



Quarterly Market Insights

March Quarter 2021

●LIVER ■UME



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FOREWORD

While COVID-19 remains a risk to economies and markets around the world, the March quarter 2021 and more recent data confirms the positive trends we observed in the final months of 2020.

Improving confidence, underpinned by record low interest rates and government support, continues to drive an economic rebound.

Across many economic indicators we are at around, if not better, than pre-pandemic levels with the speed of recovery surprising many.

While COVID-19 remains a risk, especially with the vaccine rollout being delayed, Australia remains a world leader on many fronts having minimised the adverse health and other impacts of the pandemic.

The Australian property market continues to rebound.

During the March quarter 2021 national dwelling values rose reaching new heights in many markets.

Although challenges remain, for example in the inner-city apartment sector, the general residential market is responding as expected to record low interest rates and a sharp rebound in consumer and buyer confidence.

Residential land markets are also improving.

Although Government measures, especially the very successful HomeBuilder incentive, have helped to underpin the improvement, rising confidence is critical.

The Victorian and Queensland land markets continue to see robust sales volumes.

Prices are also moving with momentum following that of the broader residential market.

The pandemic has reshaped many aspects of the property market and its drivers, including a structural shift towards regional markets and a greater prevalence of working from home.

A clear lesson arising from the pandemic is the importance of data and real-time information, especially in times of rapid change and dynamic markets.

Furthermore, the pandemic has shown that having access to real-time property data and intelligence - combined with the skill set, knowledge and wisdom to interpret and understand information - is more important than ever before.

Providing our clients, stakeholders and strategic partners with the latest data and insights to better anticipate the future and make the right strategic decisions is a key priority for Oliver Hume.

In these uncertain times this latest quarterly report is an invaluable tool for understanding current and emerging trends in the property market. The report includes a range of data and indicators, including our own proprietary property intelligence, compiled and analysed by our specialist in-house research team.

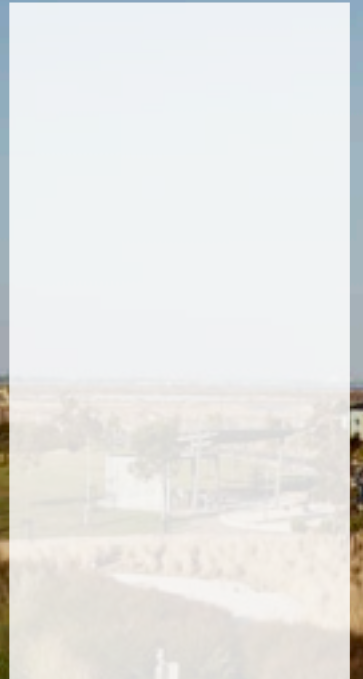






1.0

NATIONAL AND BUYER HIGHLIGHTS





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1.1

NATIONAL HIGHLIGHTS



CASH
RATE

0.1%



ECONOMIC
GROWTH

-1.1%



INFLATION

0.9%



UNEMPLOYMENT
RATE

5.8%



EMPLOYMENT
GROWTH

-0.4%



WAGE
GROWTH

1.4%



AVERAGE
WEEKLY EARNINGS

\$1,280



HOUSEHOLD
SAVING RATIO

12.0%



NET FOREIGN
LIABILITIES

48%

OF GDP



CONVERSION RATE

A\$1
= US\$0.77



POPULATION

26MIL
0.9% ANNUAL GROWTH



EMPLOYMENT
RATIO

62%



RESIDENTIAL
DWELLINGS

\$729K



HOUSEHOLD
WEALTH

806%

AS A SHARE OF INCOME



HOUSEHOLD
DEBT

180%

AS A SHARE OF INCOME



LOAN REPAYMENTS
DEFERRALS

0.5% 0.3%

OF HOUSING
LOANS

OF SMALL
AND MEDIUM
BUSINESS LOANS



HOUSING CREDIT
GROWTH

1.2% 6.4%

INVESTOR

OWNER-
OCCUPIER



COMMERCIAL
PROPERTY RISKS
ELEVATED

6.0%

BUT LOW SHARE OF
BANKS' ASSETS

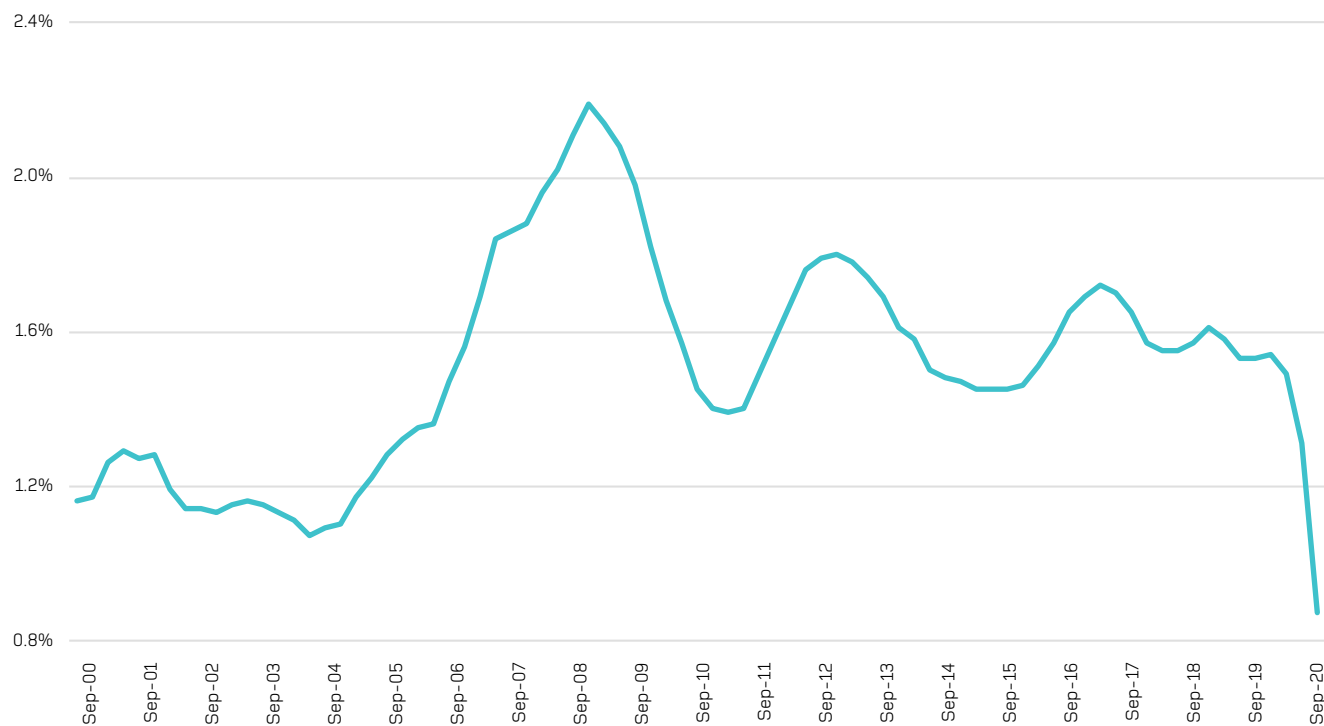
Sources: Reserve Bank of Australia (RBA), Australian Bureau of Statistics (ABS).
Date in this snapshot are the latest available as at 8 April 2021.

Australia's population growth remains constrained due to several immigration programs being temporarily suspended.

Australia's population reached 25.69 million people on 30 September 2020, declining by 4,200 people (-0.02%) over the quarter but higher over the year (220,500 people or 0.9%).

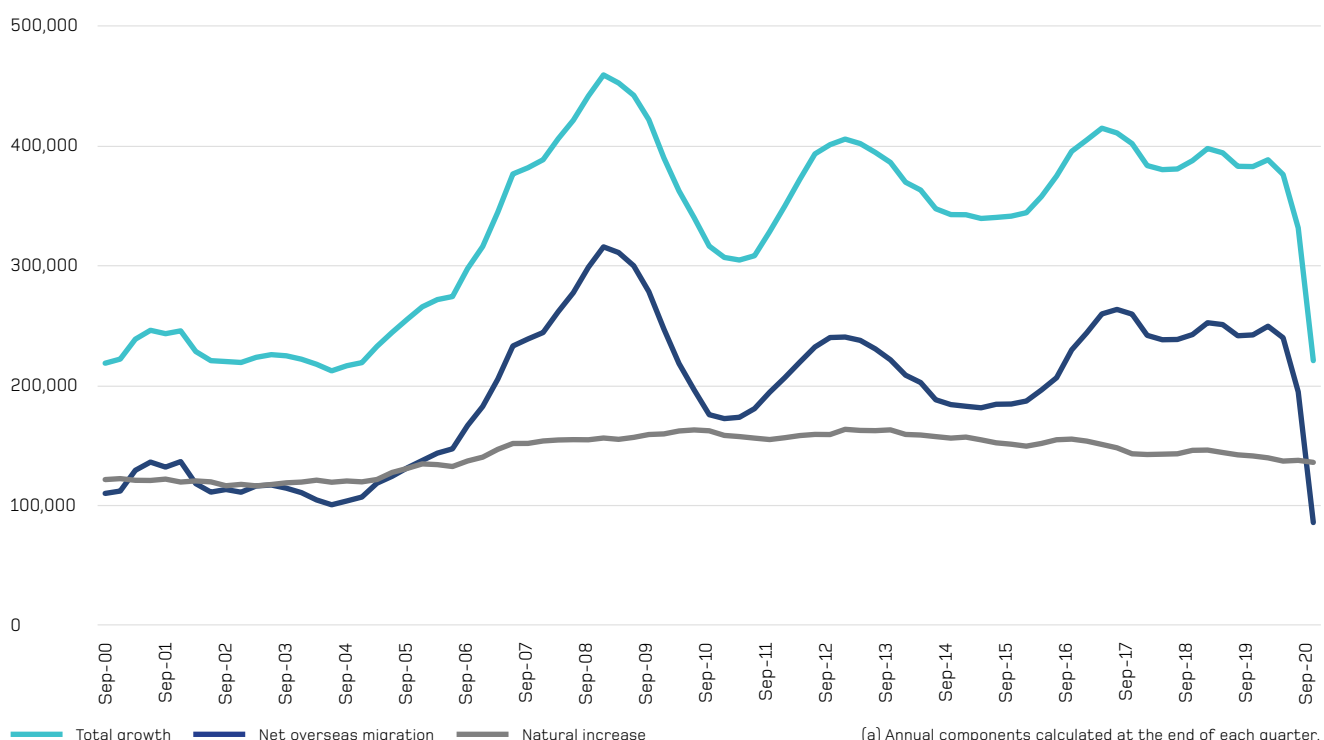
While migration has fallen sharply, this has been offset partially by a significant number of Australians returning home.

Australia – Annual Population Growth



(a) Annual growth calculated at the end of each quarter.
(b) All data after 30 June 2016 is subject to revision. Source: ABS, Oliver Hume Research.

Components of Annual Population Change – Australia



(a) Annual components calculated at the end of each quarter.
Source: ABS, Oliver Hume Research

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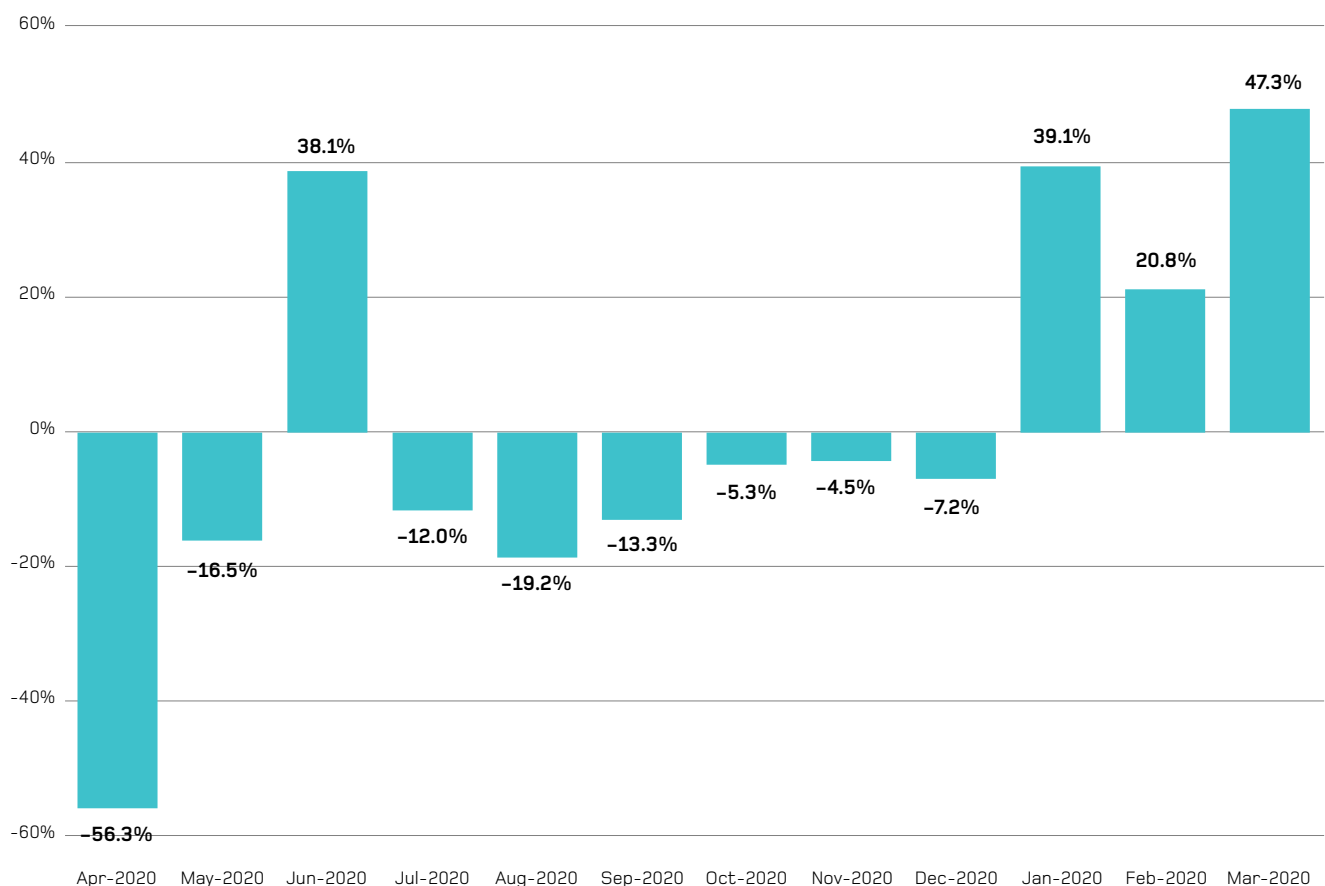
BUYER PROFILES

Enquiry and Reservations

January to March 2021 will be considered one of the strongest quarters in terms of enquiry and reservations in the last ten years. This level of demand has not been observed since the previous peak in May-August 2017.

Following a year of unknowns, 2021 began with uncertainty about the pandemic, lockdowns, and economic stimulus changes.

