

Quarterly Market Insights

2024

September Quarter

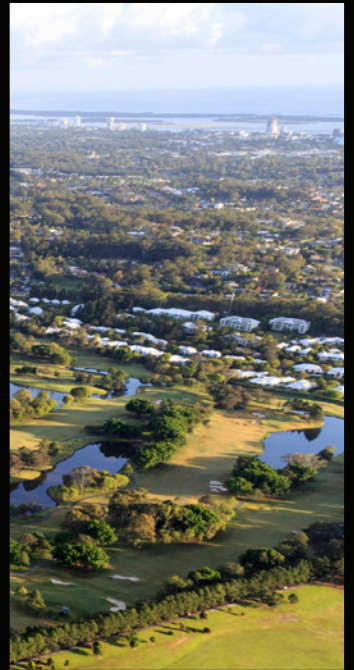




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Foreword

Land markets across the country continue to run at two speeds.

In South East Queensland and South Australia, the residential land market is performing solidly, while conditions in Victoria remain challenging (for all the reasons we know about).

As a result of rising supply in the established market (which has resulted in lower prices), a pricing mismatch is occurring in the greenfield market in Victoria. This combined with general weaker demand (pull forward of sales from 2021 and lack of affordability etc.) is hampering new sales activity across the Melbourne greenfield market.

Though consumers are still cautious in general about Victorian real estate, buyer confidence is beginning to bounce back from its pessimistic lows. Households are feeling less anxious about additional rate increases and are now looking to the lower interest rate environment. As to where interest rates land in 2025, we will need to see what stimulatory policies might be put in place by the Trump administration.

Gross prices across Victoria stabilised during the quarter, although we are seeing variation across metropolitan and regional markets. Net prices continue to decline as incentives and rebates are becoming more widespread.

We are cautiously optimistic that the low point for sales activity has passed and in certain corridors we are starting to see pent-up demand begin to build as developers begin to meet the market in price.

While sales volumes in the September quarter were broadly comparable to the previous quarter, September's results mark the second consecutive period of year-on-year volume growth since September 2021.

The question now is, how long do we stay at the bottom?

One key factor we continue to monitor is the significant volume of resale inventory in the market, with several thousand lots currently available in Victoria.

Clearing this resale inventory is crucial before the next market upturn can occur. We expect this to be initially driven by investors and builders, with retail buyers following later, contributing to the absorption of the resale stock.

In South East Queensland sales volumes remain above the long-term average, despite a marginal fall in sales volumes in the quarter.

Greater Adelaide recorded fewer sales during the quarter because of restricted supply, although levels of enquiries and underlying demand remain high.

New residential land (gross) prices in South East Queensland broke their previous record high in September quarter of 2024, although the pace of growth has begun to slow.

South East Queensland and Adelaide sales volumes should continue to perform well over the short term as more stock becomes available.

Both states have previously enjoyed an affordability advantage, however it is rapidly eroding, suggesting that the price and volume growth will eventually reach an impasse.

Over the coming months, we expect the pull forward of HomeBuilder sales will unwind in totality, along with the gradual sell down of excess resale stock, will aid in the rebalancing of market conditions.

Melbourne is looking increasingly attractive compared to many other capital cities across Australia. The median dwelling price in Melbourne was recently surpassed by Adelaide, Brisbane, and Perth, making Melbourne the sixth cheapest of the eight capital cities. (CoreLogic)

We believe this will be key to Melbourne's recovery, as investors seeking higher capital growth prospects, and builders begin to return to the market.

The pressing question remains: given the optimism above, how much can people actually borrow to purchase land off the plan?

We've consistently pointed out that we're in the middle of a credit squeeze for first-home buyers. It is therefore essential to develop a financing solution to help first-time home buyers re-enter the market.

Overall, there is a positive outlook for new residential land over the medium to long term. Despite ongoing challenges, population growth will continue to drive strong demand for the metropolitan and regional regions.

Our Quarterly Market Insights (QMI) report examines key indicators to anticipate market trends and assess the outlook. We analyse past and present market performance to identify future directions. We are committed to providing leading market insights, forecasts and in-depth Australian residential property market analysis.



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1.0

National Highlights

National Highlights



Cash Rate Target

4.35%

Economic Growth

1.0%

Inflation

2.8%

Unemployment Rate

4.1%

Employment Growth

3.1%

Wage Growth

4.1%

Average Weekly Earning

\$1,480

Household Saving Ratio

0.6%

Net foreign liabilities

27.3%
% of GDP

Conversion Rate

A\$1
=US \$0.67

Population

27.1M
2.3% Annual GrowthEmployment to
Population Ratio**64.4%**Average Price of
Residential Dwellings**\$973K**

Household Wealth

912%
as a share of income

Household debt

186%
as a share of income



2.0

Victoria

Market Drivers

Economy

In Victoria, the economy has been treading water as high interest rates and inflationary pressures continue to drag on both the housing and business investment markets.

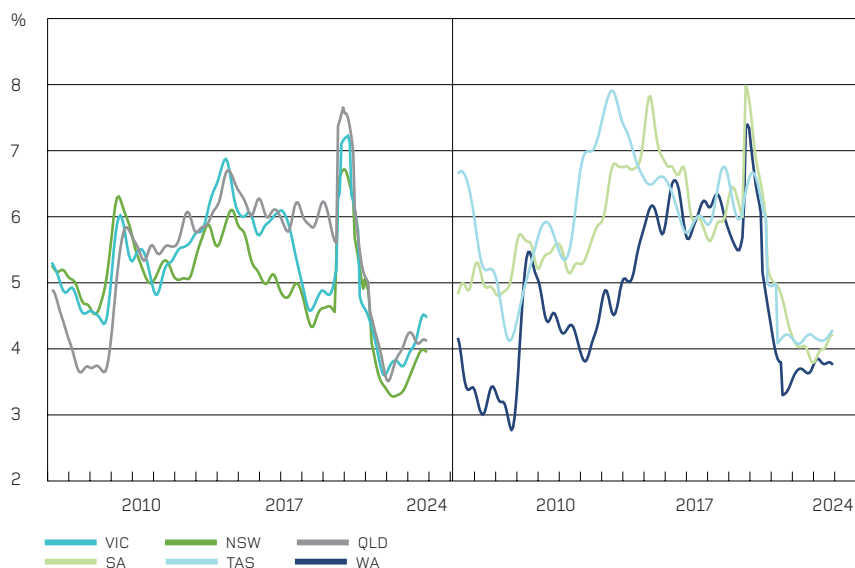
Strong demand for labour despite strong population growth contributed to the fall in unemployment in Victoria in the September 2024 Quarter (ABS, Seasonally Adjusted Series).

Victoria continues to see the largest population growth of all states and territories in Australia. Victoria's population increased by around 184,000 people in the year ending March 31, 2024, driven primarily by overseas migration over the period.

Looking ahead, we expect Victoria to see a more gradual economic recovery.

