

Quarterly Market Insights

2023

March Quarter

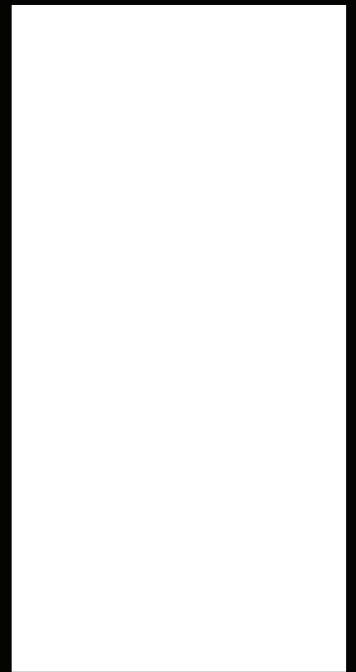
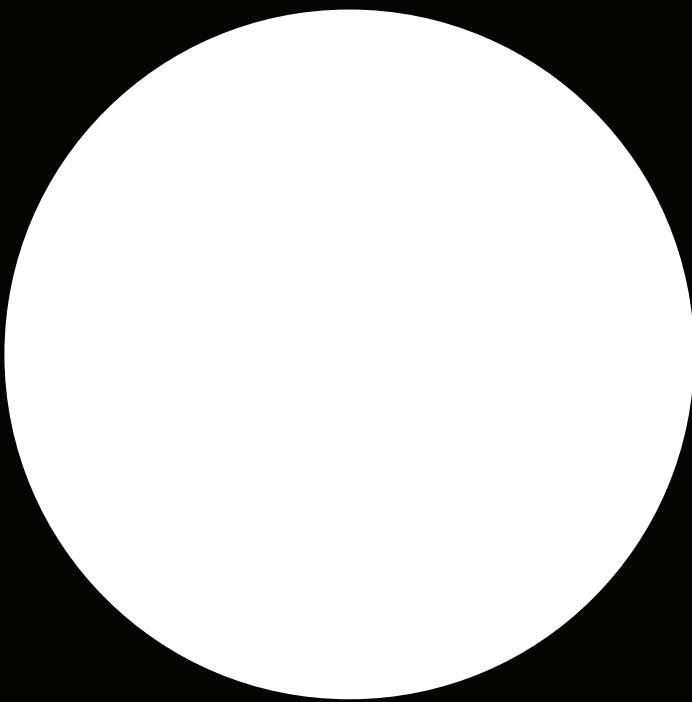




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Foreword

Market conditions remain challenging with higher interest rates, inflation, cost of living pressures and continuing (and much publicised) building industry issues affecting consumer and buyer sentiment.

Land market trends have remained consistent in recent months.

Sale volumes remain well-below long-term average levels although (gross) prices have largely remained around record highs.

Rebates and incentives are, however, becoming increasingly popular.

Lower sale volumes have been driven by a range of factors including much higher interest rates, cost of living pressures and the post COVID-19 moderation in demand (due to the bring forward of sales).

With the post COVID-19 moderation in demand now largely complete, attention is focussing on interest rates and future moves by the Reserve Bank of Australia (RBA).

Consensus forecasts suggest we are around the peak level of interest rates.

This view is underpinned by signs that Australian inflation might have peaked.

There are also additional headwinds in 2023 which policy makers are considering.

First, it will take some time for all interest rate increases to fully flow through to the economy.

Second, there are many existing fixed-rate loans which are expected to roll over into higher variable rates in 2023.

Third, global economic growth and inflation are expected to decline.

Market activity is expected to remain soft over the coming months.

While much discussion currently centres on the short-term outlook there is increasing recognition of medium to long term outlook opportunities and challenges.

Population growth is expected to remain around record highs at a time of large (and growing) dwelling shortages.

A healthy residential greenfield market across our capital cities and regional markets is critical to meeting housing requirements both now and in the future.

It is also critical to ensuring affordability and that we deliver the dwelling types required given current and emerging demographics.

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.



Julian Coppini

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1.0

National Highlights

National Highlights

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Cash Rate Target

3.6%

Economic Growth

2.7%

Inflation

7.8%

Unemployment Rate

3.5%

Employment Growth

3.0%

Wage Growth

3.3%

Average Weekly Earning

\$1,378.⁶⁰

Household Saving Ratio

4.5%

Net foreign liabilities

36.0%
% of GDP

Conversion Rate

A\$1
=US \$0.67

Population

26.1M
1.6% Annual GrowthEmployment to
Population Ratio**64.3%**Average Price of
Residential Dwellings**\$881K**

Household Wealth

878%
as a share of income

Household debt

188%
as a share of income

BRISBANE CBD

CARVERS
PARK

TILLERMAN
PARK



TILLERMAN
PARK RIDGE

Tillerman - New Oliver Hume project in Queensland.

2.0

Victoria

Market Drivers

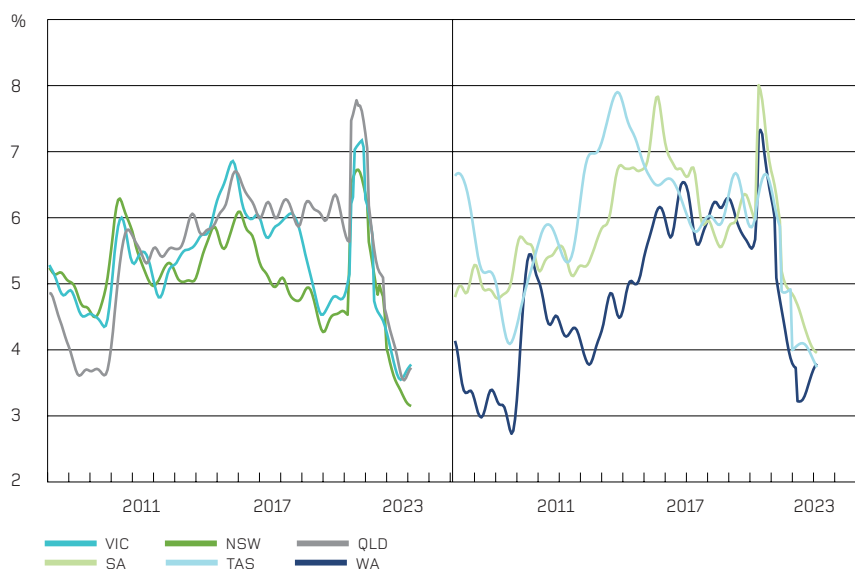
Economy

Inflation remains a key challenge for the State's economy. Higher interest rates are expected to temper Victoria's economic growth.

The labour market remains resilient although unemployment has drifted slightly higher in recent months, consistent with national trends.

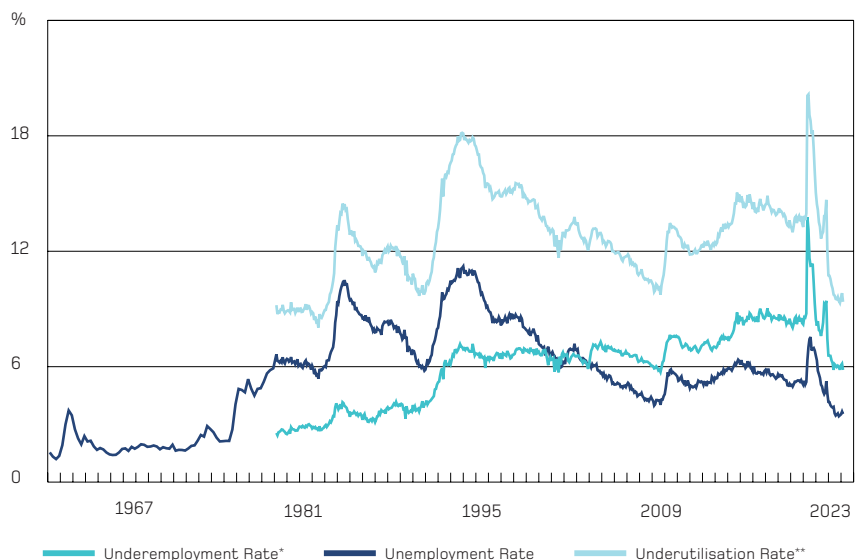
The unemployment rate is expected to remain low over the outlook period, overall, providing support to the residential property market.

State Unemployment Rates (%) – Seasonally adjusted



Source: RBA, ABS.

Labour Underutilisation Rates – Australia



* Employed people who want, and are available, to work more hours.

** Sum of the unemployment and underemployment rates. Source: RBA, ABS.





The unemployment rate is
expected to remain low...

