

# Research news.



First home buyers and investors have been strong purchasing groups over the last 12 months as prices started to stabilise.

According to Corelogic, as of January 2024; investor finance nationally comprised of 36.7% of new mortgage lending. This rose 8.5% in comparison to last year and is above the long term average of 34%. In Victoria, it was 32.2% which has been quite stable over the past 12 months.

First home buyers nationally comprised of 28.3% of loans whilst it was higher in Victoria at 31.7%.

This year to date; Red23 has witnessed no change in the number of first home buyer purchases. However, there has been an increase in investor activity, up ~2% whilst second home buyer purchases are at 10% and third home buyer purchases at 5%.

According to the 2024 Domain first home buyer report, 'saving for an entry-priced 20% deposit has become quicker than last year as wage growth and higher compounding interest accrued on savings keep ahead of growth in entry house and unit prices nationally – entry houses declined by 2 months and 1 month for units'.

Over the past 5 years, the time to save has increased in most capital cities except for Melbourne for homes and Sydney and Melbourne for units. Whereby in Melbourne, homes are taking 3 months less to save for, and units are 8 months less.

Sydney and Melbourne are the only cities to see the time to save for an entry-priced unit fall compared to 5 years ago.

The most affordable that require the least amount of time to save have not changed since 2023, however the time required has slightly reduced and are as follows:

- Melton/Bacchus Marsh – 4 years and 6 months
- Sunbury – 4 years and 6 months
- Tullamarine/Broadmeadows – 4 years and 11 months
- Wyndham – 5 years and 1 month
- Moreland/ North – 5 years and 1 month

## Fast Facts

- First Home Buyers affordability increases
- Investors buyer activity improves nationally
- Time to save a deposit improved in Victoria
- Stage 3 tax cuts to have little impact on time to save for a deposit

Graph 1: Buyer types in 2024



Graph 2: Buyer types in 2023



The Metropolitan Melbourne median land price is currently at \$412,000, an increase of 0.35% MoM and 2.23% higher than last year. There has been a shuffle in the median land prices and ranking due to change in the median land size. Gr. Geelong went from ranking 3rd to 5th due to the median land size falling from 415sqm last month to 406sqm, equating to a \$/sqm rate of \$1,047/sqm. Whilst Melton moved from 5th to 4th due to 8sqm increase with a median land price 1.24% higher than last month. Whilst Whittlesea's median

land size reduced by 20sqm, bringing the median land price 3.75% lower than last month. This significant reduction in size may be due to 30% of lots sold in February were greater than 400sqm.

While the stage 3 tax cuts are expected to increase the amount of take-home money for low to middle income earners; it is expected to have little impact on the time needed to save for a deposit. It is expected to help improve the time to save for a 20%

deposit by an extra month for entry-priced houses in most capital cities as well as an additional month for entry-level units in Sydney, Brisbane, Adelaide and Perth.

This alone is not enough to stimulate housing activity. As Domain's First Home Buyer report highlights, there is an undersupply of affordable housing across Australia as well as a need for federal government policies and additional stimulus to help first home buyers.

**Table 1: Time to save for a house deposit (capital cities)**

City	House			Units		
	2024 (Feb.'24)	2023 (Feb.'23)	Pre-pandemic (March.'20)	2024 (Feb.'24)	2023 (Feb.'23)	Pre-pandemic (March.'20)
Sydney	6y 8m	6y 8m	6y 0m	4y 6m	4y 7m	5y 4m
<b>Melbourne</b>	<b>5y 5m</b>	<b>5y 7m</b>	<b>5y 9m</b>	<b>3y 8m</b>	<b>3y 7m</b>	<b>4y 3m</b>
Brisbane	5y 2m	4y 0m	4y 4m	3y 9m	3y 5m	3y 4m
Adelaide	5y 1m	4y 9m	3y 10m	3y 6m	3y 2m	2y 7m
Perth	3y 10m	3y 7m	3y 4m	2y 5m	2y 3m	2y 5m
Hobart	4y 10m	5y 8m	4y 3m			
Darwin	3y 7m	3y 6m	3y 5m	2y 3m	2y 6m	1y 11m
Canberra	5y 9m	6y 0m	5y 0m	3y 7m	3y 7m	3y 5m

Source: 2024 Domain First Home Buyer Report | y = year, m = month

**Table 2: Median land price (Feb.'24)**

Ranking	LGA	Size (Sq.m.)	Median land price					
			Feb.'24	Feb.'24	Jan.'24	MoM Change	Feb.'23	YoY Change
1	Casey	401	\$485,000	\$482,000		0.62%	\$478,000	1.46%
2	Cardinia	392	\$465,000	\$456,550		1.85%	\$467,000	-0.43%
3	Hume	402	\$418,000	\$415,250		0.66%	\$413,000	1.21%
4	Melton	388	\$416,000	\$410,900		1.24%	\$401,000	3.74%
5	Gr. Geelong	406	\$415,000	\$421,000		-1.43%	\$427,500	-2.92%
6	Wyndham	350	\$389,050	\$390,000		-0.24%	\$387,000	0.53%
7	Whittlesea	357	\$385,500	\$400,000		-3.75%	\$396,000	-2.78%
8	Mitchell	503	\$339,900	\$335,000		1.46%	\$345,000	-1.48%
	Metro Melbourne	392	\$412,000	\$410,500		0.37%	\$403,000	2.23%

Source: Red23 Research

**If you require any assistance with regard to the residential market, please do not hesitate to contact Hoang Vo-Tran on (03) 9540 0477.**

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