

Quarterly Market Insights

MARCH QUARTER 2022







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Foreword

Australia's greenfield markets are continuing the transition to more balanced conditions following a record year in 2021.

The ongoing adjustment in the broader residential property market, higher inflation, higher interest rates and the reopening of international borders remain amongst the key underlying trends shaping this transition.

Sales volumes and enquiries have moderated from recent highs but remain healthy. Demand has moderated but stock availability is also a factor.

While prices continue to increase in some markets, we are beginning to see prices stabilise in other markets mirroring trends in the broader residential market.

In addition to more general factors driving conditions across all markets, each market also faces its own unique issues depending on its specific locational and other circumstances.

Understanding current and emerging trends is critical.

The latest Quarterly Market Insights (QMI) report examines the key indicators we follow to anticipate market trends and assess the outlook. We analyse what the market has done in the past, what is happening now and where the market is headed.

Importantly, the QMI report presents our own proprietary market intelligence, collected and analysed by our in-house research team. Our proprietary market intelligence and research provides the latest trends to our clients, stakeholders and strategic partners and empowers them to anticipate the future and make strategic decisions.

It's all part of our commitment to providing leading market insights, forecasts and in-depth analysis of the Australian residential property market.

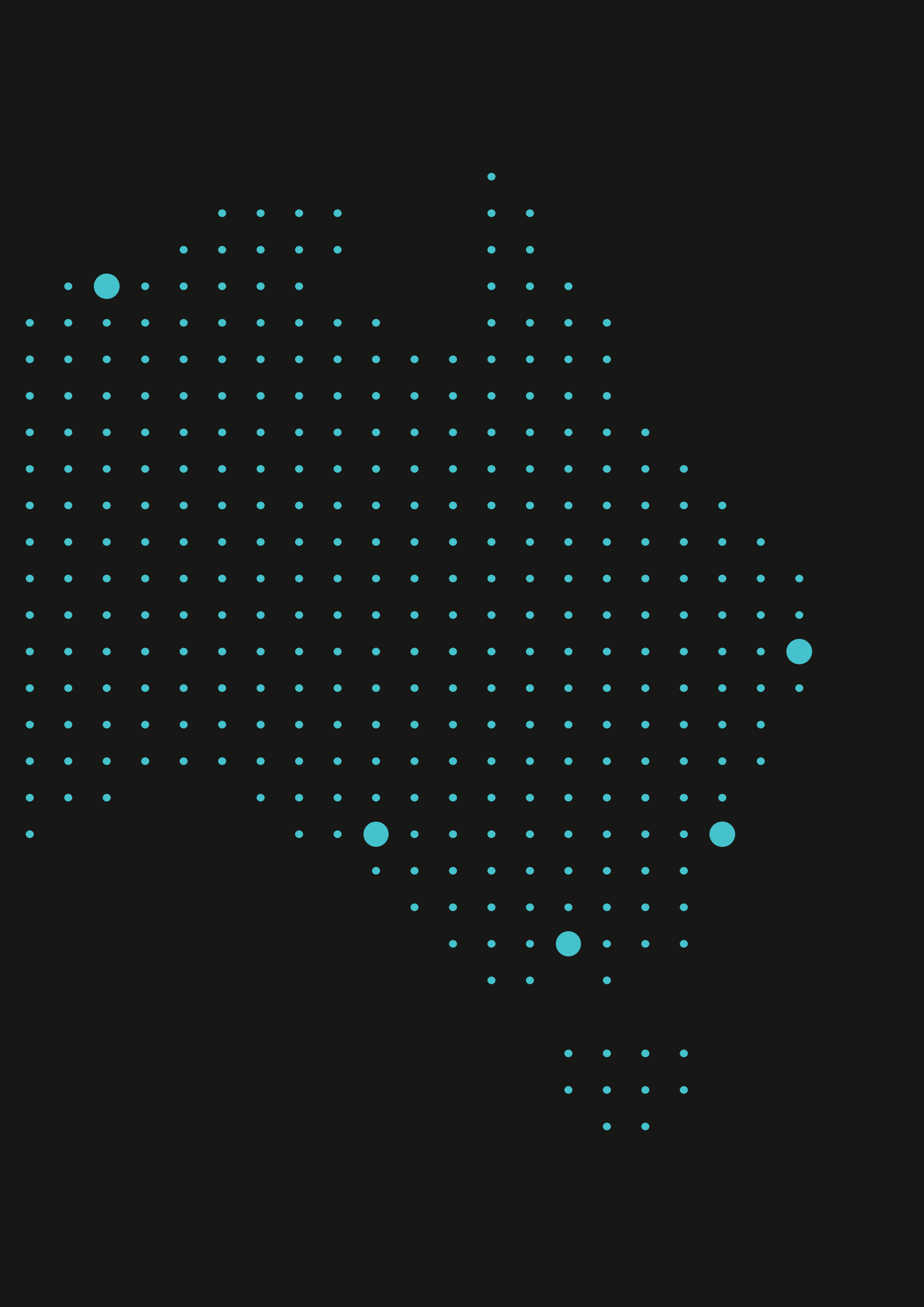
A large, dark silhouette of the Australian continent occupies the right half of the page. A small white dot on the southwestern coast of Australia is labeled 'Perth'.



Julian Coppini

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1.0

National Highlights

National Highlights



George Bougias

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Cash Rate Target

0.35%



Economic Growth

4.2%



Inflation

3.5%



Unemployment Rate

4.0%



Employment Growth

3.0%



Wage Growth

2.3%



Average Weekly Earnings

\$1,328



Household Saving Ratio

13.6%



Net Foreign Liabilities

38.2% of GDP



Conversion Rate

A\$1 = US\$0.74
as of 7 Feb 2022

Population

25.8M



Employment Ratio

63.8%



Residential Dwellings

\$920K



Household Wealth

952%

As a share of Income



Household Debt

186%

As a share of Income



Loan Repayment Deferrals

0.5%

of Housing Loans

0.3%

of small and medium
Business Loans

Housing Credit Growth

1.2%

Investor

6.4%

Owner Occupier

Commercial Property
Risks Elevated

6.0%

But low share of
banks' assets

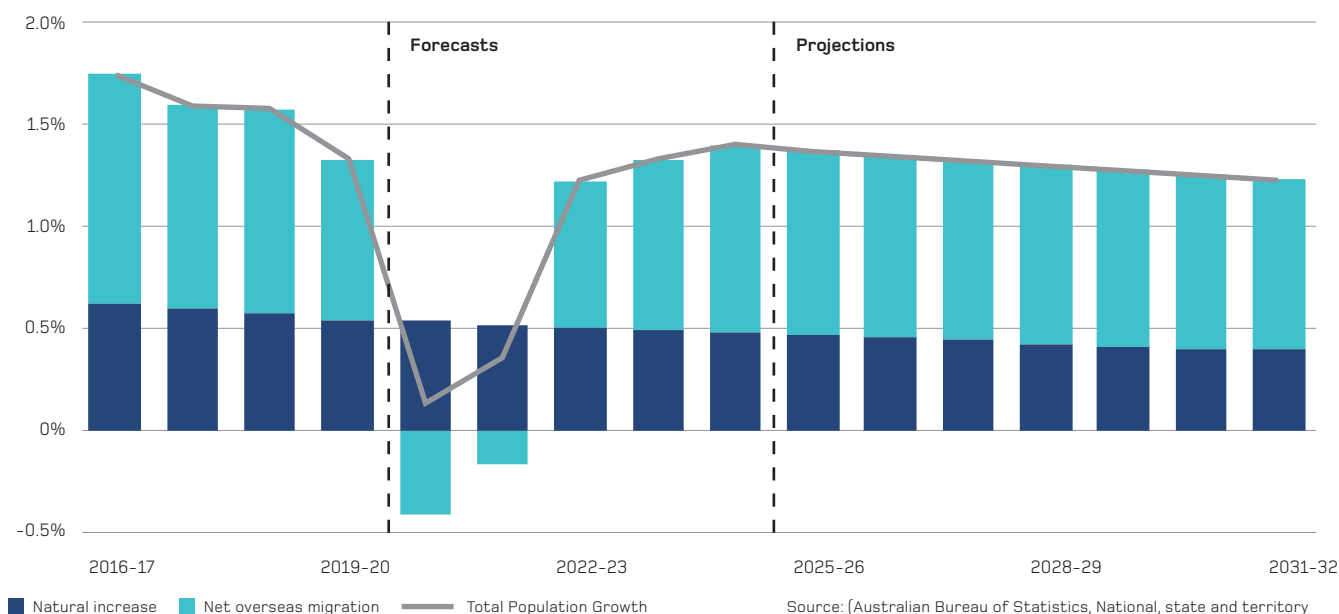
Sources: Reserve Bank of Australia (RBA), Australian Bureau of Statistics (ABS).

The 2021 Population Statement, released by the Federal Government's Centre for Population, provides the latest population forecasts for Australia.

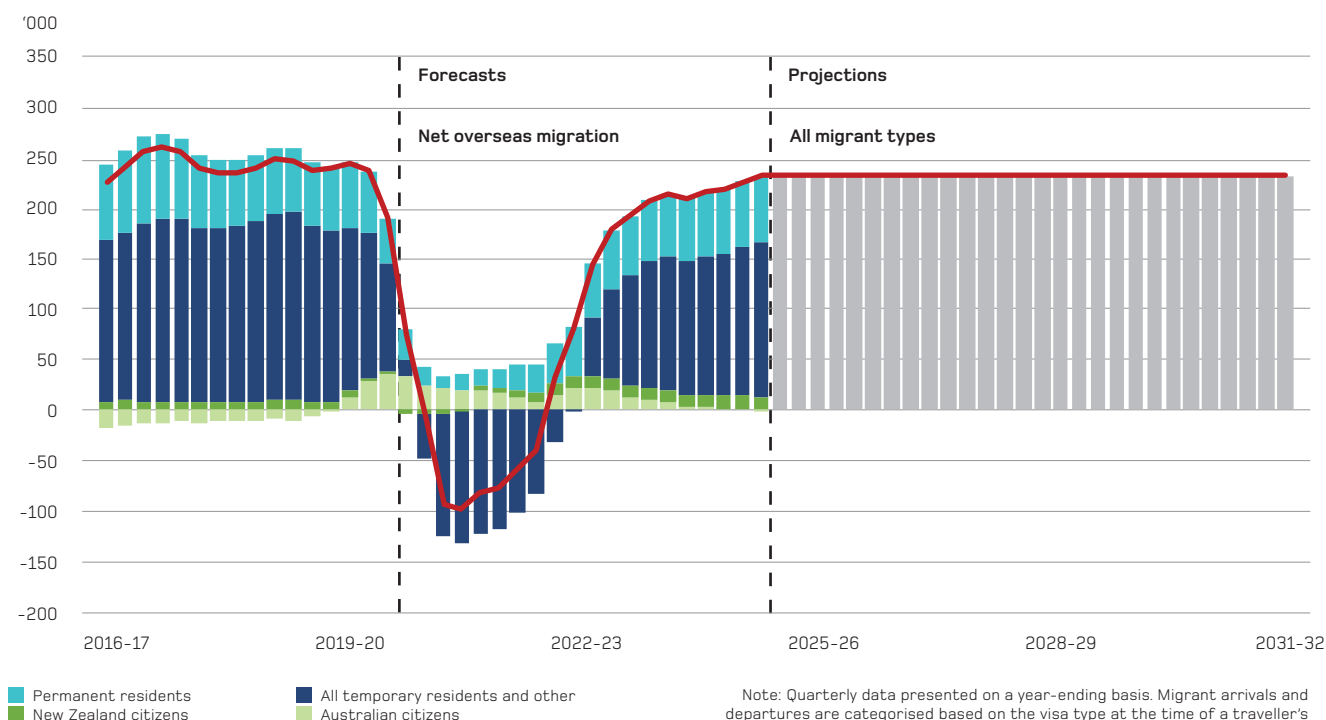
The reopening of international borders is forecast to drive an increase in Australia's population from 25.7 million in 2020-21 to 29.3 million in 2031-32.

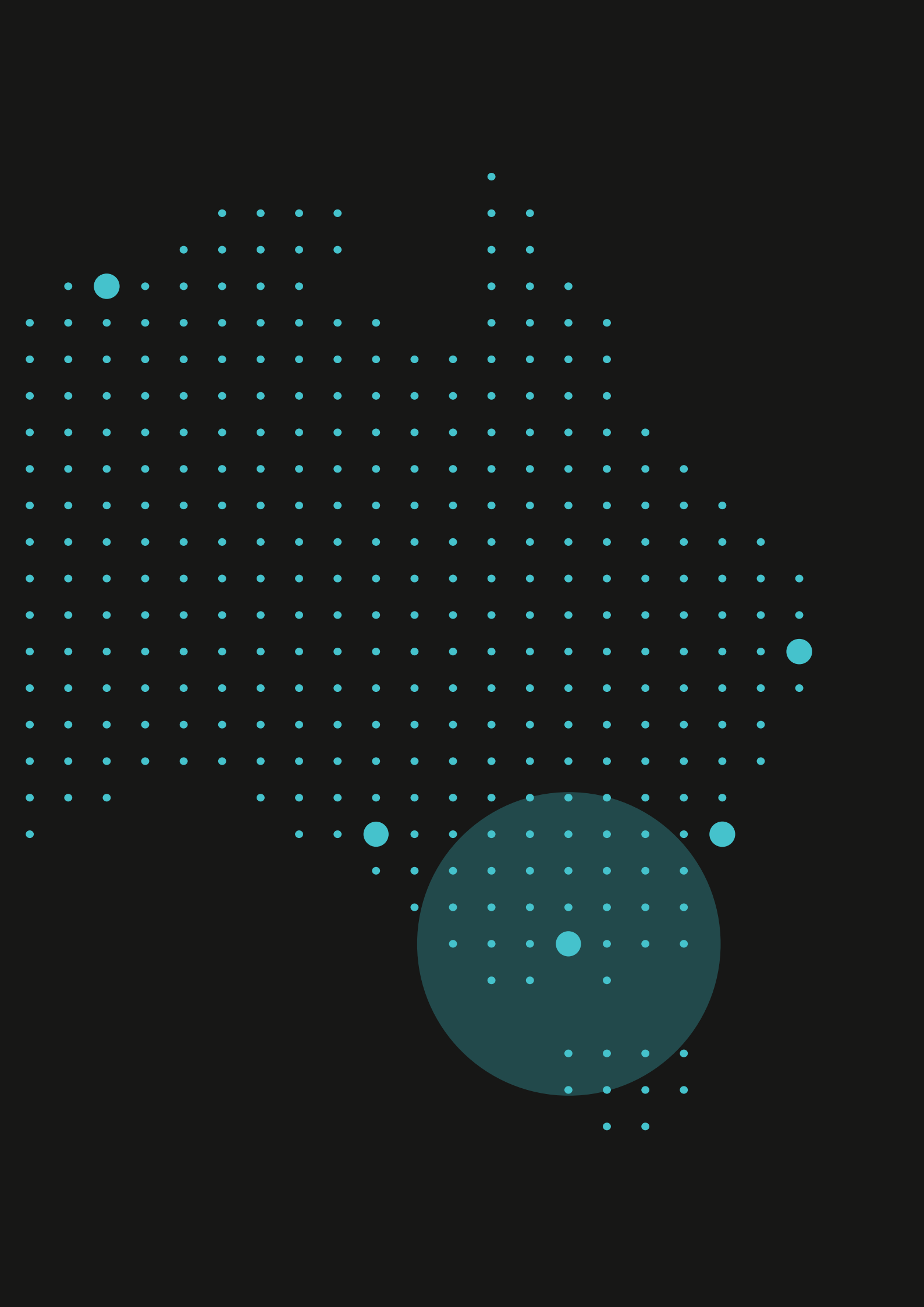
Annual population growth is forecast to increase from 0.3% in 2021-22 to 1.4% by 2024-25 underpinned by the recovery of net overseas migration to long-run levels of 235,000.

