

Quarterly Market Insights

2022

September Quarter

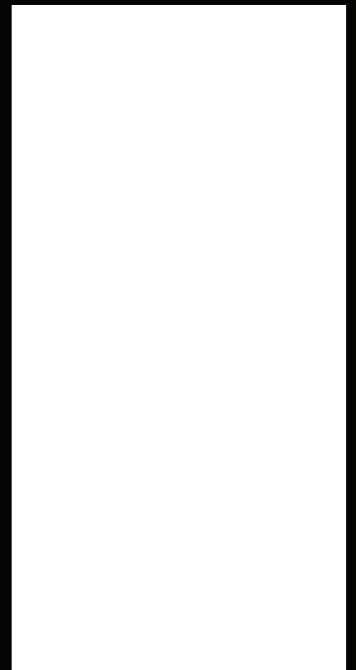
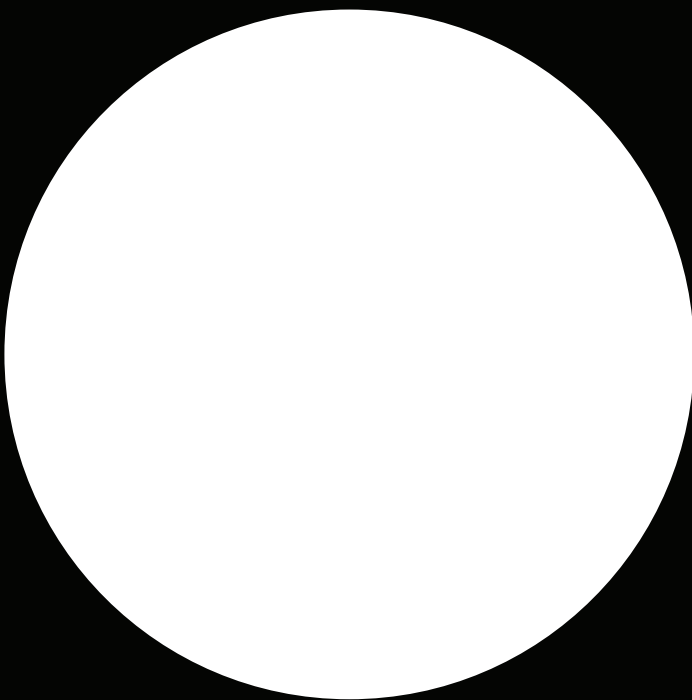




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Foreword

Higher interest rates, cost of living pressures, weaker consumer and buyer sentiment and well-publicised construction industry challenges continue to drive current property market conditions in the residential greenfield market.

Leading indicators, such as enquiries, suggest that the short-term outlook remains the same with demand expected to remain soft over the coming months.

However, 2023 is expected to be a year of consolidation and gradual recovery.

Underpinning this forecast is the expectation that a range of factors will continue to shape market sentiment and underlying fundamentals and dynamics.

These factors include low unemployment (although increasing), the acceleration of population growth (driven by the return of overseas migrants) and growing housing shortages.

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 is placed on the southwestern coast of the continent, with the word "Perth" written next to it.

• Perth



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1.0

National Highlights

National Highlights



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Cash Rate Target

2.85%



Economic Growth

3.6%



Inflation

7.3%



Unemployment Rate

3.5%



Employment Growth

5.4%



Wage Growth

2.6%



Average Weekly Earning

\$1,344.⁷⁰

Household Saving Ratio

8.7%



Net foreign liabilities

37.5%
% of GDP

Conversion Rate

A\$1
=US \$0.64

Population

25.9M
0.9% Annual GrowthEmployment to
Population Ratio

64.2%

Average Price of
Residential Dwellings

\$922K



Household Wealth

907%
as a share of income

Household debt

188%
as a share of income

Australian housing prices

↑6%



Housing credit growth

1.2% Investor
6.4% Owner Occupier

Loan repayment deferrals

0.5% of housing loans
0.3% of small & medium business loans



Coral Sea

Point Vernon

Torquay Beach

ESPLANADE

Eli Waters

Torquay

URBAWEEN ROAD

Nikenbah

MARYBOROUGH - HERVEY BAY ROAD

CHAPEL ROAD

MADSEN ROAD

Bloom - New Oliver Hume project in Queensland

2.0

Victoria

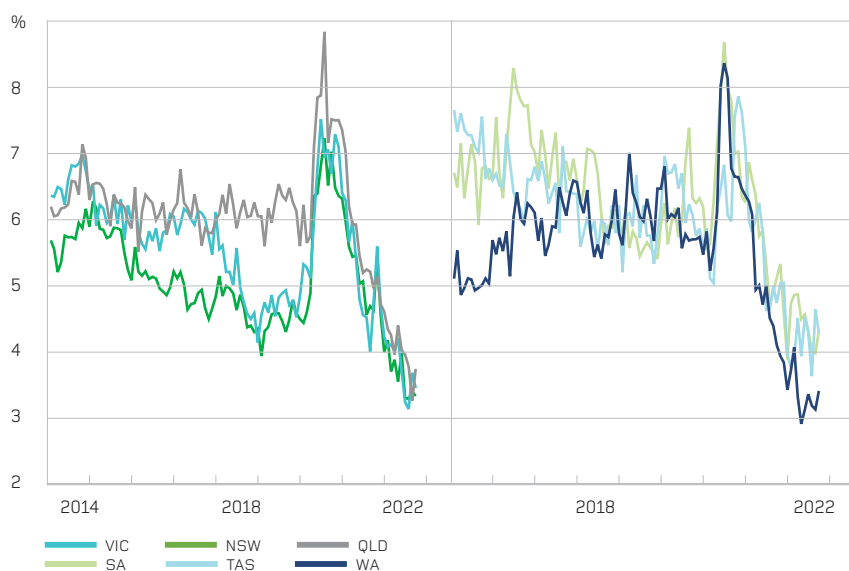
Market Drivers

Economy

The Victorian economy remains resilient with steady employment growth and low unemployment (the unemployment rate was 3.5% in September 2022, equal to the national average (3.5%)).

Unemployment is forecast to increase, consistent with national trends, but is expected to remain relatively low.

State Unemployment Rates* (%) – Seasonally adjusted



* The trend series have been suspended from April 2020 until more certainty emerges in the underlying trend in labour market activity over the COVID-19 period. Source: RBA, ABS.

Labour Underutilisation Rates – Australia



* Full-time workers on reduced hours for economic reasons and part-time workers who would like, and are available, to work more hours. Source: RBA, ABS.



An aerial photograph showing a vast suburban landscape. In the foreground, there are large green fields and clusters of residential houses with dark roofs. A winding road or path cuts through the fields. In the middle ground, a more densely populated area with many houses is visible. The background shows a sprawling city skyline under a clear blue sky, with distant hills on the horizon.

**The Victorian economy
remains resilient with steady
employment growth and low
unemployment.**

Land Market

Prices

New residential land prices increased in the September quarter 2022 reaching a record high.

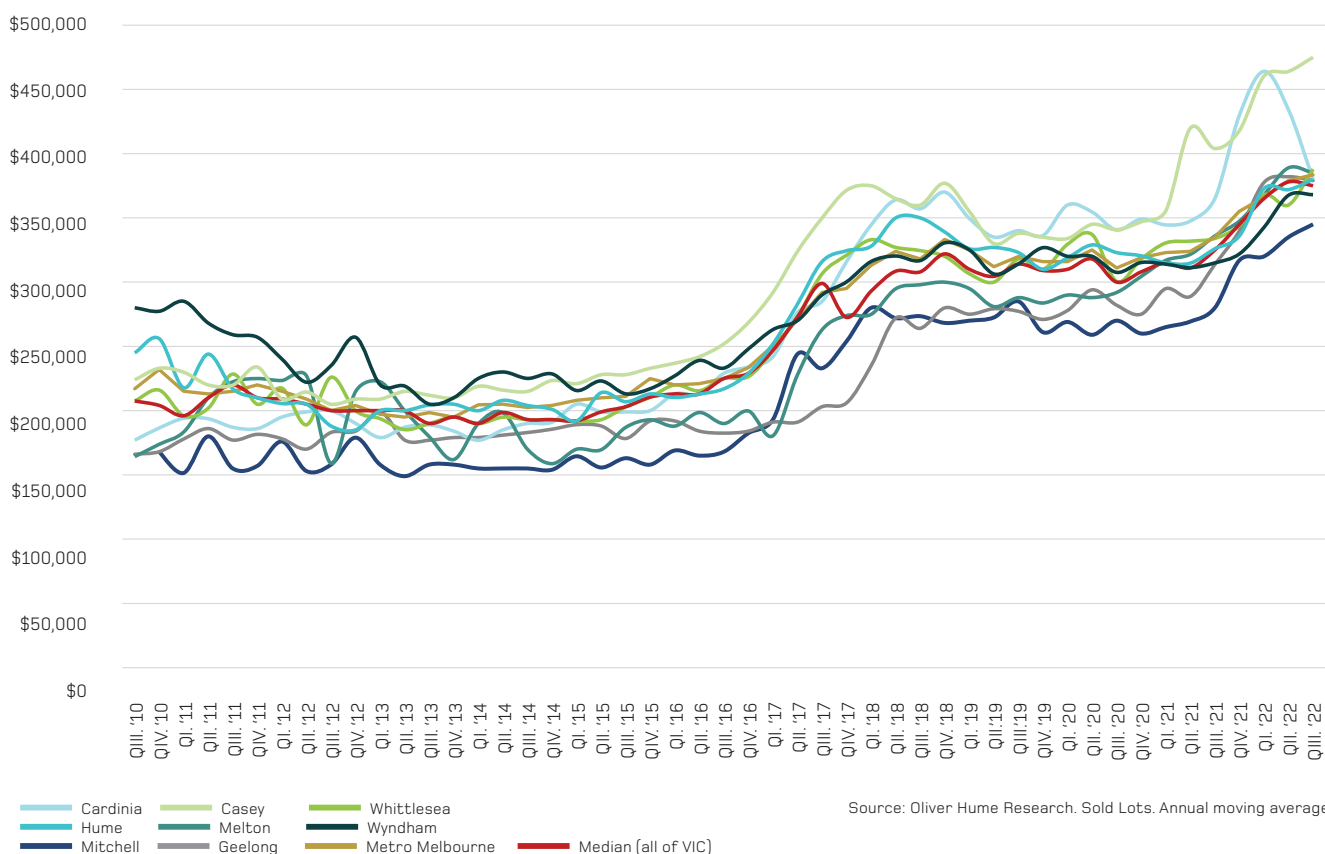
The median (gross) price of metropolitan Melbourne conventional lots reached \$383,450 in the September quarter 2022 (up from \$379,000 in the June quarter 2022).

