



# Quarterly Market Insights

December Quarter 2017

● LIVER ■ UME





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**Julian Coppini**

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## Welcome to the December Quarter **Oliver Hume Quarterly Market Insights**

2017 was a record year for the Australian property market with the residential sector continuing to strengthen, especially across the eastern seaboard.

With markets at different stages of expansion and being driven by a range of factors it is more important than ever to understand the current and future property environment.

Oliver Hume has an unparalleled understanding of Australia's residential real estate sector having operated for over 65 years primarily along Australia's eastern seaboard.

Our understanding is based on selling thousands of properties each year and working with buyers every day in a variety of markets and at all stages of the property market cycle.

Our real-world understanding of property buyers is complemented by the information and insights our in-house research division which includes economists, real estate analysts and other specialists.

In addition to the expert skills of our research staff, honed through decades of experience, our understanding is further enhanced by our proprietary property intelligence gathered from thousands of transactions every month.

This information and the insights drawn are critical to ensuring sales, marketing and development strategies are optimised.

As Oliver Hume approaches its 70th year; a milestone built on a commitment to excellence and innovation, we remain dedicated to delivering unique, timely and powerful insights to a range of market participants and ensuring projects reach their potential.

This report is the latest instalment of our regular Quarterly Market Insights series which is an example of how our research goes behind the numbers to provide you with the latest market insights.

In this edition we go behind the headline numbers to understand where the market might be heading.

I am sure this update will be a valuable resource for you in better understanding the market and planning for the future.













DECEMBER  
QUARTER 2017

**VICTORIA**





**George Bougias**

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# VICTORIA'S PROPERTY MARKET

## MIGRATION DRIVES MARKET GROWTH

Melbourne's land market remains buoyant, supported by record population growth, continued low interest rates and an improving economy and labour market.

Although price growth in the recent property cycle has been strong, Melbourne's land market remains slightly more affordable when compared with median Sydney prices.

Population growth has been supported by record levels of overseas and interstate migration as the state continues to attract new residents off the back of a strong economy, which has provided ongoing employment opportunities across a range of sectors.

Victoria's population growth in the financial year to June 2017 exceeded 144,000 new residents, with Victoria now home to over 6.3 million people.

As with NSW, the strong result was due to a record level of overseas migration with Victoria recording its highest ever level of net overseas migration.

Victoria's net overseas migration topped out at 86,900 for FY17 (23% growth). While Australia's net overseas migration reached 245,400 (27% growth) in FY 2017.

Over the same period, New South Wales migration rose by 31% to 98,600.

Net interstate migration for Victoria remained strong with Victoria (17,200 people) recording the second highest level after Queensland (17,400 people).

Overseas migration and interstate migration continue to provide key support in the demand for land and housing in the new communities market.

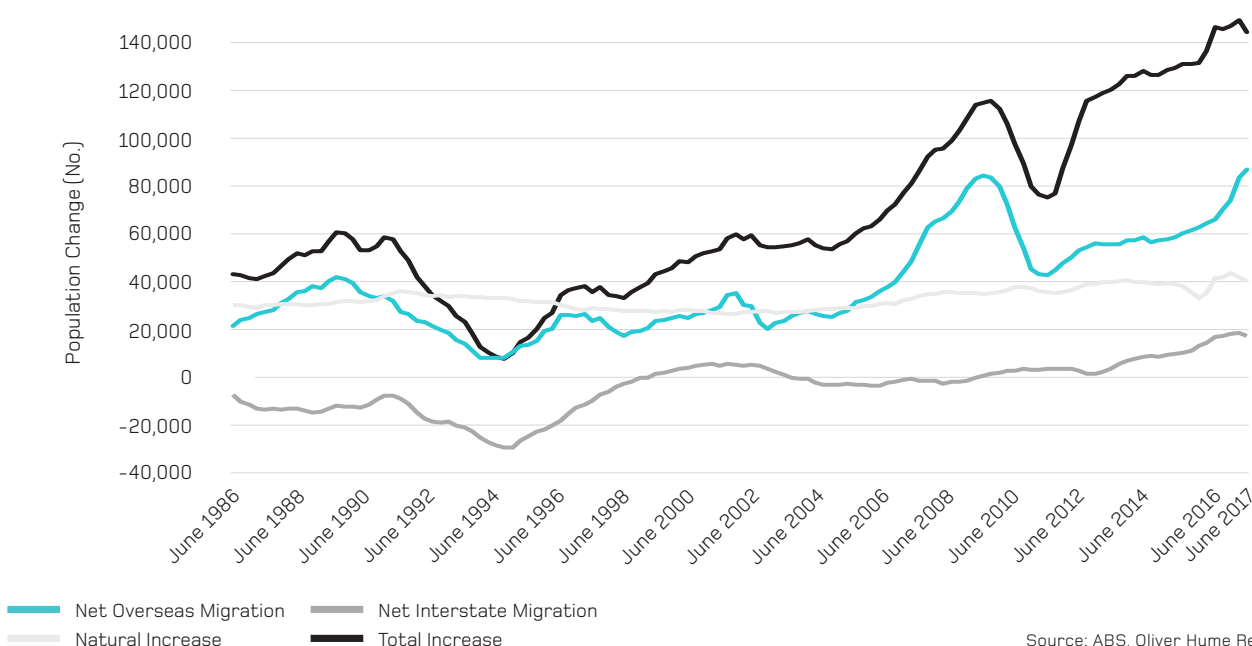
In addition to the above, growth from Indian born buyers continue to play an integral role within Melbourne's greenfield land market.

Indian born buyers now account for nearly 45% of all estate purchases, this is up almost 7% from 2016.

Adversely, we continue to see a steady decline in Australian born buyers as they now account for 32% of all purchasers, down from 37% in the previous financial year.

**MELBOURNE'S  
LAND MARKET  
REMAINS BUOYANT  
SUPPORTED BY  
RECORD POPULATION  
GROWTH, CONTINUED  
LOW INTEREST RATES  
AND AN IMPROVING  
ECONOMY AND  
LABOUR MARKET.**

## Victoria's Annual Population Change

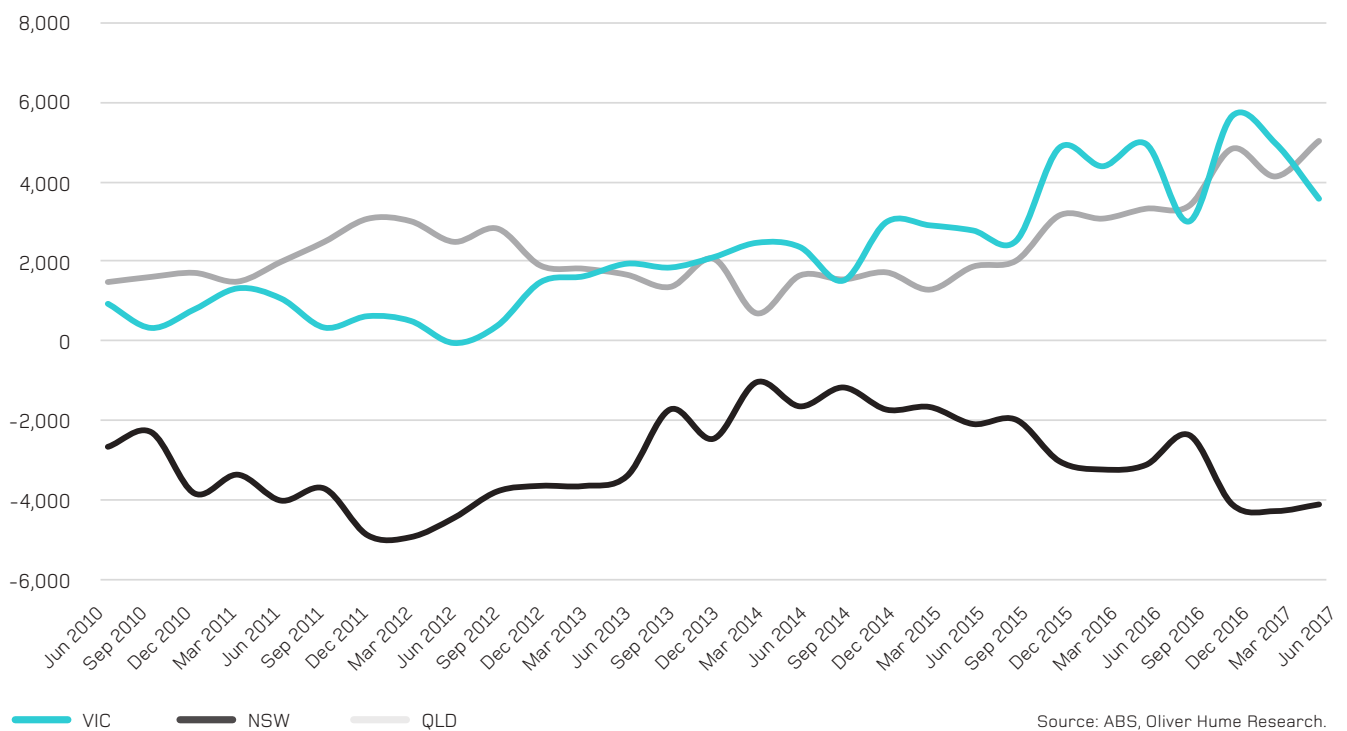


Source: ABS, Oliver Hume Research.

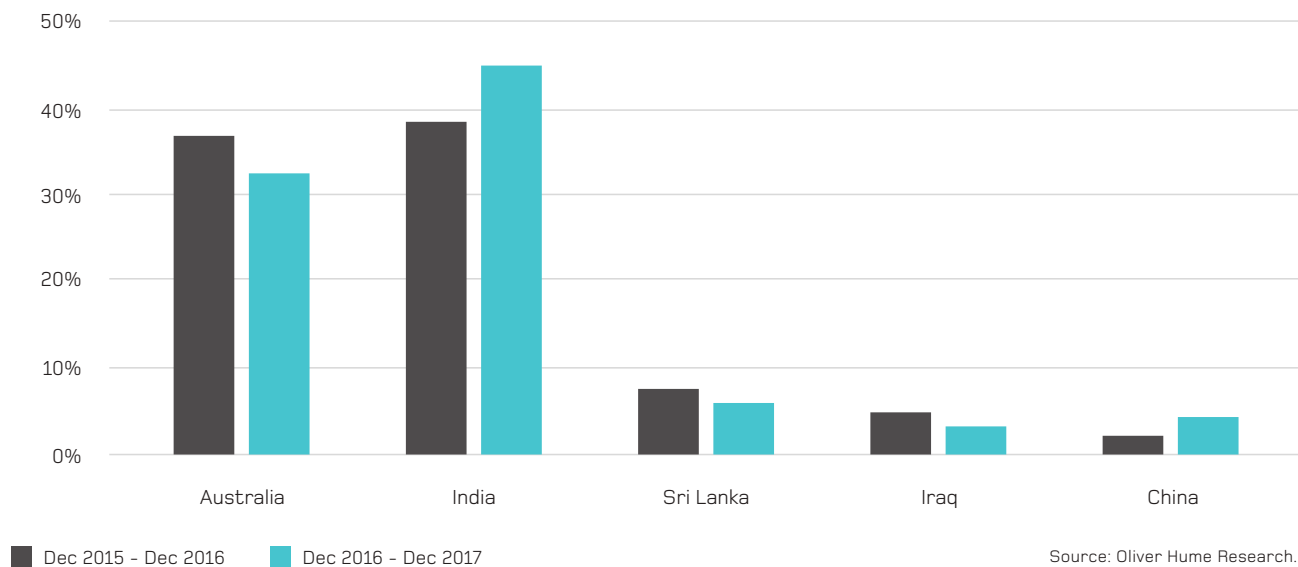


## MARKET OVERVIEW - VIC

### Net Interstate Migration - VIC, NSW and QLD



### Purchasers - Top Four Countries of Birth (Share of Market %); Metropolitan Melbourne Growth Areas



# VICTORIA'S PROPERTY MARKET

## ECONOMIC AND EMPLOYMENT GROWTH UNDERPINS LAND MARKET

Victoria's improving economy and labour market have been key drivers of the new land market.