Population Growth and Components, Australia



Net Overseas Migration by Visa





2.0

Victoria

Market Drivers

Economy

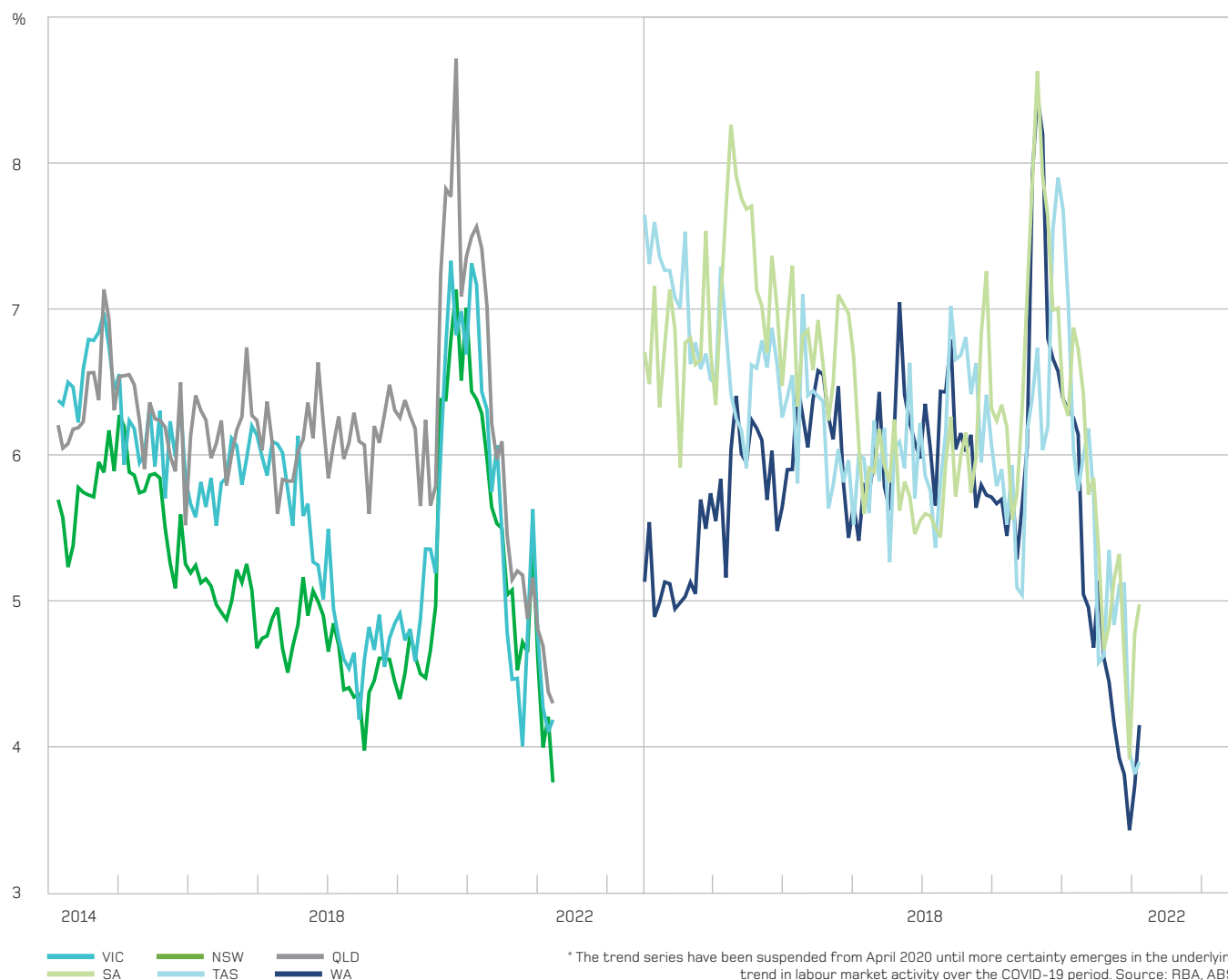
The Victorian economic recovery is continuing.

Victoria's economy is expected to grow by 3.25% in 2022-23, 2.25% in 2023-24 and 2.75% in both 2024-25 and 2025-26.

The labour market remains strong with the unemployment rate equal to the national average (4% as at March 2022).

Victoria has one of the highest participation rates nationally (67%) with various other economic and activity indicators, including construction work done and housing finance, also relatively high.

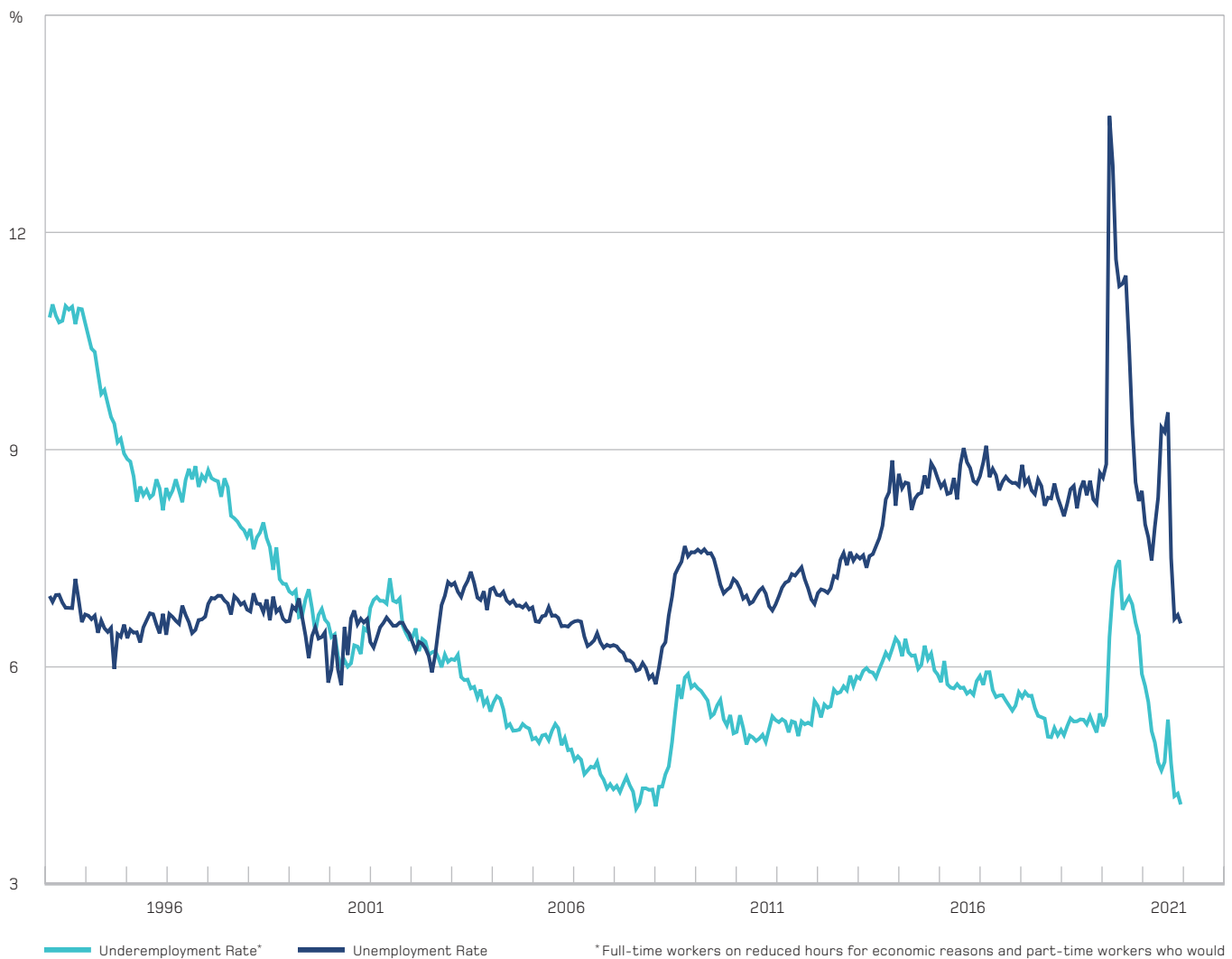
State Unemployment Rates* (%)





Carrington - New Oliver Hume project. Artist impression.

Labour Underutilisation Rates – Australia



Market Drivers

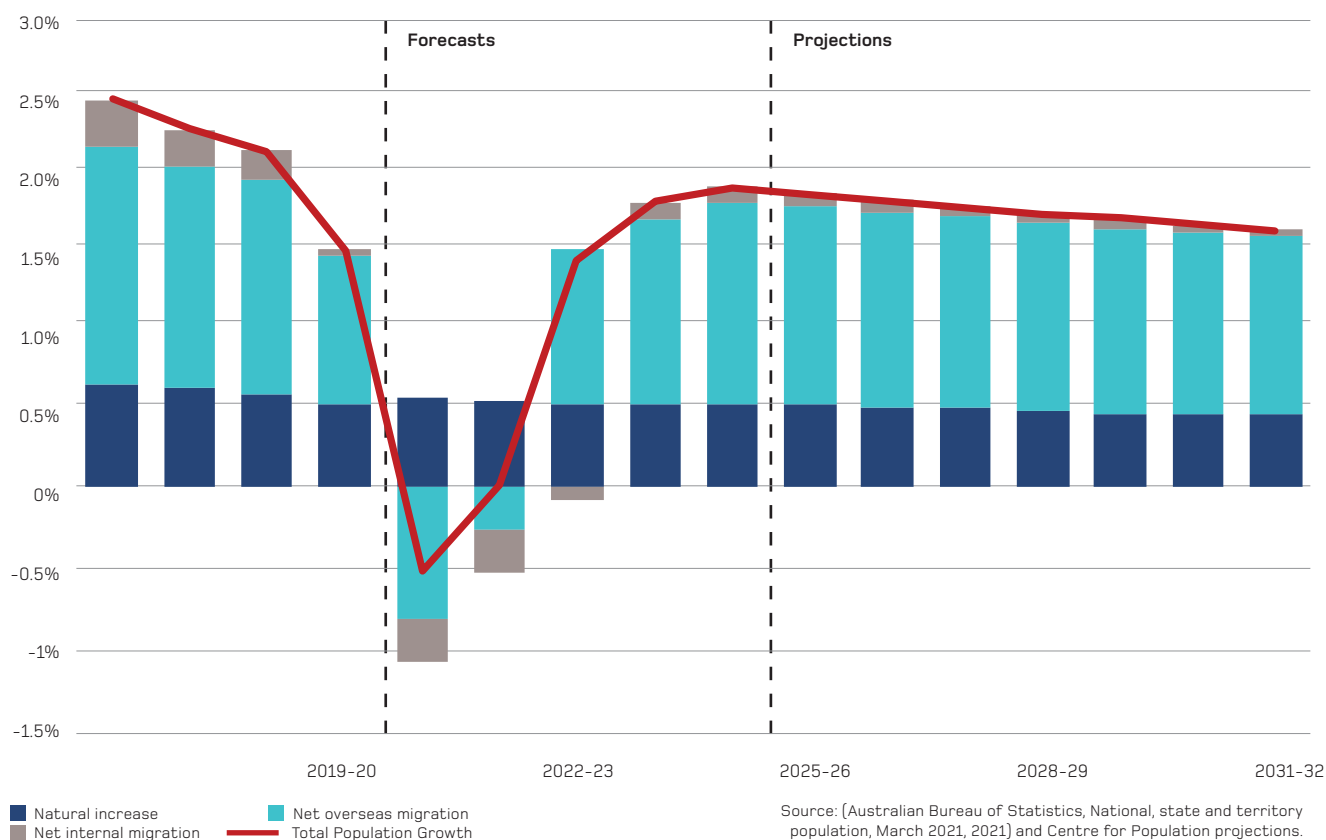
Population

Victoria's population growth rate is forecast to increase from 0% in 2021-22 and then to 1.9% by 2024-25 (the fastest in Australia).

Overseas migration is expected to remain the primary driver of population growth.

