



Quarterly Market Insights

September Quarter 2018

●LIVER ■UME



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Welcome to Oliver Hume's September Quarter 2018 Market Insights Report

As large-scale infrastructural projects gather pace across the country, analysts are optimistic about the economic benefits.

In South East Queensland, greenfield markets have shown some signs of growth in September 2018. High levels of interstate migration and affordability remain the key drivers for this market going forward.

Across Victoria, our research suggests that the greenfield market is in a strong position for the longer term. New infrastructure is generating employment and demand for skills across the workforce.

As we approach a state election in Victoria, infrastructure remains a key election platform for both parties. Expect the candidates to play the long game in turning their support to major regional and urban rail projects like the Airport Rail Link, the proposed Suburban Rail Loop, and a resurrected East West Link freeway. Economists and property researchers at Oliver Hume will continue to monitor any employment and immigration trends as these much-needed infrastructure projects start to take shape.

As an investor, you need the right resources to make informed business decisions. Having access to extensive economic and property analysis is at the core of what we do at Oliver Hume.

Our expert in-house research team is made up of some of the industry's most experienced economists, real estate analysts and other research specialists. They provide industry-leading insights that inform a range of evidence-based property decisions for investors across the country.

As Oliver Hume approaches its 70th year, we have an unwavering dedication for providing business intelligence and support to our partners through all market cycles. The September edition of the Quarterly Market Insights series demonstrates this commitment, while enabling our team to provide innovative and industry-leading property marketing services for many years to come.



● Perth



A photograph of a city skyline at sunset, with a large white circle overlaying the text 'VICTORIA'. The city features a mix of modern and historic architecture, including a prominent clock tower and a domed building. The sky is a mix of purple, pink, and blue, and the water in the foreground reflects the city lights.

VICTORIA



ECONOMIC CONDITIONS AND OUTLOOK



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Infrastructure boom – a key driver for the nation's economy

Although the Australian economy continues to grow, it is clear there will need to be new engines of growth if we are to ensure our 27-year run of economic prosperity continues. Large-scale infrastructure projects, public and private, dotted around the country are emerging as key drivers of the Australian economy for the next decade and beyond. Indeed, some analysts are suggesting that new infrastructure spending could be comparable, if not larger, than the wave that underpinned the last mining investment boom.

A significant nation-building infrastructure investment program has the potential to not only drive employment and wages growth, company profits and consumer spending, but will change the face of our cities and towns; and shape the nation for decades to come.

The investment will be spread across different parts and sectors of the economy, not just isolated to a few cities or regional centres as has been the case often in the past.



West Gate Tunnel Project

Transport infrastructure such as freight routes, ports, traffic tunnels, rail lines and stations are expected to receive tens of billions of dollars of upgrades and new investment over the next couple of decades.

Energy will also be a significant component as is the roll-out of the NBN. Health and education, two of the largest and fastest growing industry sectors, are expected to see increased infrastructure investment going forward.

With continued affluence and affordability driving demand from both domestic and international holidaymakers and business travellers, airport and related infrastructure investment continues to grow. All capital city airports have significant capital expenditure plans going forward including for new or refurbished terminals and other related facilities, including hotels and business parks.

Prime Minister Scott Morrison said that the Badger's Creek Airport is the biggest game changer for the city of Sydney since the Harbour Bridge. It's expected to generate over 11,000 jobs during construction and over 28,000 direct and indirect jobs after it opens in 2026.

The infrastructure investment boom is broad-based with all jurisdictions participating to various degrees. States such as Victoria, which has seen record population growth, are expected to be amongst the leaders. For example, the Victorian Government recently announced the \$50 billion Suburban Rail Loop project, due for completion in 2050, designed to connect Melbourne's major train lines.

The Victorian State Opposition also recently announced a \$19 billion upgrading of the regional rail network which would reduce travel times between Melbourne and regional centres.

Projects of national and state-wide significance, which have been discussed for some time, are now being delivered. For example, Brisbane's \$5.4 billion Cross River Rail project is to be funded by the Queensland Government with potential funding to also come from the private sector via a public-private partnership. The 10.2 kilometre project, which also includes a 5.9 kilometre twin tunnel under the Brisbane river and CBD, will also drive the redevelopment of Woolloongabba and the Roma Street transit station and link to the \$944 million Metro project. Between public and private projects, the Queensland capital is expected to undergo a \$17 billion transformation over the next decade.

Infrastructure boom – a key driver for the nation's economy

High levels of infrastructure investment are only one component of the nearly \$120 billion of work in the pipeline which includes engineering construction (excluding mining), housing and commercial property construction.

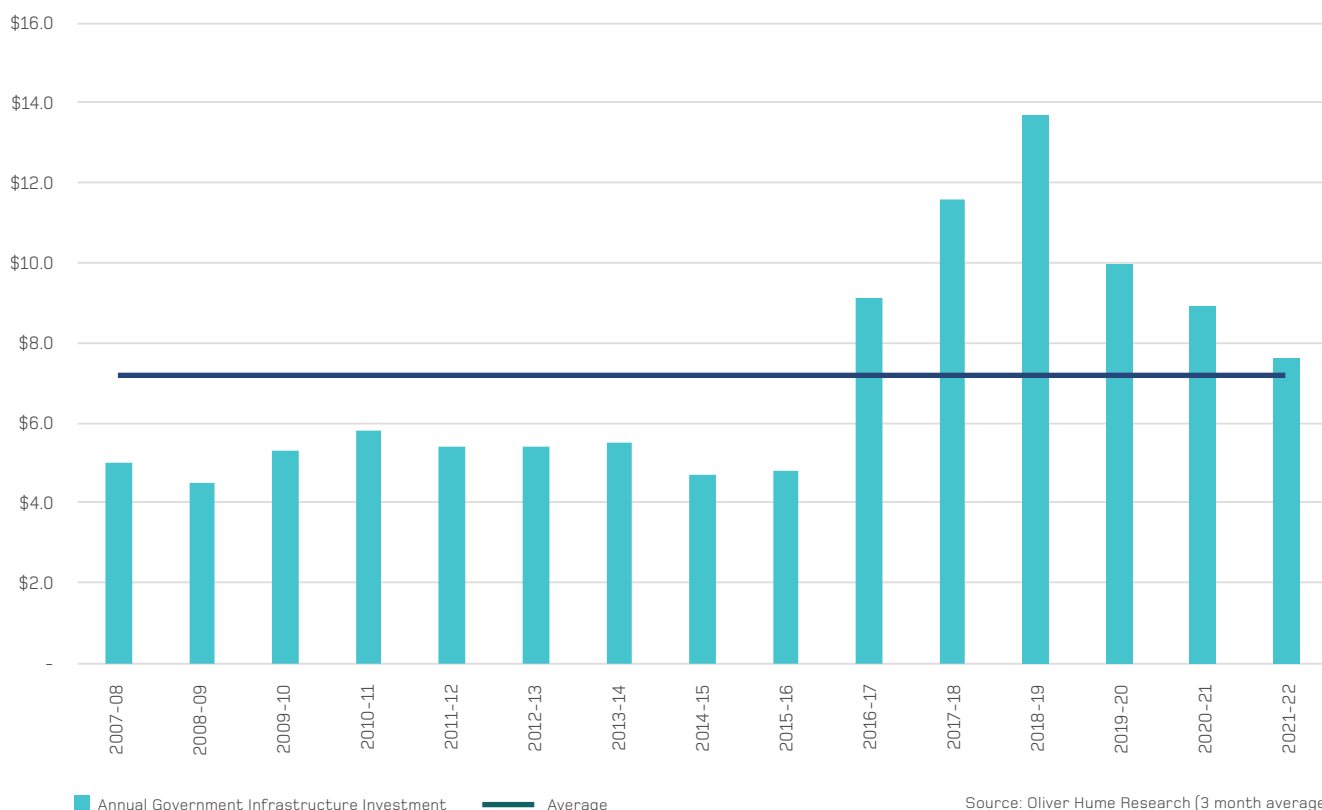
In terms of work yet to be done, engineering construction is now the largest component (driven mainly by road and rail construction now underway). The high level of construction investment is one reason the construction sector employment has grown significantly.

The delivery of new infrastructure on the scale anticipated is not without its challenges. Financing new infrastructure can often be amongst the most challenging tasks. A growing economy will help but ultimately public spending on infrastructure only comes from one of two places—higher taxes or more debt.

Many of the nation-shaping projects planned will also require complex planning and funding arrangements that require cooperation between different levels of government (and private sector expertise) to realise the benefits. It is encouraging to see Federal and State Government funding for Badgery's Creek and, in Victoria, the North East Link road and Melbourne Airport rail.

The public will also have to accept that for all the long-term benefits infrastructure brings, there are always inevitable short-term challenges and frustrations. So next time you are sitting in a traffic jam, late for work, remember the big picture and the prosperity we will all enjoy once they finish digging the hole in the road.

Victorian Government infrastructure investment (\$b)



INFRASTRUCTURE INVESTMENT

WESTERN AUSTRALIA

ROAD PROJECTS ACROSS THE STATE	\$1.7b	TBC
PERTH METRONET RAIL	\$1.1b	To commence in 2019

QUEENSLAND

M1 MOTORWAY UPGRADE, GOLD COAST	\$1b	Commencing in 2018
BRISBANE CITY COUNCIL'S METRO SCHEME	\$300m	To commence in 2019

NEW SOUTH WALES

COFFS HARBOUR BYPASS	\$1b	To commence in 2020
PORT BOTANY RAIL DUPLICATION IN SYDNEY	\$400m	2018-19
SHOALHAVEN RIVER BRIDGE, NOWRA	\$155m	TBC

SOUTH AUSTRALIA

NORTH-SOUTH CORRIDOR	\$1.2b	2015-2025
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TASMANIA

BRIDGEWATER BRIDGE, HOBART	\$461m	TBC
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VICTORIA

METRO TUNNEL	\$11b	2016-2026
WEST GATE TUNNEL PROJECT	\$6.7b	2018-2022
MELBOURNE AIRPORT RAIL LINK	\$5b	To commence in 2022
SUBURBAN RAIL LOOP - SOUTH EAST	\$475m	To commence in 2022

Source: Deloitte Access Economics & ANZIP.

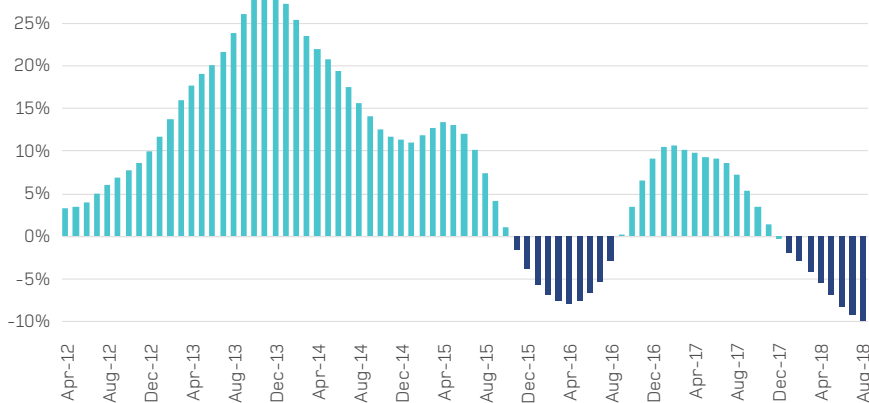
*Estimated timeline based on information provided by third party sources.

Housing finance slows

As we reach a decade since the global financial crisis, both the Reserve Bank of Australia and the International Monetary Fund have continued to raise concerns about the level of household debt in Australia.

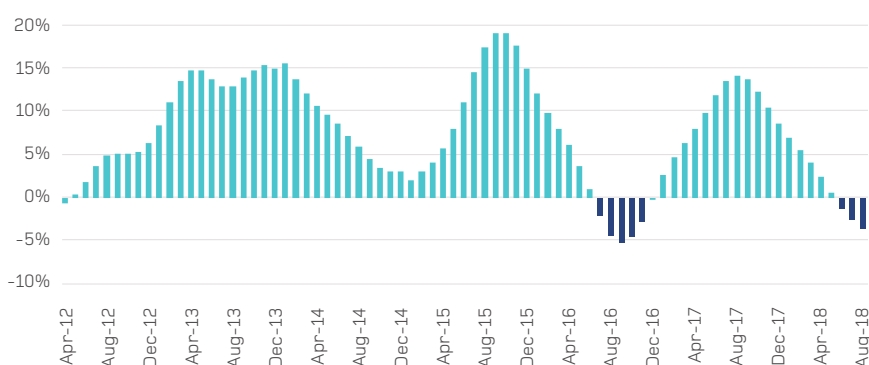
Since early 2017, housing finance growth has slowed on the back of tighter lending conditions from the major banks. The latest housing finance data shows the biggest annual fall in housing finance commitments for nearly eight years. The fall in investor housing finance commitments was 17.7%.

Housing finance – annual change (%)



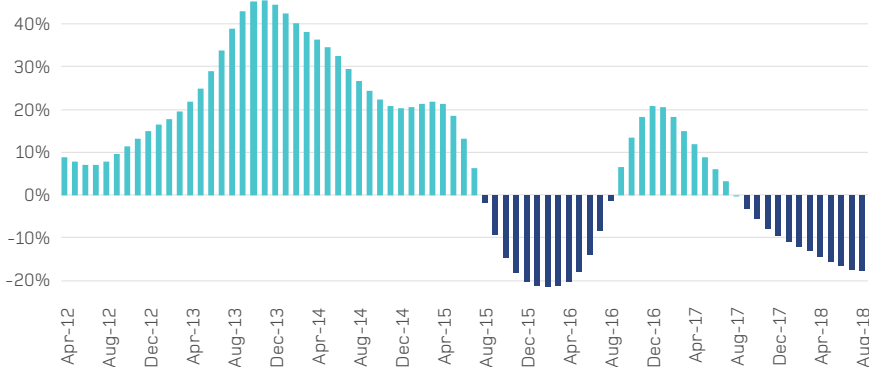
Source: ABS Data

Owner occupier – housing finance annual change (%)



Source: ABS Data

Investor – housing finance annual change (%)



Source: ABS Data

INTEREST-ONLY LENDING IS FALLING

The Australian Prudential Regulation Authority's (APRA) tighter regulations has restricted the volume of interest only lending. The result of these restrictions makes a compelling case that banks are reducing their risk significantly.

For the year ending June 2018, interest only loans decreased by 54.9%, or \$74.4 billion from the previous year ending 30 June 2017.

REDUCING THE VOLUME OF HIGH LVRS

Residential buyers are still acquiring loans with higher LVRs, but these are decreasing. New housing loan approvals with LVRs greater than 90% has decreased by 12.2%, or \$3.6 billion from the year ending 30 June 2017.

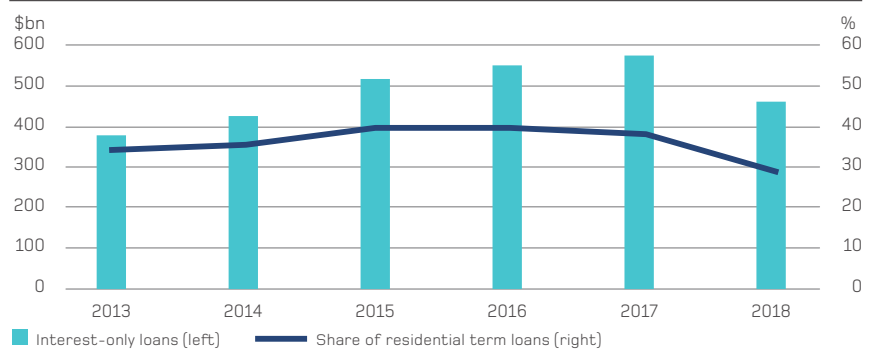
New housing loan approvals with an LVR greater than 80% and less than 90% has decreased by 6.2%, or \$3.4 billion from the year ending 30 June 2017.

OWNER-OCCUPIERS APPROVALS RISING

Off the back of fewer interest only loans to investors, it's not surprising that new housing loan approvals decreased overall by 1.5%, or \$5.9 billion last financial year.

