

Quarterly Market Insights

JUNE QUARTER 2022







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Foreword

Higher interest rates continue to drive the immediate and short-term outlook for Australia's greenfield markets.

To date, higher interest rates have mostly affected enquiries and sales volumes with residential land prices still generally edging higher in the June quarter.

The next few months should see a continuation of recent trends with the Reserve Bank of Australia (RBA) expected to increase interest rates further as the central bank tries to slow inflation.

While significant attention will be given to the impact of interest rates it is important to also keep in mind the broader range of factors which will continue to drive market activity in 2022 and beyond.

These factors include near record lows in unemployment, broader residential property market trends (including especially the retreat from recent highs), the return of overseas and interstate migrants (and the resumption of steady population growth), inflation, construction cost / supply chain challenges and growing housing shortages.

More specific and locational factors will shape the outlook across each market. While we might see a return to pre COVID-19 trends, in some cases, we are now of the view that we could see a range of new patterns emerge (for example in regional markets).

The pace of change in recent years highlights that understanding current and emerging trends is critical to achieving success in the greenfields market.

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 dark silhouette of the Australian continent is positioned on the right side of the page. A small white dot is placed on the southwestern coast of Australia, with the word "Perth" written next to it.

• Perth



Julian Coppini

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1.0

National Highlights

National Highlights



George Bougias

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Cash Rate Target

1.85%



Economic Growth

3.3%



Inflation

6.1%



Unemployment Rate

3.5%



Employment Growth

3.3%



Wage Growth

2.4%



Average Weekly Earnings

\$1,328



Household Saving Ratio

11.4%



Net Foreign Liabilities

37.8% of GDP



Conversion Rate

A\$1 = US\$0.69



Population

25.8M



Employment Ratio

64.4%



Residential Dwellings

\$942K



Household Wealth

957%

As a share of Income



Household Debt

187%

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

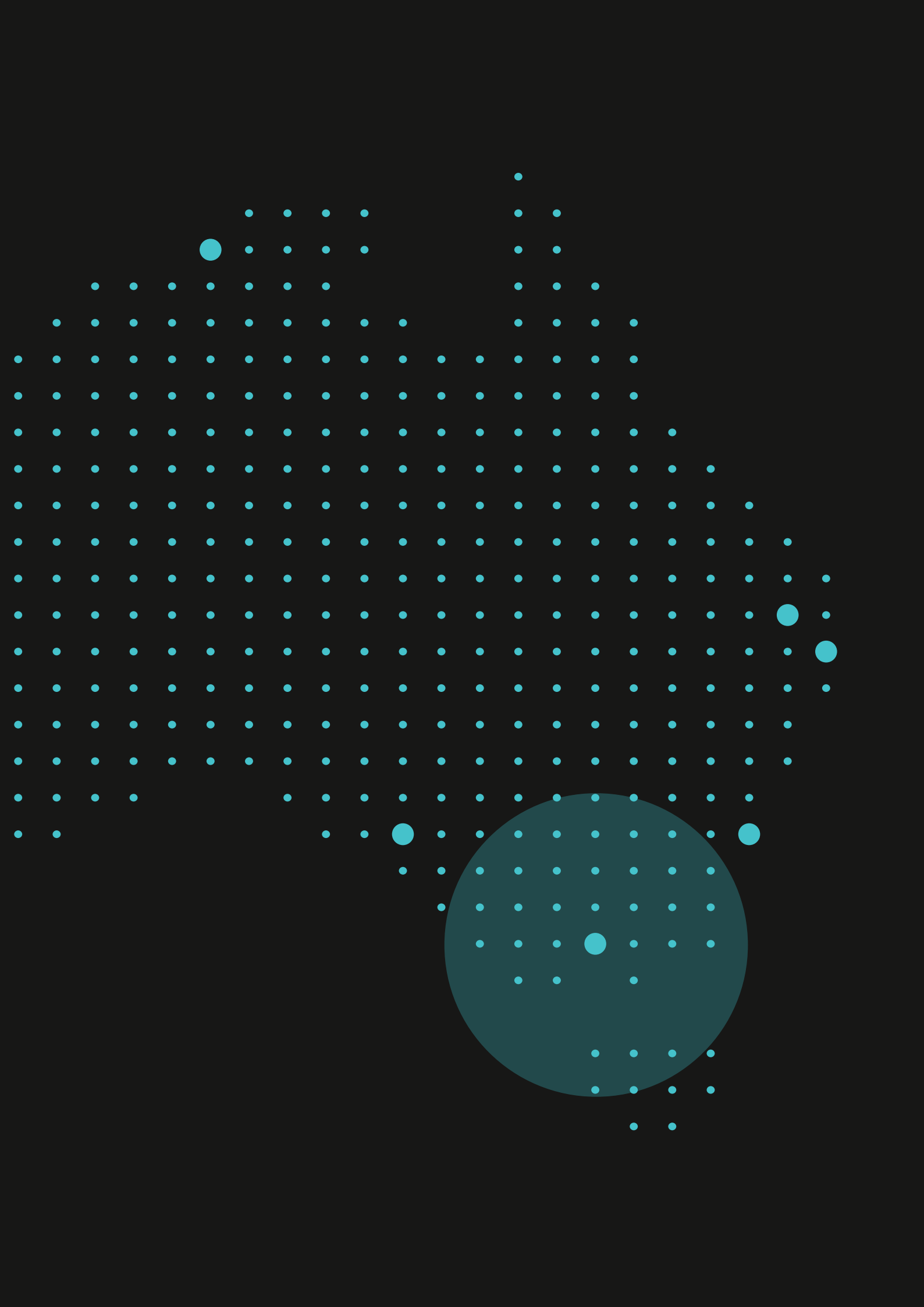
Commercial Property
Risks Elevated

6.0%

But low share of
banks' assets

Data in this snapshot are the latest available as at 3 August 2022.
Sources: Reserve Bank of Australia (RBA), Australian Bureau of Statistics (ABS).





2.0

Victoria

Market Drivers

Economy

The Victorian economy remains one of the better performing economies in Australia.

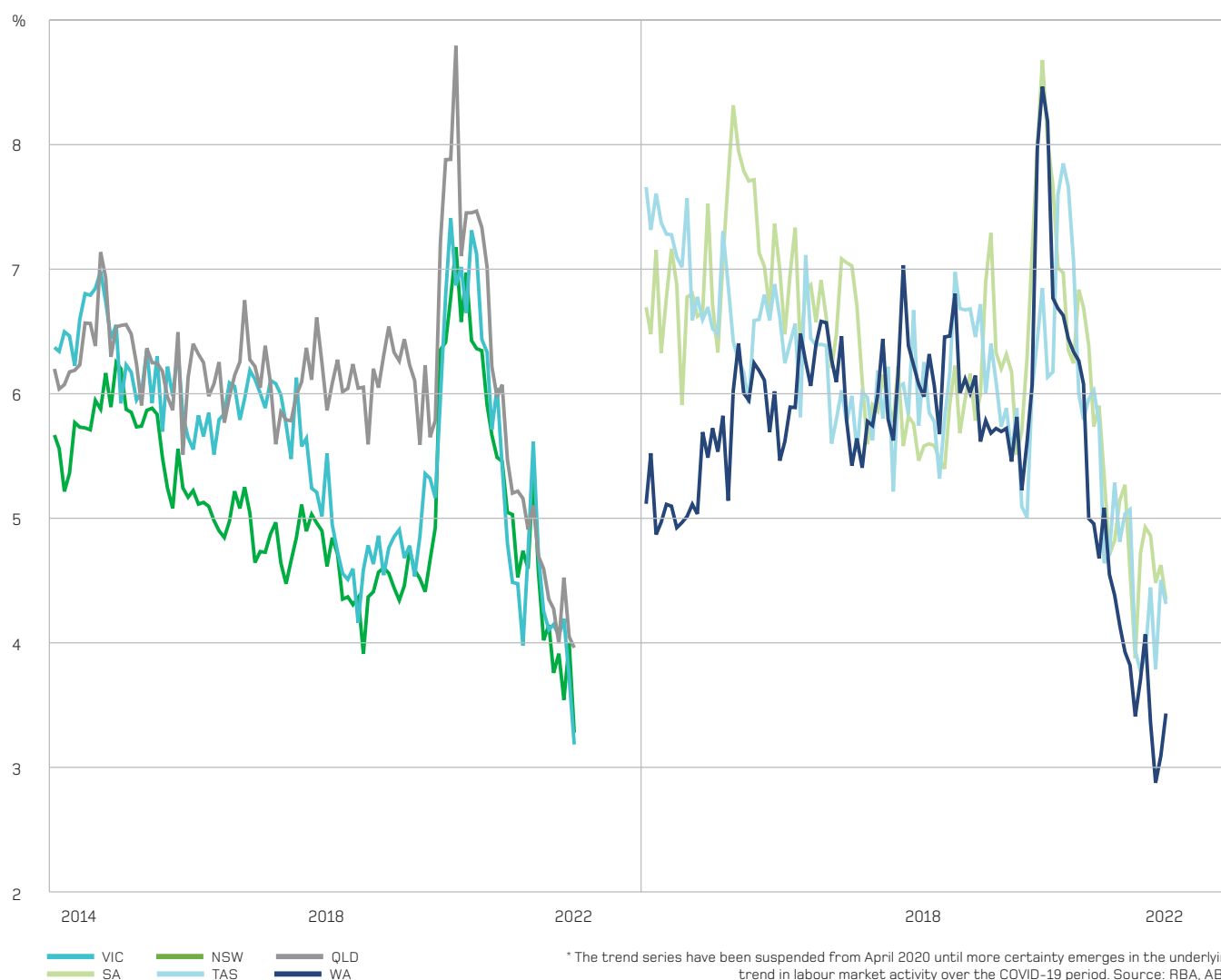
The labour market remains robust with the unemployment rate declining further in June 2022 (3.2%) and continuing to remain below the national average (3.5%).

Participation rates also remain high (67.1%) suggesting workers are optimistic about finding work.

Several of the State's key economic indicators rank relatively highly compared to other jurisdictions.

These include unemployment, retail trade, construction work done, housing finance and dwelling starts.

