

PIPA ADVISER

ISSUE #36

For members of the Property Investment Professionals of Australia



old-school ways to supercharge business success

QPIA PROFILE: JENNY JIA

Director of JL
Property

INDUSTRY NEWS

What does \$1 million
now buy in Australia's
housing market?

RESEARCH

The pipeline problem –
Australia's housing
supply gap

FINANCE

Is there any hope for
a fairer carve-up of the
GST between the states?

IS YOUR PROPERTY INVESTMENT ADVISER QUALIFIED?



PIPA mission:

PIPA has been formed by industry practitioners with the objective of representing and raising the professional standards of all operators involved in property investment.

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Welcome to the 36th edition of the PIPA Adviser – your industry e-magazine.

It is my privilege to be the new Chair of PIPA and look forward to leading the association into the future.

As part of the new leadership team at PIPA, I am committed to enhancing the experience and value provided to our members, which begins with the upcoming 2025 PIPA National Conference.

This year's conference promises to be our most exciting yet with expert speakers on a variety of topics including business success, proptech, innovation, as well as economic and market trends.

Early bird tickets for the conference – which is on Thursday 23 October at the Fullerton Hotel in Sydney – are still available and can be purchased via the PIPA website.

From a strategy point of view, I am also seeking input from members, so



the board can better understand your lived experiences within the property investment advice sector. This will ensure we can set the organisation up for the most success for the months and years ahead.

I look forward to seeing you all at the conference in October.

Lachlan Vidler

Chairman

Embracing new horizons together!

I am thrilled to have recently embarked on my journey as your General Manager. Having nurtured a connection to the property sector from a young age, together with my experience in membership organisations advocating for members, I am excited to channel this passion into our work at PIPA.

In my short time here, I have been truly inspired by the dedication and enthusiasm of our members and volunteers, who are the heartbeat of our organisation. Under Lachlan's visionary leadership as our new chair, alongside the incredible groundwork laid by Nicola over the past years, I can see the bright future we can build together.

As we move forward, you can expect

an expansion of our member services and benefits, along with continued collaboration with key partners dedicated to supporting our sector.

We are committed to advocating best practices through robust educational offerings, including the QPIA and innovative new programs.

Let's work together to share ideas and insights, fostering a vibrant community that drives PIPA forward.

Your engagement is crucial to our collective success, and I look forward to collaborating with each of you as we embrace the exciting opportunities ahead!

Matt Monaghan
General Manager

Message from the editors

The Reserve Bank's decision to hold the cash rate steady in July was a surprise to many, but it appears that the central bank will still relax monetary policy in the months ahead – perhaps just more slowly than many commentators had predicted.

However, It's clear that the two interest rate cuts so far this year have started to reignite markets around the nation with many locations, such as Melbourne, starting to produce more positive market conditions.

According to the national market update in this edition of the PIPA Adviser, Brisbane has become Australia's second-most expensive capital city for property, overtaking Melbourne with a record median house price of more than \$1 million – a landmark moment that caps off a resilient financial year for the city, fuelled by low supply, surging migration, and Olympic infrastructure investment.

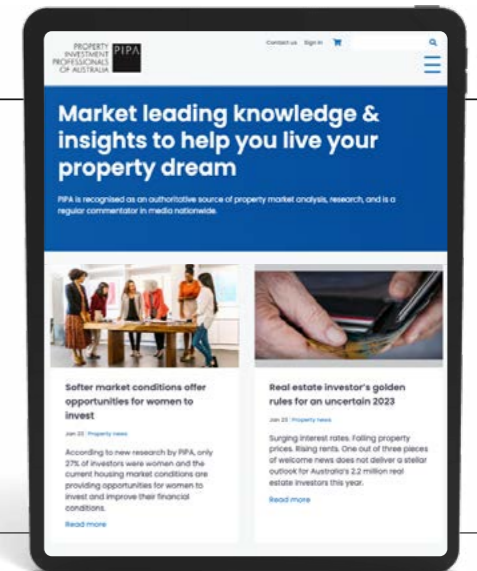
Across the country, property markets are showing signs of recovery, with interest rate cuts triggering renewed buyer momentum and investors targeting value-rich suburbs in Perth, Adelaide, and select regional hubs.

In this edition, we also discover five ways to supercharge your business success, take a look at the contentious GST carve-up between states, and celebrate the recent winners of the 2025 PIPA Awards for Excellence.

PIPA Adviser Editors
Kieran & Nicola

In the news

PIPA is a regular commentator and expert source in property-related stories across the nation. Below are a selection of articles from recent months. For more articles [visit the PIPA website](#).



Queensland Budget targets first home buyers

The first Queensland budget under the Crisafulli Government places a strong emphasis on housing, with several major policies aimed at shifting from short-term fixes to long-term structural reform.

[Read the article](#)



Property investors facing challenges amid policy changes

Australia's property investment sector faces scrutiny over rental caps and taxes, raising concerns for homebuyers and housing supply.

[Read the article](#)



Why Perth's investment market is hitting new heights in 2025

Perth has been romping forward in terms of price growth and rents, but in an economy traditionally seen as boom or bust, is investing in its real estate a wobbly option?

[Read the article](#)

PIPA welcomes our newest members...

INDIVIDUAL MEMBERS

- ▶ THOMAS TANG, Mortgage Broker
- ▶ GILBERT MELGAR, SuburbsFinder
- ▶ KHAI THANH DONG, Max Finance
- ▶ LUKE LIU, Joyo Real Estate
- ▶ KRISTY BRUGGY, Noosa Buyers Agent
- ▶ JULIE CROCKETT, Buyers Agent Courses
- ▶ DANIELLE MACKAY, Exchange Buyers Agent

CORPORATE MEMBERS

- ▶ PETER GAVALAS, Resolve Property Solutions
- ▶ ISHARA KURUVITA, WealthQ

QPIAS

- ▶ MACAULEY POWELL, inSynergy
- ▶ AZEEM RAHMAN, Know How Property Finance
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- ▶ MOXIN REZA, Investor Partner Group
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Jenny Jia

Jenny Jia is the Director of JL Property, has a doctorate in IT, a Masters of Property, and recently was named the overall QPIA of the Year at the 2025 PIPA Awards for Excellence.

Q Can you please tell us more about your business JL Property Buyers Agent?

Our business focus on the niche market Chinese property buyers in Australia.

One of our standout features is that all key members hold Master’s or Doctorate degrees and possess deep expertise in the real estate field, consistently upholding high professional standards.

Our value is simple yet powerful: Stay true, stay humble, never cut corners. We offer only bespoke services and work with a limited number of clients.

We set exceptionally high standards, take the time to get every detail right, and walk alongside our clients through the entire home-buying journey — providing both expert advice and a warm, supportive experience.

We always do the right things, bear clients’ best interest in mind, and always exceed their expectations.

Our values and professional excellence have been consistently recognised across the industry. We were proud to be named the REIV Property Valuer of the Year (Winner), twice nominated as a Finalist for the REIV Buyers Agent of the Year and recognised by the REB Awards — before winning three prestigious awards from PIPA in 2025.

At JL Property, we don’t just help clients buy property — we build trust, deliver value, and shape futures.

Q How long have you been a property investment professional and what were your pathways into the profession (incl. other careers)?

I began my journey in property investment back in 2004. At the time, I was completing my Doctorate in Information Technology at the National

University of Defence Technology. I knew almost nothing about investment. My partner started his Master of Economics since 2003, which opened my eyes to investment. I read all his books and attended his classes. I was fascinated by the fact that money can multiply when invested wisely.

With a strong sensitivity to numbers and an instinctive grasp of market trends, I gradually developed a sharp ability to analyse and respond to shifting dynamics. I was often among the first to detect subtle movements in the property market.

Six years ago, after years of hands-on investment experience, I enrolled in the Master of Property program at the University of Melbourne, where I spent three years in full-time study. This became a time of deep reflection and

“ Stay true, stay humble, never cut corners.”



consolidation — not only did it expand my understanding of Australia’s property cycles, urban planning, valuation, and transaction systems, but it also marked my transition from a passionate individual investor to a dedicated property professional.

Since establishing my own buyer’s agency over three years ago, I’ve continued to grow every single day. We joined REIV, PIPA, and REBAA to ensure we stay at the forefront of the industry.

We put in every effort to secure the best opportunities for our clients and deliver meaningful value to support their long-term family wealth building.

Q Please also tell us a little about your own personal property investment history.

My journey in property investment began 20 years ago, during a period when China’s real estate market was booming. I was fortunate to ride one of China’s most prosperous property cycles — seizing the buying opportunities during the 2008 Global Financial Crisis, and later, in 2016, sensing emerging risks and exiting the market completely. That was when I began shifting my focus overseas.

I conducted in-depth research into property markets across different countries, with particular attention to Australia. Gradually, I implemented my investment strategy in Australia and built a sizeable portfolio for my family.

Reflecting on two decades of property investment, I have three key insights to share.

First, property markets operate under different logics in different countries — and even in different cities.

Second, property cycles vary significantly from state to state, and even between cities or suburbs.

Third, successful investing requires an innate contrarian mindset: Buy in silence, sell in applause.

Q What are some of the reasons why you originally decided to join PIPA and complete the Qualified Property Investment Adviser training program?

We joined PIPA for the following reasons:

Firstly, as a professional buyers advocate, providing advice to others requires more than just personal success. It demands structure, accountability, ethical foundations, and a thorough understanding of the regulatory environment. PIPA’s Code of Conduct and the QPIA program offered precisely that framework.

