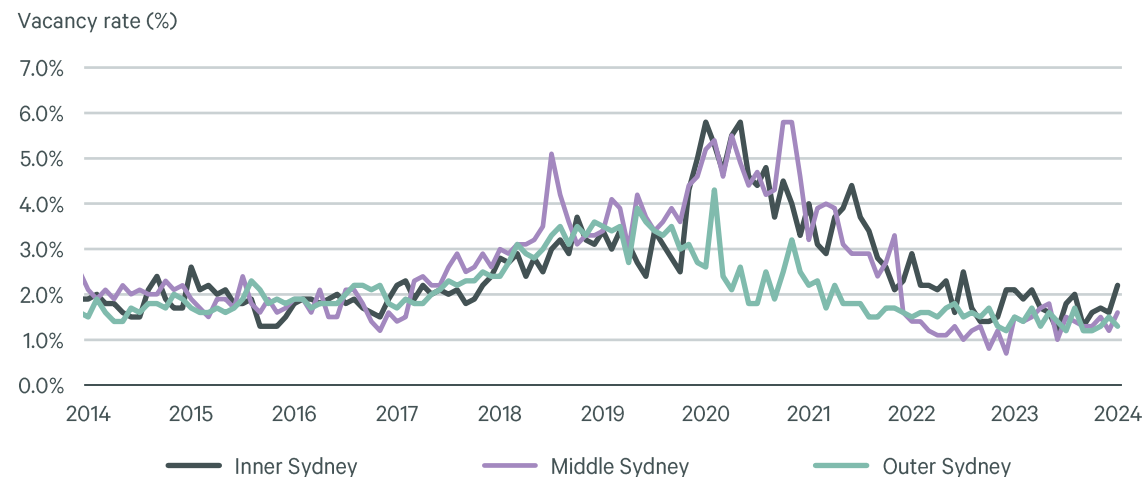
Source: CBRE Research; Note: Supply refers to listings expectations

FIGURE 8: Sydney residential completions and housing target



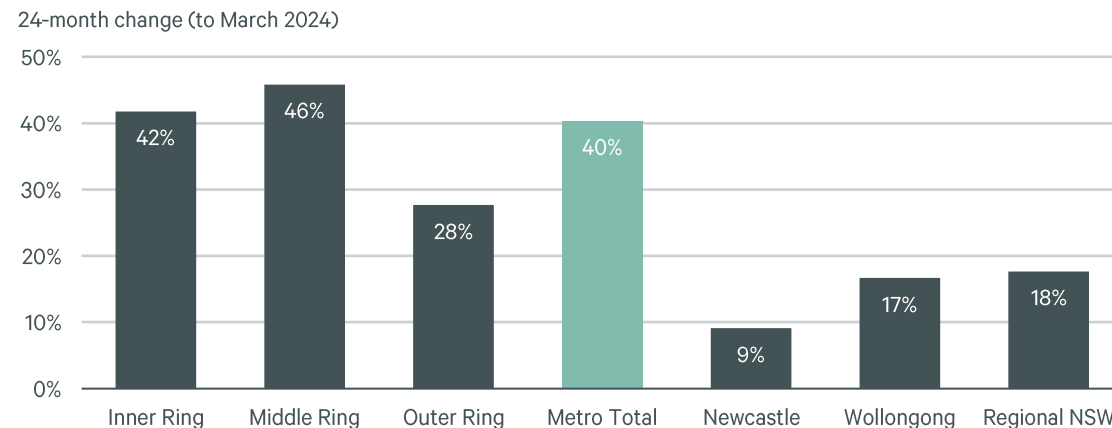
Source: NSW State Government; CBRE Research

FIGURE 9: Sydney Residential Vacancy Rate by Precinct



Source: REINSW; CBRE Research

FIGURE 10: Change in Median Rent by Precinct, New South Wales, 2- Bedroom Units



Source: NSW State Government; CBRE Research

TABLE 1: Greater Sydney Key Residential Indicators

Indicator	Value	Q-o-Q Change	Y-o-Y Change	Indicator	Value	Y-o-Y Change
Median house value (June-24)	\$1,466,500	+1.1%	+6.8%	House transfers (year to March)	50,622	+16.4%
Median house rent (June qtr.)	\$750/week	0.0%	+7.1%	House approvals (year to June)	12,539	-8.9%
Median unit value (June-24)	\$855,500	+1.1%	+5.0%	Unit transfers (year to March)	52,010	+30.2%
Median unit rent (June qtr.)	\$720/week	+2.9%	+7.5%	Unit approvals (year to June)	14,500	-34.7%
Total vacancy (June-24)	1.7%	+0.6%	0.0%	Owner occupier finance (NSW, year to June)	\$64.4bn	+4.3%
				Investor finance (NSW, year to June)	\$45.1bn	+19.5%

Source: CoreLogic, Domain, SQM, Australian Bureau of Statistics

MELBOURNE

Value performance in Melbourne’s residential market continues to lag other Australian cities. CoreLogic data for June was showing:

- the median house value at \$948,900, down 0.9% q-o-q but 1.2% higher y-o-y; and
- the median unit value at \$610,100, up 0.3% q-o-q and 1.5% higher y-o-y.

A range of state-based factors, including escalating land taxes and modifications to tenancy legislation, are acting as headwinds. Melbourne was the only mainland capital to see a fall in house values this quarter. Unit value change was amongst the most subdued.

This is expected to continue in the near term, with CBRE's Q2 Residential Valuer Insights survey indicating a stark contrast in housing demand across Australian states. Only 13% of valuers in Victoria reporting strong demand, compared to 38% in NSW and 85% in Queensland. Moreover, there is a significant decline in the number of Victorian valuers predicting a rise in house prices over the next 12 months (48% in Q2 down from 74% in Q1), while almost three times more valuers are anticipating a fall in unit values than in Q1 predictions.