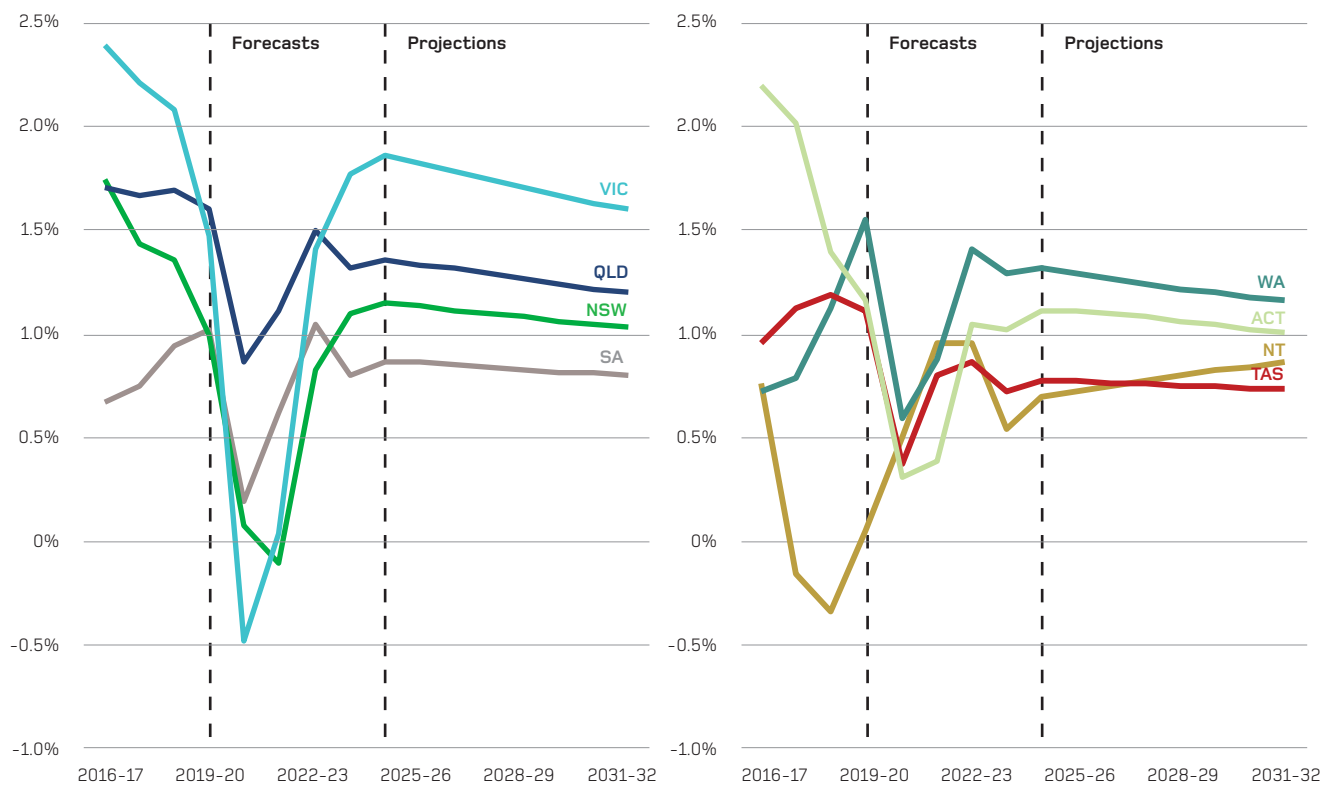
Melbourne is forecast to be Australia's fastest growing capital city from 2023-24 onwards. Melbourne is forecast to overtake Sydney as Australia's largest capital city by 2029-30.

Population Growth and Components, Victoria





Population Growth by State



Source: Centre for Population 2021, Population Statement, The Australian Government, Canberra.

Land Market

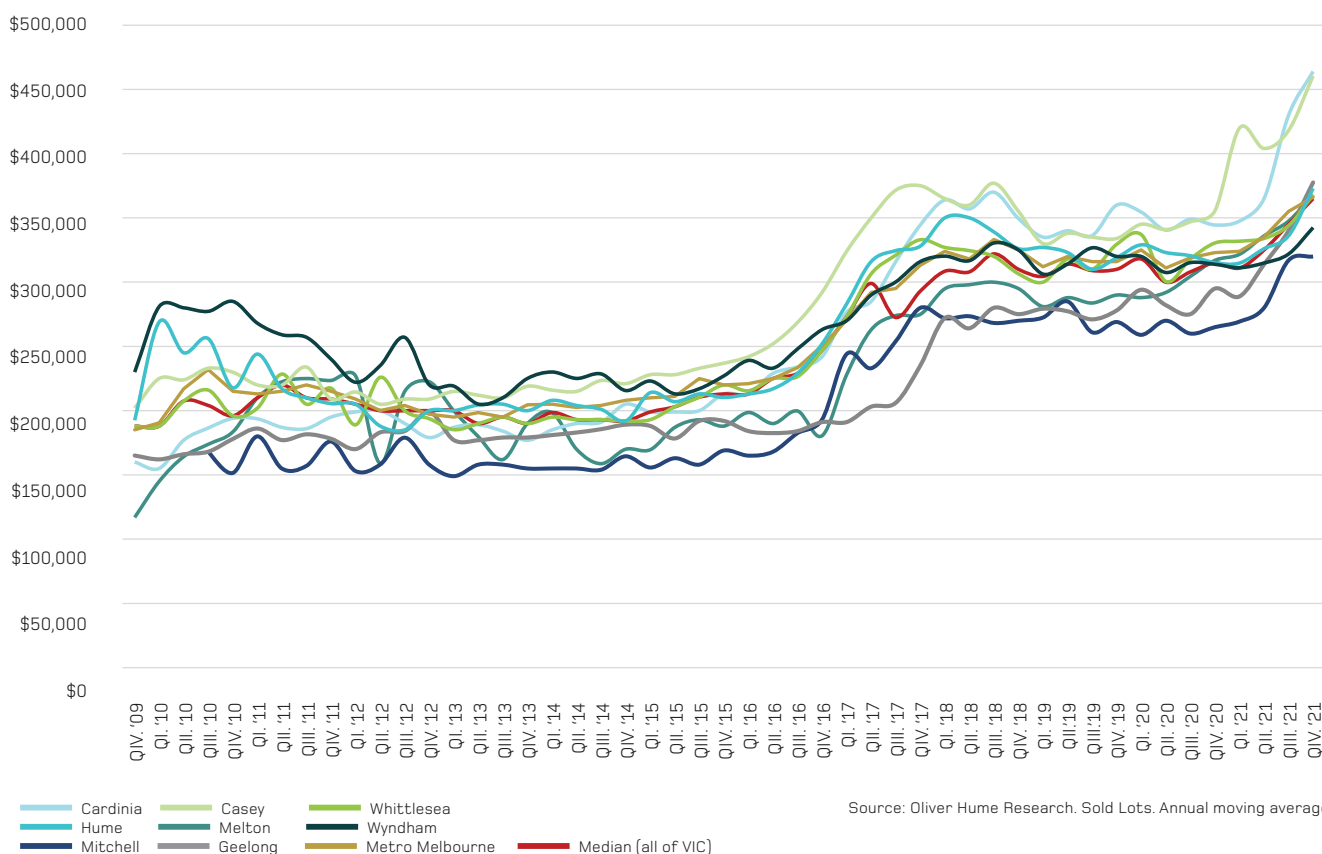
Prices

New residential land prices rose again in the March quarter 2022 reaching record highs.

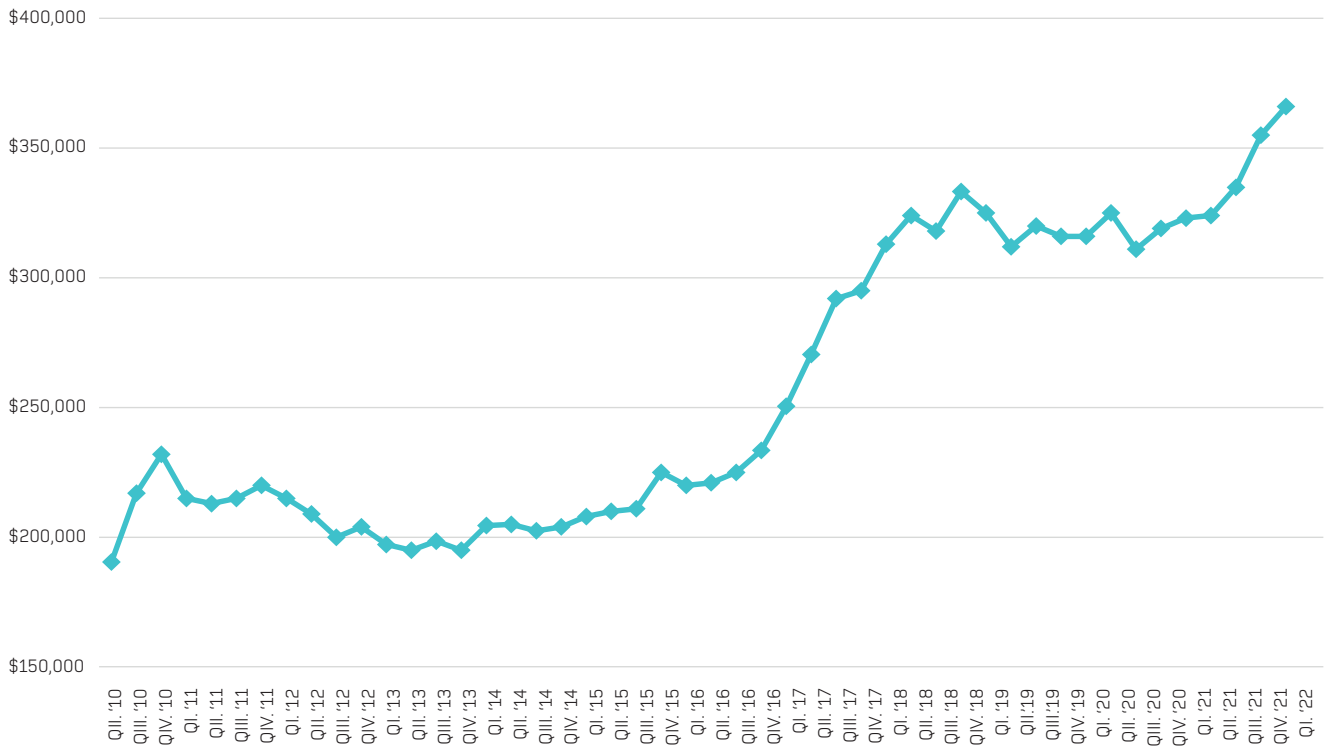
The median (gross) price of metropolitan Melbourne conventional lots reached \$366,000 (3.1% higher over the quarter and 13.3% higher over the year).

In addition to Geelong, which recorded the fastest growth (11.1%), all metropolitan growth areas recorded price growth led by the Hume Local Government Area (11.0% higher over the year).

Victorian Growth Area Median Land Prices



Metropolitan Melbourne Growth Area Municipalities Median Land Prices



Source: Oliver Hume Research. Sold Lots.

Victorian Median Lot Prices

Municipality	QI, '21	QII, '21	QIII, '21	QIV, '21	QI, '22	% Change (QoQ)	% Change (YoY)
Cardinia	\$344,500	\$347,500	\$365,000	\$429,900	\$464,000	7.9%	34.7%
Casey	\$355,500	\$419,833	\$404,000	\$418,000	\$460,400	10.1%	29.5%
Geelong	\$294,900	\$288,767	\$313,750	\$339,900	\$377,500	11.1%	28.0%
Hume	\$315,000	\$314,800	\$326,000	\$336,000	\$372,900	11.0%	18.4%
Melton	\$317,000	\$321,667	\$336,000	\$347,500	\$368,050	5.9%	16.1%
Mitchell	\$265,000	\$269,333	\$280,000	\$317,000	\$320,000	0.9%	20.8%
Whittlesea	\$330,450	\$331,850	\$334,000	\$344,000	\$368,000	7.0%	11.4%
Wyndham	\$313,900	\$311,250	\$314,900	\$321,900	\$342,500	6.4%	9.1%
Metro Melbourne (All Growth Areas) - Conventional	\$323,000	\$324,000	\$334,900	\$355,000	\$366,000	3.1%	13.3%
Metro Melbourne (All Growth Areas) - All Lots	\$320,000	\$321,667	\$335,000	\$355,000	\$367,500	3.5%	14.8%
Median (All of Victoria)	\$315,000	\$311,000	\$325,000	\$345,000	\$365,000	5.8%	15.9%

Source: Oliver Hume Research. Sold Lots.

