

Intelligent Investment

Residential Valuer Insights Q2 2024

REPORT

CBRE RESEARCH
MAY 2024



Executive Summary

CBRE's Q2 2024 Residential Valuations Property Market survey received 170 responses from CBRE valuers around Australia. With insights from expert valuers on local market trends, we gain a comprehensive understanding of Australia's dynamic residential real estate landscape with the below findings:

Demand has remained strong

13x as many valuers see 'strong' to 'very strong' demand compared to 'soft' or 'very limited'.

Demand to purchase is particularly strong in Perth, Adelaide, and the Gold and Sunshine Coasts. By contrast, softer demand is evident in Tasmania, Melbourne Outer Metro, and ACT.

Houses and renovated properties

As in the previous quarter, valuers see demand as being the strongest for houses and recently renovated properties. Softer conditions prevail for unrenovated properties and vacant land.

First home buyers/Local investors

The most active buyer types were reported as first home buyers and local investors. Upgraders and down-sizers are also active. Developers are less active.

Future demand

A significantly larger percentage of valuers expect demand to increase in the next 12 months than decrease.

House values next 12 months

70% of valuers expect home value growth over the next 12 months and an increasing proportion are expecting at least 5% growth in the most recent survey. The highest conviction is for Perth, Adelaide, and Sydney Metro, with a higher share expecting over 5% increase.

Apartment values next 12 months

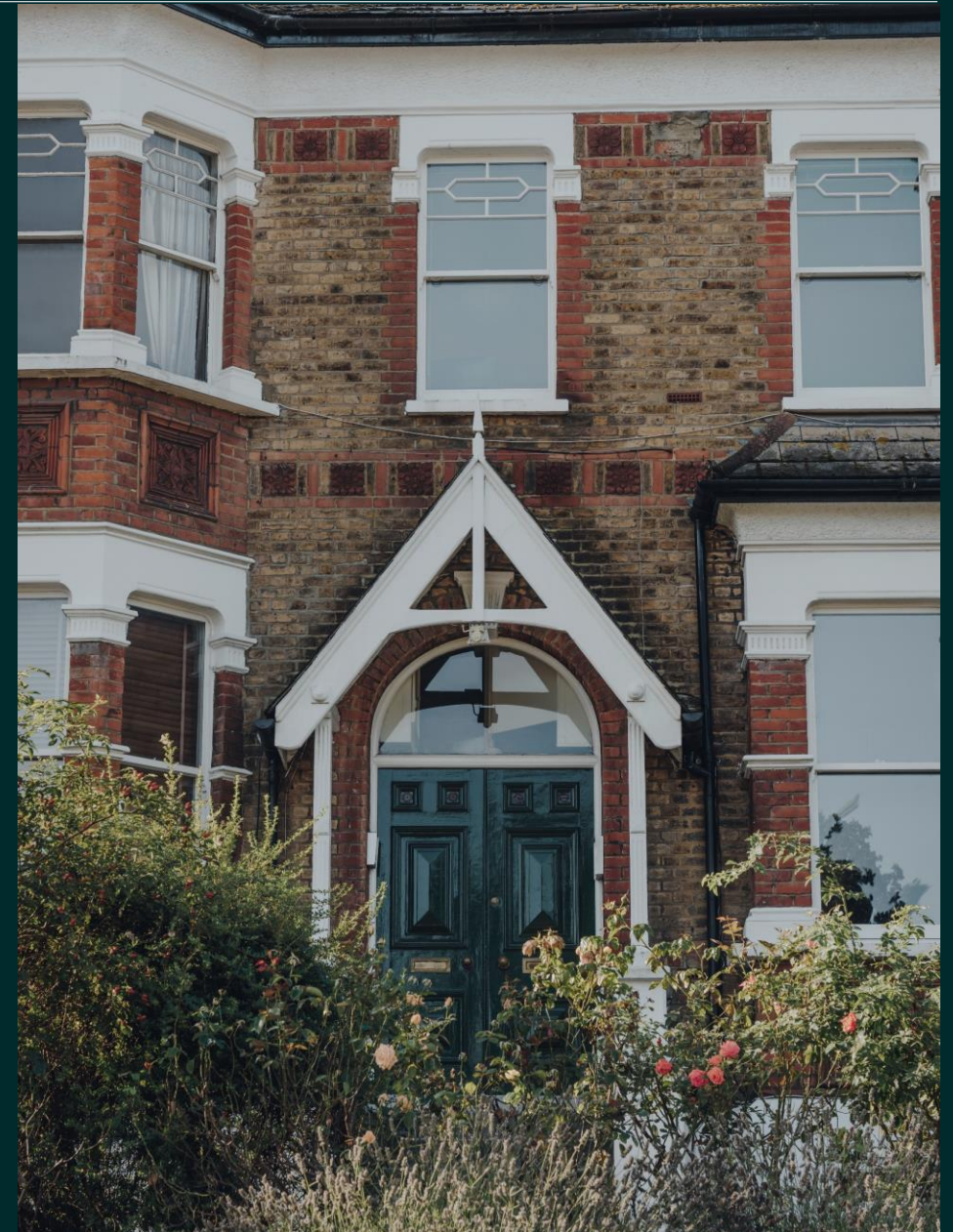
More valuers expect apartment value growth over the next 12 months than in Q1 2024, with the highest conviction in Perth, Brisbane Metro, and Adelaide. Nationally, over 4x as many valuers expect price growth vs price fall.

