



In this issue:

- What will interest rate cuts in 2025 mean for property sellers?
- What's in store for Australia's autumn property market?
- Long term vs short term rentals
- Make house sharing more harmonious

WHAT WILL INTEREST RATE CUTS IN 2025 MEAN FOR PROPERTY SELLERS?

The Reserve Bank of Australia's (RBA) [recent interest rate cut](#) has property sellers across the nation wondering how the change will affect the current and future value of their home.

There are already signs the news is positive. Find out how interest rate changes may influence your decision to sell this year.

How the recent interest rate change affected property prices

Reductions in interest rates generally lead to increased borrowing capacity for buyers, and the flow on of this is higher property prices.

After the RBA dropped interest rates by a quarter of a point in February, the latest housing price data supports this trend:

- **National uptick:** In February, [national average house prices rose by 0.3%](#), ending a three-month period of declines and stagnant growth.
- **City-specific gains:** Melbourne and Hobart each experienced a 0.4% increase in property values during the same month, while Sydney and Brisbane also saw positive growth. The only city to experience a drop in prices was Darwin, with a 0.1% loss.
- **Regional prices:** Combined values rose 0.4% over the month of February and 1.0% over the rolling quarter

These latest figures point to the impact of an interest rate change being immediate, even though it was only a small decrease.

Expert forecasts

After the February rate cut and subsequent increase in national property prices, observations from industry experts included the following:

- **Tim Lawless**, Research Director at CoreLogic, suggested that the rate cut has improved market sentiment, which played a role in the February price increases.
- **Eleanor Creagh**, Economist at REA Group, noted that while buyer confidence has improved post-rate cut, ongoing affordability challenges may temper rapid price growth.
- **Michael Yardney** from Property Update reminded home sellers that there are markets within markets and local knowledge is essential during periods when prices are shifting.

What does the rate change mean for property sellers?

The forecast for future rate cuts is mixed. According to Canstar, the major banks predict between one and three more changes this year, which will leave the cash rate between 3.35% and 3.85%.

For sellers, this presents opportunities and considerations:

- **Increased buyer activity:** Lower interest rates and even the promise of lower interest rates peak buyer interest as borrowing becomes more affordable. This surge can result in more competitive bidding and potentially higher sale prices.
- **Strategic timing:** Listing properties during periods of rising buyer demand gives sellers the advantage. If you put your home on the market while positivity about prices is high, you'll be able to achieve a quicker, more favourable sale.

Should you sell in 2025?

A drop in interest rates is good news for home sellers because it gives buyers a reason to be optimistic. This, combined with a still-low amount of stock on the market means that a well-presented home in a good location should sell fairly quickly and for a great price.

One final note: If you decide to sell, you'll need to buy your next place as quickly as possible. If you're in a rising market, a fast move will save you money.

Going beyond interest rate trends and national averages, the outcome of your sale will depend on a number of factors beyond interest rates, including your marketing, your method of sale and the agent you choose to represent you.

If you want a reliable and experienced operator to share the current value of your home and help you sell it for the right price, **reach out to your local Professionals office today.**



HOMEBUYERS: WHAT'S IN STORE FOR AUSTRALIA'S AUTUMN PROPERTY MARKET?

As autumn unfolds across Australia, property buyers are navigating a market characterised by regional variations, shifting demand and evolving economic conditions.

If you're looking to buy, it's a great time to do so. Here's why:

Australian property market overview

Property analysts said they expected the Australian property market to continue its modest growth trajectory in 2025. So far, they are on track, with average home prices recovering from a three-month downturn in February to rise by 0.3%.

What's interesting with the latest figures is that the trends of the last two years are now beginning to change.

In 2023 and 2024, Perth and Adelaide saw stratospheric growth, while the east coast cities stagnated. Recent figures from [CoreLogic](#) show that:

- Melbourne and Hobart are now top performers, with Melbourne breaking a ten-month-long downward streak.
- Sydney and Melbourne house prices are now rebounding after a very lacklustre two years
- Brisbane, Perth and Adelaide are still holding relatively strong, with 0.2% growth in Brisbane and 0.3% growth in Perth and Adelaide.
- Regional growth is slightly larger than capital cities, at 0.4% in February
- The only capital city to experience a decrease in buyers is Darwin, with a 0.1% drop.