Land Market

Sales Volumes

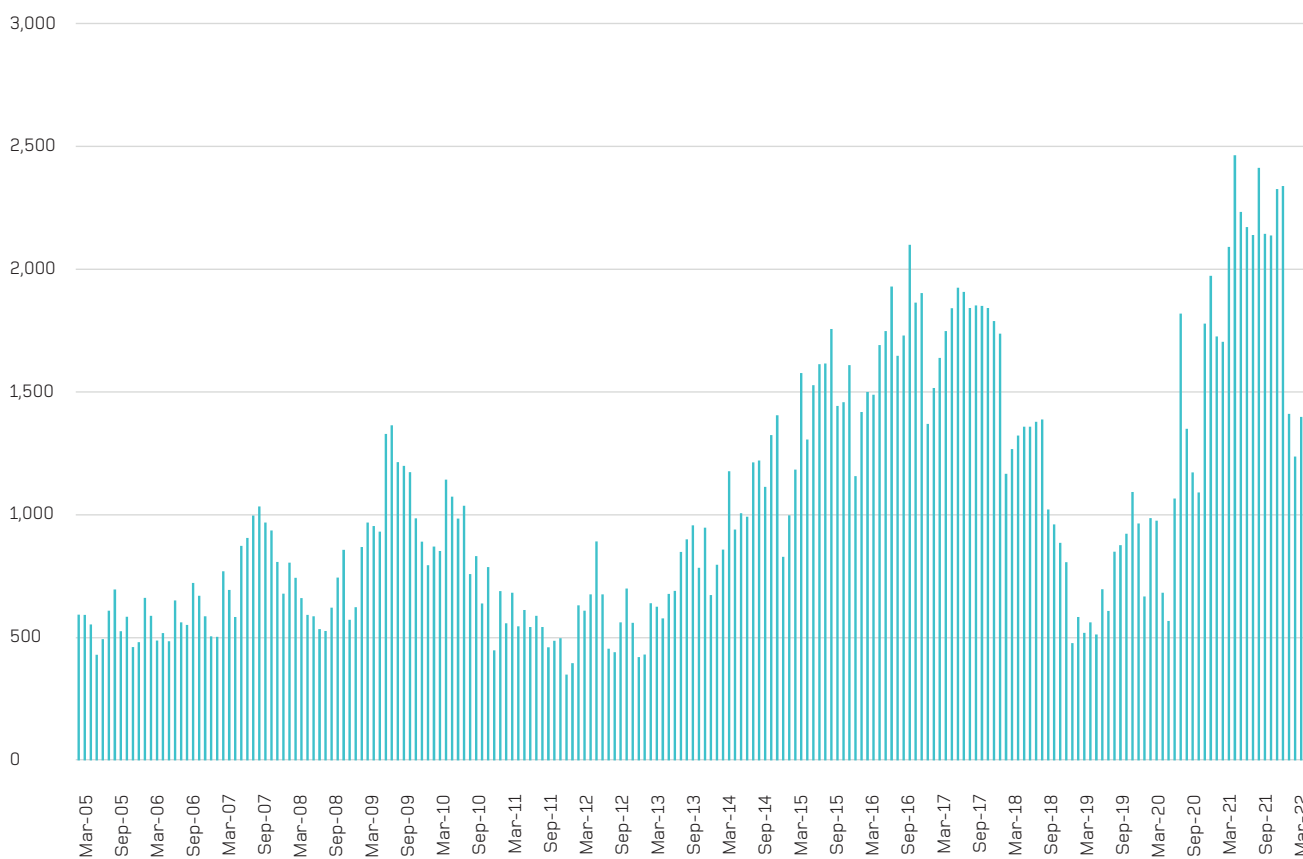
Market activity remains below levels observed in 2021.

The lower volume of sales is being driven by a range of factors including, most importantly, the return to long-term trends consistent with underlying demand.

This follows a record year which was underpinned by record low interest rates, Government incentives and a rapid economic recovery.

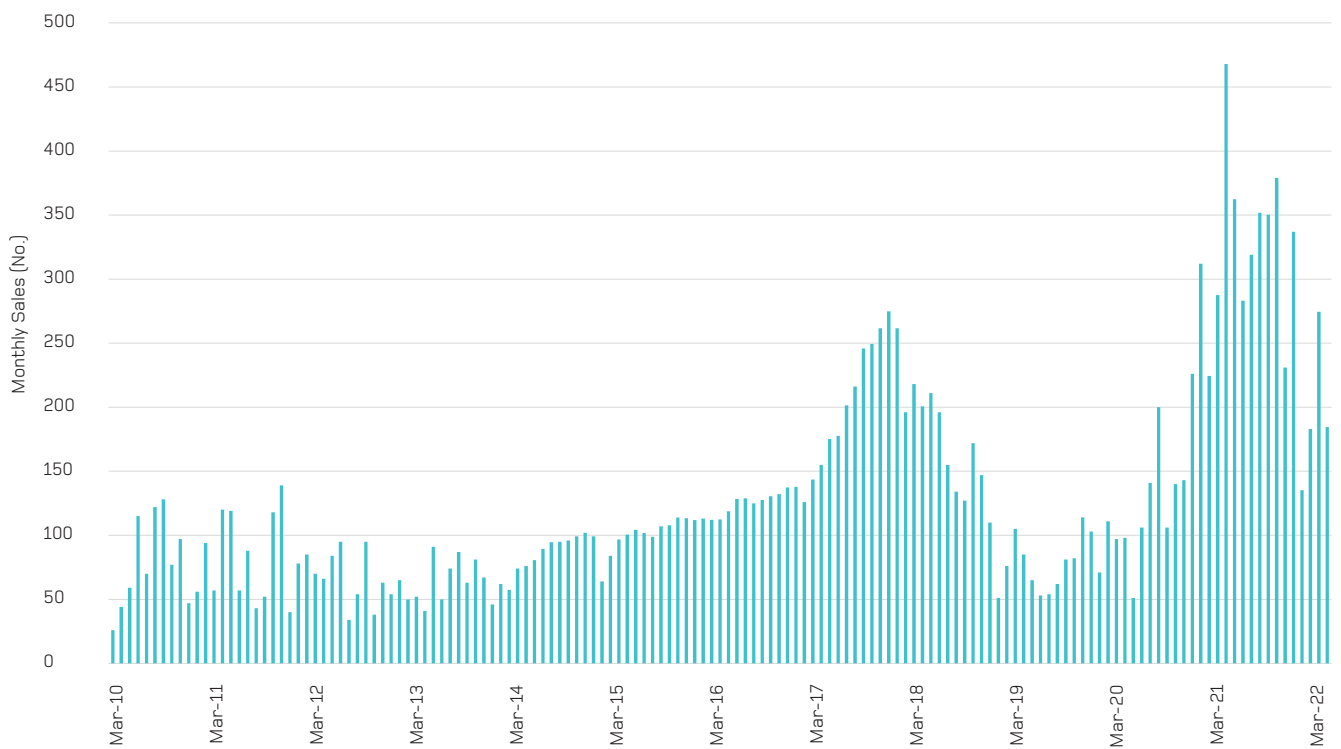
Stock constraints and higher prices are also affecting buyer demand and sales volumes.

Monthly Land Sales – Metropolitan Melbourne



Source: Oliver Hume Research.

Monthly Land Sales – City of Greater Geelong



Source: Oliver Hume Research.

Median Lot Size

Median lots sizes across metropolitan Melbourne and Greater Geelong generally remained just below 400 sqm in the March quarter 2022. On average, the smallest lots sold were in the Whittlesea and Wyndham municipalities.

Metro Melbourne and Greater Geelong Residential Land Median Lot Sizes (sqm)

Municipality	QI, '21	QII, '21	QIII, '21	QIV, '21	QI, '22
Victoria	400	399	392	392	392
Cardinia	418	420	400	400	392
Casey	397	400	388	400	400
Greater Geelong	445	392	400	406	420
Hume	400	399	392	390	392
Melton	392	400	380	375	388
Mitchell	401	392	392	444	392
Whittlesea	400	378	350	336	350
Wyndham	392	392	389	350	350

Source: Oliver Hume Research. Sold Lots.

VICTORIA

Metropolitan Melbourne

March Quarter 2022

COMMONLY SOLD LOTS

12.5m x 28m

12.5m x 32m

14m x 32m

MEDIAN PRICE

\$367,500

MEDIAN SIZE

380 sqm

MEDIAN VALUE RATE

\$1,000 per sqm



VICTORIA

Median Lot Prices by Suburb (Gross)

400 sqm and 488 sqm Lots
March Quarter 2022

- 400 sqm Median Price
- 488 sqm Median Price

Source: Oliver Hume Research. Sold.

WALLAN
\$297,000
\$326,000

MICKLEHAM
\$395,000
\$458,000

KALKALLO
\$349,000
\$394,000

BEVERIDGE
\$316,000
\$414,000

CRAIGIEBURN
\$381,000
\$483,000

WOLLERT
\$390,000
\$449,900

GREENVALE
\$413,000
\$530,000

MELBOURNE

BERWICK
\$522,000
\$619,000

OFFICER
\$439,000
\$509,000

CLYDE
\$393,000
\$469,000

Development Sites



Peter Vassallo

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Demand for residential development sites remains intense and continues to be underpinned by higher retail prices, a positive market outlook and developer optimism.

In contrast to last year, when stock being offered to the market was generally sold, the current market has less stock being offered.

Moreover, most stock is of generally either of lesser quality or allowing a smaller lot yield.

In response, developers have shifted their acquisition strategy and are increasingly focussing on acquiring sites where they can increase prices and rely less on volumes.

Developers are also increasingly having to factor in cost escalations which are continuing to flow through to all aspects of the market.

It is likely that cost increases have yet to fully flow through. This is especially the case given continued labour and material constraints and the recent spike in consumer inflation, which incidentally, also suggests that inflation is higher than previously thought and has arguably resulted in interest rates increasing sooner.

Development sites in both metropolitan and regional locations remain highly sought after.

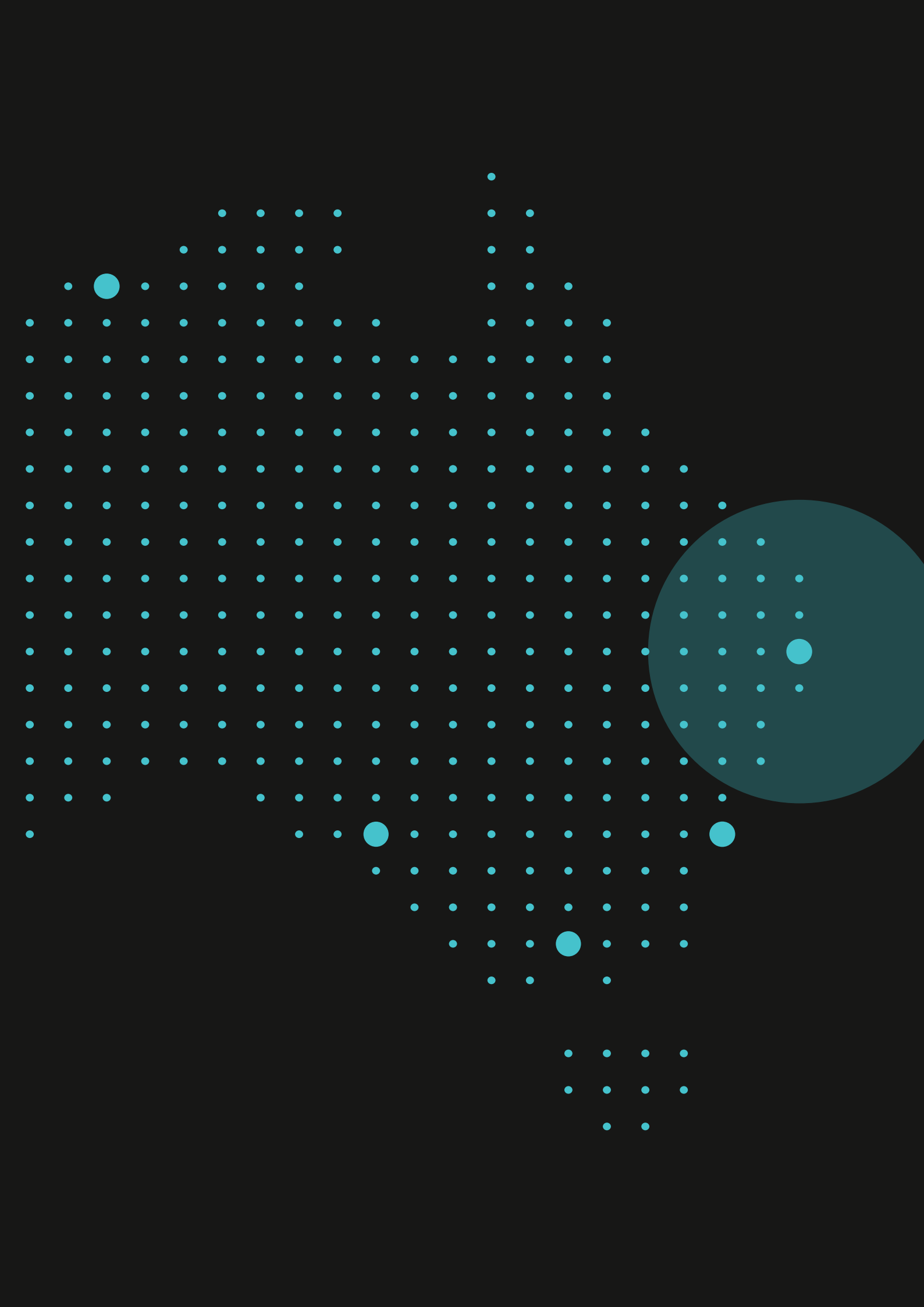
COVID-19 and the shift to working from home saw buyer and developer interest for regional locations increase sharply. However, as with metropolitan locations, developers are faced with limited stock availability. Smaller sites dominate the offering.

Local developers continue to dominate acquisition activity with very little interest from foreign developers.

Lending rates have narrowed between non-bank and banks making the former increasingly attractive despite the higher cost. Importantly, non-banks continue to attract residential development business on factors other than price including, amongst others, speed of response and overall lending policies and management over the short and long-term.

Development sites in both metropolitan and regional locations remain highly sought after.