“ Buy in silence, sell in applause.”

Secondly, while many of our clients are Chinese-speaking, we should never limit ourselves to just one community. We need to learn from local professionals and actively participate in the broader industry.

Becoming a PIPA member has enabled me to elevate my practice to meet the highest professional standards in the Australian property investment sector.

Thirdly, PIPA’s trustworthy brand image and strong professional support can serve as a solid endorsement for our services, helping to enhance our credibility.

Q You recently won the QPIA of the Year – Buyers Agent (Local) award, as well as being the joint winner of the PIPA Medium Business of the Year category and the overall QPIA of the Year at the 2025 PIPA Awards for Excellence. What are some of the secrets of your success and how do you incorporate the PIPA Code of Conduct into your business?

Winning the QPIA of the Year – Buyer’s Agent (Local), Medium Business of the Year, and the overall QPIA of the Year was an incredible honour. This recognition stems from our consistent commitment and hard work.

We take the time to get things exactly right and let results speak for themselves. I get up at 4am or 5am almost every day and regularly work over 90 hours a week — tracking the market, researching properties, and staying ahead for my clients. We never compromise on the quality of any purchase.

Before every purchase, we don’t just inspect the target property and surrounding area one time or two times. We conduct thorough due diligence. On top of that, we physically inspect comparable properties to ensure we have a clear benchmark.

Beyond that we even check it at different specific times — like in the evening or during school drop-off and pick-up — to assess particular factors. All of this is to make sure the property we’re buying is of high quality, and that our evaluation reflects the accurate market price.

Several clients have told us they chose our service after checking the properties we’ve purchased — concluding that we consistently secure A-grade assets at reasonable prices.



“ We need to learn from local professionals.”

We reduce our client’s anxiety by our day and night work. We respond within one hour even on Sundays, not to mention workdays. We understand purchasing a property can come with massive anxiety and frustrations. Clients can have a peaceful mind working with us. That’s the reason they come back to us again and again.

Continuous learning is part of our DNA. Despite the success I’ve already achieved, I chose to enrol in Veronica Morgan’s mentoring program to further refine my skills as a buyer’s agent.

We also partner with most experienced commercial buyers’ agency to make sure we get the best result for our clients. These have provided a powerful boost to our ongoing growth and improvement.

The PIPA Code of Conduct truly reflects our internal principles — it has been integrated into every aspect of our work. We have always upheld the values of staying true, staying humble, never

cutting corners, and consistently doing the right thing to the highest standard.

Steady progress, built on trust and professionalism, leads to lasting success — and we believe in that.

“ The PIPA Code of Conduct truly reflects our internal principles.”

Q What’s next for your business in the next 12 months and beyond?

In the next 12 months and beyond, we will continue to drive transformation and upgrades in three key areas: from

servicing middle-class to high-net-worth buyers; from residential to commercial properties; from one-off purchases to portfolio building and holistic, long-term family property capital management. The three areas mentioned above are, in fact, different facets of the same matter. The underlying context is that many high-net-worth clients wish to establish long-term partnerships with us. They have asked me to help build property investment portfolios for their families, encompassing both residential and commercial properties. Our growth in this area has been a natural response to rising clients’ demand.

In the future, we will focus primarily on high-net-worth clients and work in collaboration with tax, accounting, and legal professionals to provide comprehensive services for family property structuring and wealth succession — growing alongside them every step of the way. ▣



5 old-school ways to supercharge business success

By [Mark Carter](#),
Human Behaviour Specialist

One of the oldest known “home” decorations in existence dates back almost 9000 years in a location called the Hands Cave in Argentina.

The piece looks like a contemporary house-welcoming gift, the width of an entire wall with warm communal handprints donated from all, as if to say, “Welcome to the neighbourhood!”

Since sapiens emerged as the sole human species, we’ve evolved thousands of generations (almost 19,000 for those who do love the numbers) spreading our influence.

For a majority of those generations, we actually remained very transient with no desire to settle.

Location, location, location was more a way of life than an industry meme or metaphor for the perfect home!

So, it stands to reason those salespeople, including real estate and property, are embryonic on the scale of both industry sector and career path over history.

Human connection still vital

It wasn’t until the agricultural evolution (when fields of maize or animals domesticated us) that we chose to settle.

Ever since then we’ve magnified a greater craving for stability and quality domestication in decor and residence: regardless whether our houses are palatial abodes or humble homes.

One thing that has evolved with us, from our earliest common ancestors, and is very relevant to success in the modern-day practice of real estate sales is yet another evolution – namely the digital age.

Human connection and touch are critical components of communication as well as social acceptance and bonding that warms our potential tribe and neighbours to us.

Indeed, it is our skill for social interaction that also acts as evidence for competence in our craft, regardless of the trade we ply.

The idea of numbers, or metric data of any kind, is also a very modern form of communication (and motivation!) in the grand scheme of things.

The language of metrics, including money, pales in significance against that of human connection and human touch.

That’s really worth bearing in mind as we go through this current evolution of the digital age.

We’re continually adding to our tech stacks or succumbing to the latest social media trends and, in increasing proportion, this includes egocentric, flashy videos, using the trappings of commercial success for bragging rights or as a primary customer hook.

“

Human connection and touch are **critical components of communication.**

It’s true that the sales figures you’ve achieved, number of units or houses sold, volume of record-breaking prices or speed of contract exchange are appealing. However, it is not the be all and end all when it comes to sales success.

Instead, the most successful salespersons are the ones who blend sales acumen, including your achievements of measured successes, with the older and

more sought-after appeal and sales hook.

Namely, real human connection and human touch.

I’ve studied and written about how people can add value for their clients for decades.

What I’ve learned along the way is that if you want to elevate your success or fulfilment, both personally and professionally, it’s vital that you blend the positives of tech while also mastering human connection and human touch.

Here are 5 quick tips to help illustrate what I mean:



1. Deep and thoughtful engagement

Engage in deeper quality conversations at the initial point of client engagement.

The time to find out a depth of knowledge about your clients is not when you’re trying to close.

You must do it earlier and the sales will more easily follow.



2. The power of personalisation

As much as location, location, location is a mantra, adopt another one that is equally powerful and that is: personalisation, personalisation, personalisation!

However, this doesn’t mean succumbing to digital mechanisms to achieve this goal.

We all know it’s becoming easier and easier through data capture and tech to



Mark Carter an international keynote speaker, trainer and Wiley published author specialising in people and behaviour. He has over decades as a global learning and development professional working across multiple verticals including real estate. Mark will be a keynote speaker at this year's 2025 PIPA National Conference on 23 October at The Fullerton Hotel in Sydney.

send out tailored messages, but you must not make it solely about this.

There is nothing personal or authentic about that approach.

Like those warm handprints that appeal to us in that ancient cave, we all discern and value more greatly any evidence of conscious human effort and touch.

3. Tell stories

Adjust your digital strategy to tell better stories.

Everyone is lifting their game with videos of the “product”, which is usually the “transactional home” for sale or rent.

However, remember this: cultures have evolved through stories of greater depth.

Don't just make an exceptional video of the home.

Bring the home to life in the concept of the story, the community and a broader context beyond its brick walls or garden alone.

4. It's not just about you

The digital age lends itself easily to traits associated with ego and narcissism.

If you want a bigger worldview of how we value deeper human connection, then look no further than the current devastation sweeping across Australia.

Our entanglement and connection to others runs deeper than we can ever fathom.

Consideration of others is surely among the enmeshment of our atoms.

In this case, make sure those high-quality videos include your broader team and the local suppliers (wildlife and pets even).

A great story means many more faces in front of camera, other than just your own.



“

Adjust your digital strategy to tell better stories.

The quality of your total character is a better trait to focus on than creating a self-absorbed personal brand.

5. Never stop learning

Make sure to keep a focus on your continued education and in doing so double down by stretching it beyond a series of one-minute videos or being seen tagged in posts and blogs with the right people.

Those mechanisms have become an artificial symbol of competence in my opinion.

We don't become geniuses by rubbing shoulders with trending celebrities or subject matter experts.

We become competent and credible when we take the time to reflect, apply actions and make new skills (or forgotten ones) a part of our established character and tool-kit.

It's well-known business folklore that Warren Buffett, one of the most successful investors of the 20th Century, spends five to six hours per day reading five newspapers and 500 pages of corporate reports.

So, like that early dwelling decor of the Hands Cave, the common thread from these tips is simple.

The personalisation of the client experiences that you create, and your ongoing and continued lifelong learning have one thing in common – both of them are hands on! 📌

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What does \$1 million now buy in Australia's housing market?

When it comes to most aspects of life, \$1 million goes a long way. Whether it's a lifetime of family groceries¹, 75 years' worth of household transport costs², or smashed avocado for breakfast every day, for over 100 years³.

For housing however, \$1 million is increasingly standard. In August last year, the median house value across the combined capitals surpassed the million-dollar-mark, breaking the perception that Sydney was the only millionaire's club for homeowners.

New research from Cotality (formerly CoreLogic), shows that over a third of homes nationally are now valued at \$1 million or higher, with that vast amount of money buying less in the housing market now than ever before.

Data going back 10 years shows the portion of dwellings valued at \$1 million

Figure 1. Portion of Australian homes that are valued at \$1 million or more



or more has risen from 9.7% in April 2015 to 34.4% as of April 2025, a series high. This includes 19.4% of homes across regional Australia (up from just

0.5% a decade ago), and 41.6% across the combined capitals (up from 14.3% a decade ago). Both were at a series high. The trend reflects strong price growth

across Australia's housing market, where values have increased 67.3% in the past ten years.