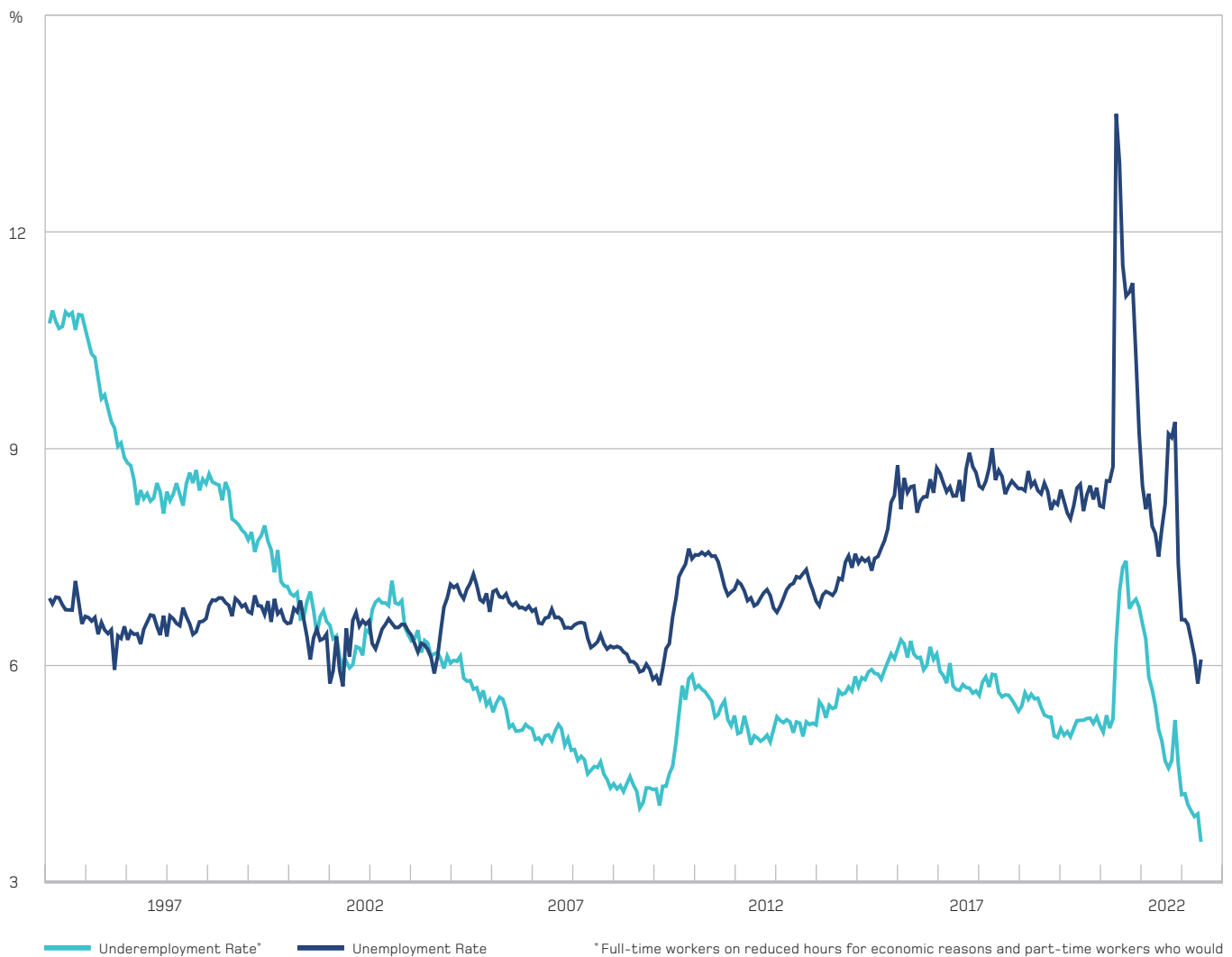
State Unemployment Rates* (%) – Seasonally adjusted





Carrington - New Oliver Hume project. Artist impression.

Labour Underutilisation Rates – Australia



Land Market

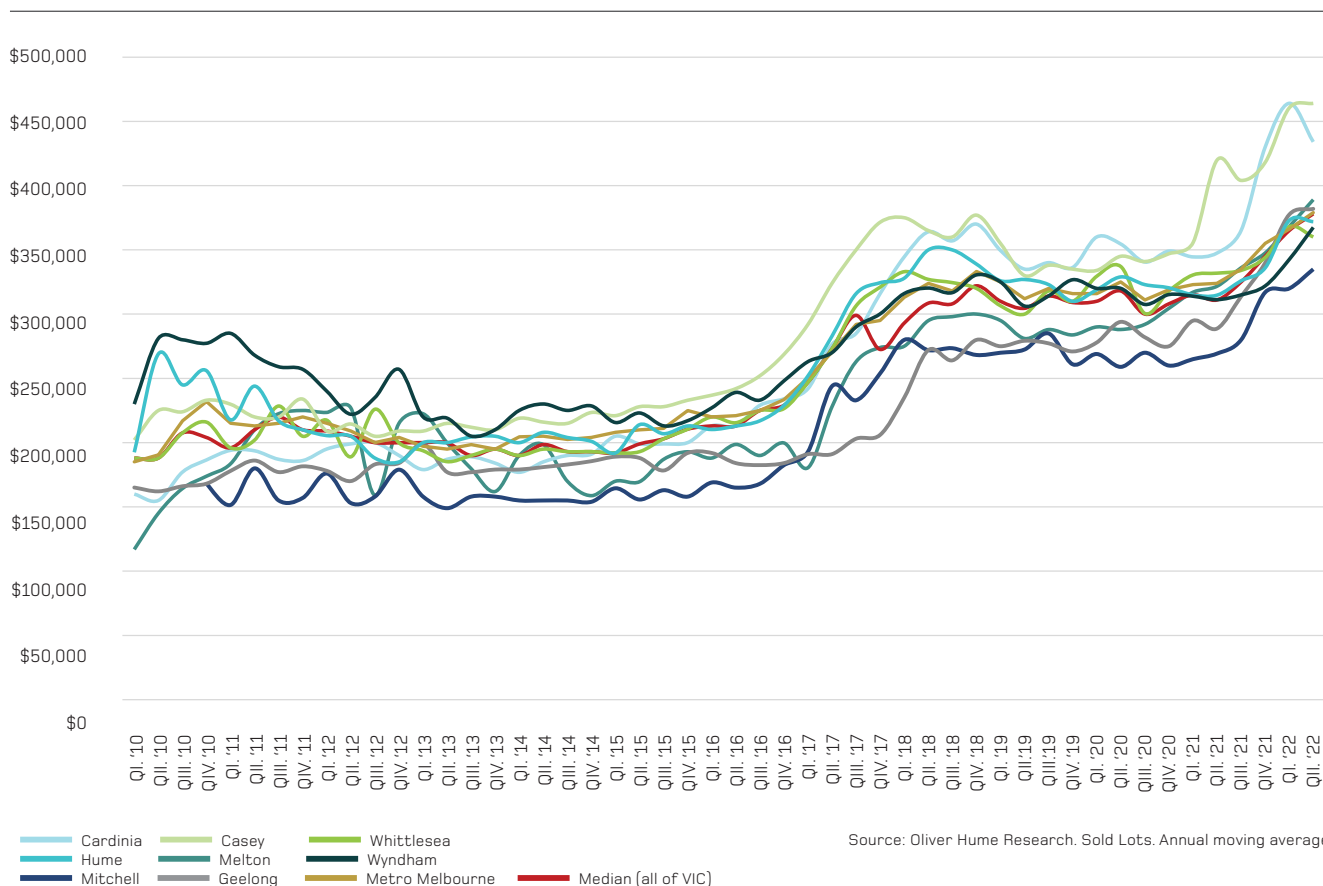
Prices

New residential land prices increased in the June quarter 2022 reaching another record high.

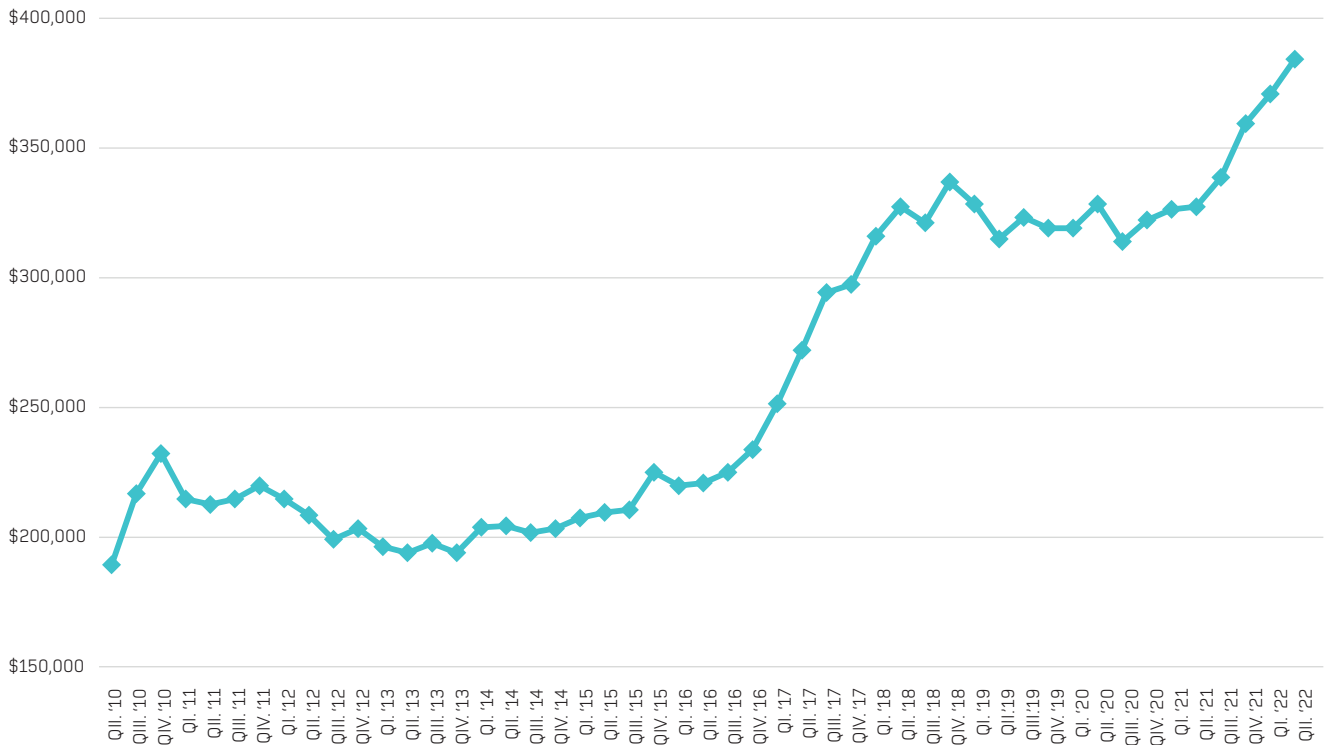
Prices rose in most metropolitan Melbourne growth markets and in the Greater Geelong market.

The median (gross) price of metropolitan Melbourne conventional lots reached \$379,000 (3.6% higher over the quarter and 17.0% higher over the year).

Victorian Growth Area Median Land Prices



Metropolitan Melbourne Growth Area Municipalities Median Land Price



Source: Oliver Hume Research. Sold Lots.