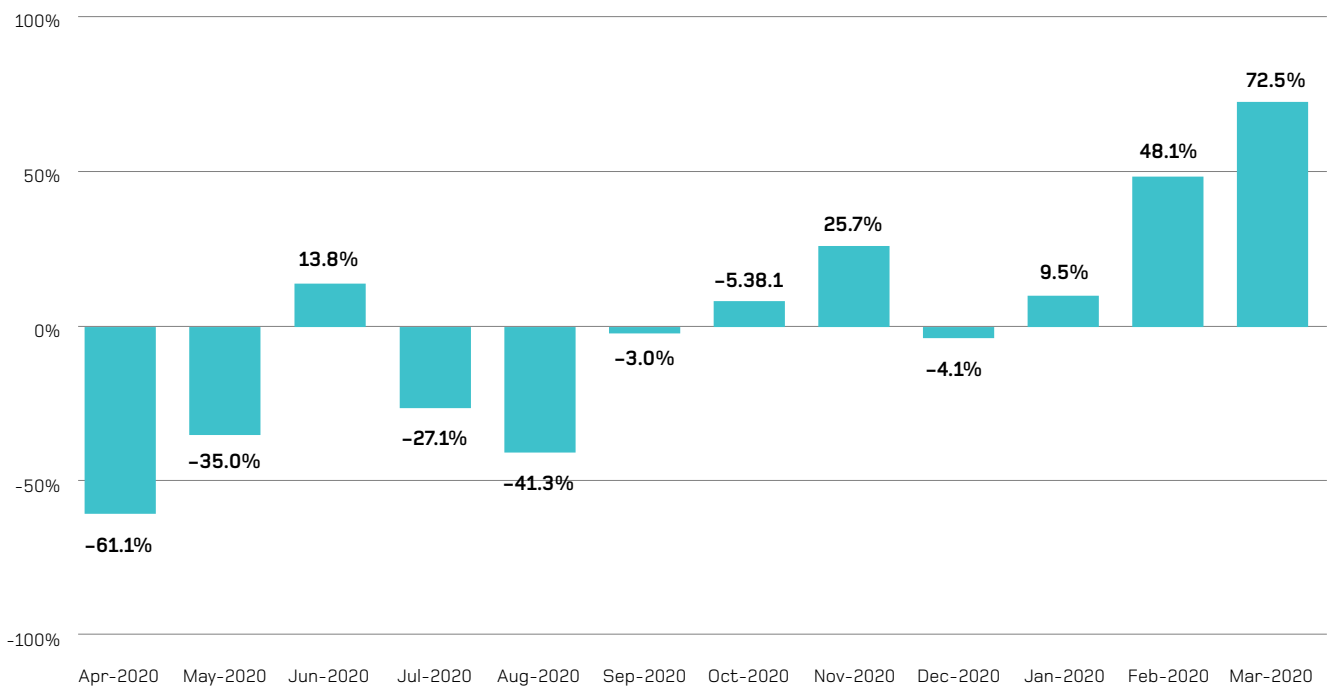
Whilst some variables could have impacted the overall market, buyer demand was relentless, with enquiry levels topping out at over 47% of the monthly running average looking at the previous 12 months.

New Enquiry Volume % Change – Compared to Average – Previous 12 Months

Source: January - March Oliver Hume Data / Oliver Hume Research.

Reservations peaked in March as developers took advantage of the surging, boom time enquiry levels displaying a renewed urgency to get projects to market or launch new stages, allowing sales to soak up the enquiry demand.

Reservations Volume % Change – Compared to Average – Previous 12 Months



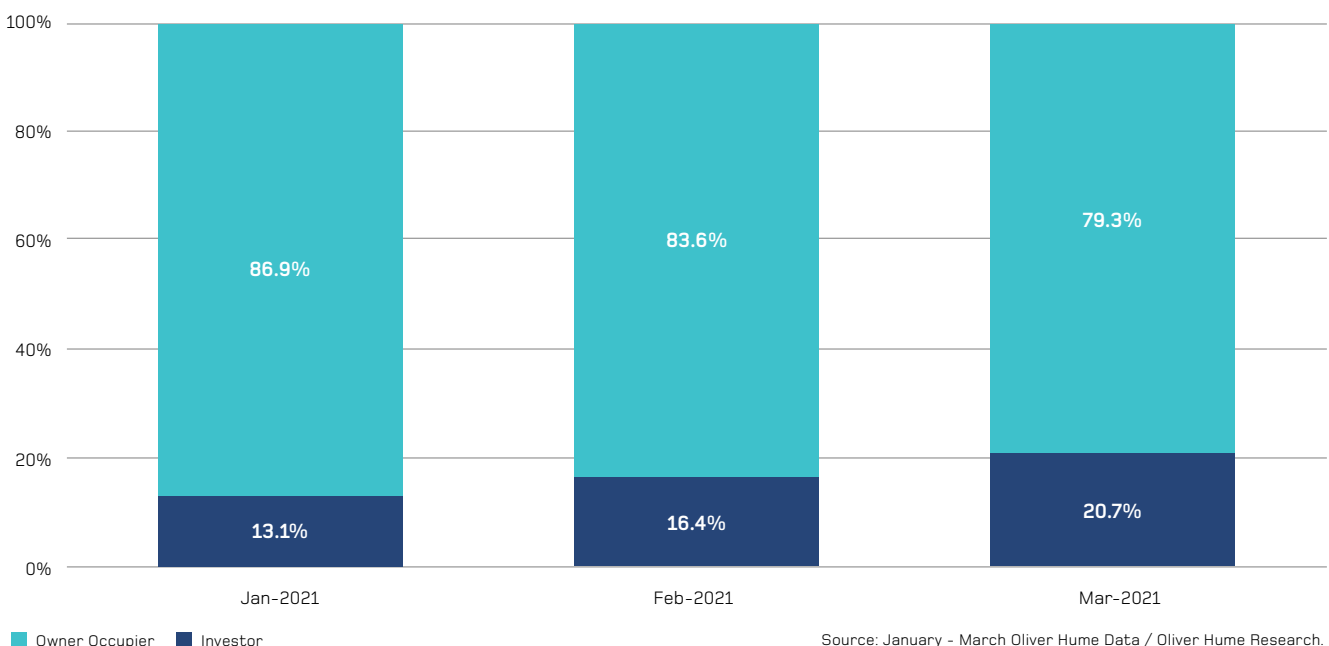
Source: January - March Oliver Hume Data / Oliver Hume Research.

Buyer Types and Demographics

Investor confidence returned with 20.7% of buyers in March falling into this category, up from 13.1% in January 2021. These levels point to another indicator that investors believe there is still value in the market, and prices have some room to move upwards. Time will tell if this is the case.

In summary, 2021 enquiry and sales levels continue to display signs we are in one of the most robust land and townhome sales periods in the last 10 years. Following the end of JobKeeper, HomeBuilder (contract cut-off date), and other stimulus packages that were thought to prop up demand, the months that follow from this previous quarter will truly show the potential depth within the overall residential property market.

Sales by Buyer Type (2021)



Source: January - March Oliver Hume Data / Oliver Hume Research.



An aerial photograph of a city, likely Victoria, British Columbia. The image shows a mix of urban development and green space. In the upper left, there are several tall, modern skyscrapers. A river flows through the middle of the city. Below the river, there are large green parks with trees showing autumn foliage. A large, modern stadium with a distinctive, curved roof is visible in the lower right. The overall scene is a blend of nature and urban architecture.

2.0 VICTORIA



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2.1

MARKET DRIVERS

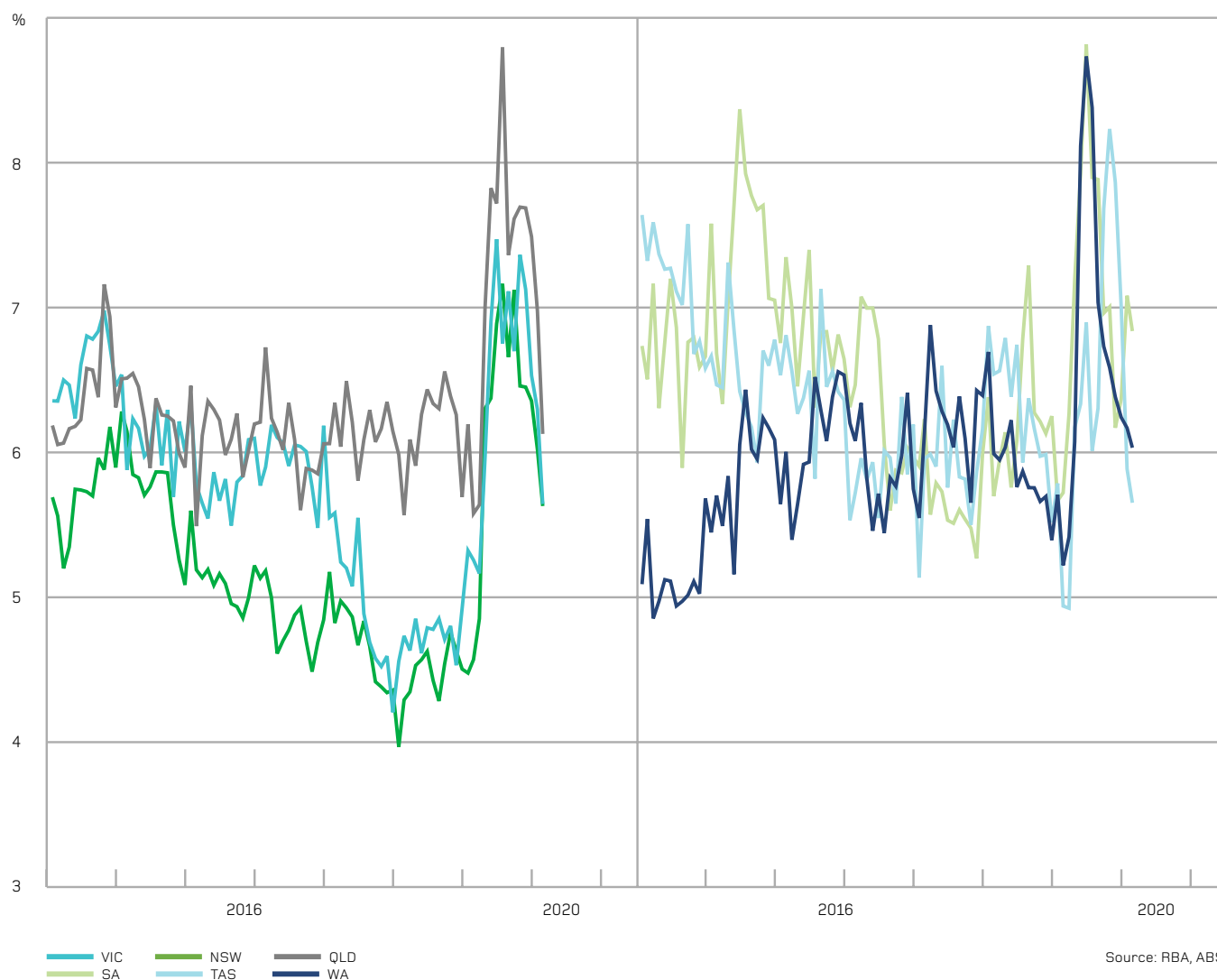
Economy

The Victorian economy continues to rebound.

The state's unemployment declined again in March 2021 (to 6.1% on a seasonally adjusted basis) from the previous month. Leading indicators of the labour market suggest the unemployment rate will continue to decline.

On a national basis, the unemployment rate declined to 5.6% in March 2021 (seasonally adjusted).

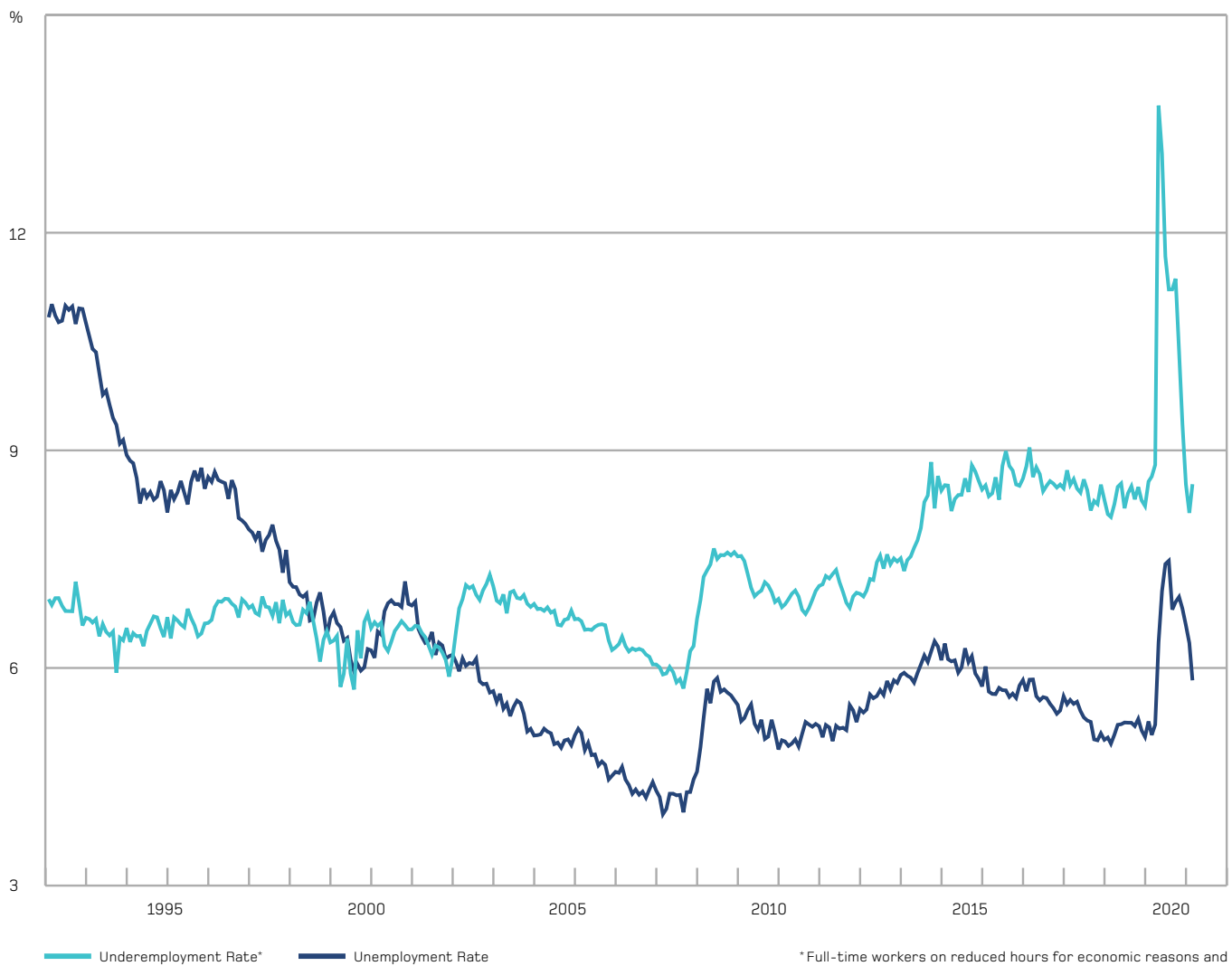
State Unemployment Rates (%)





Alamora's entry view. Artist impression.

Labour Underutilisation Rates (Heads-based)



2.1

MARKET DRIVERS (CONT.)

Population

Victoria's population growth has slowed due to the pandemic and border closures.

Over the year ending 30 September 2020 Victoria's population increased by around 47,200 people (0.7%), well-below levels observed over recent years.

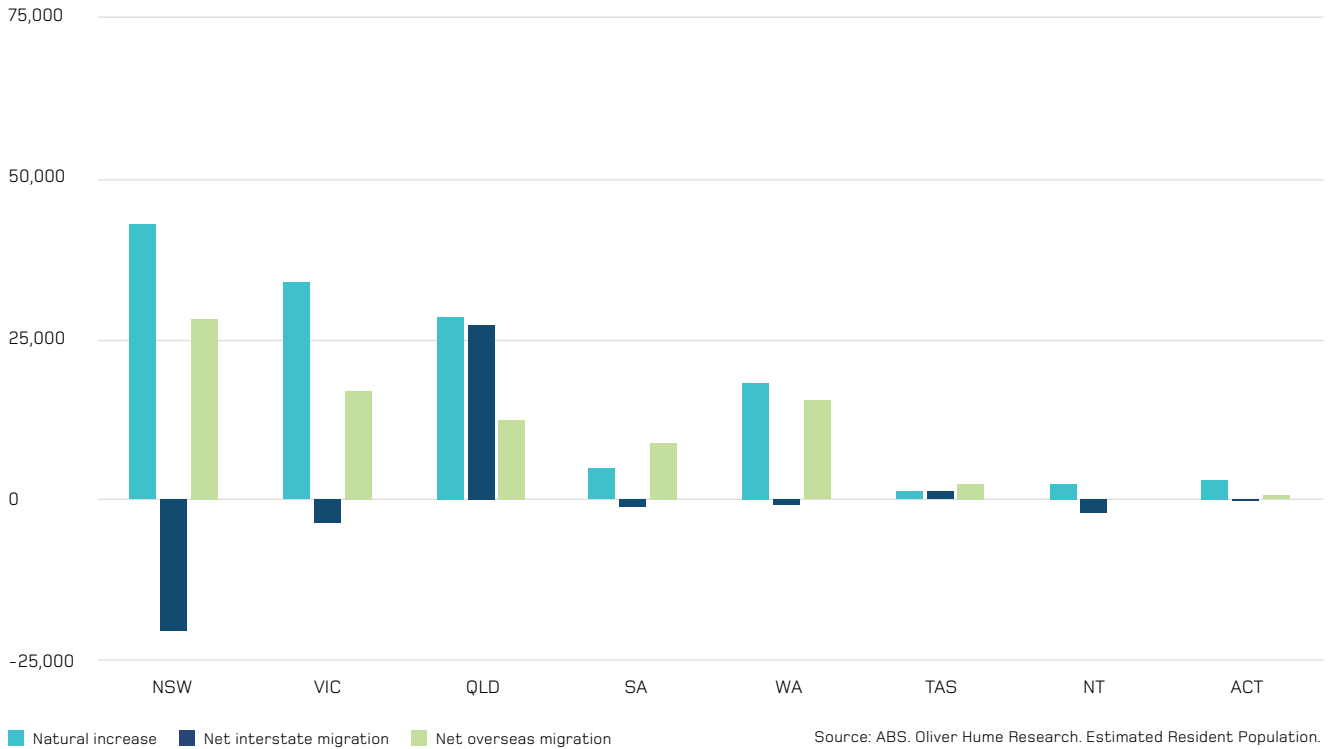
Population growth was driven by natural increase (33,790 people) with net overseas migration (16,967) well-below long-term average levels. Net interstate migration was negative (-3,536) as with most other jurisdictions. Only Queensland (27,115) and Tasmania (1,255) recorded positive net interstate migration over the year.