Sydney had the highest portion of homes over \$1 million, where almost two-thirds of stock are past the million-dollar threshold (64.4%, a series high). This is unsurprising given the median value of all houses and units in greater Sydney was \$1,195,000 in April.

Even for those with a budget of \$1,000,000, the kind of property available in Sydney is generally smaller, and further afield than a decade ago. Only houses with five or more bedrooms had a median value over \$1 million in Greater Sydney a decade ago. Now the median house value for all bedroom types is over \$1 million, ranging from a median of \$1.3 million for a three-bedroom house, to \$2 million for a house with five or more bedrooms.

Brisbane had the next highest proportion of homes valued at \$1 million or more, at 40.2%. This is up from just 2.8% a decade ago and is the highest increase in the period of any region.

Brisbane will almost certainly be Australia's next 'million dollar' house market of the capital cities, with a current median house value of \$990,000. Even if Brisbane house values rise half the rate that they did in the 2024 calendar year, they would hit \$1,010,000 by the end of 2025.

Third in the capital city rankings was Melbourne, where 30.9% of homes have a \$1 million plus value as of April. This is down from a high of 33.1% in January 2022, shortly before interest rates were adjusted from historically low levels. While this reflects more subdued market performance and more affordable housing conditions across the city, the portion has increased from 30.0% in

February of this year, and is up from 12.4% of homes a decade ago.

Adelaide and Perth followed a similar trajectory to Brisbane, with strong value increases since the pandemic creating a sharp increase in the portion of million-dollar plus homes across these cities. Adelaide saw million-dollar homes go from 4.2% of the market in March 2020, to 27.8% of homes in April this year. For Perth, just over a quarter of homes are now \$1 million or more, up from 6.0% in March 2020.



\$1 million is increasingly standard.

Hobart stands out as a city that has seen a reversal of the million-dollar home status, as dwelling values sit 11.1% below a high in March 2022. Between March 2022 and April this year, the portion of dwellings in greater Hobart with a million-dollar plus price tag went from 20.3% to 11.9%. A combination of rapidly rising interest rates, weak population growth trends and relatively weak jobs growth may have contributed to sustained home value declines across the city.

Darwin had the lowest portion of million-dollar homes, at just 1.3% in April 2025. This has been consistent across the city, where 1% of homes were valued at \$1 million or more a decade ago. Since strong price rises through the 2000's infrastructure boom, values have been stagnant across Darwin over time. While certainly the most affordable

capital city by value, its remote location and relatively small economy means it is simply not a viable option for many aspiring homeowners.

Why does a \$1 million market matter?

Australia's million-dollar housing markets are in part a reflection of our wealth and prosperity as a nation. After all, housing markets wouldn't have a million-dollar price tag if at least some Australians couldn't come up with that level of finance. As values continue to rise, the chance that homeowners hit millionaire status increases, opening up new opportunities for further investment, or accessing that wealth through the sale of a property.

However, the downsides of such an extraordinary price point are also increasingly evident.

The rate of home ownership has gradually declined over time, particularly among younger, low-income households where income cannot keep pace with growth. The average age of first home buyers has increased, and increasingly wealthy households are stuck renting for longer, which increases competition for low income, renting households.

Housing debt has also blown out to keep pace with rising values relative to more subdued wages growth. Housing debt relative to income was recorded by the RBA at 135% at the end of last year (albeit down from a high of 139% before the bulk of cash rate rises in September 2022). This was up from 122% a decade prior.

With values expected to continue rising on the back of rate falls in 2025, the wealth divide between homeowners and non-homeowners is also likely to expand. ■



National property markets shift into strategic growth phase



Brisbane has become Australia's second-most expensive capital city for property, overtaking Melbourne with a record median house price of more than \$1 million – a landmark moment that caps off a resilient financial year for the city, fuelled by low supply, surging migration, and Olympic infrastructure investment.

Across the country, property markets are showing signs of recovery, with interest rate cuts triggering renewed buyer momentum and investors targeting value-rich suburbs in Perth, Adelaide, and select regional hubs, according to PIPA members.

The NSW market in 2025 remains cautiously optimistic, buoyed by interest rate cuts and selective demand in Sydney and regional areas. A-grade assets are performing well, while regional towns with infrastructure and lifestyle appeal continue to offer long-term investment potential.

Victoria's property market is regaining confidence, especially in Melbourne's outer suburbs and regional centres like Geelong. Strong population growth, low vacancy rates, and improving affordability are driving renewed interest despite ongoing supply challenges.

Brisbane leads the nation in property price growth, driven by limited supply, strong migration, and rising investor demand. Unit prices and affordable suburbs are attracting both first-home buyers and investors, supported by Olympic infrastructure momentum.

Perth remains a standout growth market due to extreme supply shortages and strong population growth, with rapid off-market activity and forecasted price surges. Demand is spreading

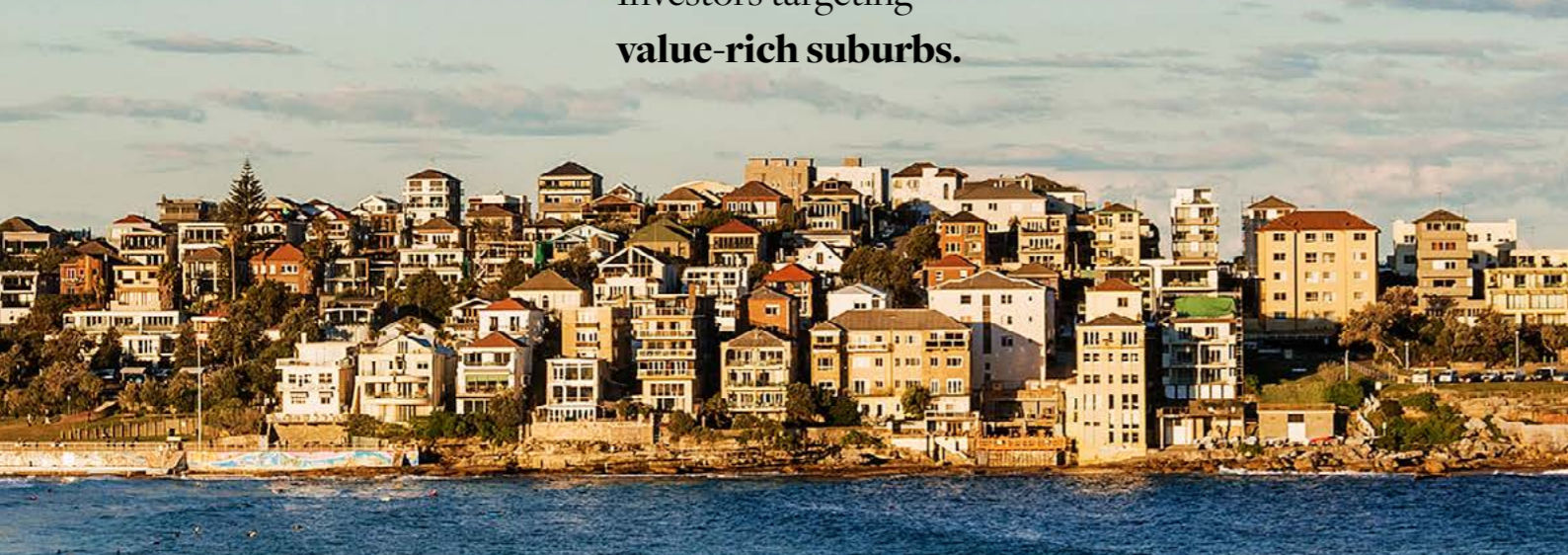
“ Investors targeting value-rich suburbs.

from houses to well-located units as affordability tightens.

Adelaide continues its steady climb with low vacancy rates, rising prices, and solid investor interest in coastal and inner suburbs. Infrastructure upgrades and relative affordability cement its position as one of the country's most balanced markets.