Land Market

Prices

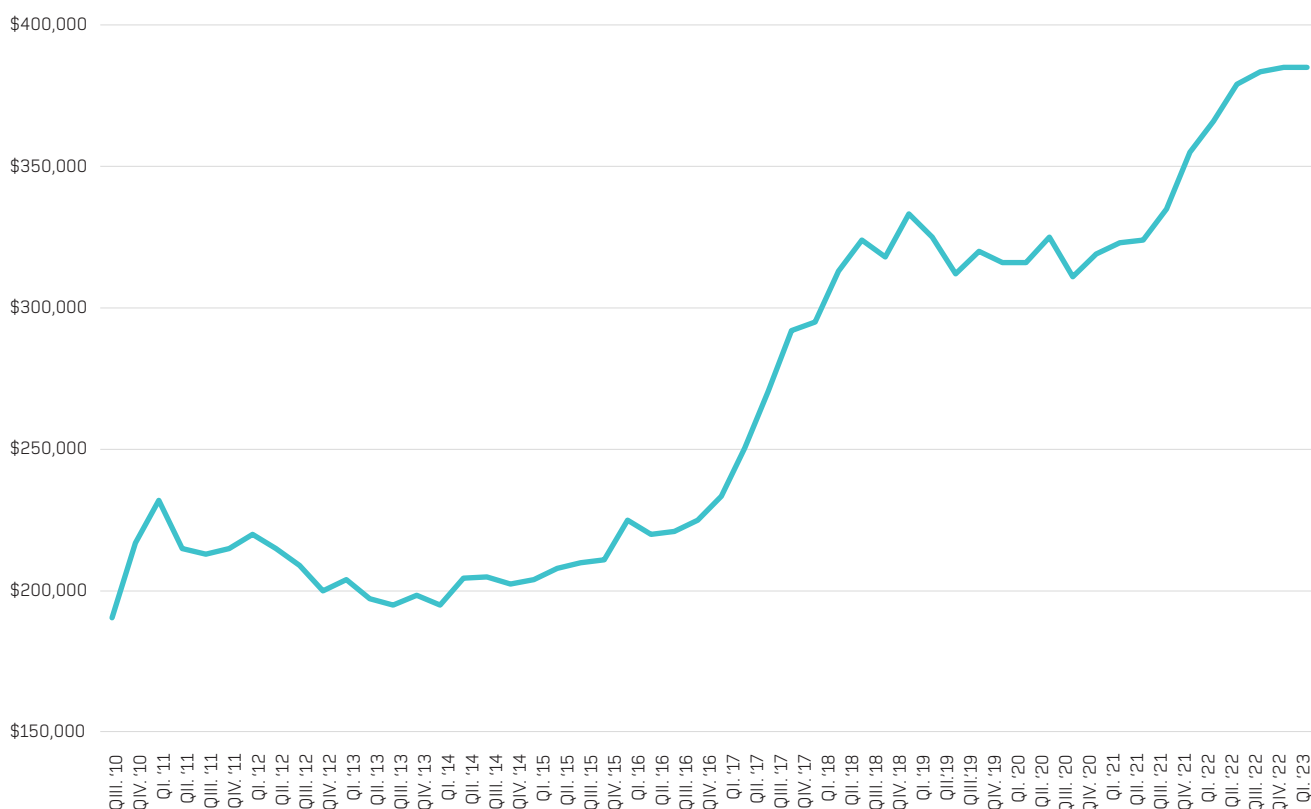
New residential land prices remained largely stable in the March quarter 2023.

The median (gross) price of metropolitan Melbourne conventional lots for the March quarter 2023 remained unchanged at \$385,000.

Prices moderated across most metropolitan Melbourne growth area markets but rose in Melbourne's south-east and Geelong.

Rebates and incentives are increasingly popular.

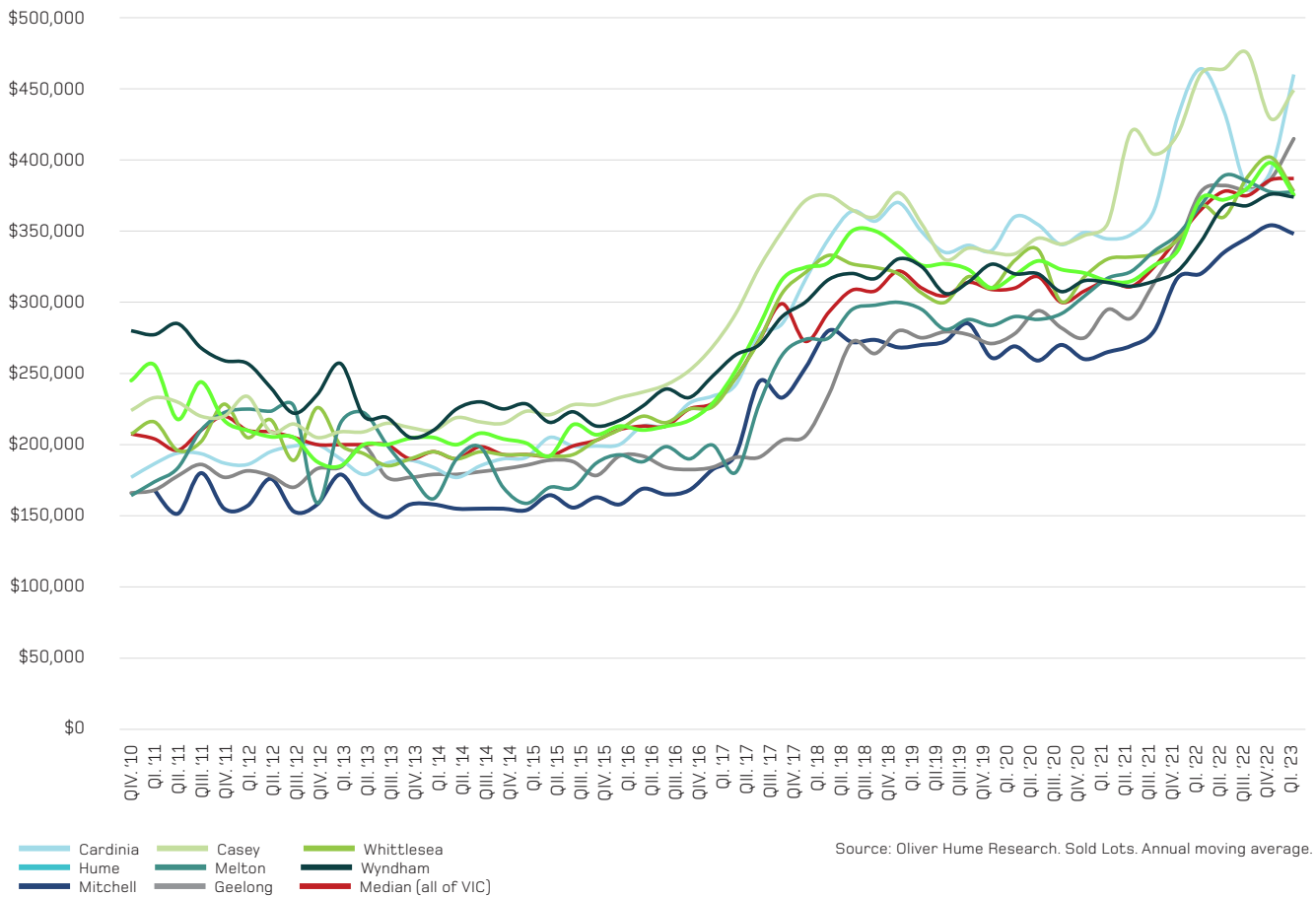
Metropolitan Melbourne Growth Area Municipalities Median Land Price



Source: Oliver Hume Research. Sold Lots.



Victorian Growth Area Median Land Prices



Source: Oliver Hume Research. Sold Lots. Annual moving average.

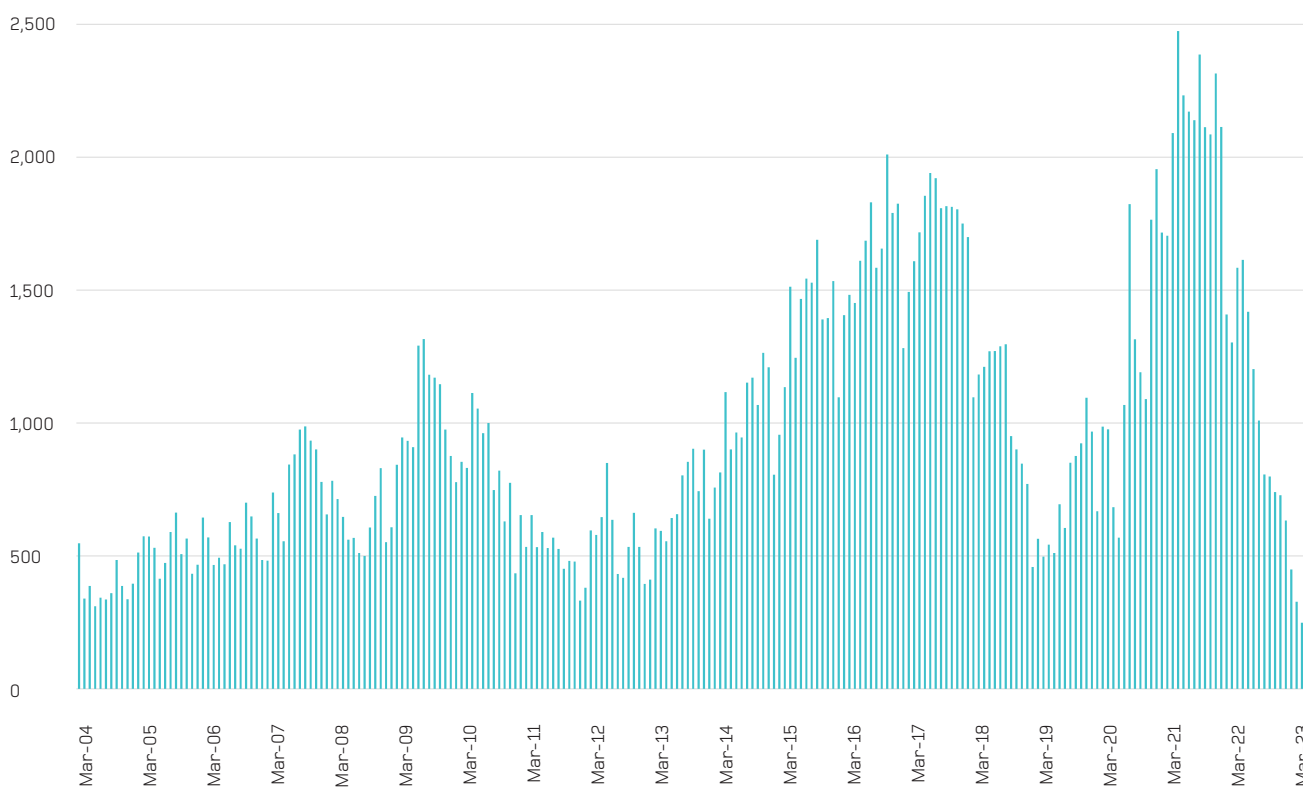
Land Market

Sales Volumes

The volume of lots sold, in both metropolitan and key regional markets, continued to moderate in the March quarter 2023.