Vacant land values next 12 months

57% of valuers expect vacant land values to increase with most growth expected in Perth, Adelaide, and Sydney Metro.

Future supply (listings)

There is scope for increased supply (listings) within the next 12 months, with 46% expecting increase and 8% expecting a decrease (Under Supply).



Recent demand

Demand has remained strong, with 54% of valuers reporting ‘strong’ or ‘very strong’ demand conditions in recent months, a slight uptick from 49% in Q1 2024. As in the previous quarter, this has been led by Perth, Adelaide, and the Gold and Sunshine Coasts. No valuers reported ‘very limited’ demand in Q2 2024.

“Continued strong demand for all properties on the back of low levels of stock, strong population growth, and continued low unemployment rate.” – South East Perth, WA.

“Demand remains strong, although not at previous frenzy levels, and supply remains limited in most segments.” – Sunshine Coast, QLD.

“Properties listed and sold at the first open inspection with multiple offers.” – East Brisbane, QLD.

“There is still uncertainty in the market, especially around interest rates, although demand still seems reasonable overall.” – Blacktown, NSW.

“The overall market is displaying moderate to robust activity, characterised by typical 4–6–week campaigns and a strong demand for high-quality homes.” – Inner East Melbourne, VIC.

FIGURE 1: Demand in local markets in the last 3 months, Australia wide.