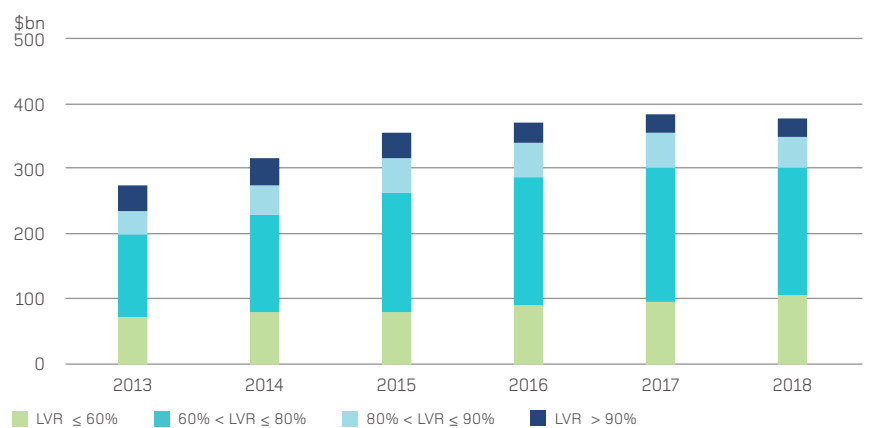
The silver lining is that the market for owner-occupiers is going in the right direction. Loans to owner-occupiers has increased by 4.3%, or \$10.6 billion last financial year. Through July and August 2018, owner-occupier finance was down 3.4%.

Interest only residential term loans



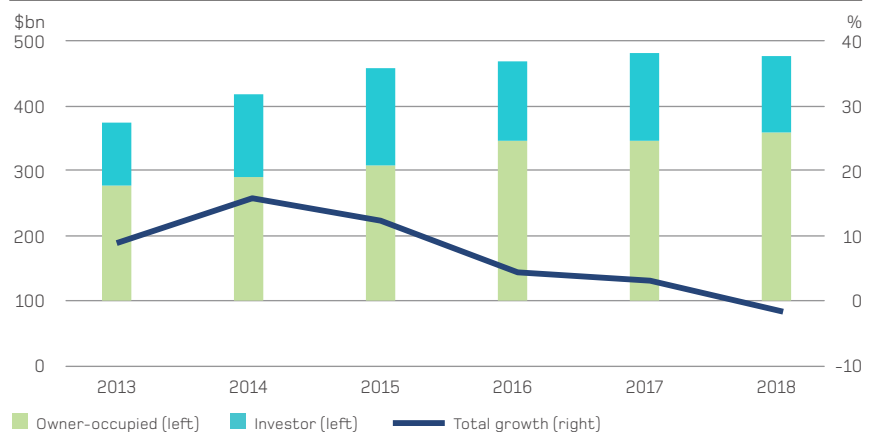
Source: APRA, Quarterly Authorised Deposit-taking Property Exposures.

New housing loan approvals



Source: APRA, Quarterly Authorised Deposit-taking Property Exposures.

New housing loan approvals



Source: APRA, Quarterly Authorised Deposit-taking Property Exposures.

PROJECT AND
CORRIDOR DATA

Paul Ciprian

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Victoria residential land quarter snapshot

ACTIVE PROJECTS

Active land projects were slightly down in Victoria for the September quarter, decreasing by 0.6% or 1 active project.

September quarter 2018

168

↓0.6%
from previous quarter

TOTAL LOTS RELEASED

With the small reduction in active projects, there's been a relative decrease in the number of lots released, 14.5% less than the previous quarter. Total lots released up to September 2018 has decreased by 22% year-on-year.

September quarter 2018

4232

↓14.5%
from previous quarter

TOTAL SALES

The total lots sold in the quarter decreased by 25%, with just over 3,300 lots sold.

September quarter 2018

3336

↓25.7%
from previous quarter

TOTAL UNSOLD

The number of unsold lots increased with a total 'overhang' of over 2,400 (+17.9% quarter growth).

September quarter 2018

2441

↑17.9%
from previous quarter



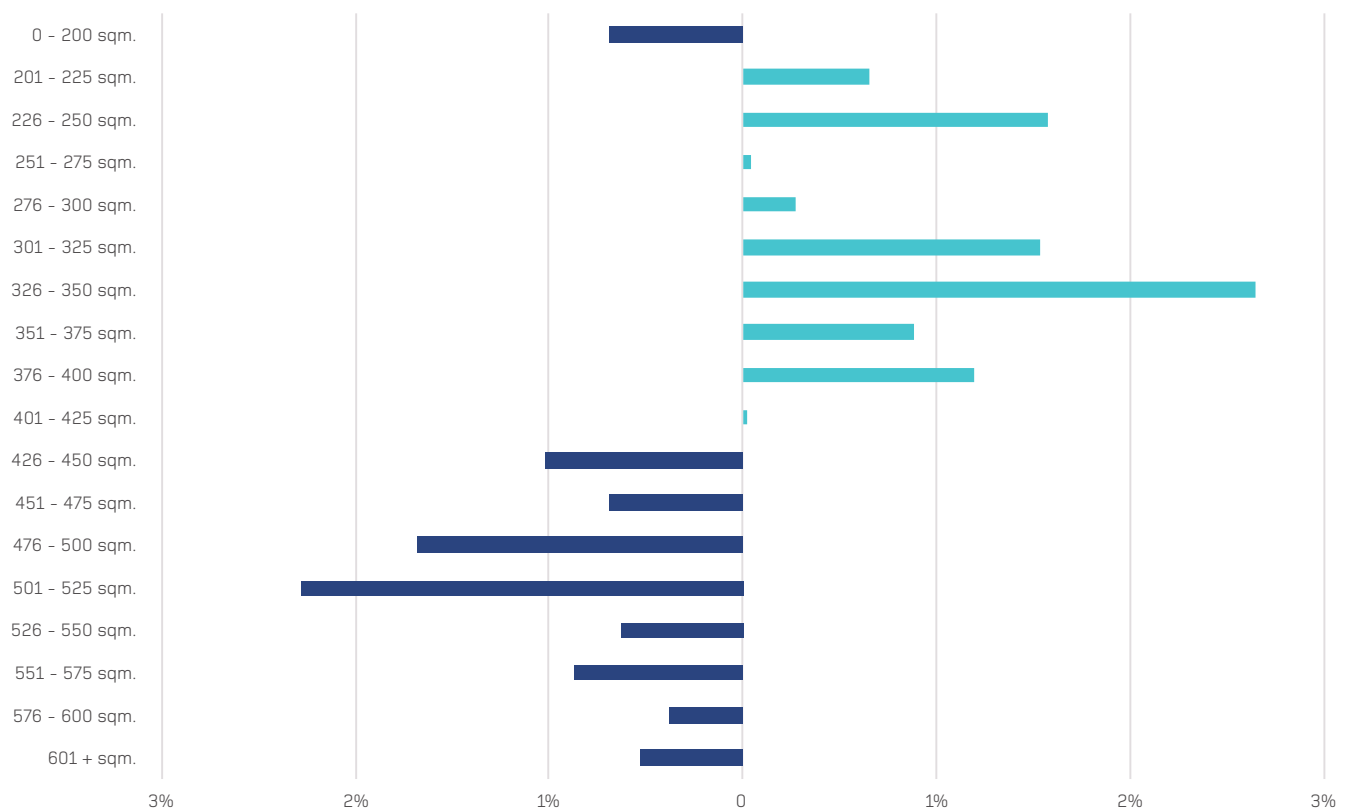
The move to smaller lots

LOT SIZES

There's been a shift in buyers moving from lot sizes below 200 square metres to larger lots between 300-400 square metres. Lot sizes above 400 square metres continued to decline in the September quarter.

Overall, the average size of lots purchased for the September quarter 2018 decreased by 3.5%.

Market share by lot size – change in market share (September 2017 to September 2018)



Source: Oliver Hume Research.

RESIDENTIAL MARKET

Prices stabilise

The median land price in metropolitan Melbourne was steady in the September quarter, with an annual price growth of just over 10% compared to the same time last year.

While annual changes continued to grow in all areas, Mitchell continued to be the most affordable despite having the second largest growth in this quarter of any municipality and the largest annual change. Melton experienced the largest median price growth for the second consecutive quarter, with lots now sitting above the \$300,000 price for the first time.

Three municipalities experienced negative growth over the quarter with Cardinia experiencing a 7.1% quarterly decline. Declines in Hume and Casey are attributed to smaller and more affordable land sizes.

Overall, quarterly price growth data suggest that growth will continue to moderate.

	Median price	Quarterly change	Annual change
Metro. Melbourne	\$325,000	0.0%	10.6%
Cardinia	\$338,000	-7.1%	11.6%
Casey	\$360,000	-1.4%	1.7%
Hume	\$339,500	-3.0%	7.8%
Melton	\$305,000	3.4%	13.8%
Mitchell	\$277,000	1.8%	19.1%
Whittlesea	\$330,000	0.9%	8.2%
Wyndham	\$323,450	1.0%	12.3%
Greater Geelong	\$264,000	-2.67%	30.1%

Source: Oliver Hume Research.

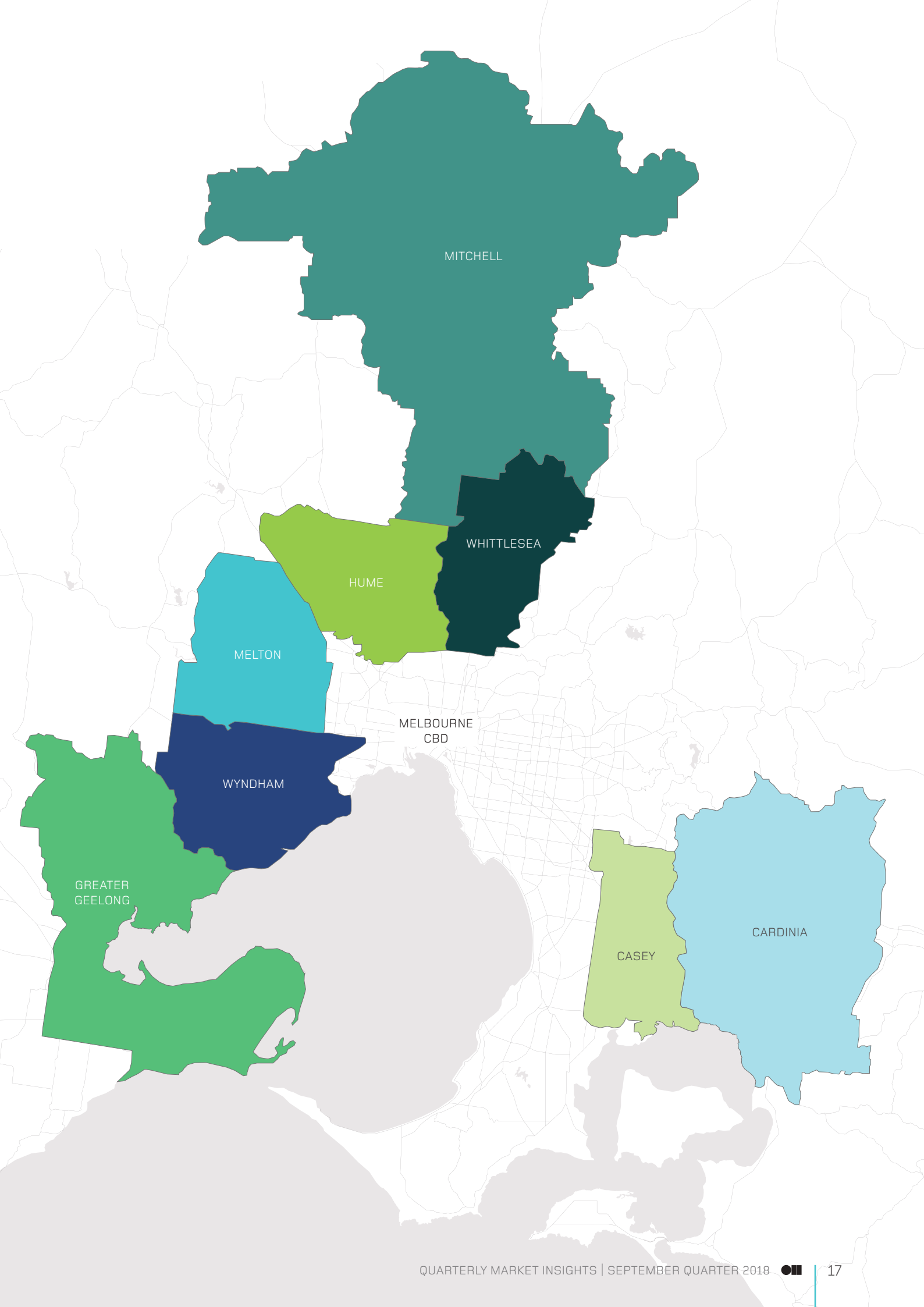
Average value rates

Demand for smaller lot sizes resulted in double digit growth in average value rates across all but three Victorian municipalities for the September quarter.

Casey is the only greenfield municipality that broke the \$1000 price per square metre barrier this quarter with a 4.3% increase. While Hume experienced a small decline of less than 1% (\$822 per square metres), Mitchell experienced the highest growth of any municipality with a 18.4% increase (\$662 per square metres).

	Price per sqm	Quarterly change	Annual change
Metro. Melbourne	\$843	4.1%	16.0%
Cardinia	\$819	13.4%	28.2%
Casey	\$1051	18.1%	14.5%
Hume	\$822	-0.8%	8.7%
Melton	\$803	5.0%	23.0%
Mitchell	\$662	18.4%	42.1%
Whittlesea	\$914	10.8%	23.2%
Wyndham	\$812	2.4%	9.7%
Greater Geelong	\$632	8.4%	38.9%

Source: Oliver Hume Research.



MITCHELL

WHITTLESEA

HUME

MELTON

MELBOURNE
CBD

WYNDHAM

GREATER
GEELONG

CASEY

CARDINIA

PURCHASER PROFILES

Migrants and overseas born buyers – a key market segment

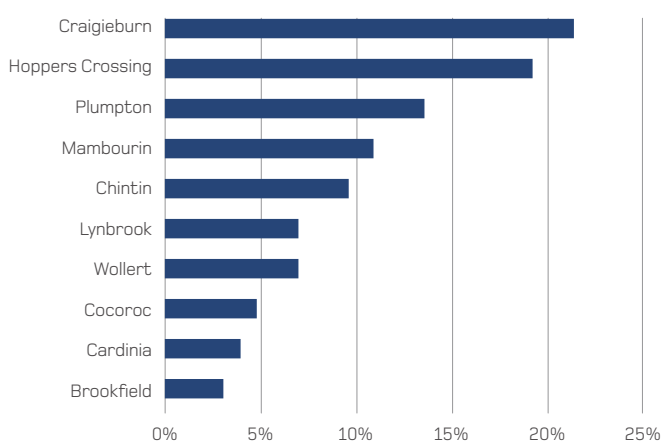
Indian-born migrants remain a key buyer segment in the land sales market, and accounted for a large portion of land sales in Melbourne across the September Quarter.

Since 2001 the number of Indian migrants has more than tripled. Approximately 35% of Australian's Indian migrants choose to live in Melbourne and now make up around 3% of Melbourne's total population. In 2016, based on national Census data, India (21%) was Australia's largest immigrant source country. Indian buyers were aged between

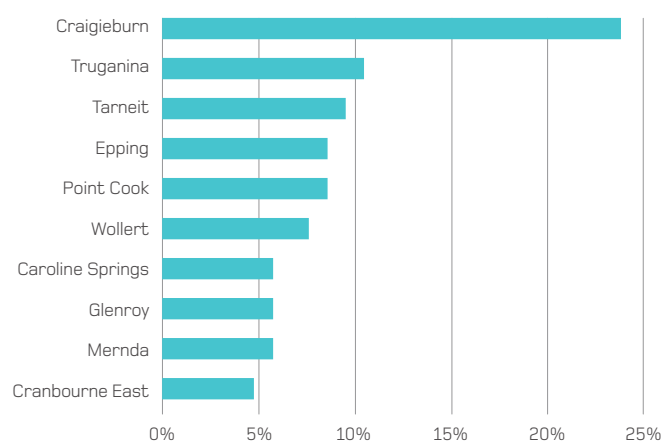
35–49 years, and supported a house of four or more people in over 45% of cases surveyed by Oliver Hume. Median dwelling values for Indian purchasers were around \$600k–\$650k, with loans secured by an average household income of between \$100k–\$110k. The most common occupation of Indian buyers surveyed was professional.