Following the decline of Western Australia's mining and resources boom, Victoria together with NSW, have been instrumental in the creation of job opportunities for those looking to migrate interstate.

Many of the jobs that have been created are full-time opportunities, a trend which has accelerated in recent years, with full-

time employment growth gradually increasing and finally outstripping total employment growth in 2017.

Employment growth in 2017 was around double the long-term average over the last decade and a half.

As job opportunities continue to grow in the state, we expect to see it support the greenfield housing market, keeping Victoria buoyant through 2018.



*VICTORIA'S IMPROVING  
ECONOMY AND LABOUR  
MARKET HAVE BEEN A  
KEY DRIVER OF THE NEW  
LAND MARKET.*

### Victorian Employment Growth (2011 – 2017)



Source: ABS, Oliver Hume Research.

### NEW COMMUNITIES MARKET

2017 was a record year for the Melbourne new land market.

The December quarter saw sales volumes for the year rise more than 50% higher than the previous peak in 2008-09.

The recent run of price growth also continued through 2017 with median prices rising between 21% (Wyndham) and 42% (Hume and Whittlesea) from the December quarter 2016 to the December quarter 2017.

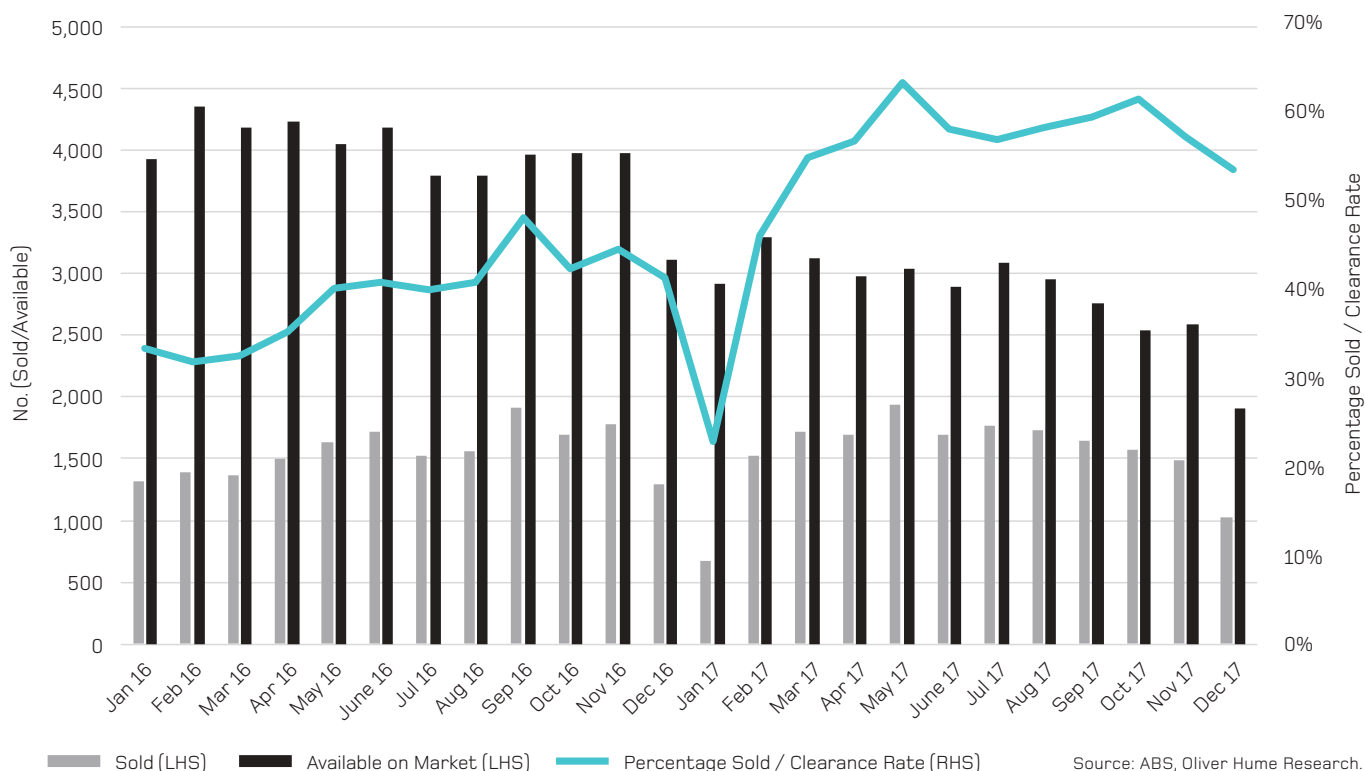
An emerging trend over the last year has been a decline in the lots available in the market, as developers and vendors seek to adjust to capacity constraints and longer times to title.

As available supply reduced, it led to pent up demand which continued to place upwards momentum on pricing in many of the estates.



*AN EMERGING TREND OVER THE LAST YEAR HAS BEEN A DECLINE IN THE LOTS AVAILABLE IN THE MARKET AS DEVELOPERS AND VENDORS SEEK TO ADJUST TO CAPACITY CONSTRAINTS AND LONGER TIMES TO TITLE.*

### New Lots Sold and Available – Metropolitan Melbourne



## PROJECT AND CORRIDOR DATA



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### ACTIVE PROJECTS

The number of active projects in key Victorian municipalities in the December quarter fell to 170, a decline of 5% from the previous quarter. The decline was primarily due to multiple projects selling out.\*

*\*Includes key markets in metropolitan Melbourne and regional centres (Greater Geelong, Moorabool, Baw Baw etc)*



### TOTAL SALES

Sales declined in the December quarter reflecting the quieter Christmas period and a reduced number of projects. It is estimated that available stock in the December quarter 2017 was down around 20% from the September quarter 2017.







## Median Retail Lot Price

### NORTH

#### 1 Mitchell

Median Price **\$254,000**  
Annual Growth **↑ 39.2%**

#### 2 Whittlesea

Median Price **\$321,000**  
Annual Growth **↑ 41.7%**

#### 3 Hume

Median Price **\$324,500**  
Annual Growth **↑ 41.7%**

### WEST

#### 4 Melton

Median Price **\$274,000**  
Annual Growth **↑ 37.2%**

#### 5 Wyndham

Median Price **\$300,150**  
Annual Growth **↑ 21.0%**

### SOUTH-EAST

#### 6 Casey

Median Price **\$371,500**  
Annual Growth **↑ 38.0%**

#### 7 Cardinia

Median Price **\$316,000**  
Annual Growth **↑ 35.0%**

Source: ABS, Oliver Hume Research.

# LOT SIZES

## LOT SIZES

The December quarter saw a slight increase in larger lots (over 400 square metres) in the northern and south east corridors while the Western corridor saw an increase in smaller lots sold (under 400 square metres).

The result was partly driven by stock availability and pricing with buyers keen to enter the market across the product segment including purchasing larger lots.

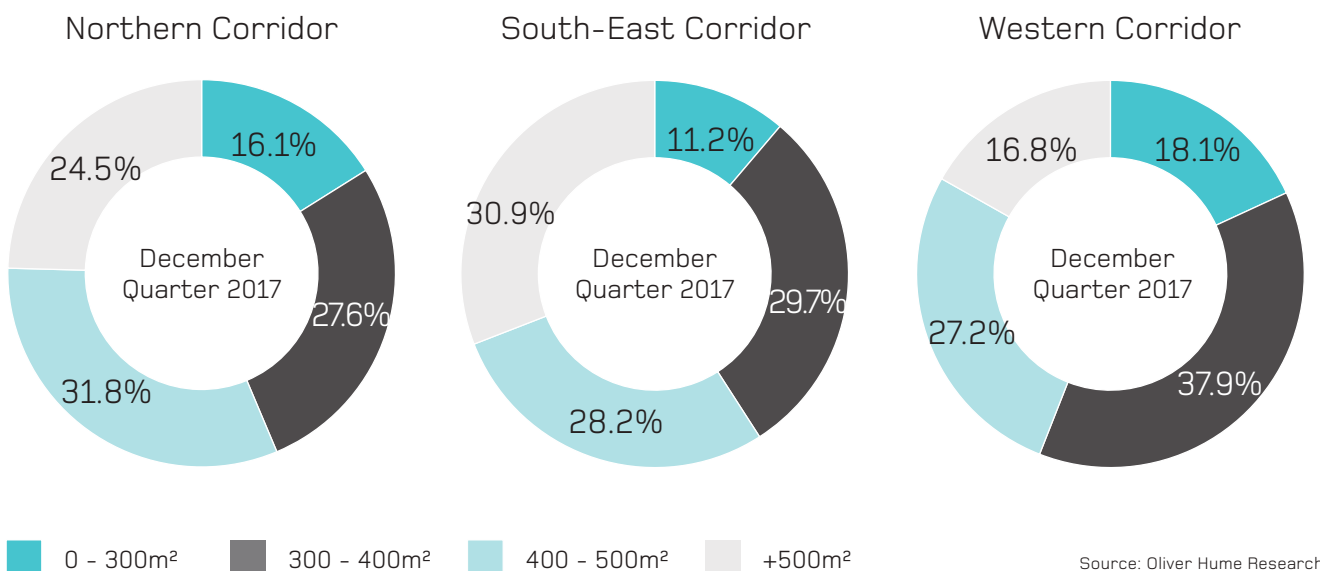
However, the long-term trend of declining lot sizes is likely to continue in 2018 and beyond driven by affordability, demographic change (for example, falling household sizes) and policies such as an increase in need for townhouse/medium density products due to the small lot housing code.

Data from the December quarter 2017 confirms this trend with around 40% to 60% of lots sold in each corridor being below 400 square metres.



...THE LONG-TERM TREND OF DECLINING LOT SIZES IS LIKELY TO CONTINUE IN 2018 AND BEYOND...