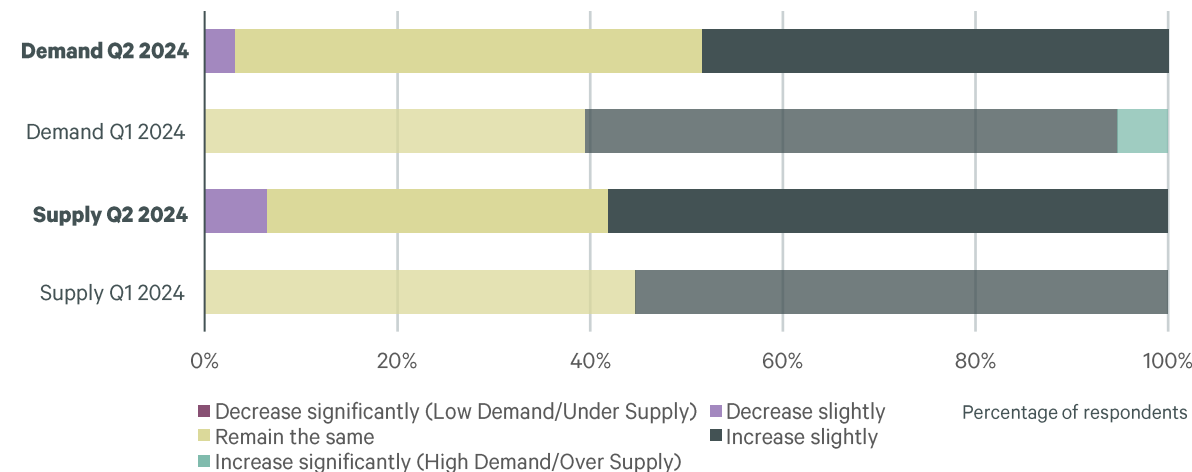
In the year ending December 2023, Victoria gained 160,100 residents from net overseas migration, which made up 29% of Australia's net overseas migration. This significant population boost has strained the rental market, evident in the low vacancy rate of 1.5% in June. Melbourne's house rents have seen the fastest growth among all capital cities in the most recent quarter, while unit rents remained stable, with the annual growth rate half of what it was last year when it stood at 22%. At June, Domain data was showing:

- a median house rent of \$580/week, up 1.8% q-o-q and 11.5% higher y-o-y; whilst
- the median unit rent was at \$550/week, unchanged q-o-q but 10.0% higher y-o-y.

CBRE estimate Melbourne rents will continue to rise at around 6% per annum through to 2028, with metropolitan vacancy expected to drop to as low 0.9%. The outlook for supply in the short-term is bleak, due to impending tax and duty increases scheduled to come into effect in FY25 compounding construction cost and labour supply pressures.

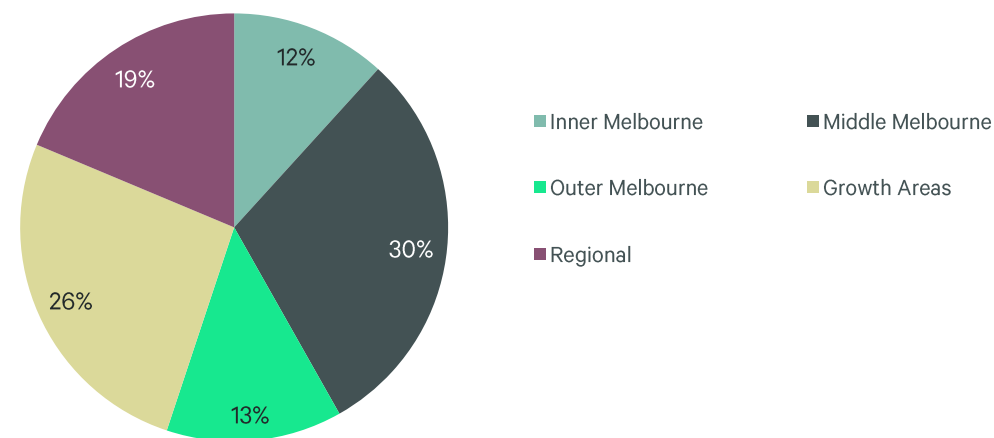
This comes at a time when Melbourne’s annual unit approvals are around 13% below the year prior, and Victoria’s unit completions are 40% lower than the previous peak in 2017. Victoria’s draft residential targets to 2051 highlight additions averaging almost 88,000 per annum, a figure 25% above the highest ever completions level recorded in 2017, with 56% of new supply targeted for Middle Melbourne and metropolitan growth areas.

FIGURE 11: Demand and supply (listings) in local markets in the next 12 months, VIC.