Population Change by State and Territory

Preliminary Data	Population at 30 Sep 2020 ('000)	Change over previous year ('000)	Change over previous year (%)
New South Wales	8,166.4	50.6	0.6
Victoria	6,680.6	47.2	0.7
Queensland	5,184.8	68.2	1.3
South Australia	1,770.6	12.7	0.7
Western Australia	2,667.1	32.6	1.2
Tasmania	541.1	5.3	1.0
Northern Territory	246.5	0.4	0.2
Australian Capital Territory	431.2	3.4	0.8
Australia (a)	25,693.1	220.5	0.9

(a) Includes Other Territories comprising Jervis Bay Territory, Christmas Island, the Cocos (Keeling) Islands and Norfolk Island.
Source: ABS, Oliver Hume Research.

Components of Annual Population Growth



Natural Increase by State and Territory

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Births	96,851	75,846	60,453	18,601	32,850	5,798	3,695	5,422
Deaths	53,970	42,056	31,882	13,713	14,761	4,387	1,111	2,207
Natural increase	42,881	33,790	28,571	4,888	18,089	1,411	2,584	3,215

Interstate Migration by State and Territory

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Interstate arrivals	87,537	71,401	100,641	23,558	28,837	12,636	13,490	19,953
Interstate departures	107,925	74,937	73,526	24,649	29,670	11,381	15,649	20,316
Net interstate migration	-20,388	-3,536	27,115	-1,091	-833	1,255	-2,159	-363

Overseas Migration by State and Territory

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Overseas arrivals	127,874	104,380	61,150	20,064	37,202	5,186	2,940	6,865
Overseas departures	99,773	87,413	48,661	11,128	21,819	2,568	2,923	6,299
Net overseas migration	28,101	16,967	12,489	8,936	15,383	2,618	17	566

Source: ABS. Oliver Hume Research.

2.2

LAND MARKET

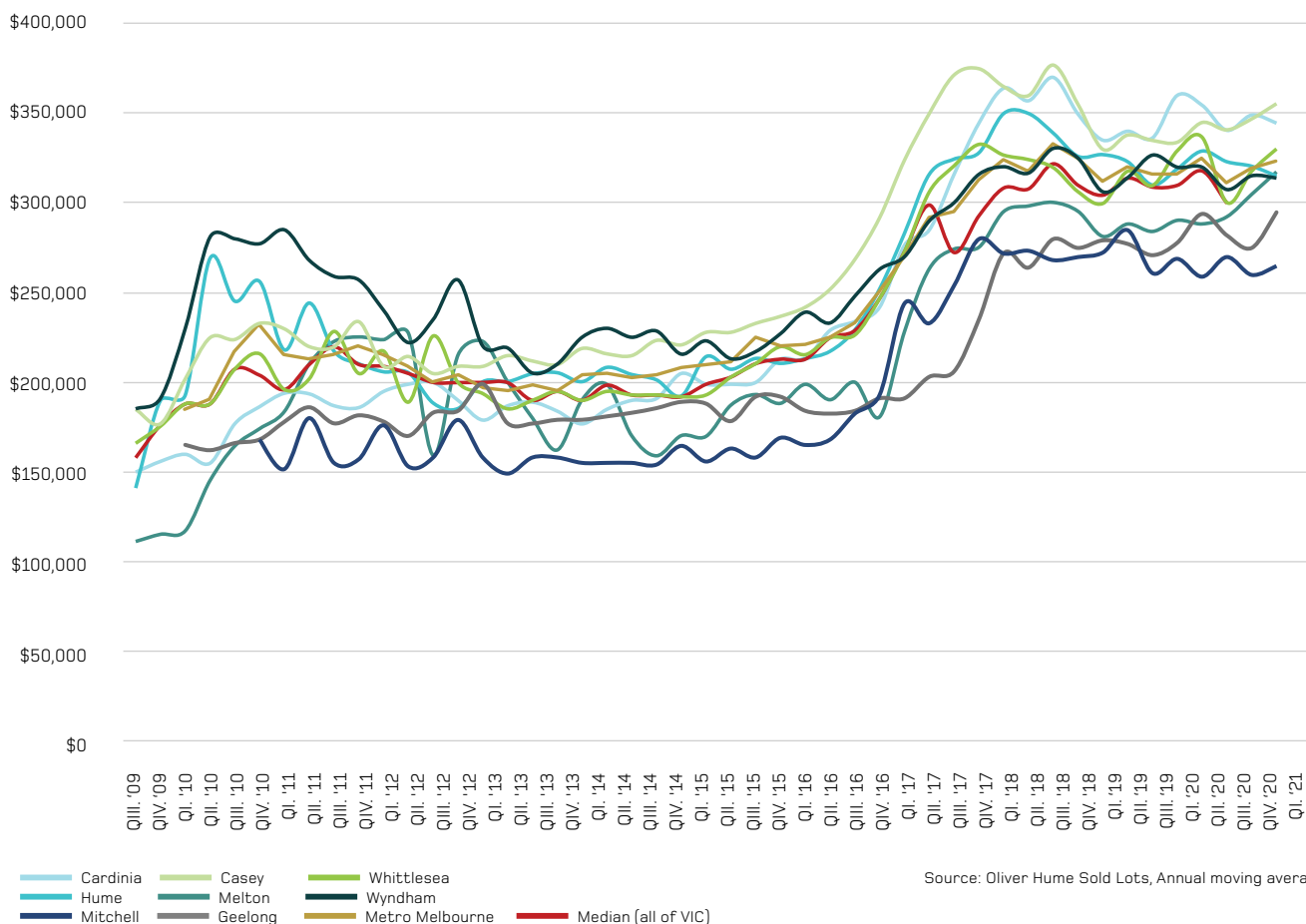
Prices

New residential land prices continued to rebound in the March quarter 2021 with most municipalities showing value growth.

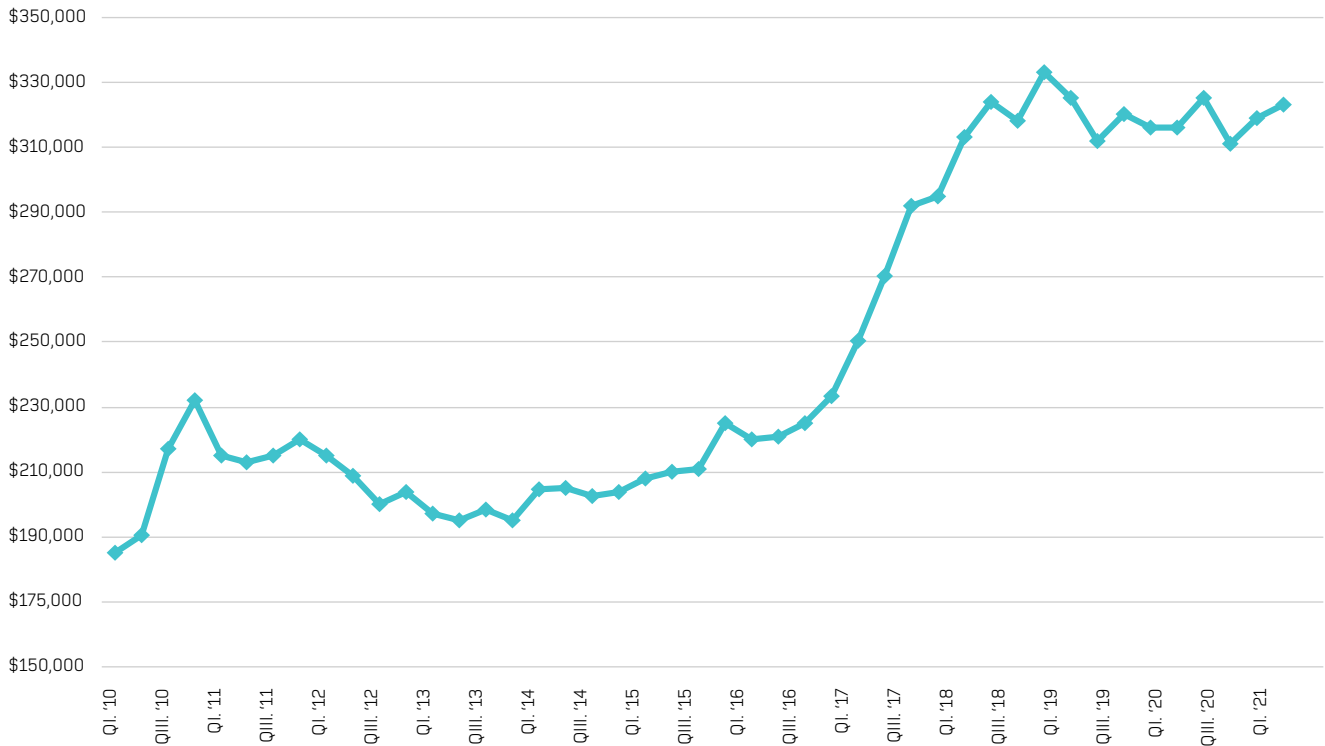
The median (gross) price of metropolitan Melbourne conventional lots increased from \$319,000 to \$323,000 (1.3%) in the March quarter 2021.

Prices are slightly higher than the same time last year but below the record high in late 2018.

Victorian Growth Area Median Land Prices (Sold)



Metropolitan Melbourne Growth Area Municipalities Median Land Prices (Sold)



Source: Oliver Hume Research. Sold Lots.

Victorian Median Lot Prices

Municipality	Q1, '20	Q2, '20	Q3, '20	Q4, '20	Q1, '21	% Change (QoQ)	% Change (YoY)
Cardinia (S)	\$360,000	\$354,500	\$340,500	\$349,000	\$344,500	-1.3%	-4.3%
Casey (S)	\$334,000	\$345,000	\$340,900	\$347,000	\$355,500	2.4%	6.4%
Geelong (W)	\$277,900	\$294,000	\$282,000	\$275,000	\$294,900	7.2%	6.1%
Hume (N)	\$319,000	\$329,000	\$323,000	\$320,500	\$315,000	-1.7%	-1.3%
Melton (W)	\$290,000	\$288,000	\$292,000	\$304,500	\$317,000	4.1%	9.3%
Mitchell	\$269,000	\$259,000	\$270,000	\$260,000	\$265,000	1.9%	-1.5%
Whittlesea (N)	\$329,450	\$337,000	\$300,500	\$318,000	\$330,450	3.9%	0.3%
Wyndham (W)	\$320,000	\$320,000	\$307,500	\$315,200	\$313,900	-0.4%	-1.9%
Metro Melbourne (All 7 Growth Areas) - Conventional	\$316,000	\$325,000	\$311,000	\$319,000	\$323,000	1.3%	2.2%
Metro Melbourne (All 7 Growth Areas) - All Lots	\$317,000	\$325,000	\$313,000	\$319,000	\$320,000	0.3%	0.9%
Median (All of Victoria)	\$310,000	\$318,000	\$300,000	\$308,000	\$315,000	2.3%	1.6%

Source: Oliver Hume Research.

2.2

LAND MARKET (CONT.)

Sales Volumes

Metropolitan Melbourne monthly land sales remained robust in the March quarter 2021 with over 4,340 lots being sold.

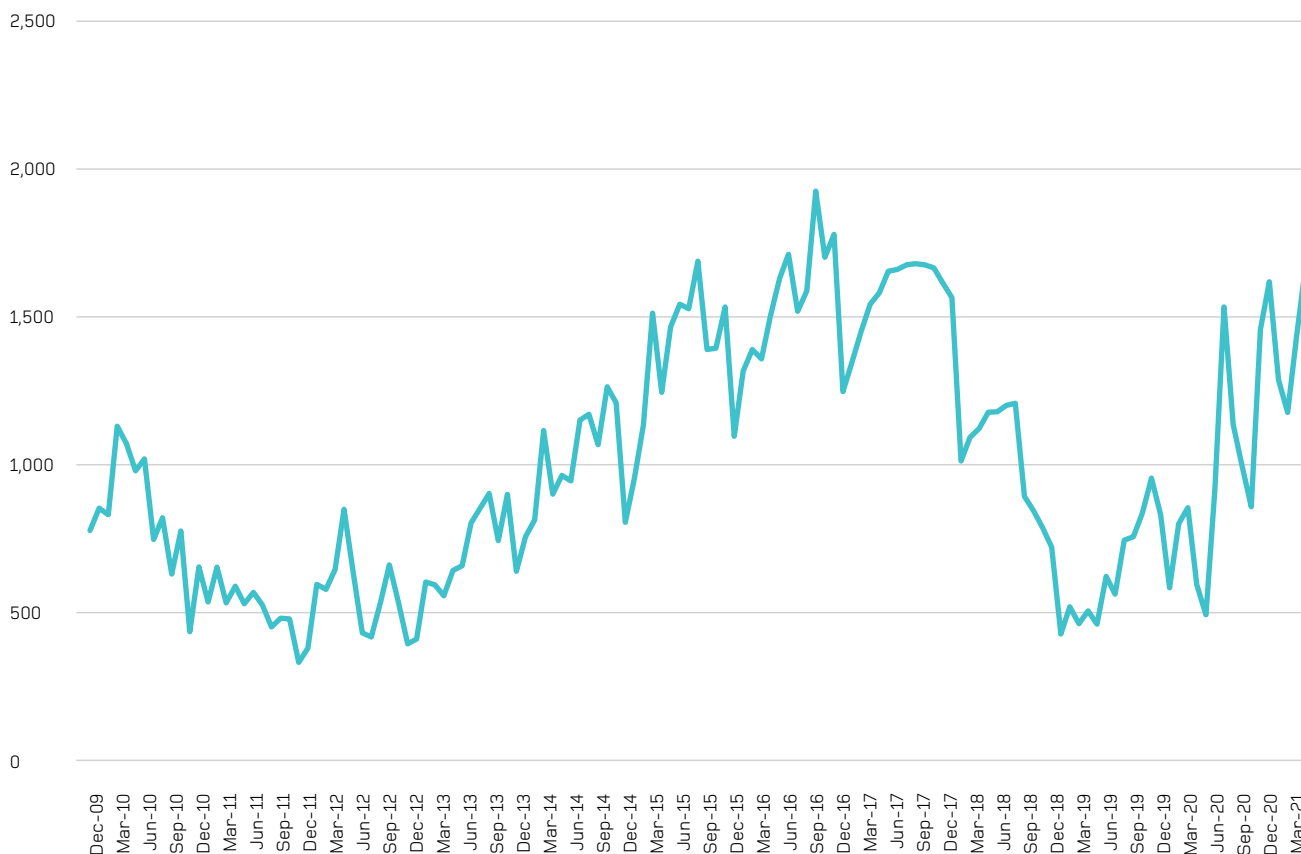
On a monthly basis sales averaged around 1,450. This was well-above the long-term average of nearly 900 sales per month.

Sales in the March quarter 2021 were around levels in the previous quarter (around 4,360 in the December quarter 2020) but significantly higher than the same time last year (2,250 in the March quarter 2020).

The HomeBuilder incentive and record low interest rates have underpinned land sales. However, improving confidence, supported by an improving economy and labour market, have driven momentum.

Regional sales remain resilient with COVID-19 and working from home, among other factors, helping to drive activity across several markets in regional Victoria.

Metropolitan Melbourne Residential Greenfield Sales (Monthly)



Source: Oliver Hume Research.