## Lot Sizes



# LAND PRICES

## LAND PRICES

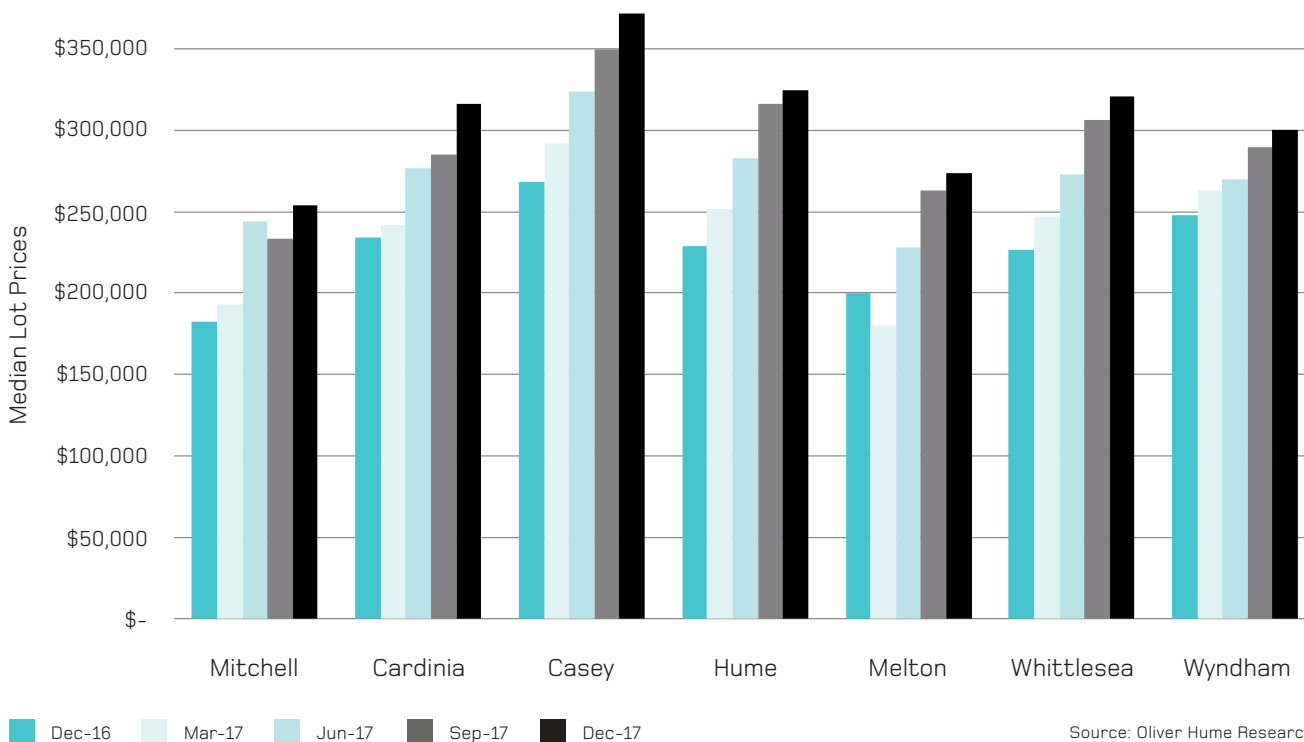
Median lot prices continue to increase across key markets. Metropolitan Melbourne Growth Area lot prices, in particular, have shown strong growth rising on average by 6% from the September quarter 2017 to the December quarter 2017.

The strong December quarter result ensured that median lot prices rose generally by at least a third in the year to the December quarter 2017 and, in some cases, by over 40%.

6

.....LOT PRICES CONTINUE TO INCREASE ACROSS KEY MARKETS.....

### Melbourne Metropolitan Growth Areas Median Lot Prices (\$)



# PURCHASER PROFILES

## OWNER OCCUPIERS LEADING THE WAY

Owner-occupiers remain the key buyer segment increasing slightly as a share of all purchasers from the September to the December quarter (from 79% to 81%). The increase reflects a range of factors including a shift in the lending and regulatory environment towards owner-occupiers.

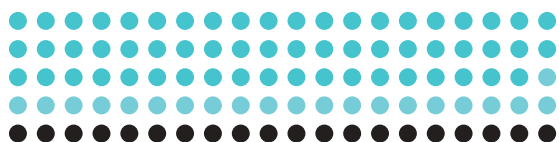
Despite the increase in market share by owner-occupiers, the proportion of first home buyers decreased. This may reflect that some first home buyers bringing forward purchases in the September quarter 2017 due to the change in policy and lending conditions.

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...OWNER-OCCUPIERS REMAIN THE KEY BUYER SEGMENT INCREASING SLIGHTLY AS A SHARE OF ALL PURCHASERS...

### Purchaser Profiles

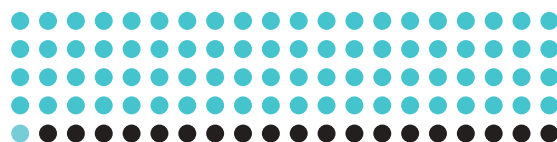
#### SEPTEMBER QUARTER 2017



● Owner Occupier | 79%

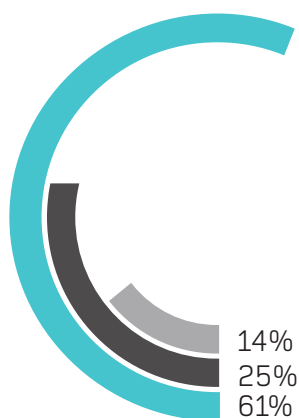
● Investor | 21%

#### DECEMBER QUARTER 2017

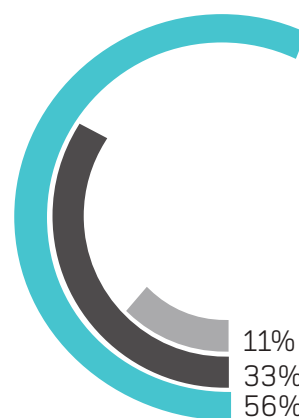


● Owner Occupier | 81%

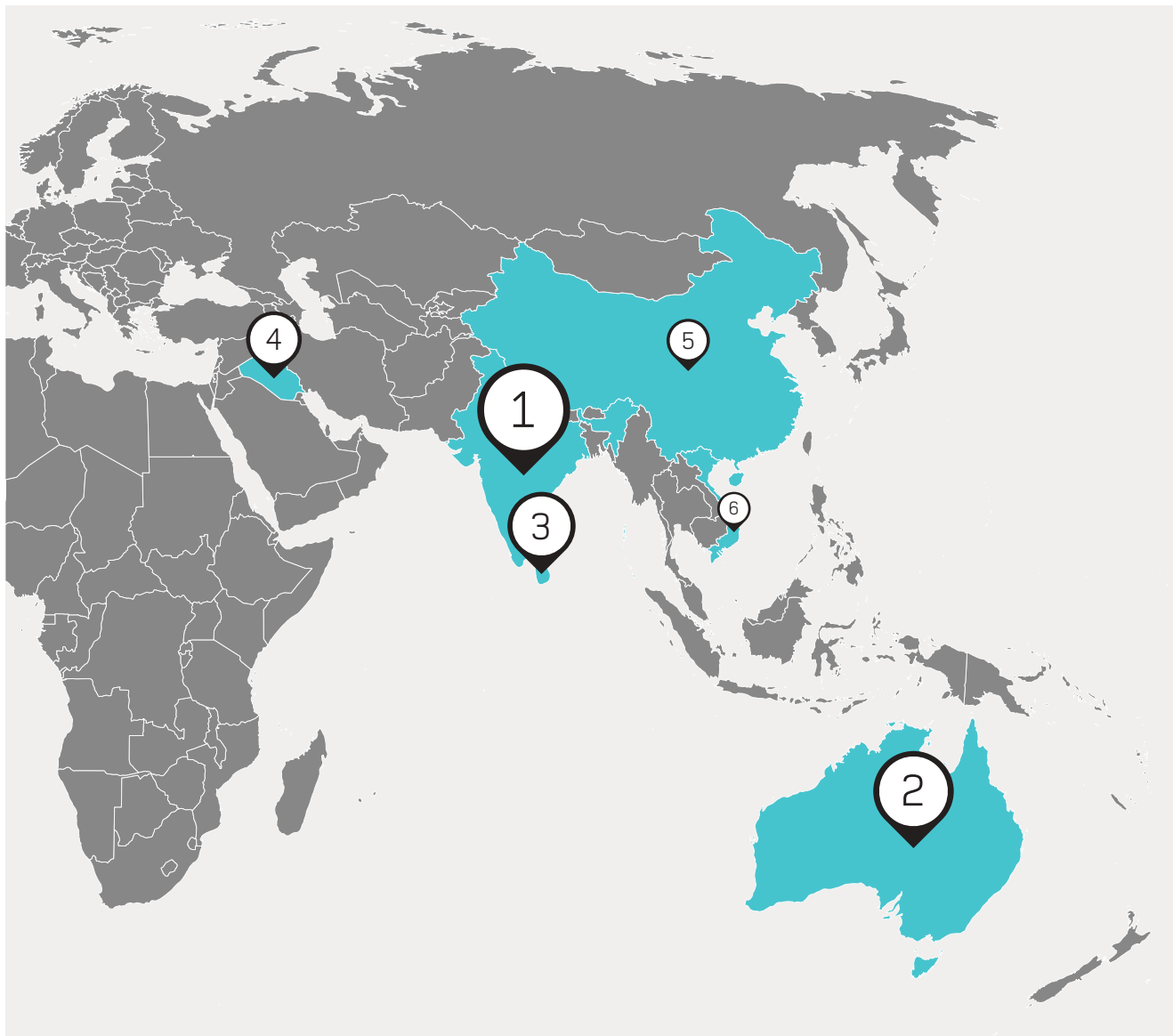
● Investor | 19%



- First Home Buyer
- Second Home Buyer
- Third Home Buyer +







## SALES VOLUME BY COUNTRY OF BIRTH

Indian-born buyers were the main purchaser segment in the December quarter although declining slightly from the previous quarter. Buyers born in other Asian countries (especially Vietnam, China and Sri Lanka) increased market share from the September quarter to the December quarter.

### 1 INDIA

December Qtr 2017      Previous Quarter

35.3%      ↓ 2.3%

### 2 AUSTRALIA

December Qtr 2017      Previous Quarter

27.5%      ↓ 0.7%

### 3 SRI LANKA

December Qtr 2017      Previous Quarter

4.2%      ↑ 0.6%

### 4 IRAQ

December Qtr 2017      Previous Quarter

1.7%      ↓ 1.5%

### 5 CHINA

December Qtr 2017      Previous Quarter

2.8%      ↑ 0.4%

### 6 VIETNAM

December Qtr 2017      Previous Quarter

2.8%      ↑ 1.7%

# MARKET OVERVIEW



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## APARTMENT AND TOWNHOUSE MARKETS

### Affordability Driving Demand

With price growth of established houses in the Melbourne residential market outpacing medium and high-density dwellings, many owner-occupiers and investors are now placing more importance in the apartment and unit market as they search for suitable options to fit their purchasing criteria.

The divergence in pricing between established houses and other dwellings that continued through 2017 - was recently highlighted in the latest data released by the Australian Bureau of Statistics (ABS) which confirms a growing price variance between the different forms of dwellings in the market.

Beginning in late 2013 and early 2014 Melbourne house price growth has consistently outstripped growth when compared with attached dwellings, which is now proving to be an opportunity for those looking to enter the market at relatively affordable levels.

The value proposition of units, apartments and the broader medium density market has also increased in recent years given relatively subdued wages growth. An ABS report for the year to the December quarter 2017 showed that the national wage price index rose by only 2.1%, slightly above the rate of inflation.

In addition to the importance of affordability, the demand shift towards medium and high density is being driven by a range of demographic and cultural shifts. This shift has gradually, but

consistently, seen detached dwellings become increasingly popular with all buyer groups.

In a recent survey, the *Centre for Urban Transition*\* found that of 2,000 Sydney and Melbourne households in established middle-ring suburbs, less than 60% of residents favoured a detached house and yard.

Remarkably this had declined from around 90% in the early 1990s highlighting that in one generation, attitudes towards dwelling and living options had changed. Apartment, unit and townhouse living is now more popular than ever amongst a growing cohort of buyers.

### A New Market

Although affordability is a major driver in decision making when it comes to medium and high-density markets, recent lending and policy changes have slowed activity in certain sub-markets, around Melbourne.

One of these sub-markets coming under pressure is the inner-city investment market, which has been affected by a range of factors including a reduction in overseas buyers and removal of the stamp duty concession for investors.

However, although short to medium term demand has been affected by these changes, it has opened up a new opportunity for developers looking at projects on the city fringe and middle ring suburban markets.

In addition to this, some developer activity has shifted to greenfield areas with the new land market remaining strong, utilising their expertise by offering medium density product to these estates.