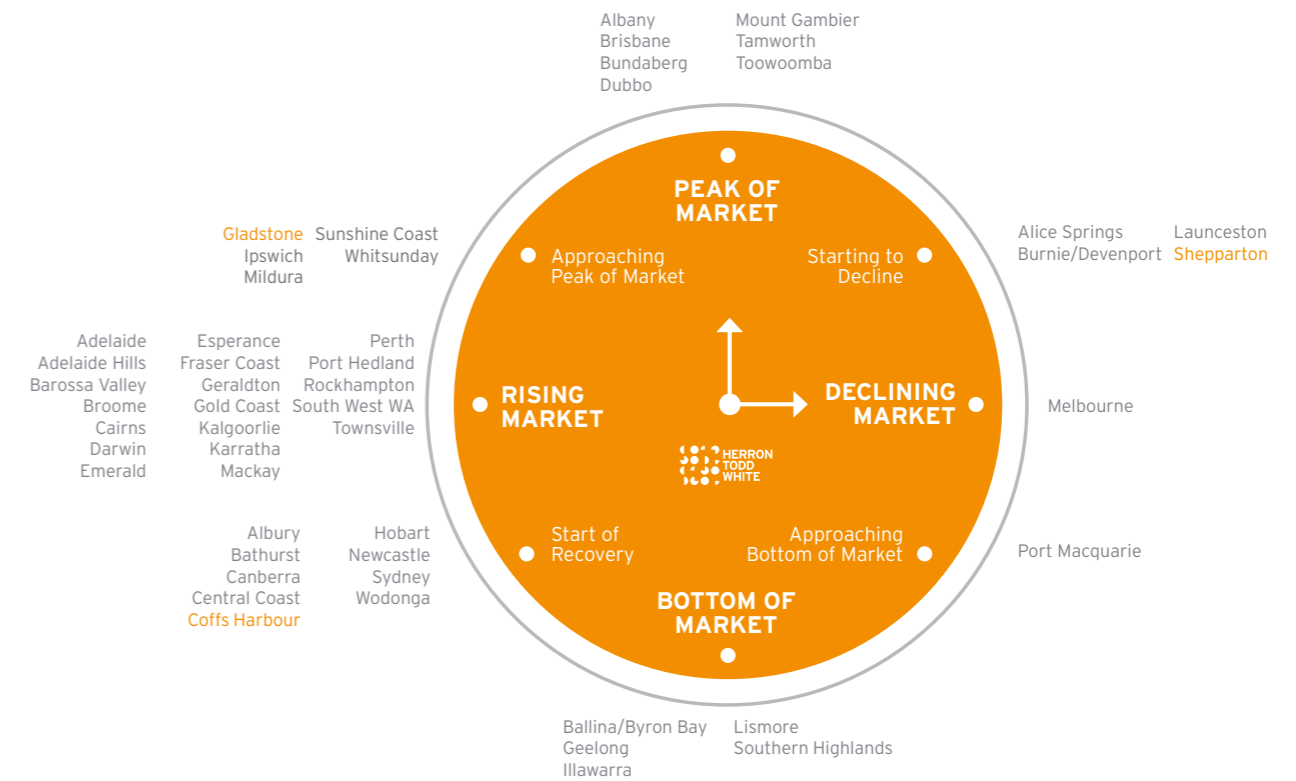
Hobart is entering a solid recovery phase, led by rising unit demand in inner-city areas and improving sales activity. Regional Tasmania shows early signs of revival, though momentum remains moderate and patchy across various locations.

Canberra's market shows subdued but stabilising conditions, with slight value increases and cautious buyer activity post-election uncertainty. Regulatory reforms and infrastructure projects may drive future interest, but high holding costs temper investor appetite.



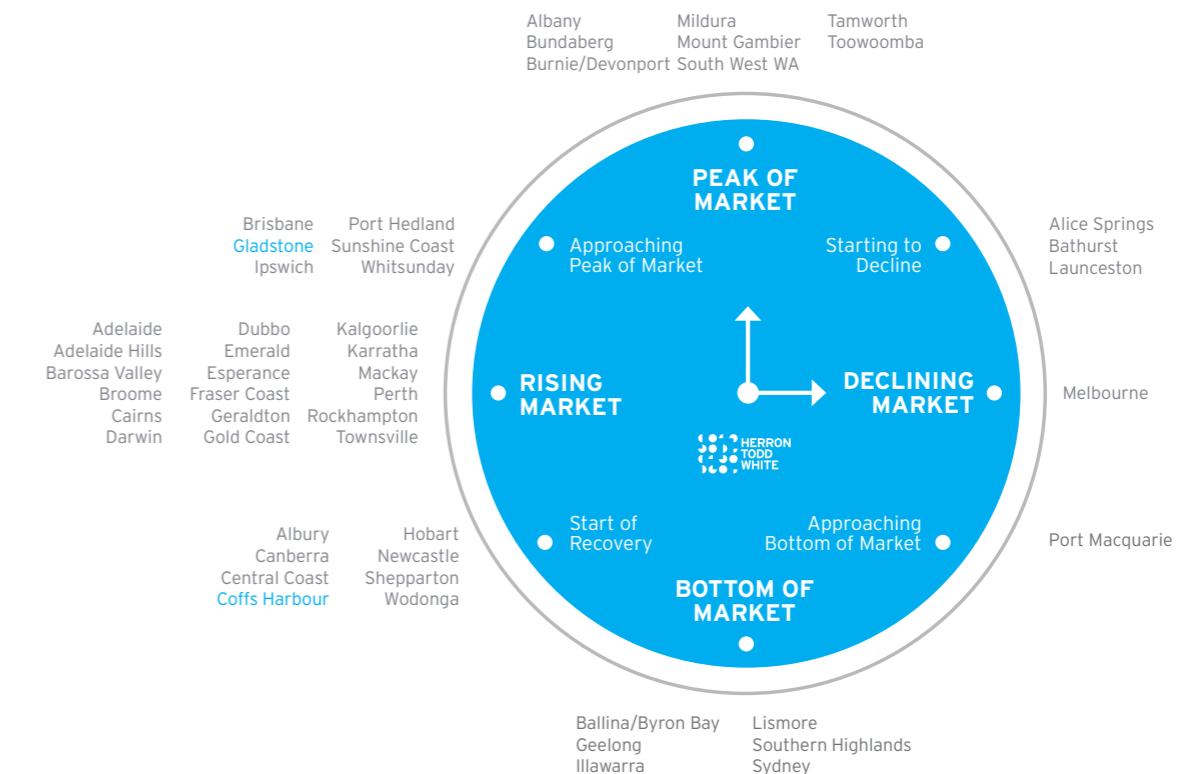
National Property Clock: Houses

Entries coloured orange indicate positional change from last month.



National Property Clock: Units

Entries coloured blue indicate positional change from last month.





NSW

Jay Anderson

Property Strategist, Jay Anderson Property



Performance **varies significantly** across regions.

As we progress through 2025, the New South Wales property market presents a complex yet opportunistic environment for property buyers.

Following the Reserve Bank of Australia's rate cut to 4.10% in February and a further cut in May to 3.85%, market sentiment has shown signs of cautious optimism. However, performance varies significantly across regions and property segments.

Sydney Dynamics

The Sydney market continues to show resilience as of June 2025, with modest price growth. Demand is highly selective, with A-grade homes and investment properties attracting strong buyer interest and selling quickly, while lower-quality stock lags behind.

The rental market remains tight, with rising rents and consistent gross yields, but affordability pressures persist. Supply challenges also continue. Looking

ahead, the key factor to watch is the forecasted four interest rate cuts over the next year, which will drive renewed momentum and further fuel buyer activity across Sydney's property market.

Regional Resilience

Regional NSW property market remains steady, supported by continued demand from buyers seeking affordability and lifestyle advantages beyond Sydney. While price growth has moderated compared to previous peaks, many regional centres are still experiencing modest value increases, particularly in locations with strong infrastructure investment and employment opportunities.

Migration from Sydney continues to drive buyer interest, especially among young families. Overall, while the pace of growth has eased, regional NSW continues to offer attractive long-term fundamentals, particularly in well-

connected, economically stable towns with strong rental demand.

Investor Considerations

For investors, the current landscape offers opportunities in both metropolitan and regional markets. In Sydney, suburbs that are poised for growth due to infrastructure developments and relative affordability and family homes in premium suburbs are the ones to watch.

Regionally, towns with strong economic drivers and population growth, such as Albury, Dubbo, and Tweed Shire, present compelling cases for investment.

Outlook

Looking ahead, the NSW property market is expected to experience steady growth, supported by low vacancy rates and ongoing demand. However, investors should remain vigilant, as market dynamics continue to evolve with economic conditions.



VIC

Kevin Au

Research & Business Analyst,
Buyers Agency, Empower Wealth



Local housing confidence **is on the rise.**

Victoria's property market is showing signs of renewed strength in mid-2025, buoyed by improving consumer sentiment, easing inflation, recent interest rate cuts, and population growth.

While global economic uncertainty continues to cast a shadow, local housing confidence is on the rise, and we are seeing this effect particularly in Melbourne's outer suburbs and regional hubs like Geelong.

The convergence of growth trends across capital cities is a notable development. The range between the highest and lowest annual change in dwelling values has narrowed significantly, reflecting more uniform market conditions.

This suggests that previously softer markets like Melbourne are stabilising after years of stagnation due to policy pressures, while the rapid growth seen in mid-sized capitals is easing.

Investor activity is also picking up

with the ABS reporting an 8.8% year-on-year increase in investor housing loan commitments in March 2025, and we expect this upward trend to continue with renewed confidence following the Reserve Bank's rate cuts in February and May, and further cuts anticipated later this year.

Melbourne, long considered one of Australia's most expensive cities, now finds its median dwelling value trailing behind Brisbane, Adelaide, and Perth. This relative affordability is drawing increased attention to the city's western and northern suburbs, where buyers are finding better value and more options.

Geelong is similarly heating up. Local agents report that demand has risen to the point where sale by auction, once rare, is becoming the norm. This is mainly evident in the lower price tier, which continues to lead growth results across most cities.