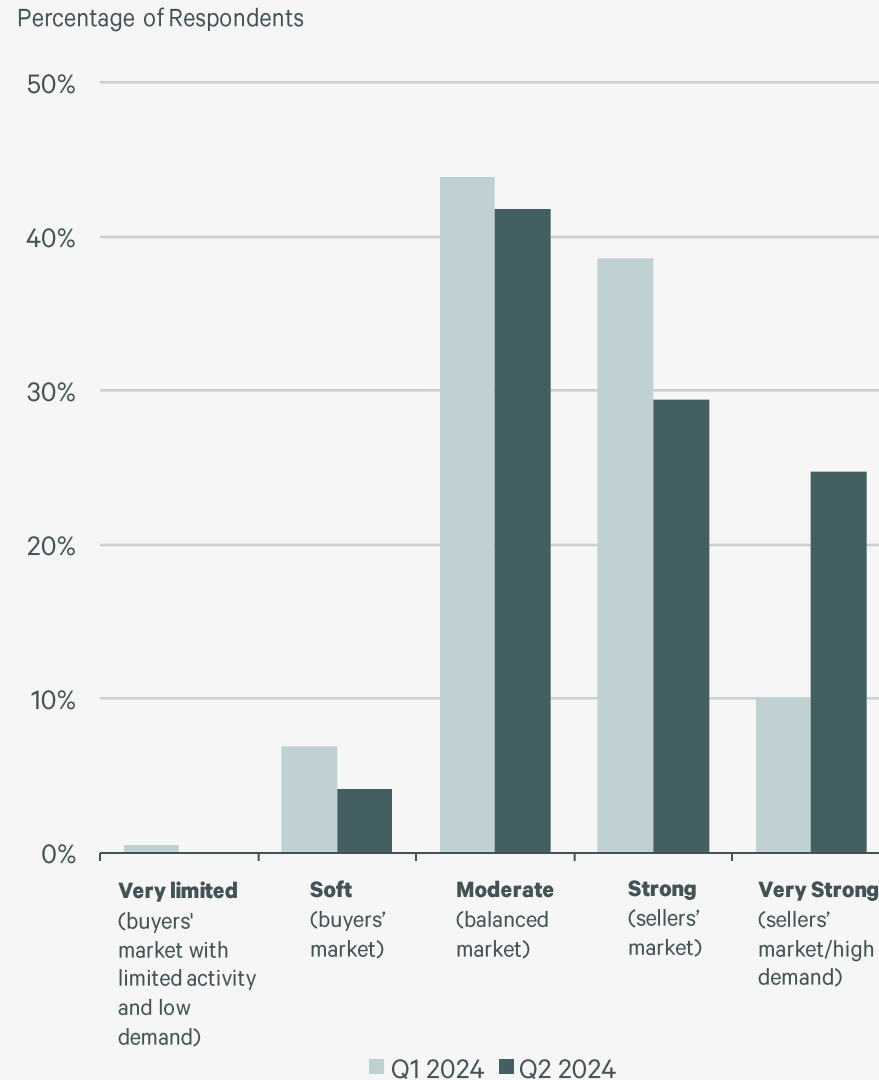
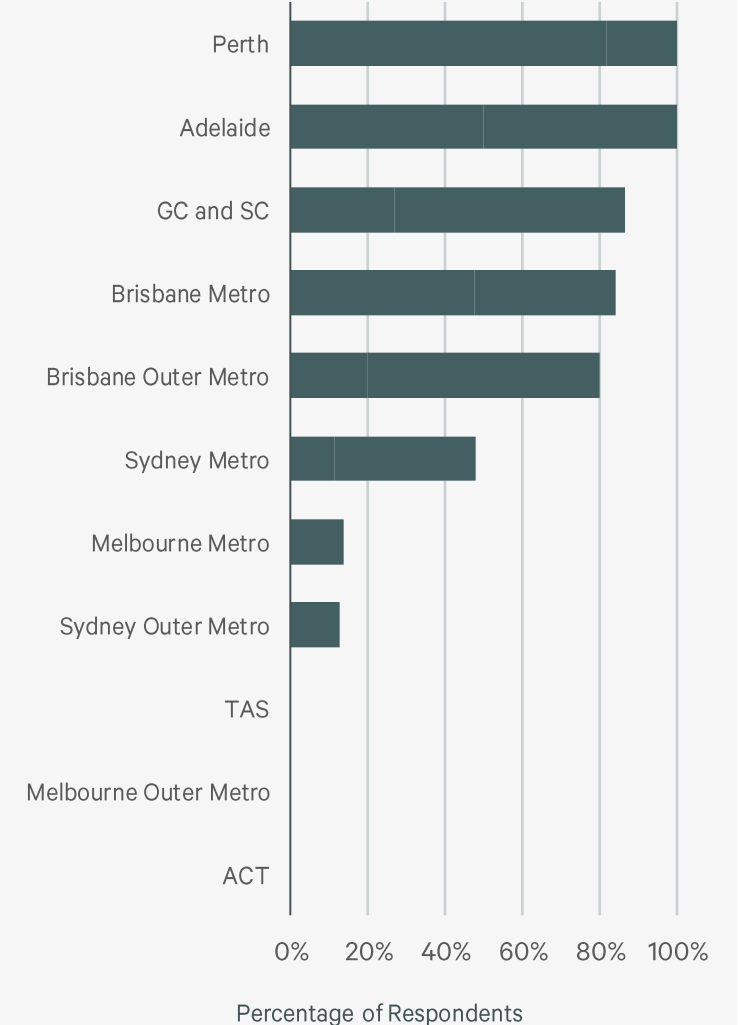


FIGURE 2: A closer look at responses for Q2 2024 indicating ‘strong’ or ‘very strong’ demand over the past 3 months.



Active buyers

In Q2 2024, first home buyers remained the most active buyer type in Melbourne Metro, Adelaide, and ACT in the last 3 months. Local investors surpassed upgraders to become the second most active buyer type this quarter, while developers and interstate migrants were the least active. Interstate investors were still most active in Perth and Outer Brisbane this quarter while local investors were most active in Brisbane Metro and Perth (in Q1 2024 local investors were most active in Adelaide and Sydney). Upgraders were most active in Sydney Metro and Outer Metro, and Tasmania.