Experts say it is the hope of lower interest rates rather than the actual change in rates (the RBA dropped the cash rate by 0.25 basis points in February) that is supporting a modest increase in prices and strong auction clearance rates.

To add to this, stock is low, with listings 7.9% below the previous five-year average.

Why autumn is an excellent time to buy a home

There is still a general feeling of uncertainty in Australia and many buyers are holding off making a purchase as they wait for lower interest rates and for the results of the Federal election.

With this in mind, it's a good time to be actively looking and making offers. Homeowners who have had their home on the market but failed to sell during summer will be looking to finalise a deal before winter comes, and anyone who has been hesitant to list their property will be motivated to do so while the days are still relatively warm. This is why there is generally a small surge in availability around this time of year.

To add to this, further interest rate cuts are predicted, and with stock levels still relatively low, it's likely a change in rates will result in a price surge towards the end of the year. If you can afford to do so, it makes sense to get into the market while things are still relatively stable.

Buying a home this autumn: What to watch out for

With Australia currently in a housing shortage, many state governments are pushing to increase supply. This means rezoning and development projects that will bring dozens, if not hundreds of apartments, duplexes and new houses.

If you are shopping for a home in Australia this autumn, especially as an investor, do your research to see what is happening in terms of development in the area, and how this may affect the future value of your property.

If you need advice about what is a reasonable price in the current market or help to find a place that meets your brief, **reach out to your local Professionals agent.**



LONG TERM VS SHORT TERM RENTALS: WHAT'S RIGHT FOR YOUR INVESTMENT IN 2025?

While holiday homes have been a longstanding Australian tradition, leasing any type of home or apartment to holidaymakers for short-term stays is a modern trend made possible by Airbnb.

When the platform launched, it gave any dwelling the potential to be a hotel, and gave property owners an opportunity to earn more from their investment.

Leasing homes to travellers for shorter stays can also have its drawbacks. If you're weighing up the best option for your investment in 2025, here are some things to keep in mind:

New regulations and taxes for short-term leasing in Australia

The regulatory environment for short-term rentals has become increasingly strict as the Government seeks to address Australia's housing shortage and strata/local councils crack down on disruptions.

- **Victoria:** Effective from 1 January 2025, a 7.5% levy has been imposed on short-term accommodations, encompassing platforms like Airbnb and Stayz. This measure aims to address housing affordability by encouraging property owners to transition to long-term rentals. Additionally, local councils have been granted authority to cap or ban short-term rentals in their jurisdictions.
- **Western Australia:** Short-term rental providers in WA are mandated to register their properties by 1 January 2025. While no caps on rental nights have been introduced, local governments are empowered to amend planning schemes, potentially affecting the operation of short-term rentals.
- **Byron Bay, New South Wales:** A 60-day annual cap on short-term rental accommodations was implemented in September 2024. This initiative has the goal of alleviating housing shortages and addressing homelessness concerns in the region.
- **Capital Cities:** The City of Sydney is currently reviewing the impact of short-term holiday rentals, while Brisbane has a local law that requires landlords to have a council-approved permit before they can list their home for short-term accommodation.

Before you decide to turn your investment into an Airbnb, check the rules in your area and even your building—you don't want to find yourself facing a penalty.

Profitability of short term rentals vs long term rentals

When evaluating the financial implications of short-term versus long-term rentals, several factors come into play:

- **Short-term rentals:** These can yield higher income during peak tourist seasons, especially in popular tourist spots and near city centres.

However, leasing a place on Airbnb requires a lot of work and expenses in terms of admin and logistics, cleaning and marketing.

To calculate potential income with full occupancy, you have to figure out how many nights per week you are actually likely to be booked, and account for the time and money required to manage bookings, furnish the place and keep it clean.

- **Long-term rentals:** A standard lease offers a consistent and predictable income stream with reduced management demands.

Occupancies typically span six months to a year or more, providing stability for you and your tenants.

