April 2025

Monthly Market Focus

A monthly snapshot of how we see the property markets across the country together with relevant research and economic news. We also highlight recent transactions, product innovation and industry insights.

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Ratings and Trends

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We have reflected this month's improvement in most Residential markets in almost all areas especially in Melbourne and Sydney and we maintain our optimistic view that interest rates will fall further this year having a further positive impact on real estate values.

Herron Todd White (HTW) issued their March Month in Review including an update on the Office sector. These, of course, varied between locations and sectors, driven by falling interest rates and positive economic activity. However, vacancy rates remained high, and while the outlook at the time of writing was reasonably positive, there were no signs of improvement yet. We have also reflected these comments in our Ratings and Trends which all remain Fair and Stable. Please note these were all released before the US Tariff announcements.

Overall Ratings are little changed this month as a result the above. 78 ratings are now Good, 143 are Fair, 4 are Strong and none are Weak reflecting the improved investment environment. Trends are 1012 now Improving and none Deteriorating following the recovery of both Melbourne and Sydney Residential sectors.

▶ Stable ▲ Improving ▼ Deteriorating ● Steady

	Sydney	Melbourne	Adelaide	Brisbane	Perth
Residential Homes	Fair ▲	Fair ▲	Good ▲	Good ▶	Good ▲
Residential Units	Fair ▶	Fair ▲	Good ▲	Good ▲	Strong ▲
Office	Fair ▶	Fair ▶	Fair ▶	Fair ▶	Fair ▶
Retail	Fair ▶	Fair ▶	Fair ▶	Fair ▲	Fair ▶
Industrial	Good ▶	Good ▶	Strong ▶	Strong ▶	Strong ▲

CoreLogic Data

CoreLogic's March data delivered a modest but positive note for Australia's housing market, with national dwelling prices rising 0.4% for the month and 0.7% over the quarter.

Sydney and Melbourne both bounced back after a softer start to the year, recording monthly increases of 0.3% and 0.5% respectively. Over the quarter, Sydney edged up 0.4%, while Melbourne added 0.3%.

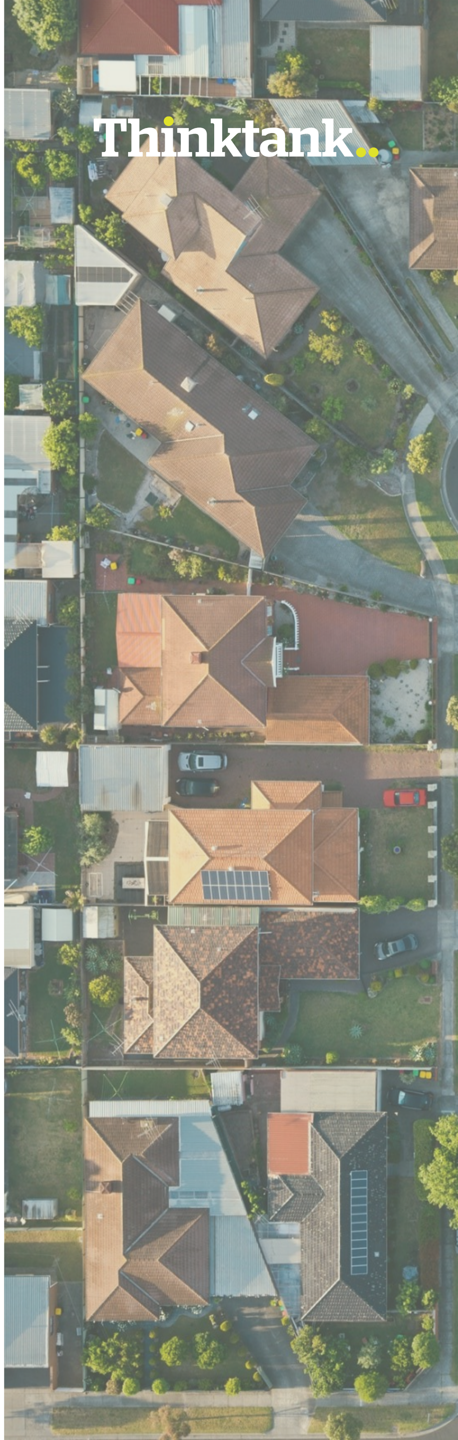
Despite this, Melbourne still holds fifth place in median home values among the major capitals and remains down 2.6% over the past year—making it the only one of the five largest cities to post an annual decline.