Monthly Land Sales – City of Greater Geelong



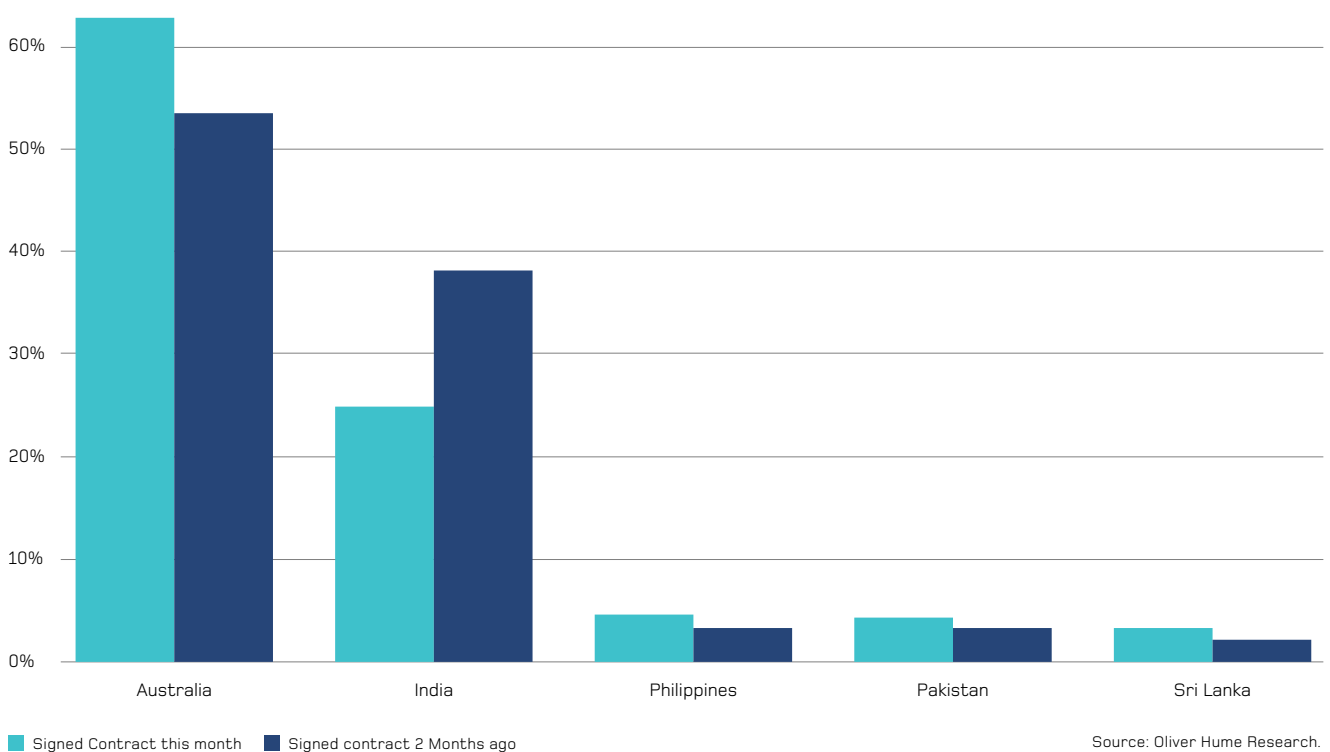
Source: Oliver Hume Research.

Australian-born buyers continue to represent nearly two-thirds of all buyers.

Australian born first home buyers, especially, continue to play a key role being assisted by record low interest rates and government incentives.

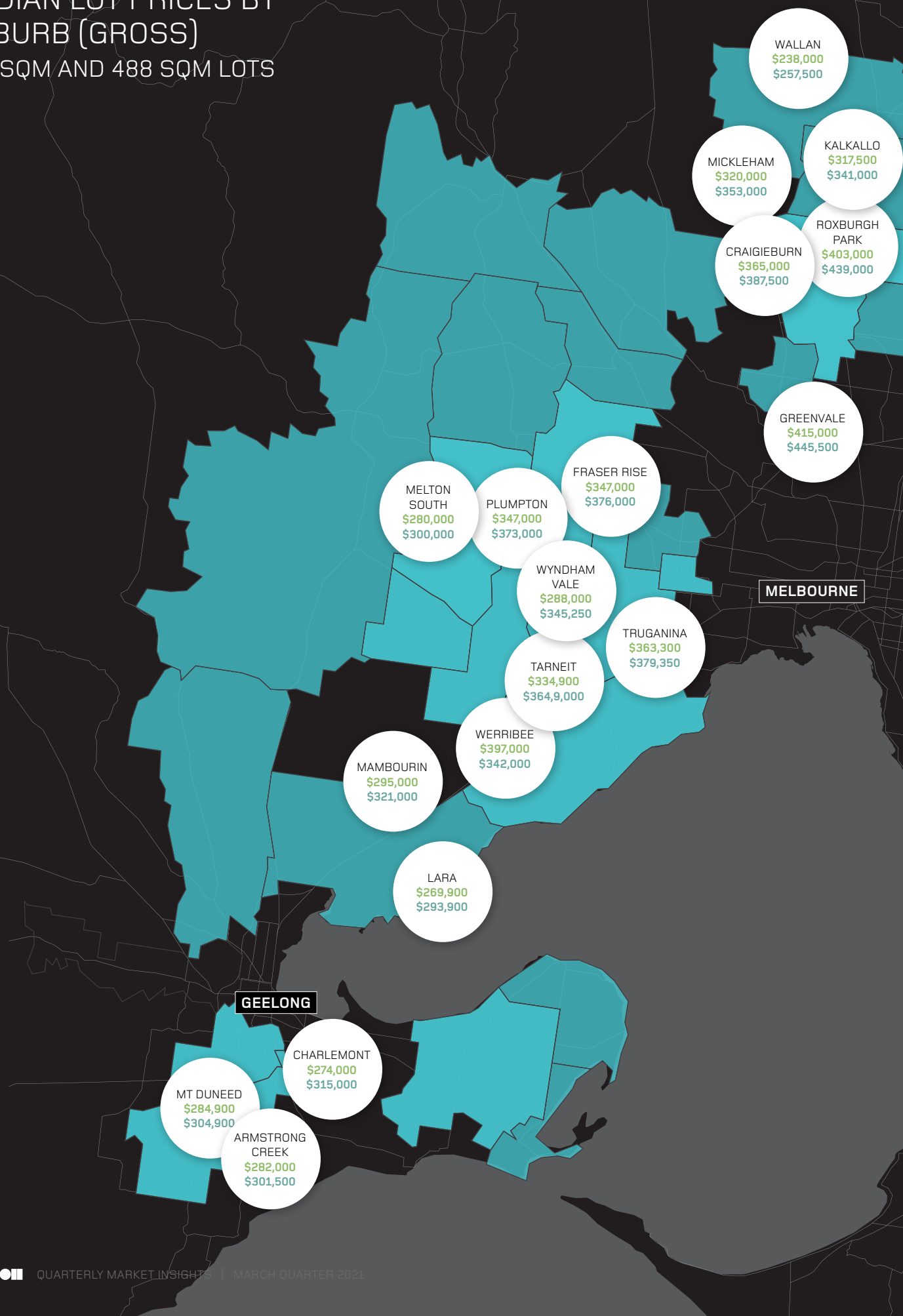
While Indian born buyers continue to account for a quarter of all sales, buyers born in other countries – such as the Philippines, Pakistan and Sri Lanka – also continue to represent important market segments.

Buyer Country of Birth



Source: Oliver Hume Research.

MARCH QUARTER 2021 MEDIAN LOT PRICES BY SUBURB (GROSS) 400 SQM AND 488 SQM LOTS



METROPOLITAN MELBOURNE

MARCH QUARTER 2021

MOST COMMONLY SOLD LOTS

12.5x28m
12.5 x 32m

MEDIAN SIZE

396 sqm

MEDIAN PRICE

\$320,000

VALUE RATE

\$815 per sqm

BEVERIDGE
\$262,500
\$389,500

WOLLERT
\$346,500
\$369,500

BERWICK
\$343,000
\$495,000

CLYDE
\$347,000
\$372,000

CRANBOURNE
\$317,000
n/a

CLYDE NORTH
\$346,900
\$376,900

BOTANIC
RIDGE
\$386,500
\$399,000

● 400 sqm Median Price

● 448 sqm Median Price

Source: Oliver Hume Research. Sold.

2.3

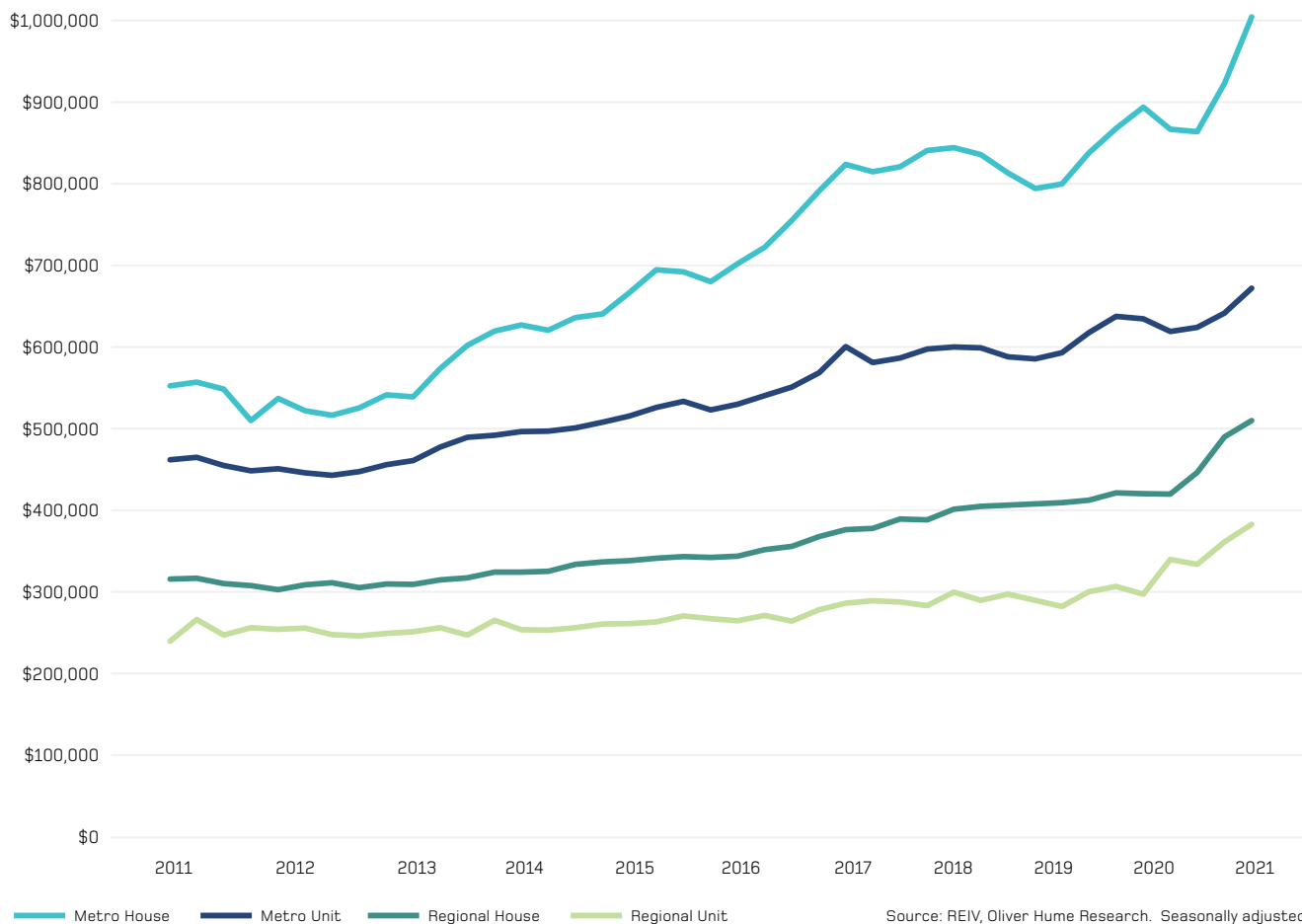
APARTMENTS
AND TOWNHOUSES

Market Indicators

The Real Estate Institute of Victoria (REIV) reports that unit and apartment prices for metropolitan Melbourne rose in the March quarter 2021 (4.8%) to be higher overall on an annual basis (3.4%). Non-house dwellings remain considerably more affordable than houses in metropolitan Melbourne.

Over the quarter the REIV reports that metropolitan Melbourne median house prices increased by 8.8% reaching \$1,004,500 (also 8.8% higher over the year). This was the first time Melbourne's median house price reached \$1 million.

Metropolitan Melbourne Median Prices





March Quarter 2020 Median Prices

	Mar-21 Quarter	Dec-20 Quarter	Quarterly Change	Annual Change
Metropolitan Melbourne				
House	\$1,004,500	\$923,000	8.8%	8.8%
Unit and Apartment	\$672,500	\$642,000	4.8%	3.4%
Regional Victoria				
House	\$510,500	\$490,500	4.1%	12.3%
Unit and Apartment	\$383,500	\$362,000	5.9%	19.1%
Inner Melbourne				
House	\$1,619,000	\$1,549,500	4.5%	7.2%
Unit and Apartment	\$646,500	\$628,000	2.9%	1.6%
Middle Melbourne				
House	\$1,148,500	\$1,074,500	6.9%	8.1%
Unit and Apartment	\$752,500	\$712,500	5.6%	3.3%
Outer Melbourne				
House	\$761,000	\$714,000	6.6%	7.5%
Unit and Apartment	\$590,000	\$578,500	2.0%	8.2%
Auctions				
House	\$1,186,500	\$1,151,500	3.0%	14.4%
Unit and Apartment	\$741,500	\$711,500	4.2%	3.2%
Private Sale				
House	\$848,500	\$835,500	1.6%	12.8%
Unit and Apartment	\$611,000	\$618,000	-1.1%	7.4%

Source: REIV, Oliver Hume Research. Seasonally adjusted.

2.3

APARTMENTS
AND TOWNHOUSES (CONT.)

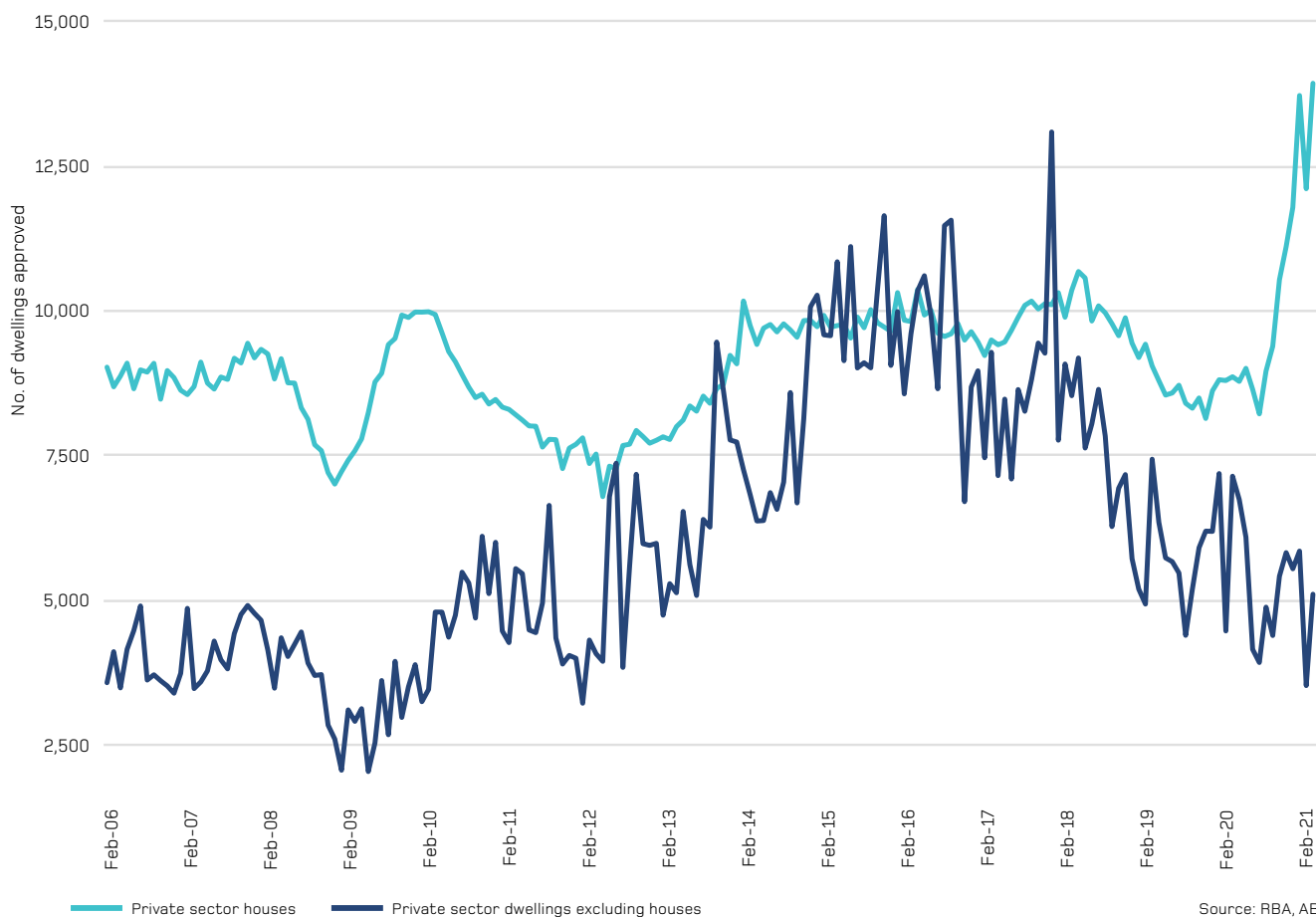
Market Trends

The HomeBuilder incentive has helped boost the supply pipeline for separate houses but the pipeline for non-house dwellings continue to moderate. On a national basis monthly private sector non-house dwelling approvals continue to trend lower.