3.0

Queensland

Market Drivers



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Economy

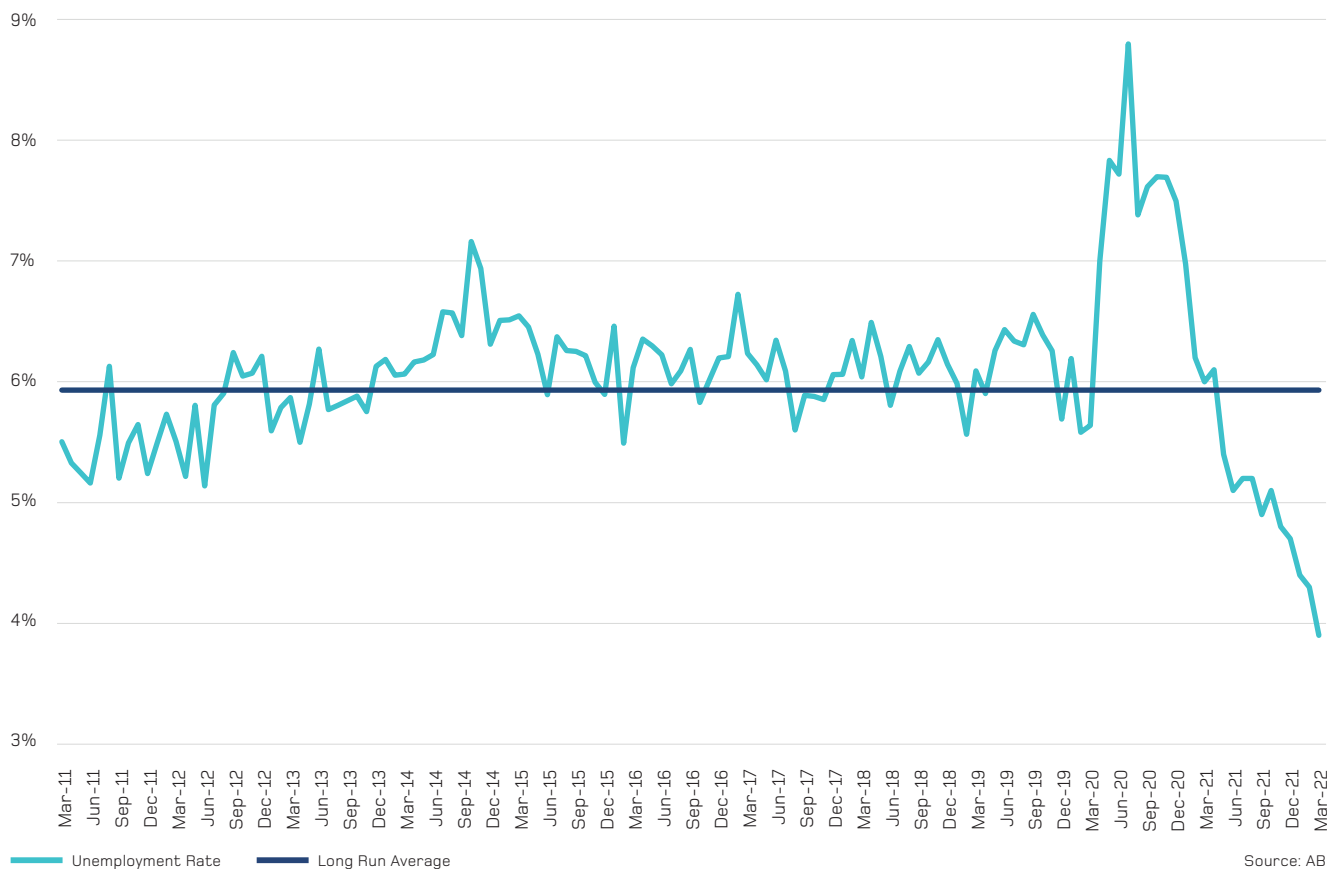
Despite recent floods, Queensland's economic recovery is continuing with housing construction, consumption, population growth and business investment amongst the drivers supporting growth.

Queensland's unemployment rate continues to decline and reached 4% in March 2022.

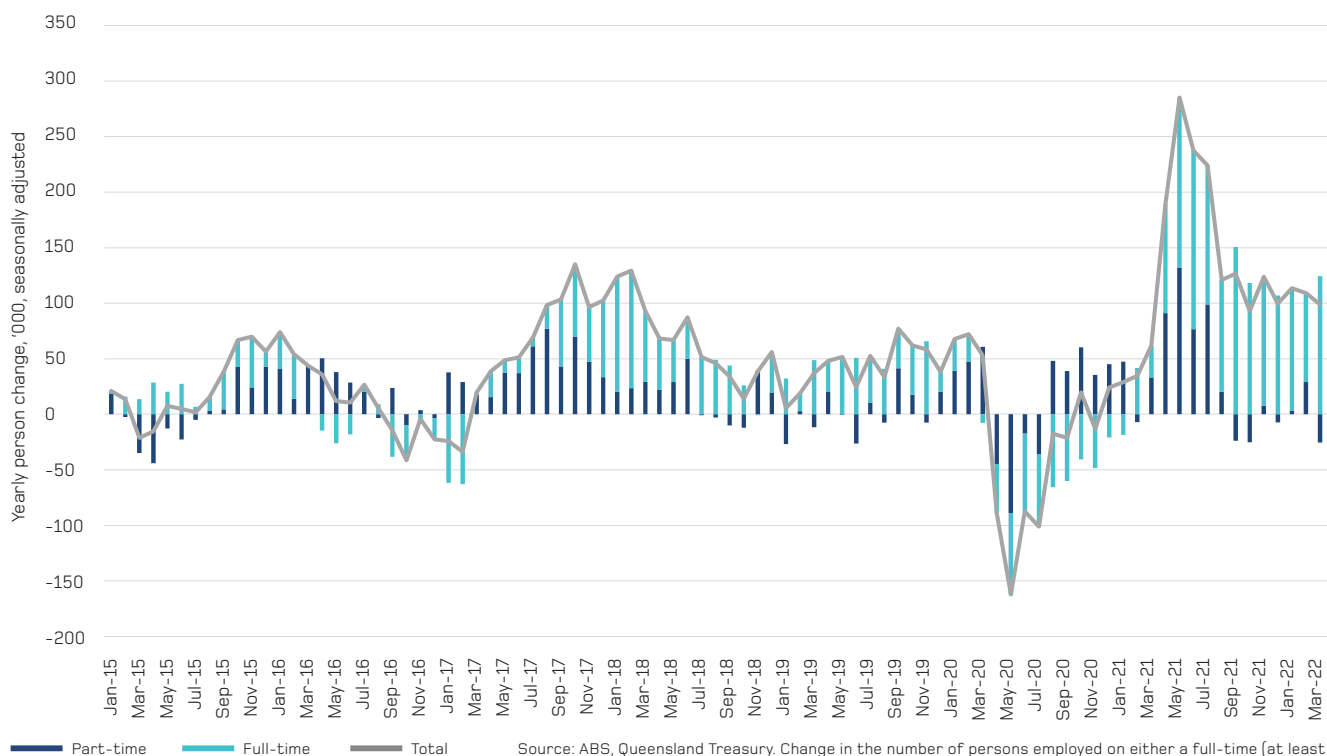
The state's participation rate also remains healthy at over 66% suggesting future workers continue to enter the labour force.



Queensland Unemployment Rate



Queensland Employment Growth



Market Drivers

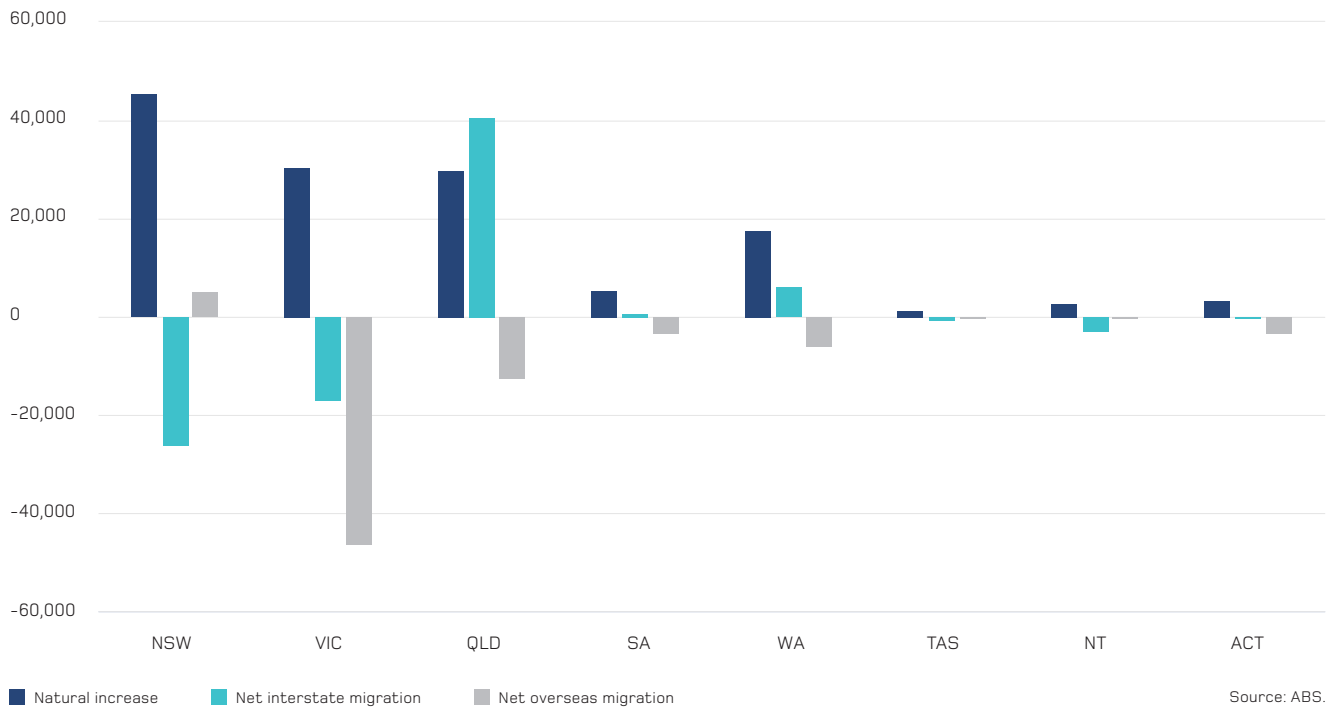
Population

Queensland continues to attract more interstate migrants than any other state. Queensland recorded very high levels of net interstate migration (over 40,600 people) for the year ending 30 September 2021.

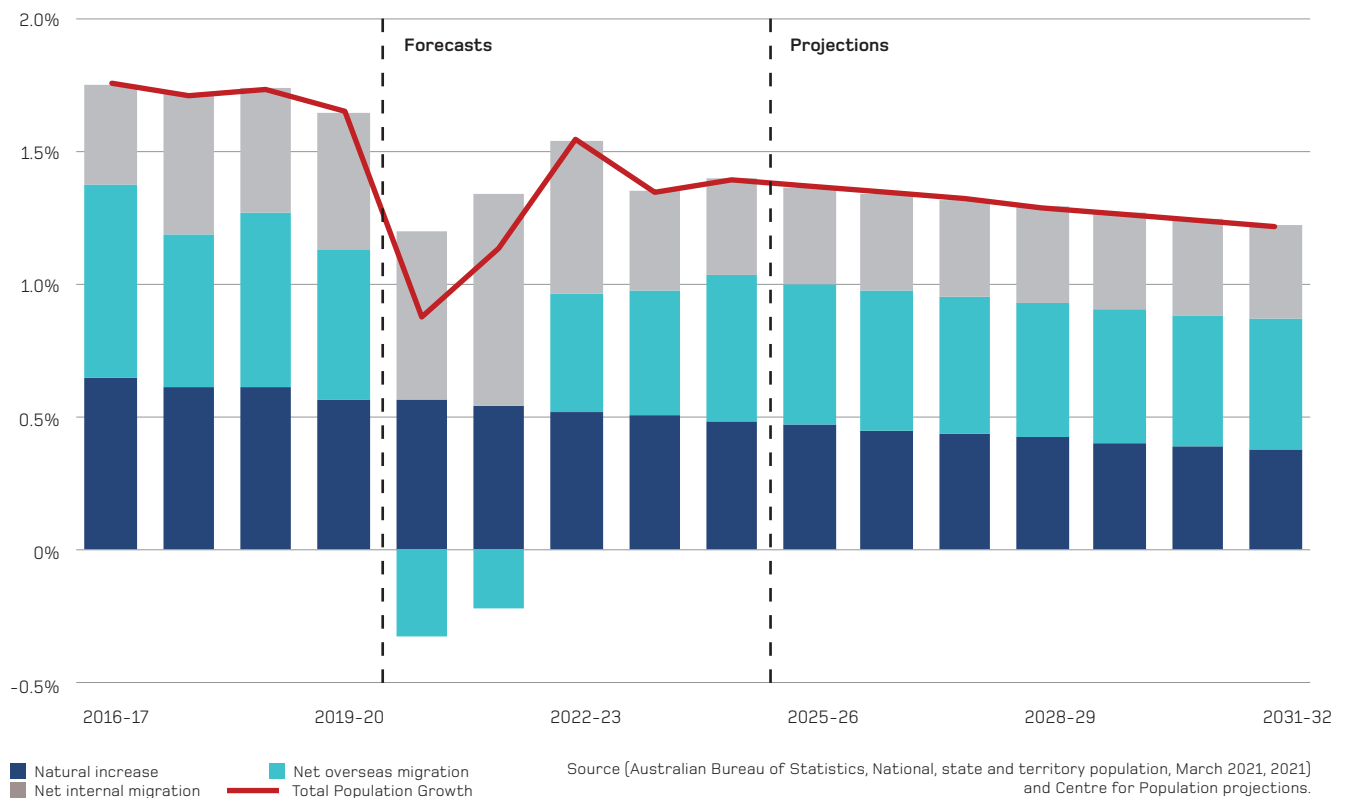
The state is forecast to continue experiencing the largest net interstate migration gains of any jurisdiction making Queensland the fastest growing state in Australia until 2023-24.