Craigieburn has emerged as a key purchaser suburb for Indian-born buyers followed by Hoppers Crossing and Plumpton.

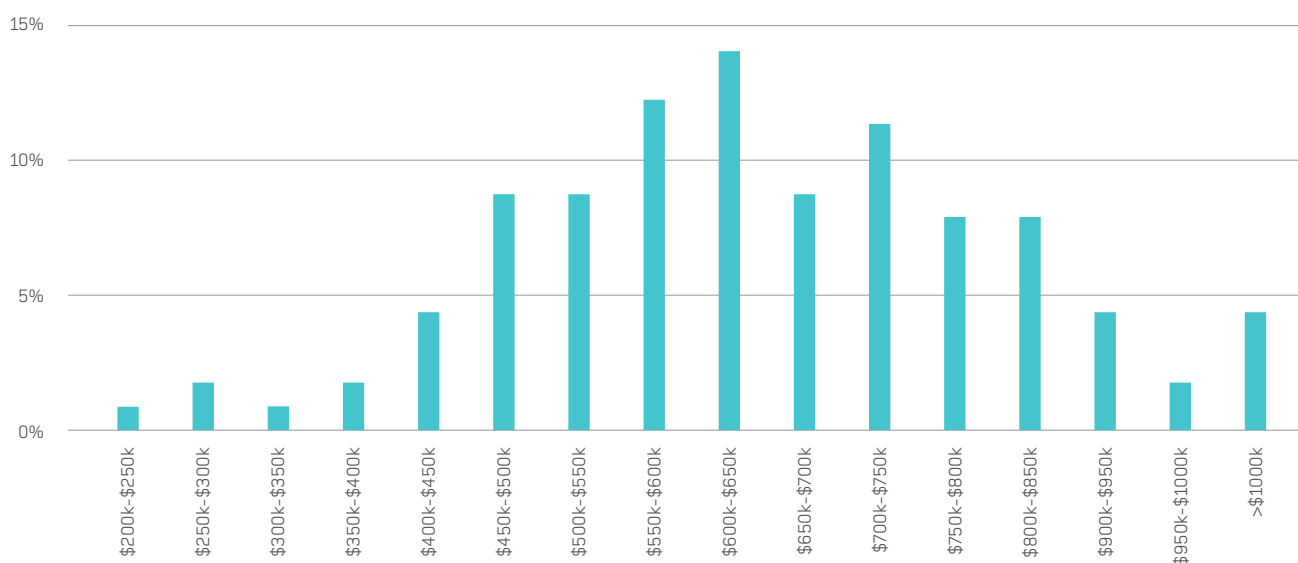
Suburbs of purchase – top 10 (%)



Catchment – previous suburb of residence

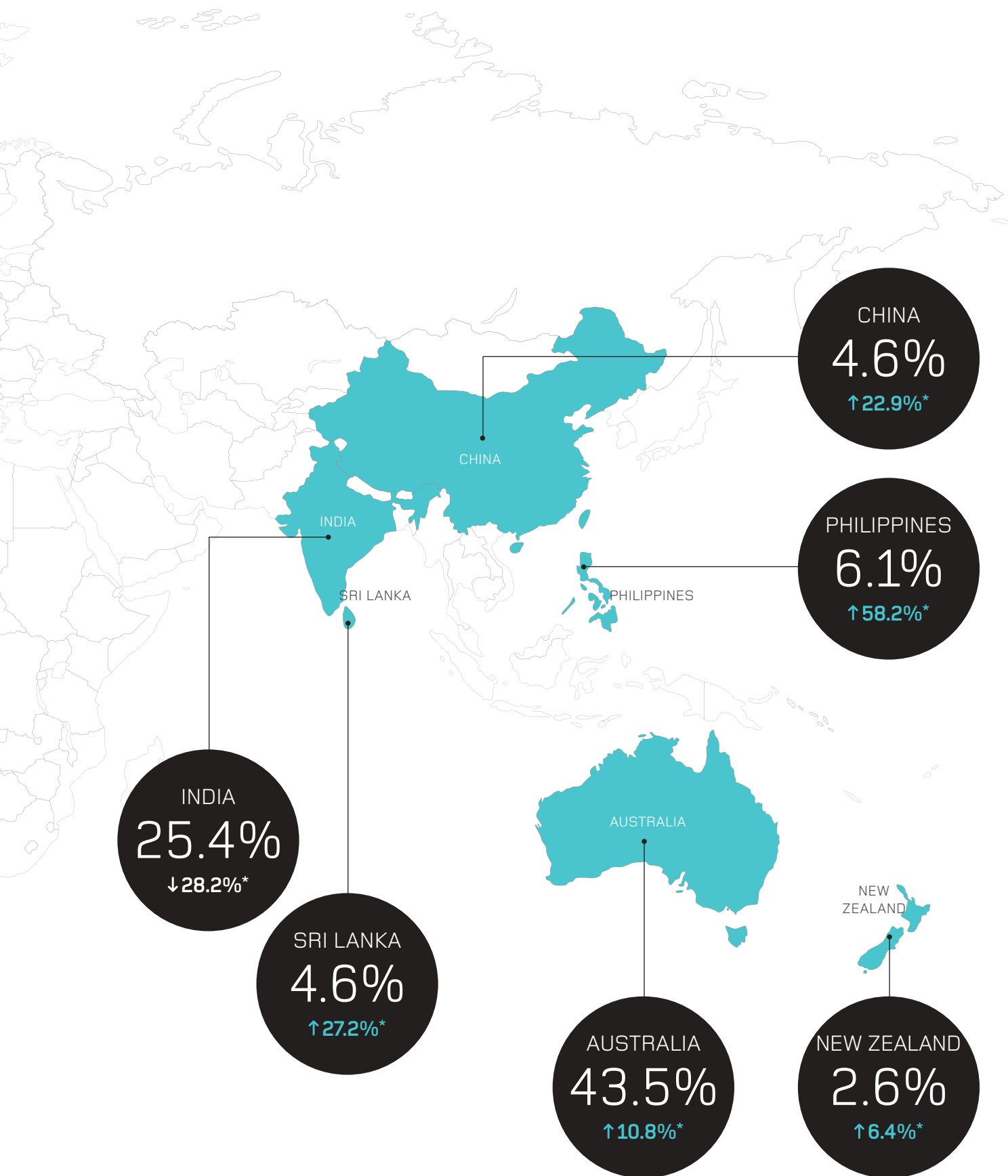


Current Dwelling Value (post August 2017)



Source: Oliver Hume Consumer Survey.

MARKET SHARE BY COUNTRY OF BIRTH



*From previous quarter. Source: Oliver Hume Research.

MARKET OVERVIEW



Gerrard Ellis

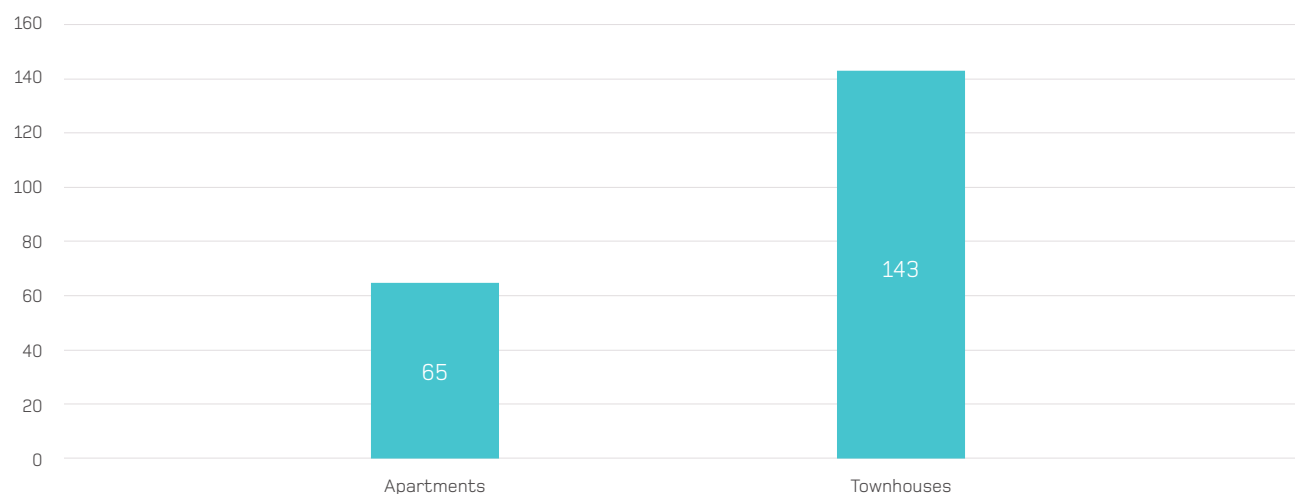
Director
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Outer Western Melbourne and the Inner Eastern Melbourne regions had the largest total supply of apartments and townhouses in September Q3 2018.

Townhouse supply was 168% higher than the apartment supply in September Q3 2018, with the three western regions having the greatest amount of supply in the pipeline.

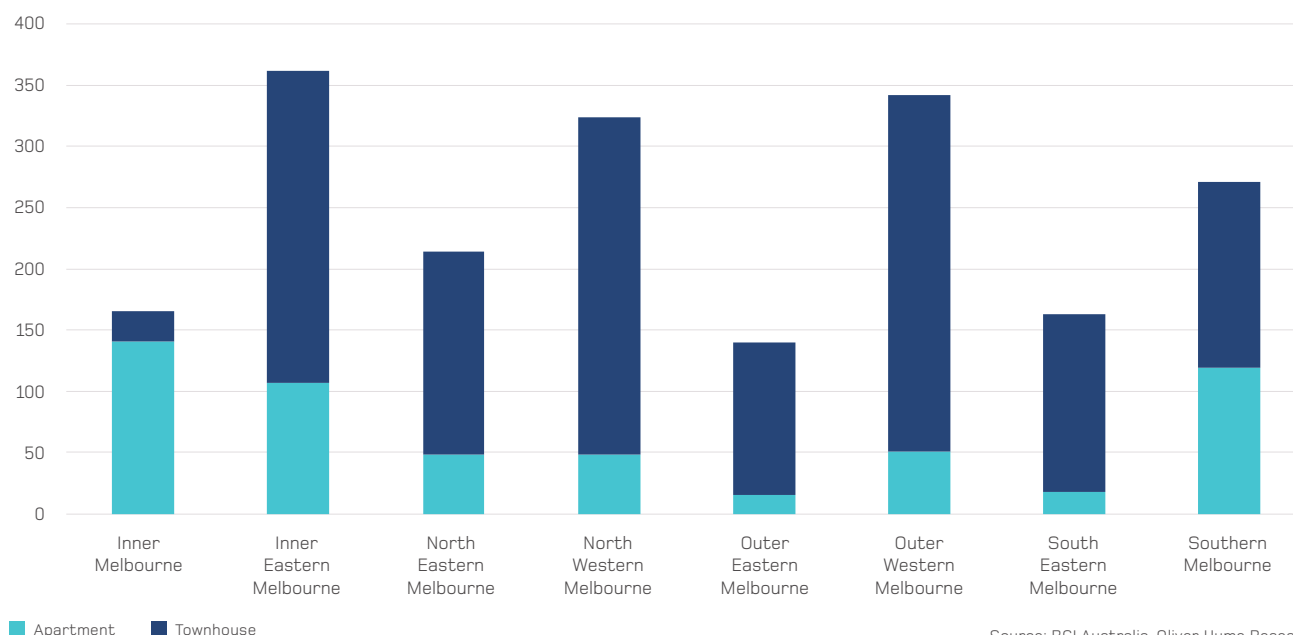
Inner Melbourne, Inner Eastern Melbourne and Southern Melbourne held the largest apartment supply.

Project commencements for September quarter 2018

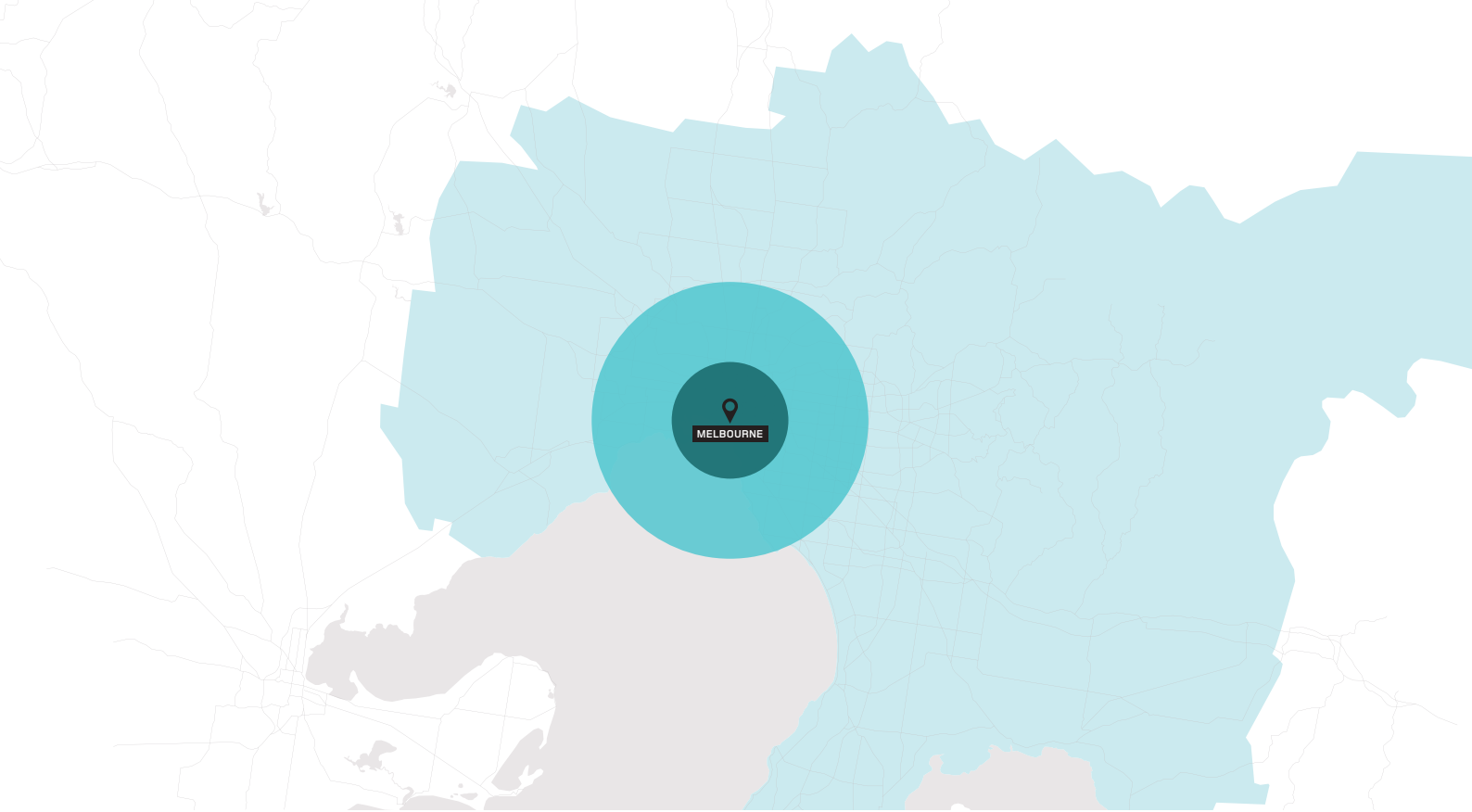


Source: BCI Australia, Oliver Hume Research.



Future supply for September quarter 2018





Source: BCI Australia, Oliver Hume Research.