“Market continues to be dominated by owner occupiers with very few investors and developers in the market as buyers.” – North West Melbourne, VIC.

“Investors purchasing in the district due to the close proximity to Sydney's Second Airport noted for completion in 2026.” – Campbelltown, NSW.

“Large demand for first time home buyers.” – Sunshine Coast, QLD.

“Developer market not particularly active due to high interest rates and increasing construction costs.” – North East Melbourne, VIC.

“While construction costs remain high, developers report good demand for new allotments from owner occupiers and both local and interstate investors.” – Logan, QLD

“Local investors appear to have increased especially from overseas investors in the local area matching demand from the east coast.” – South West Perth, WA.

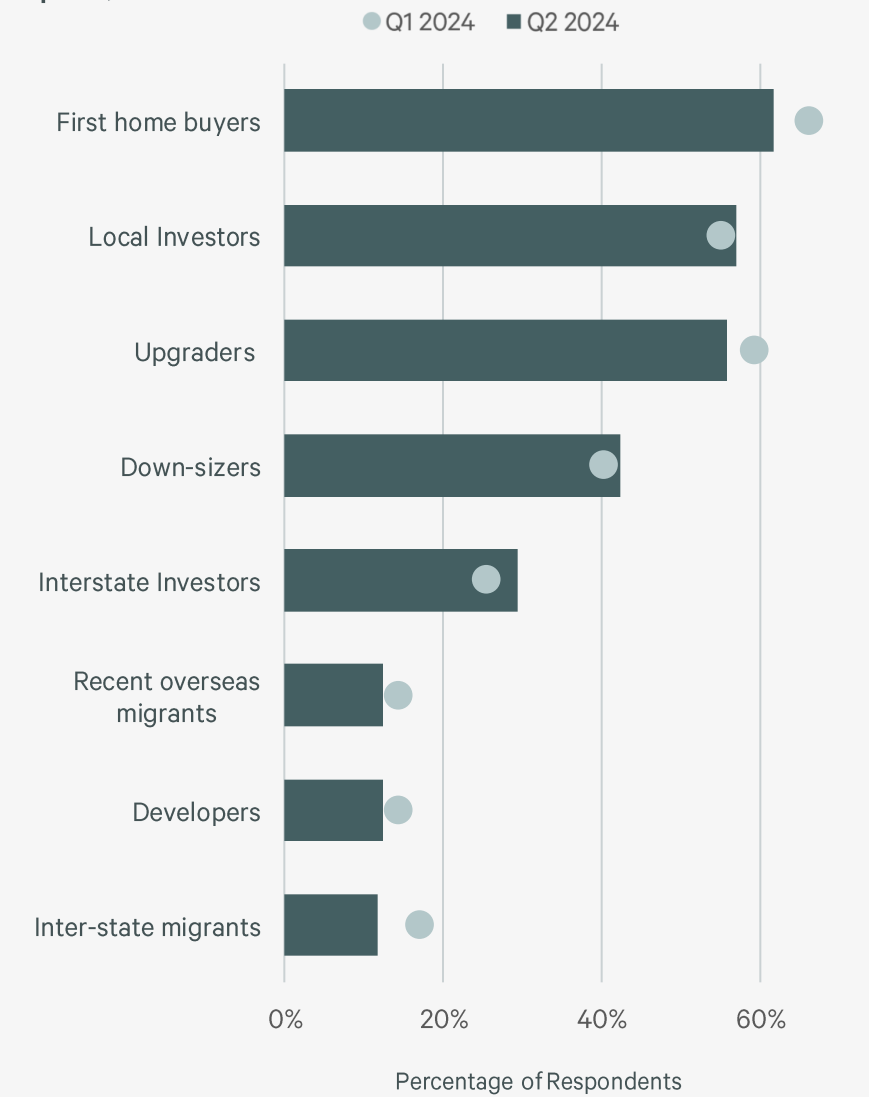
“Still finding townhouse demand strong, with first home buyers and investors competing for this product due to the strong rents for investors and the affordability for first home buyers.” – Moreton Bay, QLD.

“Investors are beginning to re-enter the market given the length of time with no rate rises and speculation of rate cuts toward the end of 2024.” – Eastern Suburbs, NSW.