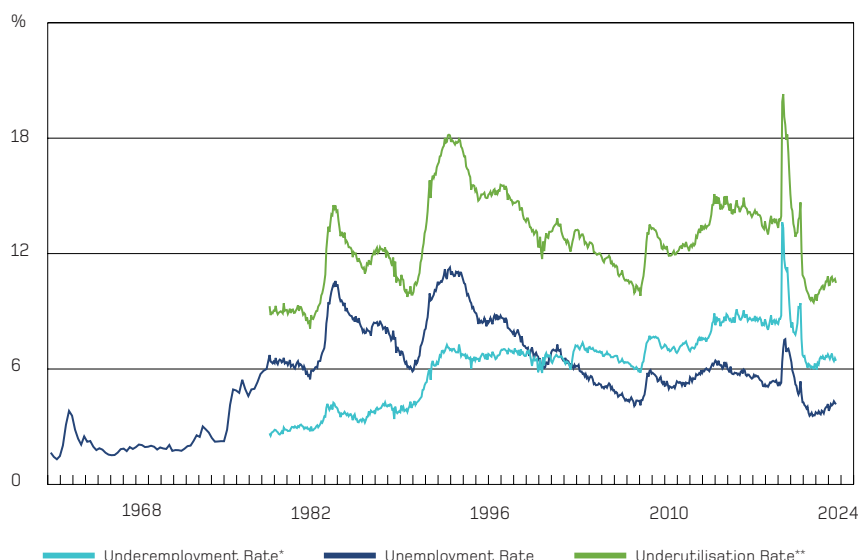
Despite slowing population growth (in part due to visa restrictions that will come into effect starting in 2025) and easing public investment spending, interest rate cuts are expected to support a recovery in household demand and private sector investment.

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.

An aerial photograph of Melbourne, Australia, showing the city skyline with numerous skyscrapers, the Yarra River flowing through the center, and the lush greenery of the Melbourne Cricket Ground in the foreground. The sun is low in the sky, creating a warm, golden light.

Victoria continues to see the
largest population growth of all
states and territories in Australia.

Land Market

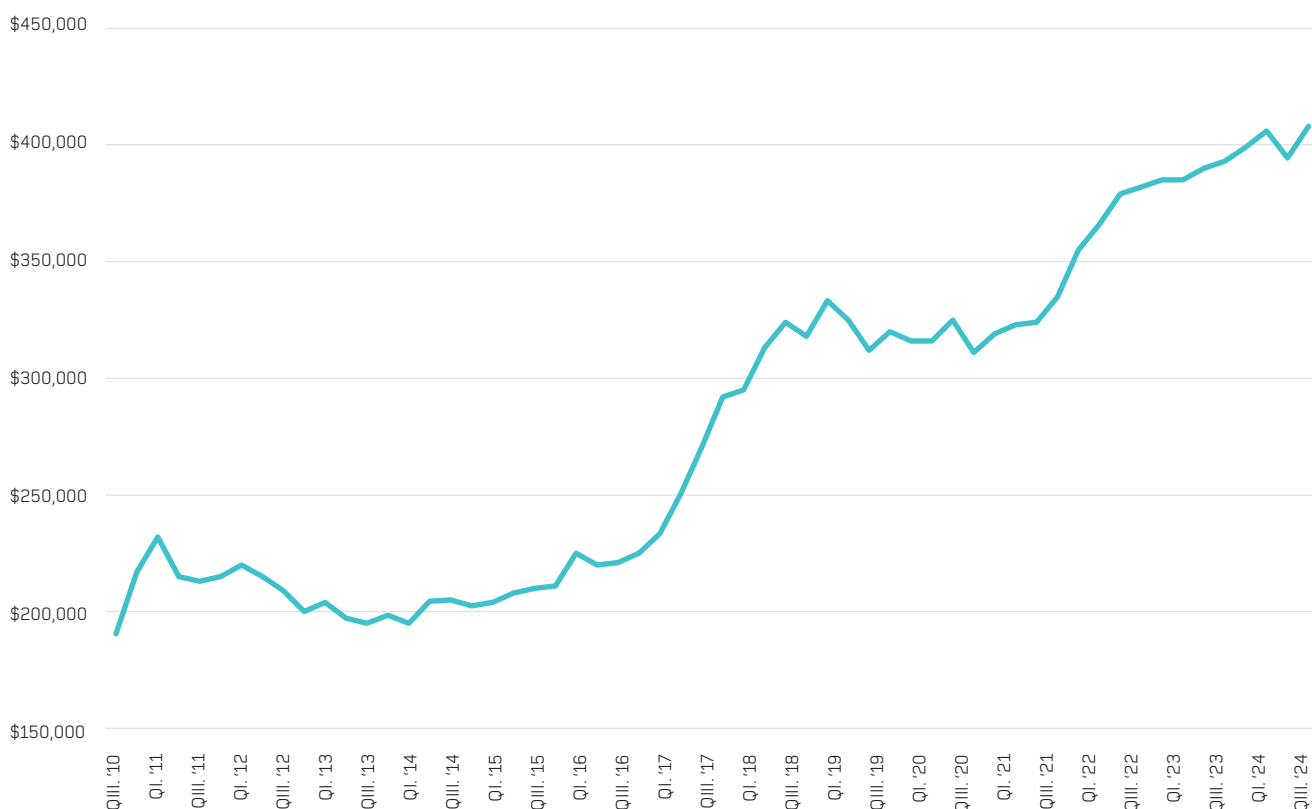
Prices

The median (gross) price of metropolitan Melbourne (conventional) lots increased by 3.4% to reach \$408,000 in the September quarter 2024.

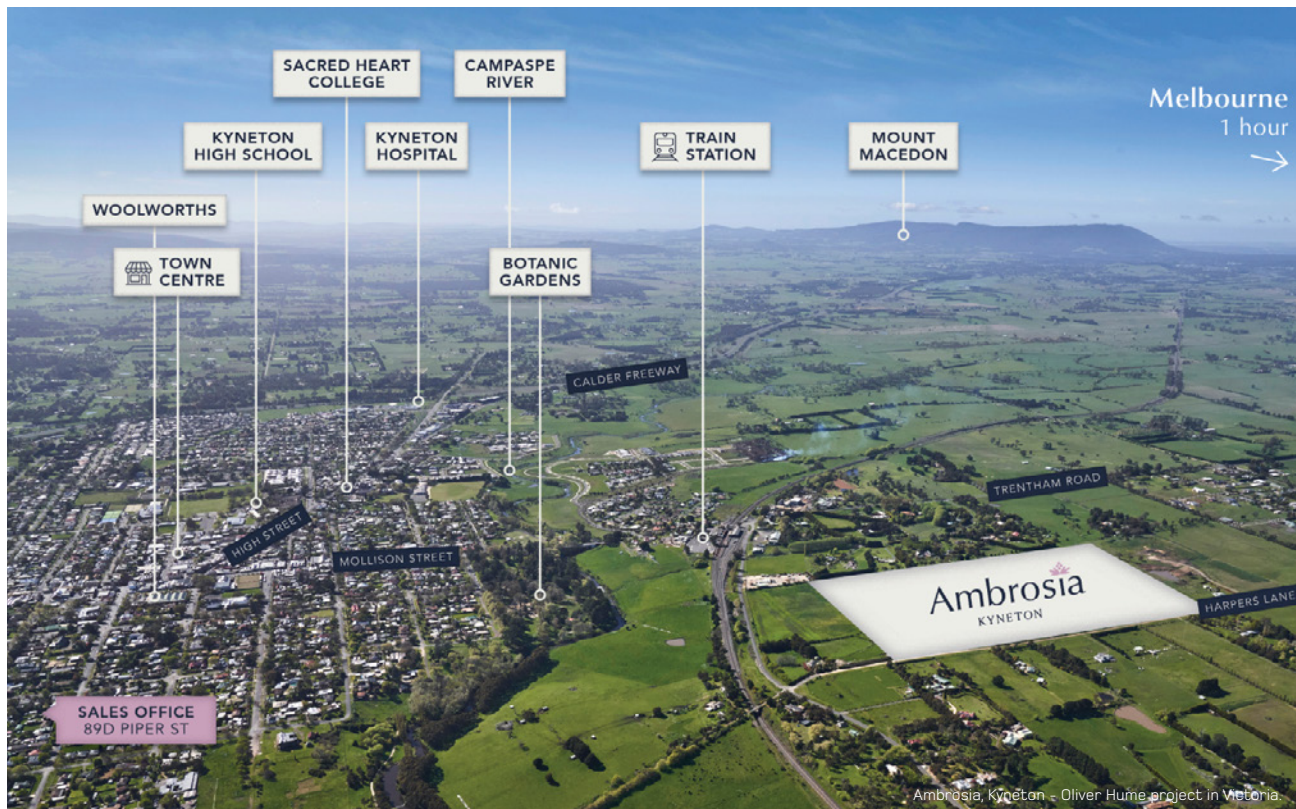
There are signs that gross prices are stabilizing, but incentives and rebating are on the rise, putting downward pressure on net prices.