METROPOLITAN MELBOURNE

 House	\$834,000
Quarterly growth	0%
 Unit & Apartment	\$604,000
Quarterly growth	↑0.2%

MIDDLE MELBOURNE


 House	\$962,000
Quarterly growth	↓1.9%
 Unit & Apartment	\$655,000
Quarterly growth	0%

INNER MELBOURNE

 House	\$1,432,500
Quarterly growth	↓1.9%
 Unit & Apartment	\$598,000
Quarterly growth	↓0.7%

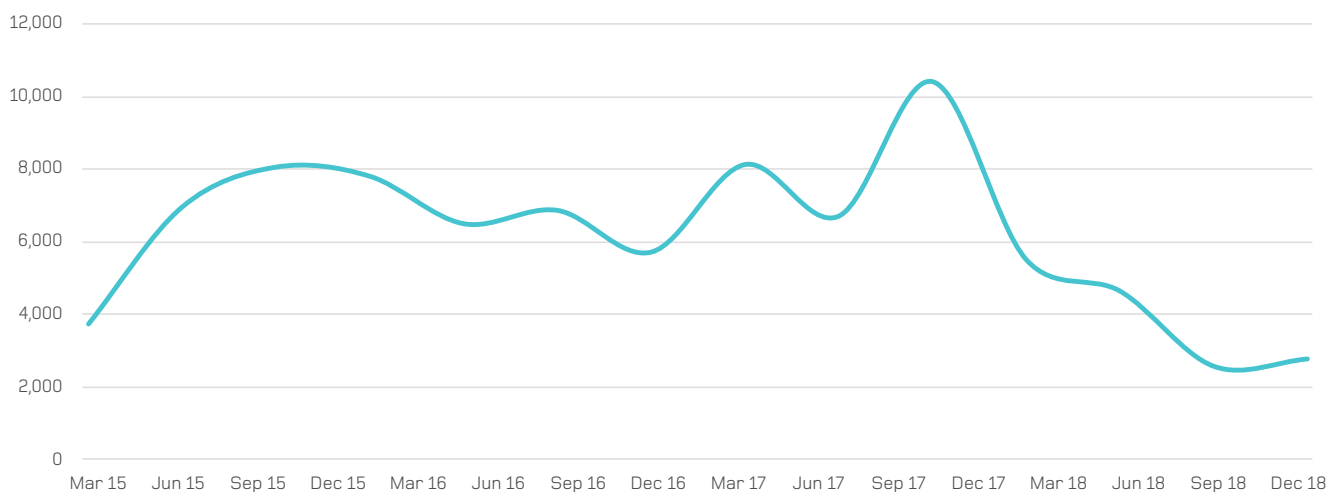
OUTER MELBOURNE

 House	\$675,000
Quarterly growth	↓0.7%
 Unit & Apartment	\$522,500
Quarterly growth	↑0.2%

-  Metropolitan Melbourne
-  Inner Melbourne (<10km)
-  Middle Melbourne (10-20km)

Source: Real Estate Institute of Victoria.

Apartments approved (Quarterly)



Source: Urbis Loop.

SUBURB SPOTLIGHT

Melbourne CBD



Altona North

Altona North is now well placed to attract home buyers shifting their preferences towards Melbourne's growing inner western suburbs.

One of the main attractions for buyers is housing affordability. Altona North has currently one of the lowest median house prices, and price growth has been strong in recent years.



Located within 15 km of Melbourne's CBD, the traditionally working-class suburb is expected to experience a rapid change in population and buyer demographics, with a growing appeal to a younger generation of buyers.

Residents are currently comprised of middle-aged cohorts (especially 35-49 years). Couples with children dominated the household type in Altona North in 2016 and will continue to experience significant growth in the next 20 years.

Altona North is a multi-cultural population with more than 43% having both parents born overseas — and a large majority of residents were born in Italy and Lebanon, according to the 2016 Australian Bureau of Statistics.

According to the 2016 Census, the most common occupations in Altona North included technicians and trade managers; clerical and administrative workers; and professionals.

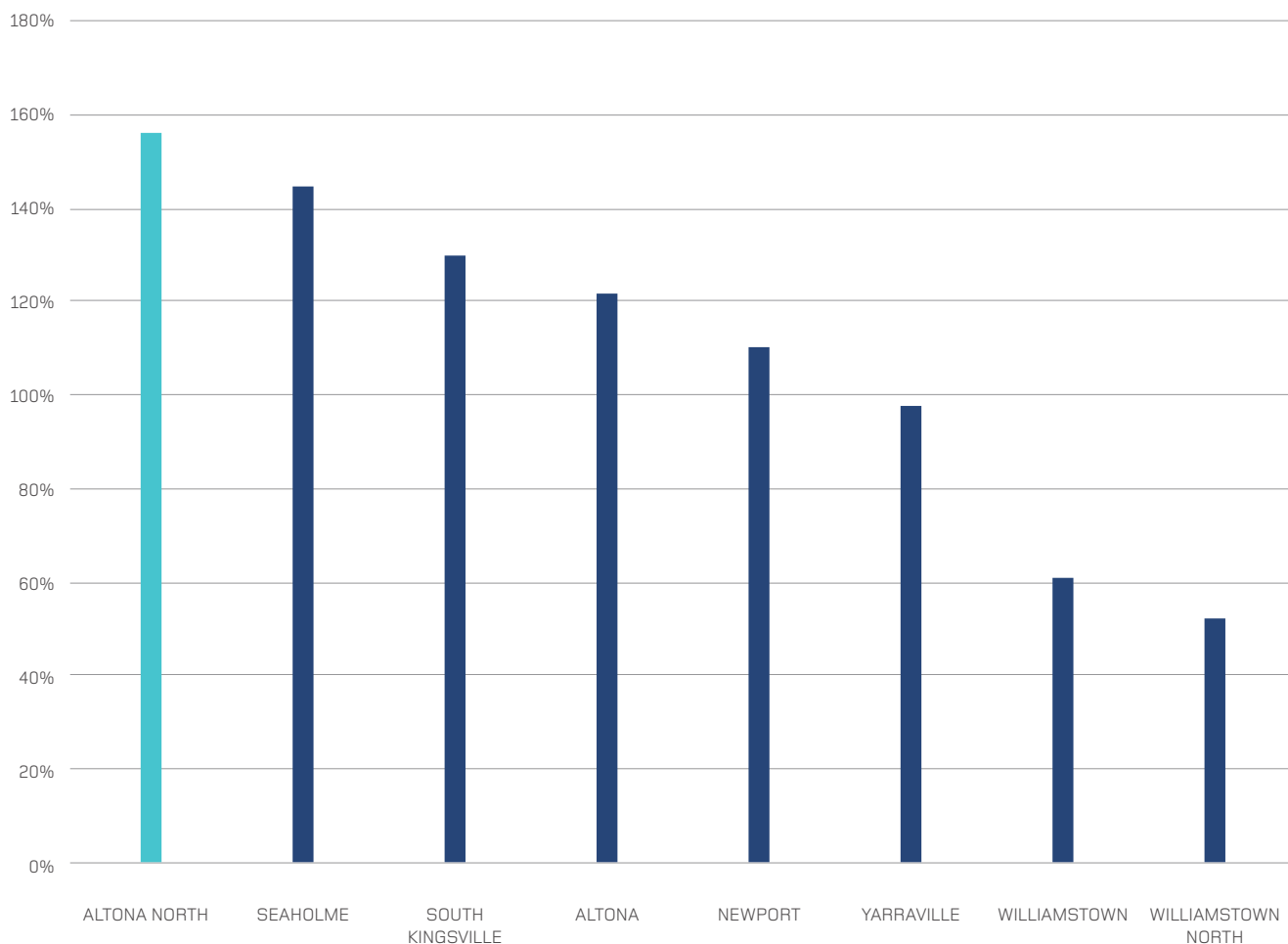
MEDIAN SALE AND RENT – ALTONA NORTH

ALTONA NORTH

Median sale
\$850,000
Median rent
\$430

ALTONA
NORTH

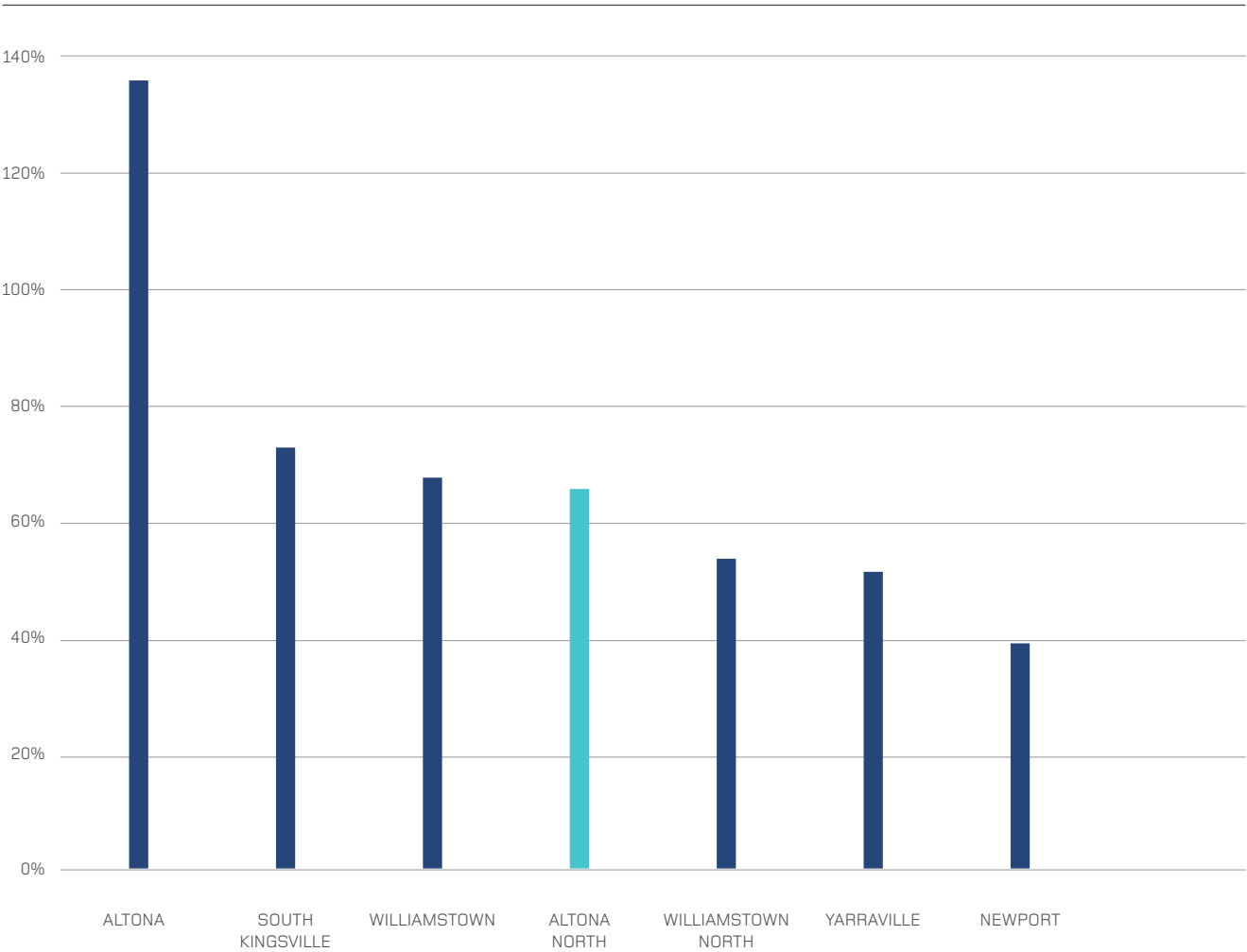
House price change – 2007 to 2018



Source: Australian Bureau of Statistics (ABS) 2016 data.



Apartment/Unit price – 2007 to 2018



Source: Australian Bureau of Statistics (ABS) 2016 data.

MARKET OVERVIEW



Peter Vassallo

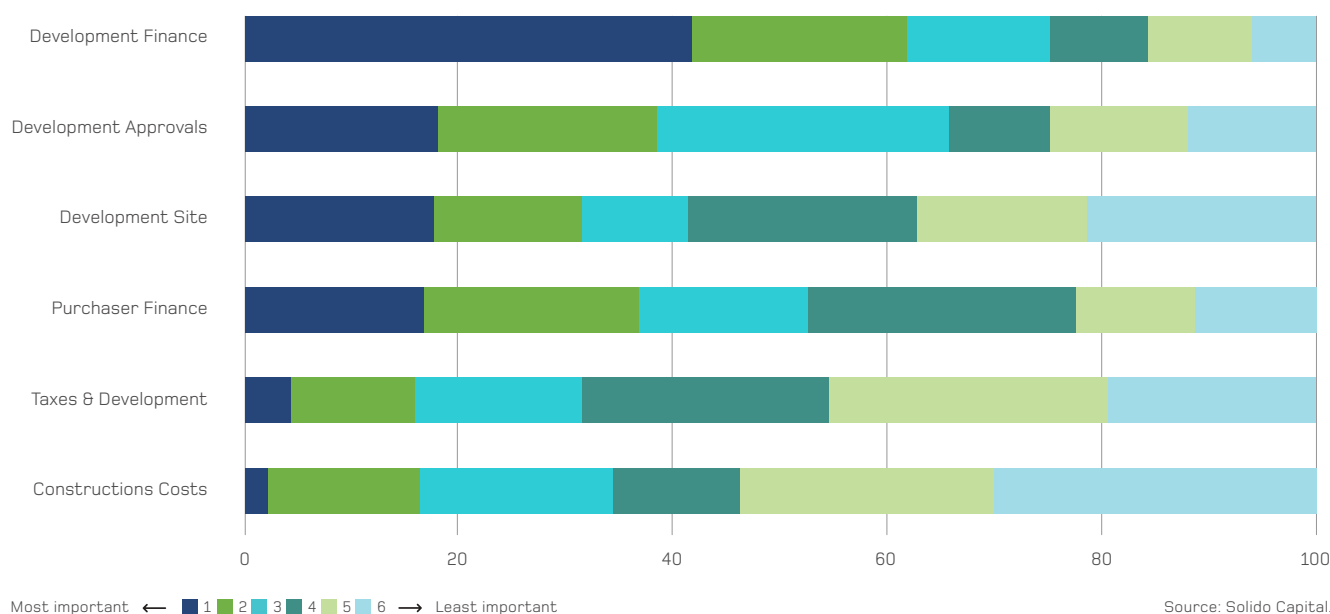
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Finance and retail land values impacting development sales

Off the back of an owners' rising market, land owner's price expectations remain high. With growth area land prices no longer climbing exponentially for the second consecutive quarter, it seems that we could be still some time away from coming to an equilibrium point whereby developers are willing to pay what vendors are prepared to sell for.

Whilst land owners may be bullish about the value of their land, tighter lending criteria from the banks and a lower availability of credit is resulting in less development site transactions taking place. Results from a recent Solido Capital survey illustrates that development finance is now the development industry's biggest concern; the main contributing factor being the big four banks progressively approving lower Loan to Value Ratios (LVR) through the September quarter.

Biggest issues facing the development industry (% of surveyed responses)



Retail land sales affecting development feasibility

The effects of slower retail land sales is flowing through into the broadacre market via feasibilities. Land sale prices affect the way developers devise their feasibilities – i.e. what developers are prepared to pay for the sites – therefore impacts the “value” of the land.

While land values are declining, with half of Australia’s capital cities having seen the twelfth consecutive month of reductions on house valuations, consumer confidence is also dropping.

This is despite interest rates remaining at all-time lows and demand for retail lots remaining high in some markets.

Developers turn to direct-lending

Some developers willing to absorb the risks of higher interest repayments are turning to direct-lenders to meet their borrowing commitments. One of the main reasons direct-lending is becoming more attractive is that developers with development approval don’t have to comply with tighter criteria of the major lenders.

Whilst the Australian direct-lending market is currently relatively small, it could grow in the short effect

to medium term. As regulations take affect, superannuation funds are well-placed to fill in the gap in the lending market created by the bank’s tighter lending criteria.

Whilst direct-lending seems a viable alternative for developers with substantial assets and high equity, it may take some time before we see direct-lending become a viable option for retail house and land buyers.



An aerial photograph of a coastal town in Queensland, Australia. The town is built on a peninsula, with a large body of water to the left and a bridge leading to the mainland on the right. The town is densely packed with houses and buildings, and is surrounded by lush greenery. In the background, there are mountains under a clear sky. A large, semi-transparent circular overlay is centered over the town, containing the word "QUEENSLAND" in a bold, black, sans-serif font.

