

# RESEARCH



Second time around in Victoria, we are counting down until the restrictions lift from stage 4 to stage 3 plus. The property industry continues to be heavily influenced by consumer confidence and unemployment rates. The hardest hit by stage 4 lockdowns would be built form products such as townhouses and apartments, whereby people still want to see and experience the location, the sales office and displays.

First home buyers continue to be the majority of sales made in the current climate with investors starting to

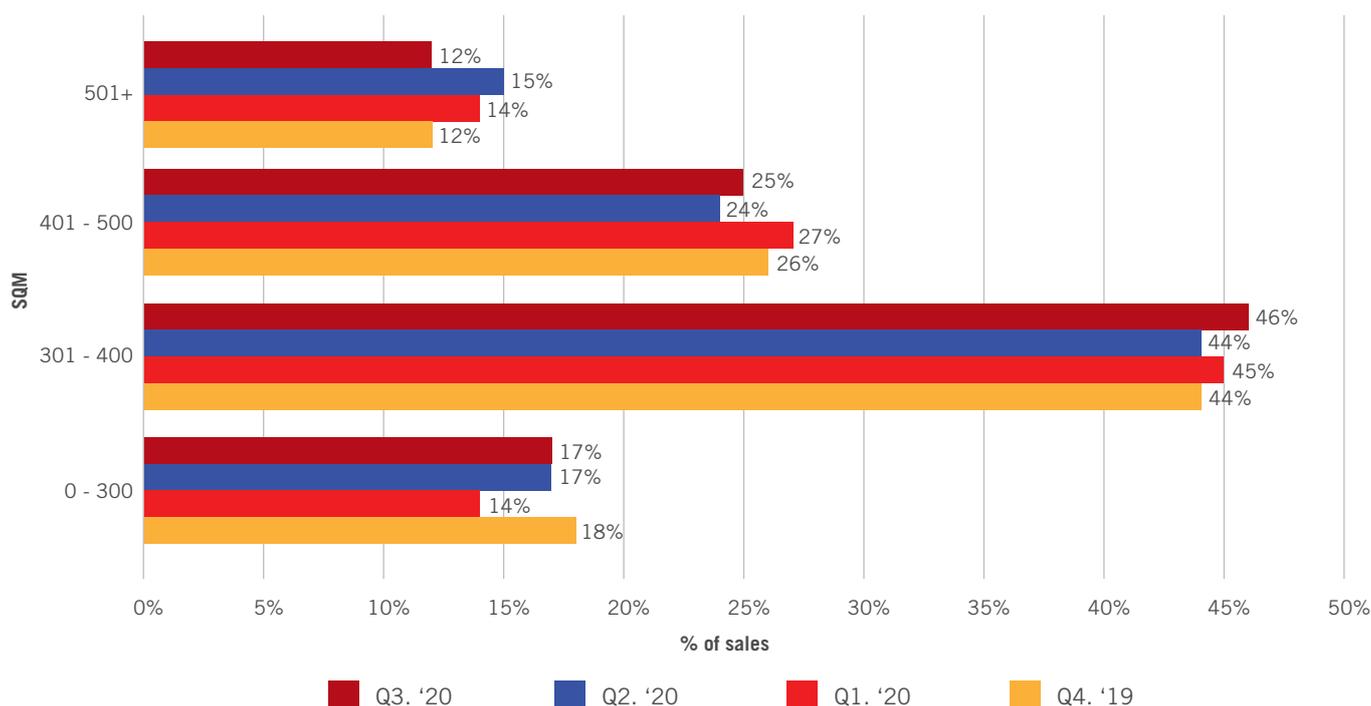
emerge, they are now educated of the price and affordability of land and new homes and are seeking long settlements, in hope of some uplift in the market in 18 to 24 months.

Albeit the emergence of investors. Banks remain very vigilant, particularly lending to clients who work in industries such as tourism, education, hospitality, retail, arts and recreation. Restrictions in the established sector has had a flow on effect for new build as houses are unable to sell with restrictions on inspections and auctions remaining online.

## Fast Facts

- Consumer confidence rebounded in September
- New loans to households in Victoria rose 5% MoM whilst yearly change was 5.2%
- Most popular land size 301 to 400sqm
- August median land price increased marginally to \$321,023
- Uplift in activity anticipated in the latter part of the spring season

Graph 1: West sales by size (Q4.'19 to Q3.'20)



With auction clearance rates at under 50% and the number of auctions less than 100 per week. Upgraders, downsizers or those looking to built are restricted with uncertainty on the sales of their house and settlement risks.

Consumer confidence rebounded since its low in April; up 16.4 to 88.1 in May and further uplift to 93.7 in June. A similar pattern was seen in July and August as consumer confidence fell during these 2 months before bouncing back in September at 93.8.

In the month of July, the number of new loans to households nationally rose 8.9% from June 2020; the largest month-on-month gain since early 2009 when the nation was coming out of the GFC. Owner occupier home loan commitments increased by 10.7% whilst investment dwellings, lower at 3.5%.

In Victoria, the MoM change was 5% whilst yearly change was 5.2%. This may be due to the increase in sales in June and July, with the momentum continuing. In August, sales volumes and land price stabilised.

As growth area land sales continue to do better and are more affordable than 12 months ago, the percentage of land sales by size can be seen in graph 1 for the western region. 44% or more of sales throughout Q4.'19 to date has been between 301 to 400sqm with an average land price of \$283,636 in Melton and \$299,841 in Wyndham. Over 24% of sales are on land lots between 401sqm and 500sqm with an average land price of \$321,692 in Melton \$342,932 in Wyndham. Percentage of sales by land size range has not changed much over the last 12 months and this can be seen across a most of the growth corridors.

The median land price in August increased marginally and is now at \$321,023. The City of Casey continues to be the most expensive land market despite no change in its land price MoM with a median land price of \$350,000. It is the only growth area with a land median price of \$350,000.

This month, most municipalities have increased in price, Whittlesea, Melton, Gr. Geelong and Mitchell have all increased however only marginally. YoY decreased are in all municipalities except Cardinia.

Consumer confidence continues to differ from state-to-state however Red23 believe that due to people's needs changing during COVID-19, there will be an uplift in activity during the latter part of the spring season.

**Table 1: Median land price and size (Aug.'20)**

Ranking	LGA	Size (Sq.m.)	Aug.'20	Jul.'20	MOM change	Aug.'19	YoY Change
1	Casey	400	\$350,000	\$350,000	0.00%	\$347,800	0.63%
2	Cardinia	400	\$345,000	\$354,000	-2.54%	\$349,000	-1.15%
3	Hume	421	\$335,000	\$336,000	-0.30%	\$335,000	0.00%
4	Whittlesea	392	\$323,000	\$322,500	0.16%	\$302,900	6.64%
5	Wyndham	400	\$315,000	\$316,100	-0.35%	\$336,900	-6.50%
6	Melton	392	\$296,000	\$295,000	0.34%	\$302,900	-2.28%
7	Gr. Geelong	448	\$280,000	\$277,000	1.08%	\$295,000	-5.08%
8	Mitchell	468	\$275,000	\$265,000	3.77%	\$290,000	-5.17%
		<b>400</b>	<b>\$321,023</b>	<b>\$320,000</b>	<b>0.32%</b>	<b>\$329,000</b>	<b>-2.42%</b>

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.

如果有关于居民住宅市场的任何帮助和需求, 请与我们联系 (03)9540 0477。



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