

RESEARCH

On behalf of the Red23 Research team we welcome you to 2024 and hope you had a wonderful festive season. In 2023, we witnessed a market correction due to unsustainable price rises during the pandemic. Q3.'22 was the beginning of very quiet months ahead as interest rates increased and market sentiment to buy a property diminished.

As an industry, we have done well to push through its adversities.

In the long term, housing demand will rebound due to population growth from overseas migration. 2024 will be a year of stable prices for a return in sales numbers.

Headlines in the media have become a blessing, bringing enthusiasm to buyers, particularly igniting fear for renters as median rental prices is at its highest, paying a median of \$600 per week. This group of renters will eventuate into ownership as interest rates halt and potentially fall in Q2.'24. They will definitely consider the Greenfield market particularly in regional areas as an affordable housing option.

In accordance to REIV December 2023 quarterly data, Melbourne house prices are down 2.2% to \$909,000, while units have decreased by -0.1% to \$633,000. Yields are stronger in units at 4.1% in comparison to 3.1% achieved with houses.

According to Corelogic, nationally, owner occupier home loans increased 0.5%, largely driven by an increase in first home buyers (29.4% of new loans) and owner occupier lending. Investor housing finance rose 1.9% in the November, comprising of 35.4% of new mortgage lending through November.

The ABS indicate that new loan commitments rose MoM for construction of dwelling and newly erected dwellings, despite a 12.4% yearly decrease in the value of construction of dwellings.

FAST FACTS

- Median land price at the end of 2023, \$410,000
- Median land price increase of 4.3% YoY
- Owner occupier loans up 0.5%
- Increase in loans for newly built and construction

Table 1: Housing finance – Value of new loan commitments by purpose

	Nov.'23 (\$b)	Month % change	Year % change
Owner Occupier			
Total housing	17.86	0.5	10.6
Construction of dwelling	1.65	0.7	-12.4
Purchase of newly erected dwellings	0.99	2.5	4.2
Purchase of existing dwellings	13.89	-0.1	14.1

Source: Red23 Research

Casey has the highest median land price at the end of 2023 of \$482,000, up 5.2% YoY but down 2% MoM. Cardinia, traditionally had a higher median land price than Casey 12 months ago however has moved to second spot, a more affordable median price of \$442,000 reflecting a decrease of 6.9% YoY. This is due to a 7.8% decrease in the median land size now at 388sqm in the same time period.

Greater Geelong had a marginal decrease in its gross median land price despite no change to its median land size. Despite a halt in sales, its median land price is \$410,700 with a median land size of

400sqm. Greater Geelong however had a 44% increase in available lots.

Mitchell continues to provide the most affordable land lots with a median price of \$340,000, whilst Wyndham, Whittlesea, Melton and Hume all had marginal increases in its median land price, indicating stability in gross price as demand for housing in these areas remains sound.

Graph 1 shows positivity in the market as the gross median land price remains above \$400,000 since reaching this high in February 2023. Rebates and incentives are of an average of \$30,000 across Metro Melbourne and Gr. Geelong which brings the net median land price to

approximately \$380,000. The same price as the gross median land price in February 2022.

2023 has seen an improvement in sales whilst prices have remained stable for the last quarter of the year. Sales increased marginally QoQ throughout the year indicating some confidence back into the Greenfield land space as rental affordability continues to be a problem and house and land prices remain stable.

There is some expectation that interest rates will be cut and there will be a relaxation in lending requirements whilst overseas migration will continue to be at strong levels, increasing demand for housing.

Graph 1: Median land price and size (Q1.'17 to Q4.'23)

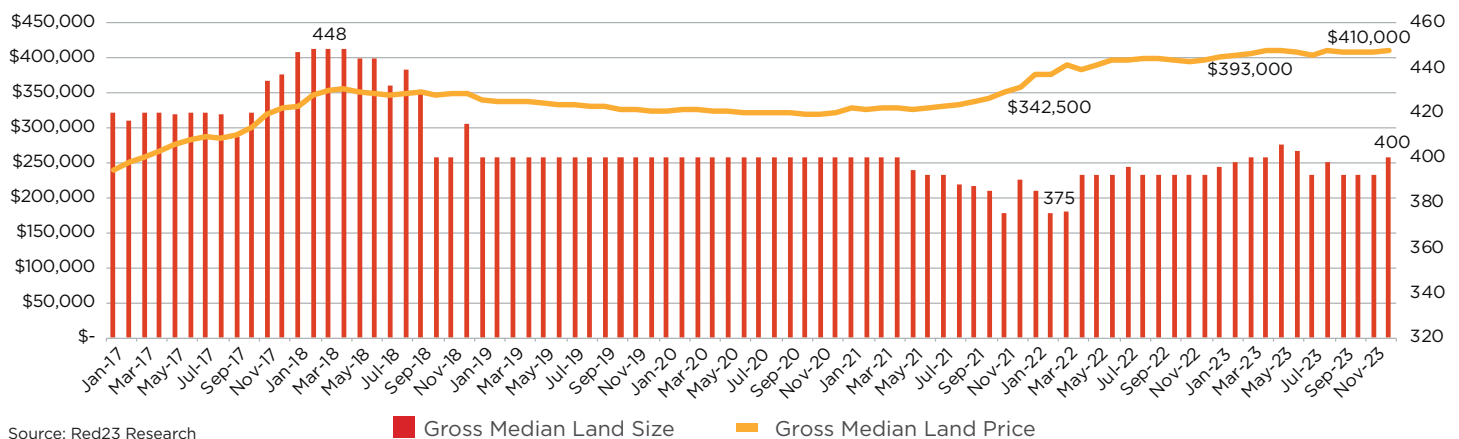


Table 2: Median land price (Dec.'23)

Ranking	LGA	Dec.'23	Dec.'23	Nov.'23	MoM Change	Dec.'22	YoY Change
1	Casey	400	\$482,000	\$492,000	-2.0%	\$458,000	5.2%
2	Cardinia	388	\$442,000	\$442,000	0.0%	\$475,000	-6.9%
3	Hume	400	\$415,250	\$414,000	0.3%	\$410,000	1.3%
4	Gr. Geelong	400	\$410,700	\$420,900	-2.4%	\$415,000	-1.0%
5	Melton	388	\$406,000	\$405,000	0.2%	\$401,000	1.2%
6	Whittlesea	376	\$399,000	\$390,000	2.3%	\$396,500	0.6%
7	Wyndham	350	\$387,000	\$385,000	0.5%	\$383,900	0.8%
8	Mitchell	511	\$340,000	\$345,000	-1.4%	\$345,000	-1.4%
	Metro Melb	400	\$410,000	\$408,000	0.5%	\$393,000	4.3%

Source: Red23 Research

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