Incentives have more recently increased with developers typically offering around \$20,000-\$40,000 on new house and land packages. However, incentives vary widely depending on the project, region, and title status.

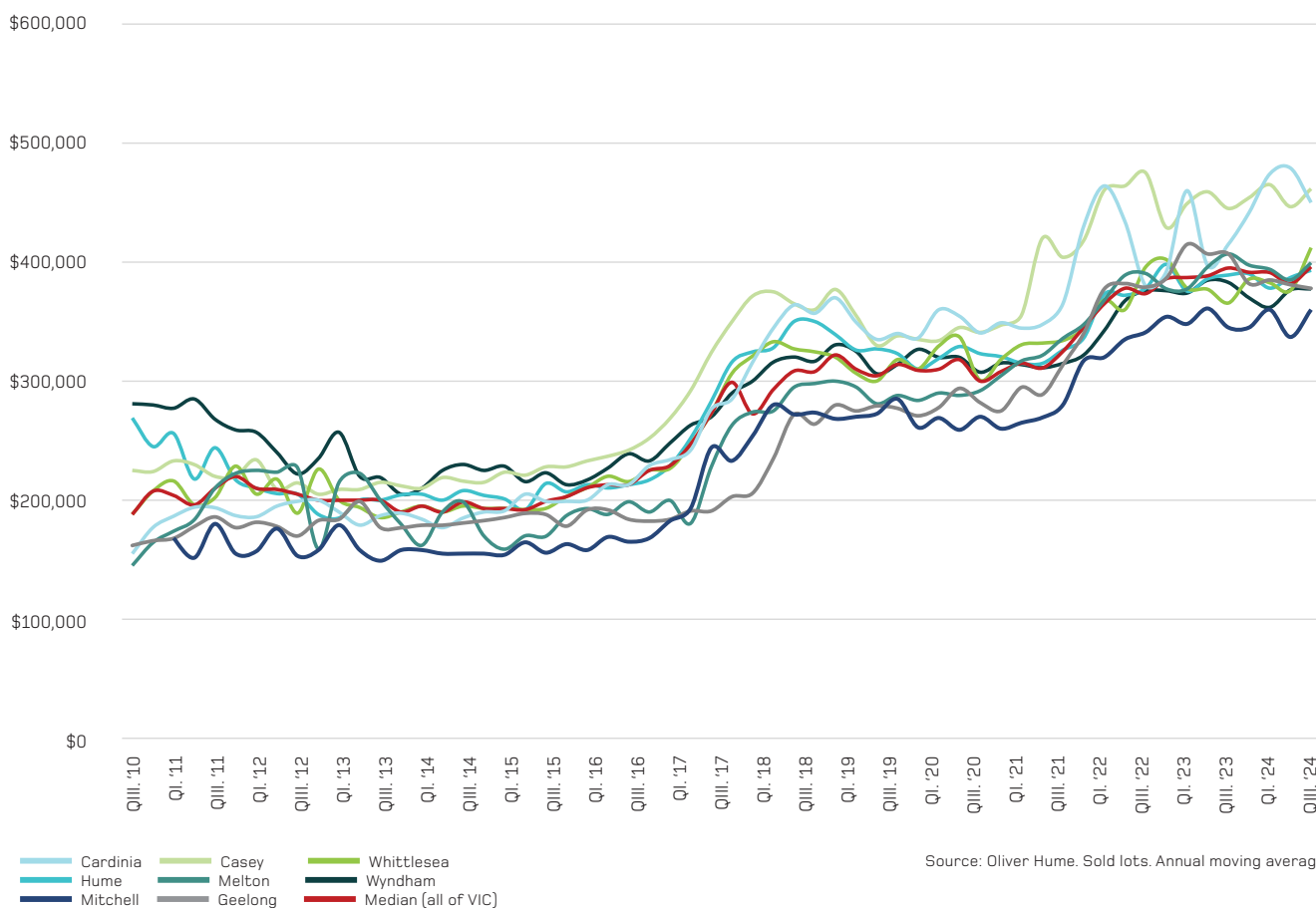
Metropolitan Melbourne Growth Area Municipalities Median Gross Land Price



Source: Oliver Hume. Sold conventional lots.