Houses in both Sydney and Melbourne rose by 0.5% in March, suggesting improving confidence in the detached home sector. However, unit prices told a mixed story—down 0.1% in Sydney but up 0.4% in Melbourne.

Meanwhile, Adelaide, Perth, and Brisbane continued their strong run, posting gains across both houses and units for the month, quarter, and year. All three cities recorded robust double-digit annual growth, far outpacing the national 12-month rise of 3.4%.

Index results as at 31st March 2025

	Change in dwelling values				
	Month	Quarter	Annual	Total return	Median value
Sydney	0.3%	0.4%	0.9%	3.9%	$1,190,616
Melbourne	0.5%	0.3%	-2.6%	1.1%	$781,318
Brisbane	0.4%	0.9%	8.6%	12.7%	$899,824
Adelaide	0.8%	1.0%	11.0%	15.0%	$827,675
Perth	0.2%	0.2%	11.9%	16.7%	$806,205
Hobart	-0.4%	0.2%	-0.2%	4.0%	$657,059
Darwin	1.0%	2.8%	2.6%	9.2%	$519,287
Canberra	0.2%	-0.1%	-0.5%	3.6%	$854,398
Combined capitals	**0.4%**	**0.5%**	**2.8%**	**6.5%**	**$900,629**
Combined regional	**0.5%**	**1.4%**	**5.3%**	**9.9%**	**$666,830**
National	**0.4%**	**0.7%**	**3.4%**	**7.2%**	**$820,331**



Recent Transactions

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SMSF – Commercial

Security property in Sydney CBD, NSW
$1,300,000 | 75% LVR | 30 years P&I

- The borrowers were colleagues who operate a clinic together. One PAYG the other self employed; they sought to purchase the office premises from which they work.
- We were able to help the borrowers achieve their investment goals through our tenants in common structure. This enabled them to purchase the property utilising their separate individual SMSFs.
- The borrowers FY24 financials were not yet lodged. Our Mid Doc option allowed us to verify serviceability without delaying the purchase.

Private Lending – Residual Stock

Security property in Ocean Grove, Vic
$1,600,000 | 65% LVR | 3 years IO

- The 3 borrowers were joint directors and shareholders of a unit trust. They sought a short term solution that would facilitate their financial goals.
- The purpose of the loan was to refinance a construction loan, enabling the borrowers to progressively sell down the properties at different intervals depending on market conditions.
- Residual Stock Loan offers no ongoing fees, no early repayment fees and provides the broker with upfront commission: 0.60% with flexibility up to 2.0% and 0.25% trail.

Commercial - refinance + equity release

Security property in Strathfield, NSW
$5,600,000 | 65% LVR | 30 years with 5 years IO

- The borrowers were self employed existing customers who sought to purchase another property, a commercial warehouse.
- We were able to provide increased borrowing power on the existing loans in addition to the refinance.
- Our 'set and forget' structure provides the borrowers with peace of mind, no revaluations for the term of the loan, and need to provide full financials
- This structure also features no cross collateralisation allowing the borrowers to easily refinance in future if required.

Commercial - Lease Doc

Security property in Adelaide, SA
$1,350,000 | 48% LVR | 25 years

- The borrowers sought to refinance an existing loan from another lender. This loan was a unit trust with multiple family trusts as unit holders.
- As the lease term had greater than 24 months remaining at the time of settlement to an arm's length tenant we were able to use 100% of the gross rentals.
- We facilitated a 25 year set and forget loan, removing the need for the client to repeat the process again in the near future, along with the associated costs and administrative requirements.

The Private Lending Competitive Advantage

Private lending is a rapidly evolving space, and brokers who embrace it will gain a significant competitive advantage. Thinktank is dedicated to supporting brokers in a variety of ways to help them navigate this sector with confidence. Whether it's understanding borrower profiles, structuring deals, or leveraging our expert team for guidance, brokers can count on us to provide the tools and insights they need to succeed.