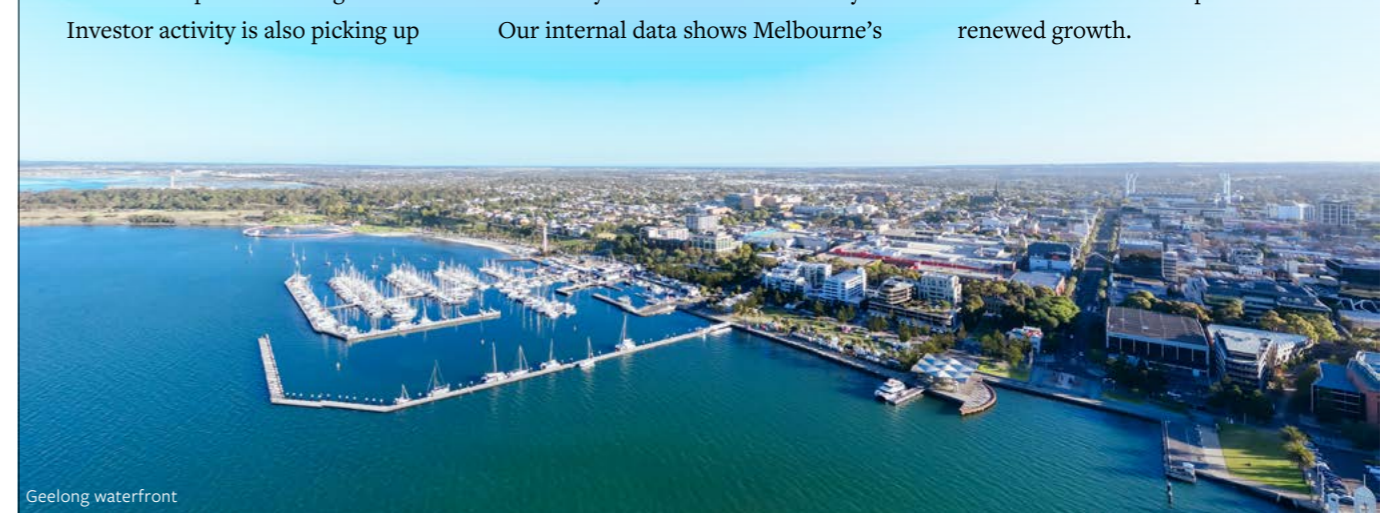
Vacancy rates remain historically low. Our internal data shows Melbourne's

vacancy rate at just 1% in May 2025, down from its peak 2.2% during the COVID-19 pandemic.

Despite the federal government's ambitious target of 1.2 million new dwellings over five years, Victoria's share of roughly 60,000 new homes per year may not be enough to ease supply constraints.

High construction costs and labour shortages continue to hamper new development, keeping pressure on both prices and rental markets. Combined with the latest population data showing solid overall net population inflows, we expect rental demand to remain strong.

As 2025 unfolds, Victoria's real estate market appears to be entering a new phase – one of cautious optimism and strategic buying in affordable pockets. While challenges remain, particularly around supply and construction, the demand fundamentals suggest a market that has stabilised and poised for renewed growth.



Geelong waterfront



QLD

Joanna Boyd

Director, Joanna Boyd Buyers Advocate

Brisbane has finished the financial year on a high note, continuing to stand out among Australia's capital cities for its robust property market performance.

Despite the impact of inflationary pressure, interest rate uncertainty, and high cost-of-living concerns, Brisbane's housing sector has remained remarkably resilient, driven by low supply, strong migration, and rising interest in the first home buyer and investor sectors.

According to Cotality, Brisbane's median house price crossed \$1 million for the first time, settling at \$1,000,422. Apartment values have also climbed significantly, with the median unit price now being \$709,823. The city is now Australia's second-most expensive capital city property market by median price, sitting behind only Sydney.

Year on year, Brisbane's median house price has surged by 6.2%, while the unit market saw an extraordinary increase of 11.8%. Demand for units has risen due to the difference in affordability between houses and units, with increased interest in the sub-\$700,000 bracket close to the CBD by first-time buyers and investors.

Demand remains strong for houses in the more affordable or high-growth markets, supported by a mixture of owner-occupiers and investors seeking value in a stabilising interest rate environment.

Investor activity and enquiry levels picked up significantly when the RBA



reduced the interest rate in May. New lending to investors in Queensland has reached record highs, and data from PropTrack confirms that 27% of buyer enquiries now come from interstate.



Rental conditions remained tight throughout the year.

Rental conditions remained tight throughout the year, with vacancy rates hovering at approximately one per cent. Rental markets remain tight due to a combination of low vacancy rates, strong population growth, and ongoing constraints in new housing supply.

Brisbane's continued rent growth reflects both population inflows and

an undersupply of rental stock. This mismatch between supply and demand means rental pressures are unlikely to ease in the near future, especially in well-located, family friendly suburbs or high-demand school catchments.

Looking forward, the key themes shaping Brisbane's housing market are unlikely to change quickly. A persistent undersupply of homes, strong population growth, and a new wave of first-home buyers and investors are expected to keep upward pressure on prices.

The city will also continue to benefit from infrastructure investment and the long-term pipeline associated with the 2032 Olympic Games. While some moderation may occur if interest rates fall further or supply improves, the city's core fundamentals remain strong, positioning Brisbane once again as a standout performer going into the 2025-26 financial year

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TAS

Terry Ryder

Director, Hotspotting

Hotspotting is always on the lookout for the locations we call “second wind markets”: places that have had major growth in the recent past but have been on pause for a couple of years and now are showing signs of another growth phase.

These are places that offer opportunities to buy well, ahead of the pack. In the past six months, we have identified key markets in Tasmania as classic second wind opportunities, including Launceston and Burnie.

Hobart and Regional Tasmania have been among the nation’s leading markets over the past 20 years. PIPA research

published last year identified Regional Tasmania as the No.1 jurisdiction for growth in house prices over the past two decades, with Hobart ranked No.3.

Our latest edition of The Price Predictor Index recorded an emphatic upturn in the Hobart market with 63% of locations receiving positive rankings for sales activity trends. And there are signs that some parts of the Regional Tasmania market are stirring also.

More buyers are opting for attached dwellings as a lifestyle choice or for affordability and this is delivering notable sales activity outcomes across Australia. In Tasmania, the unit market

in the inner-city suburb of Sandy Bay is at the forefront of the Hobart revival.

The Tasmanian capital is moving strongly into recovery. Hobart showed significant signs of revival in our previous survey three months ago and this new survey confirms that trend, with a significant further rise in sales activity.

In our previous (Autumn 2025) edition, we commented that Hobart was starting to stir. Since then, Hobart has improved further with a 13% rise in sales activity in the latest quarter and is now 18% higher than the same time last year. Now 63% of markets have positive



An **emphatic upturn** in the Hobart market.

rankings and only 23% are negative (and those with negative classifications have reduced from 57% to 26% to 23% in consecutive quarters).

The inner-city unit market and suburbs with affordable houses, including Glenorchy, Claremont, Moonah and Sorell, are at the forefront of the Hobart resurgence.

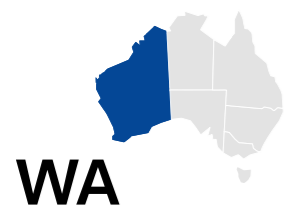
The regional areas of Tasmania are trying to accelerate but the handbrake remains on. Regional Tasmania has shown some improvement from the previous quarter, with sales activity up 7% on the previous quarter and 5% higher than the same time last year.

Now 43% of markets have positive rankings, up from 40% in the previous quarter – and now positive markets outnumber negative ones. But there’s not yet evidence of a full-blown recovery and in this regard, Regional Tasmania is lagging behind Hobart.



The Launceston market is showing signs of revival (quarterly sales 183, 188, 196, 165, 191) but remains somewhat patchy. Regional Tasmania locations with

rising sales trends include George Town, Huonville and Riverside near Launceston but most locations remain in second gear.



WA

David McMillan

Director, Performance Property

Perth remains one of the most compelling growth markets in the country, supported by favourable borrowing conditions and extreme supply and demand issues. Based on current data, the Perth median house price is forecasted to exceed \$1 million in 2026, with further gains expected over the subsequent two to four years.

Tight supply continues to be a defining feature of the Perth market. Days on market are sitting at an exceptionally low 11 days, reflecting the intense buyer competition. Notably, over 50% of Performance Property’s current deals are occurring off-market, indicating that the true supply shortage is even more acute than headline figures indicate.

The rental market tells a similar story, with the vacancy rate remaining critically low at 0.7%. While approximately 18,000 new dwellings are

expected to be delivered in 2026, this falls significantly short of need.

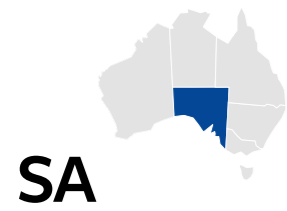
Perth added over 70,000 people to its population last year alone, which is the equivalent of about 27,000 households. This growing imbalance means that the pressure on housing supply is only set to intensify.

Affordability, though beginning to tighten, is still moderately below historical peaks. Rate cuts anticipated in the coming year will improve borrowing capacity and support continued growth. WA lending activity also remains strong.



Tight supply continues to be a **defining feature**.





SA

Jess Ellam

Buyers' Agent & QPIA, Elam Property



Adelaide still presents **relative affordability.**

Adelaide has once again demonstrated its strength as one of Australia's most stable and resilient property markets.

Steady population growth, tight housing supply, and consistently high rental demand have supported ongoing price growth across the city.

CoreLogic data shows Adelaide dwelling values rose 8.6% over the past 12 months. Unit values surged 18.5%, reflecting increasing demand from buyers seeking affordability and flexibility, while house prices climbed 15.1%, driven by low supply and strong buyer competition for well-located homes.

The market remains highly competitive, with listing volumes well below average and a city-wide vacancy rate of just 0.7% – among the lowest in the country. As a result, rents have

continued to rise, particularly in fringe and coastal suburbs. In Southern Adelaide, house rents jumped over 12%, and units rose by more than 8%, according to SQM Research.

This has reignited investor interest. Over the past year, I've worked with a growing number of local and interstate investors targeting high-performing suburbs like Plympton, Glengowrie, Seaton, and areas along the southern coastline. These locations offer a strong combination of growth history, attractive yields, and future infrastructure upside.