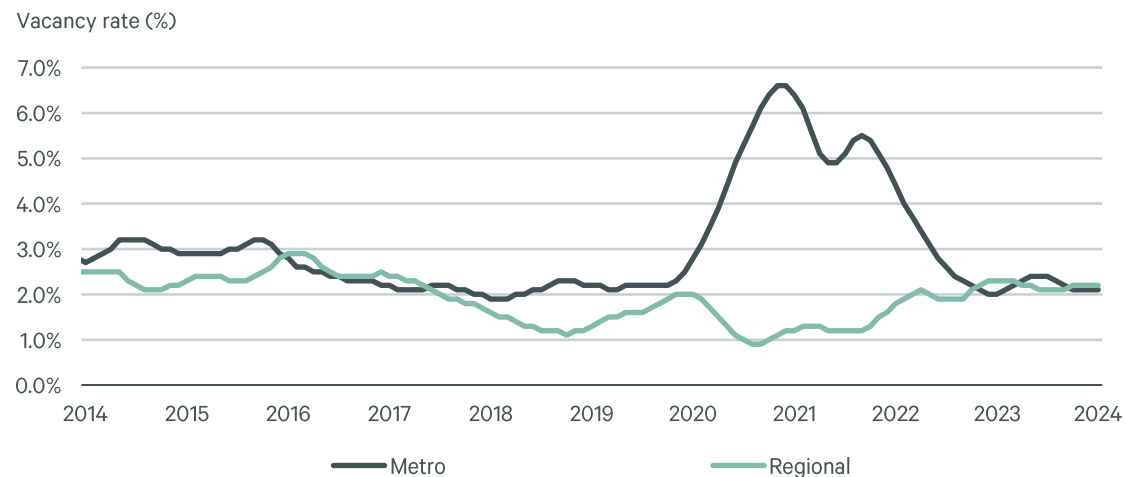
Source: CBRE Research; Note: Supply refers to listings expectations

FIGURE 12: Victoria New Housing Targets by Region, 2023 to 2051 (draft)



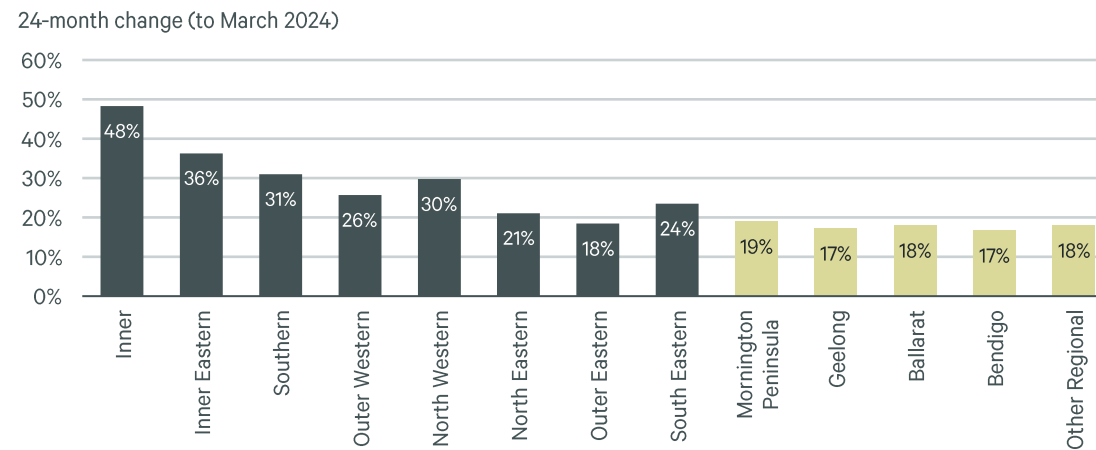
Source: Victorian State Government; CBRE Research

FIGURE 13: Victorian Residential Vacancy Rate (trend)



Source: Victorian Department of Families, Fairness & Housing; CBRE Research

FIGURE 14: Annual Change in Median Rent by Precinct, Victoria, 2-Bedroom Units



Source: Victorian Department of Families, Fairness & Housing; CBRE Research

TABLE 2: Greater Melbourne Key Residential Indicators

Indicator	Value	Q-o-Q Change	Y-o-Y Change	Indicator	Value	Y-o-Y Change
Median house price (June-24)	\$948,900	-0.9%	+1.2%	House transfers (year to March)	50,382	+0.5%
Median house rent (June qtr.)	\$580/week	+1.8%	+11.5%	House approvals (year to June)	24,376	+2.1%
Median unit price (June-24)	\$610,100	+0.3%	+1.5%	Unit transfers (year to March)	44,900	+7.1%
Median unit rent (June qtr.)	\$550/week	0.0%	+10.0%	Unit approvals (year to June)	16,250	-18.1%
Total vacancy (June-24)	1.5%	+0.4%	+0.2%	Owner occupier finance (Vic, year to June)	\$58.5bn	+2.1%
				Investor finance (Vic, year to June)	\$26.6bn	+1.4%

Source: CoreLogic, Domain, SQM, Australian Bureau of Statistics

BRISBANE

Brisbane’s residential market has experienced a significant surge in values over the past 18-months, with values jumping ahead of Melbourne. This is due to a combination of robust population growth, low levels of property listings, as well as affordability (compared with Sydney) and lifestyle advantages. Values have reached record highs, although the key spread to Sydney remains wide. For June, CoreLogic data was showing:

- the median house value at \$953,000, up 3.3% q-o-q and 15.2% higher y-o-y; whilst
- the median unit value was at \$622,600, up 5.6% q-o-q and 18.8% higher y-o-y.