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

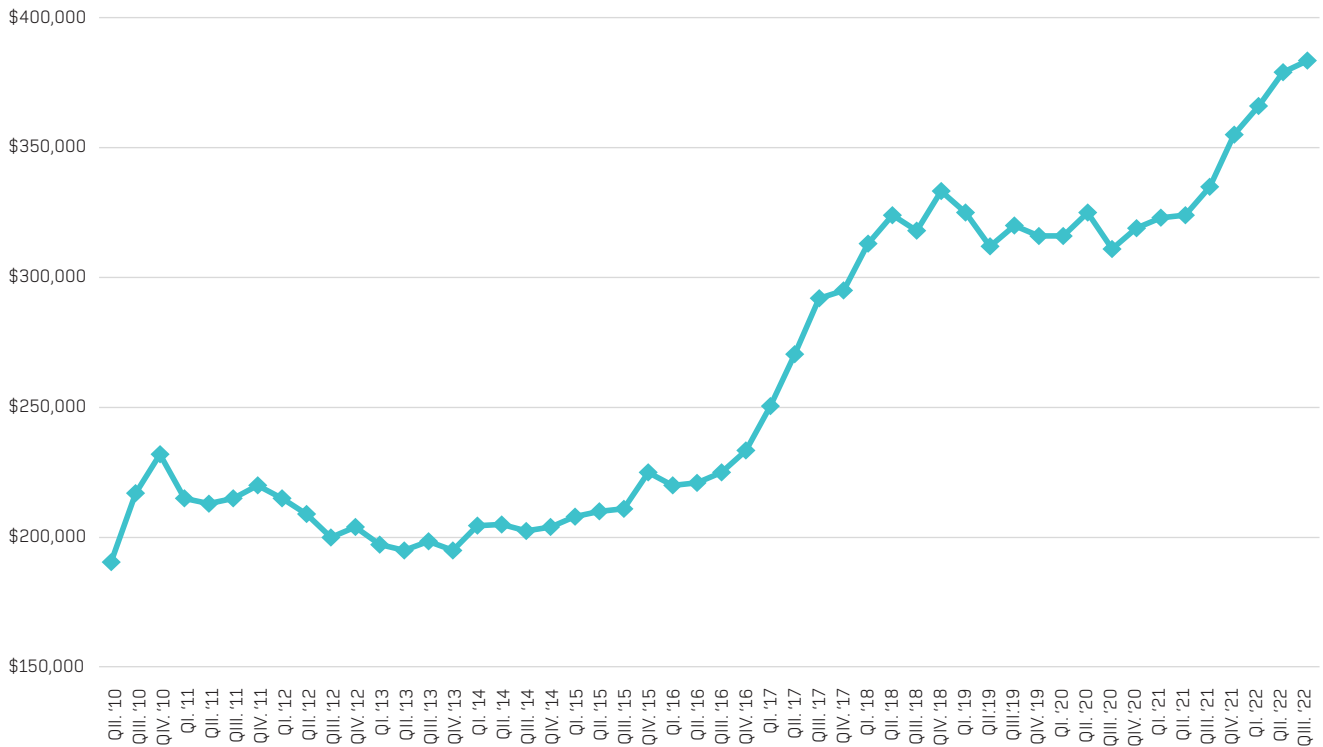
Overall, prices are forecast to stabilise. However, we could also see prices moderate in some sub-markets due to higher interest rates and cost of living pressures.

Housing shortages will be key drivers of prices beyond the short-term.

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 | QIII, '21 | QII, '22 | QIII, '22 | % Change (QoQ) | % Change (YoY) | \$ Change (QoQ) | \$ Change (YoY) |
|---|-----------|-----------|-----------|----------------|----------------|-----------------|-----------------|
| Cardinia | \$365,000 | \$434,000 | \$380,000 | -12.4% | 4.1% | (\$54,000) | (\$54,000) |
| Casey | \$404,000 | \$464,000 | \$475,000 | 2.4% | 17.6% | \$11,000 | \$11,000 |
| Geelong | \$313,750 | \$382,000 | \$379,000 | -0.8% | 20.8% | (\$3,000) | (\$3,000) |
| Hume | \$326,000 | \$372,000 | \$380,000 | 2.2% | 16.6% | \$8,000 | \$8,000 |
| Melton | \$336,000 | \$389,000 | \$385,000 | -1.0% | 14.6% | (\$4,000) | (\$4,000) |
| Mitchell | \$280,000 | \$335,000 | \$345,000 | 3.0% | 23.2% | \$10,000 | \$10,000 |
| Whittlesea | \$334,000 | \$360,000 | \$387,900 | 7.7% | 16.1% | \$27,900 | \$27,900 |
| Wyndham | \$314,900 | \$367,500 | \$368,000 | 0.1% | 16.9% | \$500 | \$500 |
| Metro Melbourne (All Growth Areas) - Conventional | \$334,900 | \$379,000 | \$383,450 | 1.2% | 14.5% | \$4,450 | \$4,450 |
| Metro Melbourne (All Growth Areas) - All Lots | \$335,000 | \$384,850 | \$382,000 | -0.7% | 14.0% | (\$2,850) | (\$2,850) |
| Median (All of Victoria) | \$325,000 | \$378,000 | \$375,000 | -0.8% | 15.4% | (\$3,000) | (\$3,000) |

Source: Oliver Hume Research. Sold Lots.

Land Market

Sales Volumes

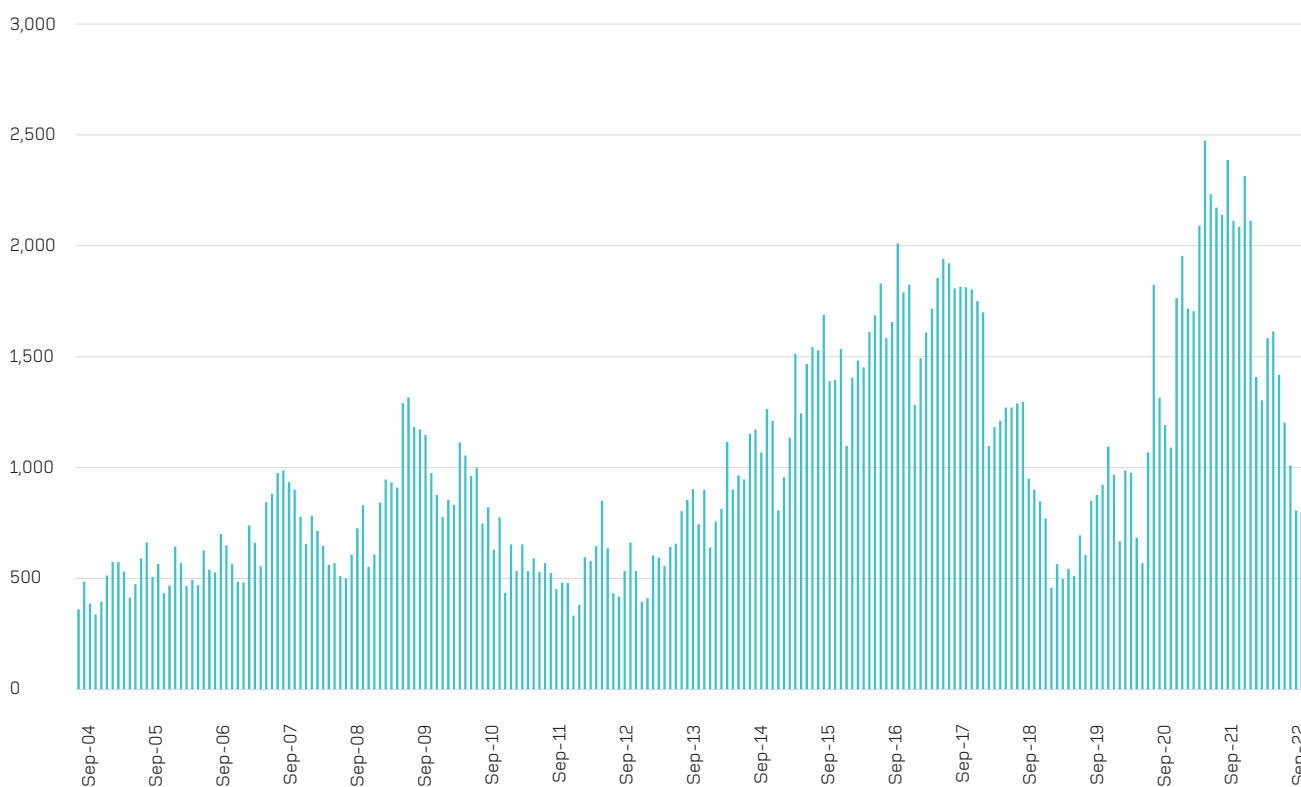
The volume of lots sold continued to moderate in the September quarter due to rising interest rates, cost of living pressures and weaker consumer and buyer sentiment.