Other developers have refocused their attention to the consistently strong owner-occupier apartment and townhouse markets especially in the middle ring and selected city locations (for example the city fringe).

Buyers (both downsizers and first home buyers) are increasingly seeking well-located apartments and medium density developments including smaller and boutique projects with excellent access to transport infrastructure and retail and other amenities.

In addition to the above, recent price trends suggest that underlying demand conditions for attached dwellings will continue to improve. Real Estate Institute of Victoria (REIV) reported that in the December quarter 2017, units and apartment prices grew at a faster rate than houses in the quarter across metropolitan Melbourne and in each of the sub-markets, a positive sign for the market.

“  
...LESS THAN 60% OF  
RESIDENTS IN BOTH CITIES  
FAVoured A DETACHED  
HOUSE AND YARD.....”

\*Newton, P.; Meyer, D.; Glackin, S. *Becoming Urban: Exploring the Transformative Capacity for a Suburban-to-Urban Transition in Australia's Low-Density Cities. Sustainability* 2017, 9, 1718.

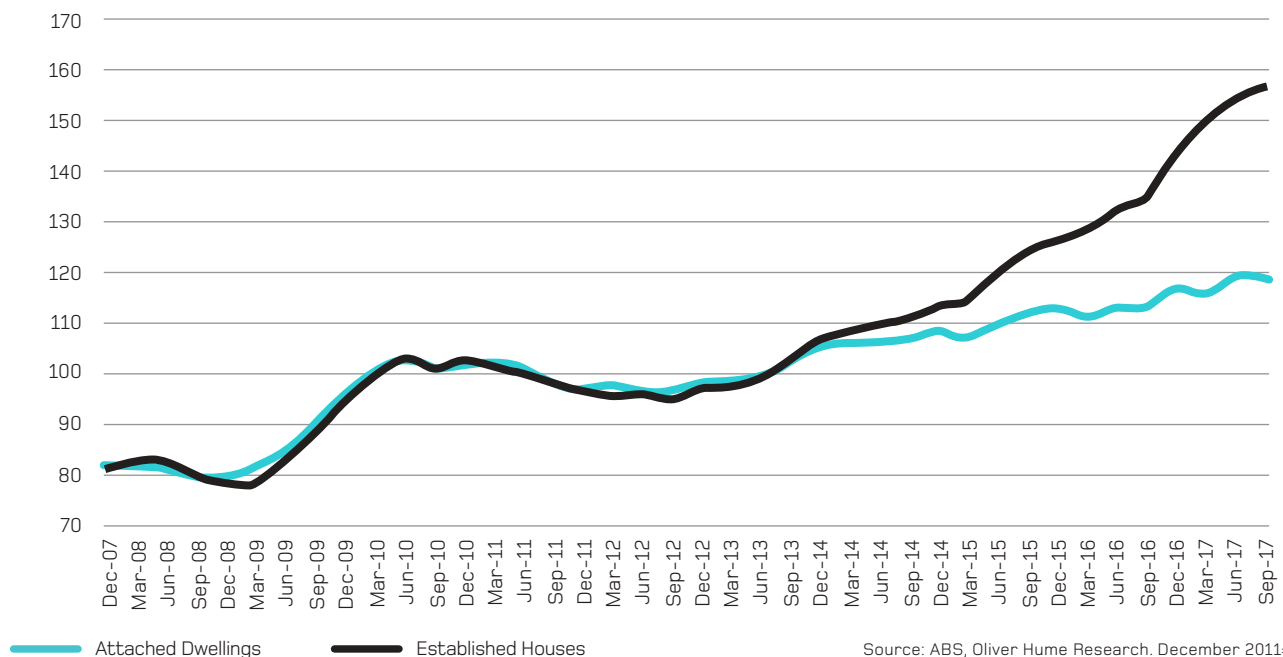
## APARTMENTS & TOWNHOUSES - VIC

### Melbourne House and Apartment Prices (Established and Off-the-Plan)

	Dec-17 Quarter	Quarterly Change	Sep-17 Quarter	Annual Change
<b>Metropolitan Melbourne</b>				
House	\$821,000	1.1%	\$812,000	13.2%
Unit and Apartment	\$594,500	1.2%	\$587,500	10.0%
<b>Regional Victoria</b>				
House	\$396,500	2.6%	\$386,500	10.0%
Unit and Apartment	\$310,500	4.9%	\$296,000	9.3%
<b>Inner Melbourne</b>				
House	\$1,513,000	0.9%	\$1,499,500	11.1%
Unit and Apartment	\$601,000	1.3%	\$593,500	5.4%
<b>Middle Melbourne</b>				
House	\$988,000	0.3%	\$985,000	13.4%
Unit and Apartment	\$666,000	4.7%	\$636,000	9.0%
<b>Outer Melbourne</b>				
House	\$666,500	2.4%	\$651,000	13.8%
Unit and Apartment	\$508,500	5.4%	\$482,500	13.1%

Source: Real Estate Institute of Victoria (REIV).

### Melbourne Residential Price Index



'Houses' include detached houses, terraced houses, semi-detached houses, - holiday houses, duplexes, house and granny flats. 'Units & apartments' include flats, units, apartments, townhouses, penthouses, villas, residential warehouse conversions and bed-sits (source: REIV).

# MARKET OVERVIEW

## OUTLOOK

Despite a range of policy and lending measures affecting investor and overseas demand, development approvals are on the rise.

We expect to see a strong mix of medium density projects coming online over the next few quarters.

Demand for this medium density product mix should continue as Victorian population growth extends into 2018. As preferences shift and affordability plays a role in decision making, there will be an increased attractiveness of townhouses, units

and apartments (especially relative to established housing).

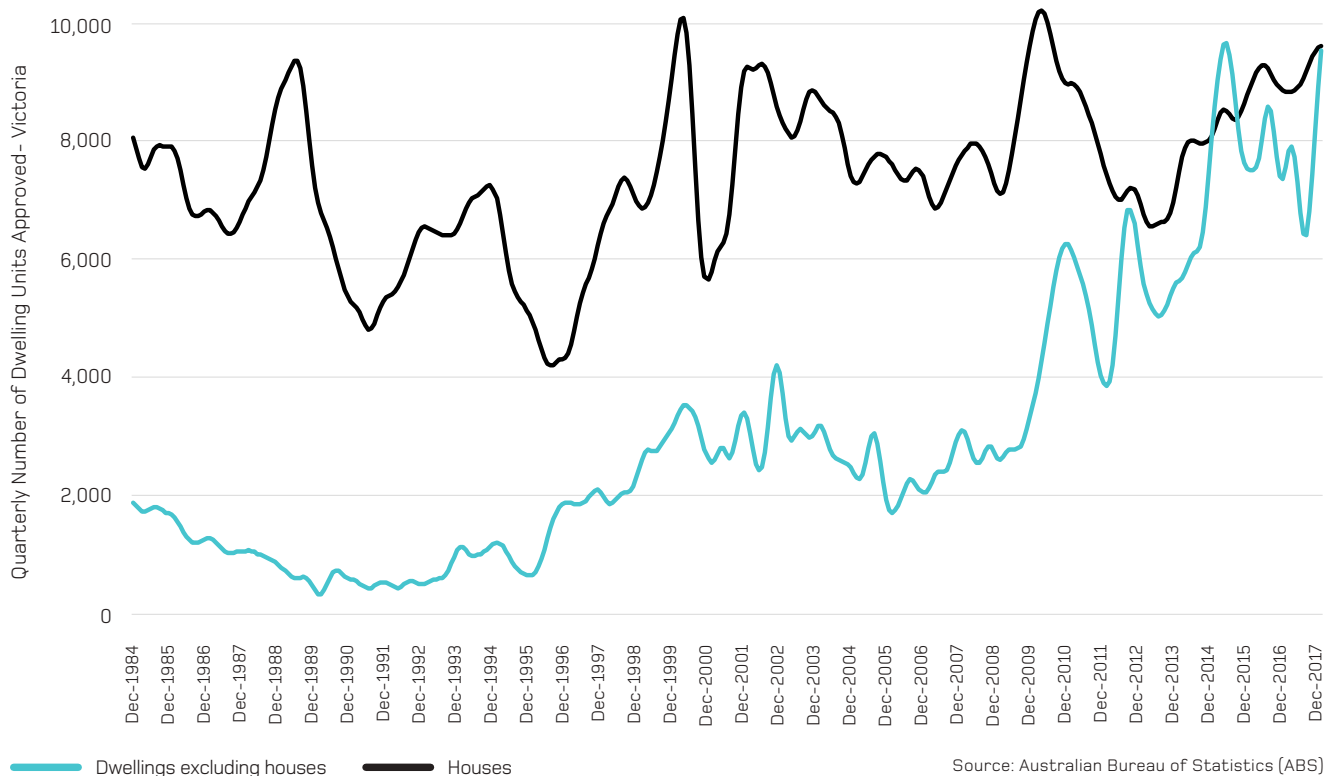
Despite high levels of supply in recent years, underlying demand conditions for medium and high density stock remains robust. There is indication that this will prolong as vacancy rates remain low and rents continue to increase.

We expect to see medium density development activity decentralise towards middle and outer Melbourne as this type of product becomes increasingly popular with owner occupiers and investors.



*MELBOURNE CITY CENTRE REMAINS THE LEADER IN TERMS OF BUILDING COMPLETIONS THROUGH 2017*

## Victoria - Other dwellings approved\*





# LGA SPOTLIGHT

## Active Projects – Yarra vs Stonnington

### DEVELOPMENT PHASES:

- APPROVED
- REGISTRATION & PRESALES
- UNDER CONSTRUCTION



Source: Urban Melbourne

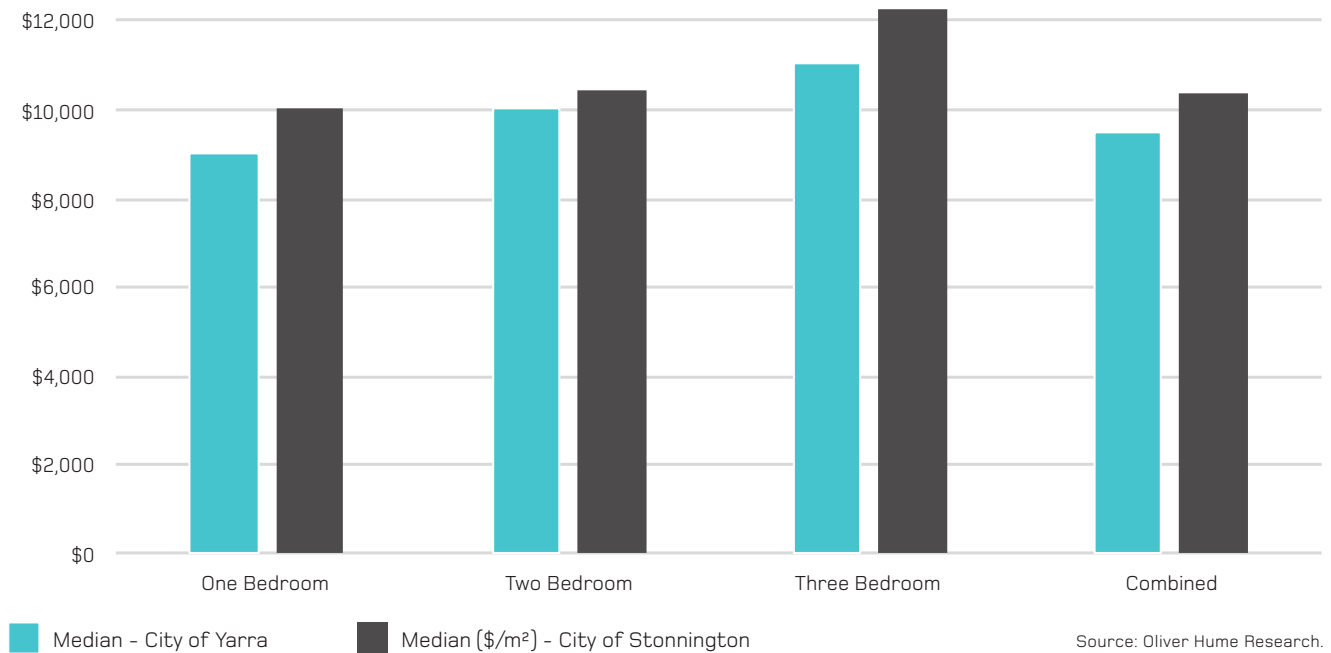
## Median Size Comparison – Yarra vs. Stonnington