Victorian Growth Area Median Gross Land Prices



Land Market

Sales Volume

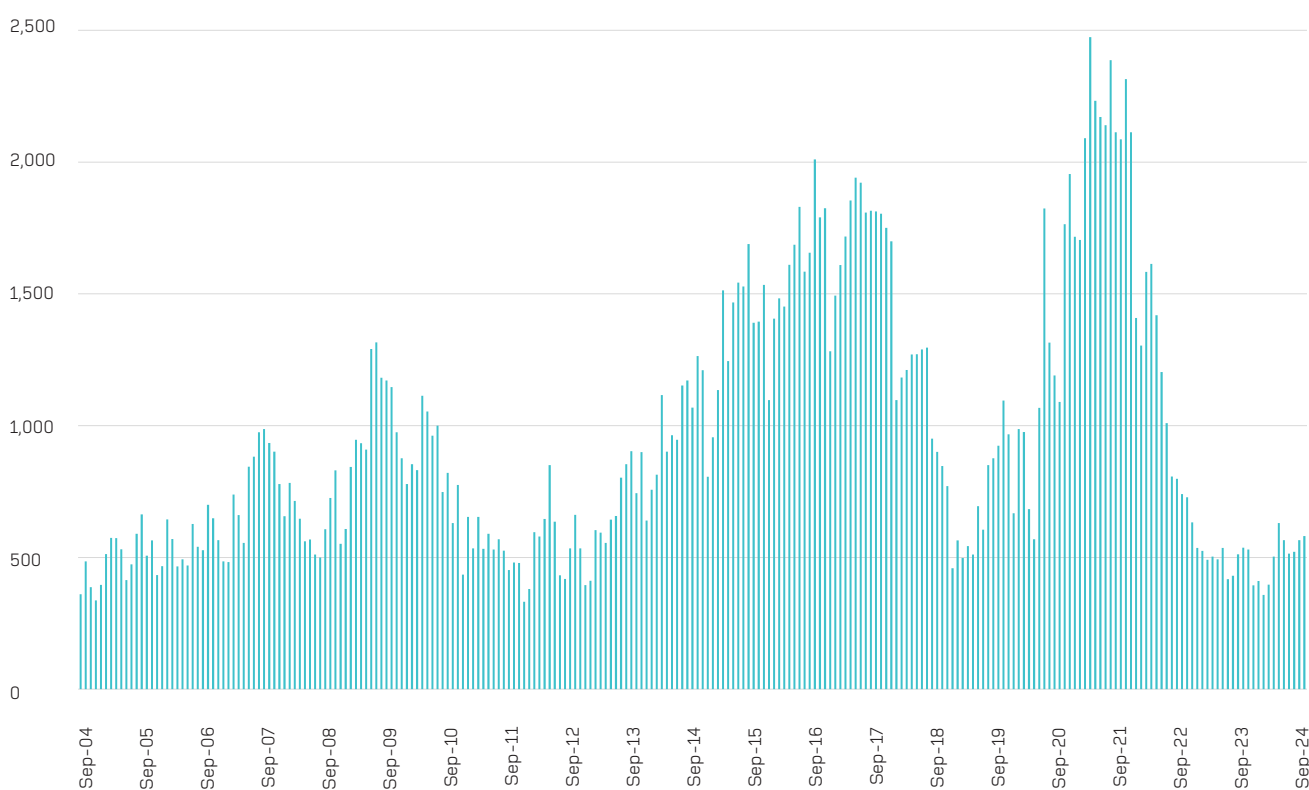
Residential land sales across metro Melbourne are beginning to show signs of stabilisation.

Sales volumes in the September quarter were roughly comparable to previous quarter, September's results mark the second consecutive period of year-on-year volume growth since September 2021.

We are cautiously optimistic that the low point for sales activity has passed.

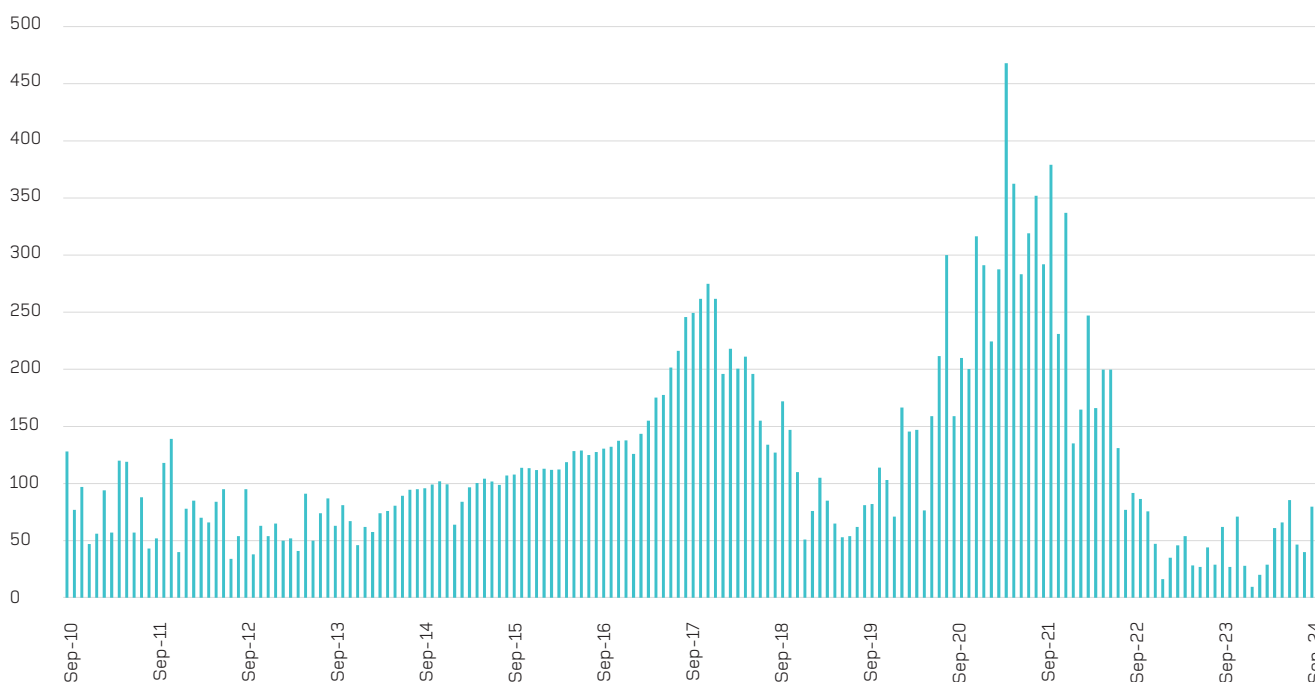
Melbourne's northern and south-eastern corridors exhibited the strongest growth during the quarter. This growth was especially noted where developers are meeting the market on price.

Metropolitan Melbourne Residential Greenfield Sales – Monthly



Source: Oliver Hume.

City of Greater Geelong Residential Greenfield Sales – Monthly



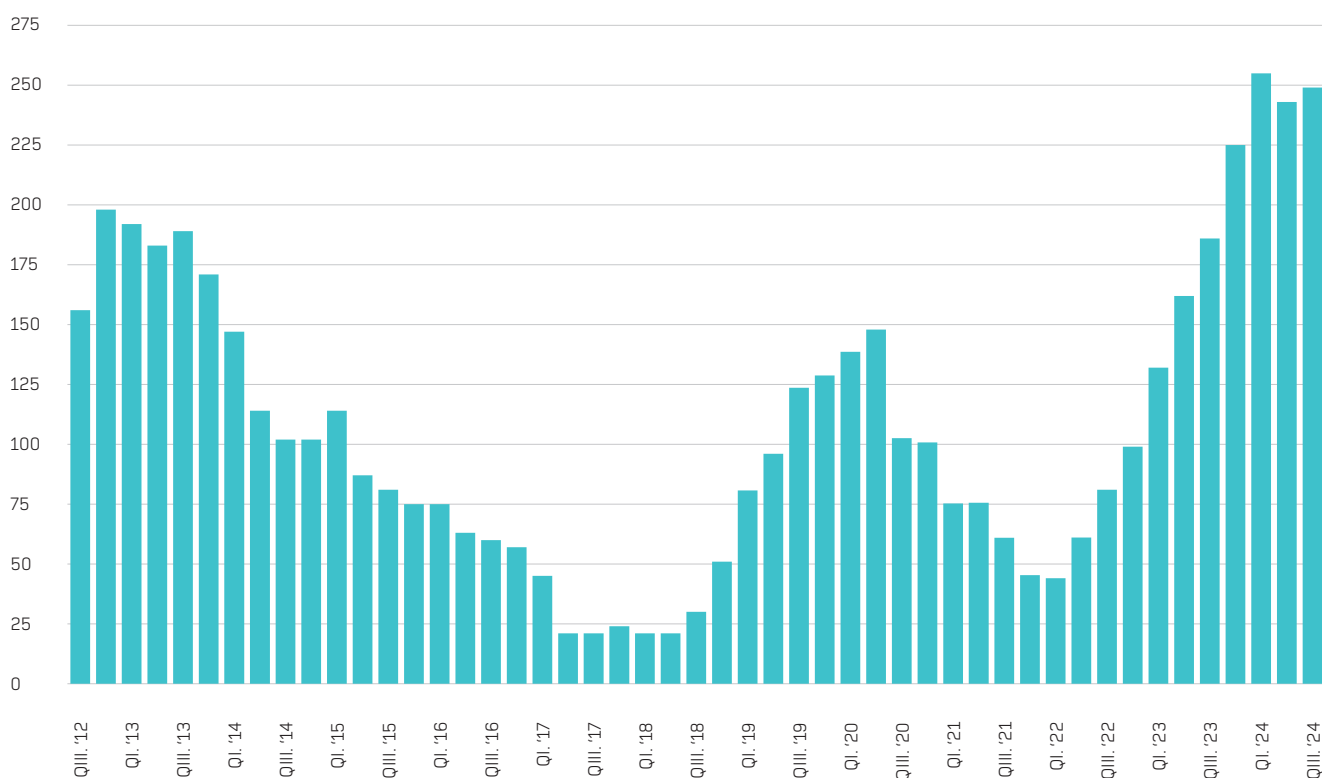
Source: Oliver Hume.