Victorian Median Lot Prices

Municipality	QII, '21	QI, '22	QII, '22	% Change (QoQ)	% Change (YoY)	\$ Change (QoQ)	\$ Change (YoY)
Cardinia	\$347,500	\$464,000	\$434,000	-6.5%	24.9%	-\$30,000	\$86,500
Casey	\$419,833	\$460,400	\$464,000	0.8%	10.5%	\$3,600	\$44,167
Geelong	\$288,767	\$377,500	\$382,000	1.2%	32.3%	\$4,500	\$93,233
Hume	\$314,800	\$372,900	\$372,000	-0.2%	18.2%	-\$900	\$57,200
Melton	\$321,667	\$368,050	\$389,000	5.7%	20.9%	\$20,950	\$67,333
Mitchell	\$269,333	\$320,000	\$335,000	4.7%	24.4%	\$15,000	\$65,667
Whittlesea	\$331,850	\$368,000	\$360,000	-2.2%	8.5%	-\$8,000	\$28,150
Wyndham	\$311,250	\$342,500	\$367,500	7.3%	18.1%	\$25,000	\$56,250
Metro Melbourne (All Growth Areas) - Conventional	\$324,000	\$366,000	\$379,000	3.6%	17.0%	\$13,000	\$55,000
Metro Melbourne (All Growth Areas) - All Lots	\$321,667	\$367,500	\$380,000	3.4%	18.1%	\$12,500	\$58,333
Median (All of Victoria)	\$311,000	\$365,000	\$378,000	3.6%	21.5%	\$13,000	\$67,000

Source: Oliver Hume Research. Sold Lots.

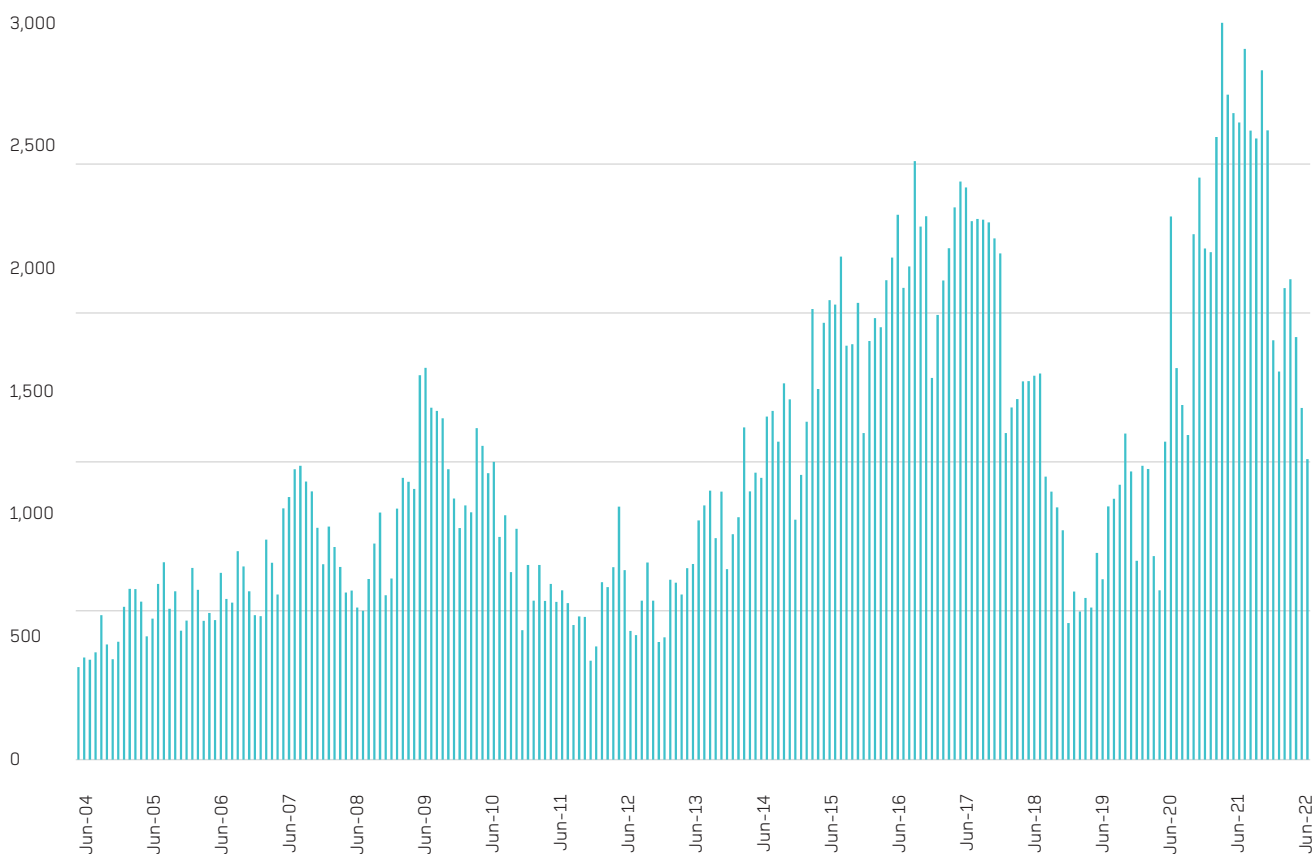
Land Market

Sales Volumes

The volume of lots sold continued to decline in the June quarter as the market responded to higher interest rates.

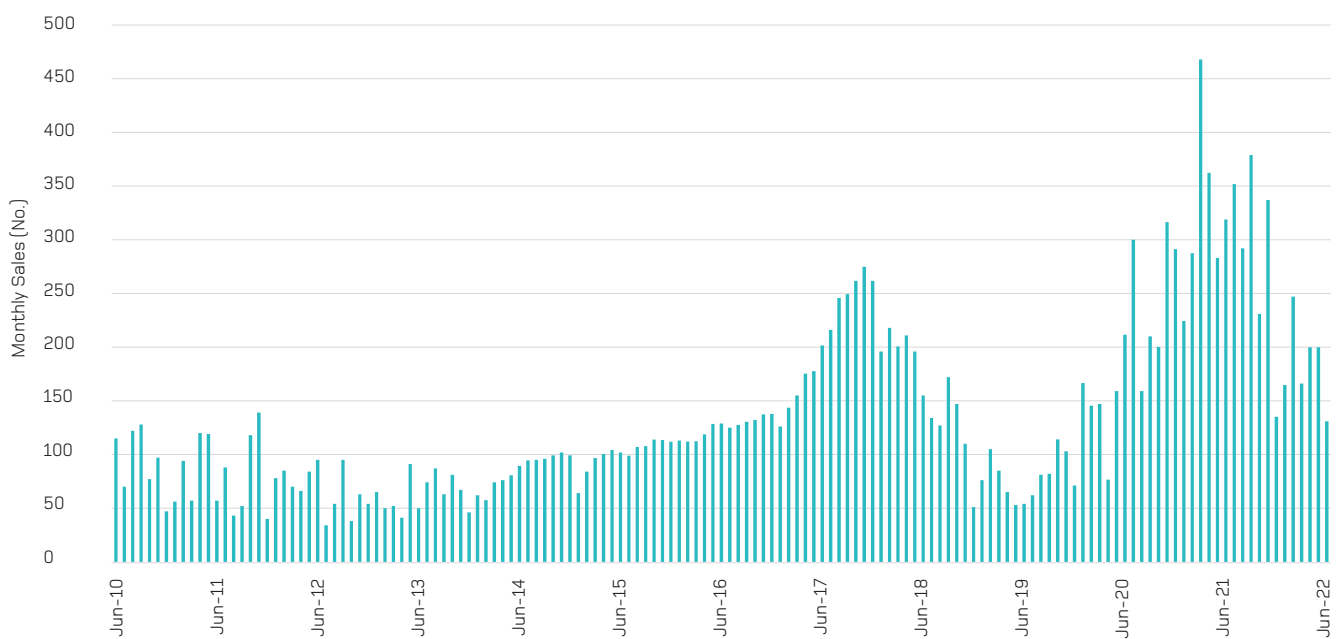
Other contributing factors included the return of sales to long-term average levels (following a record 2021) and affordability constraints (driven by both higher land prices and construction costs).

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 Victorian markets declined to 375 sqm in the June quarter 2022.

The median size of lots sold in the metropolitan Melbourne market declined to 363 sqm in the June quarter.

Over the same period the median size of lots sold in the Greater Geelong market declined to 400 sqm.

The smallest lots sold were generally in the Hume, Whittlesea and Wyndham municipalities.

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

Municipality	QII, '21	QIII, '21	QIV, '21	QI, '22	QII, '22
Victoria	396	392	392	392	375
Cardinia	420	400	400	392	395
Casey	400	388	400	400	400
Greater Geelong	392	400	405	417	400
Hume	399	392	389	392	350
Melton	400	387	375	381	392
Mitchell	392	392	446	388	400
Whittlesea	378	354	344	350	350
Wyndham	392	389	350	350	350

Source: Oliver Hume Research. Sold Lots.

VICTORIA

Metropolitan Melbourne

June Quarter 2022

COMMONLY SOLD LOTS

12.5m x 28m

12.5m x 32m

14m x 32m

MEDIAN PRICE

\$380,000

MEDIAN SIZE

363 sqm

MEDIAN VALUE RATE

\$1,037 per sqm



VICTORIA

Median Lot Prices by Suburb (Gross)

400 sqm and 488 sqm Lots
June Quarter 2022

- 400 sqm Median Price
- 488 sqm Median Price

Source: Oliver Hume Research. Sold.

WALLAN
\$335,000
\$369,000

MICKLEHAM
\$430,000
\$462,222

KALKALLO
\$384,000
\$409,000

BEVERIDGE
\$342,000
\$395,000

CRAIGIEBURN
n/a
\$498,000

WOLLERT
\$446,900
\$479,900

GREENVALE
\$485,500
\$560,000

MELBOURNE

BERWICK
\$588,000
\$619,000

OFFICER
\$503,300
\$529,000

CLYDE
\$459,000
\$497,000

Development Sites



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Demand for residential development sites has moderated in the last few months following recent interest rate increases by the Reserve Bank of Australia and the expectation of continued interest rate increases.

The broader market outlook has also changed with retail prices expected to stabilise, if not moderate, and sales volumes continuing to decline from record highs.

The volume of development sites being offered to the market has increased marginally, with current and potential vendors increasingly of the view that the greenfield market has entered a new phase.

As is usually the case in times of market adjustments, there is a growing divergence between buyer and seller expectations. While some vendors have adjusted their price expectations, others are seeking higher prices than what they are likely to get in the current market.

Although there are exceptions, most stock, which is currently being offered, tends to be of lesser quality or allowing a smaller lot yield.

While metropolitan markets are most in demand, regional markets also remain sought after. This is especially the case with working from home continuing and affordability remaining a key driver of retail buyer decision making.