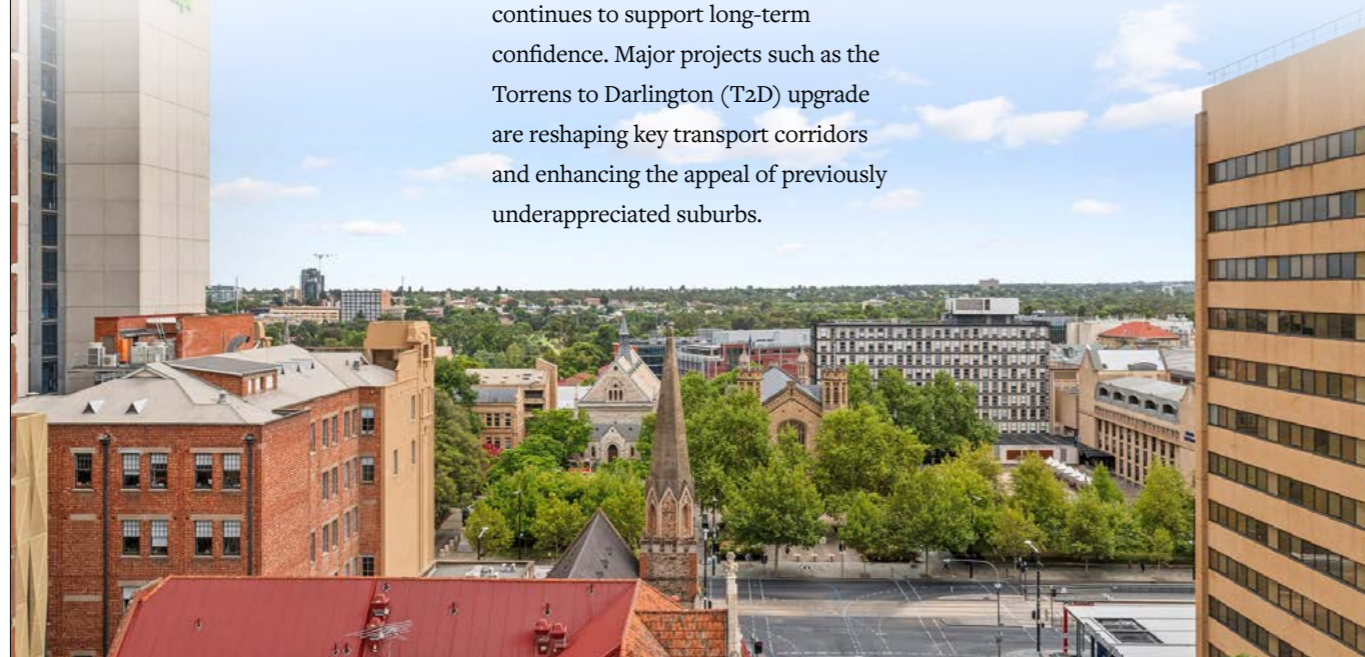
Despite consistent value increases, Adelaide still presents relative affordability, especially for buyers within 10-15km of the CBD. Purchasing quality property under \$1 million remains a distinct advantage of our market.

Ongoing infrastructure investment continues to support long-term confidence. Major projects such as the Torrens to Darlington (T2D) upgrade are reshaping key transport corridors and enhancing the appeal of previously underappreciated suburbs.

Looking ahead, many economists are anticipating potential interest rate cuts from the RBA, which could bring renewed momentum from buyers. Market sentiment remains strong, and the imbalance between supply and demand suggests upward pressure on both property values and rents will persist.

For investors, strong yields and low vacancy rates offer an attractive opportunity. For homebuyers and upgraders, timing and decisiveness will be key in an increasingly competitive environment.

While Adelaide's growth may not always make headlines, it remains steady and sustainable, supported by strong underlying factors. This makes it one of the most balanced markets in the country heading into FY 2025-26.



ACT

Claire Corby

Director, Capital Buyers Agency



Holding costs are clearly **trending upwards** for ACT landlords.

Canberra's property market moved through the past financial year in a very sedate manner. Dwelling values declined overall by -0.7% in the year to May 2025 (CoreLogic), with house prices recording a gentle monthly uptick of 0.5% at the tail end of the financial year. Values still remain approximately 6% below their peaks of the mid-2022 era.

Vacancy rates continue to hover between 1.5% and 1.8%. The ACT Government's latest budget will continue to nudge the pressure for landlords with higher costs and increased compliance measures.

The ACT budget confirmed increases across the board, with many suburbs seeing jumps of up to 11% in general rates. New rental certificates are now in place, and marginal land tax changes will bite for higher-value properties, in particular, where land values exceed \$1 million.

Combined with increased compliance and regulations, holding costs are clearly trending upwards for ACT landlords

as the ACT Government tries to claw revenue to offset a deficit which now exceeds \$1.1 billion.

Investor appetite has softened as a result, with many yield-seeking buyers turning their attention elsewhere. On the demand side of the equation, the fiscal year began cautiously.

The Federal Election uncertainty and elevated interest rates kept sentiment subdued into early 2025, which particularly impacted Canberra after Liberal announced 41,000 public sector jobs in Canberra would be on the chopping block, if elected.

The RBA's first interest rate cut in February gave the market a small boost, notably in the sub-\$1 million bracket. Here, first-home buyers re-entered the scene buoyed by lower repayments and access to ACT stamp duty concessions, helping fuel four consecutive months now of, albeit small, but positive price growth.

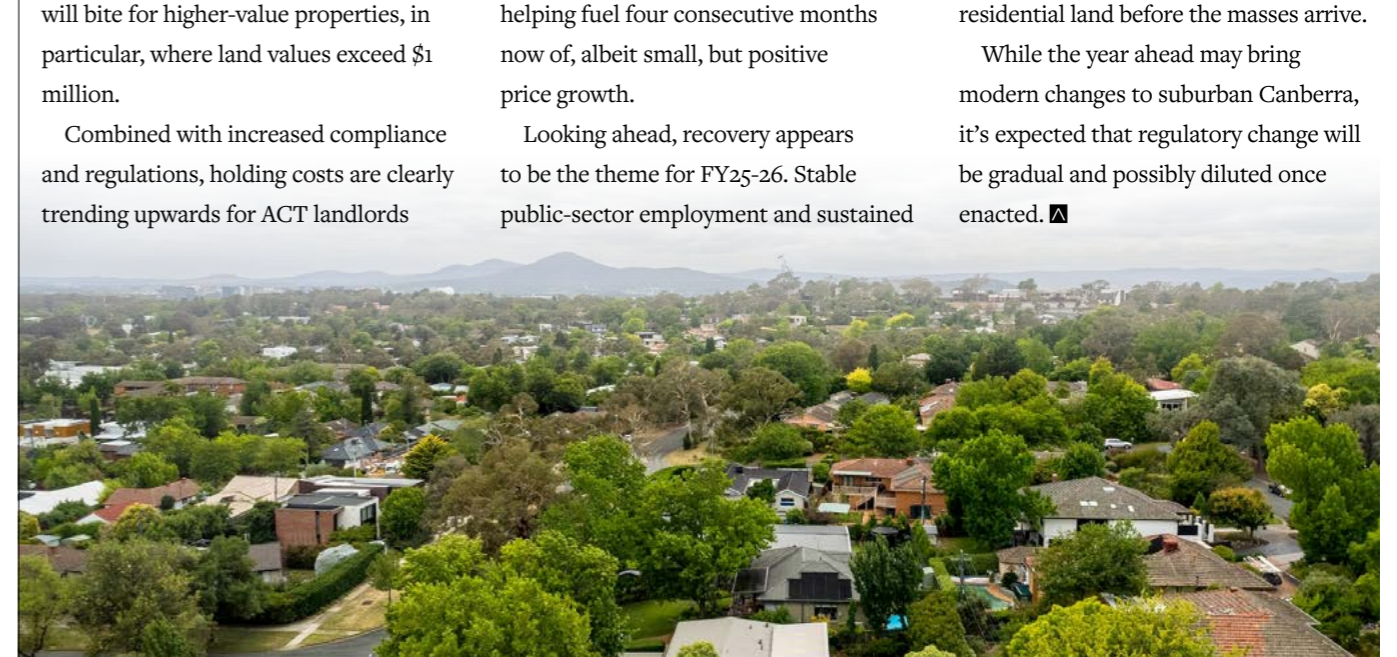
Looking ahead, recovery appears to be the theme for FY25-26. Stable public-sector employment and sustained

infrastructure delivery supports a neutral-to-mildly positive outlook. The ACT Government, now entering its 24th consecutive year with Labor in power, continues its expansion of the light rail infrastructure. The next leg promises to link Civic with Woden as construction makes its way across the lake towards the Parliamentary Triangle.

On the planning front, proposed zoning reforms could bring more "missing middle" housing to the market. But without addressing prohibitively high Lease Variation Charges and the need for developer licences on 'Mum and Dad' landowners, the impact of these proposals will be hamstrung at best.

Land-banking investors who are comfortable to speculate on residential real estate with high holding costs may do well to hedge their bets and secure prime residential land before the masses arrive.

While the year ahead may bring modern changes to suburban Canberra, it's expected that regulatory change will be gradual and possibly diluted once enacted. ▣





The pipeline problem – Australia’s housing supply gap

Australia’s housing pipeline is failing to keep pace with a population surge.