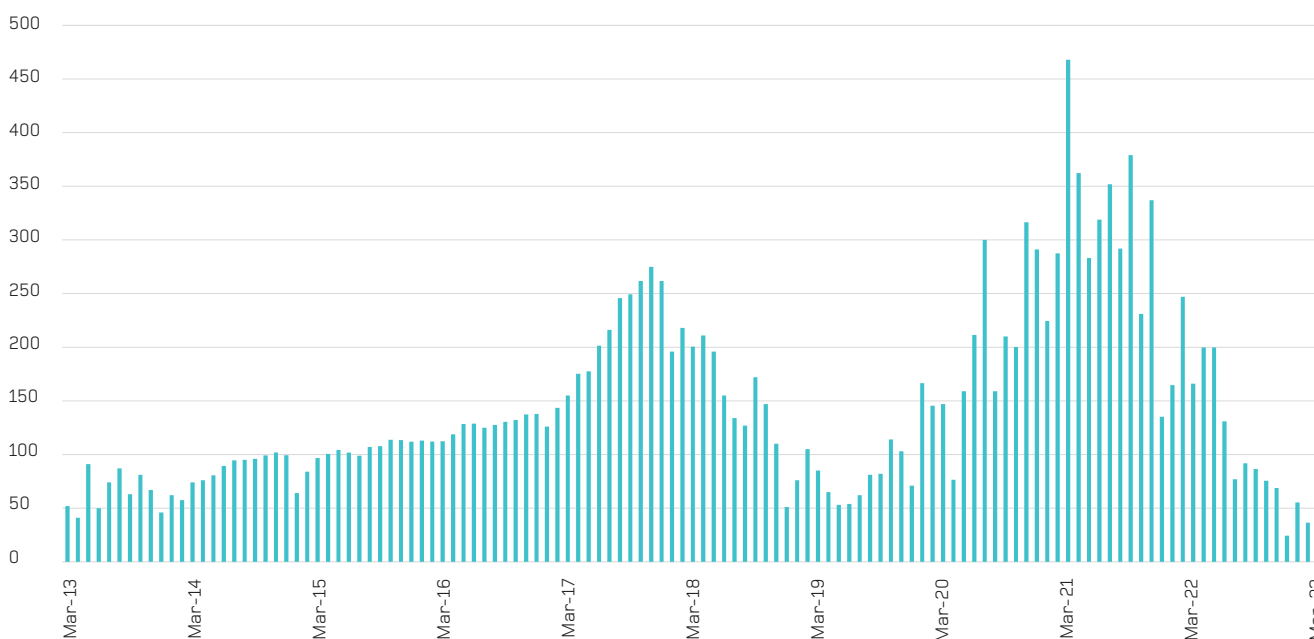
Drivers of the result included higher interest rates, cost of living pressures and the post COVID-19 moderation in demand (due to the bring forward of sales).

Metropolitan Melbourne Residential Greenfield Sales – Monthly



Source: Oliver Hume Research.

City of Greater Geelong Residential Greenfield Sales – Monthly



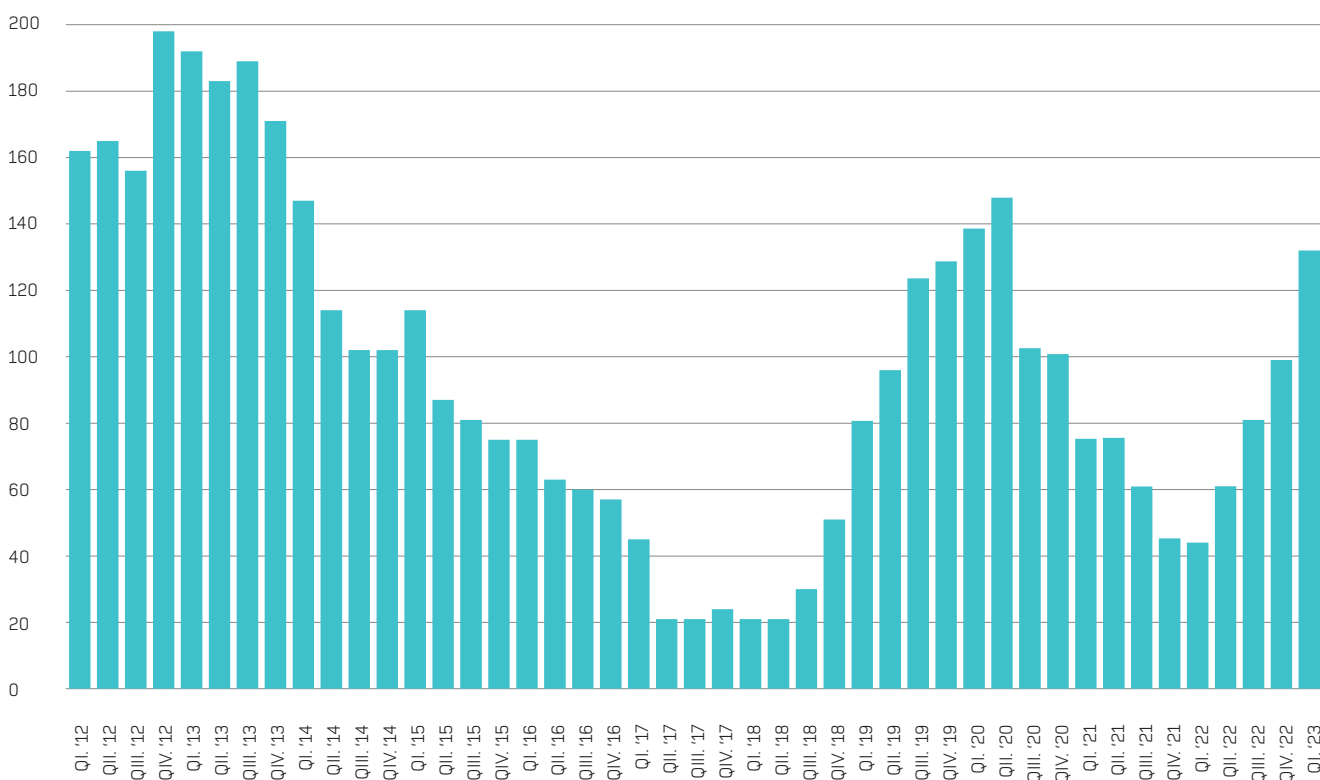
Source: Oliver Hume Research.

Time on Market

Lots across metropolitan Melbourne remained on the market for an average of around 130 days during the March quarter 2023.

Time on market has been increasing since the first interest rate increase in May 2022.

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



Source: Oliver Hume Research.

VICTORIA

Metropolitan Melbourne

March Quarter 2023



Commonly Sold Lots

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



Median Price

\$386,900*



Median Size

367sqm



Median Value Rate

\$1,062 per
sqm

Source: Oliver Hume Research. *All lots.



VICTORIA

Median Lot Prices by Suburb (Gross)

400 sqm and 488 sqm Lots

● 400 sqm Median Price

● 448 sqm Median Price

Source: Oliver Hume Research. Sold.

WALLAN
\$345,000
\$375,000

MICKLEHAM
\$427,000
n/a

BEVERIDGE
\$345,000
n/a

CRAIGIEBURN
\$459,500
\$483,500

WOLLERT
\$464,950
\$510,900

GREENVALE
\$510,000
\$550,000

MELBOURNE

BERWICK
\$576,000
\$624,000

CLYDE
\$390,000
\$489,000

Development Sites



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The development site market in Victoria has been affected by higher interest rates, lower residential land prices/volumes as well as construction cost growth, which have all impacted development site purchaser demand.

However, sentiment is slowly changing as robust population growth underpinned by overseas migration is leading some potential development site purchasers to restart their search for suitable sites.

In terms of headline development site values, they remain stable and are likely to remain stable in the foreseeable future.

However, development funding issues are emerging in some instances.

Although non-banks remain popular, some non-bank lenders are now not allocating funds for greenfield residential development.

Additionally, some non-bank lenders are not accepting new clients.

All lenders have increased the time taken to assess and scrutinise deals.

Capital costs remain higher due to higher interest rates.

Projects are experiencing lower sales rates which means capital is not being recycled/redeployed as quickly as before interest rates started to increase.

The marketing timeline of development sites remains longer than usual with the smaller pool of buyers needing more time to do their research and due diligence.

Planning, engineering, servicing authorities and other delays remain key challenges.

Limited development stock for sale is another challenge.

To ensure the industry can deliver new housing projects when required, improvement in several areas including planning and engineering processes must continue.

Despite these challenges, the medium to long term outlook for the Victorian development site market remains robust.



In terms of headline development site values, they remain stable and are likely to remain stable in the foreseeable future.