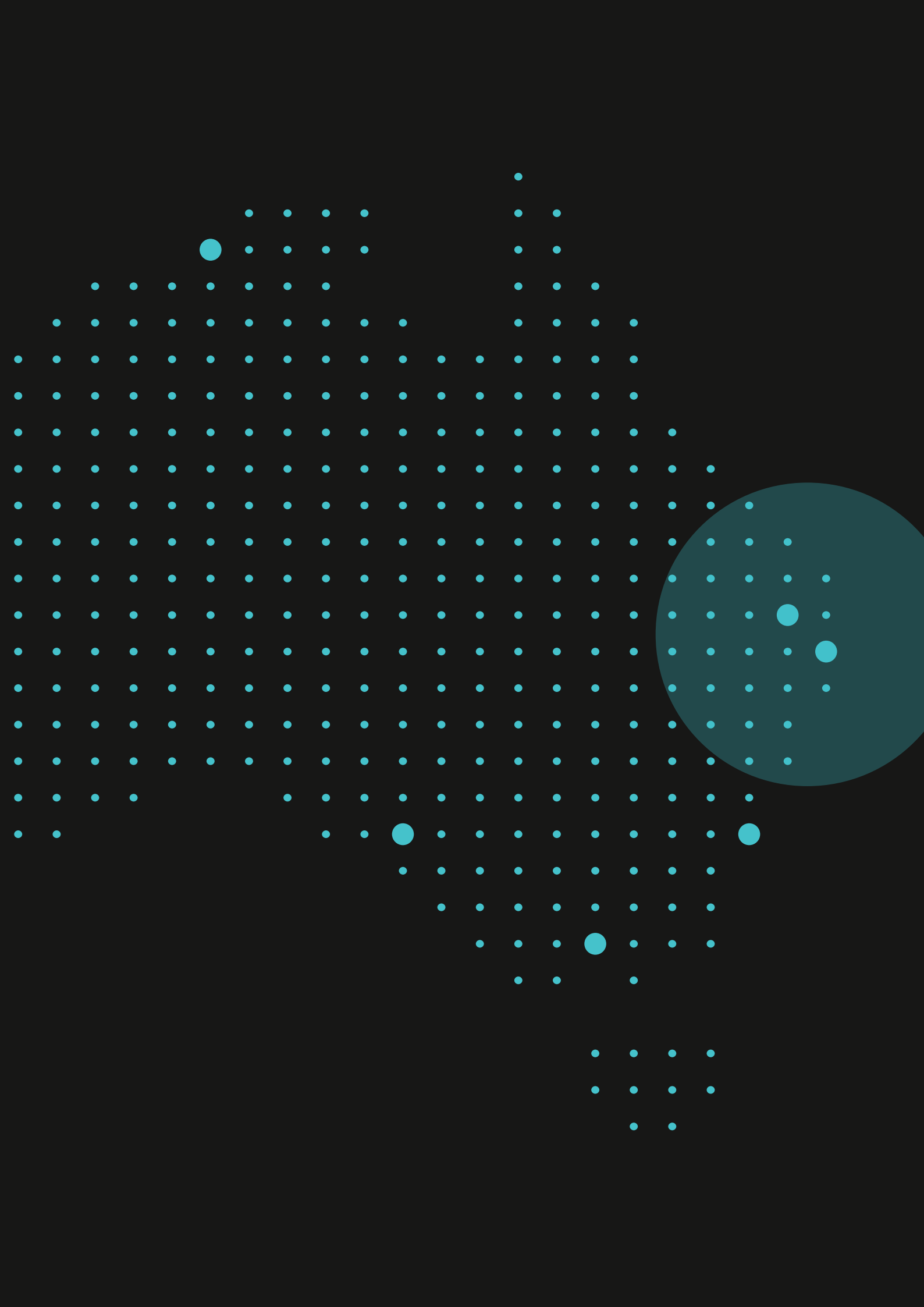
Higher inflation and cost increases continue to place upwards pressure on developer cost escalations.

While lending rates had narrowed between non-bank and banks, making the former increasingly attractive despite the higher cost, higher interest rates are now also feeding into the cost of capital.

Local developers remain the key developer site buying cohort, although there is emerging interest from foreign developers.

While metropolitan markets are most in demand, regional markets also remain sought after.





3.0

Queensland

Market Drivers

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Economy

The Queensland economy remains resilient.

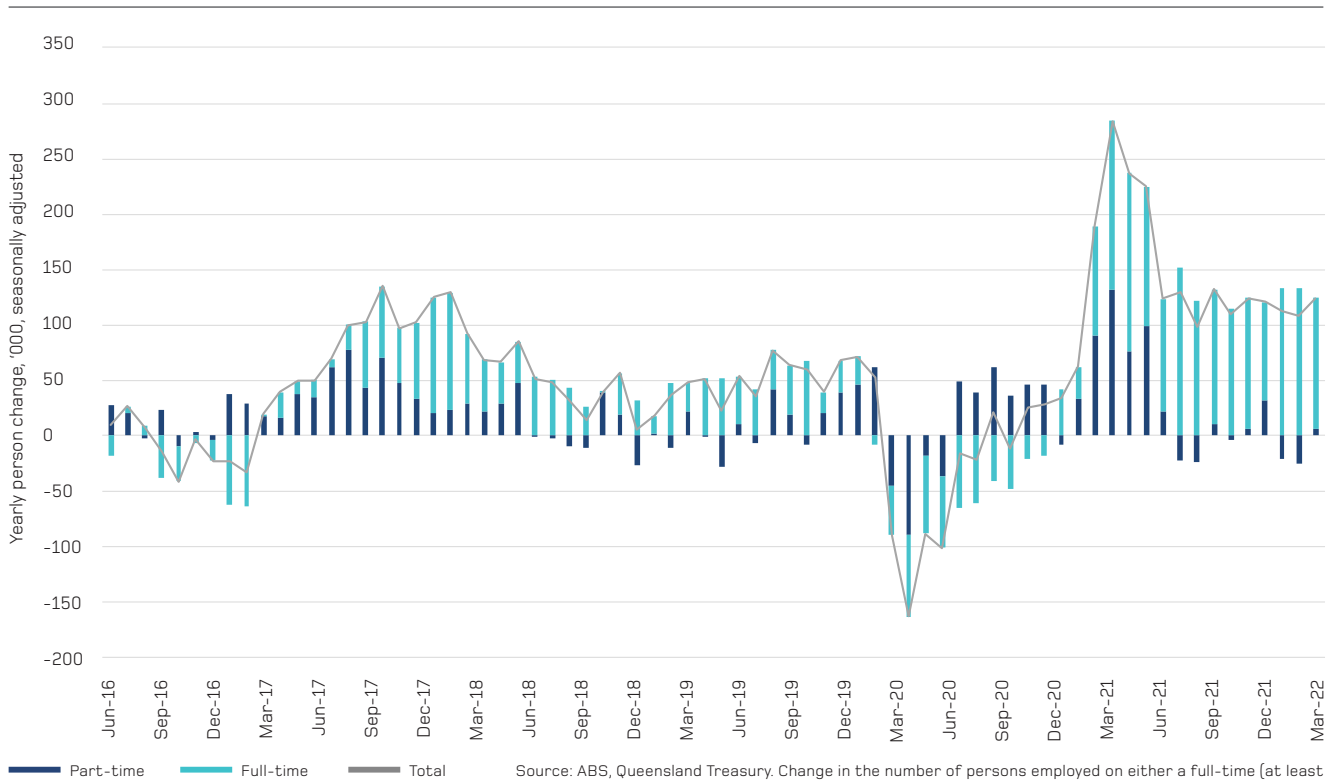
Conditions in the labour market have improved further in recent months with employment growth remaining steady and the state's unemployment rate declining to 4.0% in June 2022.

Queensland's population growth, driven by high levels of interstate migration, and retail trade remain relatively robust, especially when compared to other jurisdictions.

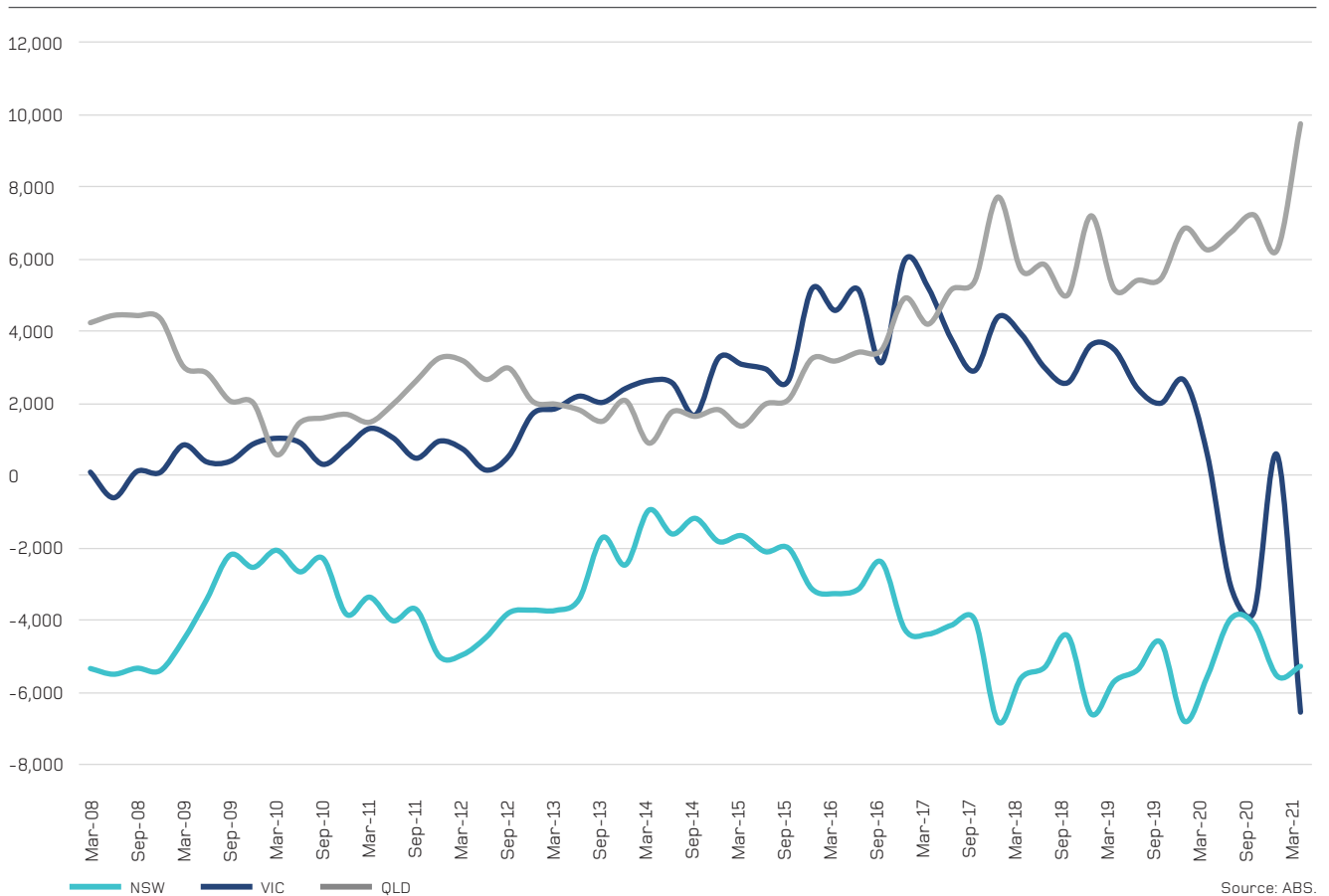
Queensland's participation rate also remains high (67.4%) and above the national average (66.8%).