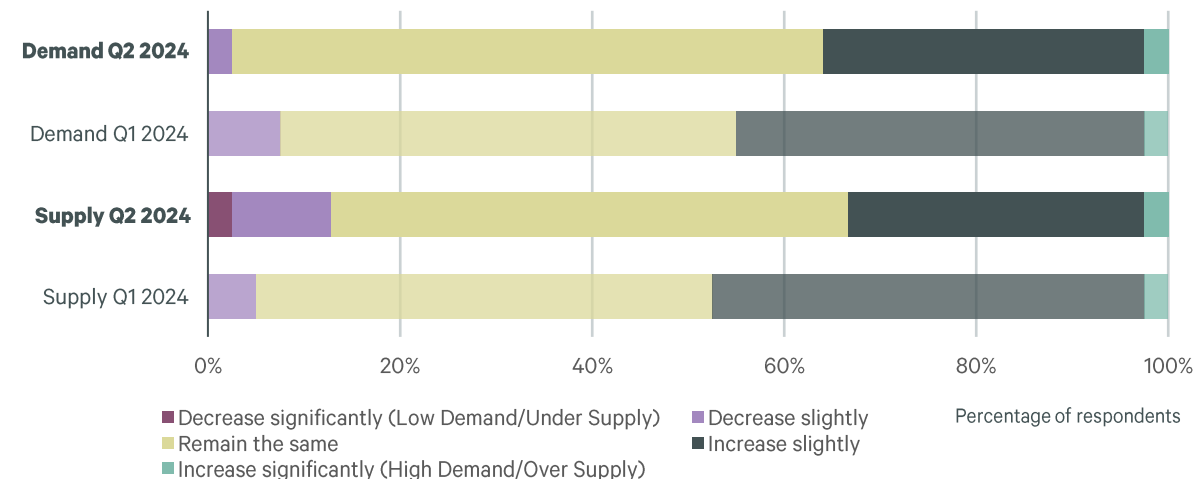
Over the year to December 2023, Queensland witnessed significant population growth, adding 141,400 residents (2.6% increase). Most of this increase was from net overseas migration, contributing 87,900 people. Queensland also topped all states in net interstate migration, adding 31,600 residents with around 60% from NSW and around 30% from Victoria. The only state to come close to reaching this is Western Australia with net interstate migration of 10,700.

According to SQM, mid-sized capitals Brisbane, Perth, and Adelaide have all seen falls in total listings since this time last year with demand remaining strong, allowing the elevated pace of growth to continue. In CBRE’s Q2 Residential Valuers Insight survey, 85% of CBRE valuers in Queensland reported recent demand as 'strong' or 'very strong' compared to 75% in Q1. This quarter, more valuers expect price growth over the next year in all asset classes compared to last quarter. Most valuers expect demand to remain stable over the next 12 months, rising from 48% in Q1, to 62% in Q2. More than half of CBRE’s valuers expect future stock available to remain the same.

Vacancy stood at 1.1% in June, while rents are at record highs, with Domain data for the June quarter showing the median house rent at \$630/week and the median unit rent at \$600/week, although there are signs that the pace of growth is slowing. The quarterly growth rate of 1.6% for house rents was half of the growth rate in the previous quarter. Meanwhile, the growth rate of 1.7% for unit rents was approximately one third of what it was in the prior quarter.

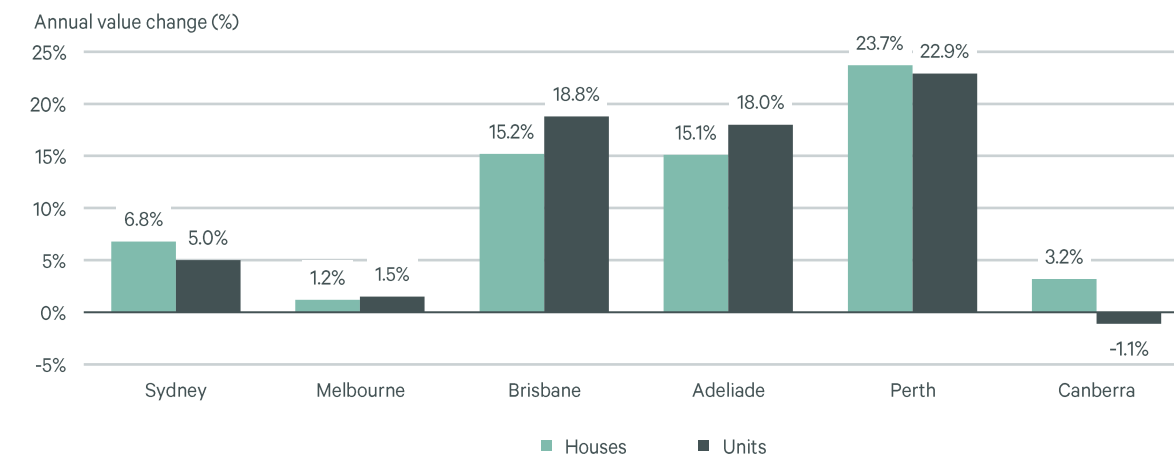
Brisbane has the second highest construction costs in Australia, trailing only Sydney (Turner & Townsend). This is partly due to planned wage increases for union workers on state funded projects in the coming years, which will likely impact the private construction sector as well. Costs are anticipated to rise even further due to projects for the 2032 Olympic Games. This will add to the existing pressure on housing construction, which is already experiencing a supply crunch.

FIGURE 15: Demand and supply (listings) in local markets in the next 12 months, QLD.



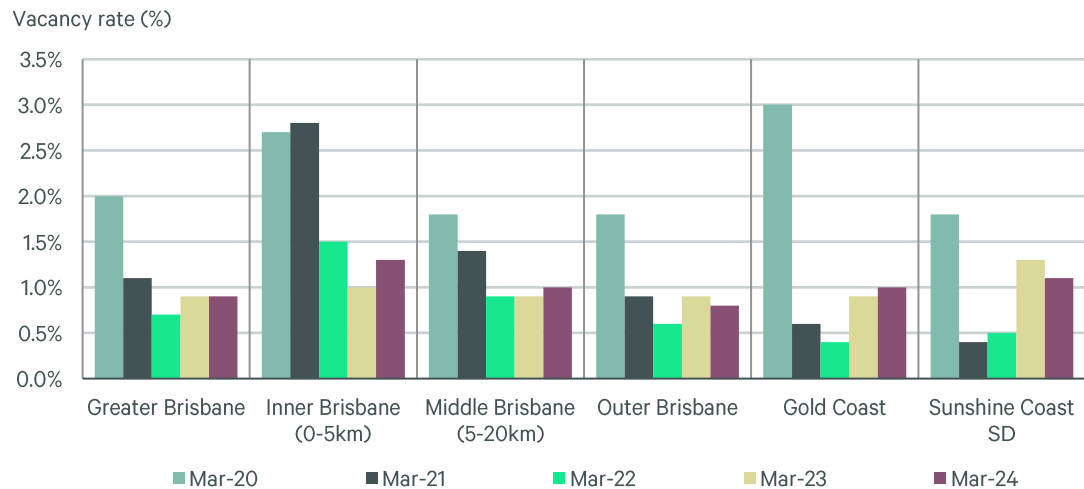
Source: CBRE Research; Note: Supply refers to listings expectations