Why brokers need to know about these products

With an increasing number of Australian mortgage borrowers relying on brokers for comprehensive solutions, the demand for diversification in brokers' service offerings has never been more critical.

Going forward, it will be hugely valuable for brokers to gain confidence in private lending and understand the specific requirements and profiles of borrowers in this segment. Our style of private lending often appeals to developers, property investors, and high net worth clients who prioritise speed, simplicity and execution as well as certainty.

Brokers expanding their offering into the private lending space isn't just about staying competitive; it's about capitalising on new opportunities, growing revenue streams, and deepening client relationships through the delivery of integrated financial options and solutions.

Who these products will appeal to

Private Loan is designed for business owners, property investors, and commercial borrowers needing short term capital for investment, refinancing, or business expansion. Security may take the form of residential, commercial, specialised properties or vacant land.

Residual Stock Loan is tailored specifically for developers looking to unlock equity in newly completed projects, particularly in high demand metropolitan and growth areas. By providing funding for properties in both metro and regional locations, we're ensuring that brokers can support clients with diverse investment strategies.

Key features of the products

Our interest rates are very competitive and include flexibility for the introducing broker to earn up to 2.0% upfront and a 0.25% trail commission. Generally, the setup cost to customers is significantly reduced with longer loan terms available, supported by a policy of no early repayment fees or claw backs.

Private Loan and Residual Stock Loan are designed to provide brokers with the flexibility to support their clients' varying business needs. Key features of the products include flexible terms from 3 months to 3 years, a loan limit of $7.5M and flexible servicing parameters including ICR's from 0.50x – 1.25x, no LMI, and no title insurance.

Contact the team

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Economic Outlook

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The Reserve Bank of Australia (RBA) met again for the second time in 2025 on 31 March and 1 April. As expected, the Cash Rate was left unchanged following the 25 basis point cut in February.

Retail sales were up 0.1% for the month of February and 3.6% year over year continuing a slow rise. Unemployment for February was also little changed at 4.1% down 0.1% from January.

Internationally the OECD released an interim economic outlook in mid-March entitled "Steering through uncertainty" and projected 2025 growth of 3.1% globally with 2.8% for the USA and 2.4% for Australia. These are likely to be downgraded in light of the tariffs.

Many other Central Banks have been cutting rates. The Federal Reserve Bank (FOMC) in the United States held rates unchanged in March but the Bank of Canada (BoC)cut its rates on 12 March by 25 basis points down to 2.75%, its third cut in a row after cutting by 50 basis points in December. The BoC meets again later this month while the FOMC does not meet again until May. Current US 10 year Government Bond yields are down at 4.18% with 2 year bonds also down at 3.76%.

In Australia 10 year bonds are at 4.10% and 3 year bonds down at 3.28%. The AUD remains well down from near 0.69 early last year having now dropped below 0.60 on unsettling global news on tariffs.

The Westpac–Melbourne Institute Consumer Sentiment Index dropped 6% in April, falling to 90.1. Notably, respondents surveyed before President Trump's tariff announcement recorded a more upbeat 93.9, while sentiment among those surveyed afterward dropped nearly 10% to 86.6.

Consumer expectations around interest rate cuts also cooled, with just 50% anticipating a reduction next month following the RBA's February meeting. Meanwhile, the Westpac–Melbourne Institute Leading Index, released after the RBA's rate cut, climbed to +0.58—its highest level in two and a half years.

The Australian Industry Group (AiG) Industry Index for March recorded a small decline of 3.1 points and remained in negative territory (where it has been for the past 33 months) at -22.2.

However, both the PMI (manufacturing) and the PCI (construction) reversed last month's gains with the PMI falling 17.8 points to -29.7 and the PCI down 14.9 points to -19.3.

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News and Views

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2025 April RBA Quarterly Financial Stability Review (FSR)

Since our last report, the RBA has released its quarterly FSR in early April but before the tariff announcements by the USA. The comments will no doubt change with respect to the global financial system which was described as having proved to be resilient to a range of shocks and this may need to be updated in view of recent events.

The comments on the domestic Financial System remain pertinent and were positive saying “The Australian financial system has continued to display a high level of resilience. Risks from lending to households, businesses and commercial real estate have remained contained.