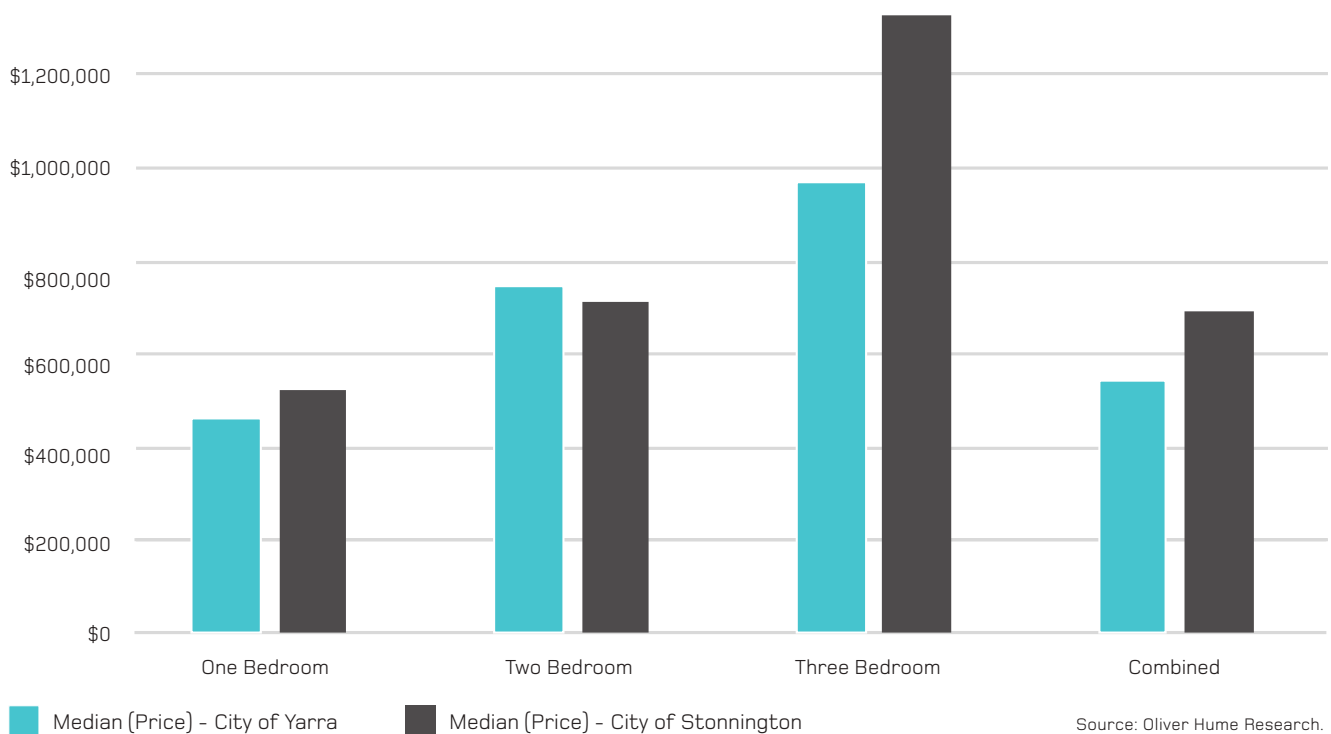
Source: Oliver Hume Research.

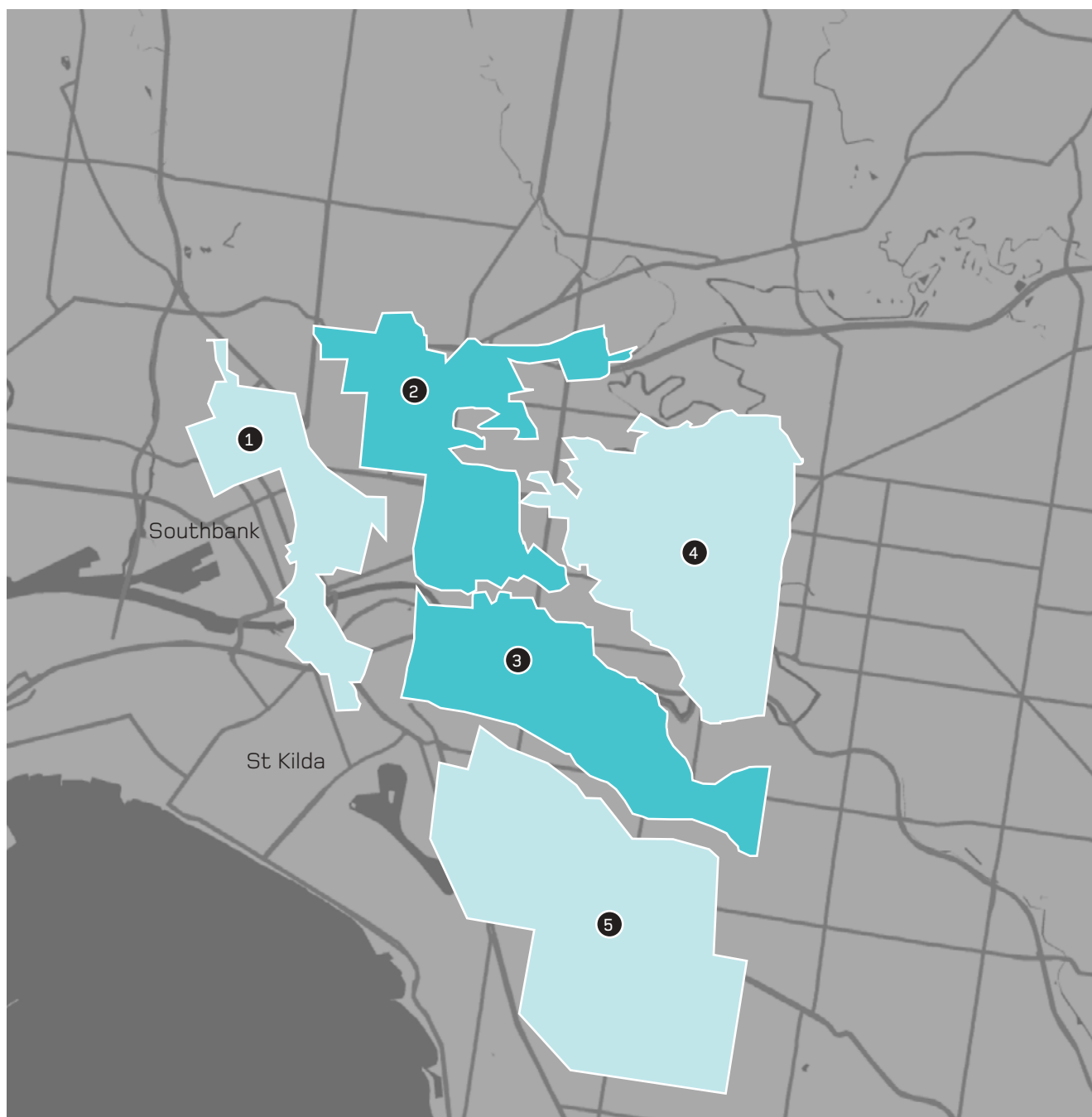
# MARKET SNAPSHOT

## Median \$/m<sup>2</sup> Comparison – Yarra vs. Stonnington



## Median Price Comparison – Yarra vs. Stonnington





## MARKET SPOTLIGHT 2017

Local Government Area	Median (m <sup>2</sup> )	Median (\$/m <sup>2</sup> )
1 City of Melbourne	68	\$10,512
2 City of Yarra	61	\$9,480
3 City of Stonnington	69	\$10,366
4 City of Boroondara	79	\$9,873
5 City of Glen Eira	75	\$8,386

Source: Oliver Hume Research.



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# DEVELOPMENT SITE HIGHLIGHTS

## SPOTLIGHT ON THE WEST

Development site values continue to increase in light of intense developer demand, including both local and overseas buyers, significant growth in retail lot prices and robust underlying fundamentals (including and especially population growth).

The western corridor remains the epicenter of developer interest having enjoyed the bulk of Melbourne's urban expansion and continuing to present several opportunities as the city grows and rebalances to the west.

Over the past decade Wyndham's population almost doubled while Melton experienced population increases of over 75%, by far the two strongest results of all growth corridor municipalities.

Analysis of development site transactions between 2016 and 2017 suggests significant repricing currently underway.

Over the last two years for example it is estimated that median values per Net Developable Hectare (NDHA) increased by around a third to reach \$1 million per NDHA (on a cash equivalent basis).

Average values generally differed dependent on a range of factors such as size and location, spanning from around \$700,000 to over \$1.4 million per hectare.

From 2016 to 2017 the greatest value growth was observed for larger and more expensive sites partly reflecting growing developer interest in this sub-market, heightened competition for these parcels and hence, a greater willingness to pay a premium.

At the same time, affordability constraints and a shift to medium density products (e.g. townhouses) in the growth areas, will continue to see lot sizes decline, improving developer feasibilities.

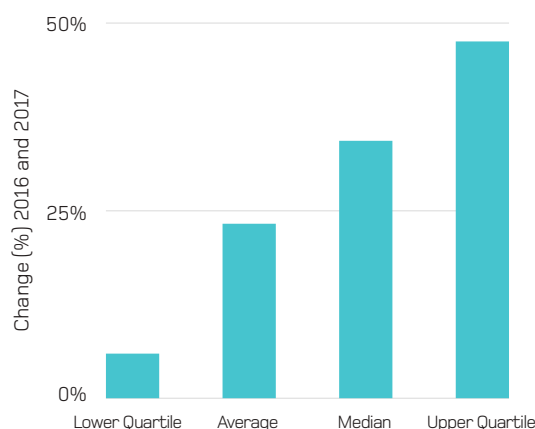
Going forward, development site values across Melbourne, but especially in the west, are likely to be affected by a range of factors.

These include the continued globalisation of international capital, especially from Asia, and the rebalancing of Melbourne's urban growth to the west and north from the south-east

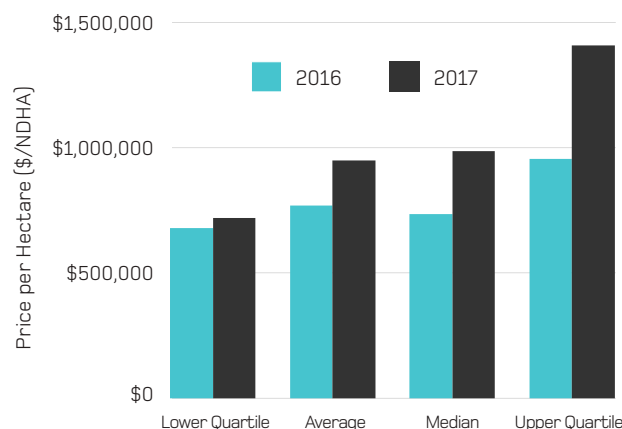
The latter trend is a historic geographic shift and transformation which will continue for several decades.