Time on Market

The average time on market in September increased slightly after falling in the June quarter (around 249 days).

In the short term, it is likely that time on market will remain elevated until demand and supply dynamics normalise and buyer purchasing power is restored as the stock of returned lots is gradually depleted.

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



Source: Oliver Hume.

VICTORIA

Metropolitan Melbourne

September Quarter 2024



Commonly Sold Lots

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



Median Price

\$410,000*



Median Size

392 sqm



Median Value Rate

\$1,093 per sqm

Source: Oliver Hume. *All lots. Gross.



VICTORIA

Median Lot Prices by Suburb (Gross)

400 sqm and 448 sqm Lots

● 400 sqm Median Price

● 448 sqm Median Price

Source: Oliver Hume. Sold.

MELBOURNE

BEVERIDGE
n/a
\$383,000

MICKLEHAM
\$441,000
\$466,000

KALKALLO
n/a
\$393,000

CRAIGIEBURN
\$455,000
n/a

WOLLERT
\$453,000
\$490,000

BERWICK
n/a
\$657,000

OFFICER
n/a
\$468,000

CLYDE
\$459,500
\$475,000

Development Sites



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Victoria's englobo land markets are undergoing a period of consolidation, and while constrained land supplies have helped stabilize values, transaction levels remain well below long-term averages.

More recently we have noted growing interest from developers for land parcels in regional locations across Victoria, with a number englobo transactions completed during the quarter.

New housing projects are springing up in regional and country towns as developers see opportunities to deliver much-needed supply in areas experiencing strong population growth.

New development has been initially concentrated in regional hubs with strong local economies and where housing remains relatively affordable in comparison to capital cities, such as Bendigo, Shepparton and Warragul.

While long-standing problems such as slow planning and approval processes, rising materials costs, high interest rates and labour shortages continue to hinder people from buying homes, we have seen residential sales' momentum pick up in the second half of 2024.

In addition, given the easing of interest rates in Australia is anticipated, and with the market pricing-in cuts over the next 12 to 24 months, we expect activity to pick up. This is likely to begin with opportunistic buyers securing development sites that offer flexible terms.

With refinancing likely to become more difficult in the currently tight credit environment, non-banks are expected to pick up a greater share of new lending. Smaller and mid-market developments are increasingly being financed by these investor groups due to their flexibility, higher risk tolerance and ability to move projects quickly to market.

However, fundamentals remain extremely favourable over the medium to long term. In recent years there has been a significant slowdown in the delivery of land through Precinct Structure Plans (PSPs) across Melbourne.

The recently announced Victorian 10 year Greenfields plan is likely to further constrain the delivery of future PSP-approved land, with an estimated 9,000 lots per year expected to come to market over the next decade. (Far below the required level and the long-term average of between 15,000 and 16,000 per annum.)

This slowdown in supply coupled with the ongoing significant housing shortage and rapidly growing population will underpin significant demand for approved englobo residential land / development sites and will support significant value growth over the long term.



...we have noted growing interest
from developers for land parcels
in regional locations across
Victoria...

3.0

Queensland

Market Drivers

Economy

Queensland's economy remains resilient despite the impact of higher interest rates and inflation.

The state's unemployment rate has moderated slightly after edging higher over the last year, it remains at historically low levels (4.1% as of September 2024 on a seasonally adjusted basis).

Population growth has been a key driver of growth.

Queensland's population increased by around 134,600 people over the year ended March 31, 2024 (up 2.5% to almost 5.6 million).

High levels of overseas migration (almost 82,800 people on a net basis) and strong interstate migration (almost 31,000 people on a net basis) drove the strong population growth results over the period.

Many factors, including strong population growth and solid commodity exports, are expected to support Queensland's economic development.

An aerial photograph of a suburban neighborhood in Queensland, Australia. The foreground shows a dense residential area with many houses, some with swimming pools, and a few commercial buildings. A road with cars and a white van is visible. In the background, a large body of water (likely a bay or river) separates the suburb from the city center. The city skyline is visible in the distance, featuring several tall skyscrapers and a bridge. The sky is blue with some clouds.

Queensland's economy remains resilient despite the impact of higher interest rates and inflation.

Land Market

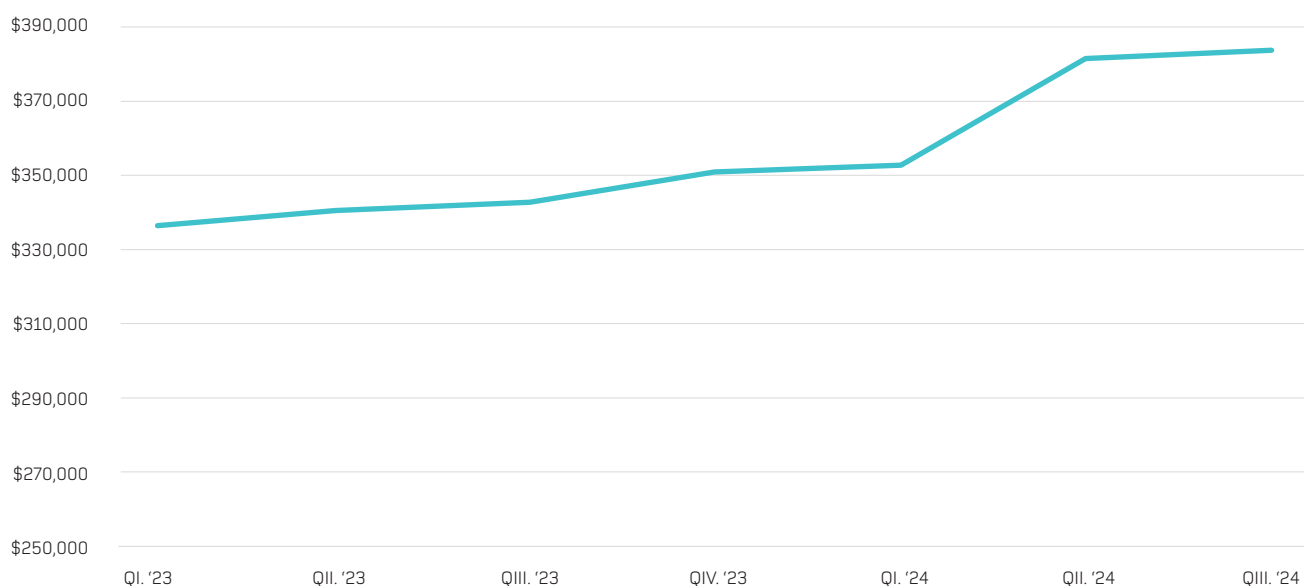
Land Market

New residential land (gross) prices grew slightly to a new record high in the September quarter of 2024 after a quarter of significant growth from the previous record high (\$385,450 from \$383,500).