The outlook for the apartment sector remains especially challenging over the short-term with the temporary pause in immigration and changes in consumer preferences (in favour of detached housing), amongst other factors, leading to a fall in both rental and buyer demand over the last year.

The fall in rental demand has been driven partly by a reduction in the number of actual and potential tenants (such as students and inner-city workers). The pool of buyers has also declined given increased uncertainty while the number of those seeking to sell apartments has increased. As a result, several key apartment market indicators have deteriorated over the last year including lower apartment prices and rents and higher vacancy rates and listings.

National dwellings approved, by building type, seasonally adjusted



However, there are early signs that the apartment market might be turning a corner. Tentatively, the decline in rents and prices appears to have stabilised in some markets. Higher prices for detached houses and medium density dwellings (such as townhouses) have also improved the relative affordability of apartments. This may suit some buyers, for example, those working in inner-city locations and around key metropolitan employment hubs and looking to enter the market and capitalise on record low interest rates.

Over the medium-term, the reopening of interstate borders and continuing population inflows from overseas, mostly of returning Australians, should also help underpin an improvement in the property market's overall fundamentals while offering another source of apartment tenant and buyer demand. This demand includes both those seeking temporary (renting before property is purchased) and permanent accommodation.

Different apartment markets are facing divergent conditions and levels of demand. For example, while inner city and luxury apartments markets remain challenged, there is increasing buyer interest in apartments in some regional and lifestyle locations (for example, those areas where buyers are seeking a coastal or a tree change). Apartment prices in many of these locations have increased in contrast to prices in some inner-city locations.

The gradual return of investors, a component of which has traditionally favoured apartments, should also provide another increasingly important source of buyer demand over the medium to long-term. Recent lending data confirms property investors are now returning to the market. A share of these new investors is likely to consider apartments, over the medium-term, in order to take advantage of weak market conditions.

Importantly, although the apartment sector will continue to face various challenges, especially over the short-term, the risks of an apartment oversupply over the medium to long-term is reduced. This is due to a very low number of completions expected over the next few years.



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2.4

DEVELOPMENT SITES

The pandemic has ushered in a range of changes to property markets around Australia.

One of these changes has been an increase in buyer demand for regional locations, especially those areas within close proximity (or with easy access) to major capital cities.

While regional markets had enjoyed increasing demand, driven by a range of factors such as affordability and consumer preference shifts favouring lifestyle locations (for example, coastal and tree-change locations), COVID-19 has been a game changer.

There is considerable uncertainty around to what extent these changes will be permanent and how they will impact different parts of regional Victoria in the long-run.

One possibility is that larger regional cities closer to Melbourne will continue to see higher levels of demand while smaller townships, especially those in more distant locations, will not.

However, the increasing prevalence of working from home might change dynamics in even more distant locations.

Currently, developers are actively considering and

acquiring sites in several regional markets including both larger regional cities and towns which are relatively well-connected to Melbourne (for example, Geelong, Warragul, Kyneton and Ballarat) and more distant markets (such as Bendigo and Shepparton).

Across the broader residential development market an increasing number of players are investigating regional opportunities. This includes those that have not specialised in residential land development previously.

A range of factors are driving this increased interest including lower yields across asset classes and the impact of the pandemic on various (mostly non-residential) property classes, such as commercial office and retail.

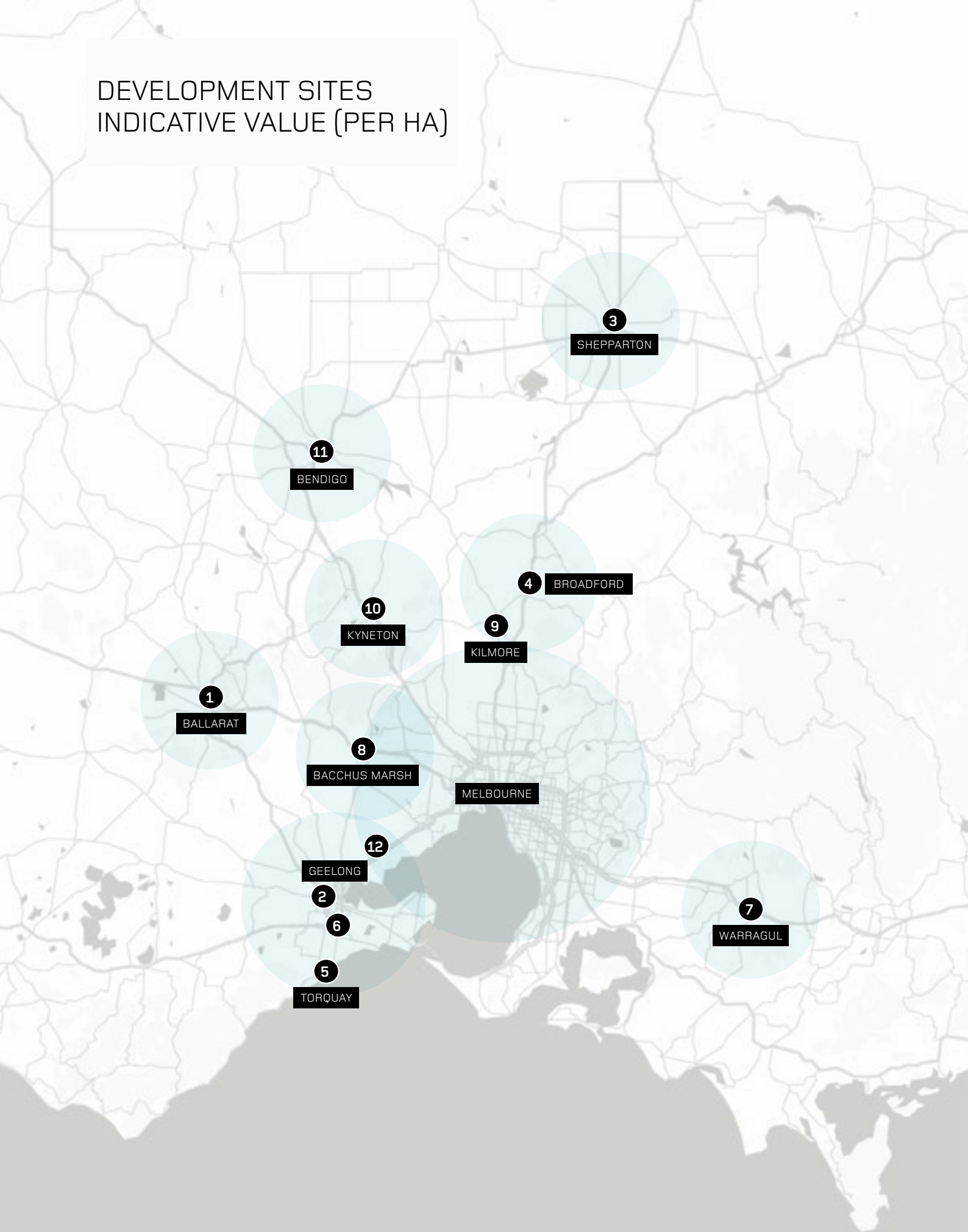
Lending rates remain low although non-banks are increasingly competitive vis-à-vis banks in terms of not only lending rates but also flexibility of loans.

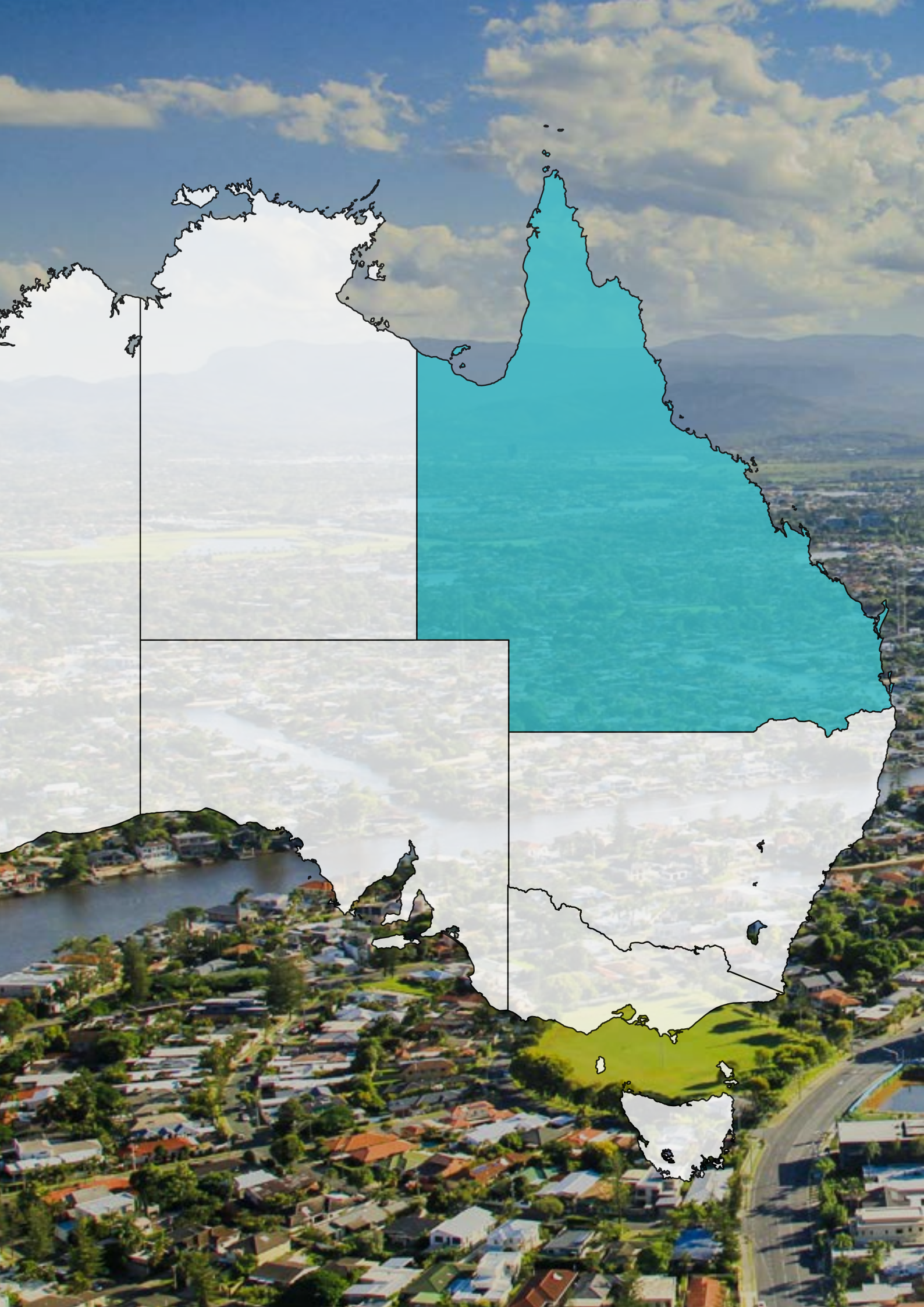
Given the rising level of interest in the sector, we expect to see the price of regional residential englobo land to continue increasing.

REGIONS	DEVELOPMENT SITE INDICATIVE VALUE (PER HA)
1 Ballarat - Winter Valley, Lucas, Bonshaw	\$500,000-\$550,000
2 Geelong West, Batesford	\$600,000-\$700,000
3 Shepparton	\$300,000 - \$350,000
4 Broadford	\$600,000 - \$750,000
5 Torquay	\$1,500,000-\$1,750,000
6 Geelong, Charlemont, Armstrong Creek	\$900,000 - \$1,200,000
7 Warragul, Drouin	\$450,000-\$550,000
8 Bacchus Marsh	\$550,000-\$750,000
9 Kilmore	\$400,000-\$450,000
10 Kyneton	\$300,000 - \$400,000
11 Bendigo	\$400,000-\$600,000
12 Lara, Lovely Banks	\$1,000,000 - \$1,200,000

*Based on 12 months to 7 year terms. These are indicative only as values can vary widely depending on factors such as planning status, development sequencing and servicing etc.

DEVELOPMENT SITES INDICATIVE VALUE (PER HA)





An aerial photograph of a coastal town, likely in Queensland, Australia. The foreground shows a dense residential area with many houses, some with swimming pools, and a marina with several boats. The middle ground features a mix of greenery and more buildings. In the background, there are rolling hills and mountains under a bright blue sky with scattered white clouds. A large white circle is overlaid on the left side of the image, containing the text '3.0 QUEENSLAND'. Two vertical white rectangles are also overlaid on the right side of the image.