“Increased activity by developers buying properties with 3-4 lot development potential.” – North West Perth, WA.

“The influence of interstate investors continues to be strong.” – Gold Coast, QLD.

FIGURE 3: Most active buyers in the market in the last 3 months (select up to 4).



Note: Respondents were able to select multiple options (up to 4)

Change in demand

58% of valuers reported an increase in demand for houses, 40% for recently renovated properties, and 38% for new houses. 24% of valuers reported a recent decrease in demand for unrenovated properties and 20% for vacant land. These figures are similar to Q1 2024, with valuers continuing to note the hesitation to take on elevated construction costs.

“Demand for newer homes and those with a higher quality fit-out is relatively strong as people are reluctant to build in this time due to high construction costs.” – North East Melbourne, VIC.

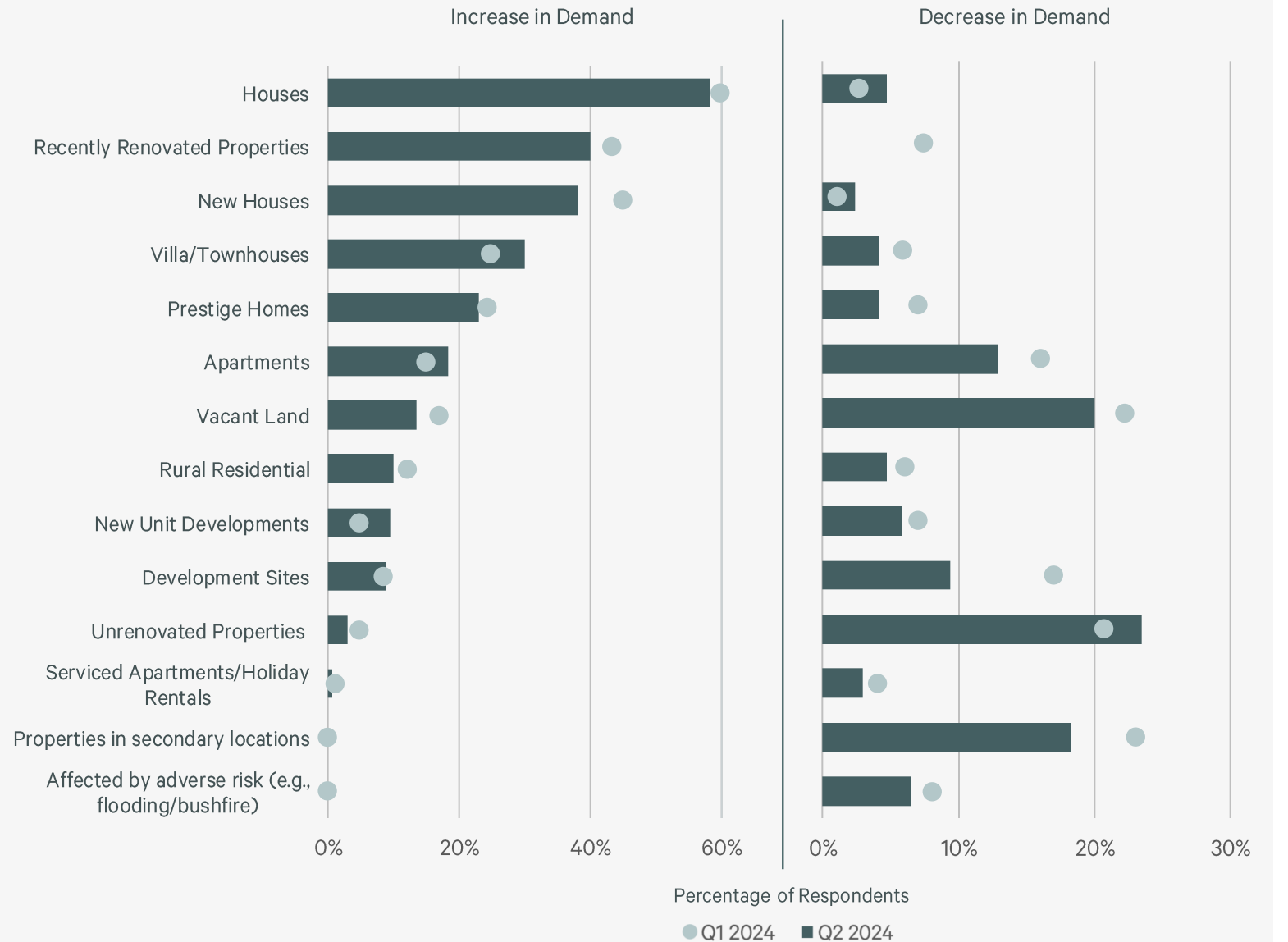
“We are witnessing longer than average selling periods and reduced sale prices for properties in secondary locations or unrenovated properties requiring significant capital expenditure.” – Inner West, NSW.