Lower sale volumes also reflect, in part, the return to long-term sale trends following a record 2021.

We expect that the first half of 2023 will show a similar pattern with sale volumes remaining below trend.

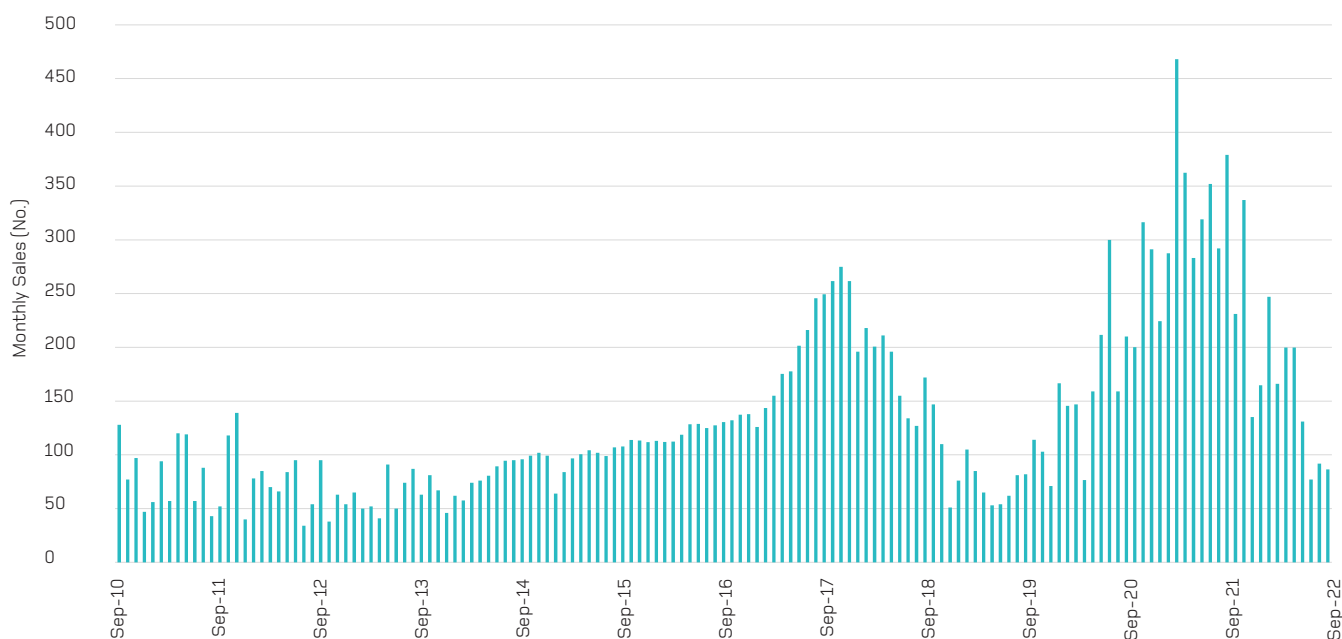
Sale volumes are expected to recover gradually as population growth rebounds and housing shortages increase.

Monthly Land Sales – Metropolitan Melbourne



Source: Oliver Hume Research.

Monthly Land Sales – City of Greater Geelong

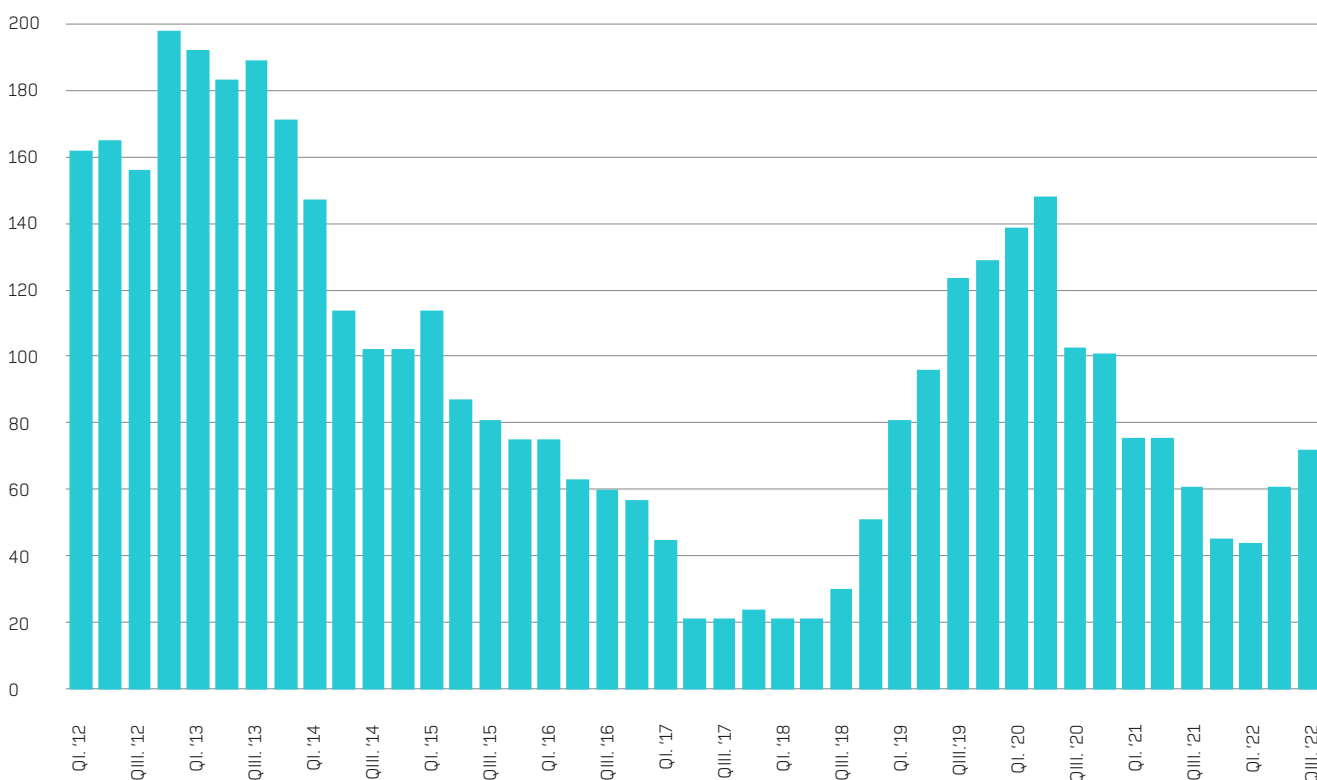


Source: Oliver Hume Research.

Time on Market

Lots across metropolitan Melbourne remained on market an average of 72 days during the September quarter 2022. Market activity has continued to slow due to higher interest rates, lower consumer and buyer confidence and cost of living pressures.

New Residential Land – Average Time on Market (Days) – Metropolitan Melbourne Growth Area Municipalities



Source: Oliver Hume Research.

VICTORIA

Metropolitan Melbourne

September Quarter 2022



Commonly Sold Lots

12.5 x 28m
12.5 x 32m
14 x 32m



Median Price

\$382,000*



Median Size

364sqm



Median Value Rate

\$1,053 per
sqm

Source: Oliver Hume Research. *All lots.



VICTORIA

Median Lot Prices by Suburb (Gross)

400 sqm and 488 sqm Lots
September Quarter 2022

- 400 sqm Median Price
- 488 sqm Median Price

Source: Oliver Hume Research. Sold.

WALLAN
\$352,500
\$373,000

MICKLEHAM
\$433,250
\$467,000

KALKALLO
\$385,000
\$410,000

BEVERIDGE
n/a
\$385,500

CRAIGIEBURN
n/a
\$504,000

WOLLERT
\$440,000
\$480,450

GREENVALE
n/a
\$560,000

MELBOURNE

BERWICK
\$557,000
\$640,000

OFFICER
\$490,500
\$517,000

CLYDE
\$464,000
\$489,000

Development Sites



Peter Vassallo

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Transactions are continuing in the development sites market, despite significantly higher interest rates and deteriorating conditions in the residential land market more broadly.

After some movement earlier in the year, development site values have remained relatively stable, more recently with limited offerings matching the lower demand for sites overall.

Marketing campaigns are taking longer, reflecting less urgency in the market and buyers seeking more time to undertake their research and due diligence.

Funding is becoming increasingly difficult. Lenders are taking longer to assess deals and with greater scrutiny.

Banks are increasingly assessing deals considering their broader market exposure (by asset, by geography and other variables).

Non-banks continue to gain market share because of various factors, not least of which being the time taken to make a decision.


Increasingly, some buyers are exiting their share of a development site purchase, if part of a syndicate, given the myriad issues in obtaining finance.

Higher inflation and cost increases continue to negatively impact developer cost escalations.

Planning, engineering and other delays in progressing sites through the development process are increasingly a factor.

Accordingly, buyer attention is being focused upon longer-term development opportunities reflecting, in part, the limited supply of suitable development sites.

Many of these longer-term development opportunities are in regional areas, especially, in and around large regional centres.

An aerial photograph showing a suburban landscape. In the foreground, there is a large, open green field with scattered trees. In the middle ground, a road with a roundabout leads towards a residential development. The houses in the background have grey roofs and are arranged in a grid-like pattern. The overall scene is a mix of open land and developed areas.

Transactions are continuing in the development sites market despite significantly higher interest rates and changed conditions in the residential land market more broadly.