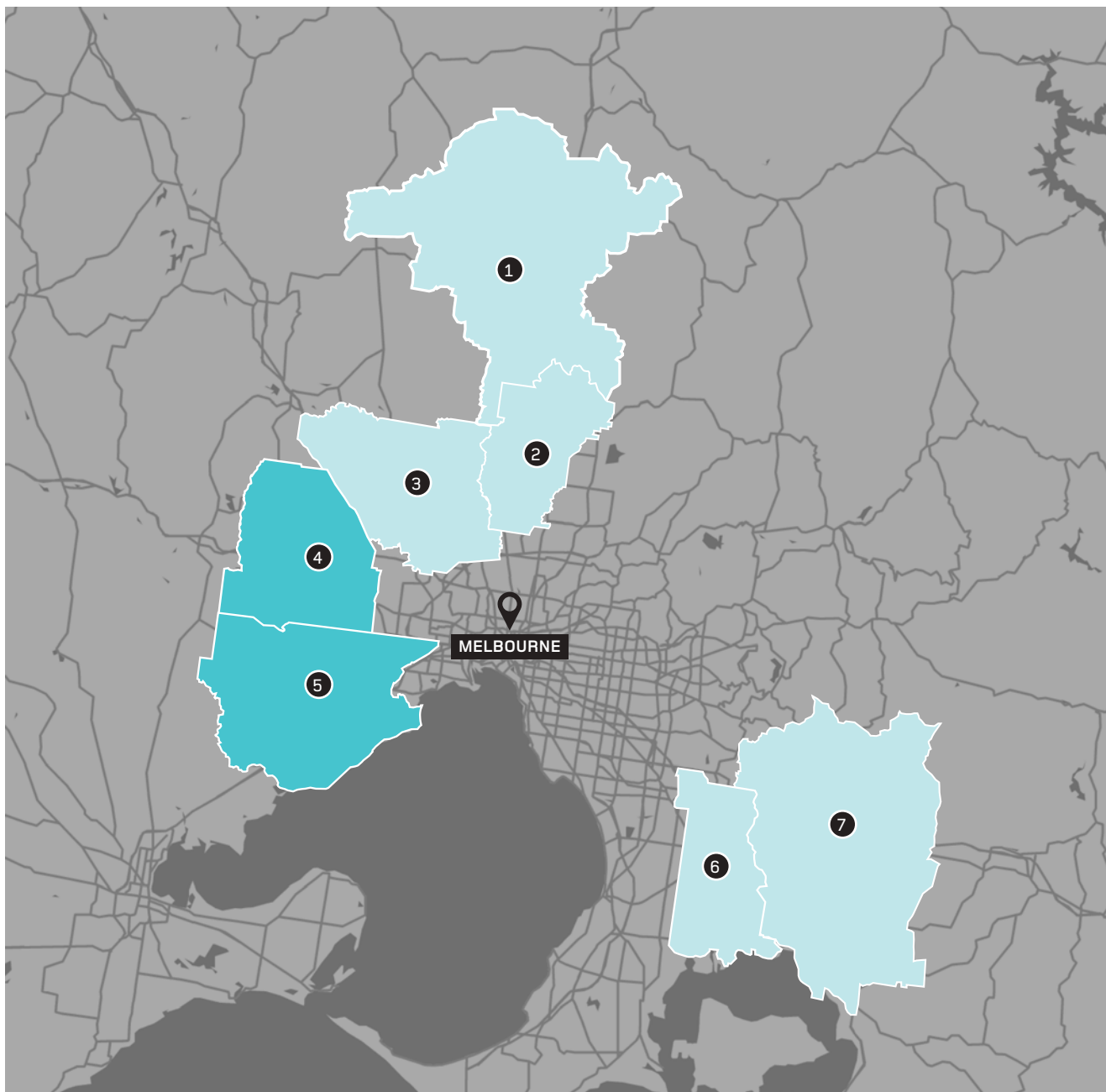
6  
*THE AVERAGE GROSS TRANSACTION PRICE WAS APPROXIMATELY \$1M/NDHA IN 2017.*

**Western Corridor – Price per Hectare (\$/NDHA) Change (%) 2016 and 2017**



**Western Corridor – Price per Hectare (\$/NDHA) 2016 and 2017**





## SPOTLIGHT ON THE WEST

Population growth rate (2006-2016)

### NORTH

#### 1 Mitchell

Population Growth (06-16) **35.5%**

#### 2 Whittlesea

Population Growth (06-16) **61.8%**

#### 3 Hume

Population Growth (06-16) **36.0%**

### WEST

#### 4 Melton

Population Growth (06-16) **75.9%**

#### 5 Wyndham

Population Growth (06-16) **98.1%**

### SOUTH-EAST

#### 6 Casey

Population Growth (06-16) **42.2%**

#### 7 Cardinia

Population Growth (06-16) **68.5%**

Source: ABS, Oliver Hume Research.  
Population data is for year ending 30 June.

# DEVELOPMENT SITE CASE STUDY

## THE OPPORTUNITY

Infill site with Planning Approval for 10 townhouses adjacent to an industrial estate in Melbourne's west.

## THE STRATEGY

Multiple purchasing options were created to appeal to different market segments for this site; namely owner occupiers, builders and developers.

The property was taken to market via an Expressions of Interest campaign, having artwork created to define the different purchasing options available.

The site's marketing campaign included online listings on both residential and commercial sites, electronic database mailouts to our 3,500 development sites subscribers, local press advertisements as well as signage being erected on site.

## THE RESULT

There was significant demand for all three purchasing options and many offers from all market segments were received.

Best And Final Offers were invited and total sales revenues were achieved which exceeded the client's price expectations by over 30%.

*"Oliver Hume Development Sites exceeded our expectations by producing a sales result 30% higher than our reserve.*

*Their cost-effective marketing strategy maximised awareness and interest thus creating price tension and producing an excellent result.*

*Peter's communication throughout the campaign was first-rate. We found Peter to be responsive, providing ongoing updates and open to listening to our requirements, always acting in our best interests.*

*We have no hesitation in recommending Peter and his team."*

**John Carberry – ISPT**







**Project**

**Lots 1-10 Wirraway Avenue**

**Location**

**Braybrook, VICTORIA**







An aerial, black and white photograph of a city skyline at night. The city is densely packed with high-rise buildings, many of which are illuminated. A prominent road with multiple lanes and traffic lights runs diagonally through the lower right portion of the image. To the left, a beach and the ocean are visible. In the background, a range of mountains is silhouetted against the sky. A semi-transparent white rectangular box is centered over the middle of the image, containing text.

DECEMBER  
QUARTER 2017

**QUEENSLAND**



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# QUEENSLAND'S PROPERTY MARKET

## NEW COMMUNITIES GREENFIELD MARKET

The South East Queensland market continues to strengthen with underlying demand improving. The improvement in the South East Queensland market is driven by a range of factors including a rebound in employment and population growth, the latter driven especially by an increase in net interstate migration.

Interstate migration is driven by South East Queensland's relative affordability especially when compared to Sydney and Melbourne.

In the year ended 30 June 2017, Queensland recorded the highest level of interstate migration with 17,400 people moving to the state from other jurisdictions. The net interstate migration gain was 50% higher than the previous year. Queensland continues to experience a steady increase in interstate migration flows.

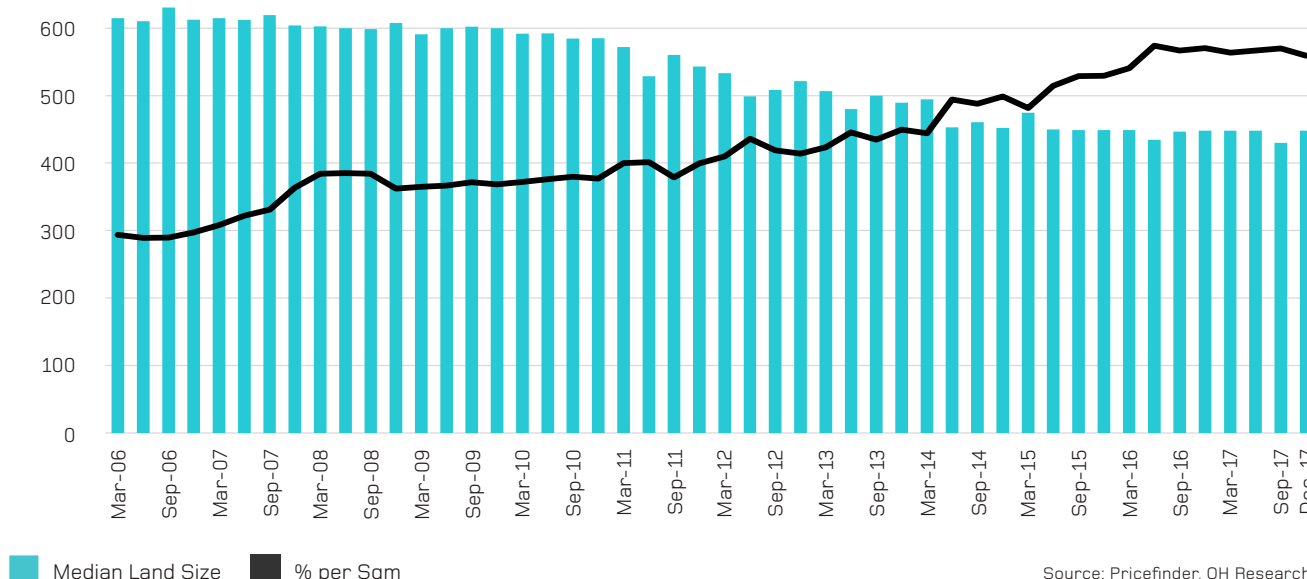
Queensland's unemployment rate also continued to decline. Over the past year Queensland (4.7%) recorded the fastest trend employment growth after the ACT (4.8%) and faster than New South Wales (3.6%).

The South-East Queensland land market is underpinned by strong demand with both volumes and prices rising. Consistent with broader national trends the market is now characterised by declining lot sizes.

Going forward, the land market is expected to be buoyed by an ongoing improvement in the Queensland economy with the state expected to record amongst the highest rate of economic and population growth in the medium term.

6  
...THE SOUTH-EAST  
QUEENSLAND  
LAND MARKET IS  
UNDERPINNED BY  
STRONG DEMAND WITH  
BOTH VOLUMES AND  
PRICE RISING....

## Median Land Size - QLD



Source: Pricefinder, OH Research.





Project: Providence, South Ripley QLD



**Matt Barr**

Project Director- QLD  
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# PROJECT AND CORRIDOR DATA

## ACTIVE PROJECTS

The number of active projects in all South-East Queensland municipalities in the December quarter rose to 128, representing an increase of 1.6% as compared with the previous quarter. Despite multiple projects selling out in the quarter, there were a number of new projects launched, bringing the overall total of active land estates up to 128.