3.0

Queensland

Market Drivers



Sebastian Ozturk

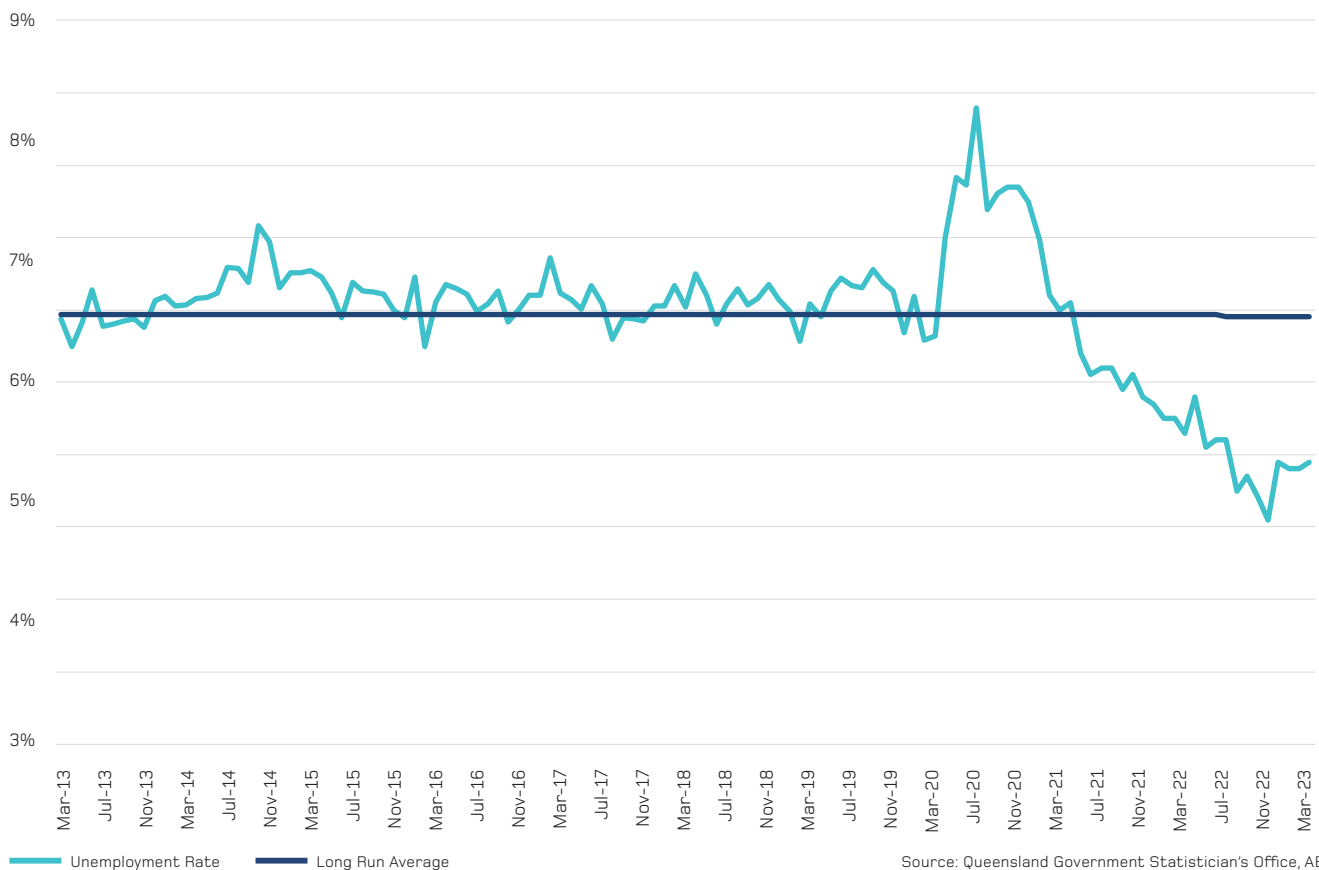
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Economy

The Queensland economy and labour market remain resilient despite the impact of higher interest rates.

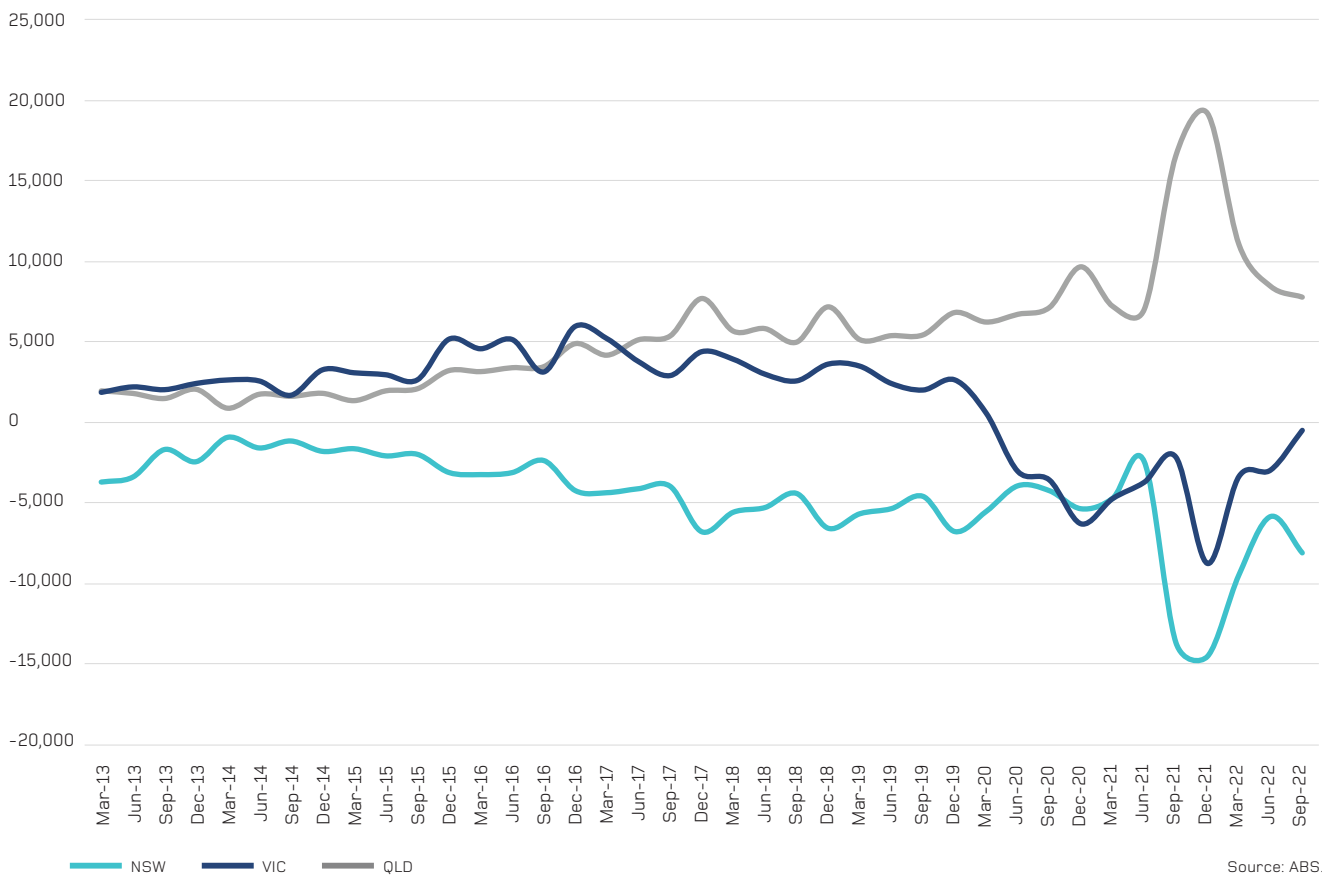
Various economic drivers, including continued robust population growth (especially interstate migration), a stable labour market, strong commodity markets and the steady recovery of tourism, should continue to support growth over the short to medium term.

Queensland Unemployment Rate





Net Interstate Migration (Quarterly)



Source: ABS.

Land Market

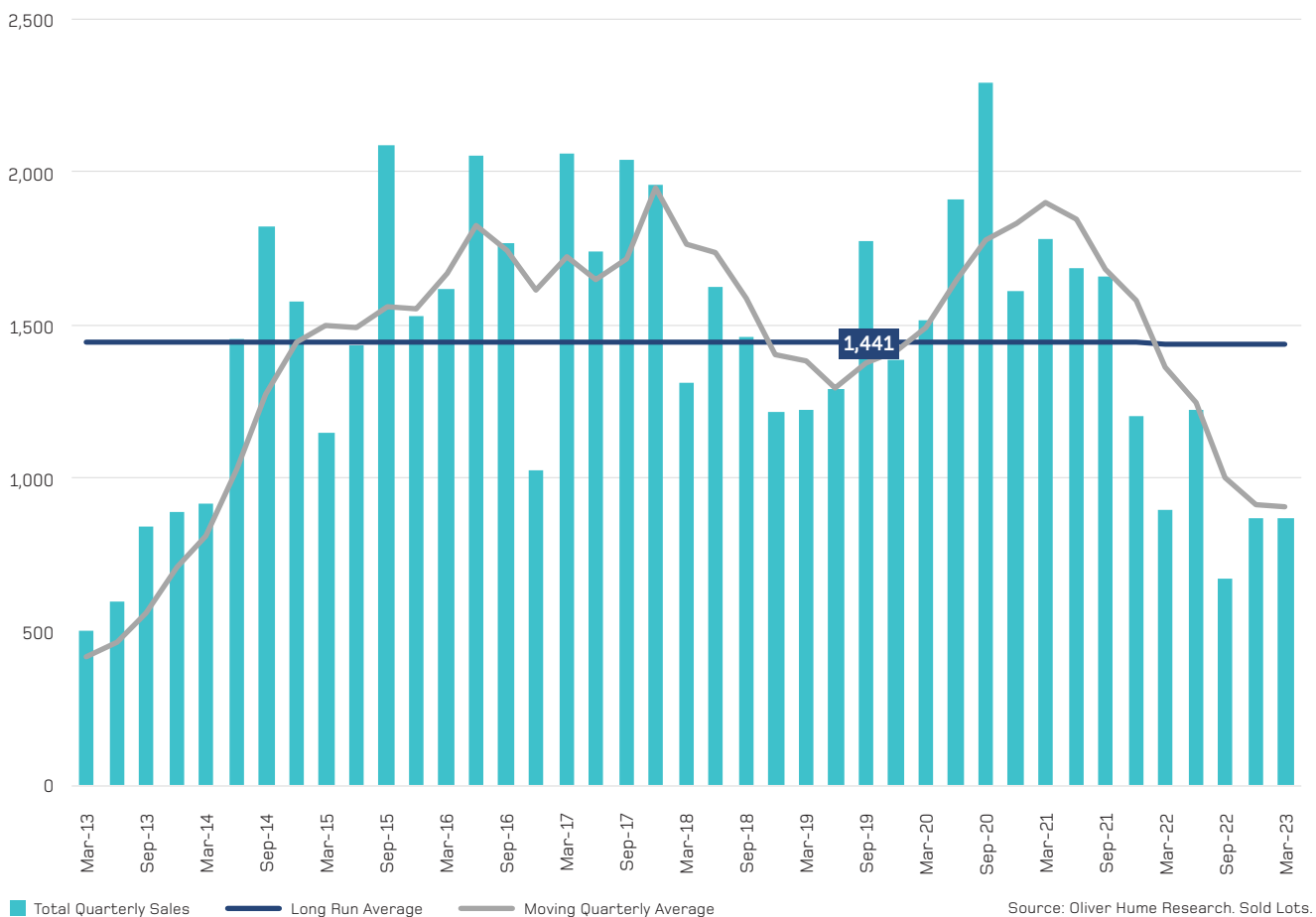
Land Market

The South-East Queensland land market continued to experience below long-term average land sales in the first three months of the year.