Net overseas migration rebounded to 500,000-plus people per year in 2023–24, yet national dwelling completions are stuck near 175,000 – levels last seen a decade ago.

Using the benchmark of 2.1 persons per home, migration alone requires 240,000 new dwellings annually. The gap between need and delivery now exceeds 240,000 homes for the past three years combined.

Why it matters

Affordability squeeze: Fewer completions per capita are fuelling

rent rises and keeping pressure on purchase prices.

Cost overrun risk: Build-cost inflation has doubled the average cost per square metre since 2000, squeezing developer margins and stalling projects.

Regional flashpoints: Four growth belts stand out for supply tension.

Logan–Beaudesert absorbs SEQ’s strongest inflow – population up about four per cent in 2024 – while approvals have fallen four straight quarters; houses sit on three months of stock, units on two.

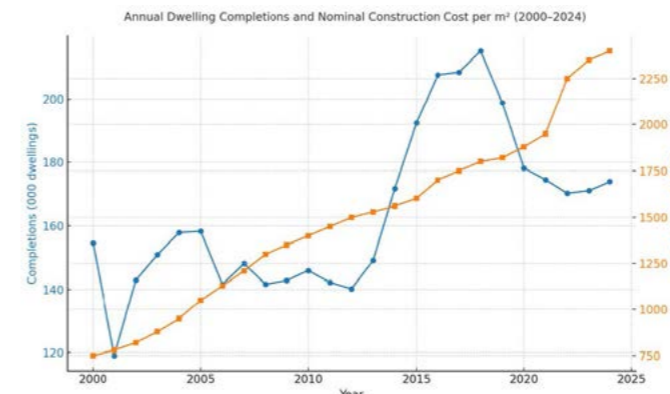
Moreton Bay–South mirrors the pattern: Strathpine and North Lakes carry barely three-month detached inventory, and approvals are down 30% year-on-year.

In Victoria, Geelong gained roughly 14,000 residents in 2024, yet completions are 20% below their HomeBuilder peak and apartment listings are almost non-existent; overall months-of-inventory sits under three.

Perth–South West is more mixed: Fremantle and Cockburn remain tight (units ≈ 2 months) but recent lot releases leave Melville and Kwinana with five-plus months of detached supply, so the pinch is concentrated in medium-density stock.

Collectively these corridors illustrate the widening gap between migration-driven demand and a fading approvals pipeline.

NATIONAL COMPLETIONS & COST TREND



Dwelling completions climbed steadily through the 2010s, peaking at around 215,000 homes in 2018, but the pipeline has since retreated: FY 2024 will close near 174,000 – almost 19% below that high – even as net migration has rebounded to more than 500,000 people per year.

At the ABS average occupancy rate of 2.5 persons per dwelling, Australia needs roughly 240,000 new homes annually merely to keep vacancy rates stable, yet completions are running some 65,000 short each year.

By mid-2024 the rolling three-year deficit topped 200,000 homes – equivalent to building out the entire stock of Canberra.

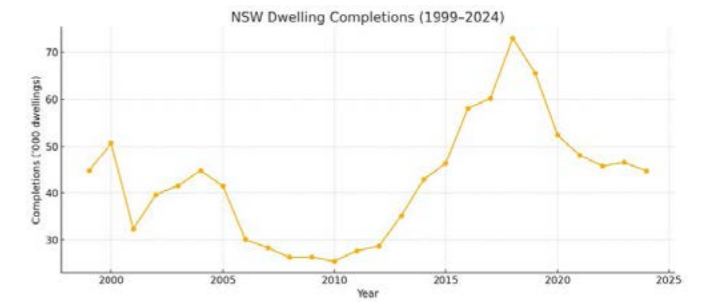
At the same time, construction costs have surged. Nominal expenses to build a square metre of residential space have climbed from under \$800/m² in 2000 to roughly \$2,400/m² today – a threefold rise.

Material shortages, labour constraints and COVID-era disruptions drove a 15.6% spike in just 15 months to early 2022, while annual cost growth remains elevated compared with the 2000s.

This dual squeeze – dwindling completions and ballooning build costs – means that even if approvals recover, many projects will struggle to proceed at scale.

Without an urgent turnaround in project starts and relief on input prices, the national housing shortfall is set to deepen through the rest of the decade.

NEW SOUTH WALES



Pipeline reversal

New South Wales ramped up dwelling completions from roughly 40,000 in 2011 to 72,900 in 2018, but output is heading for only about 46,000 in 2024 – 37% below the peak – as high-rise approvals stall and cost overruns sideline projects.

Demand keeps climbing

Net overseas migration added 174,000 people to NSW in 2023. Using the ABS average household size of 2.5 persons per dwelling, the state needs roughly 70,000 new homes a year just to keep pace with population growth. Current construction therefore meets only two-thirds of underlying demand.

Most undersupplied SA4s in NSW

Shortages are sharpest in Sydney’s inner and coastal bands. The Eastern Suburbs holds detached stock under three months and beachside apartments near two – well below the four-to-five-month balanced benchmark.

The Northern Beaches is tighter still, with houses at about 2.5 months and units below two. Sydney – City & Inner South carries terrace stock near 1.5 months, while Marrickville-area apartments sit at roughly 1.4 months. These SA4s register the steepest supply gaps in the state.

Key takeaway

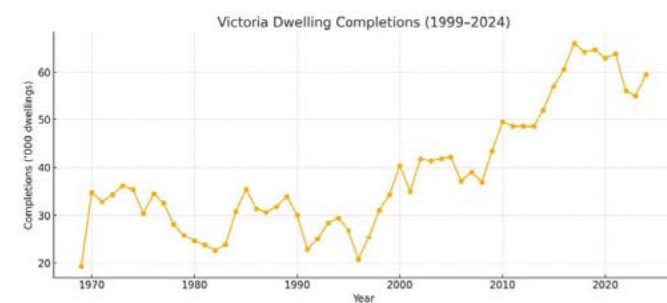
NSW has pivoted from surplus to clear shortage in five years. Unless approvals rebound and build costs ease, completions will stay well below the

70,000 dwellings a year required to match population growth.

“Build-cost inflation has doubled the average cost per square metre since 2000, squeezing developer margins and stalling projects.”

“Completions are running some 65,000 short.”

VICTORIA SNAPSHOT



Pipeline reversal

Victoria lifted dwelling completions from about 44,000 in 2011 to 66,000 in 2017, yet FY 2025 output is pacing near 56,000 at 15% below peak.

Build-cost spikes have stalled high-rise starts in Doncaster and Southbank and slowed green-field stages across Clyde North, Wyndham and Melton.

Demand keeps climbing

Population growth pulls the other way. Net overseas migration added 160,000 people in 2024; at the ABS average of 2.5 persons per dwelling the state needs roughly 64,000 new homes a year just to hold equilibrium. Current construction therefore meets about seven-eighths of underlying demand.

Most undersupplied SA4s in VIC

Inventory mapping highlights three SA4s where stock is critically thin.

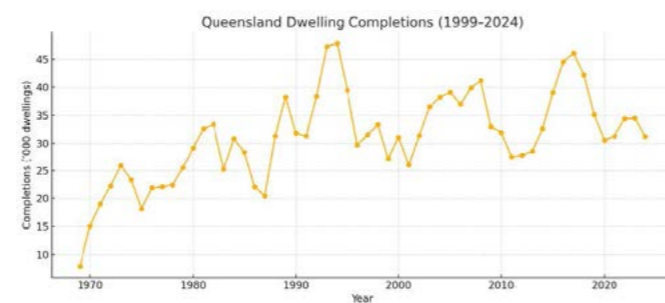
Melbourne – Inner South carries a little over two months of detached supply and sub-two-month unit availability. Mornington Peninsula (Frankston SA3) is tighter still, with houses near 2.1 months and units below three, while coastal Mornington drifts only slowly toward balance.

Melbourne – Inner East continues to run at roughly 2.0–2.5 months for houses, and boutique apartment completions have trimmed unit listings toward four months. These areas show the sharpest supply pressure in the state.

Key takeaway

Victoria has swung from balance to shortage within five years. Unless approvals rebound and construction costs moderate, completions will remain well below the 64,000 dwellings a year needed to absorb ongoing population inflow.

QUEENSLAND SNAPSHOT



Pipeline reversal

Queensland lifted dwelling completions from about 37,000 in 2014 to 47,000 in 2018, but FY 2025 output is tracking near 40,000 – about 15% below peak as labour shortages, insurance spikes and tighter pre-sale rules slow both high-rise launches and south-east green-field stages.

Demand keeps climbing

Population growth shows no sign of easing. Net interstate inflows and renewed overseas migration added 155,000 residents in 2024. At the ABS average of 2.5 persons per dwelling, the state needs roughly 62,000 new homes a year just to hold equilibrium, so current construction covers about two-thirds of underlying demand.

Most undersupplied SA4s in QLD

Inventory analysis pinpoints three pressure zones.

Brisbane – Inner City finished May 2025 on 1.5 months of detached supply and CBD apartments below four.

Moreton Bay – South carries about two months of units and three months of houses in Strathpine and North Lakes, with only the Hills District edging toward balance.