QUEENSLAND



ECONOMIC CONDITIONS AND OUTLOOK



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Royal Commission impacting first home buyers in Queensland

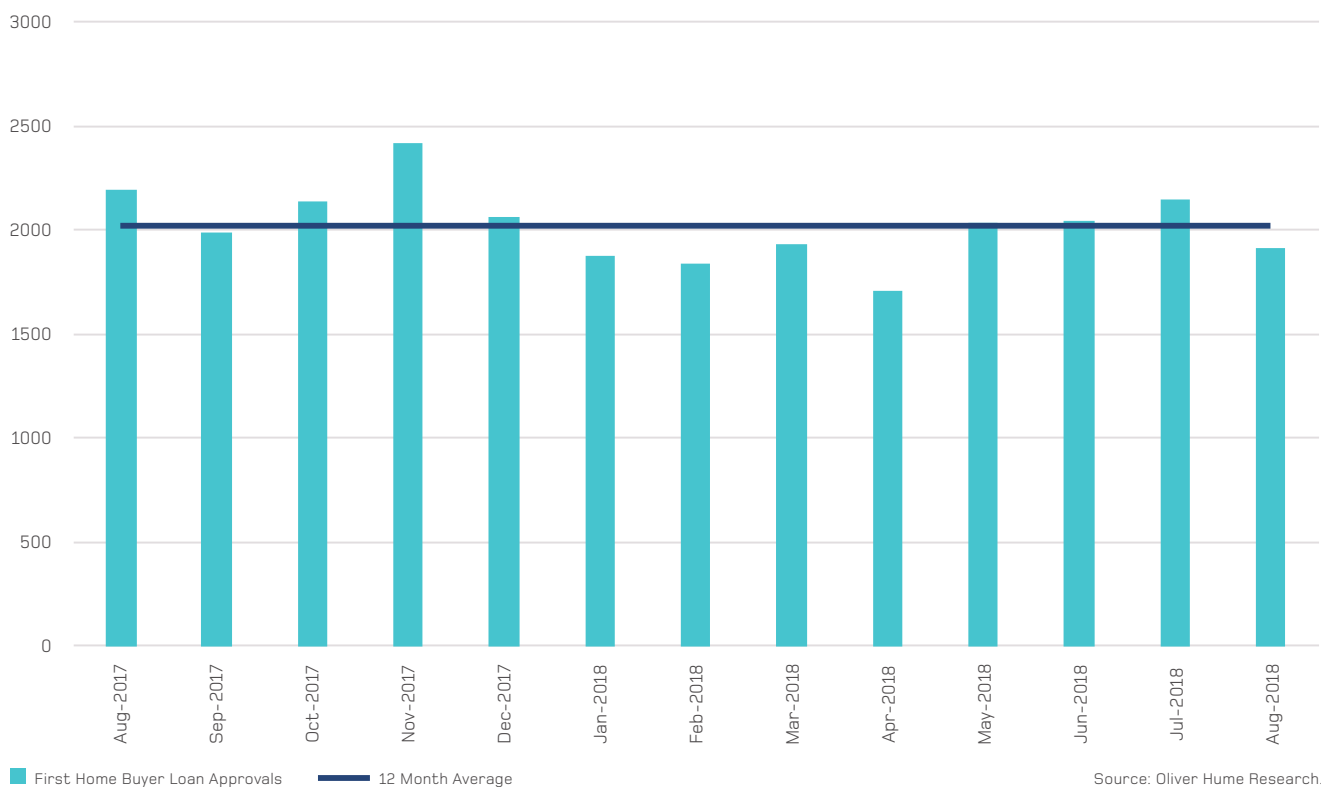
The Royal Commission has caused lenders to be more prudent and enforce tougher restrictions and a more rigorous approval process.

Maximum lending has been reduced on loans with the same criteria just months apart. The up-front cash required has changed significantly over the past two years with maximum loans decreasing from 97% to 95% Loan to Value Ratio (LVR). This paired with the reduction of the First Home

Owners Grant (FHOG) from \$20k to \$15K has been more than enough to cut many buyers out of the market. This is causing a shift in buyer focus to more affordable product types and small lot offerings.

First Home Buyer's (FHB) loan approvals are down 4.4% over the past six months, even after a high period in June/July with FHB's squeezing in before the FHOG was cut.

First home buyers loan approvals



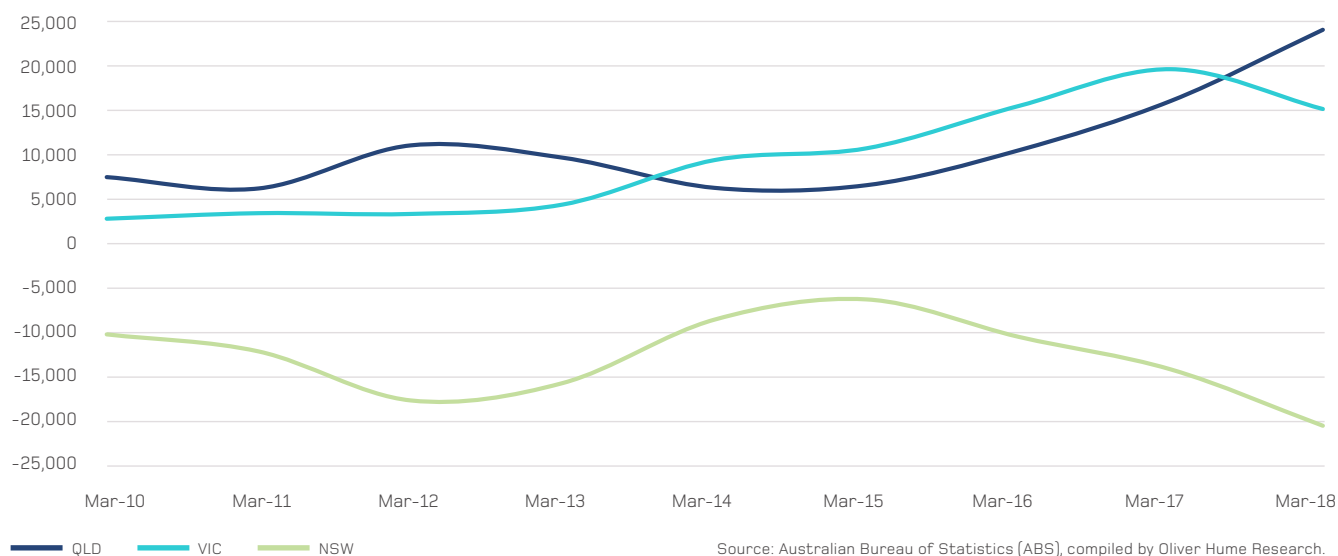
Population growth continues to drive demand

Queensland continues to have the nation's highest interstate migration with 24,004 ahead of Victoria (15,099) and New South Wales (20,506).

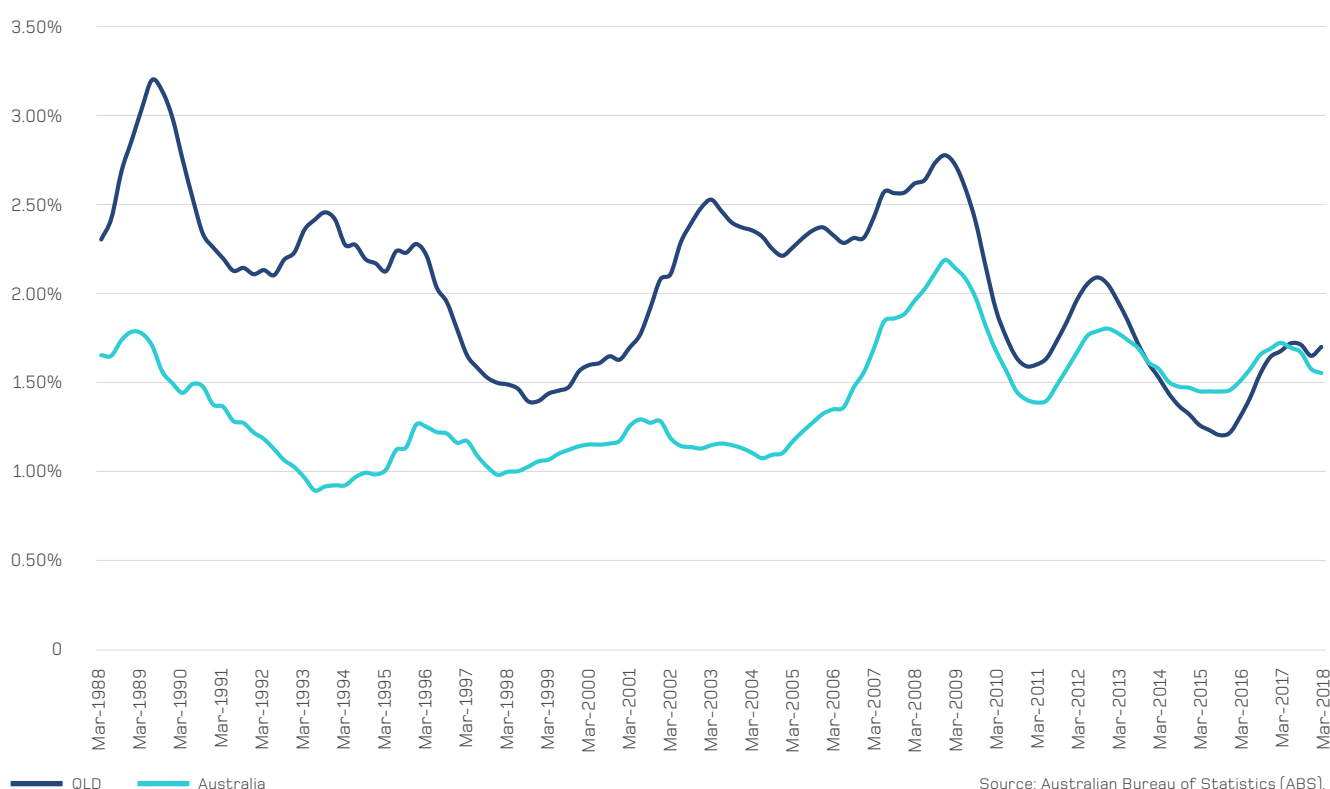
This migration rate has increased 49% over a 12 month period up to March 2018. This is driven by Queensland's relative affordability and improving economy.

The overall population has continued to increase for Queensland, up 1.7% when comparing March 2018 to 12 months prior.

Net interstate migration (12 months to March 2018)



Annual population growth (%) – Queensland and Australia



PROJECT AND CORRIDOR DATA



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Queensland greenfield market rising after downturn

Although the greenfield market was down from the previous quarter, the month of September itself held resilience after a somewhat subdued quarter. September figures should hold some positivity for the remainder of the year.

ACTIVE PROJECTS

The number of active projects in all South-East Queensland municipalities was up for the September quarter, with various estates launching. Overall, the total number of 132 represented a 2% increase on the previous quarter.

September quarter 2018

132

↑2.0%

from previous quarter

TOTAL LOTS RELEASED

The number of lots released was down slightly by 1%, when compared to the previous quarter.

September quarter 2018

1708

↓1.0%

from previous quarter

TOTAL SALES

The September quarter 2018 saw an overall decrease in the total lots sold across South-East Queensland. The results however vary amongst the municipality, with some exceeding their achieved rates in the June quarter. Overall lot sold represented a decrease of 10% from the previous quarter.

September quarter 2018

1460

↓10.0%

from previous quarter

TOTAL UNSOLD

Total lots remaining unsold at the end September quarter increased, with a total 'overhang' of over 2,300 lots, 12% higher than that of the previous quarter.

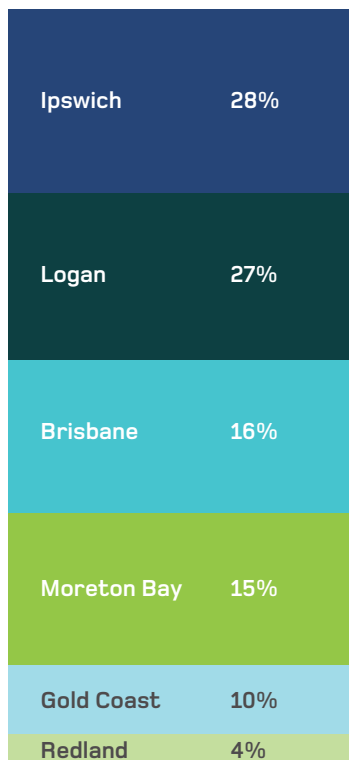
September quarter 2018

2397

↑12.0%

from previous quarter

Project land sales



Source: Oliver Hume Research
(Land sales between 0 - 1,000 Sqm.)

LOT SIZES

The overall trend in the SEQ market indicates that buyers are shifting towards smaller and more affordable products.

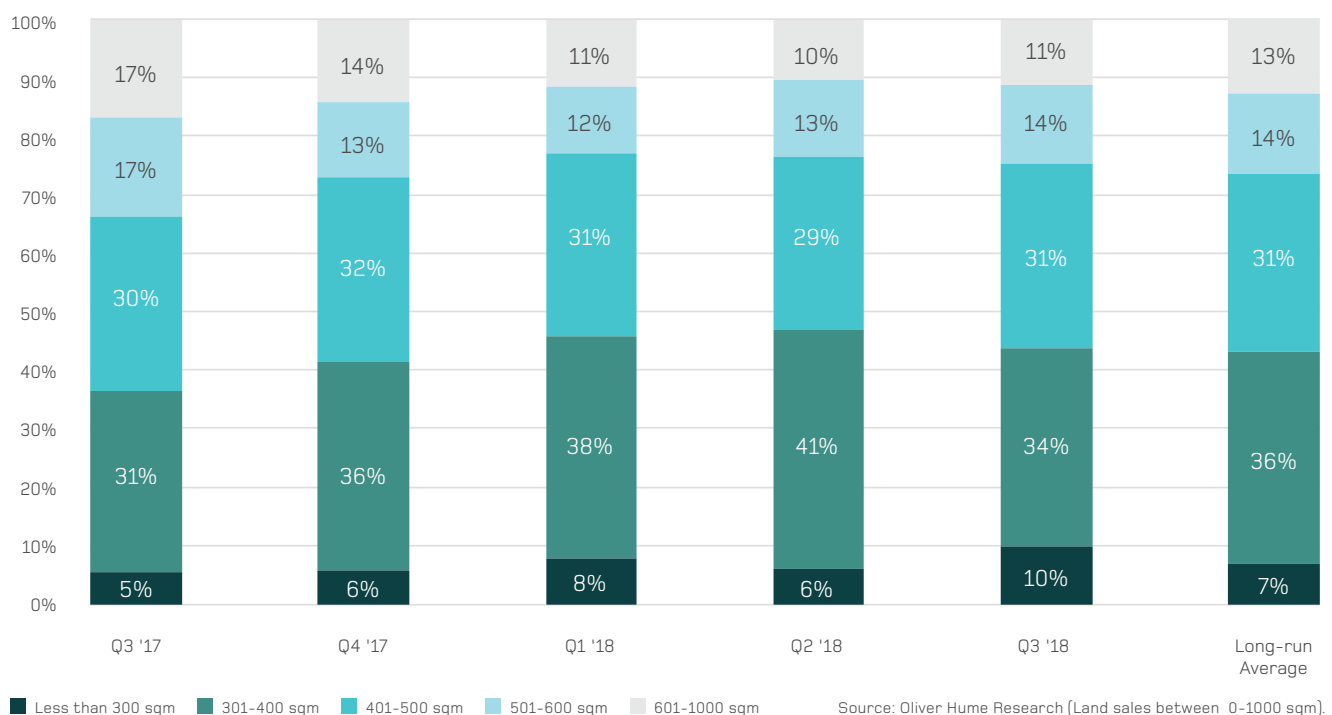
Current market trends indicate that almost half of the SEQ project land sales over the quarter were of lots 400 square metres or less.

One in three sales were of lots 301 - 400 square metres and, interestingly, lots less than 300 square metres accounted for 10% of sales, doubling market share in 12 months, when compared to sales in September quarter 2017.