Higher interest rates and cost of living pressures continue to temper buyer demand despite strong population growth.

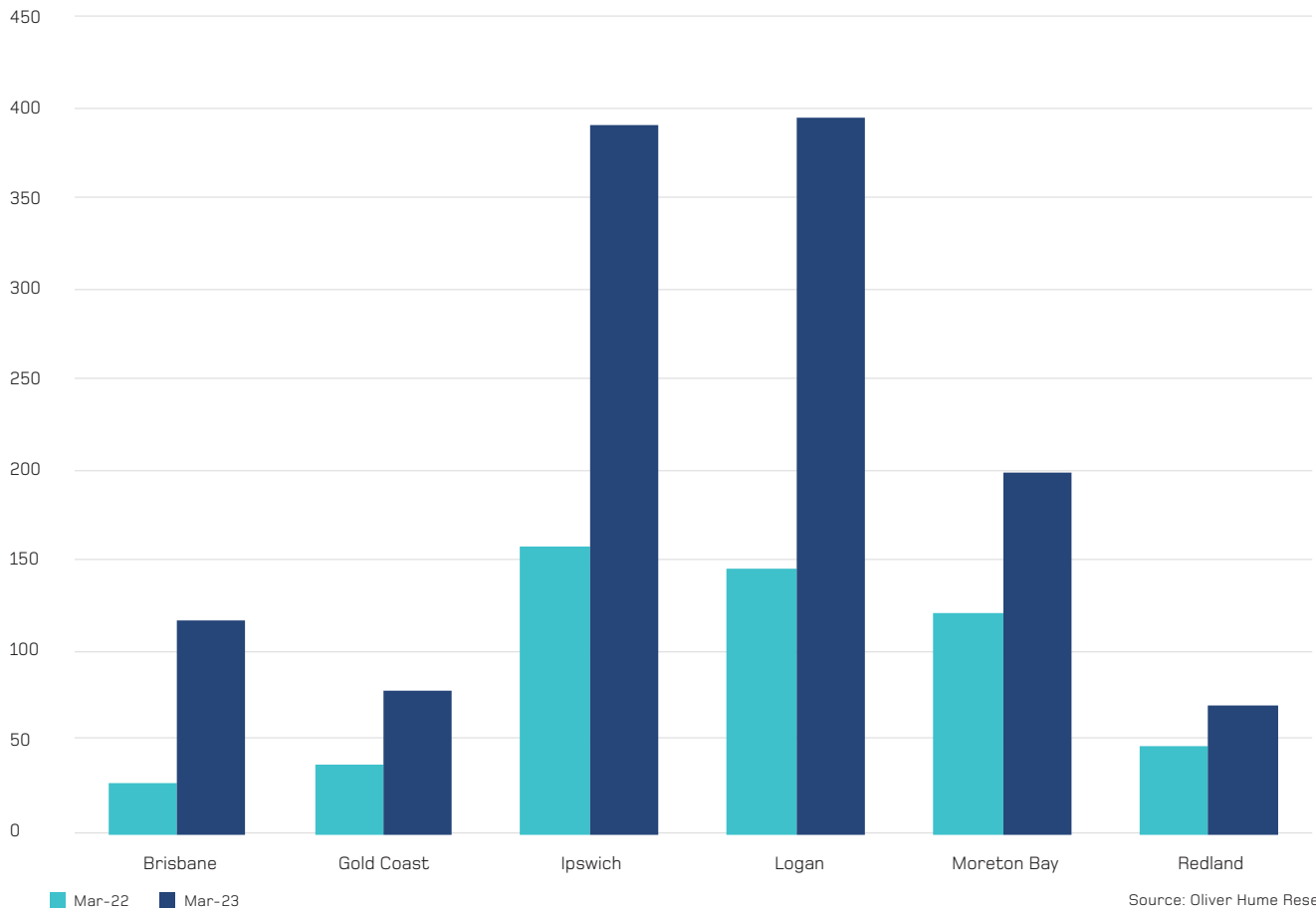
However, lot availability has improved significantly over the last year.

South East Queensland Project Land Sales





Available Stock – South East Queensland Growth Corridors



Land Market

Market Share

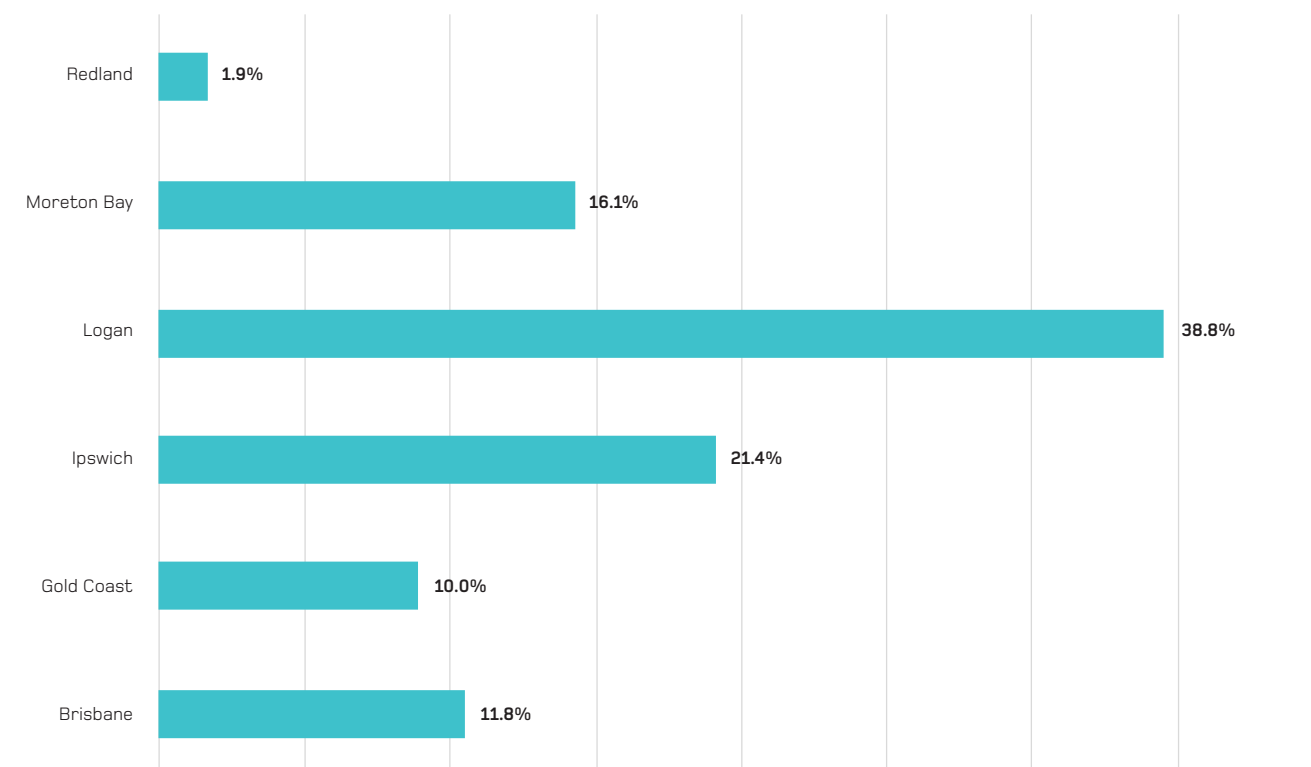
The addition of multiple new projects in the Logan region added significant new stock levels and increased that market's share in the first three months of the year.

Growth Corridor Sales Market Share

Quarter	Brisbane Sales	Gold Coast Sales	Ipswich Sales	Logan Sales	Moreton Bay Sales	Redland Sales
Mar. '23	11.8%	10.0%	21.4%	38.8%	16.1%	1.9%
Dec. '22	2.5%	9.3%	18.9%	28.0%	35.7%	5.5%
Mar. '22	2.5%	4.2%	38.4%	35.3%	18.4%	1.1%

Source: Oliver Hume Research.

South East Queensland Project Land Sales Market Share



Source: Oliver Hume Research.

Median Prices

South-East Queensland median land prices rose in the March quarter 2023 (up 1.8%) to reach a new high of \$345,000.