Queensland Employment Growth



Net Interstate Migration (Quarterly)



Land Market

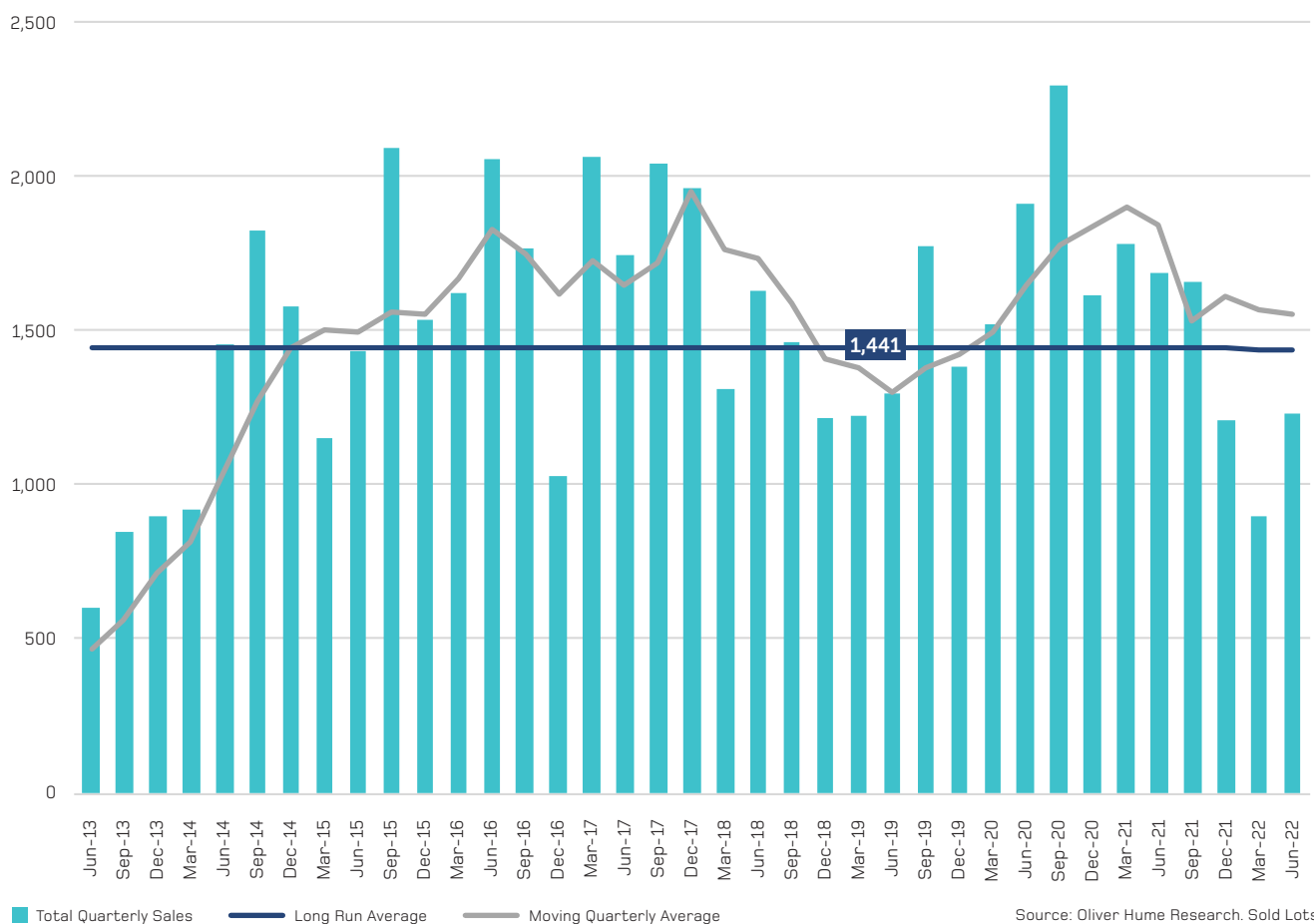
Land Market

The South-East Queensland land market has rebounded with higher sales volumes being driven by local demand and facilitated by more stock coming to the market.

Lot availability, however, continues to be a key driver of sales volumes as the regions with the highest levels of stock dominate market share.

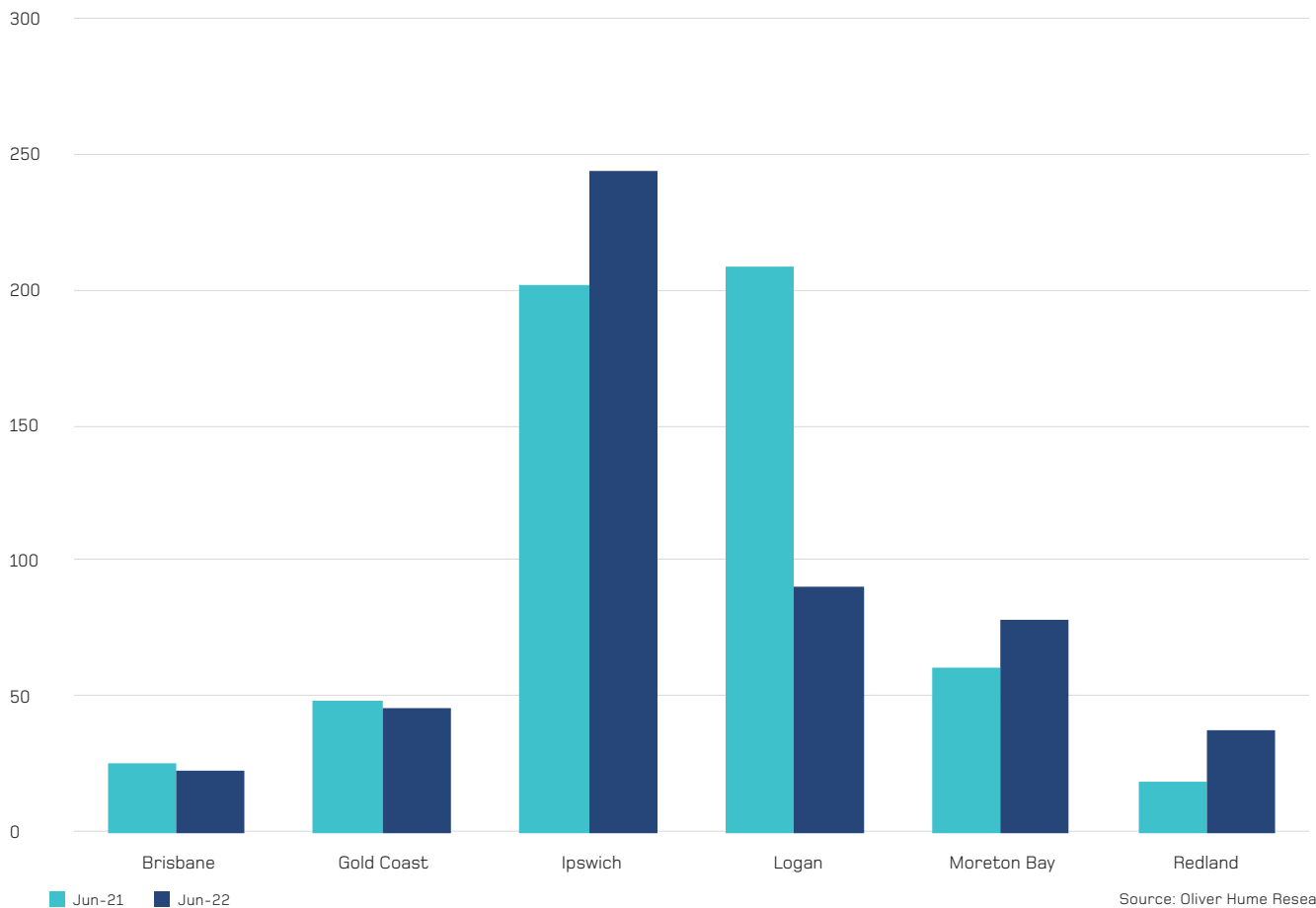
By the end of June quarter, five of the six South East Queensland growth corridors recorded fewer than 100 available lots. The Logan corridor recorded the largest annual decline with a 56% drop in the number of available lots.

South East Queensland Project Land Sales





Available Stock – South East Queensland Growth Corridors



Land Market

Market Share

The Ipswich market recorded the highest market share over the June quarter (38.6% of all sales) with stock availability driving sales volumes.

Growth Corridor Sales Market Share

Quarter	Brisbane Sales	Gold Coast Sales	Ipswich Sales	Logan Sales	Moreton Bay Sales	Redland Sales
Jun. '22	4.1%	2.5%	38.6%	31.8%	19.3%	3.7%
Mar. '21	2.5%	4.2%	38.4%	35.3%	18.4%	1.1%
Jun. '21	5.8%	11.1%	27.2%	33.0%	19.1%	3.8%

Source: Oliver Hume Research.



Median Prices

The South-East Queensland median land price rose over the quarter (up 4.6%) to reach a record high. Prices were around 32% higher on an annual basis. However, pricing pressures are expected to ease over the short to medium term driven, primarily, by rising interest rates.

For the first time this year, only three of the six municipalities recorded an increase in median prices.