Australian banks’ resilience has been supported by a long period of prudent lending standards, the high quality and quantity of capital, and large liquid asset buffers. The financial stability risk posed by the non-bank financial (NBFI) sector in Australia is contained by its composition.”

The report went on to say this about global risks even though this was written prior to developments surrounding the tariffs situation – “The Australian financial system is well placed to continue to provide vital services in the event of a severe downturn.”

We expect further comment from the RBA as events develop and will report in more detail when that occurs.

RLB Crane Index

The RLB Crane Index which provides a very accurate reading of construction activity across the country both by location and property sector.

The Australian construction sector continues to shine, with 840 cranes reported nationwide during March 2025, according to the 26th edition of the RLB Crane Index.

The table (left) shows the number of cranes in use in each of Australia’s major cities. On a state level, most cities (including Melbourne and Brisbane) experienced moderate changes or remained stable. Sydney, Perth, and Canberra faced a decline. Overall, the total net movement across all cities reflected a slight overall decline. The lack of fluctuation in the numbers of cranes in use is somewhat surprising given the closing total of 840 but with over 65% or 572 in use in Sydney and Melbourne.

The second table below shows the use by sector of the same cranes and again reflects little change from last quarter and a heavy concentration of nearly 60% or 487 cranes in use on residential sites. The report contains extensive detail on each city and the movements by sector across various municipalities and again the fluctuations are surprisingly limited despite approximately 300 cranes or more than one third having dismantled and new ones erected.

CRANE ACTIVITY – AUSTRALIA BY KEY CITIES

	OPENING COUNT		MOVEMENT			CLOSING COUNT	
	Q3 2024	%	+	-	NET	Q1 2025	%
ADELAIDE	19	2.2%	10	-10	0	19	2.3%
BRISBANE	66	7.6%	26	-27	-1	65	7.7%
CANBERRA	30	3.5%	6	-14	-8	22	2.6%
CENTRAL COAST	17	2.0%	2	-5	-3	14	1.7%
DARWIN	2	0.2%	0	0	0	2	0.2%
GOLD COAST	62	7.2%	20	-23	-3	59	7.0%
HOBART	0	0.0%	0	0	0	0	0.0%
MELBOURNE	196	22.7%	80	-77	3	199	23.7%
NEWCASTLE	13	1.5%	5	-5	0	13	1.5%
PERTH	46	5.3%	13	-18	-5	41	4.9%
SUNSHINE COAST	14	1.6%	10	-6	4	18	2.1%
SYDNEY	387	44.8%	110	-124	-14	373	44.4%
WOLLONGONG	11	1.3%	8	-4	4	15	1.8%
TOTAL	863	100.0%	290	-313	-23	840	100.0%

CRANE ACTIVITY – AUSTRALIA BY SECTOR

	OPENING COUNT		MOVEMENT			CLOSING COUNT	
	Q3 2024	%	+	-	NET	Q1 2025	%
AGED CARE	12	1.4%	4	-5	-1	11	1.3%
CIVIC	32	3.7%	11	-9	2	34	4.0%
CIVIL	68	7.9%	13	-20	-7	61	7.3%
COMMERCIAL	67	7.8%	13	-22	-9	58	6.9%
DATA CENTRES	25	2.9%	15	-11	4	29	3.5%
EDUCATION	24	2.8%	1	-13	-12	12	1.4%
HEALTH	29	3.4%	9	-13	-4	25	3.0%
HOTEL	7	0.8%	5	-3	2	9	1.1%
MIXED USE	96	11.1%	43	-34	9	105	12.5%
RECREATION	4	0.5%	0	0	0	4	0.5%
RESIDENTIAL	492	57.0%	174	-179	-5	487	58.0%
RETAIL	7	0.8%	2	-4	-2	5	0.6%
TOTAL	863	100.0%	290	-313	-23	840	100.0%

Sources

Sources: ABS, ACCI, AiG, ABS, AFR, ANZ Research, ATO, CBA, CBRE, Colliers International, CoreLogic, Cushman & Wakefield, HTW, IMF, MSCI, JLL, Knight Frank, OECD, PCA, Preston Rowe Patterson, RBA, RLB, Savills Research, Westpac Economics, World Bank, RLB Crane Index

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