Despite higher interest rates and inflation, land prices across the broader South East Queensland market remain much higher than levels observed throughout 2023.

South East Queensland's relative affordability and diversity of stock being offered are critical competitive advantages of the market.

South East Queensland Median Gross Land Price



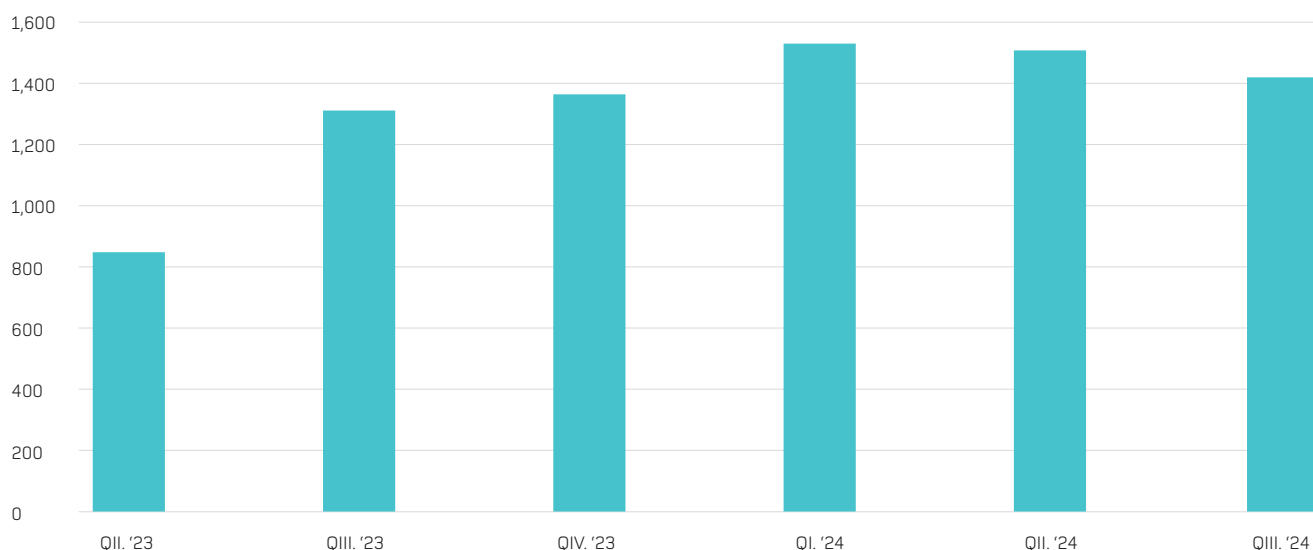
Source: Oliver Hume, Sold.

Sales Volumes

The volume of land sales remained high in the September quarter 2024, following on from previous quarters.

Land sales volumes have declined slightly over the past two quarters from their peak in the March quarter because of limited supply to the market; however, robust population growth and an increased supply of affordable new stock to the market have kept land sales above long-term averages.

South East Queensland Residential Land Sales – Quarterly



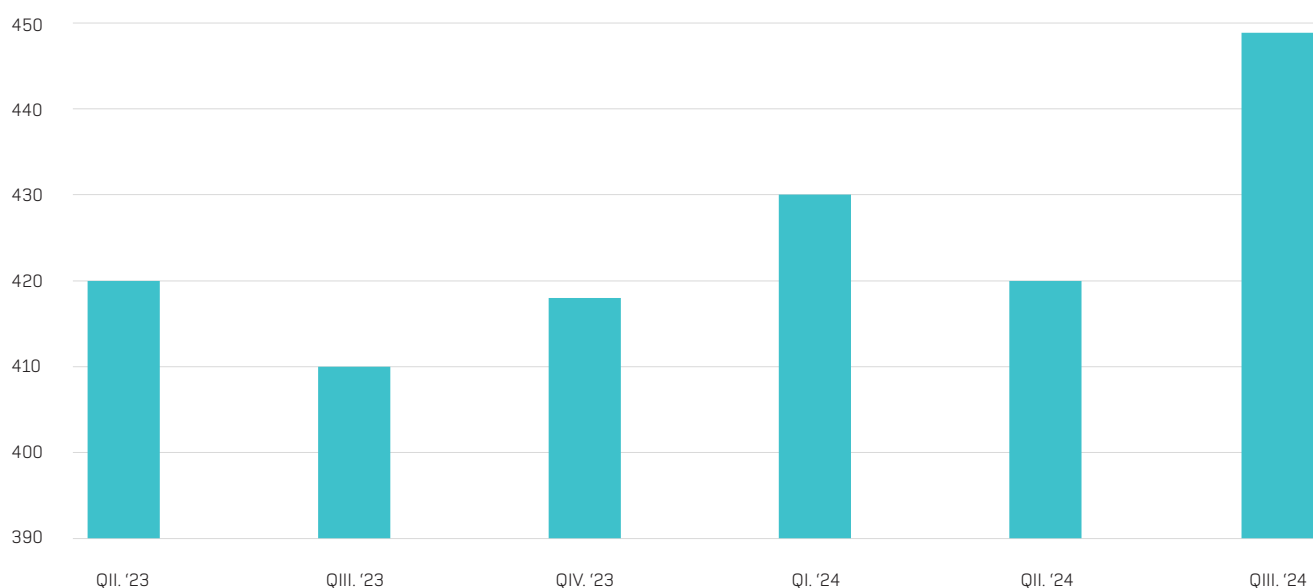
Source: Oliver Hume.

Median Lot Size

The median size of lots transacted across the broader South East Queensland market increased above recent levels in the September quarter of 2024 (to 448 sqm).

The size of lots transacted over the last quarter has grown largely due to an increased volume of sales coming from the Logan region. Continued supply and robust demand for lots sized between 400 sqm and 500 sqm remains throughout the growth corridors.

South East Queensland Residential Land Median Lot Size (sqm) – Quarterly



Source: Oliver Hume.

QUEENSLAND

South East Queensland

September Quarter 2024



Commonly Sold Lots

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



Median Price

\$385,450*



Median Size

448 sqm



Median Value Rate

\$907 per
sqm

CABOOLTURE
\$352,900
n/a

MORAYFIELD
n/a
\$435,000

WALLOON
\$276,000
\$302,000

DEEBING
HEIGHTS
\$349,000
\$352,000

RIPLEY
\$380,000
n/a

REDBANK
PLAINS
\$339,900
n/a

SPRING
MOUNTAIN
n/a
\$530,000

QUEENSLAND

Median Lot Prices by Suburb (Gross)

375 sqm and 400 sqm Lots

● 375 sqm Median Price

● 400 sqm Median Price

Source: Oliver Hume. Sold.