Median prices by lot segments September quarter 2018

LOT SIZES	MARKET SHARE	MEDIAN PRICE
0 – 300 sqm	10%	\$220,000
301 – 400 sqm	34%	\$229,625
401 – 500 sqm	31%	\$245,100
501 – 600 sqm	14%	\$245,000
> 600 sqm	11%	\$327,950

SEQ Project land sales market share by product type



PROJECT AND CORRIDOR DATA

LOT PRICES

The SEQ market is showing some resilience after softening throughout 2018.

Over the quarter, the SEQ median land price remained unchanged at \$240,000 but represents an increase of 4% over the 12 months to September, and is now just over \$9,000 higher than the same period last year.

All municipalities except for Moreton Bay either remained unchanged in median prices or achieved moderate growth of up to 3%. Brisbane achieved the highest price growth over the quarter at 3%, while on an annual basis the Gold Coast experienced the highest at 9%.

Closer review of monthly and quarterly changes suggests that municipalities such as Ipswich and Logan experienced minimal quarterly growth of up to 1%, which is partly due to increased competition within the regions, and purchasers opting for smaller and more affordable products that better suit the constraints being experienced in home financing.

South East Queensland median land price – project land sales (Rolling annual average)

BRISBANE

\$366,625

↑3%
Quarterly change↓6%
Annual change

GOLD COAST

\$333,688

0%
Quarterly change↑9%
Annual change

IPSWICH

\$208,550

0%
Quarterly change↑3%
Annual change

LOGAN

\$214,900

↑1%
Quarterly change↑5%
Annual change

MORETON BAY

\$252,500

↓3%
Quarterly change↓3%
Annual change

REDLAND

\$303,125

↑1%
Quarterly change↓2%
Annual change

SOUTH-EAST QUEENSLAND

\$240,000

0%
Quarterly change↑4%
Annual change

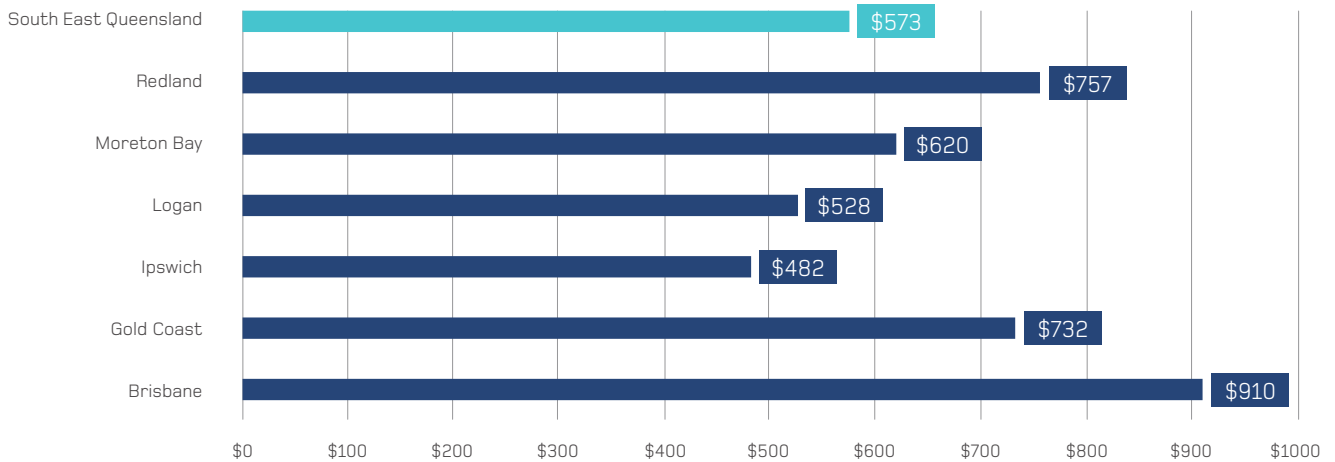
SOUTH EAST QUEENSLAND VALUE RATES

Though price growth remains moderate, the continuous shrinking of lot sizes has meant that the overall value rate is on the rise.

SEQ's average value rate has risen 11% when compared to the same period in 2017, and now sits at \$573 per square metre.

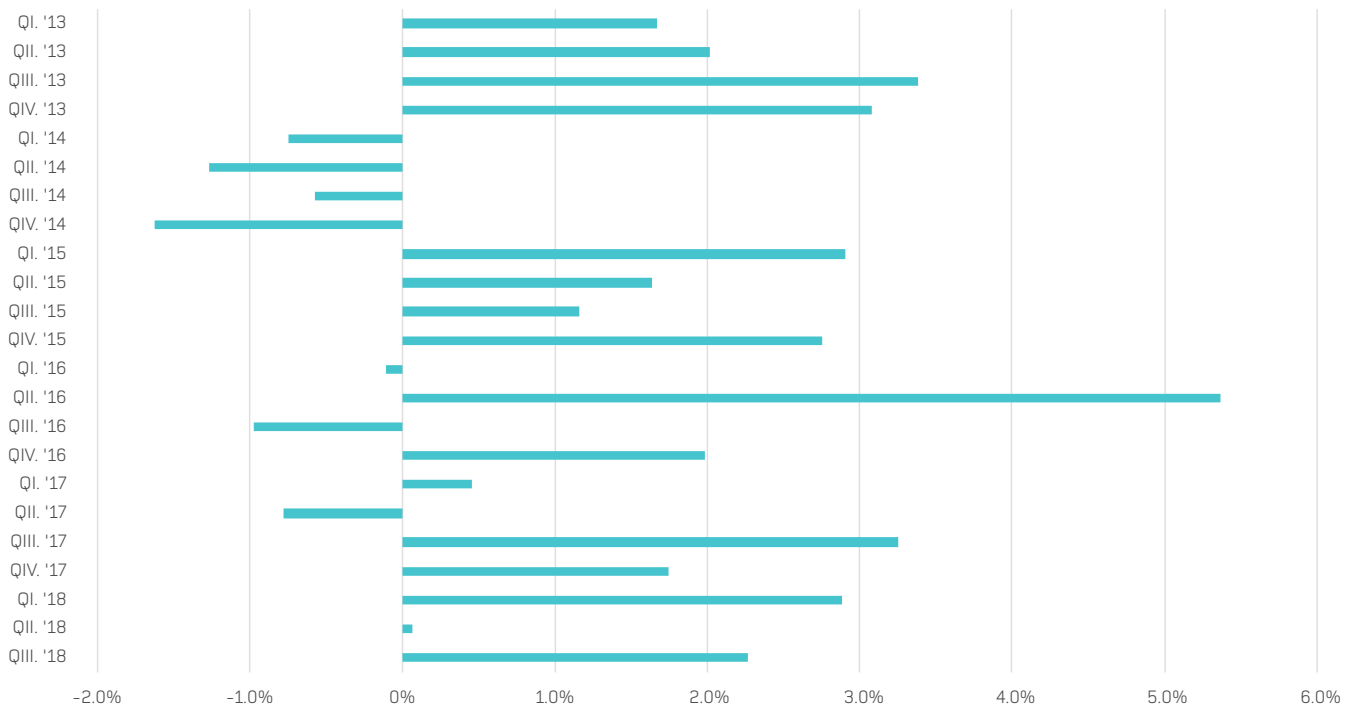
Brisbane remains the most expensive municipality at \$910 per square metre, while Ipswich leads as the most affordable municipality within SEQ (\$482 per square metre).

SEQ Project land sales – median value rate (September quarter 2018)



Source: Oliver Hume Research.

SEQ change in value rate (\$/sqm) quarter on quarter



Source: Oliver Hume Research.

MARKET SNAPSHOT



BRISBANE

The Brisbane land market is in a state of transition and remains SEQ's most expensive municipality.

Though achieving the highest price growth over the quarter at 3%, increased competition within the municipality over the year has meant that buyers are shifting towards smaller lot types at cheaper prices, thus resulting to the overall decrease of -6% in price on an annual basis.

MOST POPULAR SELLING LOT TYPE	301-400 sqm (41%)
MEDIAN PRICE	\$366,625 (-6%*)
MEDIAN VALUE RATE	\$910 (-5%*)

*annual change



GOLD COAST

The Gold Coast land market remains an attractive market, offering both premium waterfront and large lots on one end and small to medium lot types on the other.

Low retail land supply within the region, coupled with this increased demand, has meant that land prices have risen 9% when compared to the same quarter 2017. The value rate within the region is now \$732 per square metre, an annual increase of 24%.

MOST POPULAR SELLING LOT TYPE	401-500 sqm (38%)
MEDIAN PRICE	\$333,688 (9%*)
MEDIAN VALUE RATE	\$732 (24%*)

*annual change



REDLAND

Similar to the Gold Coast, dwindling lot supply has meant that price growth within the region has been fairly constrained.

However, due to the relative stability of median lot sizes (remaining within 400 square metres), the region's value rate nevertheless continues to rise and now sits at \$757 per square metre, remaining SEQ's second most expensive region.

MOST POPULAR SELLING LOT TYPE	401-500 sqm (42%)
MEDIAN PRICE	\$303,125 (-2%*)
MEDIAN VALUE RATE	\$757 (9%*)

*annual change



IPSWICH

Ipswich remains SEQ's hotspot and is projected to be the fastest growing region by 2041.

Though a minimal growth in median prices was experienced over the year, median value rates say otherwise, with an annual growth of 9%.

With increased competition and land supply within the region, developers are being more innovative with their product offerings, bringing on products that better suit the needs of buyers and are more favourable with the current market conditions.

MOST POPULAR SELLING LOT TYPE	301-400 sqm (35%)
MEDIAN PRICE	\$208,550 (3%*)
MEDIAN VALUE RATE	\$482 (9%*)

*annual change



LOGAN

Over the quarter, one in three lots sold within the region were between 401 to 500 square metres. Growth in the region's value rate and overall median price remains steady, with increases of 4% and 5% respectively.

With the introduction of new projects, continued sales success in this region will be a major factor towards the overall market resilience of SEQ, as a large portion of stock is situated within the Logan municipality.

MOST POPULAR SELLING LOT TYPE	401-500 sqm (36%)
MEDIAN PRICE	\$214,900 (5%*)
MEDIAN VALUE RATE	\$528 (4%*)

*annual change



MORETON BAY

Over the quarter, small lot type sales dominated the market. Approximately 36% of sales were within 301 – 400 square metres.

Similar to Brisbane, there has also been a shift towards these cheaper product offerings, thus resulting to the overall decrease of -3% in price on an annual basis.

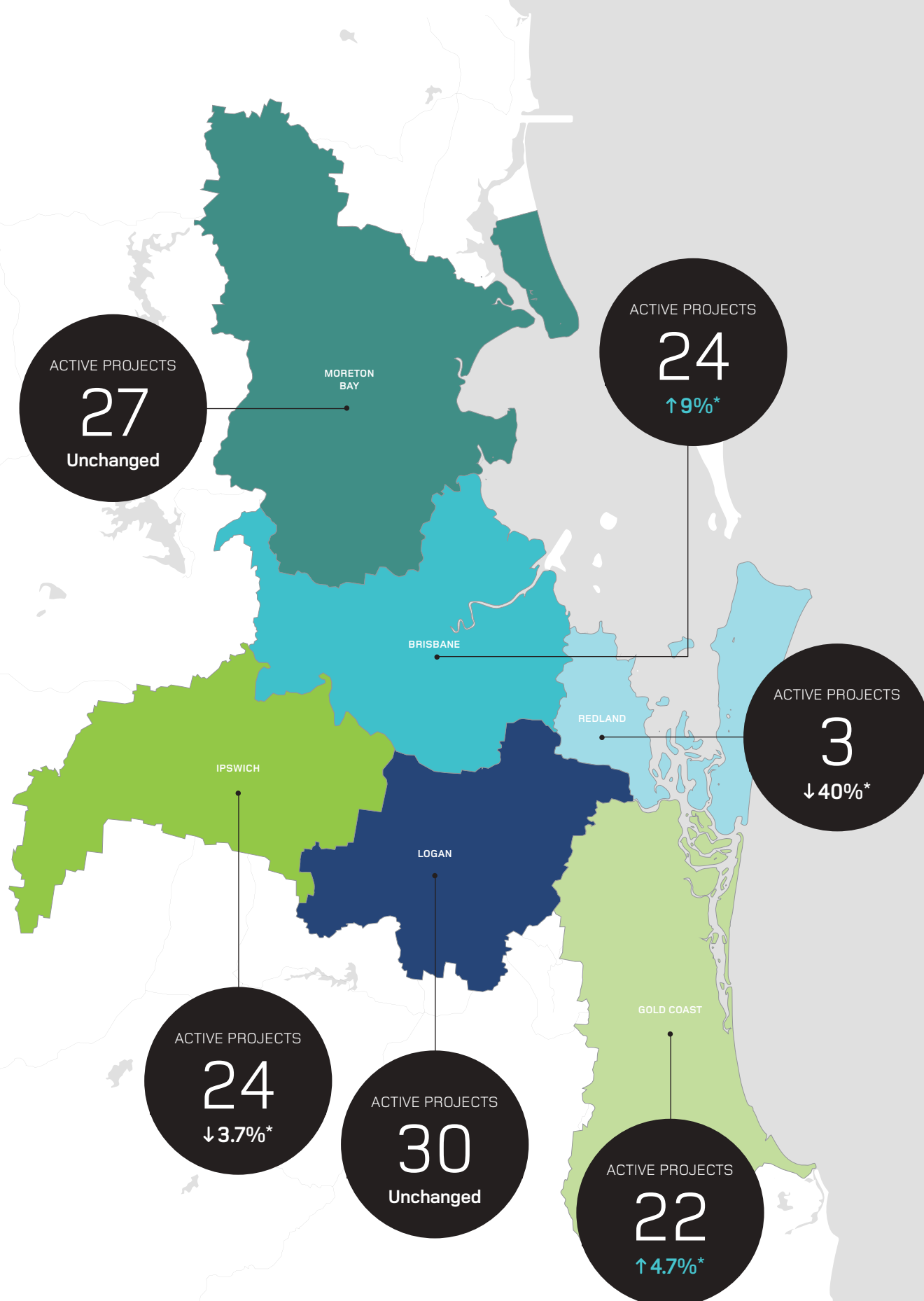
Nevertheless, the region's value rate continues to rise and now sits at \$620 per sqm., making it third in terms of the SEQ's most affordable municipality's.

MOST POPULAR SELLING LOT TYPE	301-400 sqm (36%)
MEDIAN PRICE	\$252,500 (-3%*)
MEDIAN VALUE RATE	\$620 (2%*)

*annual change

KEY CORRIDORS

– NUMBER OF ACTIVE PROJECTS



PURCHASER PROFILES

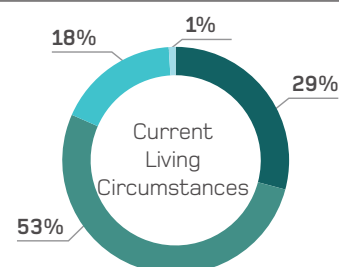
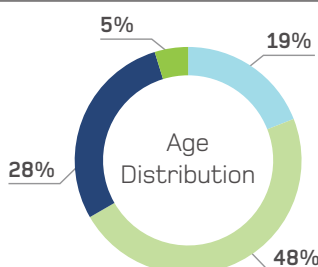
Buyer demographics drive lot purchase decisions

The most popular selling lots within Oliver Hume projects up to September 2018 were 300–450 square metres, and accounted for 59% of total sales. The largest portion of the market sits within 351 – 400 square metre (24%) due to the affordability of the product in that grouping. The majority of the purchasers in this market are under 34 years, and are purchasing as owner-occupiers.