FIGURE 16: Annual change in house and dwelling values, year to June 2024



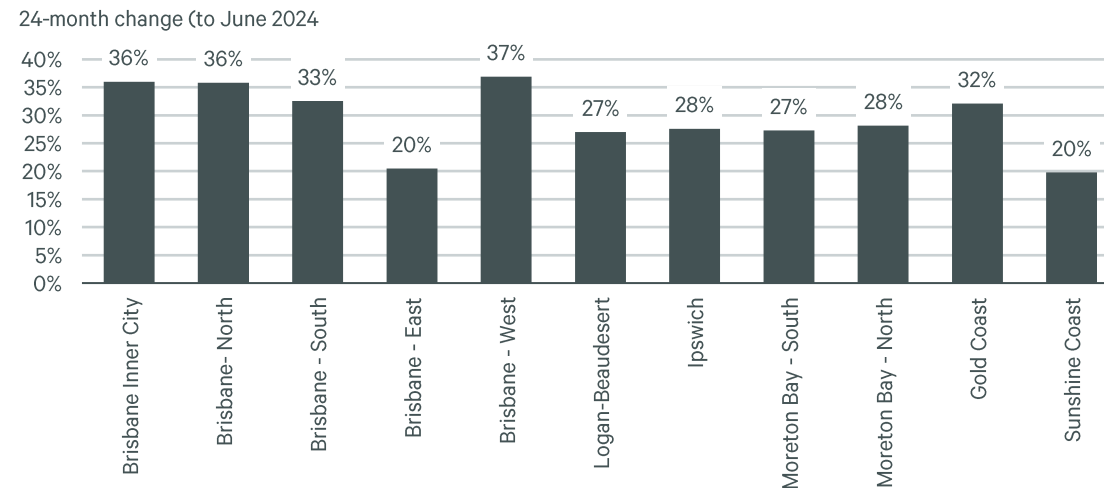
Source: CoreLogic

FIGURE 17: South East Queensland Residential Vacancy Rate by Precinct



Source: Real Estate Institute of Queensland; CBRE Research

FIGURE 18: Change in Median Rent by Precinct, South East Queensland, 2-Bedroom Units



Source: Queensland State Government; CRE Research

TABLE 3: Greater Brisbane Key Residential Indicators

Indicator	Value	Q-o-Q Change	Y-o-Y Change	Indicator	Value	Y-o-Y Change
Median house price (June-24)	\$953,000	+3.3%	+15.2%	House transfers (year to March)	35,447	+1.0%
Median house rent (June qtr.)	\$630/week	+1.6%	+8.6%	House approvals (year to June)	12,799	+8.8%
Median unit price (June-24)	\$622,600	+5.6%	+18.8%	Unit transfers (year to March)	20,614	+7.7%
Median unit rent (June qtr.)	\$600/week	+1.7%	+14.3%	Unit approvals (year to June)	5,205	-32.2%
Total vacancy (June-24)	1.1%	+0.1%	+0.1%	Owner occupier finance (Qld, year to June)	\$40.9bn	+5.9%
				Investor finance (Qld, year to June)	\$24.1bn	+23.7%

Source: CoreLogic, Domain, SQM, Australian Bureau of Statistics

PERTH

Perth’s median values continue to push higher, with the growth over the past year far outpacing the other major cities. CoreLogic data for June was showing:

- a median house value of \$791,900, up 6.4% q-o-q and 23.7% higher over the year; and
- a median unit value of \$530,700, 6.8% q-o-q and 22.9% higher over the year.

Perth’s property market experienced the highest quarterly growth rate amongst all Australian cities in June, yet the city remains an affordable option. Despite the rapid growth, Perth’s housing value remain significantly lower than other major capitals, 46% lower than Sydney, and 17% below Melbourne and Brisbane. Similarly, unit values are 38% below Sydney, and around 15% below Melbourne and Brisbane. According to SQM, Perth’s total listings are around 30% lower than this time last year, despite strong buyer demand from population growth. At 3.3%, Western Australia had the highest population growth in 2023, adding an additional 93,800 residents to the state. Net overseas migration contributed to three-quarters of this growth, adding 68,500 people, 13% of Australia’s total net overseas migration.