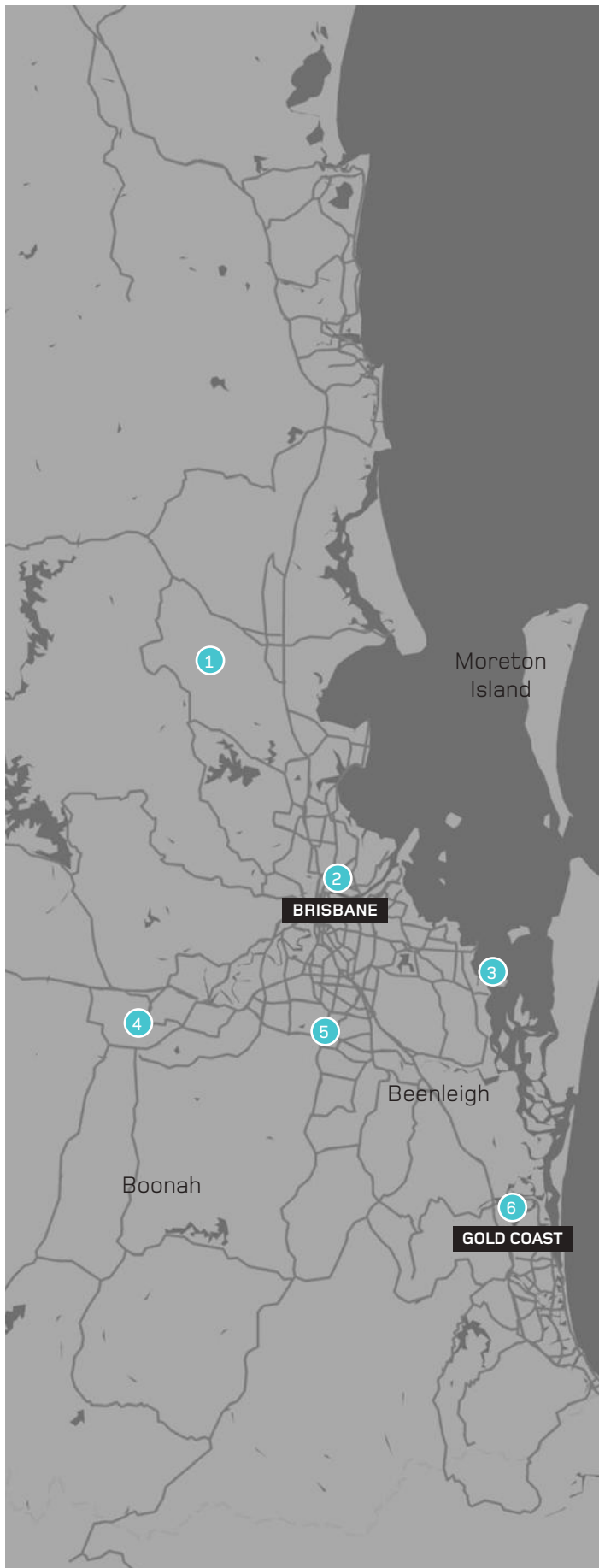
## TOTAL SALES

The December quarter 2017 saw reduced sales activity across all South-East Queensland markets, as a result of traditional slowing into December. Lot sales within the quarter represented a slight decrease of 5.5% from the previous quarter. This could be also attributed to reduction of saleable lot supply within the market.



## Median Retail Lot Price

<b>1</b> Moreton Bay Median Price <b>\$238,000</b> Annual Growth ↓ 4.0%	<b>3</b> Redland Median Price <b>\$312,000</b> Annual Growth ↓ 3.0%	<b>5</b> Logan Median Price <b>\$230,475</b> Annual Growth 0%
<b>2</b> Brisbane Median Price <b>\$358,500</b> Annual Growth ↓ 14.0%	<b>4</b> Ipswich Median Price <b>\$199,500</b> Annual Growth ↑ 4.0%	<b>6</b> Gold Coast Median Price <b>\$384,200</b> Annual Growth ↑ 8.0%



## KEY CORRIDORS - NUMBER OF PROJECTS

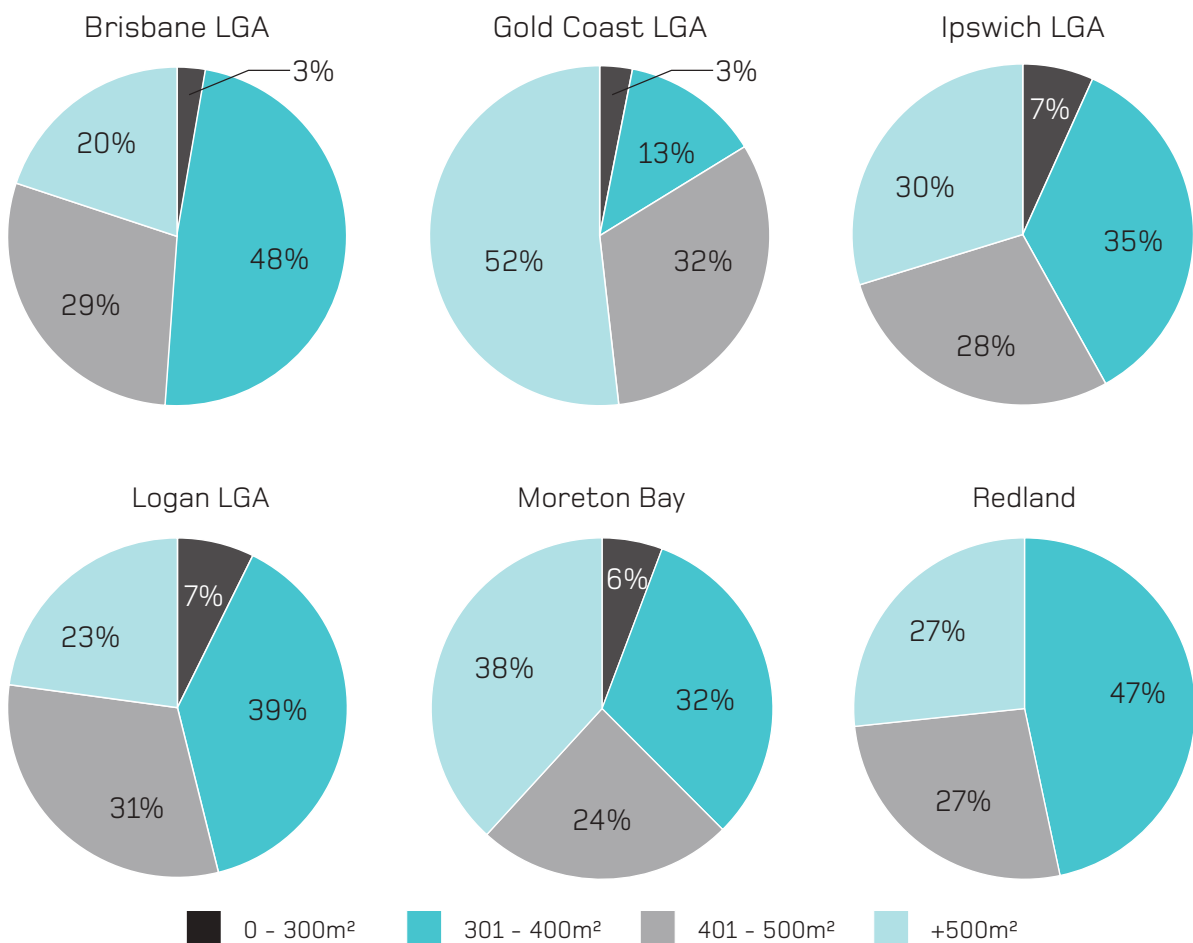
1	Moreton Bay	29	↓3.3% previous quarter
2	Brisbane	18	↑12.5% previous quarter
3	Redland	06	↓14.3% previous quarter
4	Ipswich	26	↓3.7% previous quarter
5	Logan	26	↑18.2% previous quarter
6	Gold Coast	23	↓4.2% previous quarter

# LOT SIZES

## LOT SIZES

The SEQ market offers a diverse range of lot sizes to suit a range of market segments. A significant share of recent sales in the Gold Coast, Ipswich and Moreton Bay markets were of larger lots (500m<sup>2</sup>), while the Brisbane market has seen a large proportion of lots sized 301m<sup>2</sup> to 400m<sup>2</sup>.

### Lot Sizes



Source: Oliver Hume Research.



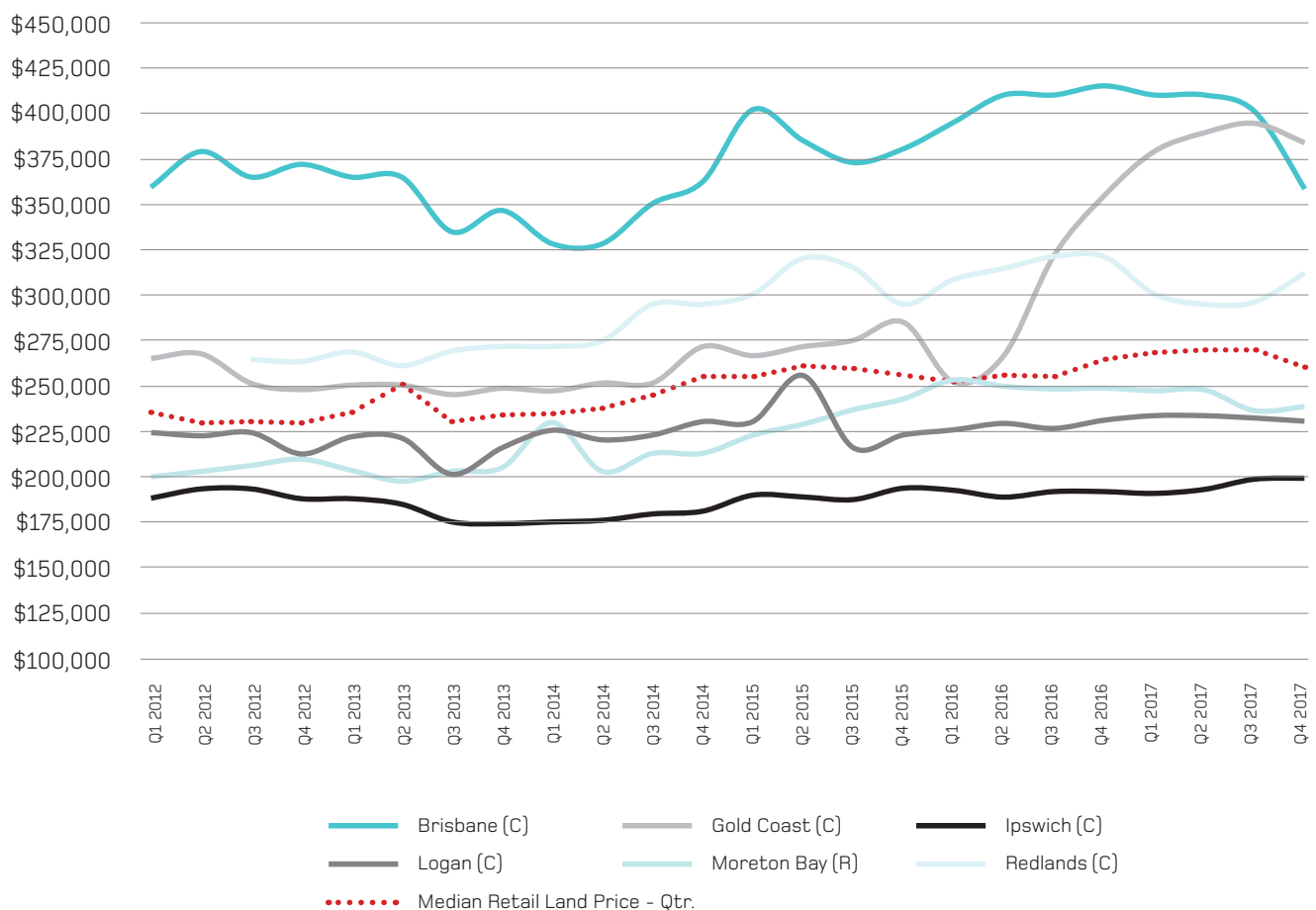
# LAND PRICES

## PRICES

There has been a slight decline over the quarter bringing the median lot price down throughout South East Queensland to \$260,500.