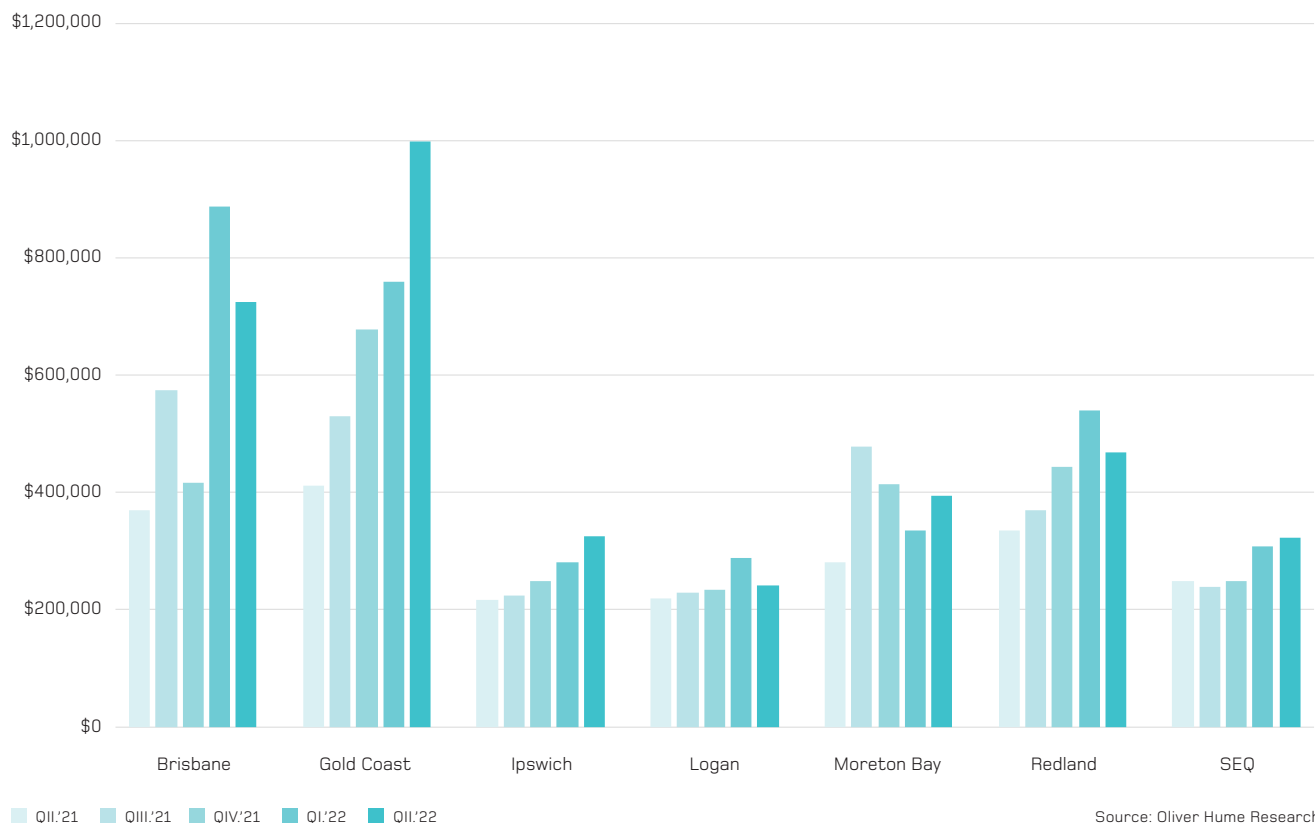
Results for the broader market and some markets, for example the Gold Coast especially, were driven by an increase in more premium stock being offered to the market.

New Residential Land – Median Lot Prices, South East Queensland Municipalities

LGA	QII. '22	QII. '22	QII. '21	QoQ	YoY	5 yr Change
Brisbane (C)	\$725,000	\$888,000	\$349,000	-18.3%	107.7%	88.9%
Gold Coast (C)	\$997,900	\$759,900	\$812,500	31.3%	22.8%	236.5%
Ipswich (C)	\$324,500	\$279,900	\$229,950	15.9%	41.1%	60.5%
Logan (C)	\$242,000	\$288,450	\$219,750	-16.1%	10.1%	17.7%
Moreton Bay (R)	\$394,900	\$335,000	\$282,000	17.8%	40.0%	54.7%
Redland (C)	\$468,000	\$540,000	\$338,000	-13.3%	38.4%	45.5%
SEQ	\$322,000	\$307,700	\$244,000	4.6%	31.9%	38.4%

Source: Oliver Hume Research.

South East Queensland Median Lot Prices by Local Government Area



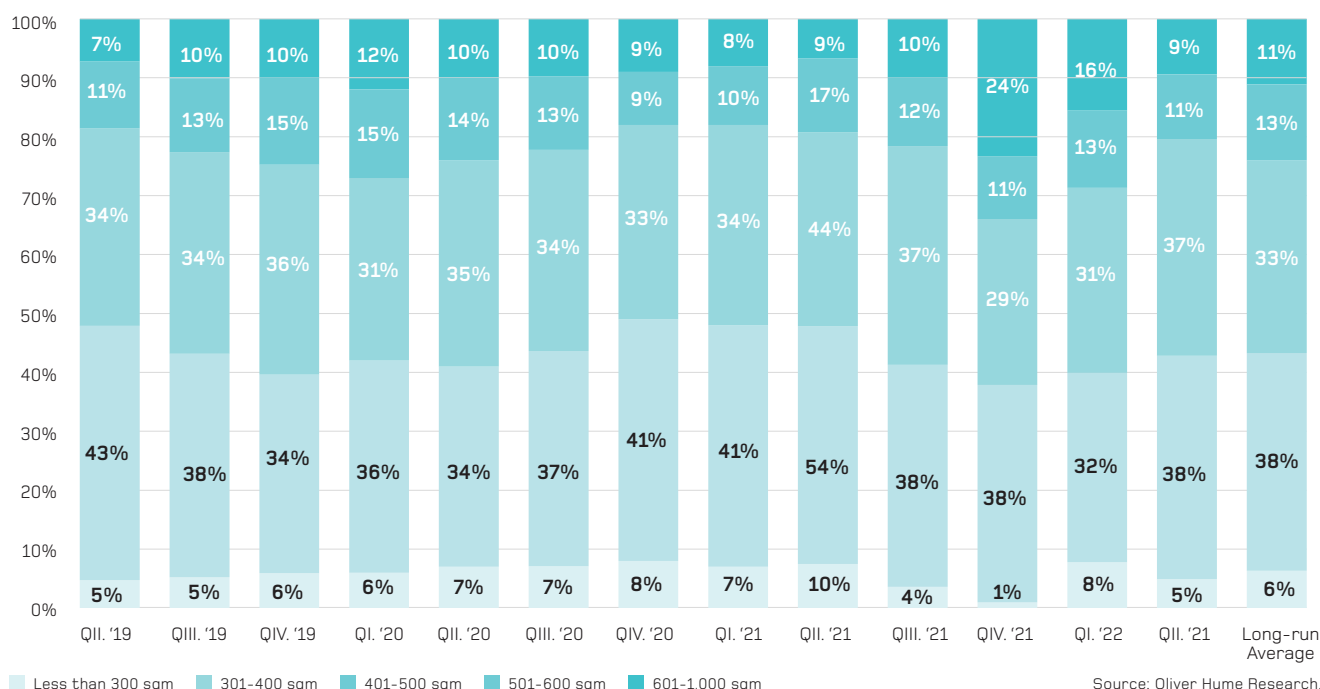
Land Market

Median Lot Size

Across the broader South-East Queensland market lots in the 301-400 sqm range remained the most commonly sold. Over the quarter 38% of all sales occurred in this size range.

Over the year Brisbane and Logan saw the largest change in the median size of lots sold (an increase of 3.3% and 8.8% respectively). Logan's increase can be attributed to the launch of several projects which generally provided larger sized lots.

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



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

LGA	QII. '22	QI. '22	QII. '21	QoQ	YoY	5 yr Change
Brisbane (C)	436	477	422	-8.6%	3.3%	6.3%
Gold Coast (C)	430	433	431	-0.7%	-0.2%	-15.9%
Ipswich (C)	420	400	422	5.0%	-0.5%	-6.5%
Logan (C)	437	480	402	-9.0%	8.8%	6.2%
Moreton Bay (R)	400	430	413	-7.0%	-3.2%	-7.3%
Redland (C)	420	402	448	4.5%	-6.3%	-8.1%
SEQ	420	443	409	-5.2%	2.7%	-5.6%

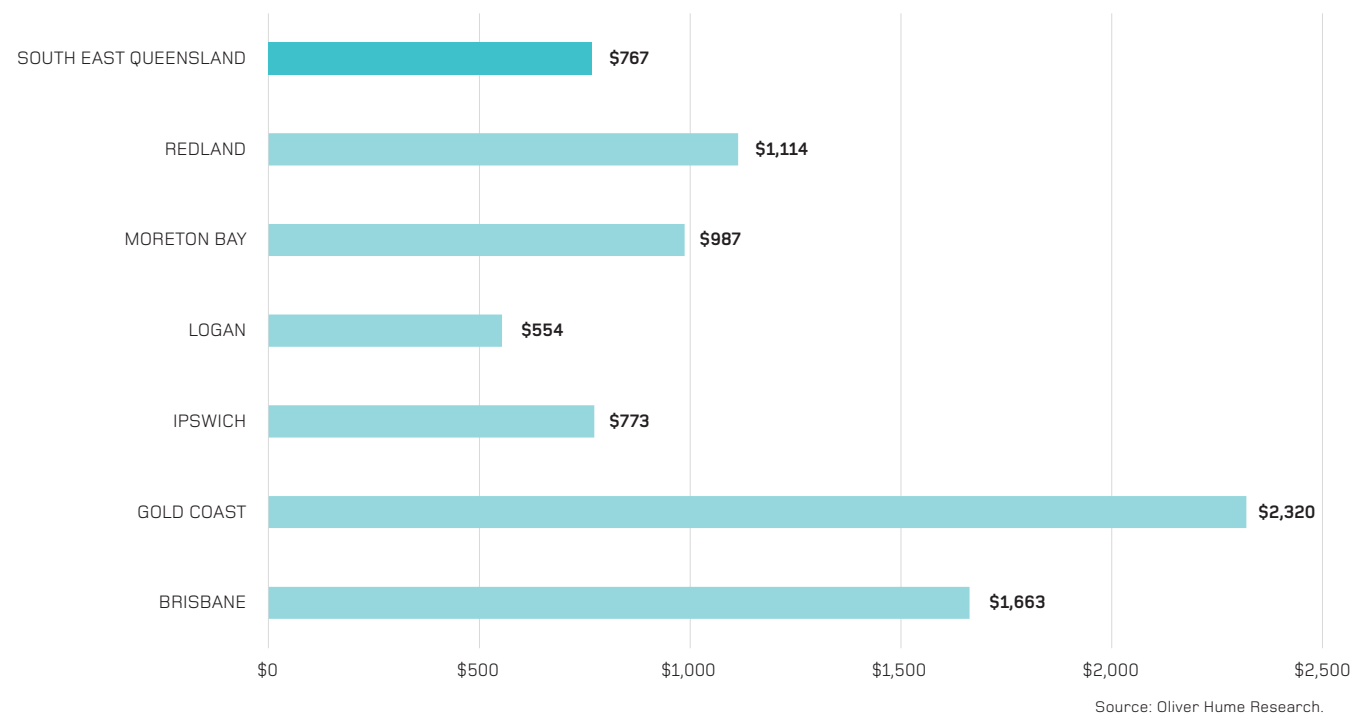
Source: Oliver Hume Research.

Value Rates

The South-East Queensland value rate dropped 8.5% in the first quarter of 2022. This was partly due to the return of larger median sized blocks. However, this was relatively short-lived with value rates increasing by over 10% in the June quarter. A significant factor underpinning this result was the continued growth in prices due to lower stock levels.