3.0 QUEENSLAND



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3.1

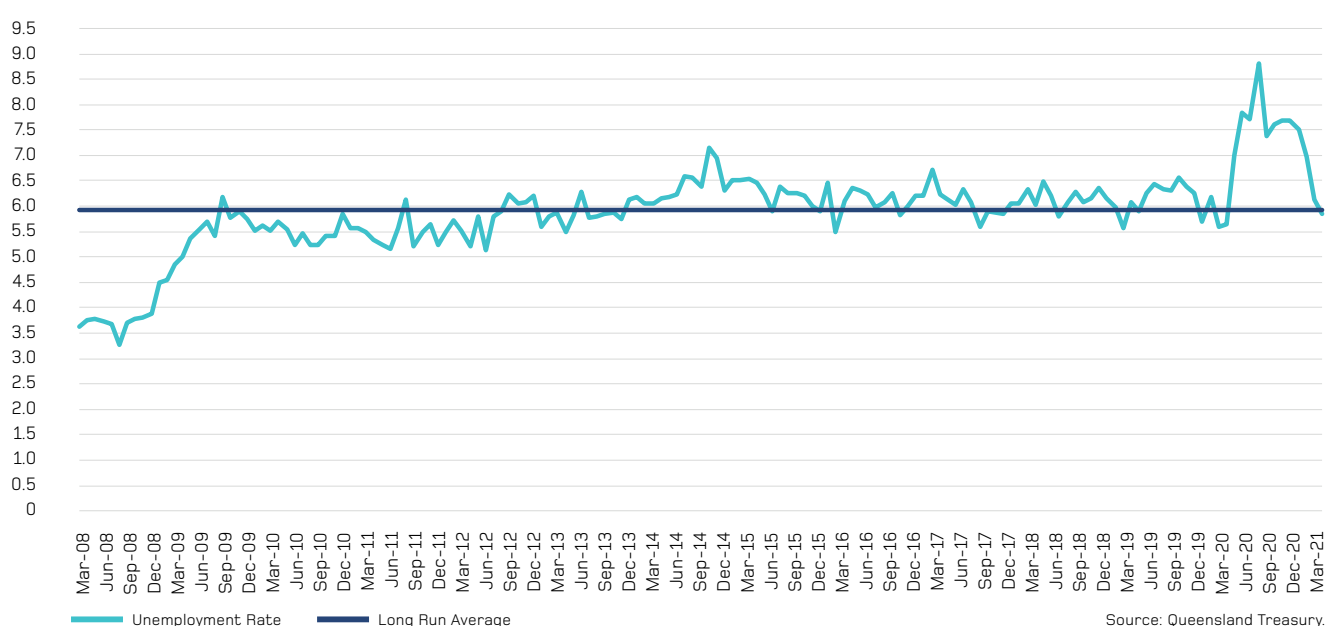
MARKET DRIVERS

Economy

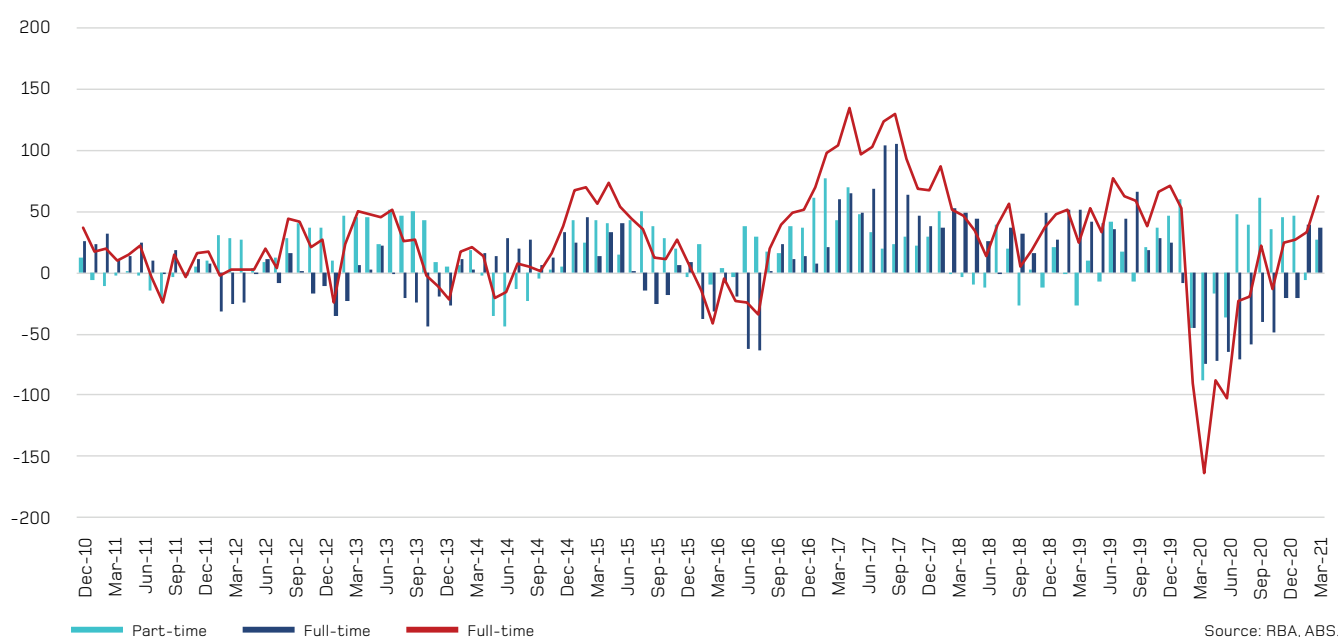
Queensland remains in a relatively good position considering events over the last year and the many economic, health and social impacts of the pandemic. Recent data suggests an improving economy with many indicators improving over the March quarter 2021.

Over the quarter employment growth increased by 0.9% (23,300) to be 2.4% higher than the same period last year. The unemployment rate continues to decline (5.9%) although a little higher than in March 2020 (5.6%).

Queensland Unemployment Rate (%)



Queensland Employment Growth



QUEENSLAND AT A GLANCE

STATE FINAL DEMAND
(Dec Qtr 20)

↑ **2.4%**

RETAIL TRADE
(Feb 21)

↑ **1.1%**

BUILDING APPROVALS
(Feb 21)

↑ **40.5%**

BUSINESS INVESTMENT
(Dec Qtr 20)

↓ **8.2%**

EXPORTS (GOODS OVERSEAS)
(Feb 21)

\$60.2b

INFLATION (CPI)
(Dec Qtr 20)

↑ **1.0%**

EMPLOYMENT GROWTH
(Mar 21)

↑ **0.9%**

EMPLOYED PERSONS
(Mar 21)

2.63m

UNEMPLOYMENT RATE
(Mar 21)

↑ **5.9%**

POPULATION
(Sep Qtr 20)

5.18m

3.2

LAND MARKET

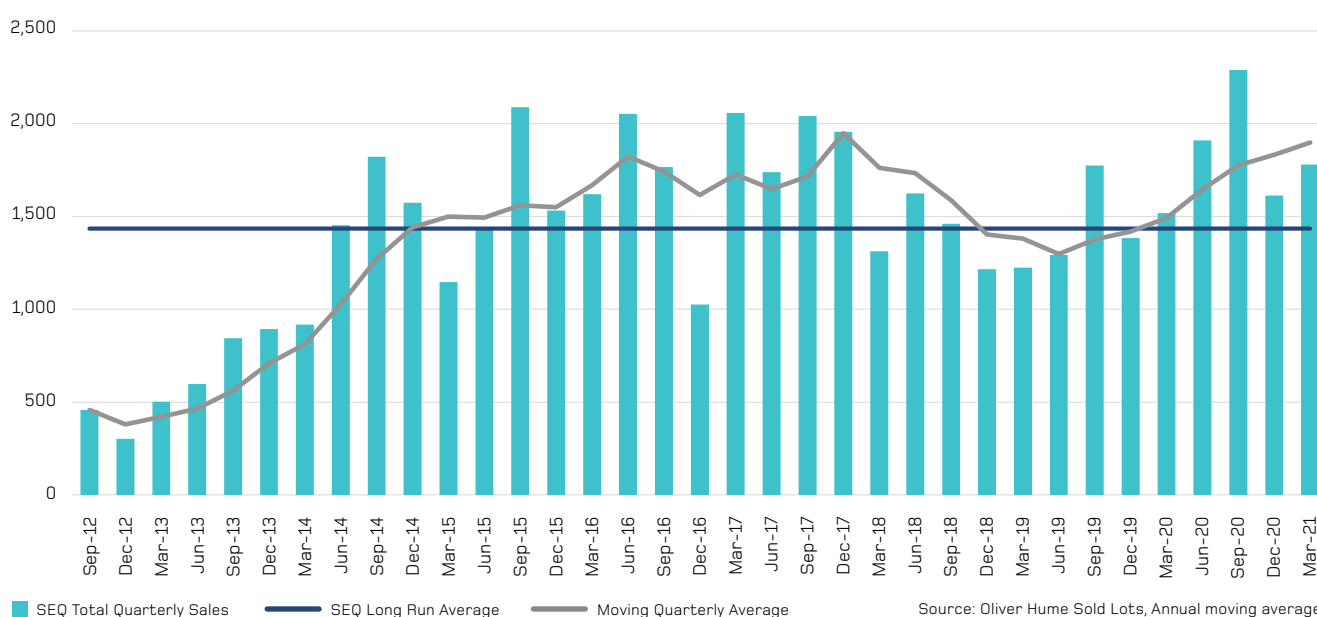
Land Market

The first quarter of 2021 has continued the momentum observed last year following soon after the HomeBuilder incentive announcement. Sales softened in late 2020, due to low levels of stock availability, but this was reversed during the March quarter 2021 following new stock being released.

The March quarter 2021 saw 1,780 sales representing growth of over 17% on the same time last year. The volume of sales is running well above long-run average levels (around 1,430 sales per quarter or around 24% higher).

Increased sales activity continues to drive developers to fast track new stage releases as well as project launches. Higher sales rates have pulled forward project sell out dates and the number of active projects has declined 44% over the year. As a result lot availability has been affected with nearly 80% fewer lots being available for purchase at the end of March 2021 (compared to March 2020).

South East Queensland Project Land Sales



Available Stock Comparison – SEQ, 2020 vs 2021



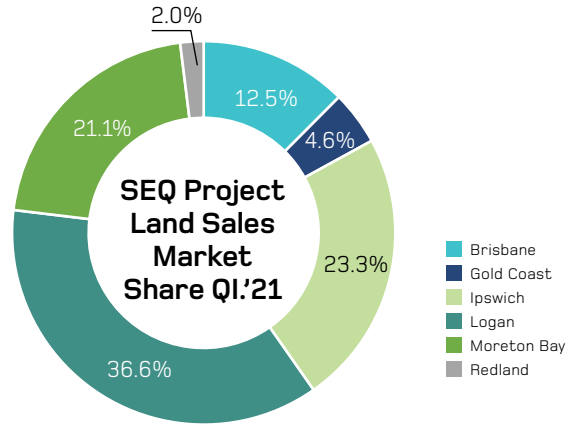
Source: Oliver Hume Research.

Market Share

The Logan local government area (LGA) market continues to dominate market share recording over 650 sales over the quarter (nearly 37% of all sales made during the March quarter 2021).

Low stock availability dampened sales in other markets and resulted in the Logan market increasing its market share from the previous quarter.

It is likely that Logan and Ipswich will continue to account for most sales in the market for some time given that these locations have the largest supply pipelines. Currently, the total yield of active projects in South East Queensland (SEQ) is around 95,000 lots. Approximately 24,000 of these lots have been sold. Of the estimated 71,000 lots remaining, Logan and Ipswich account for almost 80% of the remaining stock.



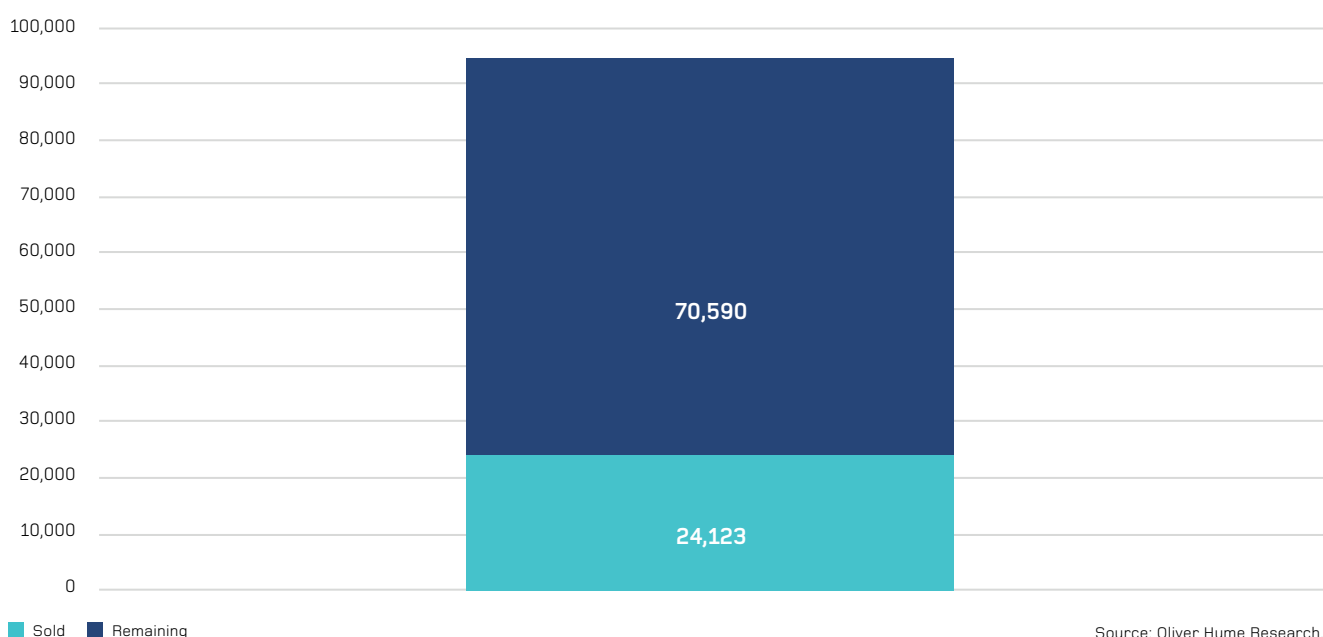
Source: Oliver Hume Research.

Change in Market Share

	Brisbane Quarterly Market Share	Gold Coast Quarterly Market Share	Ipswich Quarterly Market Share	Logan Quarterly Market Share	Moreton Bay Quarterly Market Share	Redland Quarterly Market Share
Mar-21	12.5%	4.6%	23.3%	36.6%	21.1%	2.0%
Mar-20	14.8%	10.8%	25.0%	23.7%	23.4%	2.3%
Annual Change	-2.3%	-6.3%	-1.8%	12.8%	-2.3%	-0.3%

Source: Oliver Hume Research.

Active Projects Total Lot Yield Upon Completion – SEQ



Source: Oliver Hume Research.

3.2

LAND MARKET

Median Price

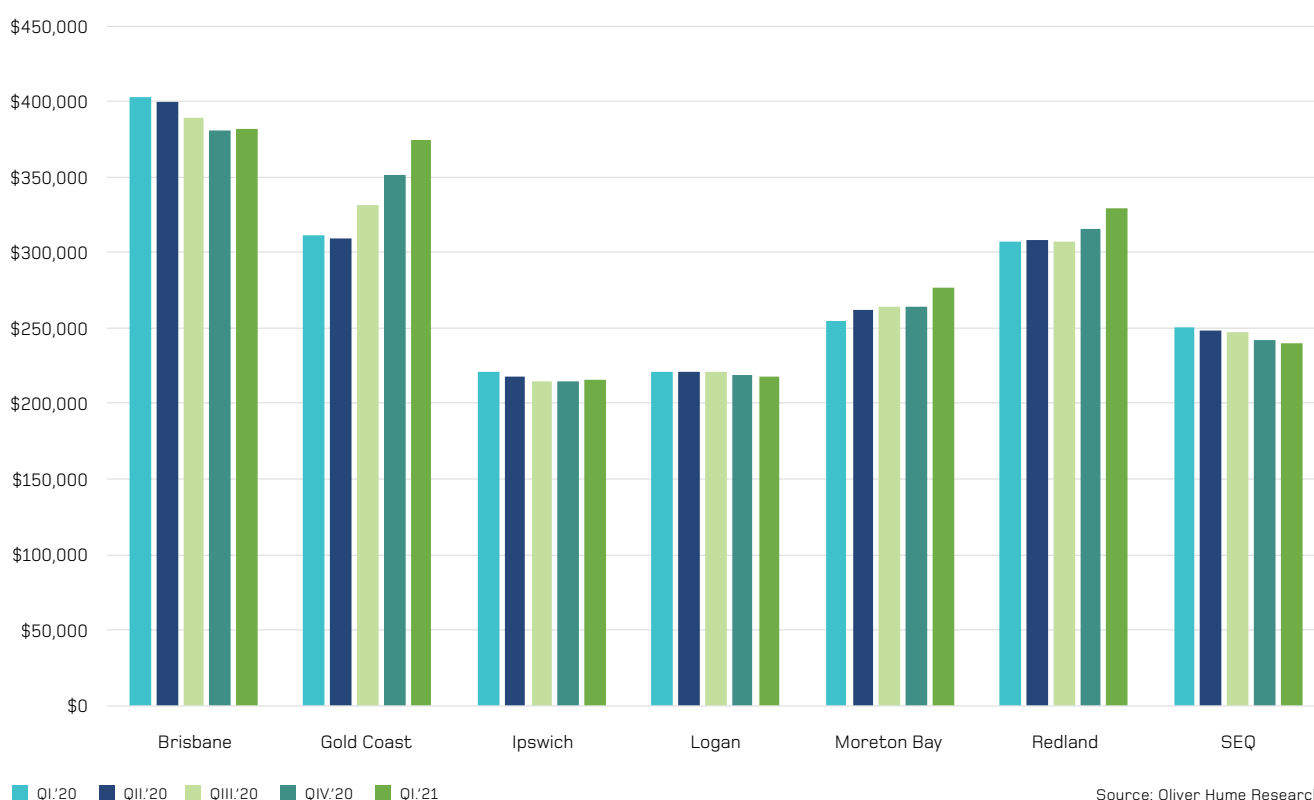
The SEQ market saw median prices moderate due to an increasing market share of sales being taken up by the two most affordable regions (Logan and Ipswich). Both regions have median prices below \$220,000.