Components of annual population growth – year ending 30 September 2021



Population Growth and Components, Queensland



Land Market

Land Market

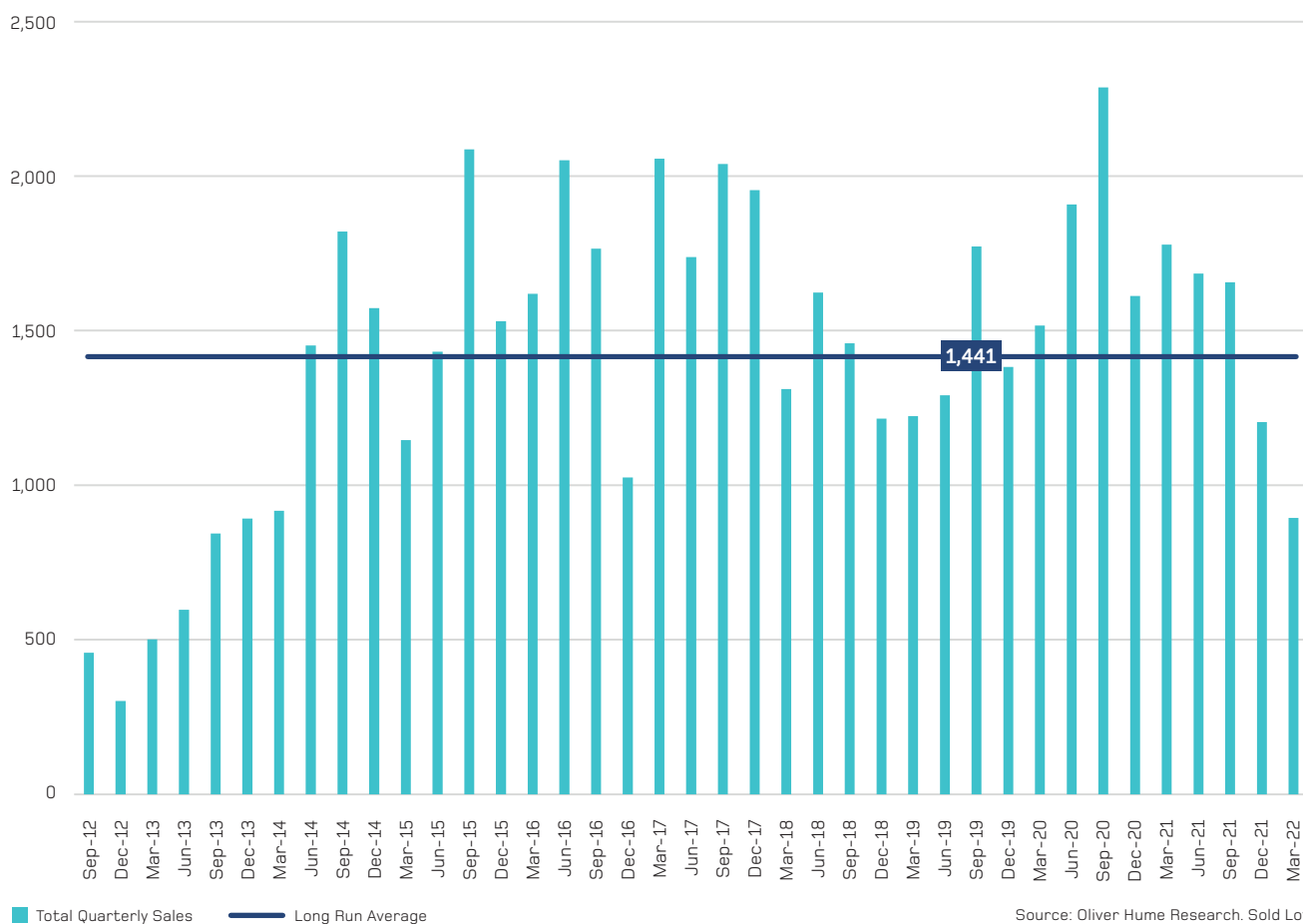
The South East Queensland land market remains resilient and buyer interest remains high. However, the market continues to be challenged by a lack of stock.

These factors have also led to residential lots being sold quickly and land prices continuing to increase.

Stock levels have continued to decline and regions with highest stock levels continue to dominate sales.

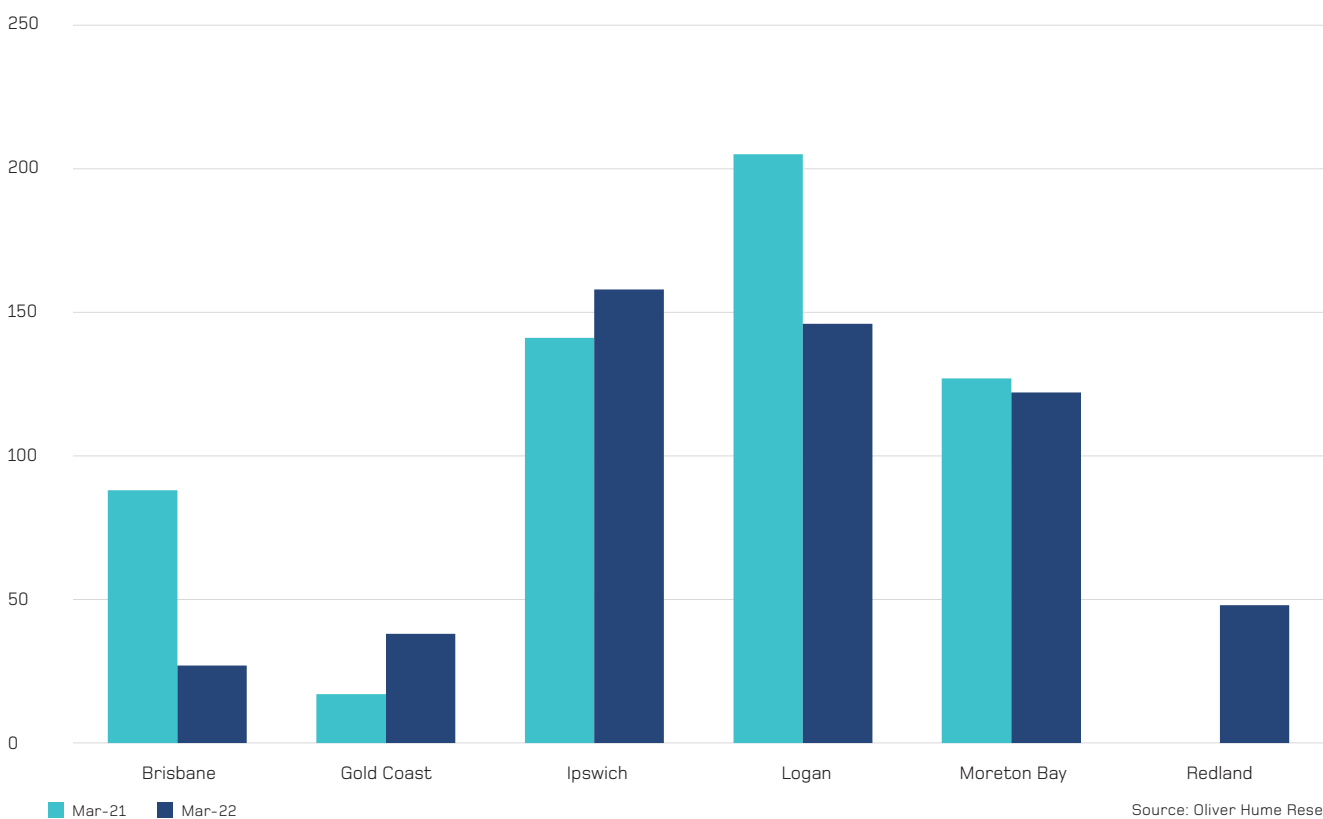
Sales volumes are expected to increase with many projects planning new releases.

South East Queensland Project Land Sales





Available Stock – South East Queensland Growth Corridors



Land Market

Market Share

The Ipswich LGA recorded the highest market share accounting for around 38% of all sales in the March quarter.

Growth Corridor Sales Market Share

Quarter	Brisbane Sales	Gold Coast Sales	Ipswich Sales	Logan Sales	Moreton Bay Sales	Redland Sales
Mar. '22	2.5%	4.2%	38.4%	35.3%	18.4%	1.1%
Dec. '21	1.3%	12.8%	57.8%	12.8%	11.7%	3.6%
Mar. '21	4.9%	3.4%	28.1%	36.9%	24.1%	2.5%

Source: Oliver Hume Research.



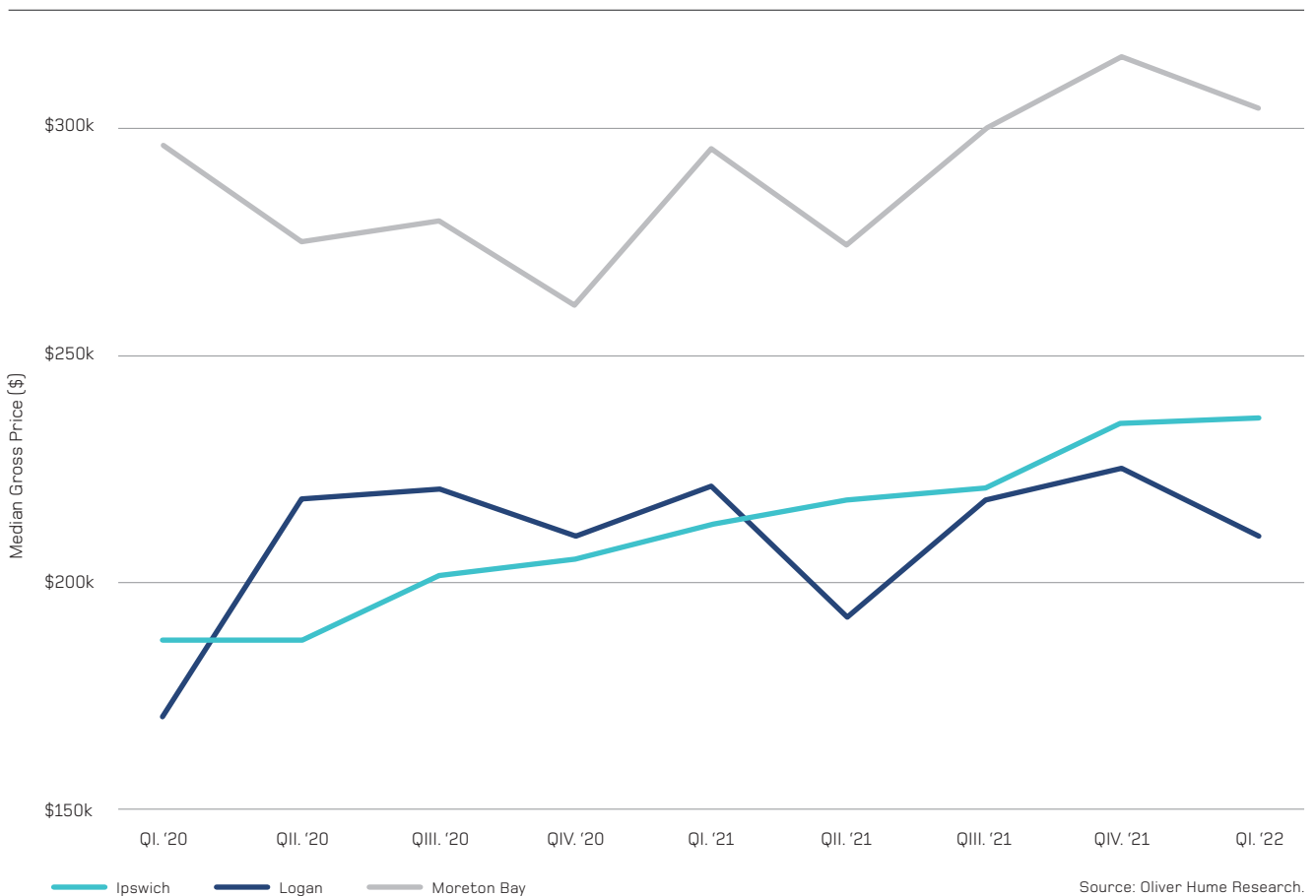
Prices

Price momentum remains positive in the South East Queensland market, driven by steady population growth underpinned by interstate migration, limited stock availability and continued strength in the broader residential market.

Compositional changes in the South East Queensland market have increased the median prices of lots being sold (for example premium developments being offered in the Brisbane and Gold Coast markets).

However, adjusting for these factors we continue to observe steady price growth.

South East Queensland Median Lot Price – (12.5 x 30m, selected markets)



Land Market

Median Lot Size

Most lots sold in South East Queensland in the March quarter 2022 were in the range 301-400 sqm (over the quarter 32% of sales occurred in this size range).

South East Queensland Median Lot Sizes by Local Government Area (sqm)

LGA	Q1. '22	Q4. '21	Q1. '21	QoQ	YoY	5 yr Change
Brisbane (C)	477	425	393	12.2%	13.7%	23.6%
Gold Coast (C)	433	448	742	-3.3%	-41.6%	-11.7%
Ipswich (C)	400	435	420	-8.0%	-4.8%	-8.8%
Logan (C)	480	400	401	20.0%	19.7%	18.1%
Moreton Bay (R)	430	448	433	-4.0%	-1.0%	0.6%
Redland (C)	402	414	432	-2.8%	-6.9%	-12.0%
SEQ	443	482	412	-8.1%	7.5%	1.4%

Source: Oliver Hume Research.