“There is good demand for family homes in new or renovated condition with above standard ancillary improvements (sheds, pools, additional outdoor areas).” – Ipswich, QLD.

“Properties with essential repairs or in poor condition have seen biggest decrease as people don’t want to take on the risk and high costs associated with construction.” – Newcastle, NSW.

“Prestige market continues to receive good demand for well located, well priced properties.” – South East Melbourne, VIC.

FIGURE 4: Properties that have experienced the biggest increase/decrease in market demand in the last 3 months (select up to 4).



Note: Respondents were able to select multiple options (up to 4)

Percentage of Respondents

● Q1 2024 ■ Q2 2024

House values

70% of valuers expect house values to increase in the next 12 months, slightly below last quarter’s 78%. However, more valuers expect stronger house value growth, with 41% expecting an increase of more than 5%, compared to 37% in Q1 2024. Perth, Adelaide, and Sydney Metro were selected as the locations for most of this expected growth, followed by Brisbane.

“Some of the auctions that have sold, have seen new record prices achieved for houses.” – Eastern Suburbs, NSW.

“Exceptional houses or ones with high end finishes or with views are obtaining premium prices.” – North West Melbourne, VIC.

“I expect an increase in off market transactions over the next 12 months, especially for houses.” – North Sydney, NSW.

“Houses below the \$600K mark have shown the biggest increase in value.” – North Adelaide, SA.

“The housing market is quite strong for renovated and turnkey properties.” – Inner West, NSW.

“Market is red hot with historically low selling periods and prices increasing significantly.” – South West Perth, WA.

FIGURE 5: Expectations of house value movement in the next 12 months, Australia wide.