BRISBANE

PARK RIDGE
\$365,000
\$387,000

CHAMBERS
FLAT
n/a
\$458,000

NERANG
\$840,000
n/a

GOLD COAST

4.0

South Australia

Market Drivers

Economy

South Australia's economy has recently shown robust performance, outpacing other states in several key areas, including economic growth, unemployment, and construction work.

However, like other regions, it faces potential challenges due to rising interest rates and inflation pressures that could impact future growth.

South Australia's housing market has seen a resurgence in activity, with both price growth and turnover increasing in the first half of 2024.

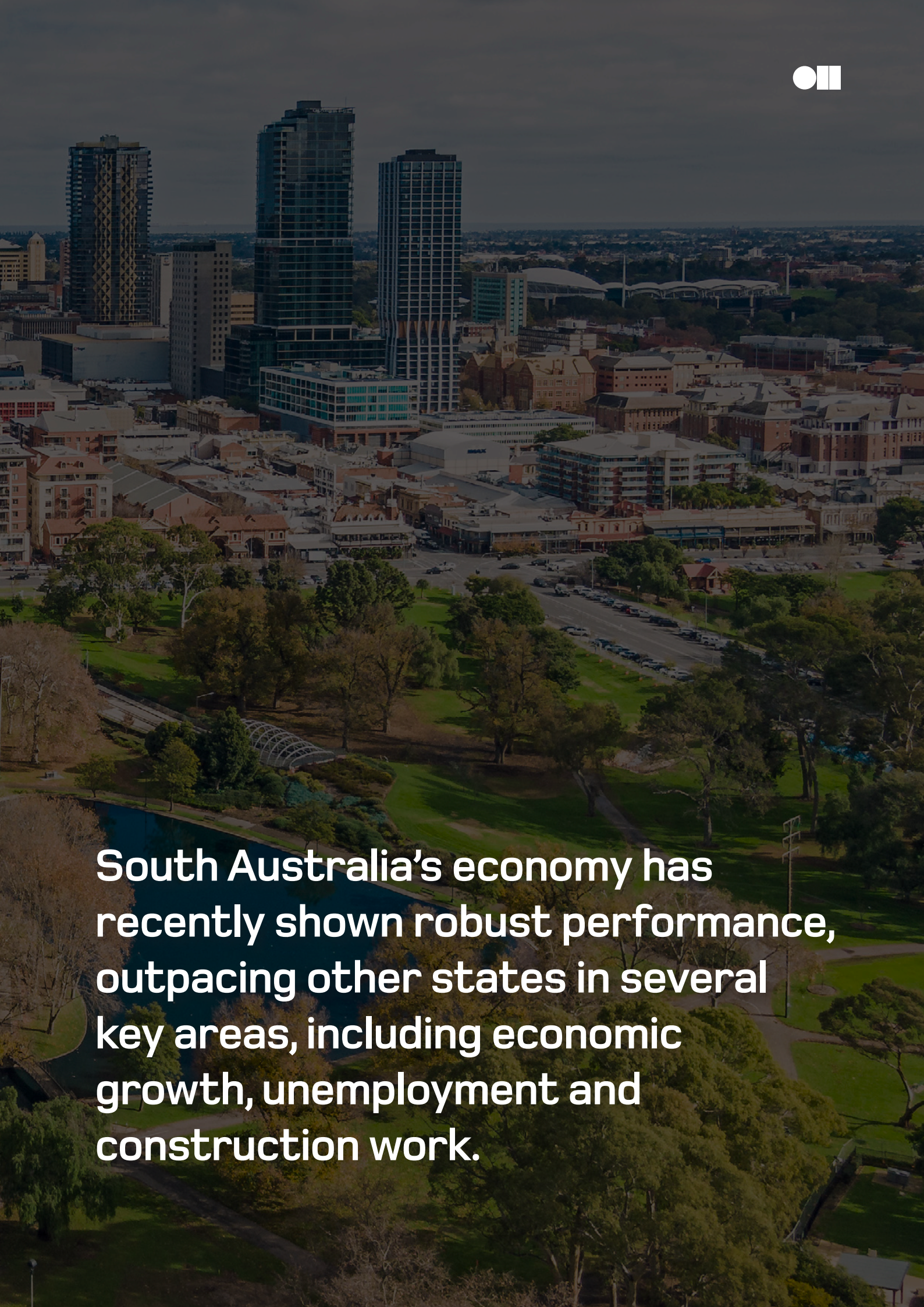
Adelaide recorded a 14.8% increase in dwelling value over the financial year ending September 2024.

South Australia's unemployment rate remains around record lows (4.3% in September 2024 on a seasonally adjusted basis).

Population growth remains a key driver of the State's growth.

South Australia's population increased by around 27,300 people over the year ended March 2024 (up 1.5% to reach over 1.87 million).

Net overseas migration (up over 26,541 people over the year ended March 2024) drove the strong population result.

An aerial photograph of Adelaide, South Australia, showing a mix of urban development and green spaces. In the background, several tall, modern glass skyscrapers stand out against a hazy sky. Below them, a dense area of older, lower-rise buildings is visible. In the foreground, a large, lush green park with many trees and a winding path is shown. A road with parked cars runs through the middle ground. The overall scene depicts a city that balances modern architecture with natural environments.

South Australia's economy has recently shown robust performance, outpacing other states in several key areas, including economic growth, unemployment and construction work.

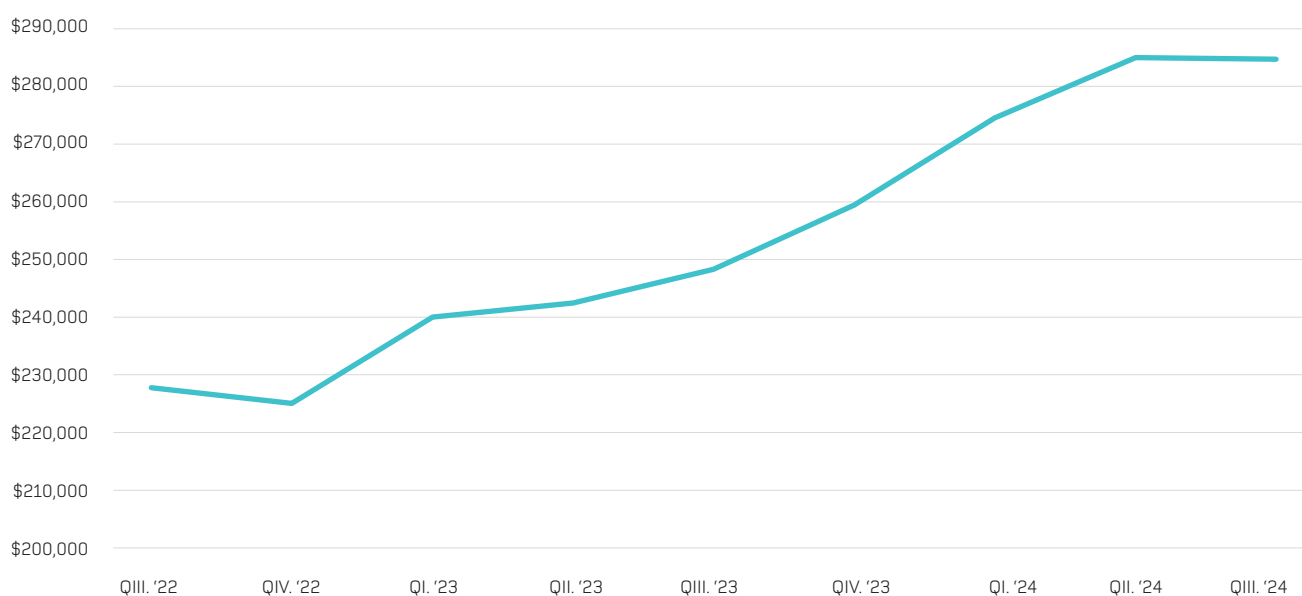
Land Market

Prices

Greater Adelaide's median residential land (gross) prices dipped slightly in the September quarter of 2024, decreasing by 0.1% to reach \$285,000. (up 14% over the year).