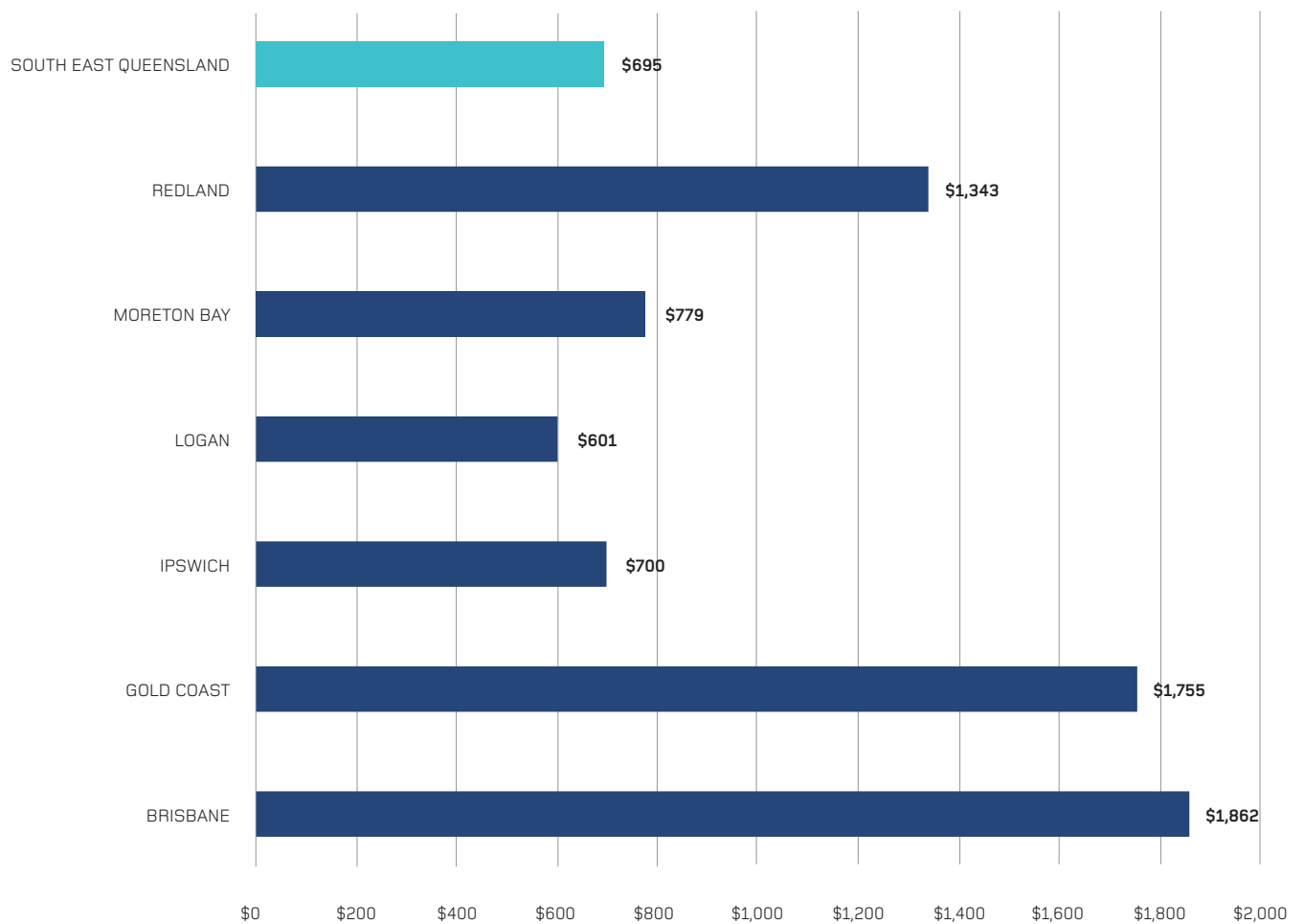


Value Rates

The South East Queensland average value rate increased by nearly 25% over the quarter due to an increase in demand for smaller blocks.

Brisbane saw the largest increases in value rates due to a larger number of premium lot offerings.

South East Queensland Project Land Sales (March Quarter 2022) | Median Value Rate (\$ per sqm)



Source: Oliver Hume Research.

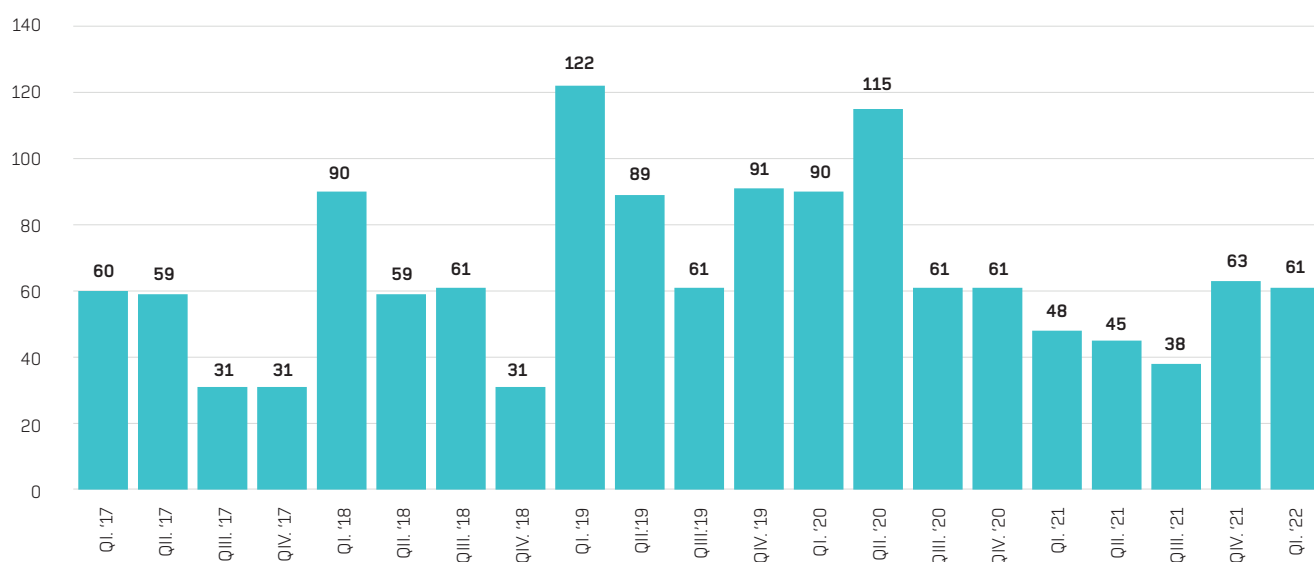
Land Market

Time on Market

Lots sold in the March quarter 2022, across the broader South East Queensland market, remained on the market for an average of 61 days.

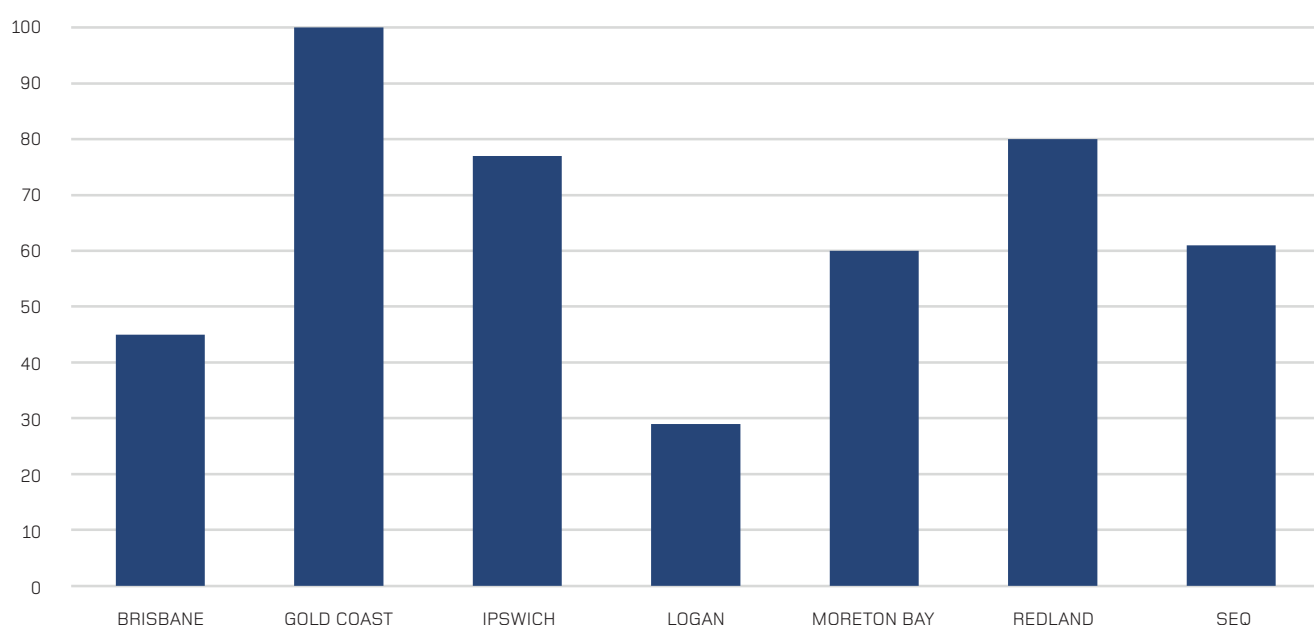
This was slightly below the previous quarter reflecting continued robust demand and constrained lot supply.

South East Queensland New Residential Land – Median Time on Market (Days)



Source: Oliver Hume Research. Median data.

South East Queensland New Residential Land – Median Time on Market (Days)



Source: Oliver Hume Research.



QUEENSLAND

South East Queensland

March Quarter 2022

COMMONLY SOLD LOTS

12.5m x 32m

12.5m x 30m

14m x 32m

MEDIAN PRICE

\$307,700

MEDIAN SIZE

448 sqm

MEDIAN VALUE RATE

\$695 per sqm



QUEENSLAND

Median Lot Prices by Suburb (Gross)

375 sqm and 400 sqm Lots
March Quarter 2022

- 375 sqm Median Price
- 400 sqm Median Price

Source: Oliver Hume Research. Sold.

NEWPORT
n/a
\$650,900

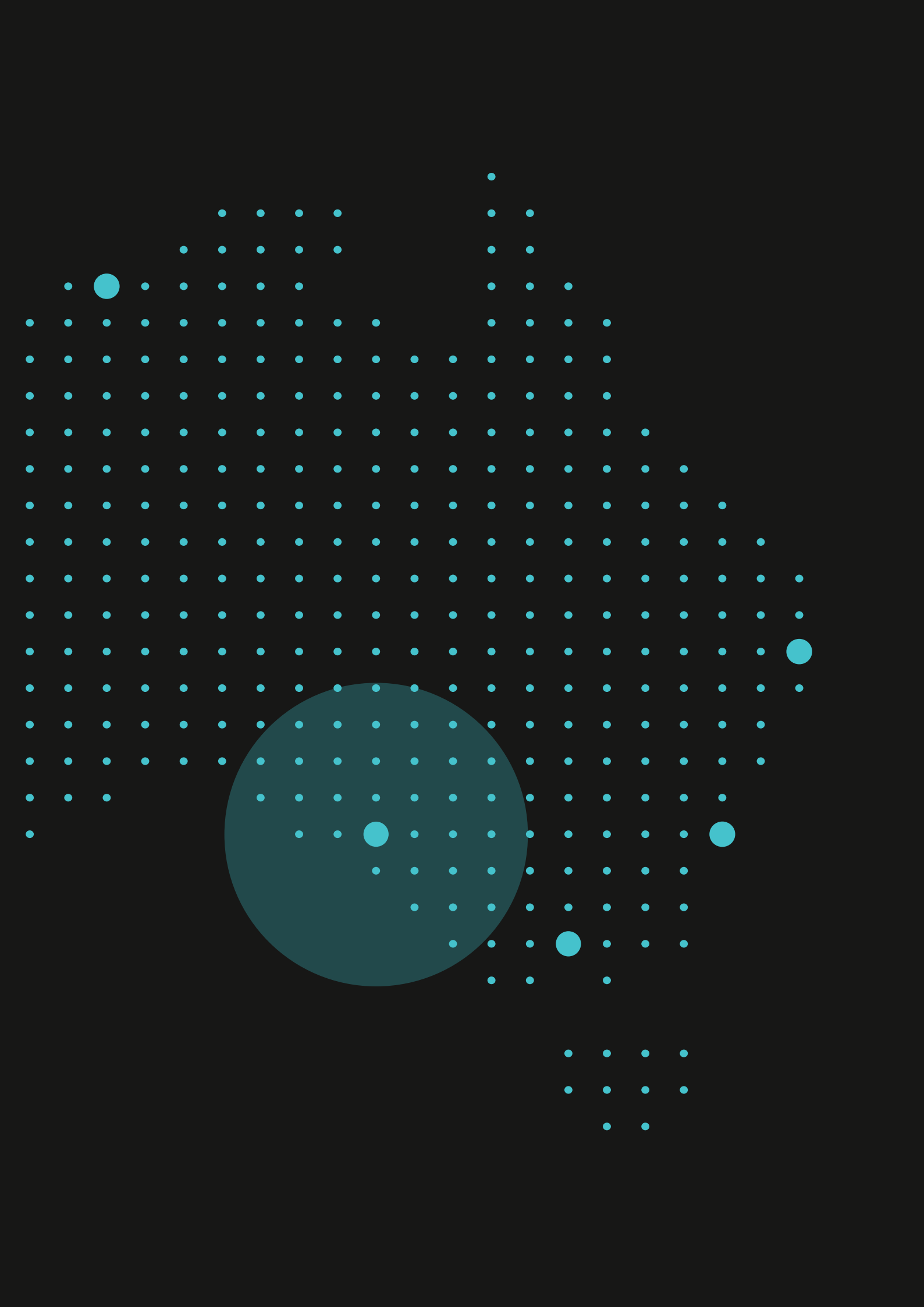
BRISBANE

VICTORIA
POINT
n/a
\$540,000

CHAMBERS
FLAT
n/a
\$317,500

NEERANG
\$772,500
n/a

GOLD COAST



4.0

South Australia

Market Drivers



George Bougias

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Economy

Growth is accelerating in the South Australian economy as the state recovers from the impacts of COVID-19.

The state's unemployment rate continues to decline (4.9% in March 2022) with South Australia recording robust jobs growth over the year.

In March 2022 total employment increased by 0.4% in South Australia (in seasonally adjusted terms).

The property and construction sectors remain key drivers of growth and are expected to underpin economic activity going forward.