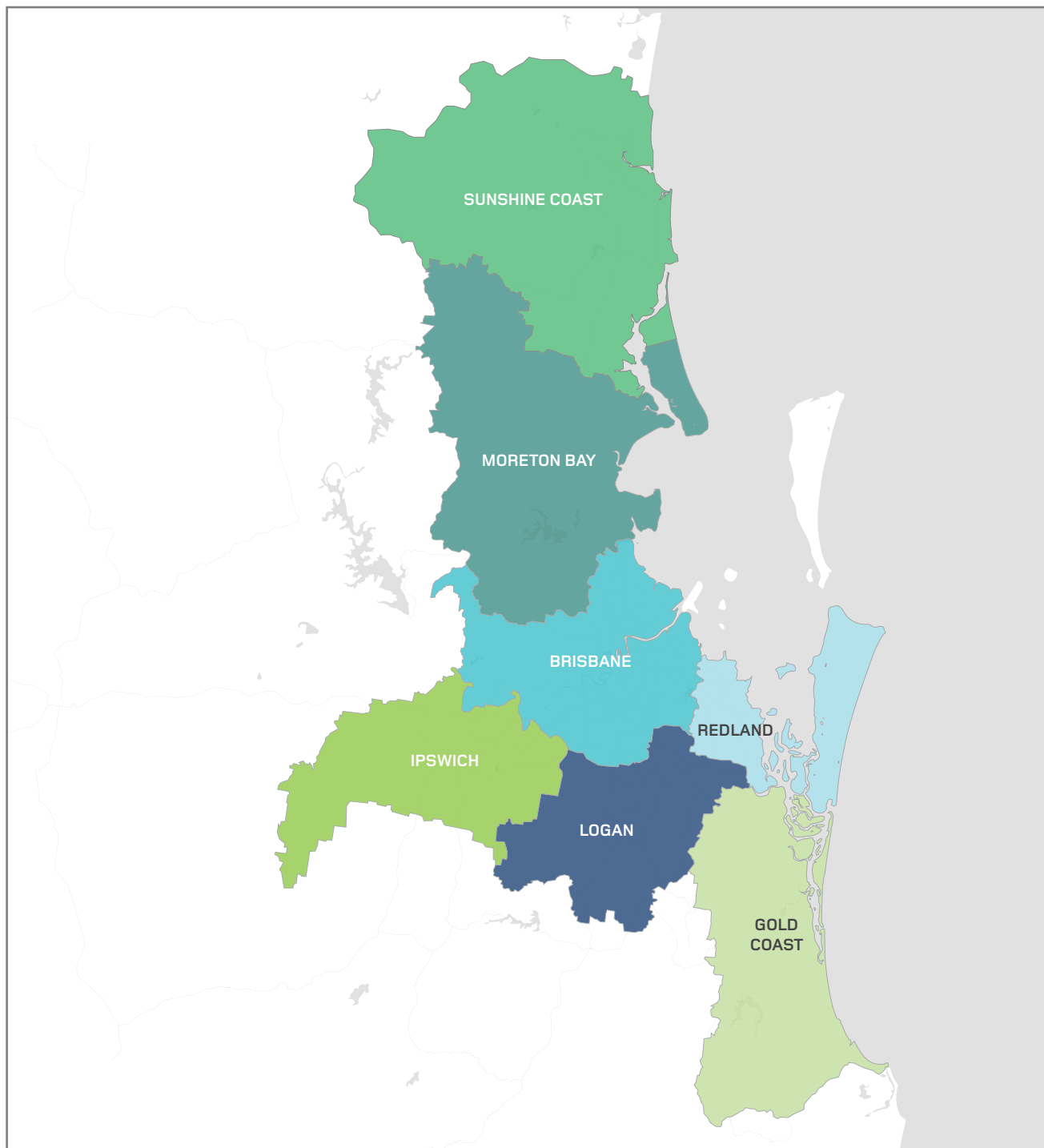
The dwindling supply of affordable stock on the Gold Coast has caused a dramatic shift in the price for the region. This shift in median price is reflected through stock availability being limited to a handful of premium and waterfront lot offerings, driving the median to now rival that of Brisbane pricing.

Gold Coast prices have increased 20% over the year and are now sitting just below \$375,000. In contrast, Brisbane LGA prices have softened to \$382,000 - down 5.2% over the same period.

The two regions have experienced contrasting conditions. The Brisbane market has seen several new 'affordable' projects being launched over the past year while the Gold Coast market now only has a handful of premium lots available reflecting limited new supply conditions.

SEQ Median Lot Prices by Local Government Area





SEQ Median Land Prices by Local Government Area

LGA	Q1. '21	Q4. '20	Q1. '20	QoQ	YoY	5yr Change
Brisbane (C)	\$382,225	\$380,475	\$403,250	0.5%	-5.2%	-9.6%
Gold Coast (C)	\$374,175	\$351,450	\$311,850	6.5%	20.0%	48.3%
Ipswich (C)	\$215,313	\$215,063	\$220,613	0.1%	-2.4%	8.3%
Logan (C)	\$218,250	\$219,250	\$221,038	-0.5%	-1.3%	15.1%
Moreton Bay (R)	\$277,188	\$264,500	\$254,813	4.8%	8.8%	19.6%
Redland (C)	\$328,938	\$315,313	\$307,250	4.3%	7.1%	5.0%
South East Queensland	\$240,250	\$242,500	\$250,000	-0.9%	-3.9%	3.2%

Source: Oliver Hume Research.

3.2

LAND MARKET (CONT.)

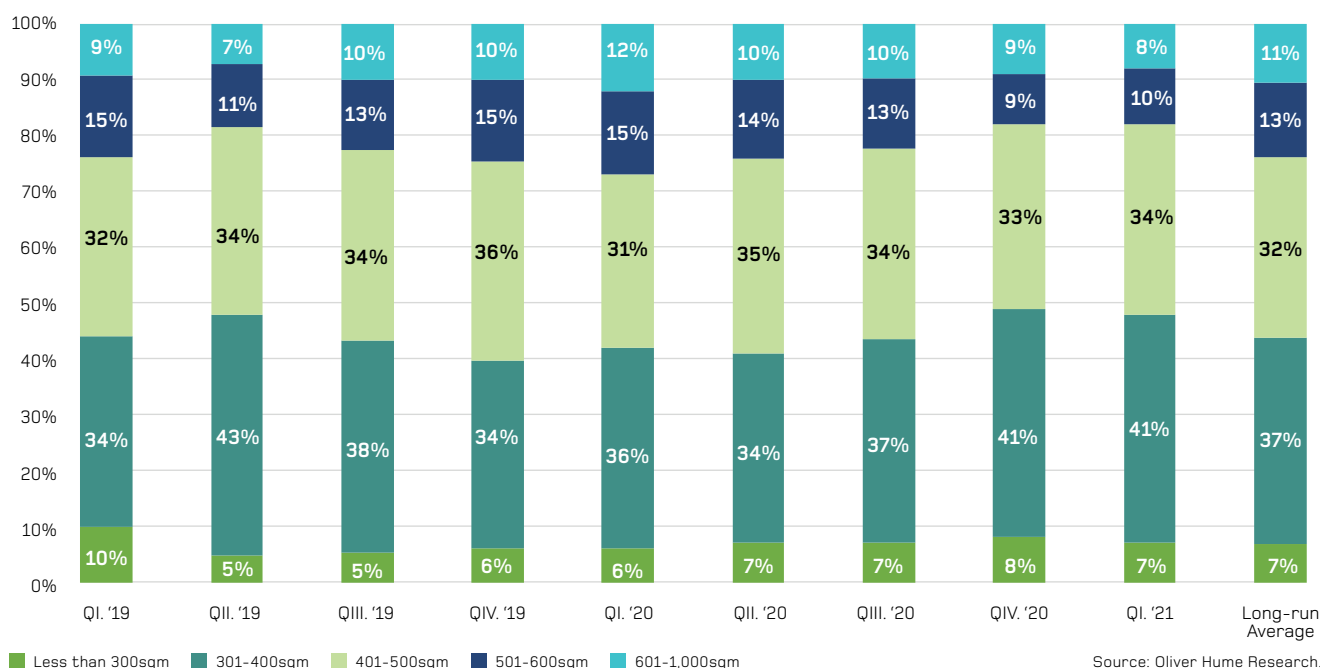
Median Lot Size

Across SEQ 301-400 sqm lots continue to account for the highest portion of sales (41%) and followed closely by the 401-500 sqm range (34%). Around 85% of all sales were within the 300-600 sqm band.

Over the year, the Brisbane and Redland markets

saw the largest shift in median sizes (6.9% and 13.6% respectively). While the large increase that occurred in the Redland LGA was driven by a low number of sales (and therefore a small dataset being available with only one active project remaining), Brisbane's median size increase was due to the launch of several projects on the fringe of the municipality which allowed slightly larger block sizes.

SEQ Project Land Sales (0 – 1,000 sqm) Market Share by Product Type



SEQ Median Lot Sizes by Local Government Area (sqm)

LGA	QI '21	QIV '20	QI '20	QoQ	YoY	5 yr Change
Brisbane (C)	432	427	404	1.2%	6.9%	-7.6%
Gold Coast (C)	425	425	438	-0.2%	-3.0%	-14.3%
Ipswich (C)	426	429	433	-0.8%	-1.7%	-5.9%
Logan (C)	406	417	422	-2.5%	-3.8%	-4.1%
Moreton Bay (R)	413	414	411	-0.1%	0.5%	-10.1%
Redland (C)	443	418	390	6.0%	13.6%	-6.1%
SEQ	413	417	419	-1.0%	-1.5%	-8.3%

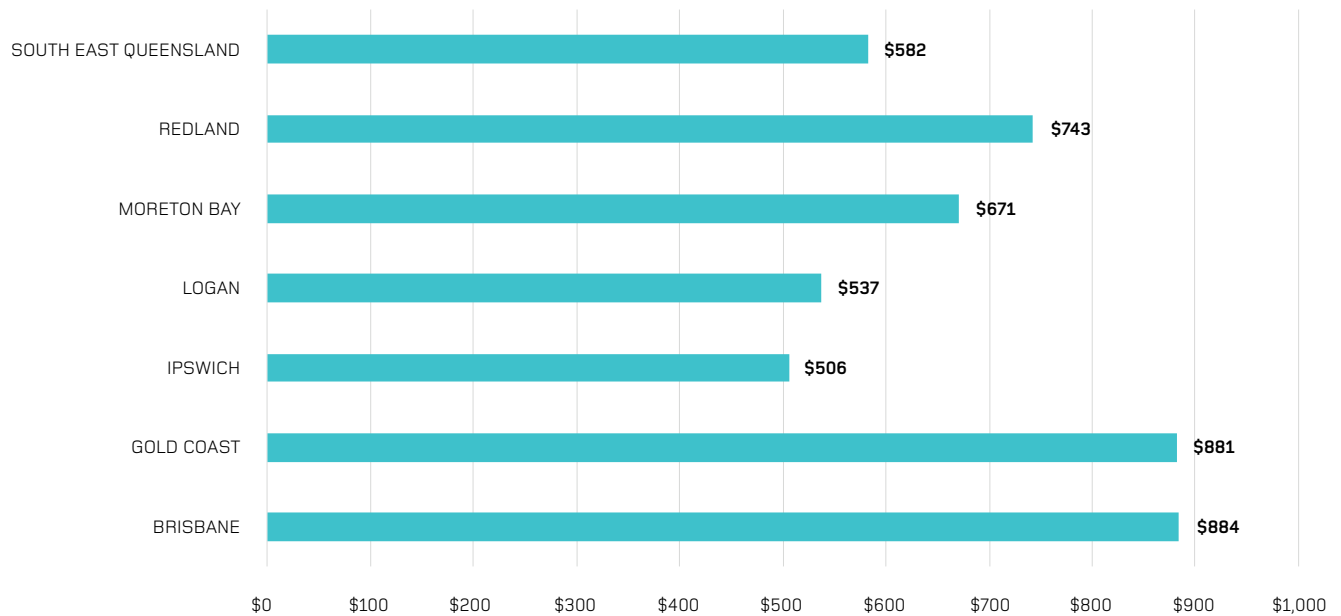
Source: Oliver Hume Research.

Value Rates

The median SEQ value rate remained stable over the quarter as median size and price also remained steady.

The Gold Coast once again recorded the largest shift in the overall value rate (up 6.7% over the quarter and 23.7% annually).

SEQ Project Land Sales (Q1. '21) | Median Value Rate (\$ per sqm)



Source: Oliver Hume Research.

SEQ Median Value Rates by Local Government Area (\$/sqm)

LGA	Q1. '21	QIV. '20	Q1. '20	QoQ	\$ Value Change (QoQ)	YoY	\$ Value Change (YoY)	5 yr Change	\$ Value Change (5Yr Change)
Brisbane (C)	\$884	\$891	\$998	-0.7%	-\$6	-11.4%	-\$113	-0.2%	-\$2
Gold Coast (C)	\$881	\$826	\$713	6.7%	\$55	23.7%	\$169	72.3%	\$368
Ipswich (C)	\$506	\$501	\$509	0.9%	\$4	-0.7%	-\$4	14.5%	\$64
Logan (C)	\$537	\$526	\$523	2.1%	\$11	2.6%	\$14	17.9%	\$80
Moreton Bay (R)	\$671	\$640	\$620	4.9%	\$31	8.2%	\$51	31.8%	\$160
Redland (C)	\$743	\$755	\$788	-1.6%	-\$12	-5.7%	-\$45	18.0%	\$119
SEQ	\$582	\$582	\$597	0.0%	\$0	-2.4%	-\$15	11.8%	\$61

Source: Oliver Hume Research.

3.2

LAND MARKET (CONT.)

Time on Market

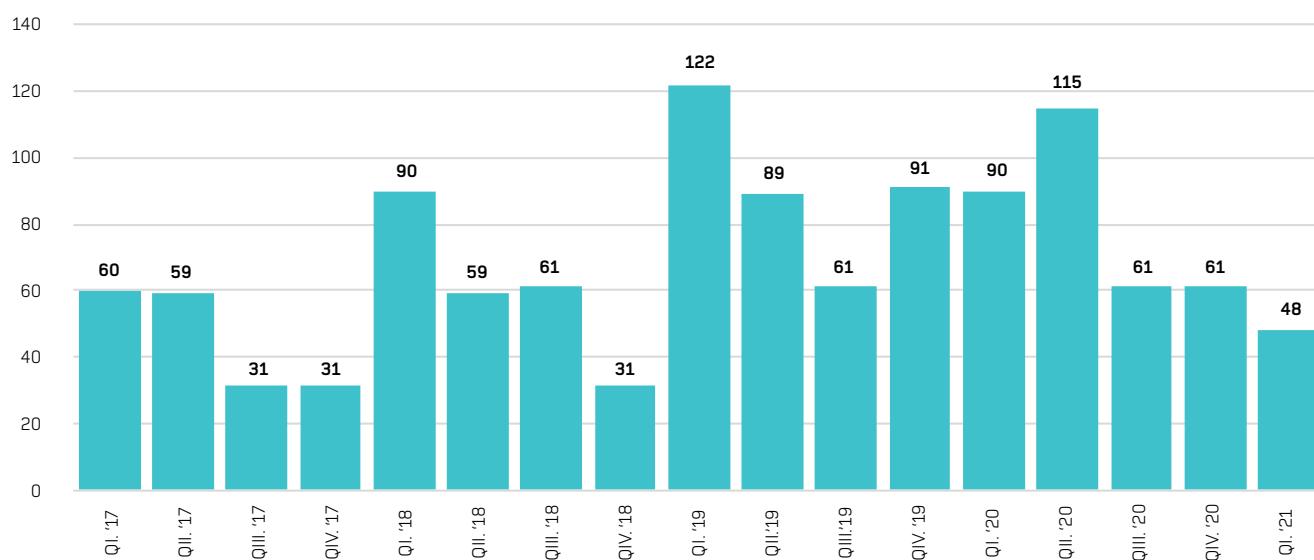
The median time on market for the broader market declined to recent record lows (since the December quarter 2018) continuing recent trends over the last year.

The decline was driven partly by older stock being absorbed quickly after the HomeBuilder incentive was

announced with older stock already being registered and guaranteed to meet the requirements for the grant.

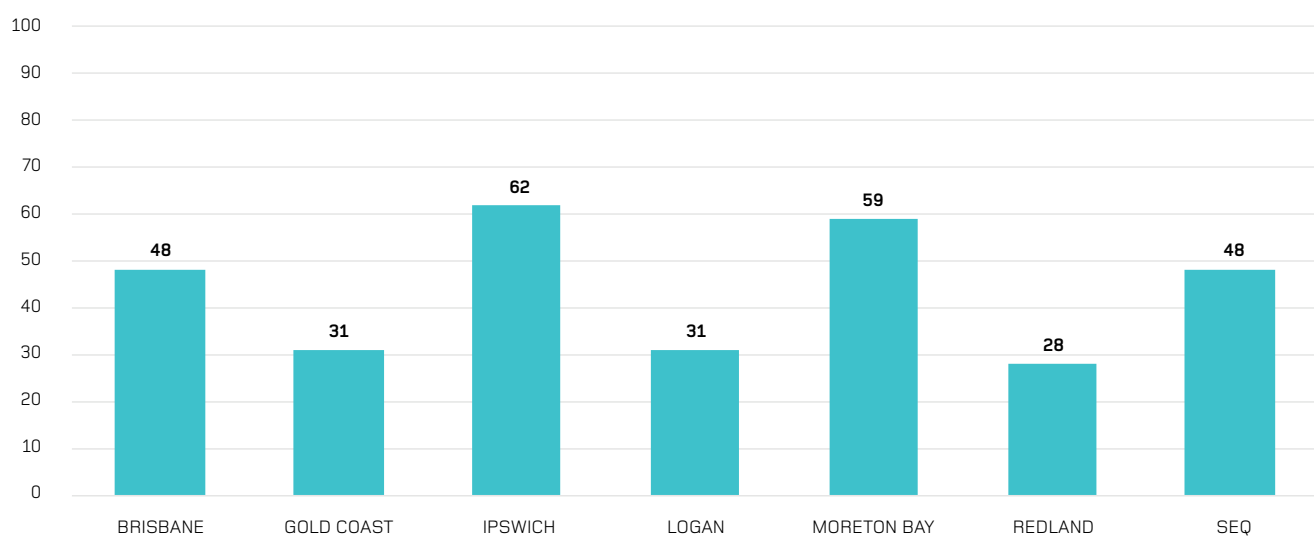
The Redland market recorded the lowest time on market closely followed by the Logan and Gold Coast markets. Lots in these markets were generally released and sold within the same month.