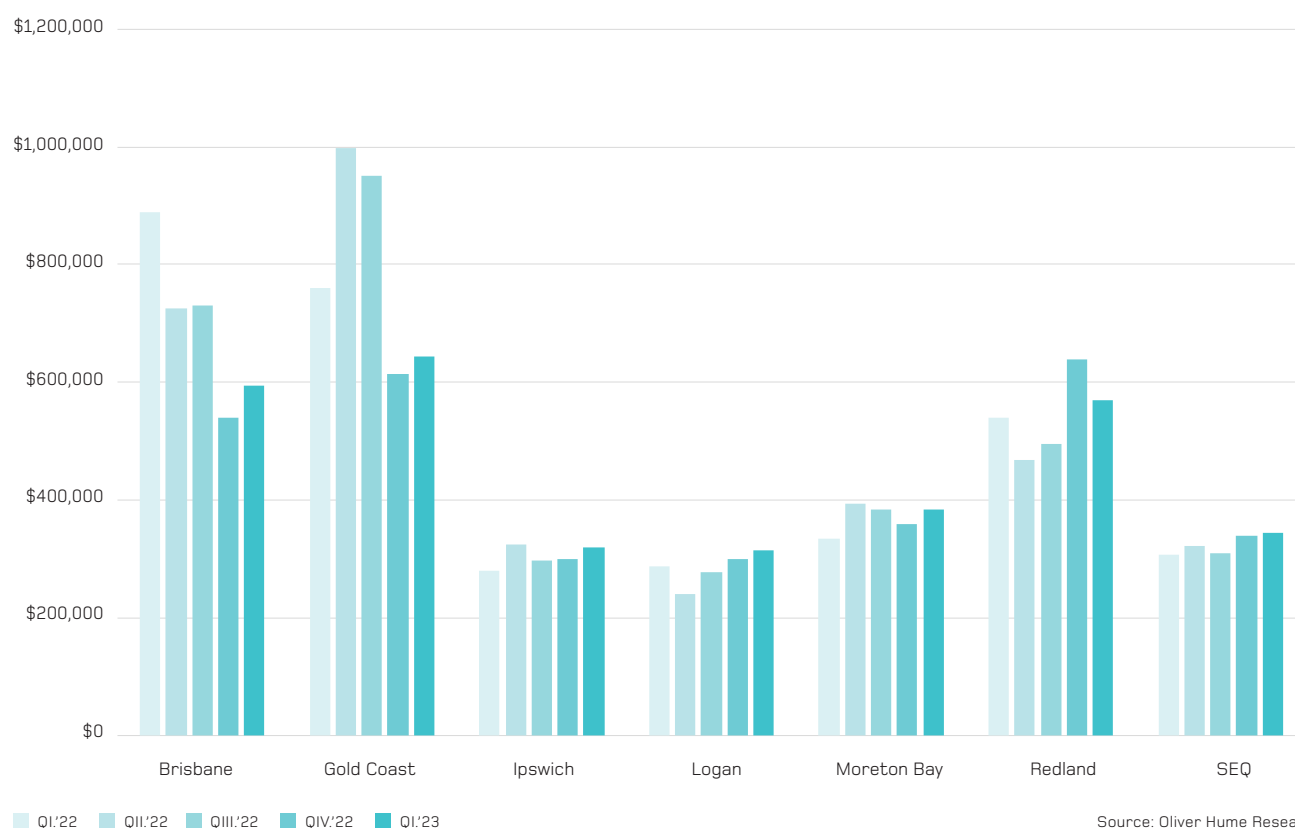
All municipalities, except for Redlands, recorded an increase in median land prices.

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

LGA	Q1. '23	QIV. '22	QI. '22	QoQ	YoY	5 yr Change
Brisbane (C)	\$595,000	\$539,500	\$888,000	10.3%	-33.0%	68.9%
Gold Coast (C)	\$645,000	\$614,000	\$759,900	5.0%	-15.1%	102.0%
Ipswich (C)	\$320,000	\$300,000	\$279,900	6.7%	14.3%	55.5%
Logan (C)	\$315,000	\$300,076	\$288,450	5.0%	9.2%	47.2%
Moreton Bay (R)	\$385,000	\$360,000	\$335,000	6.9%	14.9%	48.0%
Redland (C)	\$570,000	\$640,000	\$540,000	-10.9%	5.6%	88.4%
SEQ	\$345,000	\$339,000	\$307,700	1.8%	12.1%	45.1%

Source: Oliver Hume Research.

South East Queensland Median Lot Prices by Local Government Area

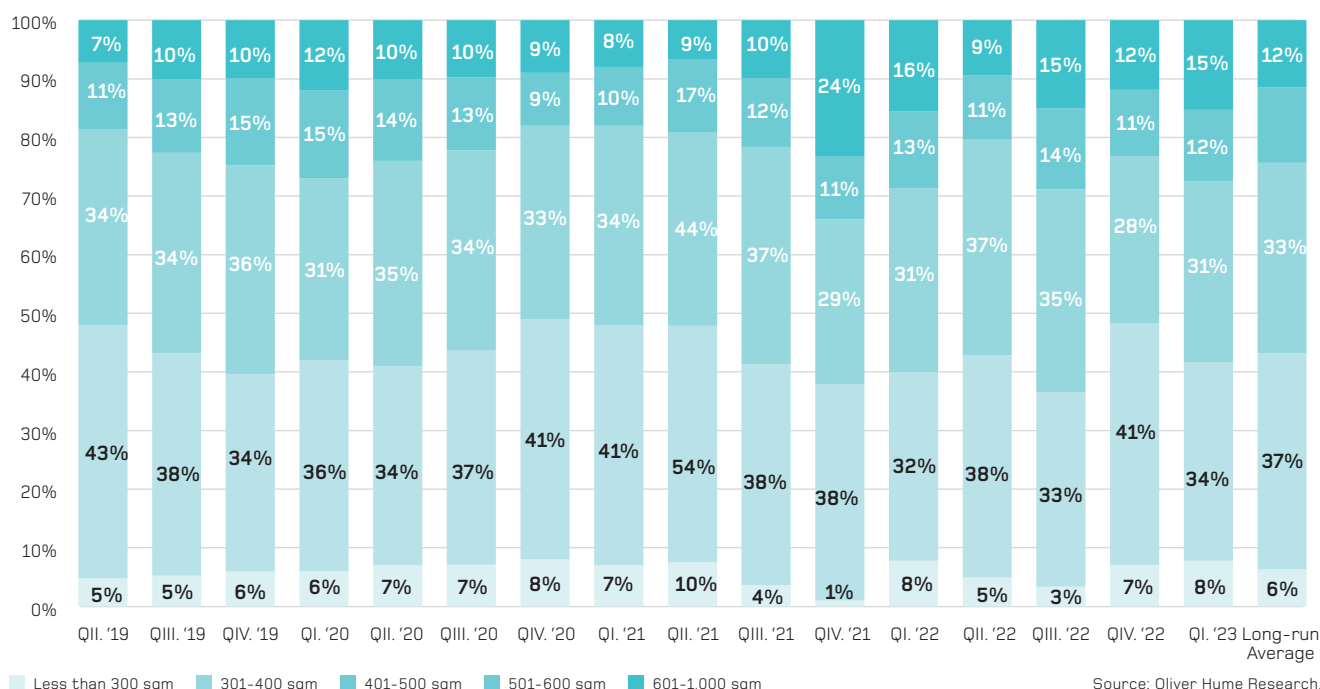


Land Market

Median Lot Size

Across South-East Queensland lots sized 301 sqm – 400 sqm remained the most in demand product accounting for 34% of all sales made in the March quarter 2023.

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	QI. '23	QIV. '22	QI. '22	QoQ	YoY	5 yr Change
Brisbane (C)	400	401	406	-0.2%	-1.4%	-1.4%
Gold Coast (C)	395	451	476	-12.4%	-17.0%	-17.0%
Ipswich (C)	420	448	446	-6.3%	-5.9%	-5.9%
Logan (C)	455	433	406	5.1%	12.0%	12.0%
Moreton Bay (R)	419	384	426	9.1%	-1.7%	-1.7%
Redland (C)	452	410	419	10.2%	7.8%	7.8%
SEQ	430	407	430	5.7%	-0.1%	-0.1%

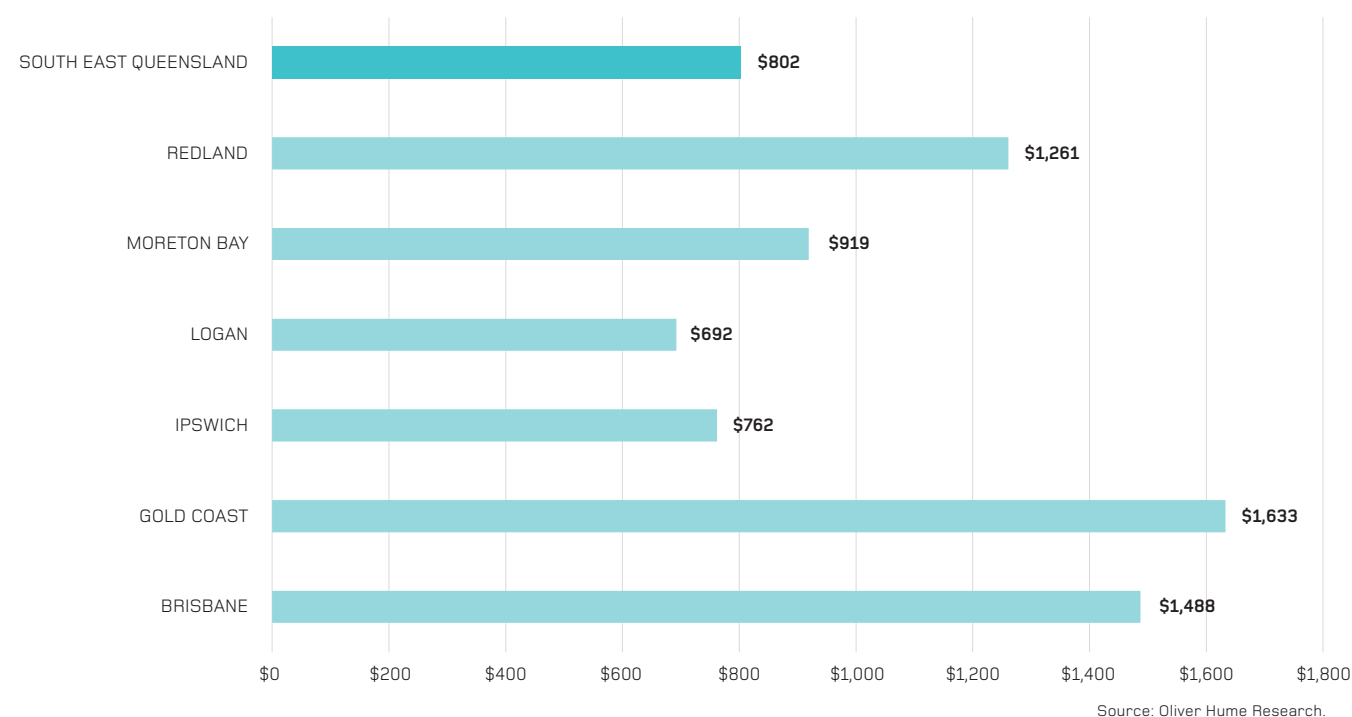
Source: Oliver Hume Research.