3.0

Queensland

Market Drivers



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Economy

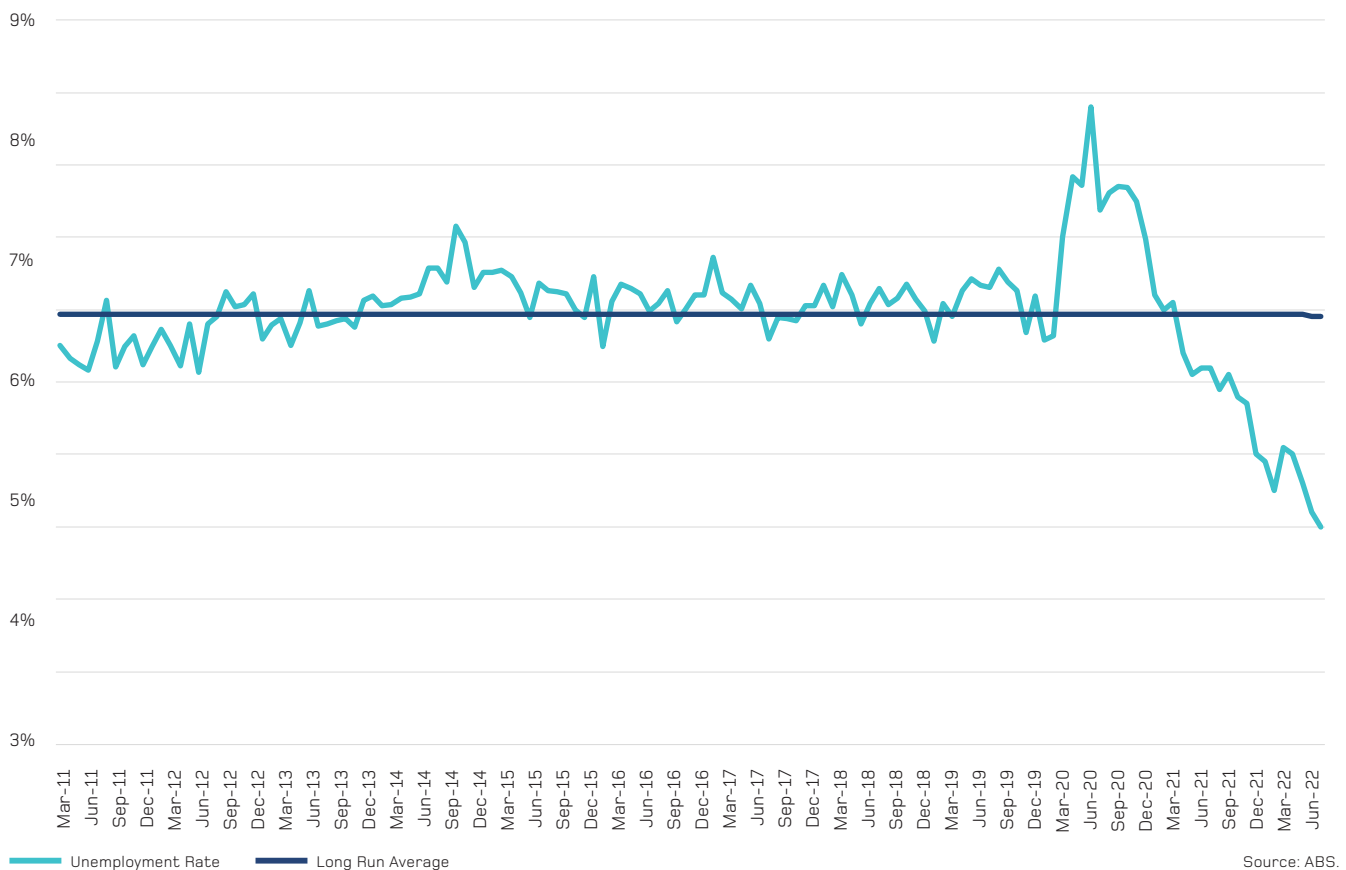
The Queensland economy remains resilient with robust population growth supporting economic growth. Unemployment remains low and employment growth remains steady.

Although dwelling prices have declined from recent peaks Queensland faces significant housing shortages, like many other markets, with vacancy rates continuing to decline and rents continuing to increase.

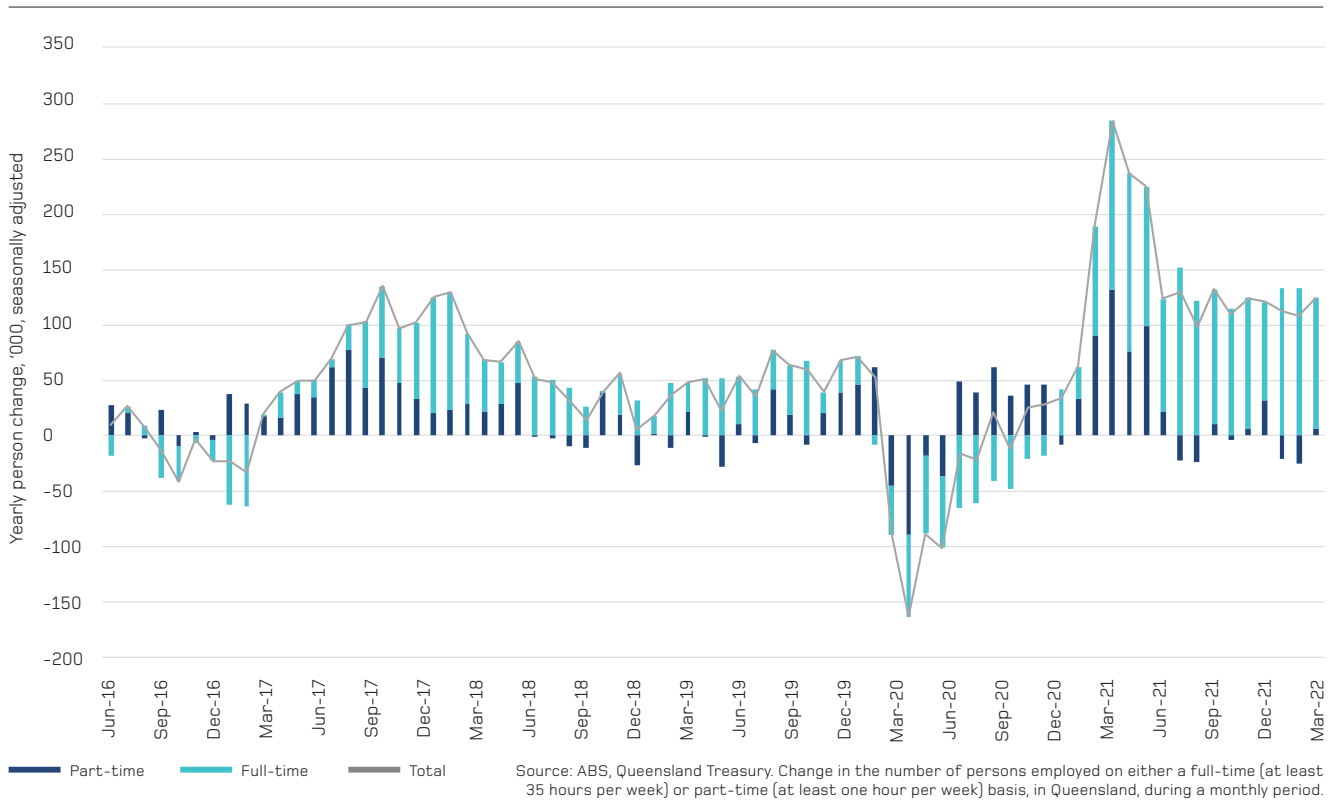
Queensland had the highest population growth in the year ending 31 March 2022 (92,100 or 1.8%).

Queensland's population growth was driven by net interstate migration (over 53,980 people) and net overseas migration (over 11,980).