Other factors

2025 may be the year you decide to switch from holiday letting to having traditional tenants. Some steps to help you make this decision include the following:

- **Check location-specific demand:** Assess the demand for short-term versus long-term rentals in your property's location.
- **Do holistic financial planning:** Account for levies, taxes and operational costs associated with an Airbnb or Stayz property.
- **Review the competition:** Compare your place to similar properties in the neighbourhood. It needs to stand out if you want it to be occupied more than it is empty.
- **Look at local rental availability:** If there is a surplus of short-term stay properties in your area but a lack of rental properties, you may be better off bucking the trend and choosing a long-term strategy.

Switch to long term rentals in 2025

Ready for the consistency of a regular, reliable tenant and the steady income this provides? It makes sense to work with an equally reliable property manager who will work proactively to maximise the value and returns of your investment so you are happy with your decision.

To find out more, reach out to your **local Professionals office today.**



MAKE HOUSE SHARING MORE HARMONIOUS

Living with housemates is a fantastic way to save money, share responsibilities and build friendships, and the trend is reportedly at [record levels in Australia](#).

While it can be a positive experience for many people, sharing a house also comes with challenges, from managing bills to keeping spaces clean.

A little effort in communication and organisation can go a long way to create a harmonious household, but you also need to take specific steps to protect yourself from a situation where you end up with bills that aren't your own or you feel badly let down by the people you share a home with.

Here's how to have a happier and less risky share-house experience in Australia:

Set expectations early

The best way to maintain a positive living environment with your housemates is to set expectations from the start. Have a house meeting when you first move in together to discuss:

- Cleaning schedules – Decide how chores will be shared and who is responsible for what.
- Quiet hours – Be mindful of different schedules, especially for work and study.
- Shared expenses – Agree on how to split the cost of groceries, utilities, household essentials like cleaning products and other bills.
- Washer & dryer times – Have a roster for the laundry and agree not to leave wet washing in the machine for more than 24 hours
- Guests and partners – Discuss expectations around visitors, parties and overnight stays.

Keep things in writing and schedule a regular catch-up to update your agreements or figure out why things aren't working.

Handling shared expenses fairly

Money issues are a common cause of housemate tension. Avoid conflict by:

- Clarifying who will pay for what.
- Using apps like Splitwise or Beem to track shared expenses and easily transfer money to each other.
- Setting up a joint account for household bills and contributions, and all paying into it regularly.
- Holding people accountable when they are one or two days late rather than one or two weeks or months
- Lodging formal bond payments rather than having one of the other housemates hold onto cash on someone else's behalf

If a housemate is failing to pay their bills and doesn't have a clear plan to catch up on their payments, you need to act quickly so you don't all fall behind on utility bills and rent, which can make life difficult. Don't accept excuses and promises... they need to pay or move out.

Protect yourself from unpaid bills

The risk with sharing a home is that a housemate suddenly moves out and the remaining tenants are left covering their share of rent or bills. To protect yourself:

- Have all housemates listed on the lease – This makes it clear who is legally responsible for payments.
- Agree on a notice period – Ask for at least four weeks' notice before anyone moves out and be clear that this includes paying for utilities and rent during that time.
- Have a utility 'bond' – Each put a month's worth of utility money into a nominated location so that a bill can still be paid if someone moves out without giving notice
- Keep utilities in multiple names – This avoids one person being solely liable for an account.

Work with a good property manager

Having a reliable property manager will make renting and sharing a house much easier. Your property manager should:

- Share the right contracts and paperwork – So everyone who lives in the house is covered by the rental agreement
- Provide clear communication – Detailing lease terms and rent payments.
- Keep all housemates who are on the lease informed – So everyone is aware of property-related matters.

A good property manager will be approachable, communicative and ready to help you when a housemate moves on.

Rent from a Professional

Living with housemates requires compromise, communication and a bit of planning. By setting clear expectations, managing expenses properly and maintaining good relationships with your property manager, you can create a stress-free and enjoyable home environment.

It is also important to lease a home that is professionally managed. This way, everyone will have a more positive experience, all housemates will be more accountable for their actions and financial obligations can be tracked more easily.

Looking for a place to rent? Reach out to your **local Professionals office today**.



Visit professionals.com.au