Value Rates

The South-East Queensland median value rate (\$/m²) recorded a slight fall for the first quarter of the year.

The decline was due to an increase in the size of blocks which sold across the market.

South East Queensland Project Land Sales (March Quarter 2023) | Median Value Rate (\$ per sqm)



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

LGA	Q1. '23	QIV. '22	QI. '22	QoQ	\$ Value Change (QoQ)	YoY	\$ Value Change (YoY)	5 yr Change	\$ Value Change (5Yr Change)
Brisbane (C)	\$1,488	\$1,345	\$2,189	10.6%	\$142	-32.0%	-\$701	71.3%	\$619
Gold Coast (C)	\$1,633	\$1,361	\$1,596	19.9%	\$271	2.3%	\$36	143.4%	\$962
Ipswich (C)	\$762	\$670	\$627	13.8%	\$92	21.5%	\$135	65.2%	\$301
Logan (C)	\$692	\$693	\$710	-0.1%	-\$1	-2.5%	-\$18	31.5%	\$166
Moreton Bay (R)	\$919	\$938	\$786	-2.0%	-\$19	16.9%	\$133	50.6%	\$309
Redland (C)	\$1,261	\$1,561	\$1,288	-19.2%	-\$300	-2.1%	-\$27	74.8%	\$540
SEQ	\$802	\$833	\$715	-3.7%	-\$31	12.2%	\$87	45.2%	\$250

Source: Oliver Hume Research.

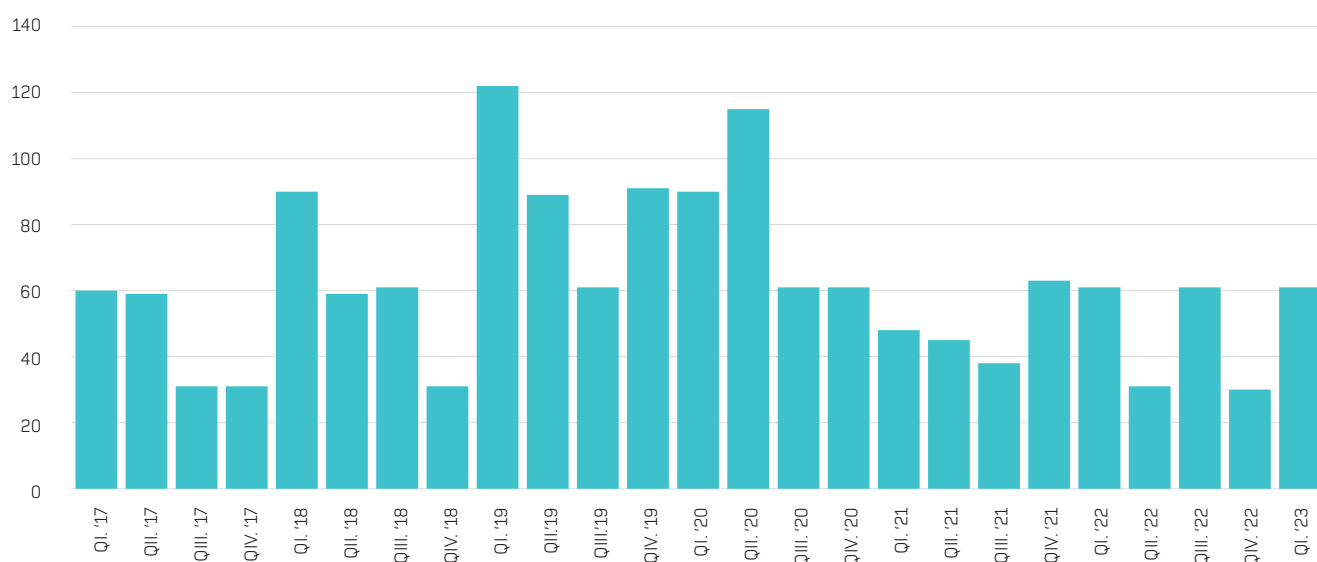
Land Market

Time on Market

Lots stayed on the market for an average of 61 days during the March quarter 2023 (up from 30 days in the previous quarter). Most sub-markets recorded a similar result (except for the Redlands market).

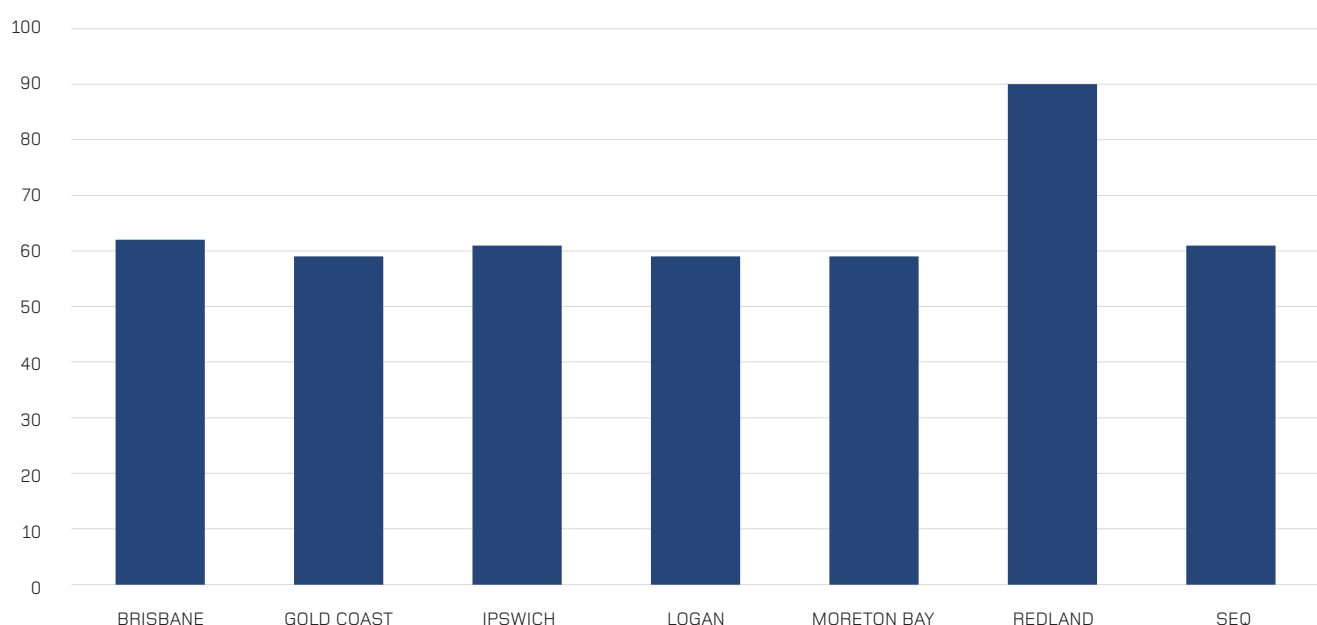
Although much higher interest rates continue to influence the time it takes to sell, with future interest rate uncertainty and serviceability issues being just some of the challenges faced by buyers, the recent result was consistent with long-term trends for the South East Queensland market.

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



Source: Oliver Hume Research.

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



Source: Oliver Hume Research.



QUEENSLAND

South East Queensland

March Quarter 2023



Commonly Sold Lots

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



Median Price

\$345,000



Median Size

430sqm



Median Value Rate

\$802 per
sqm



QUEENSLAND

Median Lot Prices by Suburb (Gross)

375 sqm and 400 sqm Lots

● 375 sqm Median Price

● 400 sqm Median Price

Source: Oliver Hume Research. Sold.

BRISBANE

CHAMBERS
FLAT
n/a
\$331,500

GOLD COAST

4.0

South Australia

**George Bougias**

National Head of Research
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Economy

Despite some short-term challenges to the South Australian economy, due to mainly the impact of higher interest rates, the outlook for the State remains strong.

South Australia's population increased by more than 25,000 people over the year ended in September 2022 (up 1.4% to 1.83 million).

The population increase was the second largest increase on record and was driven mostly by net overseas migration (over 19,560).

The state's unemployment rate has edged higher recently but remains relatively low.





South Australia's population
increased by more than 25,000
people over the year.