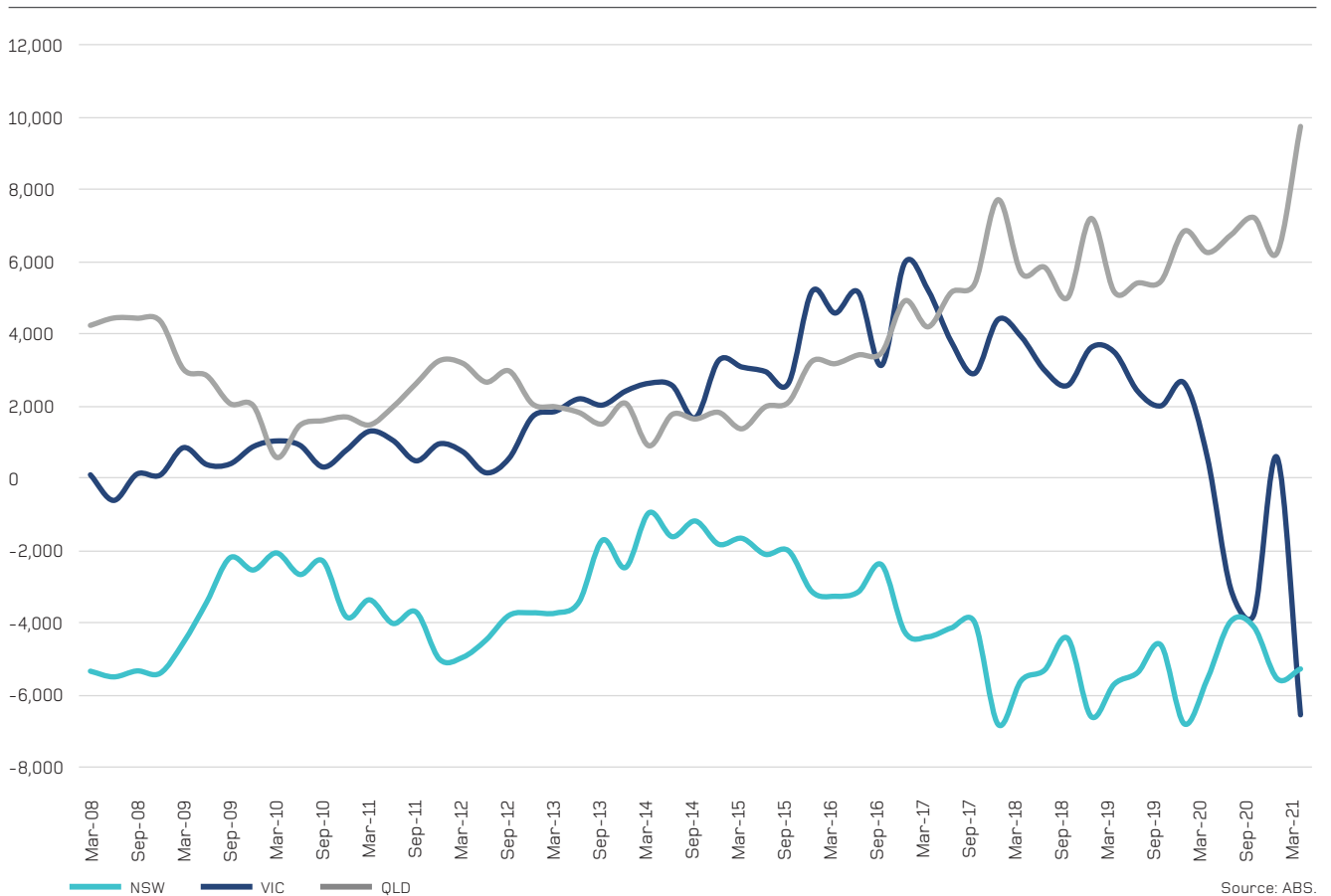
Queensland Unemployment Rate



Queensland Employment Growth



Net Interstate Migration (Quarterly)



Land Market

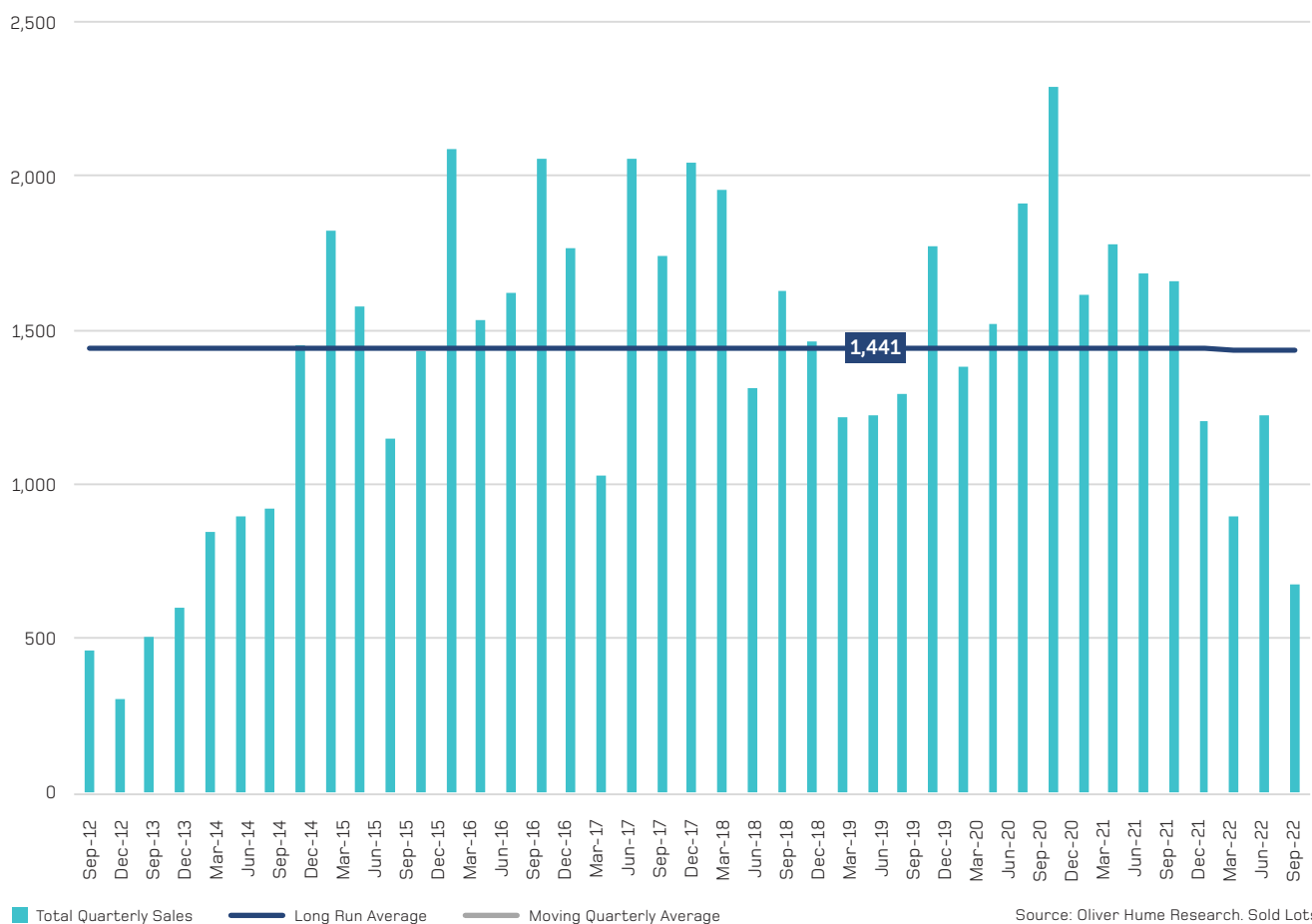
Land Market

South-East Queensland land market sale volumes declined in the September quarter 2022 driven by higher interest rates and cost of living pressures.

While lot availability remains an issue, supply levels have improved in recent months. For the first time in two years, three of the six South East Queensland growth corridors recorded over 150 available lots.

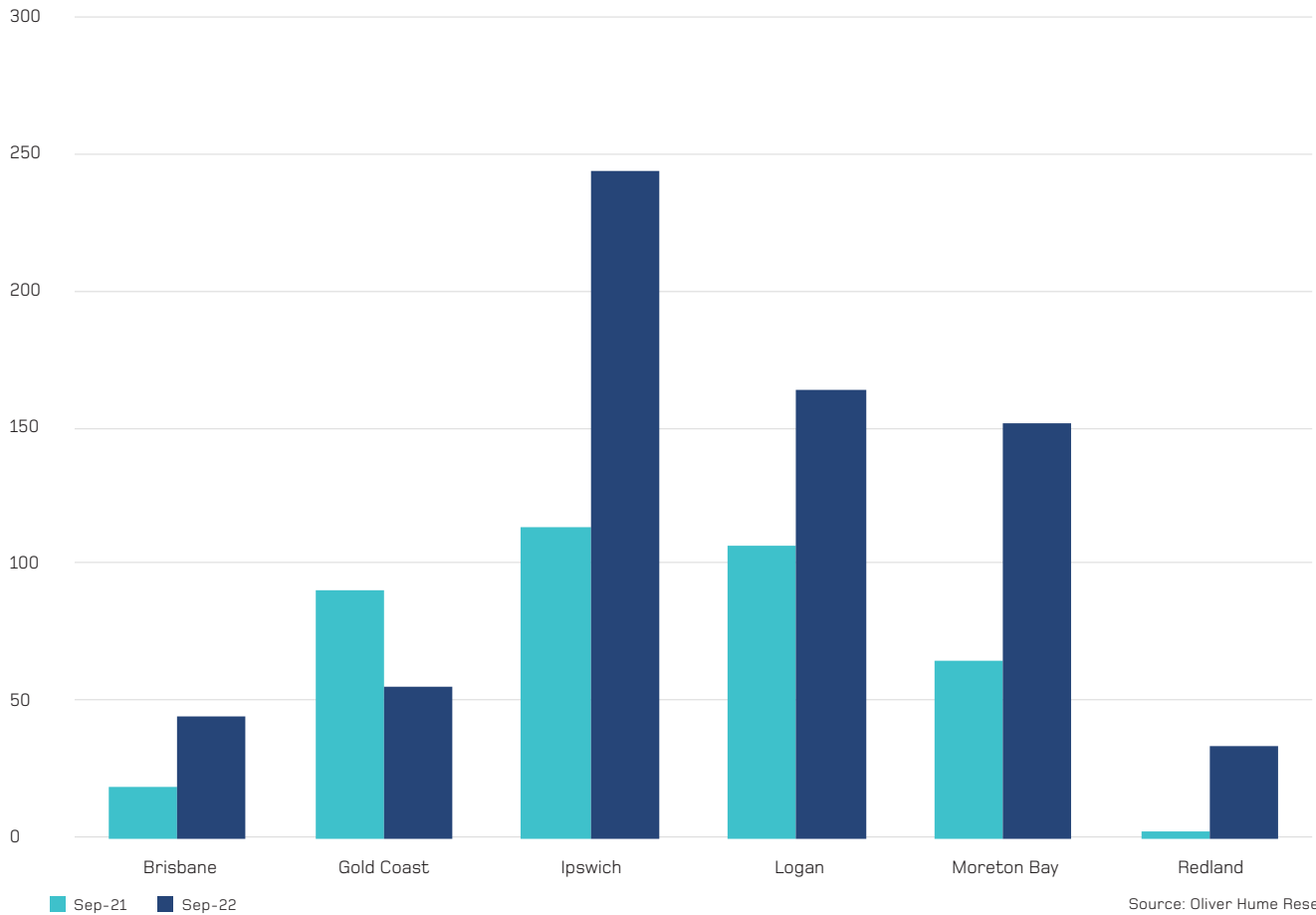
Sale volumes are expected to remain below the long-run average over the short-term. However, growing housing shortages and robust population growth should see sale volumes gradually increase.