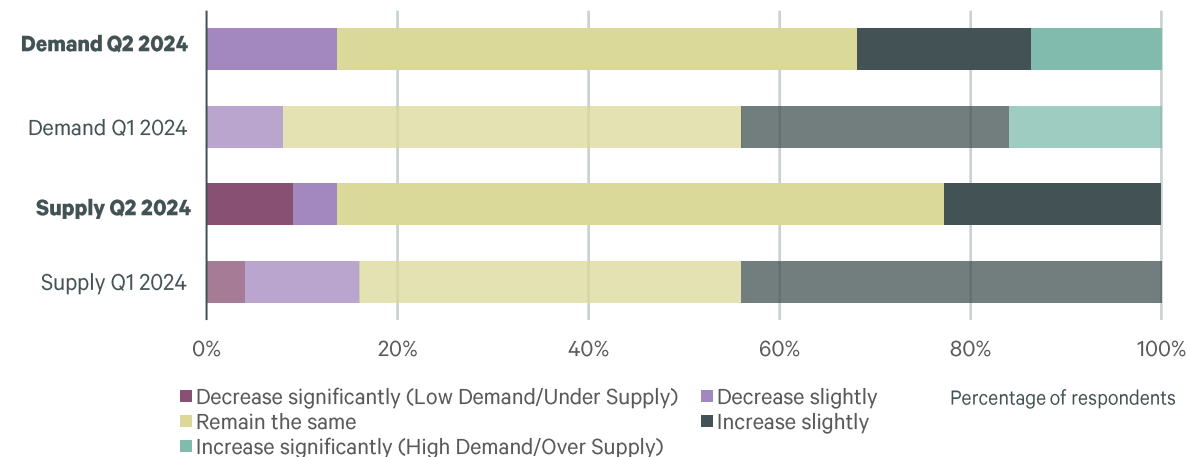
The CBRE Residential Valuers Insight survey for Q2 revealed that 100% of valuers in Western Australia reported recent demand had been ‘strong’ or ‘very strong’. The expectation for further increases in house prices is high, with 91% of valuers predicting price growth over the next 12 months, and 86% expecting growth of at least 5%. However, in Q2, less valuers expect demand to increase over the next 12 months (32%, down from 44% in Q1). Unit prices are also expected to rise further, with 88% forecasting an increase in the next year, up from 68% in the Q1 survey. Most valuers expect supply (listings) to remain stable over the next year when compared to the Q1 survey (64%, up from 40% in Q1).

Perth has experienced strong rental growth, thanks to its low vacancy rate of 0.8% in June and sustained sub-1.0% since mid-2021. Only Adelaide is recording a lower vacancy rate. However, after a circa 30% increase over the preceding 18-months, Perth rents have remained steady over this quarter with affordability pressures growing. Domain data for the June quarter was showing:

- a median house rent of \$650/week, unchanged q-o-q and 12.1% higher y-o-y, whilst
- the median unit rent was at \$550/week, unchanged q-o-q but 14.6% higher y-o-y.

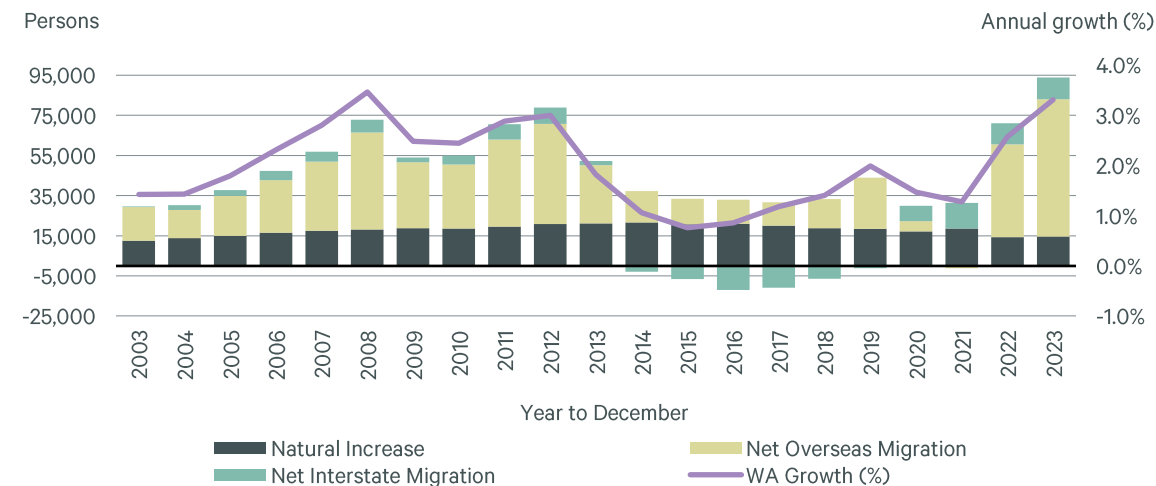
Despite the flat June quarter, given that supply shortfall and strong population growth is expected to continue, it is likely that we will see vacancy remain at or below 1.0% for some time with rental growth averaging circa 5% per annum through to 2028.

FIGURE 19: Demand and supply (listings) in local markets in the next 12 months, WA.



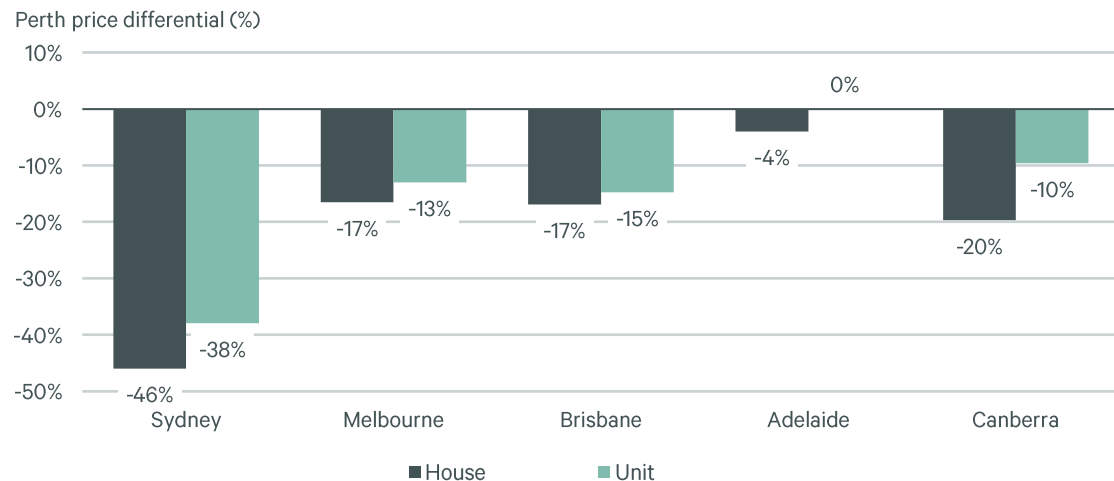
Source: CBRE Research; Note: Supply refers to listings expectations