The Gold Coast saw the largest shift in value rates although this was due to premium lot offerings dominating most recently. This was in contrast to the same time last year when a large portion of affordable stock was available.

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



South East Queensland Median Value Rates by Local Government Area (\$/sqm)

LGA	QII. '22	QI. '22	QII. '21	QoQ	\$ Value Change (QoQ)	YoY	\$ Value Change (YoY)	5 yr Change	\$ Value Change (5Yr Change)
Brisbane (C)	\$1,663	\$1,862	\$876	-10.7%	-\$199	89.9%	\$787	77.7%	\$727
Gold Coast (C)	\$2,320	\$1,755	\$958	32.2%	\$565	142.1%	\$1,362	300.2%	\$1,740
Ipswich (C)	\$773	\$700	\$513	10.4%	\$73	50.7%	\$260	71.7%	\$323
Logan (C)	\$554	\$601	\$545	-7.8%	-\$47	1.6%	\$9	10.8%	\$54
Moreton Bay (R)	\$987	\$779	\$678	26.7%	\$208	45.7%	\$310	67.0%	\$396
Redland (C)	\$1,114	\$1,343	\$750	-17.0%	-\$229	48.6%	\$364	58.4%	\$411
SEQ	\$767	\$695	\$609	10.4%	\$72	25.9%	\$158	46.7%	\$244

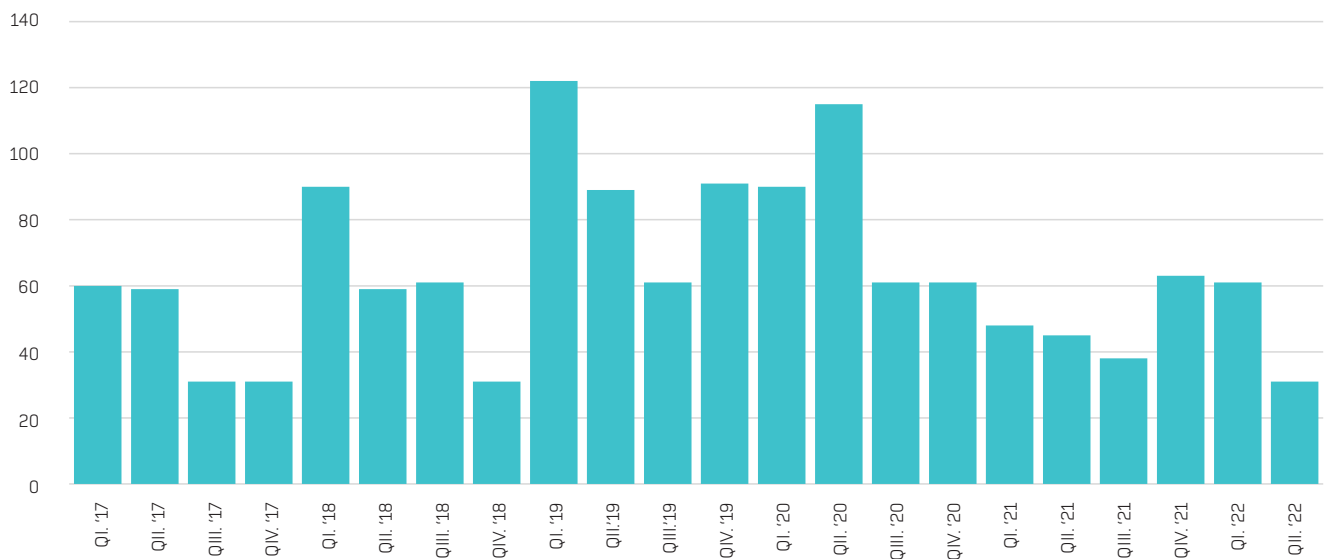
Source: Oliver Hume Research.

Land Market

Time on Market

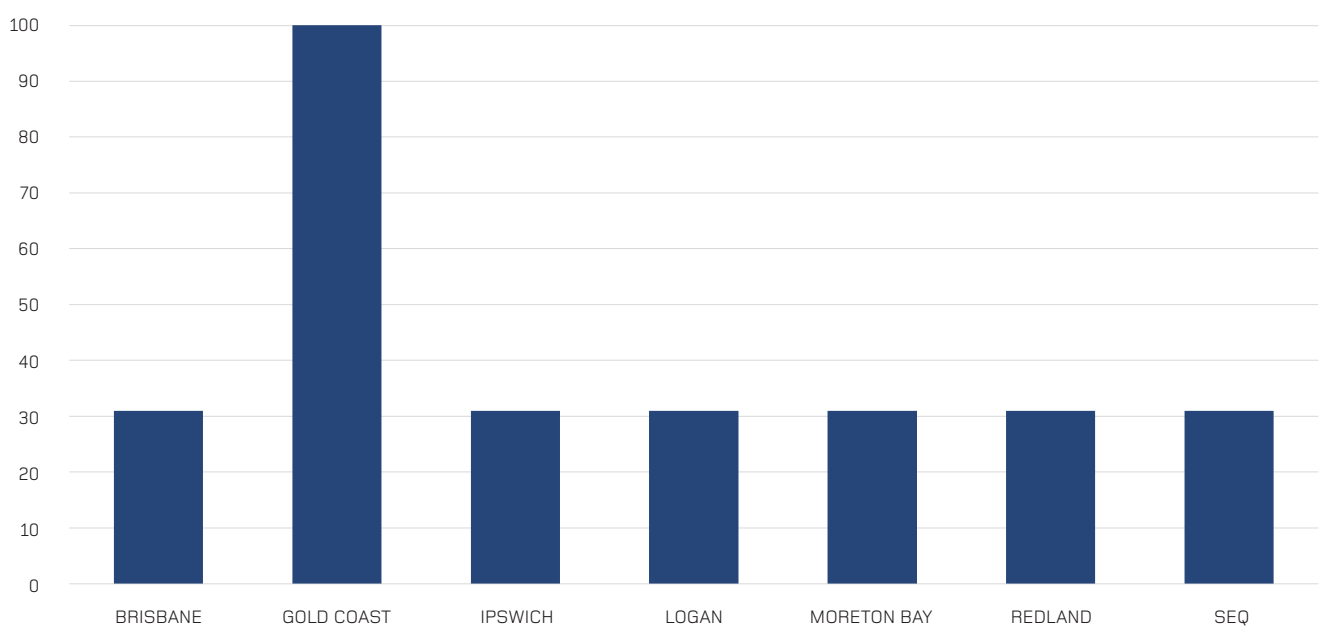
Lots across South-East Queensland remained on market an average of 31 days in the June quarter, down from the previous quarter.

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

June Quarter 2022

COMMONLY SOLD LOTS

12.5m x 32m

12.5m x 30m

14m x 32m

MEDIAN PRICE

\$322,000

MEDIAN SIZE

420 sqm

MEDIAN VALUE RATE

\$767 per sqm



QUEENSLAND

Median Lot Prices by Suburb (Gross)

375 sqm and 400 sqm Lots
June Quarter 2022

- 375 sqm Median Price
- 400 sqm Median Price

Source: Oliver Hume Research. Sold.

NEWPORT
n/a
\$829,900

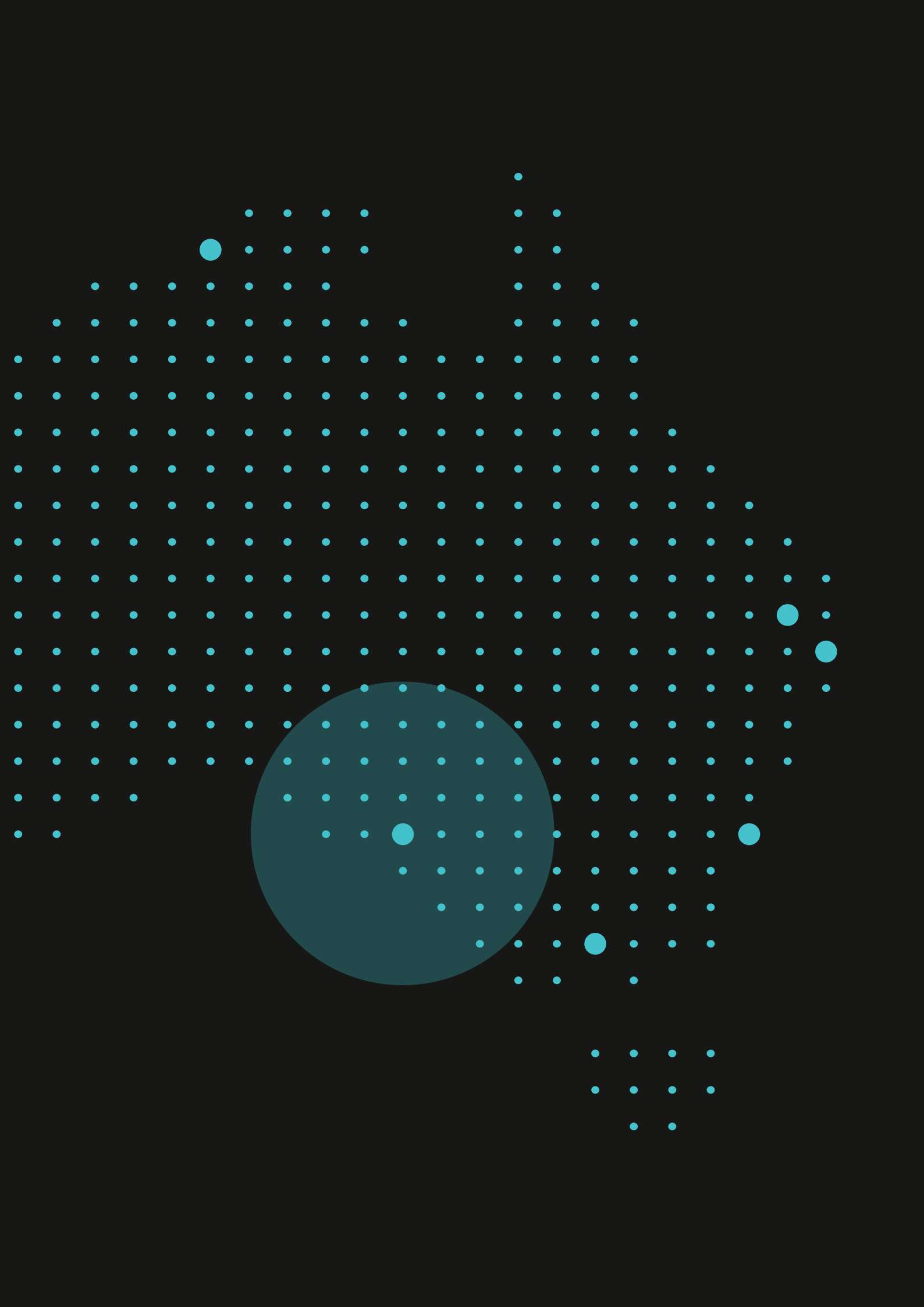
BRISBANE

VICTORIA
POINT
n/a
\$600,000

CHAMBERS
FLAT
n/a
\$348,000

NEERANG
\$760,000
n/a

GOLD COAST



4.0

South Australia

Market Drivers

Economy

The South Australian economy continues to rebound.