South East Queensland Project Land Sales





Available Stock – South East Queensland Growth Corridors



Land Market

Market Share

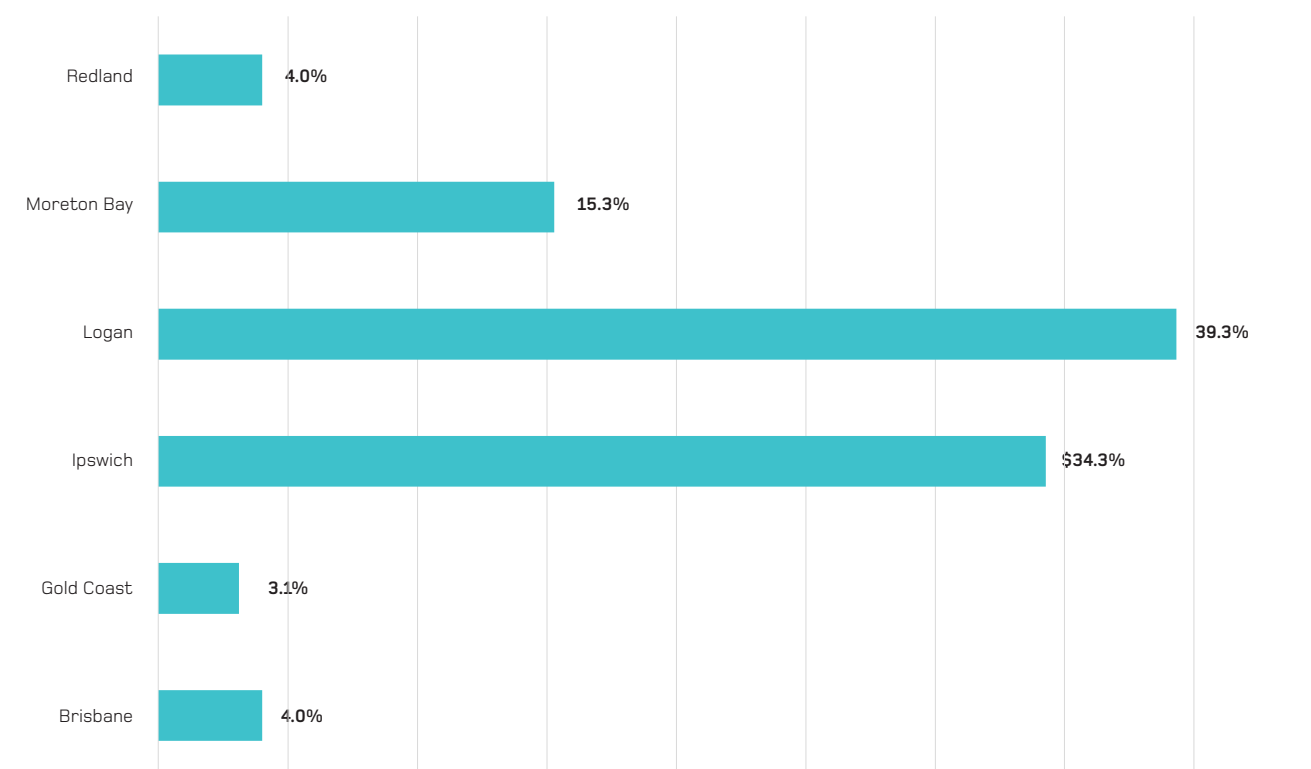
For the first time in over two years, the Logan local government area recorded the highest market share over the quarter (accounting for over 39% of all sales in the September quarter 2022). Affordability and stock availability were key drivers.

Growth Corridor Sales Market Share

| Quarter | Brisbane Sales | Gold Coast Sales | Ipswich Sales | Logan Sales | Moreton Bay Sales | Redland Sales |
|----------|----------------|------------------|---------------|-------------|-------------------|---------------|
| Sep. '22 | 4.0% | 3.1% | 34.3% | 39.3% | 15.3% | 4.0% |
| Jun. '22 | 4.1% | 2.5% | 38.6% | 31.8% | 19.3% | 3.7% |
| Sep. '21 | 12.7% | 10.5% | 26.0% | 31.2% | 15.5% | 4.0% |

Source: Oliver Hume Research.

South East Queensland Project Land Sales Market Share



Source: Oliver Hume Research.

Median Prices

The South-East Queensland median price declined by 3.7% over the September quarter 2022.

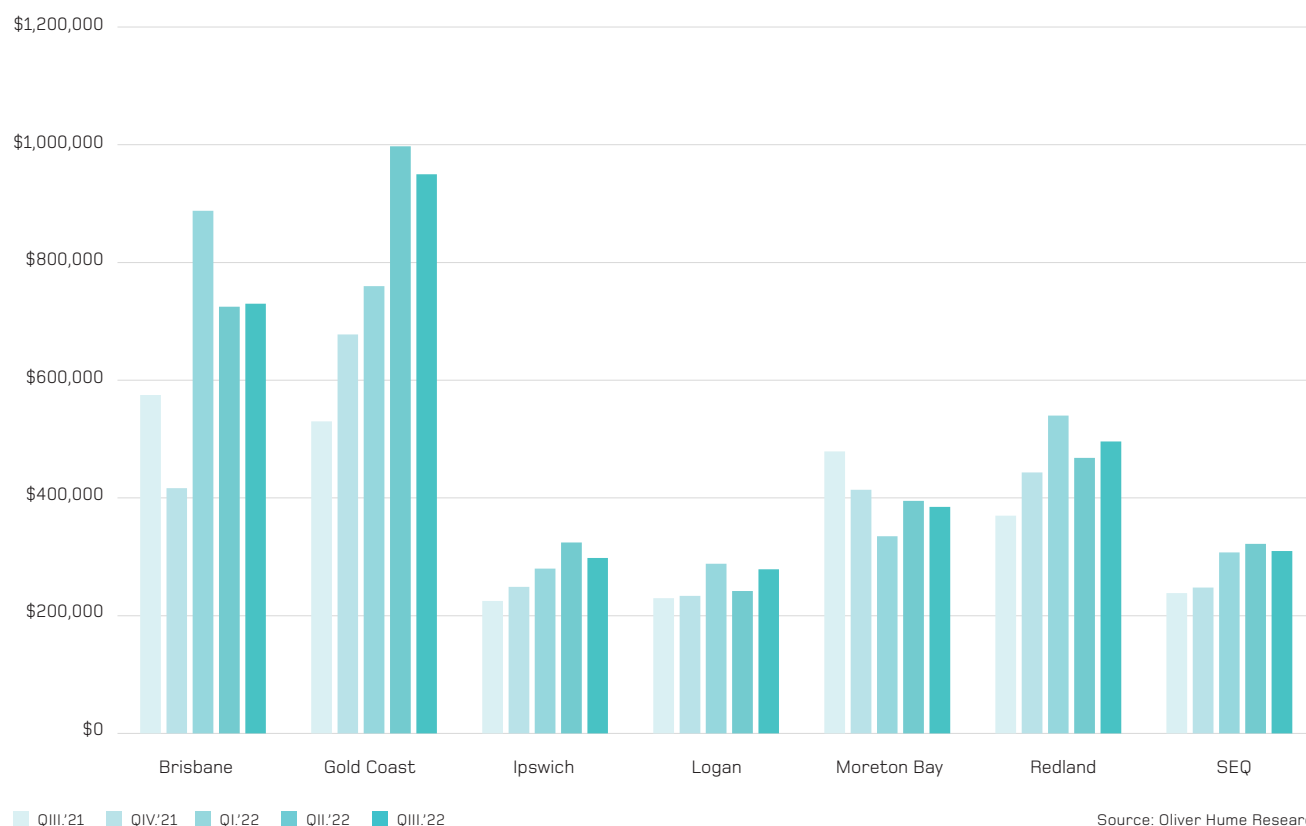
Although higher interest rates were a key driver of lower prices, a higher share of sales in more affordable locations (especially across the Logan local government area) drove the result.

It is noted that median prices can differ from quarter to quarter, especially across South-East Queensland, due to the nature of stock sold (for example changes in the size of lots and if luxury projects are included).

Pricing momentum is expected to remain soft in the short-term due to higher interest rates, affordability constraints and cost of living pressures.

However, Queensland's housing shortages and rapidly growing population are expected to provide support for prices over the medium-long term.