SEQ New Residential Land – Median Time on Market (Days)



Source: Oliver Hume Research. Median data.

SEQ New Residential Land – Median Time on Market (Days)



Source: Oliver Hume Research.

SOUTH EAST QUEENSLAND

MARCH QUARTER 2021

MOST COMMONLY SOLD LOTS

376–400 sqm

351–375 sqm

MEDIAN SIZE

416 sqm

MEDIAN PRICE

\$240,250

VALUE RATE

\$582 per sqm

3.3

APARTMENTS
AND TOWNHOUSES

Brisbane

Despite the uncertainty that the COVID-19 pandemic has generated for the property market, the Brisbane new and off-the-plan apartment market continues to show encouraging signs. The recently published RLB Crane Index, which analyses the number of cranes within Greater Brisbane and the inner ring, records that over the March quarter 2021, Greater Brisbane recorded an increase of around 48% in the number of cranes compared to the September quarter 2020. This is the most construction activity that has been seen since the peak (although below the peak observed during the 2015-16 apartment boom).

Relatively affordable stock can still be found in the Brisbane Inner Ring with 47% of 2-bedroom apartments selling for under \$500,000. The Brisbane market is beginning to generate interest from the emerging investor market due, in part, to improving confidence and relatively favourable market indicators (for example gross rental yields now sit at 5% for units and vacancy rates are just over 3%).

Recent data from the Australian Bureau of Statistics (ABS) suggests an increasing level of new investor lending and is consistent with national trends.

Gold Coast

The off-the-plan and new apartment market on the Gold Coast is also seeing renewed developer and buyer interest. Although the RLB Crane Index declined (fewer cranes in the Gold Coast skyline) from the September quarter 2020 to the March quarter 2021, this was driven by nine projects being completed and eight new projects being launched over the period.

The final quarter for 2020 saw a total of 375 new and off-the-plan apartment sales for the Gold Coast – the strongest result in over four years.

Gold Coast Mayor [Tom Tate] has recognised these supply challenges that the Gold Coast faces with higher interstate migration putting pressure on the region. Only 20% of homes are now deemed ‘affordable’ and land is becoming increasingly scarce. The Mayor has proposed that the Gold Coast City Plan needs to be changed to accommodate this demand and has recognised that the region “needs to build upwards, not outwards” by making it easier for “low, medium and higher density developments in areas approved by our city plan.”

New loan commitments for investor housing (seasonally adjusted) – Queensland (\$b)



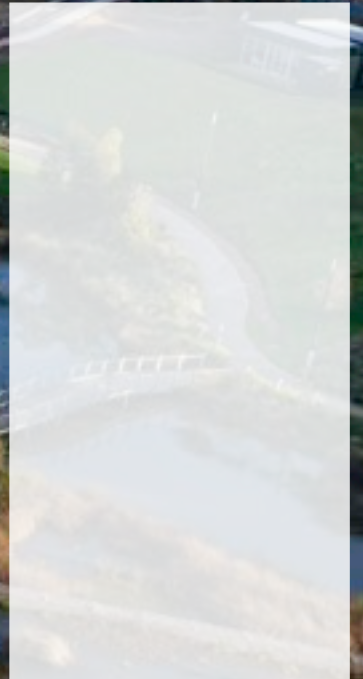
Source: Oliver Hume Research.





An aerial photograph of a park area. In the foreground, a river flows through a landscaped area with greenery and a concrete path. In the middle ground, there is a large area of brown earth, possibly a construction site, with a small building under construction. The background shows a dense forest and a residential area with houses. The sky is blue with some clouds.

4.0 FEATURE ARTICLES



TOWNHOUSES- DRIVERS, TRENDS AND OUTLOOK



George Bougias

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Townhouses are becoming an increasingly popular option for buyers and this trend is set to continue.

The increasing prevalence of townhouses is driven by both demand and supply drivers.

Many of these drivers are also reshaping the broader property market.

Demand Considerations

On the demand side various trends are at play.

These trends include declining household size, ageing, and property purchasers seeking an alternative housing product that is neither a traditional detached house or apartment.

In turn, an increasing number of buyers are opting for townhouses.

This is due, in part, to townhouses being viewed as a 'whole of life' housing option due to their flexibility and diversity.

Townhouses can suit both first home and upgrader buyers (second, third, fourth etc) and also single, couples and growing and established families and empty nesters/downsizers.

Increasing property prices, rising living costs and stagnant wages – all leading to major affordability constraints – are seeing many buyers opt for townhouses.

Indeed, given rapid price growth across many capital cities, for many buyers the 'Great Australian Dream' is not a house – it is either a townhouse or an apartment.

While price point is a key driver, so too are many other qualitative factors.

Lifestyle considerations, changing housing requirements and shifts in consumer preferences are also increasingly important as many buyers seek dwellings with few maintenance requirements and located close to retail, entertainment, social and other amenities.

Well located townhouses across our cities, including increasingly in the greenfields, can meet these demands.

Supply Considerations

Supply considerations are also important.

These include development and land constraints which often mean either medium or high-density dwellings are the only option in many locations.

These constraints, in turn, are driven by the need to accommodate an increasing number of people in a limited urban footprint and Government policy to increase densities.

It is no surprise, therefore, that Melbourne and Sydney have led the supply of new townhouses given these two cities have accounted for most of Australia's population growth recently.

Changing design is also playing a role with creative, efficient and smart architecture continuing to reinvent townhouses and make them more attractive for modern buyers.



Outlook

While the supply of new townhouses has moderated in recent years across Australia reflecting, in part, the broader slowdown in residential construction, the next residential property cycle is expected to see the townhouse market become one of the most exciting and dynamic.

As residential property prices rebound and continue to increase – indeed Melbourne’s median house price recently exceeded \$1 million – many buyers will be looking for efficient and modern dwellings, including especially townhouses, that meet their needs while also offering good value.

“ Increasing property prices, rising living costs and stagnant wages – all leading to major affordability constraints – are seeing many buyers opt for townhouses.

HOW LONG WILL REGIONAL PROPERTY SURGE LAST AS RECOVERY CONTINUES?



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In an economy where an increasing number of Australians are expected to be receiving the COVID 19 vaccine, the real estate markets that have been supercharged by the post-pandemic recovery are worth watching closely.

Greater immunity might help prevent scenarios like the snap lockdown in Brisbane - a demonstration of the hammer blow the virus can deal to our health, economy and, of course, lifestyle.

Indeed, lifestyle has been a key driver of various markets since COVID-19 emerged underpinning the booming popularity of regional real estate, especially since the first lockdowns commenced in the last weeks of March 2020.

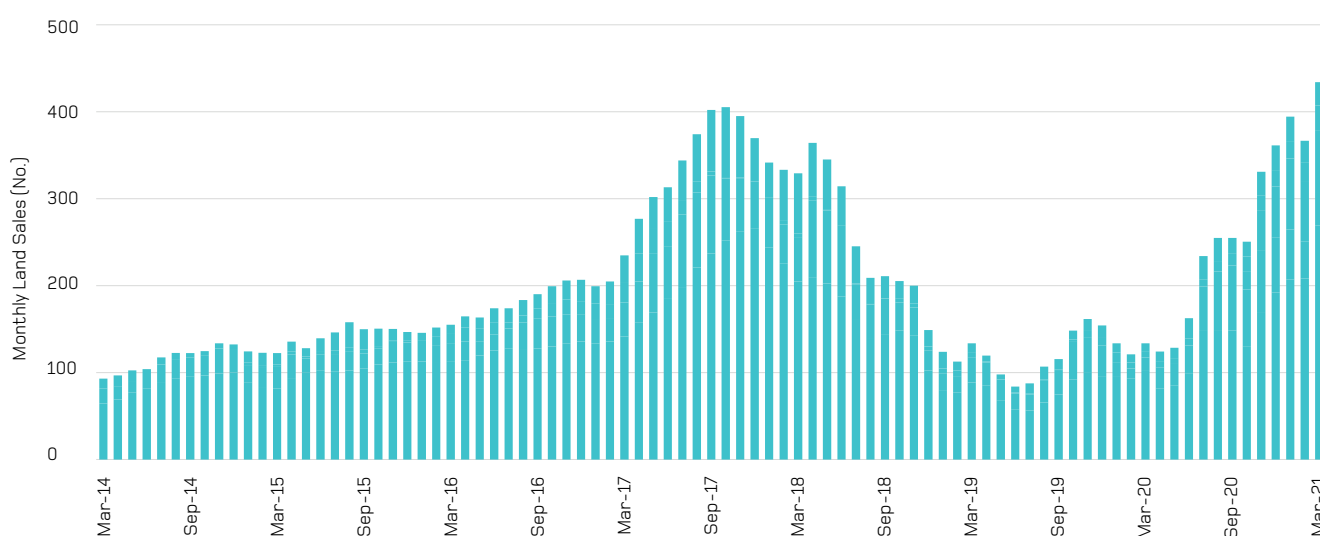
The pandemic led to many Australians rethinking where they want to live. This has been driven by a

range of factors including a broader reconsideration of what is important (such as work-life balance) and technology (especially now that working remotely is the new norm for many).

An escape to a coastal hamlet or country town became genuine considerations for buyers unlocked from the constraint of being in a capital city for their work. Interest in regional real estate began to surge. But will its popularity continue in a vaccinated Australia? At Oliver Hume, multiple data points are tracked to help us understand the residential property industry. It's about analysing what the market has done in the past, what is happening now, and where is the market headed.

Here are some factors to think critically about when it comes to the popularity of real estate in regional areas.

Monthly Land Sales – Regional Victoria



Source: Oliver Hume Research. Moving quarterly average. Selected estates.



Regional Real Estate Was Going Strong Pre-Pandemic

Sales in regional markets were increasingly healthy before terms like ‘flatten the curve’ and ‘herd immunity’ became part of our vernacular.

Affordability, the desire for a change of pace and a lifestyle change, improving employment, recreation, social, educational and other opportunities in the regions were key drivers of the regional property market.

We consider that the factors at play that were driving the strong performance of regional real estate pre-pandemic remain and should continue to fuel healthy sales in the future, buoyed by a shift in consumer and buyer attitudes due to COVID-19.

“Even when a significant proportion of Australians are vaccinated, many buyers will continue to seek the smell of eucalypts over car fumes and will continue to hunt for rolling hills over towering buildings and they will continue to search for open spaces over close quarters.”

Many first home buyers, especially, were drawn to regional areas because of significantly better affordability.

One key factor that drove regional demand pre-COVID-19 is likely to remain key – if not become more important – in a post-COVID-19 world.

This factor is affordability and it helped underpin an increasingly healthy level of sales in regional markets (compared to metropolitan markets).

Many first home buyers, especially, were drawn to regional areas because of significantly better affordability. These areas will remain at the top of property hit lists for first home buyers and many other purchasers – pandemic or no pandemic.

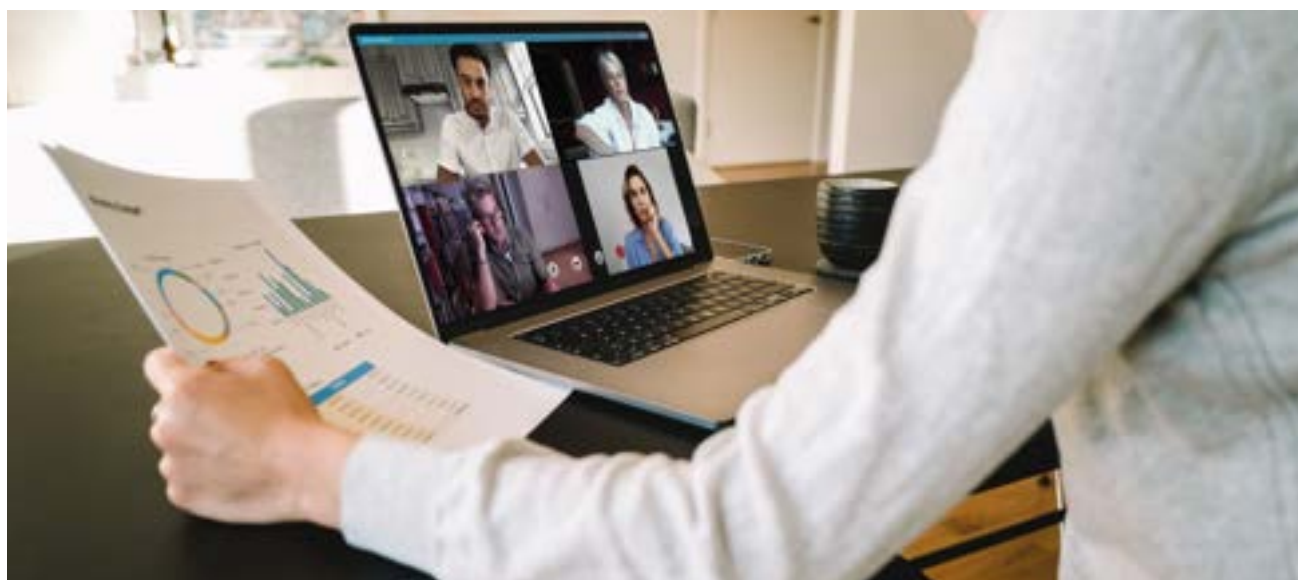
Pandemic Accelerates Demand for Regional Real Estate

"If we can work from anywhere while we wait out the pandemic, where would we rather be?"

It's a question COVID-19 prompted many buyers to ask themselves. And locations that struck an attractive balance between being far enough away while remaining near enough to major cities proved popular. Lifestyle, affordability and incentives like the first homeowner grant positioned regional areas to thrive.

Oliver Hume's Quarterly Monthly Index showed regional cities like Geelong and Warragul were among the strongest performers in the last months of 2020. It's clear that the pandemic only accelerated an increase in demand for what regional areas have to offer.

Locations with transport infrastructure to connect people to employment hubs were especially well placed to benefit from a building wave of new buyers.



Metropolitan Markets Will Continue To Be Popular

Australia's two largest cities have a combined population of more than 10 million people.

Between them, Sydney and Melbourne account for more than 40% of the nation's population.

There was speculation that greater interest in regional areas and also less populated states and territories may slow population growth in Sydney and Melbourne in the wake of the pandemic.

While the virus has spurred many Australians to escape to the country or the coast, that doesn't mean the real estate markets in metropolitan areas are performing poorly.

In fact, the price growth for metropolitan Melbourne houses over the year to March 2021 was up a healthy 8.8% to reach an average of \$1,004,500 (source: REIV).

This is the first time the metropolitan Melbourne median house price had surpassed \$1,000,000.

That's interesting to note because when lockdowns strike everything buyers love about metropolitan areas shut down.

Cafes, restaurants, bars, clubs, gyms and workplaces are put into limbo.

Still, a mass exodus from the cities has certainly not happened and there are no signs of utter decentralisation in the future.

So don't write off cities is the big takeaway when you look at the popularity of regional real estate.

Future Outlook

Eyes were opened to the wonders of regional residential properties and they don't seem like closing any time soon.

Strong sales results in early 2021 and record low-interest rates point towards a healthy regional real estate market over the short to medium term.

Currently, demand remains high and there are many housing projects in the pipeline in regional areas ensuring supply will be there to meet it.

"Even when a significant proportion of Australians are vaccinated and the virus has been brought under control, to the extent that any virus can be controlled, the factors that fuelled increased demand for regional real estate will persist – lifestyle and affordability."

We will continue to monitor these markets to gauge whether the surge of 2020 continues or whether it's pulled back a notch.

“Many first home buyers, especially, were drawn to regional areas because of significantly better affordability.”



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