...THERE HAS BEEN A SLIGHT DECLINE OVER THE QUARTER....

### South East Queensland Median Land Price (Retail Lots)



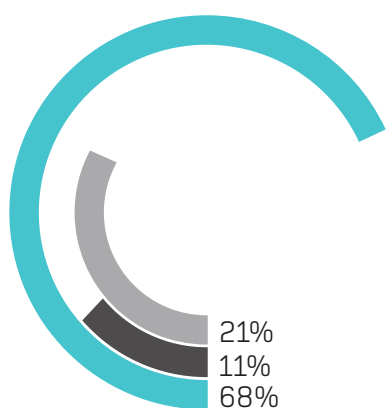
Source: Oliver Hume Research. Available lots.

# PURCHASER PROFILES

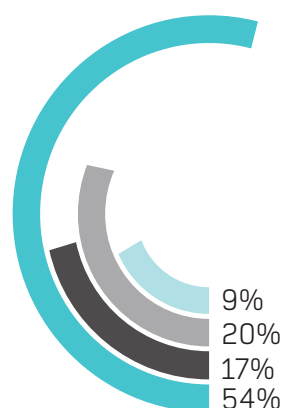
## LAND PURCHASER PROFILE

First home buyers continue to be the key buyer segment in the SEQ Greenfield market, with the share of these buyers increasing from 54% to 68% in the September and December quarters respectively.

### Land Purchaser Profile – Queensland



December Quarter 2017



September Quarter 2017

■ First Home Buyer ■ Second Buyer ■ 3+ Home Buyer ■ Other

Source: Oliver Hume Research-Customer Survey Purchaser Profile Data

### Trends in apartment and townhouse approvals in Greater Brisbane\*



\* Includes semidetached, row or terrace houses or townhouses; and flats, units or apartments.  
Source: Australian Bureau of Statistics (ABS)

# MARKET OVERVIEW

## APARTMENTS AND TOWNHOUSE MARKETS

The SEQ apartment market is composed of a range of submarkets including the Gold Coast and Brisbane markets.

Following an extended period of significant new supply and softening demand, the Brisbane apartment market remains in a process of adjustment as the elevated levels of new stock is being absorbed. This adjustment process will see both development activity and price growth limited in the short to medium term.

Weaker demand conditions have been driven by a range of factors, including by national and international trends, while some are more specific to Queensland.

On the national and international front buyers are facing a more challenging finance and lending environment. In addition to finance challenges overseas buyers are up against a more rigorous regulatory and taxing regime.

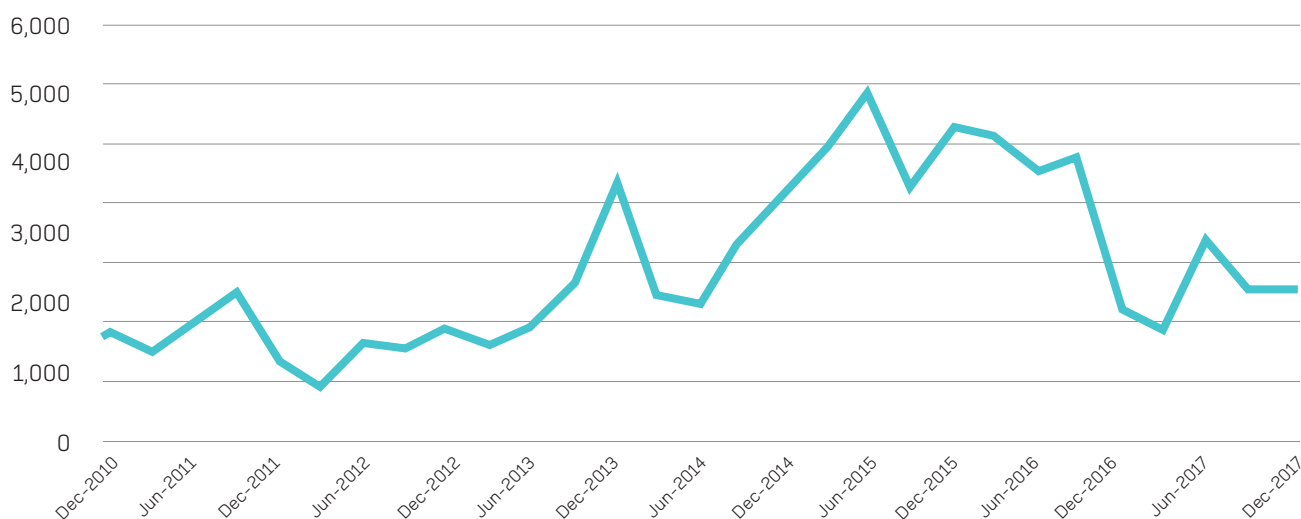
Following the peak in new supply forecast completions are expected to remain relatively subdued as developers encounter difficulties achieving sufficient pre-sales, in part, due to tighter finance conditions and softening sentiment.

Already building approvals show signs of slowing and are well down from recent peaks. The current reduction in approvals will flow through to supply in the medium to long-term.

The Gold Coast apartment market is expected to see a significant level of new stock coming to the market, in part, buoyed by the momentum of the 2018 Commonwealth Games with developers keen to capitalise on this major event.

.....WEAKER DEMAND CONDITIONS HAVE BEEN DRIVEN BY A RANGE OF FACTORS, INCLUDING NATIONAL AND INTERNATIONAL TRENDS, WHILE SOME ARE MORE SPECIFIC TO QUEENSLAND.....

### Quarterly Greater Brisbane Building Approvals – Dwellings other than Houses



Source: Australian Bureau of Statistics (ABS)

# KEY MARKET INDICATORS

## MEDIAN PRICES AND RENTS

Price and rental growth have varied across South East Queensland locations reflecting a range of factors including differences in new supply levels, population growth and rental demand.

### 1 Brisbane CBD

Unit / Apartment Price	\$539,500
Quarterly Growth	↑ 10.2%
Annual Growth	↑ 10.3%

### 2 Inner East

Unit / Apartment Price	\$470,000
Quarterly Growth	↓ 6.9%
Annual Growth	↓ 5.9%

### 3 Inner West

Unit / Apartment Price	\$423,000
Quarterly Growth	↓ 9.8%
Annual Growth	↓ 12.6%

### 4 Inner South

Unit / Apartment Price	\$473,500
Quarterly Growth	↓ 5.2%
Annual Growth	↓ 1.4%

### 5 Inner North

Unit / Apartment Price	\$515,000
Quarterly Growth	↓ 2.9%
Annual Growth	↑ 10.3%

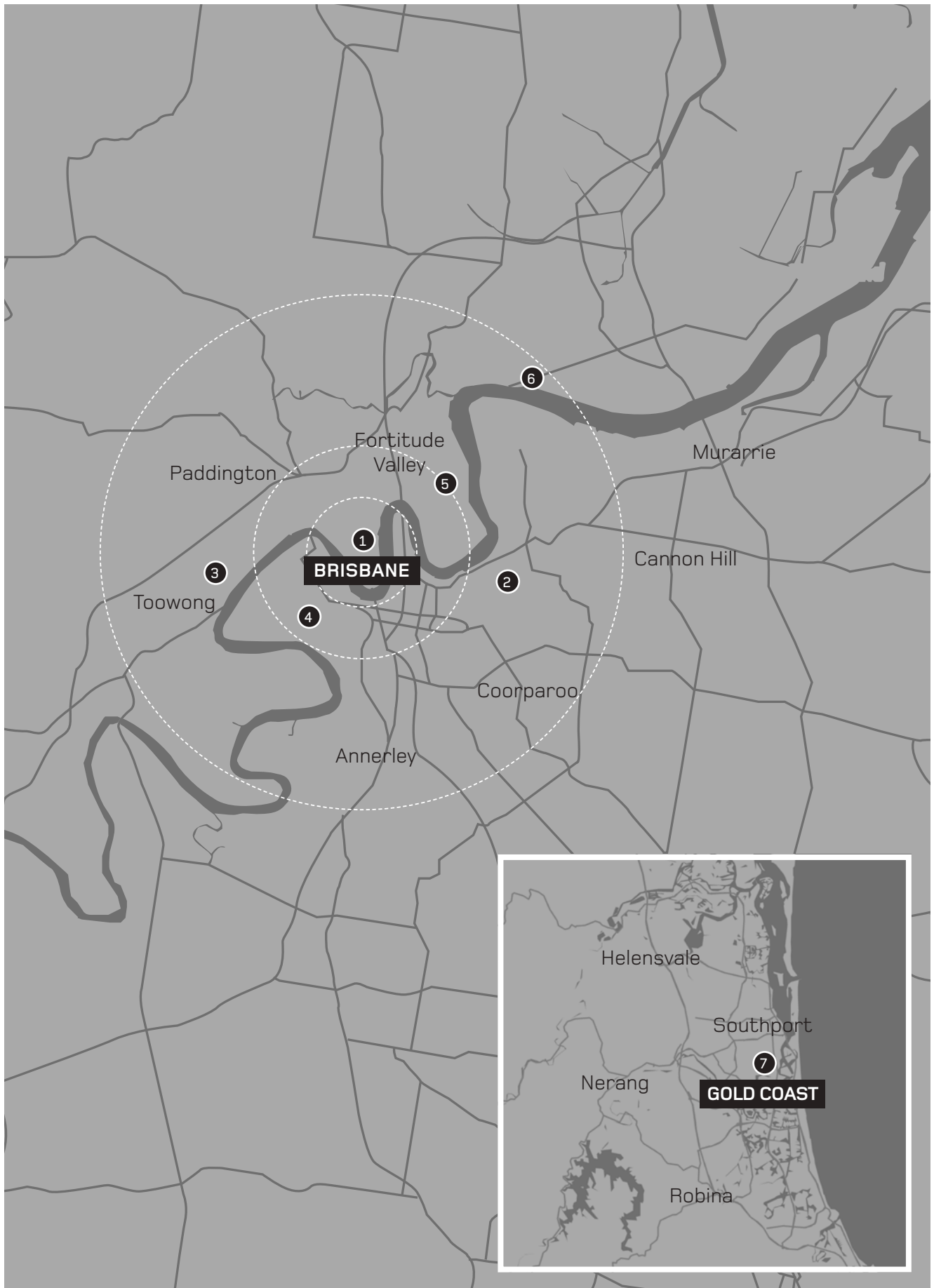
### 6 North Shore

Unit / Apartment Price	\$497,000
Quarterly Growth	↑ 5.7%
Annual Growth	0.0%

### 7 Gold Coast LGA

Unit / Apartment Price	\$410,000
Quarterly Growth	↓ 3.1%
Annual Growth	↓ 1.2%

Source: Pricerfinder.





# RENTS AND VACANCIES

## RENTS AND VACANCIES

Rents continue to increase consistent with an improvement in underlying demand and relatively low vacancy rates.



...RENTS CONTINUE TO INCREASE...

### Rentals

	September Qtr 2017	December Qtr 2017
Brisbane CBD	\$757	\$780
Inner North	\$605	\$675
Inner South	\$540	\$550
Inner West	\$560	\$565
Inner East	\$550	\$565
North Shore	\$575	\$590
Gold Coast LGA	\$465	\$490

Source: APM Pricefinder – 3 Bedroom unit/flat.

### Vacancy Rates

	September Qtr 2017	December Qtr 2017
Brisbane CBD	3.4%	3.8%
Gold Coast	1.5%	1.2%

Source: REIQ. Vacancy Rates, 6-month average trend. Includes all properties.



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