FIGURE 20: Western Australian Population Growth (annual)



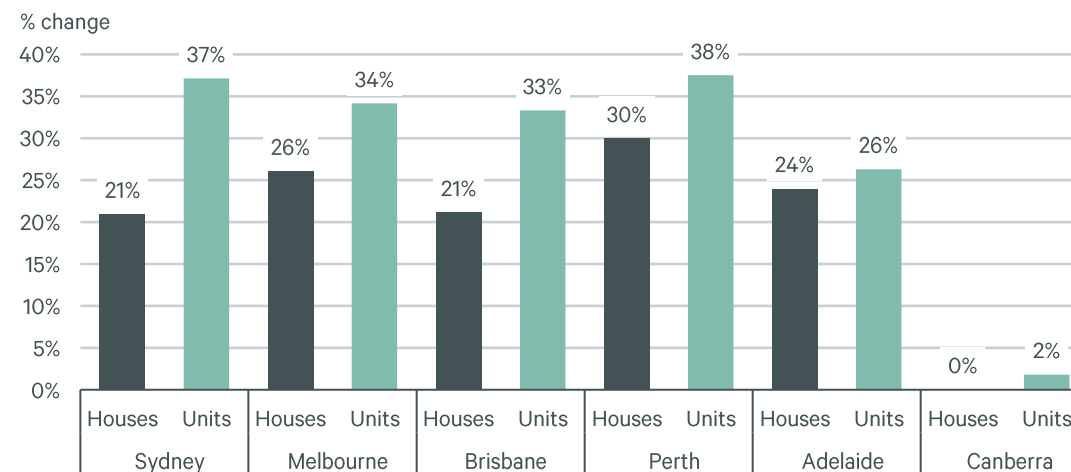
Source: Australian Bureau of Statistics

FIGURE 21: Major Capitals Value Spread to Perth, June 2024



Source: CoreLogic; CBRE Research

FIGURE 22: Change in median rents, June 2022 to June 2024



Source: Domain; CBRE Research

TABLE 4: Greater Perth Key Residential Indicators

Indicator	Value	Q-o-Q Change	Y-o-Y Change	Indicator	Value	Y-o-Y Change
Median house price (June-24)	\$791,900	+6.4%	+23.7%	House transfers (year to March)	27,711	-0.4%
Median house rent (June qtr.)	\$650/week	0.0%	+12.1%	House approvals (year to June)	12,591	+24.7%
Median unit price (June-24)	\$530,700	+6.8%	+22.9%	Unit transfers (year to March)	15,172	+20.0%
Median unit rent (June qtr.)	\$550/week	0.0%	+14.6%	Unit approvals (year to June)	2,205	+51.4%
Total vacancy (June-24)	0.8%	+0.3%	+0.2%	Owner occupier finance (WA, year to June)	\$22.4bn	+9.7%
				Investor finance (WA, year to June)	\$11.7bn	+48.4%

Source: CoreLogic, Domain, SQM, Australian Bureau of Statistics

ADELAIDE

Adelaide’s values continue to surge, with no signs of a deceleration yet evident. June data from CoreLogic was showing:

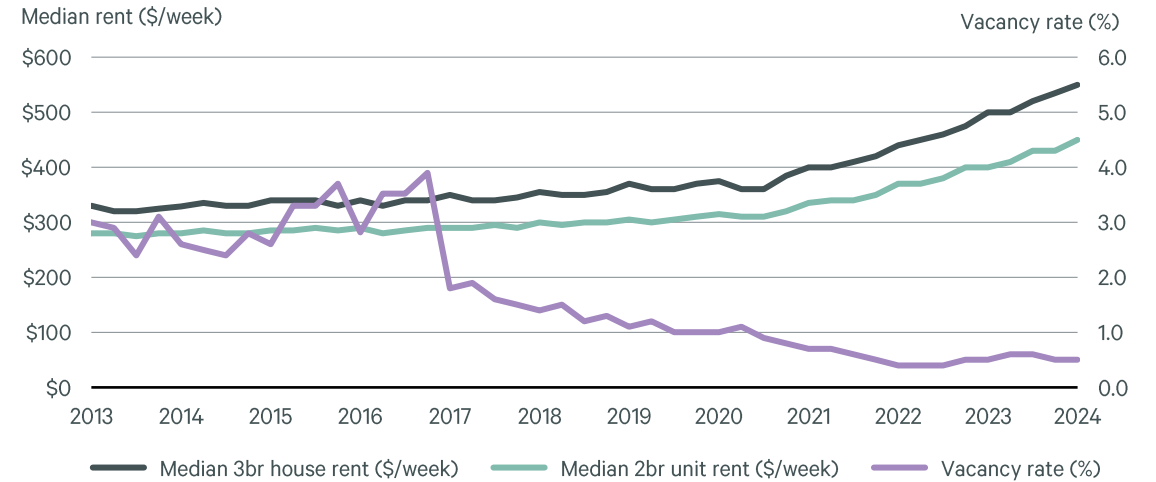
- the median house value reaching \$824,700, up 4.6% q-o-q and 15.1% higher y-o-y; with
- the median unit value at \$530,500 up 5.9% q-o-q and 18.0% higher than year earlier.

As part of the CBRE Residential Valuer insights survey for Q2, 90% of South Australia valuers expect house prices to rise further, with 70% foreseeing at least 5% growth over the next 12-months, while 67% were expecting further apartment value growth.