South East Queensland Median Lot Prices by Local Government Area

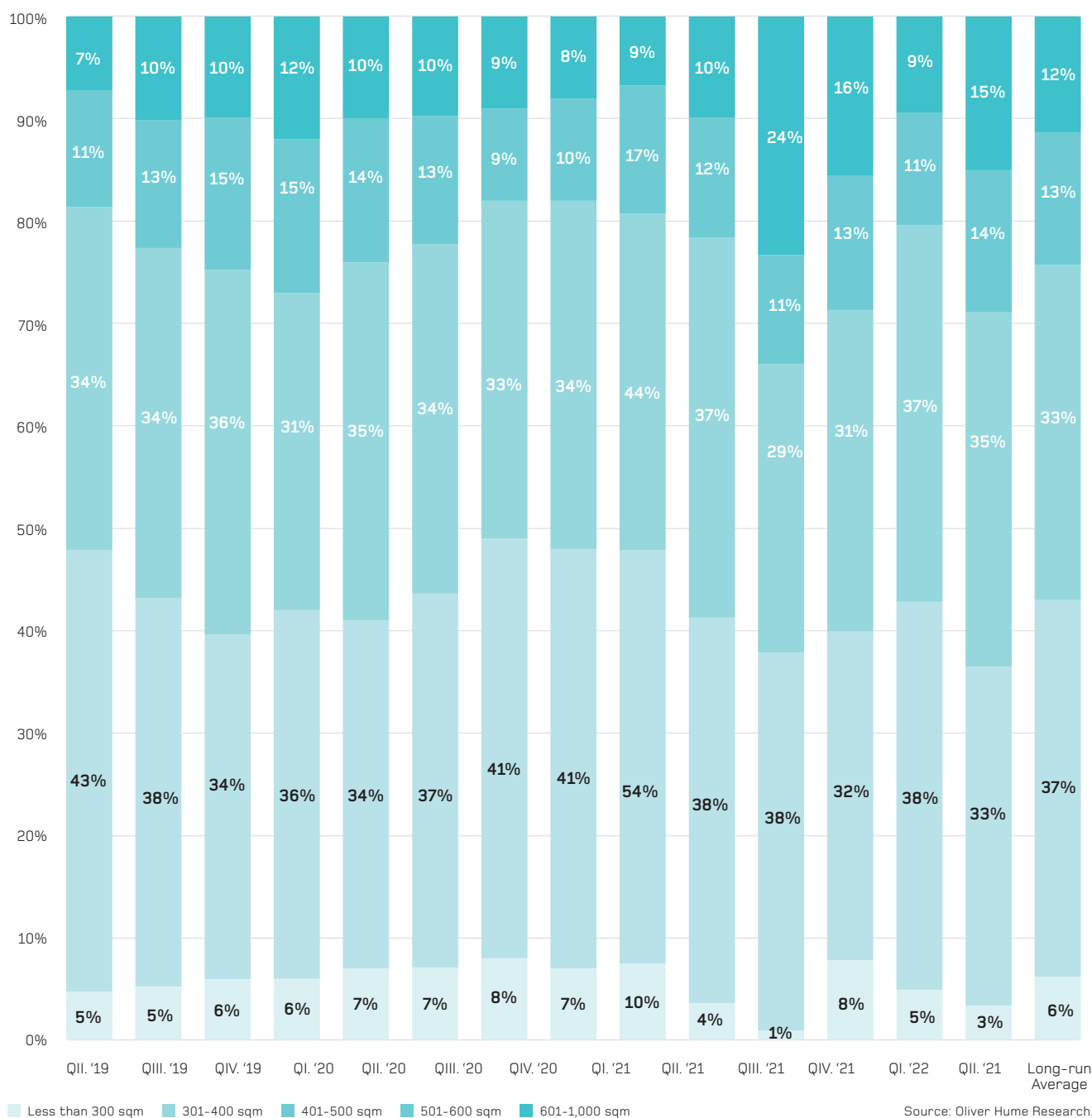


Land Market

Median Lot Size

Across South-East Queensland lots sized 301-400 sqm remained the most common sold lot. Over the quarter 35% of sales occurred in this size range.

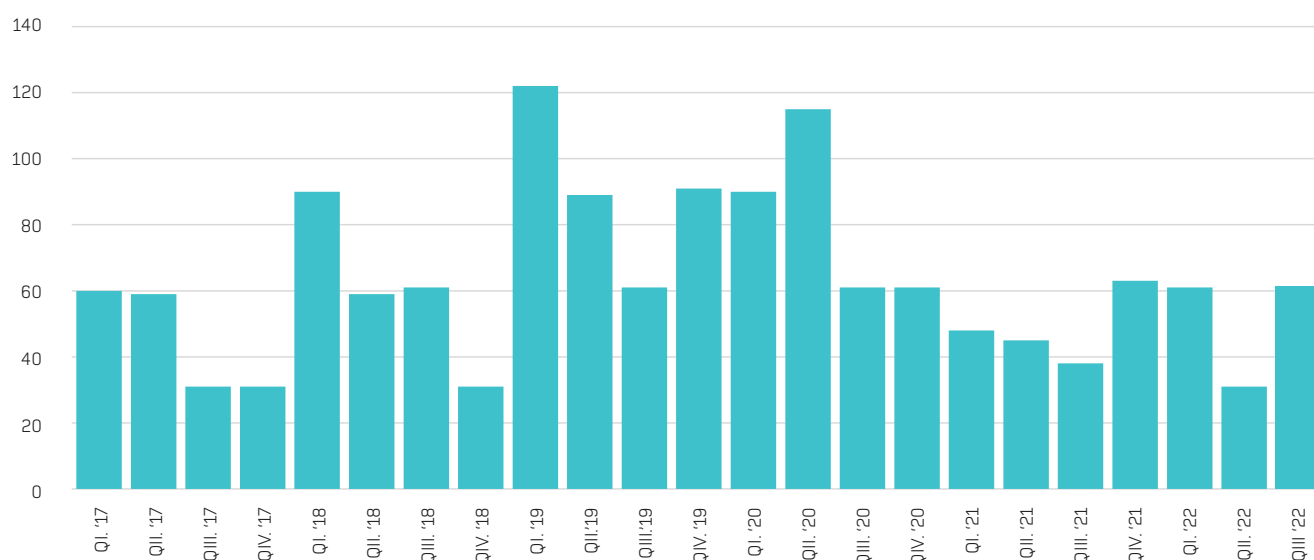
South East Queensland Project Land Sales (0 – 1,000 sqm) Market Share by Product Type



Time on Market

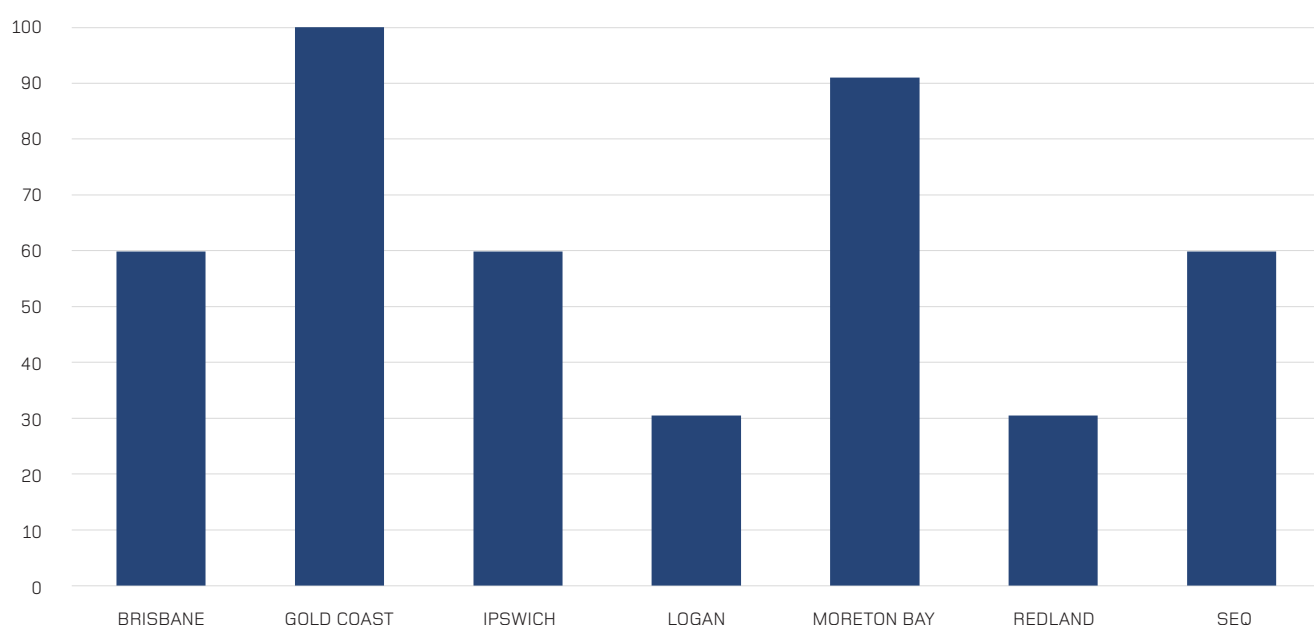
Lots across South-East Queensland remained on market an average of 61 days during the September quarter, increasing from the previous quarter, although consistent with recent trends. We expect the time taken to sell lots will increase, on average, over the short-term as market momentum and activity slows.

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

September Quarter 2022



Commonly Sold Lots

12.5 x 30m
14 x 30m
12.5 x 32m



Median Price

\$310,000



Median Size

437sqm



Median Value Rate

\$709 per
sqm



QUEENSLAND

Median Lot Prices by Suburb (Gross)

375 sqm and 400 sqm Lots
September 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
\$625,000

CHAMBERS
FLAT
n/a
\$330,000

NEERANG
\$950,000
n/a

GOLD COAST

4.0

South Australia

**George Bougias**

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Economy

The South Australian economy remains resilient.

The state's unemployment rate remains around record lows reaching 4.3% in the September quarter 2022.

In seasonally adjusted terms, South Australian full-time employment increased by 2,200 (0.4%) in September to be 1.4% higher through the year.

South Australia's economy increased by 15,400 people (0.9%) in the year ending 31 March 2022.

Population growth was driven by net overseas migration (over 8,160 people). Net interstate migration remained positive (673 people).

The South Australian economy remains resilient. The state's unemployment rate remains around record lows...