The state's unemployment rate continues to decline, falling from 4.6% in May to 4.3% in June, and the state is recording steady jobs growth.

Through the year employment in the state was 2.4% higher.

South Australia's participation rate declined to 63.0% in June.

The residential construction sector continues to play an important role driving the state's economy.

Relative to other jurisdictions, South Australia's areas of above average performance include dwelling starts and construction work.



George Bougias

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Land Market

Prices

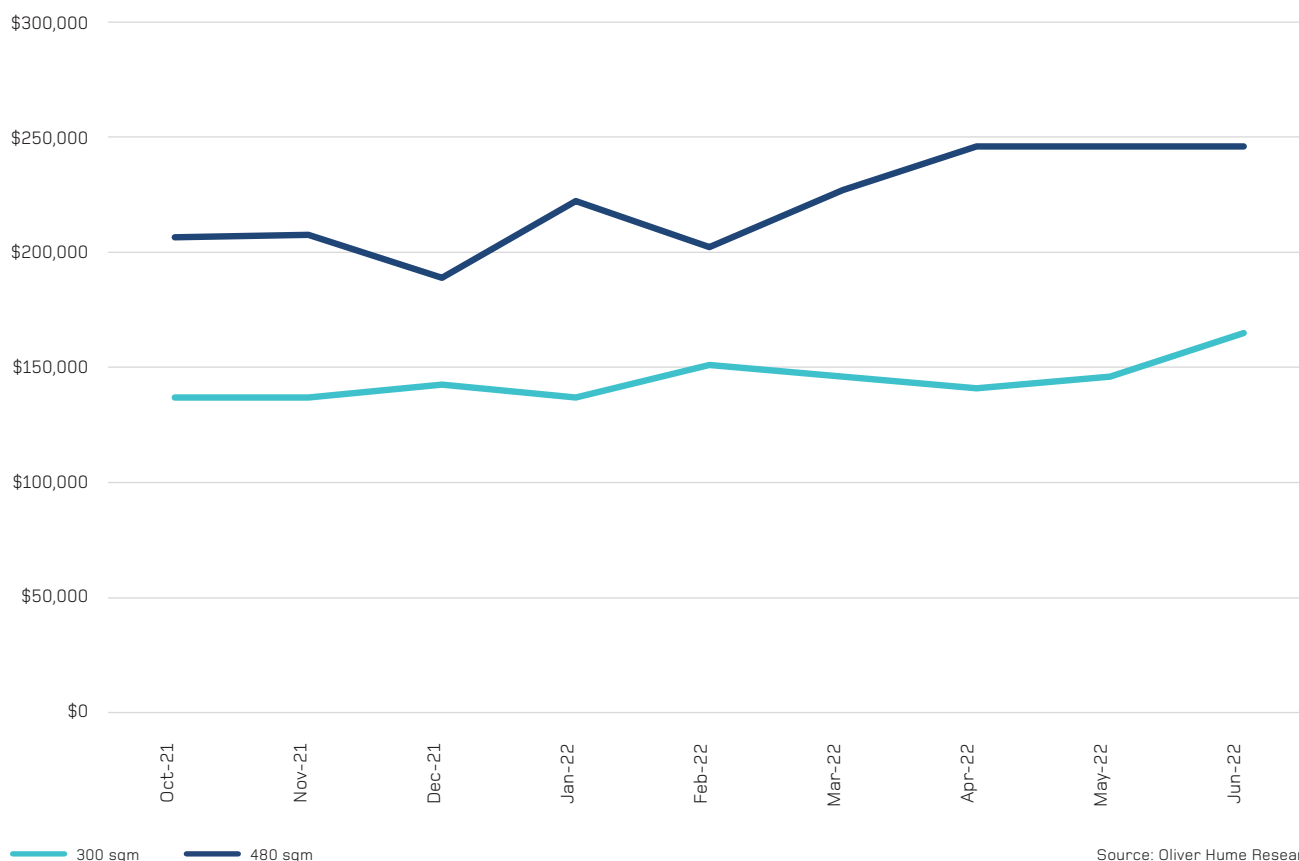
Adelaide new land prices rose again in the June quarter to experience steady growth.

Greater Adelaide land prices increased by over 5% in the June quarter to reach \$205,000 (up 8.5% over the year).

Residential land price trends mirrored those in the broader residential property market which showed Adelaide continuing to record price growth in the June quarter and in the month of June.

Prices for many popular lot sizes, including 300 sqm and 480 sqm, are generally higher in 2022.

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



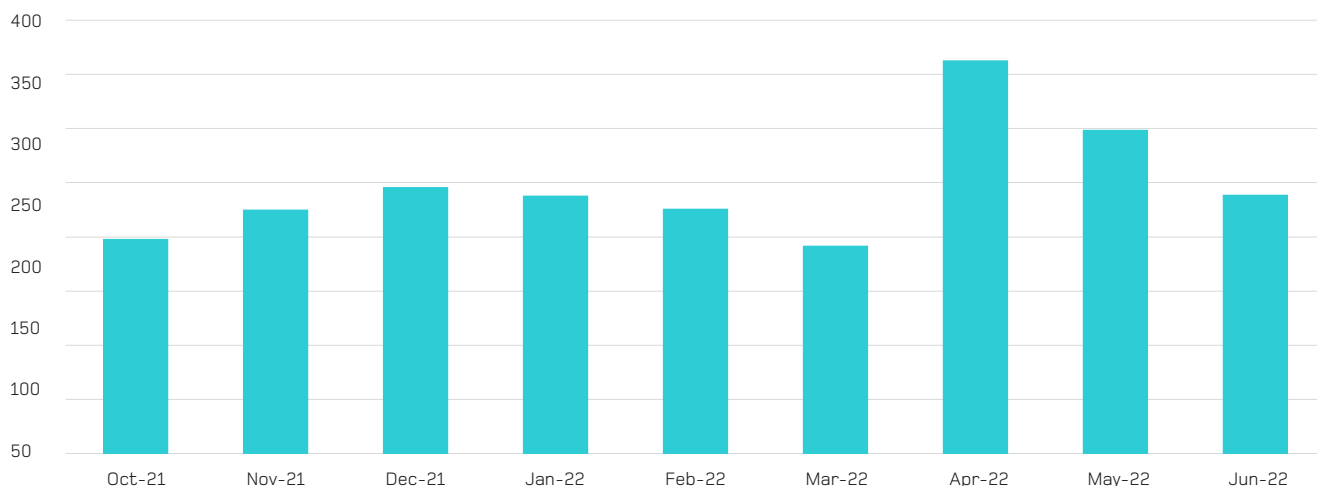
Sales Volumes

The volume of sales remains above long-term average levels.

As in other market, higher interest rates have mostly affected volumes in the Adelaide market and sales have declined in recent months.

Nevertheless, sales remain at healthy levels, overall, underpinned by Adelaide's relative affordability and stock availability.

Greater Adelaide Residential Land Sales

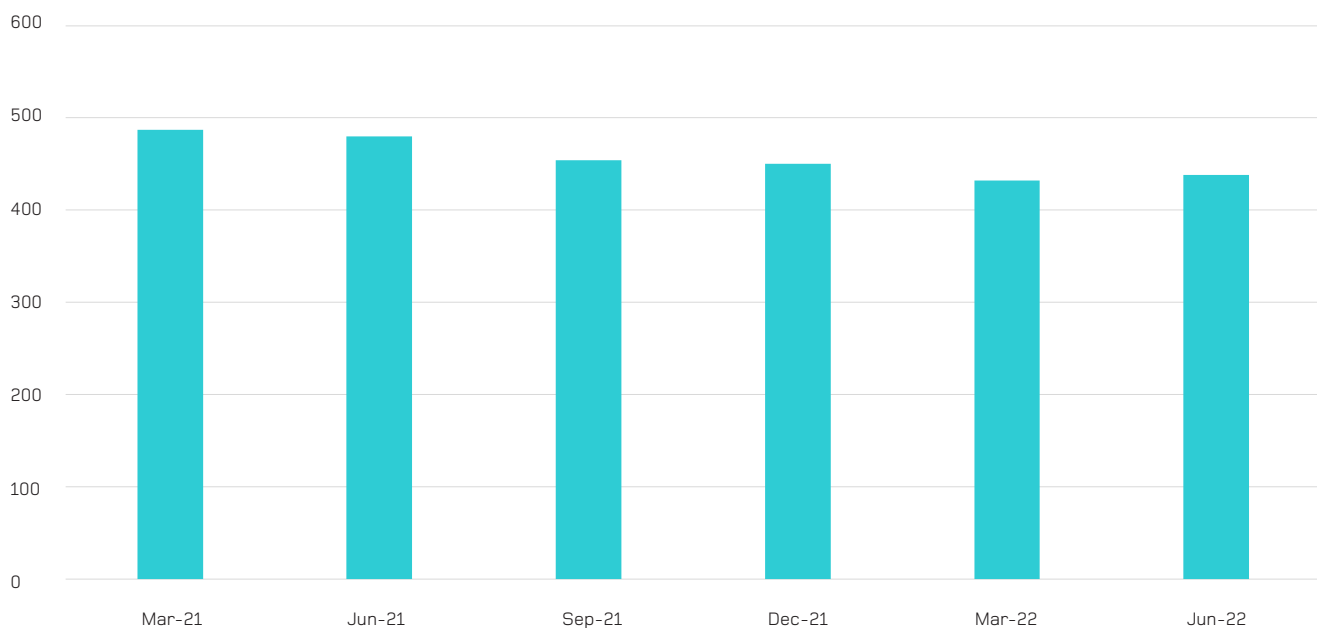


Source: Oliver Hume Research.

Median Lot Size

The median size of lots transacted across the Greater Adelaide market has steadily declined over the past two years as higher prices have forced buyers to adjust budgets and preferences.

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



Source: Oliver Hume Research.

SOUTH AUSTRALIA

Greater Adelaide*

June Quarter 2022

COMMONLY SOLD LOTS

12.5m x 30m

10m x 30m

12.5m x 32m

MEDIAN PRICE

\$205,000

MEDIAN SIZE

450 sqm

MEDIAN VALUE RATE

\$465 per sqm

* Metropolitan Adelaide and selected regional municipalities.



SOUTH AUSTRALIA

Median Lot Prices by Suburb (Gross)

300 sqm and 375 sqm Lots
June Quarter 2022

- 300 sqm Median Price
- 375 sqm Median Price

Source: Oliver Hume Research. Sold.



ADELAIDE

MOUNT
BARKER
\$205,000
\$229,000

SEAFORD
HEIGHTS
n/a
\$255,000



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