BUYER PROFILES: MOST POPULAR SELLING LOTS 2018

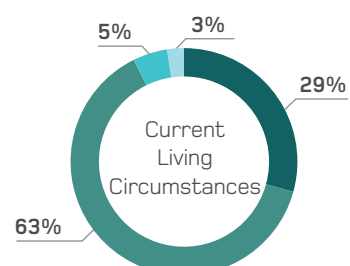
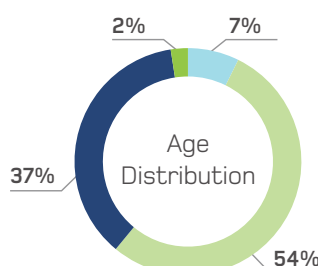
300–350 sqm lots

Total SEQ Sales	15%
Owner-Occupiers	75%
First Home Buyers	75%



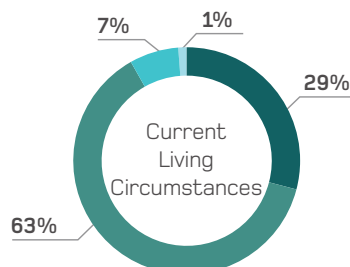
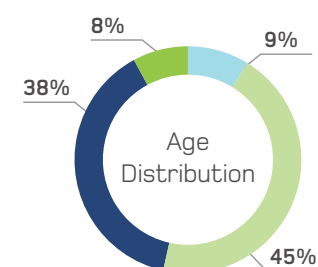
351–400 sqm lots

Total SEQ Sales	27%
Owner-Occupiers	87%
First Home Buyers	75%



401–450 sqm lots

Total SEQ Sales	20%
Owner-Occupiers	94%
First Home Buyers	67%



Age Distribution
 18-24 25-34 35-49 50-59

Current Living Circumstances
 Owner-Occupiers Renting Living with Parents Others

Source: Oliver Hume Research.

TOP REASONS TO PURCHASE

22%



LOCATION

20%



AFFORDABILITY

17%



LOT SIZE/
AVAILABILITY

7%



PARKS &
GARDENS

6%



PRESENTATION

Source: Oliver Hume Research.

MARKET OVERVIEW



BRISBANE

There's been a shift in focus from big towers to premium boutique developments. Developers are picking up smaller sites and having a quicker turnover to support cash flow. Particularly relevant are terrace and townhouse developments in middle-ring Brisbane as the entry point of these products is significantly less than conventional established housing.

This development type is the remaining strength in the Brisbane apartment market as owner-occupiers reject cookie-cutter style developments. The two main purchaser types behind this product are lone person households and couples without children, both forecasted to have the highest increase over the next 20 years, 56% and 46% respectively.

As demand has tapered off for the overall apartment market the supply of new projects has been subdued. There is currently a considerable number of projects in the pipeline but it is unlikely that all projects will eventuate due to current market conditions.

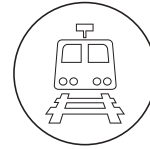


GOLD COAST

Gold Coast developers are now catering for owner-occupiers and downsizers looking for bigger units with more bedrooms. This shift has created a longer-term demand as the market has not been oversupplied, resulting in a more stabilised market.

With an increasing population, and the forecast change of population groups, the demand for apartments is still prevalent on the Gold Coast. The Gold Coast is still benefitting from the flow on effect of the Commonwealth Games.

There's a \$30 billion development pipeline with \$20 billion into residential development and \$10 billion into public and private infrastructure that includes:



Gold Coast Light Rail

\$615 mil



Coomera Town Centre (Westfield)

\$500 mil



Gold Coast Cultural Precinct

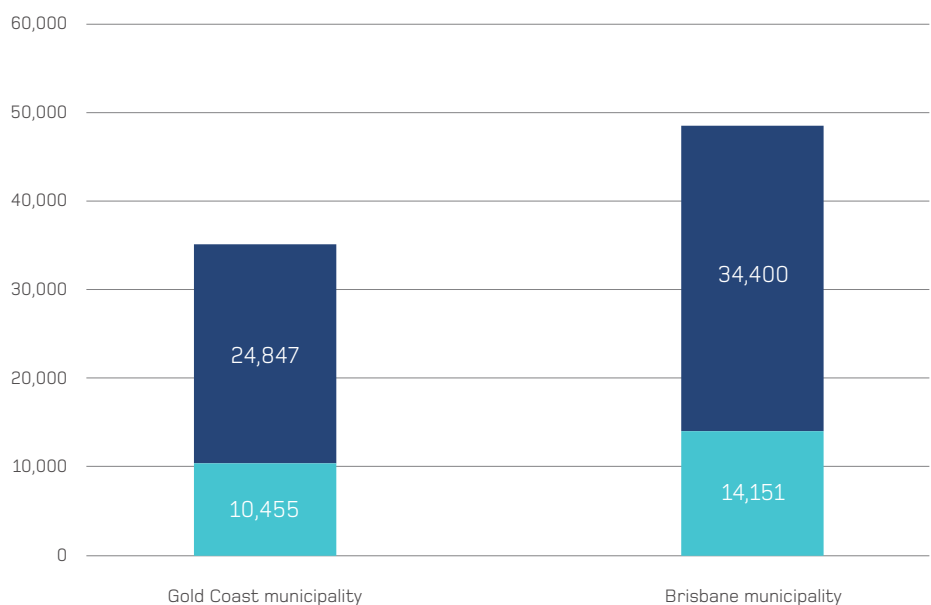
\$385 mil



Gold Coast Airport (Stage 2)

\$30 mil

Brisbane and Gold Coast apartment market – current and future stock supply by precincts



■ Active Marketed Projects ■ Future Pipeline Supply

Source: Cordell Connect, compiled by Oliver Hume Research.

MARKET OVERVIEW

OFF-THE-PLAN APARTMENTS – ACTIVE PROJECTS

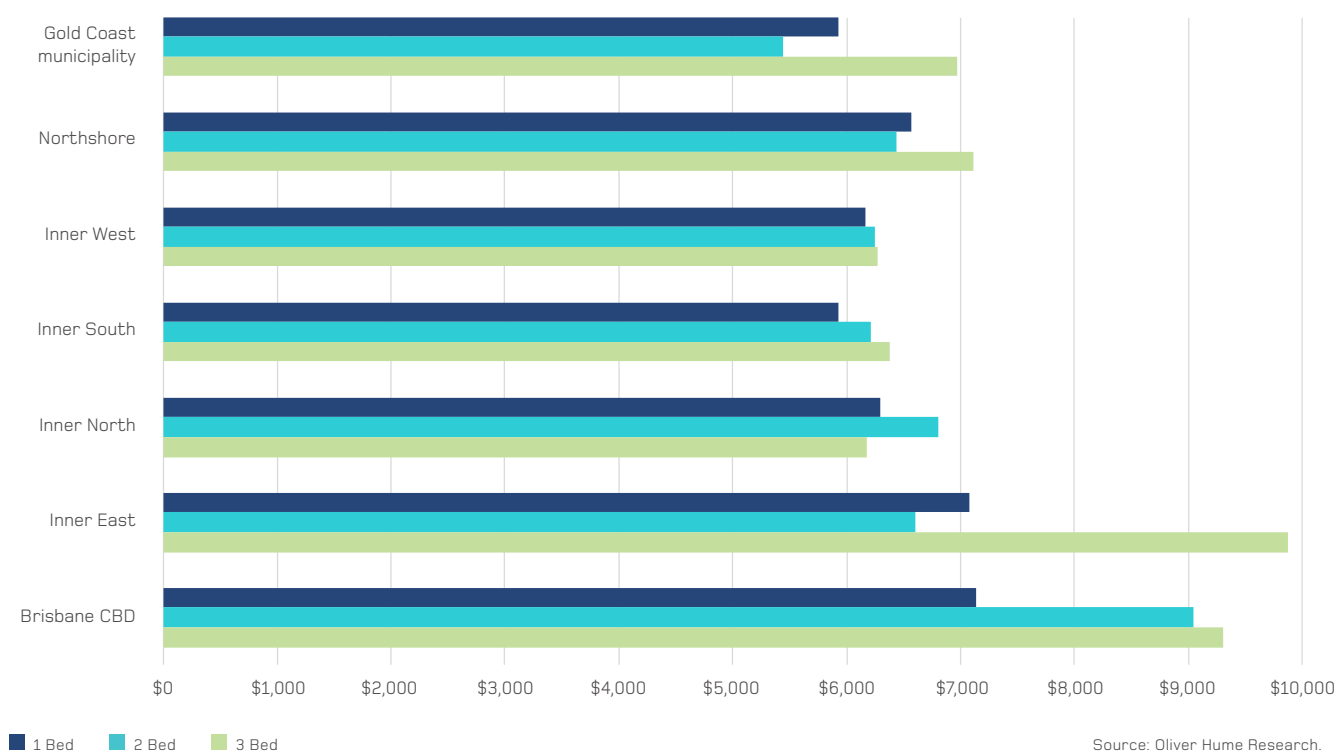
Currently, across the combined Brisbane and Gold Coast municipality, there are close to 203 projects either at pre-construction, under construction or completed with residual product. This represents a 25% decrease in the number of active projects monitored, compared to the September quarter 2016. Across all projects, there will be around 24,600 units upon completion.

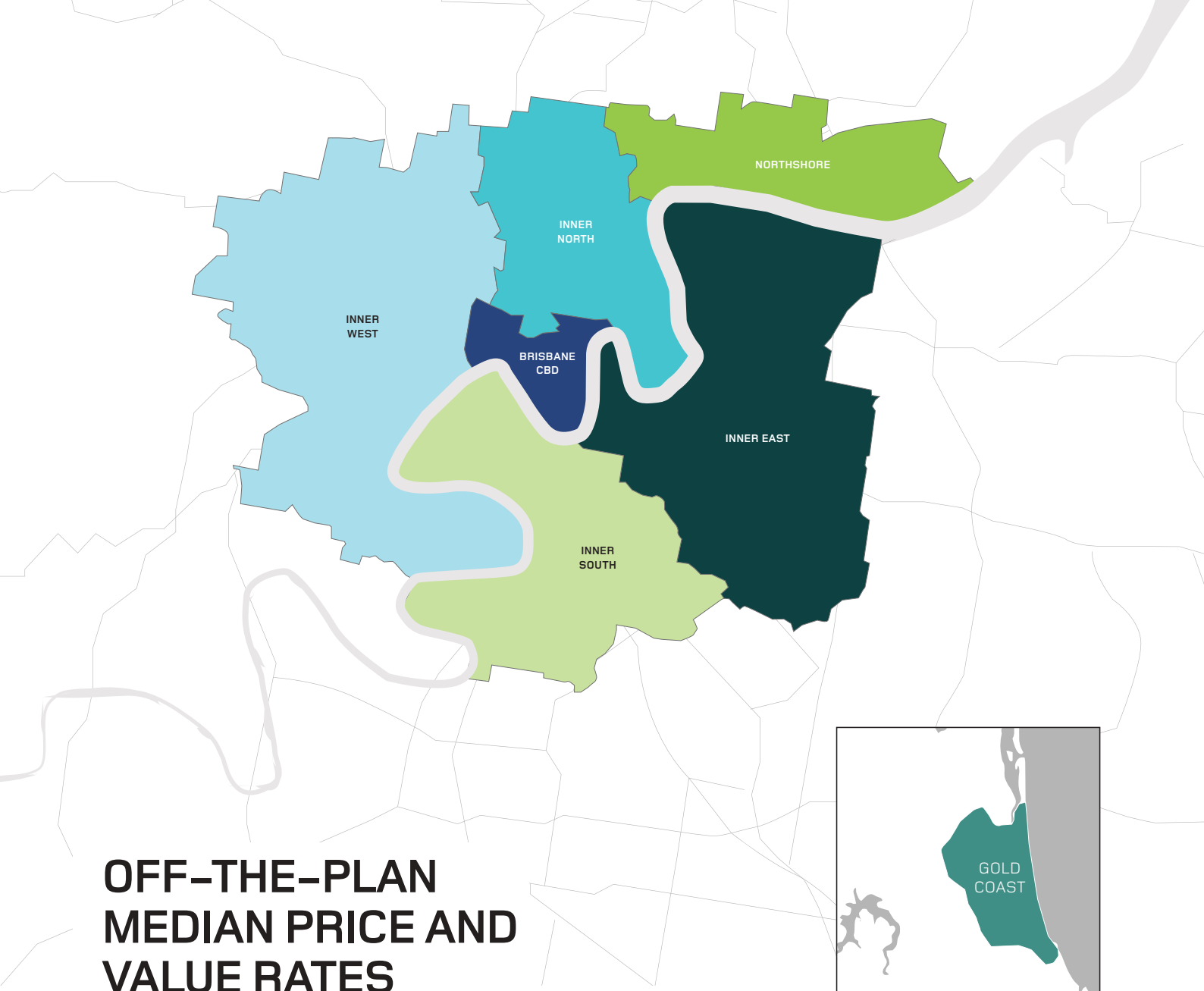
Though there has been a decrease in the number of projects on market, a growing sign of the optimism continues in the current off-the-plan

cycle in South East Queensland, with a noticeable pickup in new project launches being witnessed over 2018.

In addition to the 203 active apartment projects, there are around 435 identified projects in the pipeline that are yet to go to market across the Brisbane and Gold Coast municipalities. These projects are either at the application, approval or approval deferred stages. In total, these projects will deliver a yield of an additional 59,247 units to the market.

Brisbane inner city and Gold Coast municipality bedroom breakdown (\$/sqm)





OFF-THE-PLAN MEDIAN PRICE AND VALUE RATES

BRISBANE CBD		
Apartment Price	\$600,000	
Price per sqm	\$7595	
Active Projects	3	

INNER SOUTH		
Apartment Price	\$488,000	
Price per sqm	\$5951	
Active Projects	32	

NORTH SHORE		
Apartment Price	\$550,000	
Price per sqm	\$6395	
Active Projects	12	

GOLD COAST		
Apartment Price	\$539,900	
Price per sqm	\$5444	
Active Projects	72	

INNER NORTH		
Apartment Price	\$551,500	
Price per sqm	\$6267	
Active Projects	17	

INNER WEST		
Apartment Price	\$596,250	
Price per sqm	\$6147	
Active Projects	16	

INNER EAST		
Apartment Price	\$592,500	
Price per sqm	\$7695	
Active Projects	13	

Source: Oliver Hume Research.

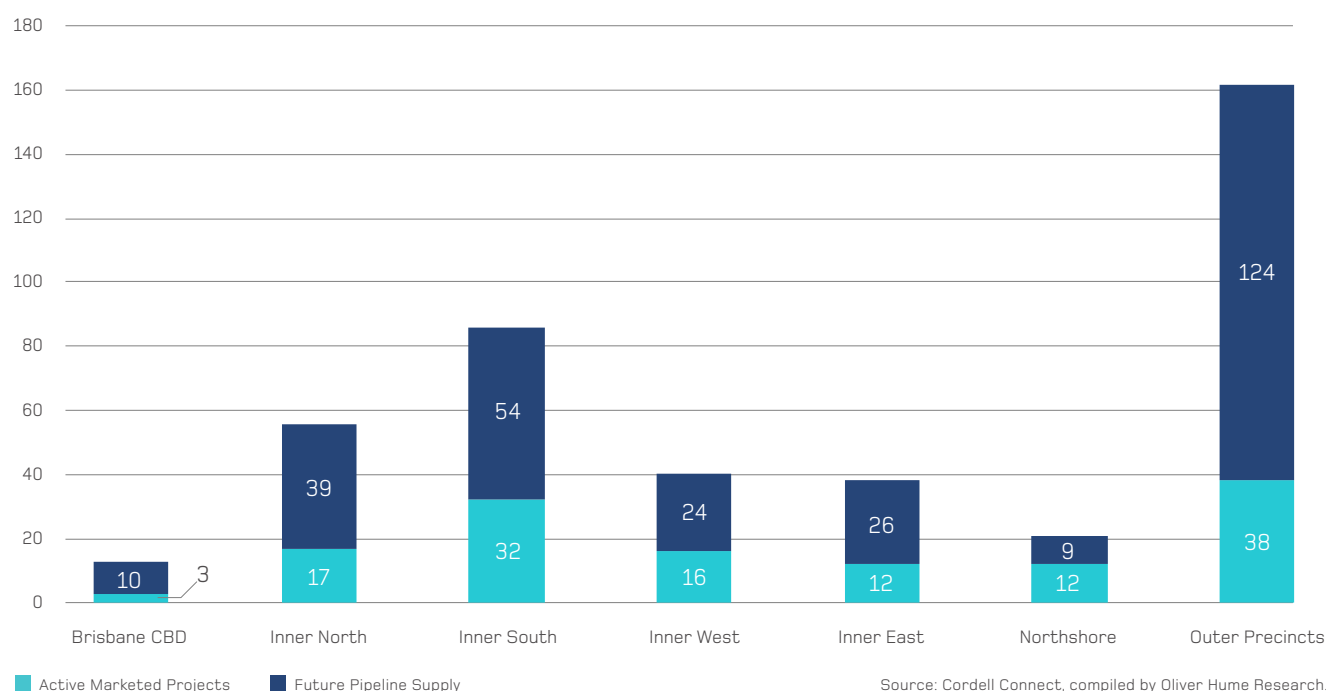
BRISBANE

Brisbane – a new market is emerging

Overall, the September quarter saw eight new projects launched within the Brisbane municipality, with an estimated end yield of 414 units upon completion. Further highlighting the increased favourability in the higher end and boutique developments that has characterised the market over the recent quarters, is the fact that the median project yield across these projects was 16 units. When compared to the same quarter back in 2014, new project releases per quarter were as numerous as 33 projects, with the median yield per project at 65 units.