Land Market

Prices

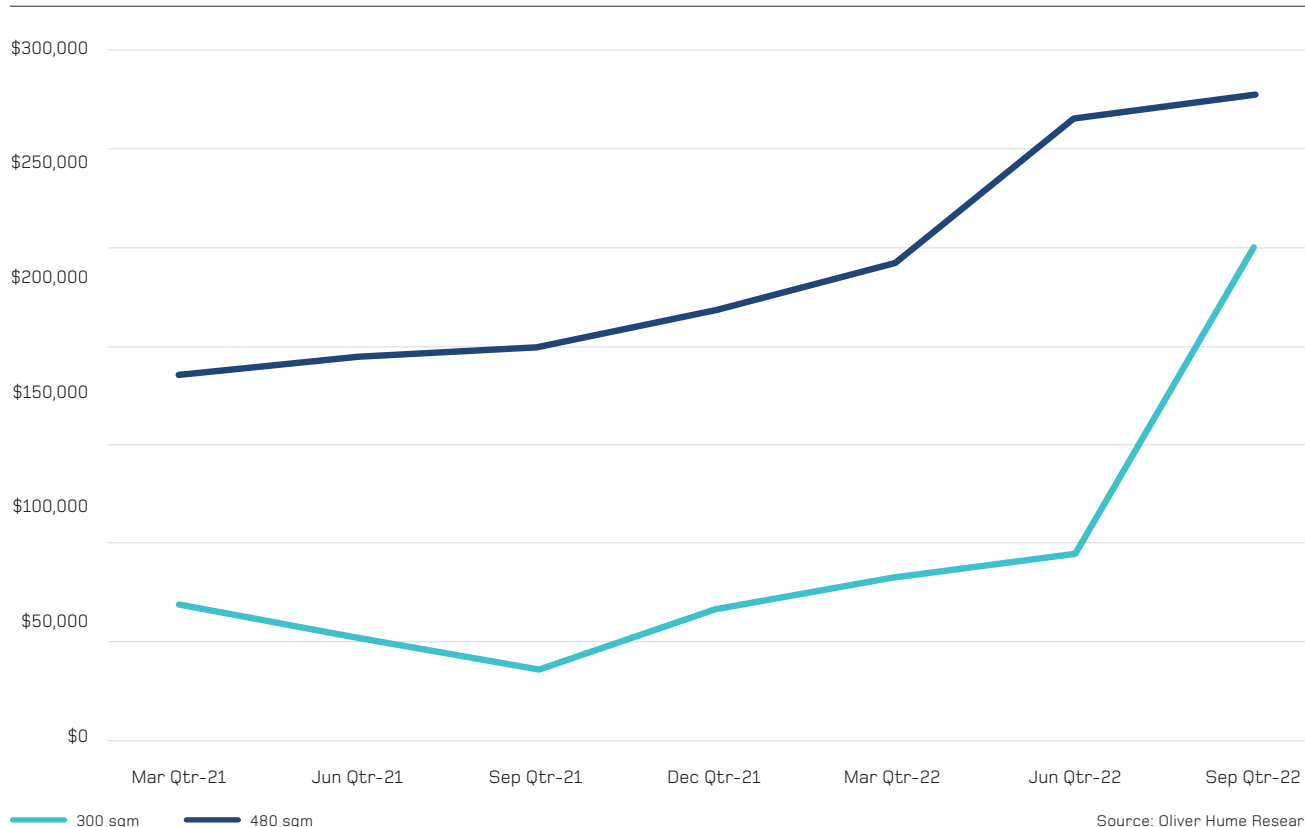
Greater Adelaide land prices increased by over 8% in the September quarter to reach \$230,000 (up 24% over the year).

Recent price growth was consistent with broader property market trends which showed that Adelaide property prices remained resilient in recent months.

Prices for many popular lot sizes continued to increase in the September quarter.

Adelaide's property market has been a stand-out performer in the current cycle. Affordability has been a key driver with both local and interstate purchasers increasingly attracted to opportunities in Adelaide due, in part, to the city's relative affordability vis-à-vis the eastern seaboard.

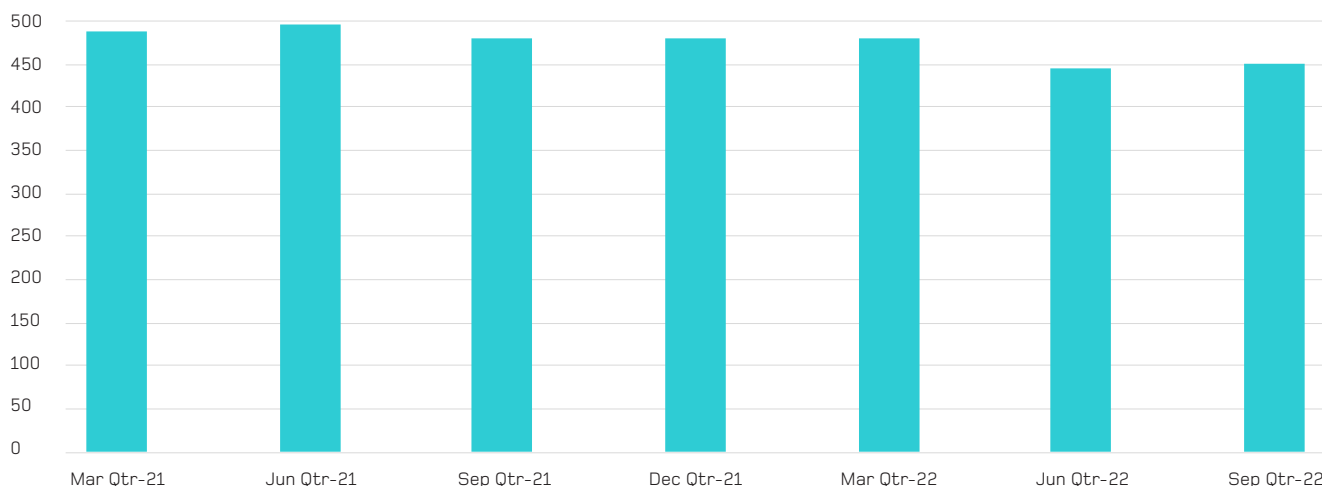
Greater Adelaide Median Lot Price (3-month moving average, selected lot types)



Sales Volumes

The volume of sales remained resilient in the September quarter 2022 but is expected to slow as the impact of higher interest rates and cost of living pressures takes effect.

Greater Adelaide Residential Land Sales

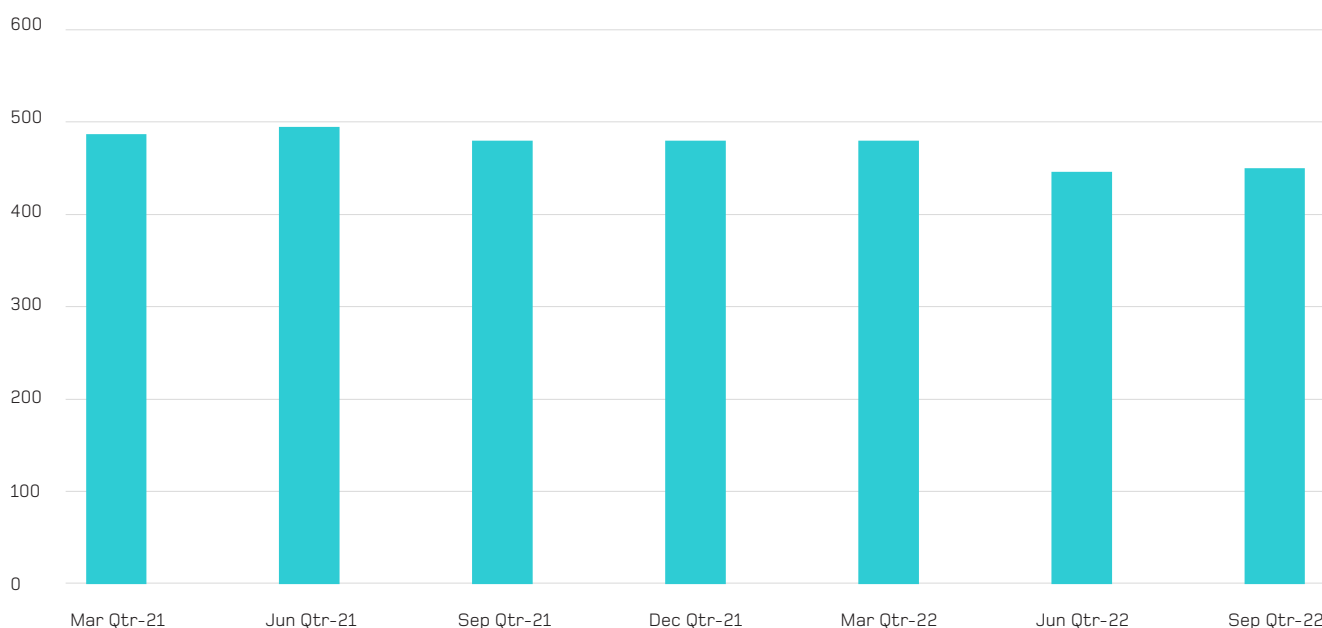


Source: Oliver Hume Research.

Median Lot Size

The median size of lots transacted across the Greater Adelaide market edged lower due to a combination of factors including, especially, affordability pressures (higher prices and interest rates).

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



Source: Oliver Hume Research.

SOUTH AUSTRALIA

Greater Adelaide*

September Quarter 2022



Commonly Sold Lots

12.5 x 30m
10 x 30m
14 x 30m



Median Price

\$230,000



Median Size

475sqm



Median Value Rate

\$512 per
sqm

*Metropolitan Adelaide and selected regional municipalities.

SOUTH AUSTRALIA

Median Lot Prices by Suburb (Gross)

300 sqm and 375 sqm Lots
September Quarter 2022

- 300 sqm Median Price
- 375 sqm Median Price

Source: Oliver Hume Research. Sold.





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