Residential land price growth more recently has been driven by Adelaide's relative affordability and growing housing shortage (Adelaide has one of Australia's lowest capital city vacancy rates).

Greater Adelaide Median Gross Land Price



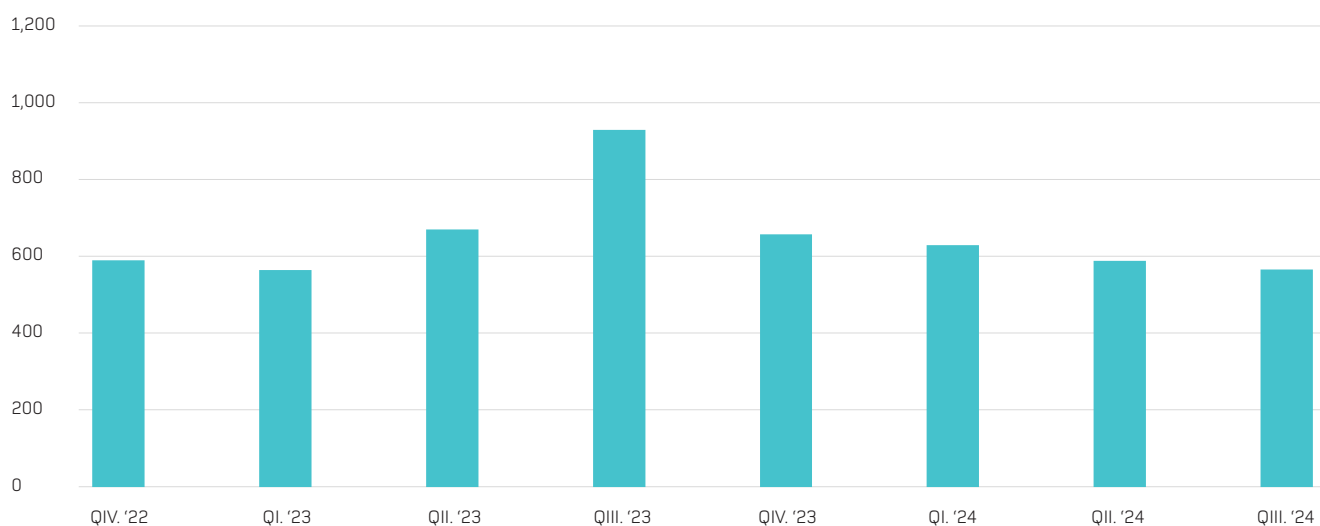
Source: Oliver Hume.

Sales Volume

Over 570 new residential lots were sold in the Greater Adelaide market in the September quarter of 2024.

The volume of sales moderated from the previous quarter (593) because of less available stock on the market.

Greater Adelaide Residential Land Sales – Quarterly

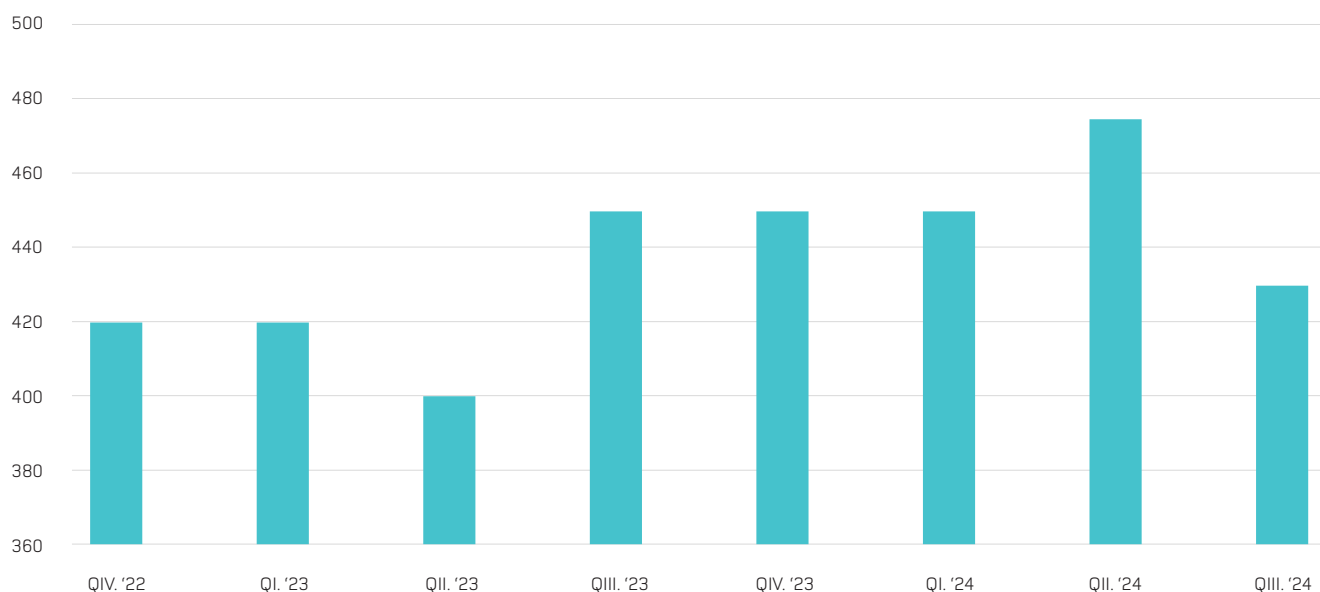


Source: Oliver Hume.

Median Lot Size

The median size of lots transacted across the Greater Adelaide market decreased (430 sqm) in the September quarter of 2024.

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



Source: Oliver Hume.

SOUTH AUSTRALIA

Greater Adelaide*

September Quarter 2024



Commonly Sold Lots

10 x 30m
12.5 x 30m
12.5 x 32m



Median Price

\$285,000*



Median Size

430 sqm



Median Value Rate

\$550 per
sqm

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. Sold.

GAWLER BELT
\$242,500
\$265,000

GAWLER EAST
n/a
\$225,500

MUNNO PARA
WEST
\$139,500
\$157,000

MUNNO PARA
\$219,000
\$259,000

ANDREWS
FARM
\$267,000
\$288,500

OAKDEN
n/a
\$619,000

ADELAIDE

SEAFORD
HEIGHTS
\$345,000
n/a



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