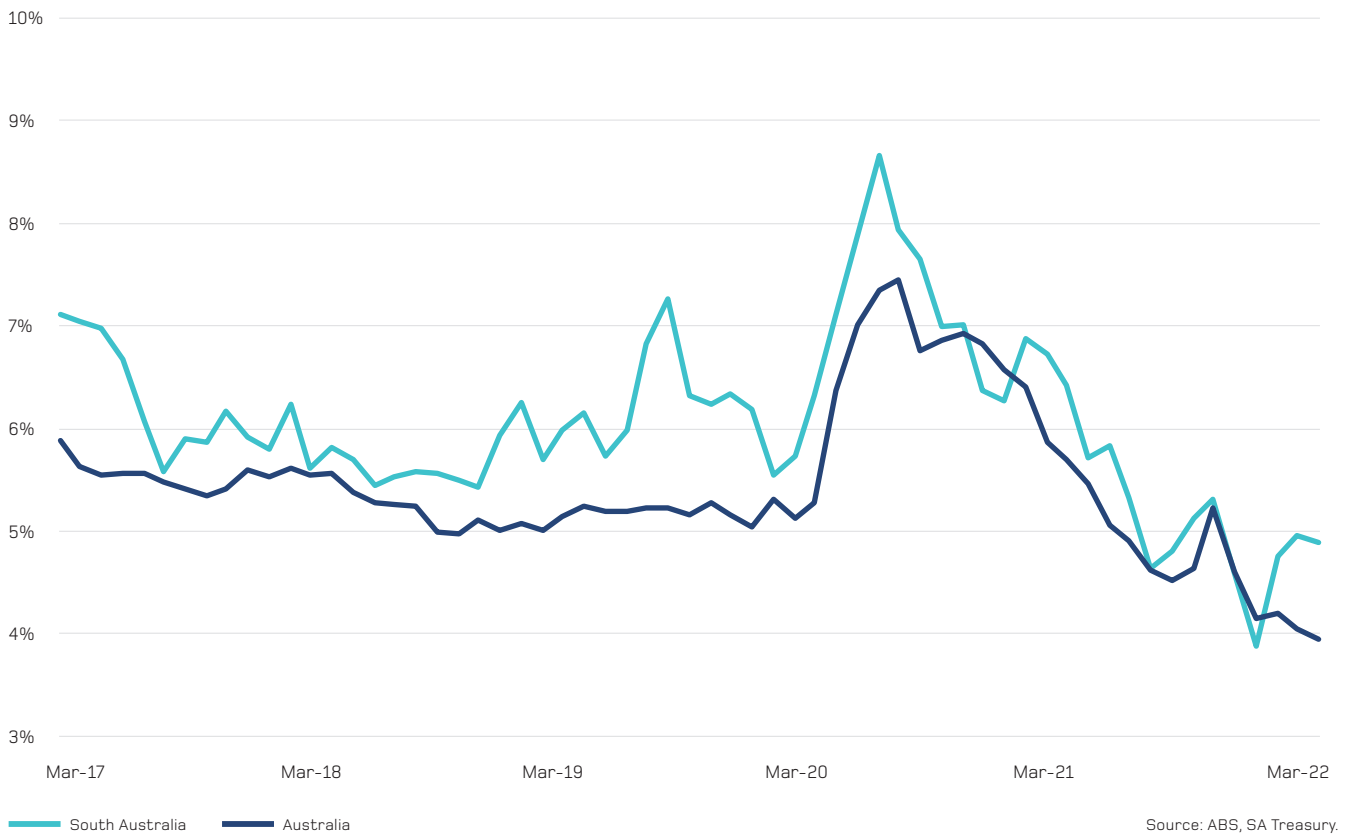
The number of new dwellings approved in South Australia increased by 36% (in seasonally adjusted terms).



South Australia Total Employment ('000)



South Australia Unemployment Rate



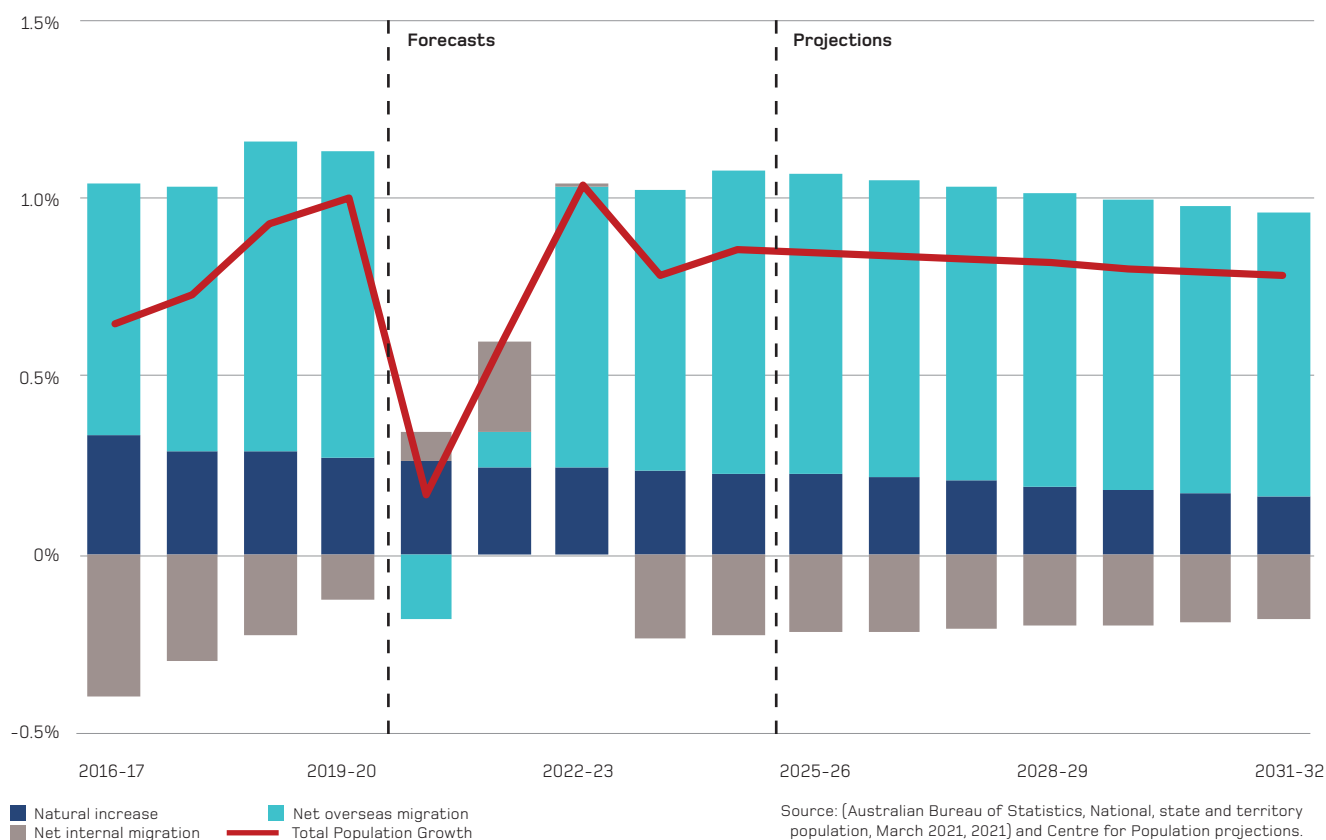
Market Drivers

Population

The reopening of international borders and higher levels of overseas migration are forecast to underpin a rebound in population growth in South Australia.

South Australia has a greater share of permanent migration compared to most other jurisdictions.

Population Growth and Components, South Australia





Land Market

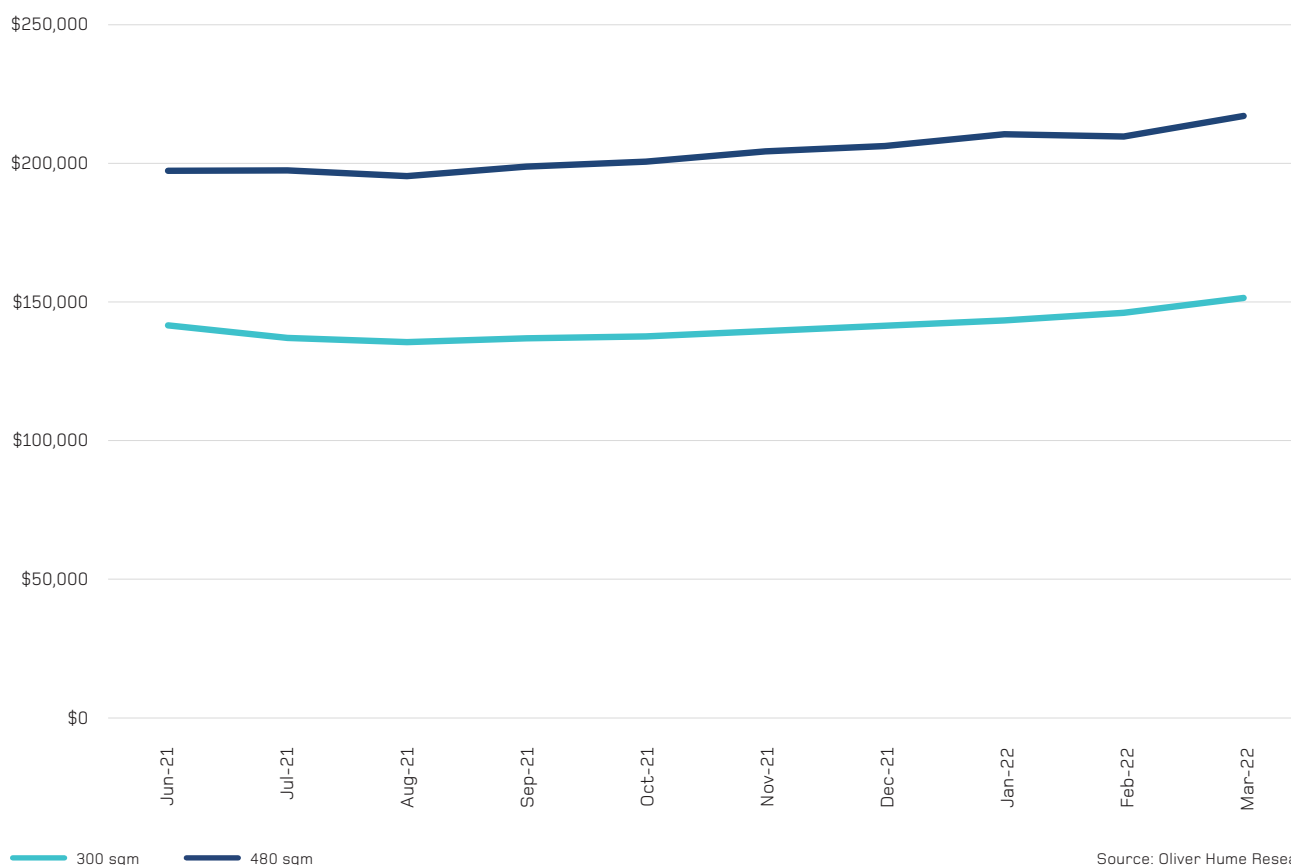
Prices

Greater Adelaide (metropolitan Adelaide and selected regional municipalities) new residential land prices continue to experience steady growth.

The Greater Adelaide market has traditionally experienced consistent price growth avoiding the volatility usually observed in east coast markets.

In the current cycle Greater Adelaide land price growth has lagged that of the broader property market.

Greater Adelaide Median Lot Price (3-month moving average, selected lot types)



Sales Volumes

The volume of sales in recent months has remained robust in Greater Adelaide underpinned by steady buyer demand and the availability of stock in key markets.

Over the last two years Adelaide has achieved record sales volumes. The reopening of international borders and the return of overseas migrants, combined with steady local demand, is expected to underpin sales over the medium to long term.

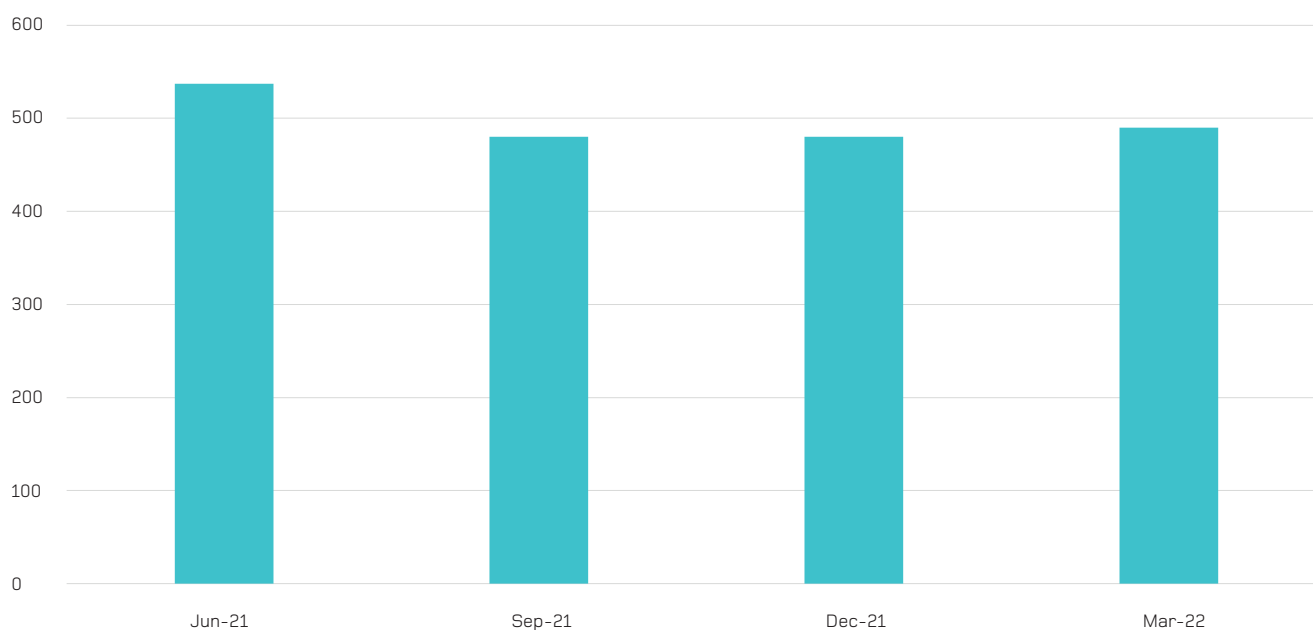


Median Lot Size

Median lots sizes across Greater Adelaide have steadily declined over the past two years.

Most recently, the median size of lots sold has averaged around 450 sqm.

Greater Adelaide Residential Land Median Lot Size (sqm) – Quarterly



Source: Oliver Hume Research.

SOUTH AUSTRALIA

Greater Adelaide

March Quarter 2022

COMMONLY SOLD LOTS

12.5m x 30m

10m x 30m

16m x 30m

MEDIAN PRICE

\$199,000

MEDIAN SIZE

494 sqm

MEDIAN VALUE RATE

\$417 per sqm



SOUTH AUSTRALIA

Median Lot Prices by Suburb (Gross)

315 sqm and 375 sqm Lots
March Quarter 2022

- 315 sqm Median Price
- 375 sqm Median Price

Source: Oliver Hume Research. Sold.







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