Despite a slight rise in Adelaide's vacancy rate, recorded at 0.7% in June, shortage in supply and strong population growth have led to record-high rents. The median house rent was at \$595/week in June, reflecting a 10.2% annual increase, with unit rents at \$480/week, marking an 11.6% annual increase.

South Australia had an annual population growth rate of 1.6% as at December 2023, with net overseas migration accounting for 94% of this growth. Greater Adelaide had a larger population increase of 2.0% over FY23, adding pressure to the already tight rental market.

FIGURE 23: Adelaide House and Unit Median Price Change



Source: Real Estate Institute of Australia

TABLE 5: Greater Adelaide Key Residential Indicators

Indicator	Value	Q-o-Q Change	Y-o-Y Change	Indicator	Value	Y-o-Y Change
Median house price (June-24)	\$824,700	+4.6%	+15.1%	House transfers (year to March)	18,419	+9.6%
Median house rent (June qtr.)	\$595/week	+0.8%	+10.2%	House approvals (year to June)	6,975	-5.4%
Median unit price (June-24)	\$530,500	+5.9%	+18.0%	Unit transfers (year to March)	8,087	-0.2%
Median unit rent (June qtr.)	\$480/week	+4.3%	+11.6%	Unit approvals (year to June)	2,208	-18.2%
Total vacancy (June-24)	0.7%	+0.2%	+0.1%	Owner occupier finance (SA year to June)	\$11.9bn	+3.2%
				Investor finance (SA, year to June)	\$6.5bn	+21.5%

Source: CoreLogic, Domain, SQM, Australian Bureau of Statistics

CANBERRA

Canberra house values have exhibited a modest uptick over the past quarter, although unit values remain soft. CoreLogic data for June showed:

- the median house value at \$986,400, up 1.2% q-o-q and 3.2% higher y-o-y; whilst the median unit value was at \$587,100, down 0.5% in the quarter and 1.1% lower than a year earlier.

This patchiness has been evident for much of the past 18-months. The outlook for the remainder of the year looks relatively benign. Moreover, SQM data indicates a 22% rise in total listings in Canberra for June compared to last year, at a time where net interstate migration is negative. House commencements and approvals volumes have dipped, suggesting stock completing will start to follow. Unit approvals volume has edged a little higher in 2024, some driven by BTR proposals, although with high construction costs, this is unlikely to translate into a short-term supply jump.

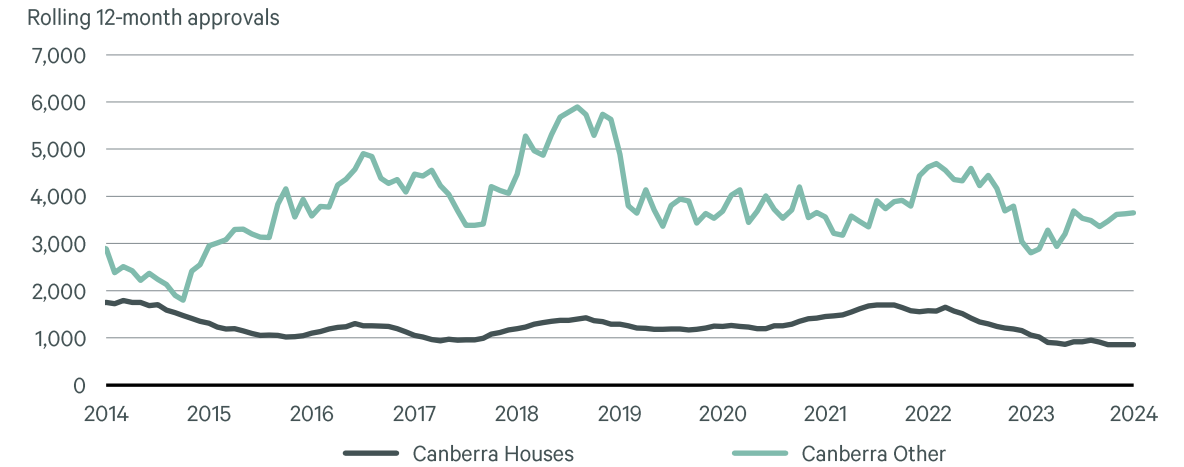
Canberra’s vacancy rate was 2.1% in June, the highest of all major cities, and this has translated into tepid rental growth by comparison with other markets. Domain data for the June quarter was showing house rents sitting at \$690/week, up 0.7% q-o-q and 2.2% higher y-o-y. By contrast, unit rents were sitting at \$560/week for units, down 1.8% in the quarter but 1.8% higher y-o-y.

TABLE 6: Greater Canberra Key Residential Indicators

Indicator	Value	Q-o-Q Change	Y-o-Y Change	Indicator	Value	Y-o-Y Change
Median house price (June-24)	\$986,400	+1.2%	+3.2%	House transfers (year to March)	3,753	-11.6%
Median house rent (June qtr.)	\$690/week	+0.7%	+2.2%	House approvals (year to June)	854	-19.2%
Median unit price (June-24)	\$587,100	-0.5%	-1.1%	Unit transfers (year to March)	3,865	-7.7%
Median unit rent (June qtr.)	\$560/week	-1.8%	+1.8%	Unit approvals (year to June)	3,648	+30.3%
Total vacancy (June-24)	2.1%	+0.5%	0.0%	Owner occupier finance (ACT, year to June)	\$4.6bn	-10.5%
				Investor finance (ACT, year to June)	\$2.4bn	-2.2%

Source: CoreLogic, Domain, SQM, Australian Bureau of Statistics

FIGURE 24: Canberra House and Unit Approvals Volume



Source: Australian Bureau of Statistics

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