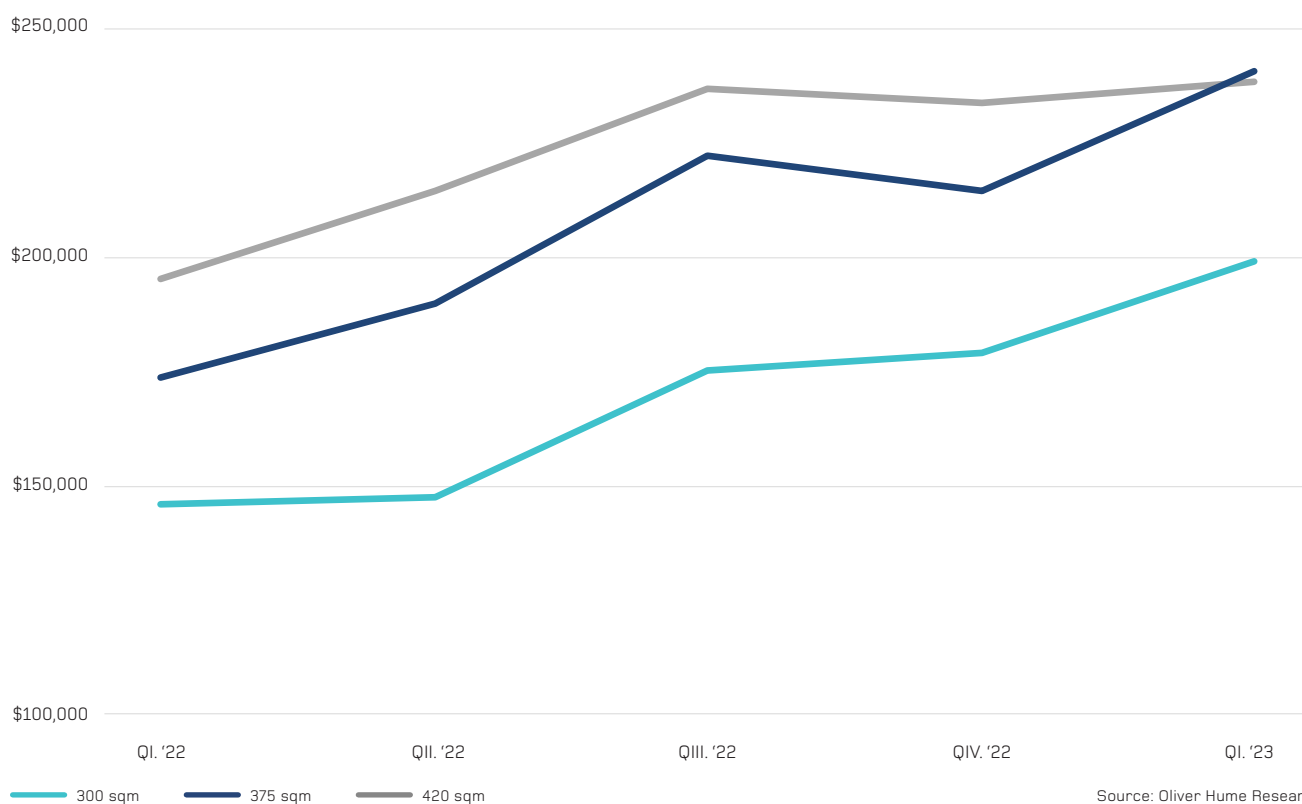
Land Market

Prices

Greater Adelaide median residential land prices increased by around 5% in the March quarter 2023 to reach \$251,500 (up 29% over the year).

Recent price movements are consistent with broader local property market trends driven by the resilience of the Adelaide residential market, limited rental stock (as shown by very low vacancy rates) and strong population growth.

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

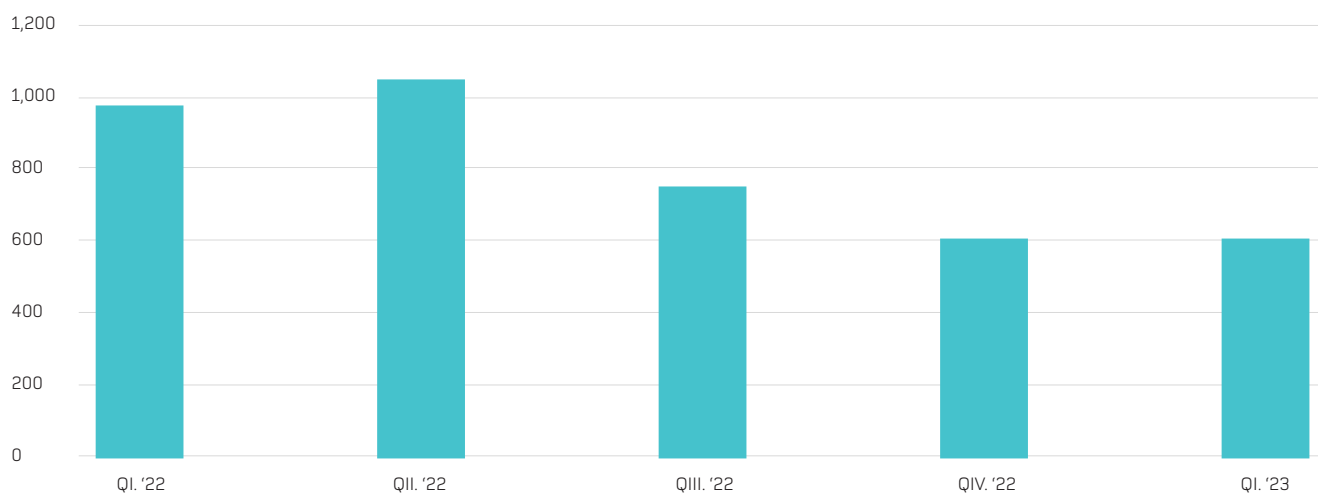


Sales Volumes

The volume of sales in the Greater Adelaide market edged higher in the March quarter 2023 from the previous quarter (from 605 to 611).

The result was driven by a range of factors including robust population growth and significant housing shortages in the broader Adelaide property market.

Greater Adelaide Residential Land Sales

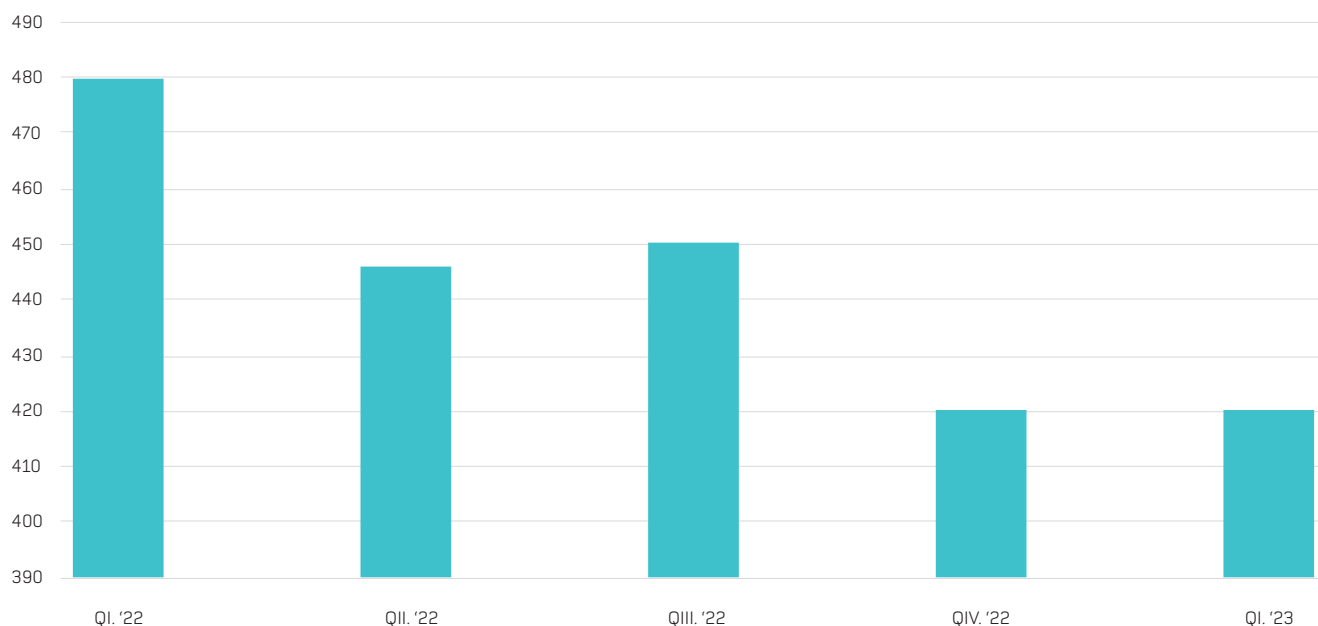


Source: Oliver Hume Research.

Median Lot Size

The median size of lots transacted across the Greater Adelaide market remained stable in the March quarter 2023. The size of lots transacted has declined in recent years due to a combination of factors including growing affordability pressures (higher land prices, higher interest rates and construction cost increases).

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



Source: Oliver Hume Research.

SOUTH AUSTRALIA

Greater Adelaide*

March Quarter 2023



Commonly Sold Lots

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



Median Price

\$245,000



Median Size

420sqm



Median Value Rate

\$573 per
sqm

*Metropolitan Adelaide and selected regional municipalities.

SOUTH AUSTRALIA

Median Lot Prices by Suburb (Gross)

300 sqm and 375 sqm Lots

● 300 sqm Median Price

● 375 sqm Median Price

Source: Oliver Hume Research. Sold.

ROSEWORTHY
\$243,000
n/a

VIRGINIA
n/a
\$238,950

ANGLE VALE
\$199,000
\$239,000

GAWLER BELT
\$164,000
\$197,000

GAWLER EAST
n/a
\$202,400

EVANSTON
GARDEN
\$159,000
\$199,000

MUNNO PARA
DOWNS
\$189,950
\$215,950

ANDREWS
FARM
\$172,000
\$195,750

BUCKLAND
PARK
n/a
\$229,400

DAVOREN
PARK
n/a
\$155,000

OAKDEN
\$389,000
\$487,000

WOODVILLE
n/a
\$340,000

ADELAIDE

OLD REYNELLA
\$282,500
\$347,500

PORT
NOARLUNGA
SOUTH
\$312,000
\$355,500

SEAFORD
HEIGHTS
\$300,000
\$340,000

ALDINGA
n/a
\$299,000



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