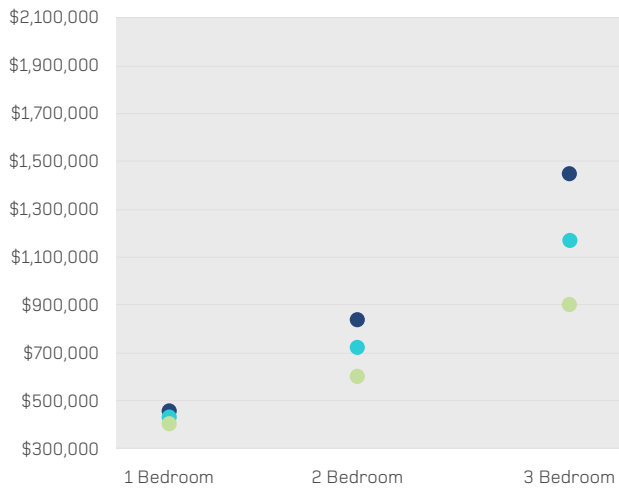
On another note, one in two projects to come within the region will be within one of the six inner precincts, with these precincts set to account for over 50% of future stock supply (Brisbane CBD, Northshore, Inner North, Inner South, Inner East and Inner West).

Brisbane inner city apartment market – current and future stock supply by precincts

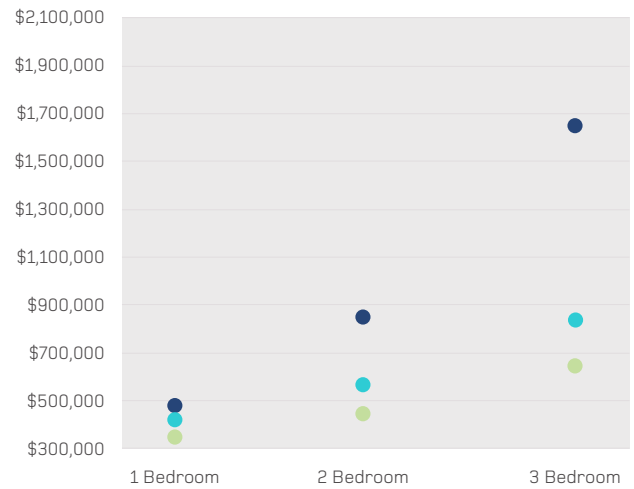


BRISBANE INNER CITY OFF-THE-PLAN APARTMENT PRICING

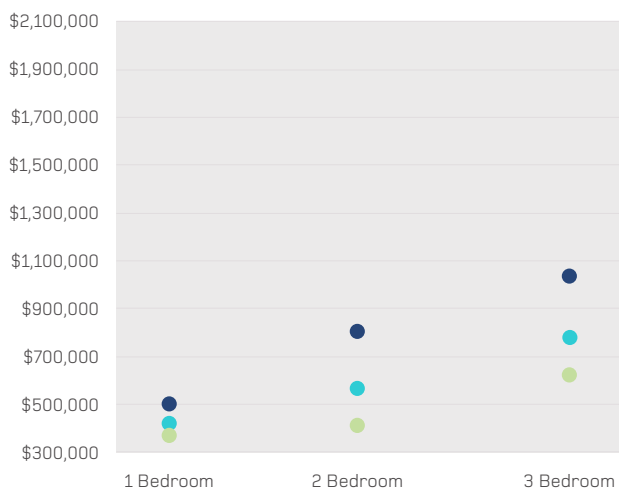
Brisbane CBD



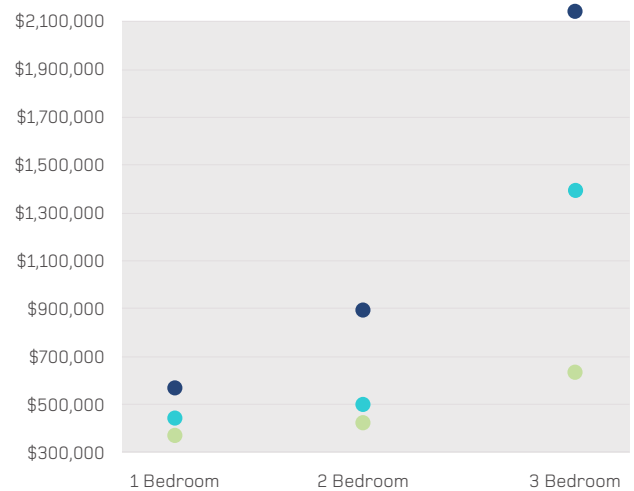
Inner North



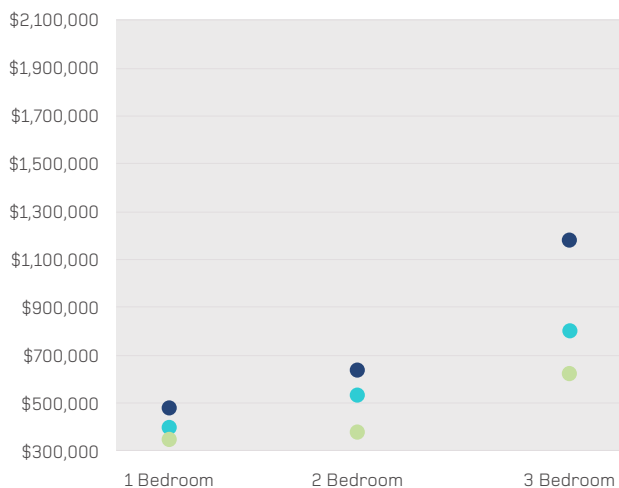
Northshore



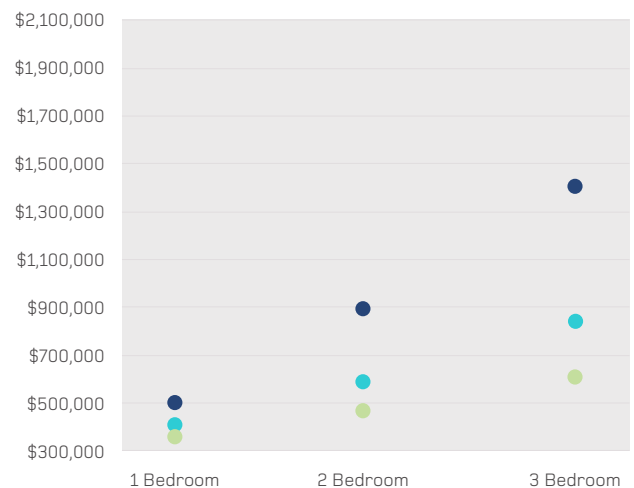
Inner East



Inner South



Inner West



● Minimum Price ● Median Price ● Maximum Price

Source: Oliver Hume Research.

GOLD COAST

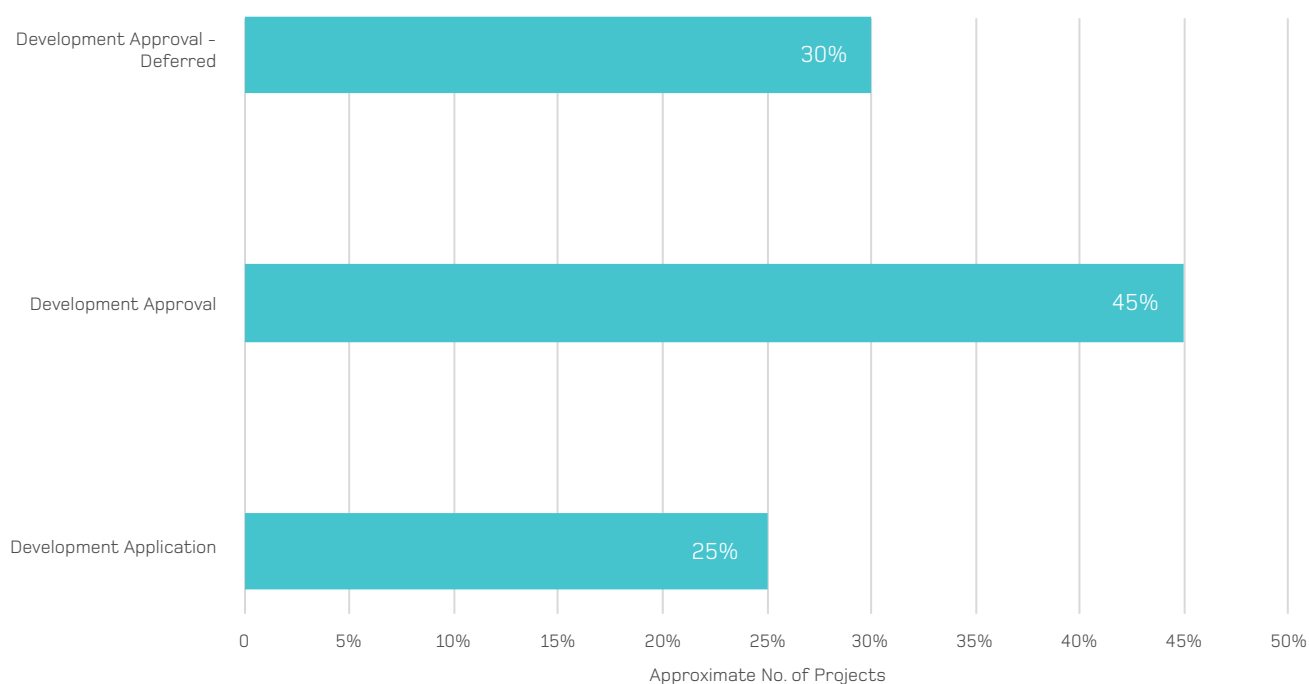
Reaping the rewards post Commonwealth Games

The Gold Coast continues to record solid sales figures, with the market buoyed by the improving economy and population growth. Several new projects launched over the September 2018 quarter brought an additional 300+ units to the market, another sign of growing confidence in the current market.

In addition to the 73 active apartment projects, there are around 149 identified projects in the pipeline that are yet to go to market across the region, with stock in the apartments projected to add over 24,800 new units by 2025.

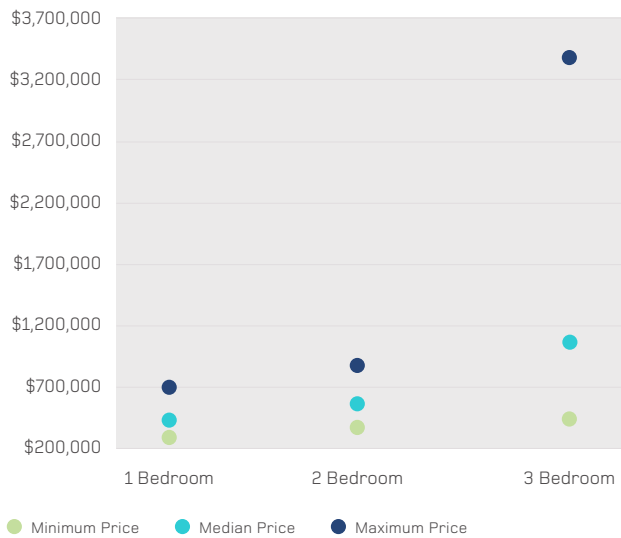
Of stock within the pipeline, 45% are within the stage of Development Approval, 30% with Development Approval – Deferred, and a further 25% with a Development Application lodged. With the recent market conditions, the likelihood for these pipeline projects making it into the marketplace at the same rate as seen in previous years is unlikely.

Gold Coast municipality off-the-plan apartment market – future pipeline supply (by stage)



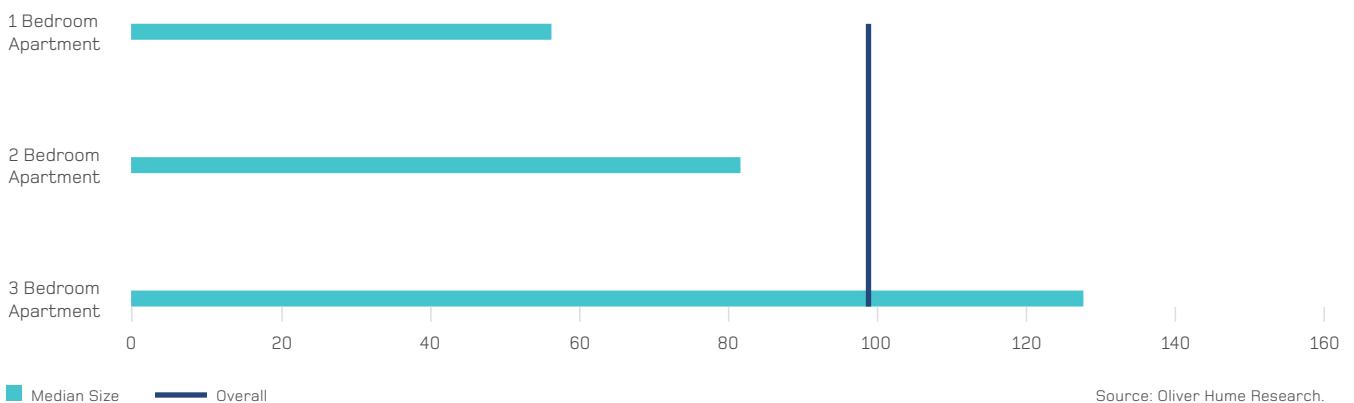
Source: Cordell Connect, compiled by Oliver Hume Research.

GOLD COAST OFF-THE-PLAN APARTMENT PRICING



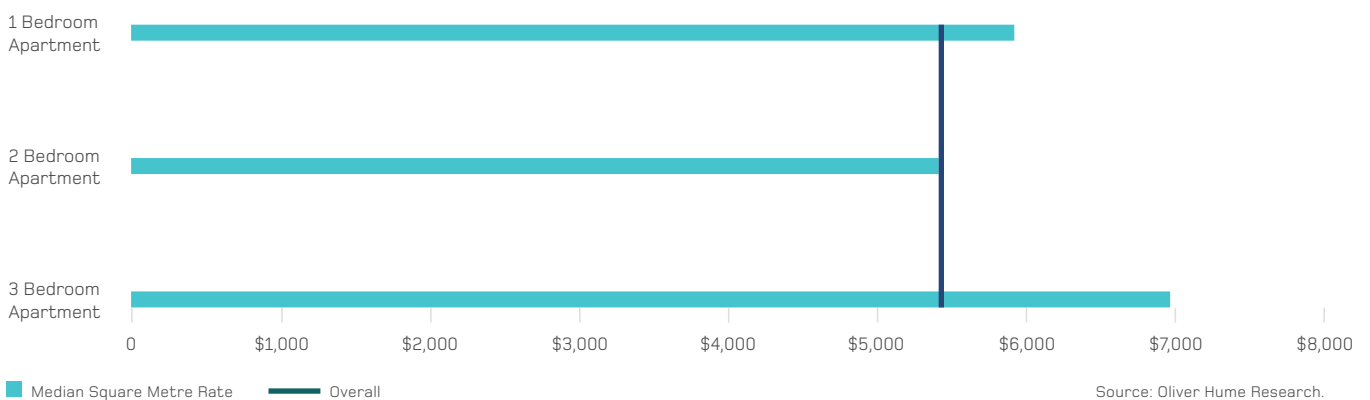
Source: Oliver Hume Research.

Gold Coast off-the-plan median apartment size (gross)



Source: Oliver Hume Research.

Gold Coast off-the-plan median value rate (\$/sqm)



Source: Oliver Hume Research.



●LIVER ■UME

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