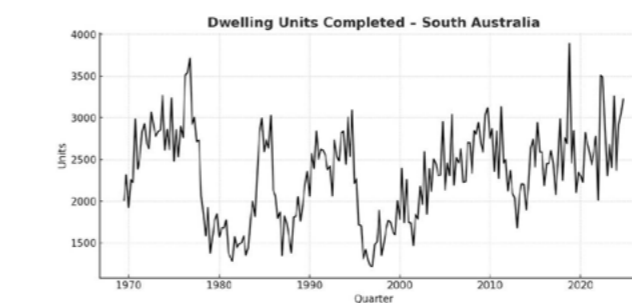
The Sunshine Coast stays tight along Buderim and Caloundra – houses average three months and units under three – while hinterland Noosa merely hovers at balance.

These SA4s face Queensland’s sharpest supply stress.

Key takeaway

Queensland has moved from apparent surplus to clear shortage in six years. Unless approvals rebound and building capacity expands, completions will remain well below the 62,000 dwellings a year now required to match population growth.

SOUTH AUSTRALIA SNAPSHOT



Pipeline reversal

South Australia lifted dwelling completions from roughly 9,400 in 2014 to almost 12,000 in 2022, buoyed by HomeBuilder and the northern defence build-up. FY 2025 output is pacing around 11,000 – about 8% below peak as cost pressures curb townhouse infill in the inner suburbs and slow green-field stages around Mount Barker and Victor Harbor.

Demand keeps climbing

Population momentum is stretching the thinner pipeline. Net overseas migration and interstate inflow added 34,000 residents in 2024. Using the state’s average household size of 2.4 persons per dwelling, South Australia needs roughly 14,000 new homes a year just to hold vacancies steady. Current construction therefore meets only about 80% of underlying demand.

Most undersupplied SA4s in SA

Three regions sit at critically low inventory levels.

Adelaide – South: detached stock less than three months; units less than one month.

Adelaide – Central & Hills: houses two to three months; inner-east units less than months.

Barossa & Lower North: houses less than four months; units less than two months, while adjacent Mid North drifts into surplus.

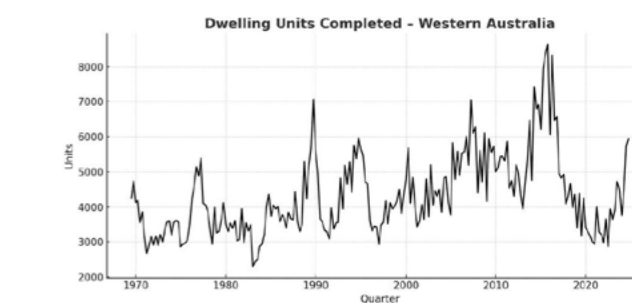
Key takeaway

In less than a decade, South Australia has swung from balance to persistent shortage. Unless approvals lift and build costs ease, completions will stay well below the 14,000 dwellings a year required to track population growth.



South Australia has swung from **balance to persistent shortage.**

WESTERN AUSTRALIA SNAPSHOT



Pipeline reversal

Western Australia delivered 25,800 dwellings in 2014, the crest of the iron-ore boom. Completions then slid to 17,300 in 2018 as mining investment wound down.

A HomeBuilder bounce and renewed resources work have lifted the run-rate, yet FY 2025 output is pacing at 21,000 – still 18% below the 2014 peak – because elevated build costs and servicing delays are holding back later stages of Alkimos, Byford and Ellenbrook.

Demand keeps climbing

Population growth has re-accelerated. Net overseas migration and strong interstate inflow added 82,000 residents in 2024. At 2.5 persons per dwelling, the state needs roughly 33,000 new homes a year just to tread water, leaving current construction at two-thirds of underlying demand.

Most undersupplied SA4s in WA

Supply tension is greatest in Bunbury, Mandurah and Perth – Inner. Along the Busselton coast, Bunbury carries detached inventory below three months and units near two.

Mandurah’s apartment market is even tighter at one-to-two months, while houses there are only just brushing balance.

In the CBD and riverfront precincts, Perth – Inner still shows detached stock of about three months and apartments at three-to-four months – tight by capital-city standards even after the latest Elizabeth Quay completions. By contrast, fringe corridors north of Eglinton and south of Baldivis are edging toward buyer-friendly conditions for detached dwellings.

Key takeaway

Unless approvals lift and infrastructure bottlenecks ease, completions will remain well short of the 33,000 dwellings a year needed to meet Western Australia’s post- pandemic population growth. 📉



Source: Alan Porritt/AAP

Is there any hope for a fairer carve-up of the GST between the states?

When the Western Australian state government handed down its state budget on Thursday, it showed a balance sheet **solidly in the black** with a A\$2.5 billion surplus. But, as it has for seven years, the state has received an outsized boost to its coffers from the federal government.

In 2018, the Morrison government – with the full support of the then Labor opposition – handed WA a special deal for the distribution of income from the goods and service tax (GST).

Under the deal, WA gets a much greater share of the centrally collected GST revenue than it would have been entitled to under the methods previously used by the Commonwealth Grants Commission.

So what can be done to ensure a

return to a fairer distribution of the GST revenue?

How the GST carve-up is supposed to work

The 2018 deal upended a principle known as “horizontal fiscal equalisation”. This principle seeks to ensure each state and territory has the fiscal capacity to provide its residents with a broadly similar range and quality of public services, while

This article was originally published on

THE CONVERSATION

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levying a similar level of state taxes. This applies to states with different populations and needs.

That principle is the main reason why the quality of health care, schooling and policing in your community depends much less on which state you happen to live in, compared with other countries with a federal system. Just think of the United States.

But that principle was jettisoned in the pursuit, by both major parties, of seats from WA in the House of Representatives, which in effect determined the outcome of the 2016, 2019 and 2022 elections.



WA gets a much greater share of GST revenue than under methods once used by the Commonwealth Grants Commission.



Instead of equalising all states to have the **fiscal strength of the strongest state** (such as WA during the boom), funds were now equalised to the stronger of New South Wales or Victoria.

Holding onto the mineral wealth

During the mining boom starting in 2000, WA became rich. While it **previously received extra grants** from other states, it was now having to share income from mining royalties with other states.

But the 2018 amendment **changed** how the GST revenue is distributed. Instead of equalising all states to have the fiscal strength of the strongest state (such as WA during the boom), **funds were now equalised** to the stronger of New South Wales

“

A government that truly believed in equity, **and was committed to prudent and responsible budget outcomes**, would scrap this appalling piece of public policy.

or Victoria. States are also guaranteed a minimum per capita share of revenue.

The only state that benefits from these changes is Australia’s richest state: WA. Since 2018-19 it has **received A\$24.2 billion more** than it would have done had the 2018 changes not been made.

Combined with the **\$58.3 billion it has collected** in mineral royalties over the past seven years, that has enabled WA to rack up cash surpluses totalling more than \$18 billion. Every other state and territory recorded cash deficits over that time.

Over the next four years, WA **will receive \$26.3 billion more** from the carve-up of GST revenues than it would otherwise have done.

No one worse off?

To cajole the other states and territories into accepting this “deal”, the Morrison government agreed to “**top up**” the revenue from the GST to ensure none would be any worse off than if the long-standing system had remained in place.

It estimated this “No Worse Off guarantee” (or NoWO as it is now called) would cost the federal budget **\$8 billion over the nine years** to 2026-27, when NoWO would expire.

To avoid expected pushback from the other states, the Albanese government agreed in 2023 to extend NoWO by another three years. It is now expected it will have cost the federal budget **almost \$60 billion** by its scheduled expiry in 2029-30.

This is the biggest blow-out in the cost of any single policy decision, with the **exception of the National Disability Insurance Scheme** (NDIS). This \$52 billion blowout from the GST carve-up represents a massive drain on the federal budget, at a time when it is forecast to be in deficit for the next ten years, to appease the greed of Australia’s richest, and luckiest, state.

A government that truly believed in equity, and was committed to prudent and responsible budget outcomes, would scrap this appalling piece of public policy. And an Opposition

that was sincere in its claims to stand for fiscal responsibility would support any move by the government to do so.

The system is not working as intended

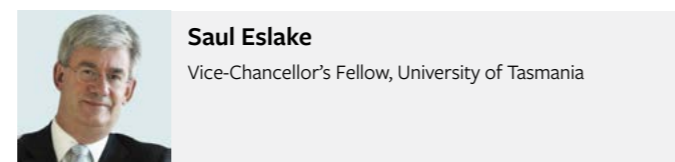
The 2018 legislation **requires the Productivity Commission** to report, by the end of 2026, on whether the new system is working “efficiently, effectively and as intended”. Since it clearly wasn’t intended for the changes to cost anywhere near as much as they have done, the answer to that question must surely be a resounding “no”.

But rather than giving it such a narrow remit, the Treasurer could, and should, task the Productivity Commission with devising a way of achieving the long-standing objective of “horizontal fiscal equalisation” in a simpler, more transparent and more predictable way.

This should be possible by reference to fewer than a dozen readily available economic, demographic and social indicators. These could replace the “black box” processes currently used by the Commonwealth Grants Commission to allocate GST. WA has been able to exploit this lack of transparency in pursuit of its claims on an unjustified share of GST revenue.

Steven Kennedy, in his new role as head of the Department of Prime Minister and Cabinet, is **reportedly open** to considering controversial tax changes, including the GST carve-up. Hopefully he will be making this suggestion to the Prime Minister.

An inquiry by the Productivity Commission along these lines would enable the government to step away from the 2018 changes in the 2027-28 budget. That would, in turn, represent a substantial contribution towards the task of budget repair. And it would reinstate a principle that has helped make Australia a fairer, and better, country than it would otherwise have been. ❏



Saul Eslake
Vice-Chancellor's Fellow, University of Tasmania

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