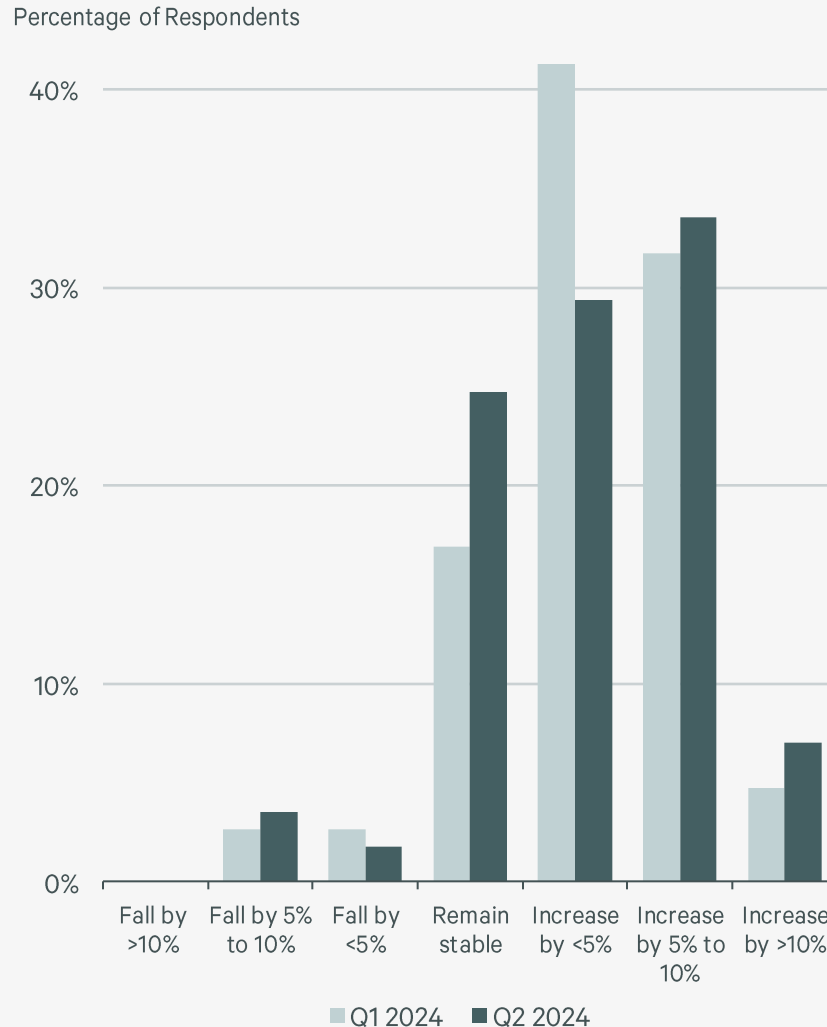
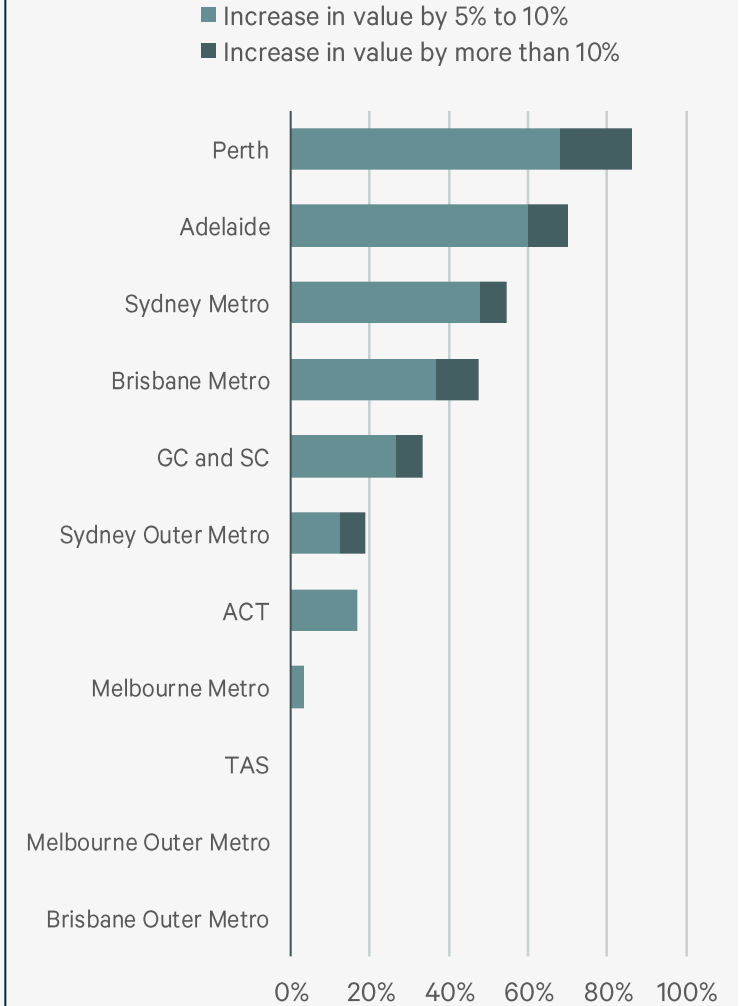


FIGURE 6: A closer look at responses for Q2 2024 indicating that house values are expected to increase by 5% or more.



Apartment values

More valuers (whose local markets have apartments) expect apartment values to increase compared to last quarter. In Q2 2024, 52% of valuers expect price growth, with 21% expecting values to increase by more than 5%. Thirty six percent expect values to remain stable compared to 45% in Q1 2024. Markets where most apartment value growth is expected are Perth, Brisbane Metro, and Adelaide.

“Modern units are in demand due to first home buyers being pushed out of the freestanding dwelling market. The older unit market is steady with a slight increase in demand and price (still an investor market).” – Liverpool, NSW.

“For new and premier apartment products the market seems stable. Entry level apartment product has seen a drop in value.” – Canberra, ACT.

“Significant increase in value for prestige units.” – Sunshine Coast, QLD.

“The apartment market is active providing properties are realistically priced.” – North West Melbourne, VIC.

“Above average size units and townhouse still growing strongly as a house alternative.” – Inner Brisbane, QLD.

“We have seen an increase in unit prices and unit rental prices.” – Inner West, NSW.

FIGURE 7: Expectations of apartment value movement in the next 12 months, Australia wide.

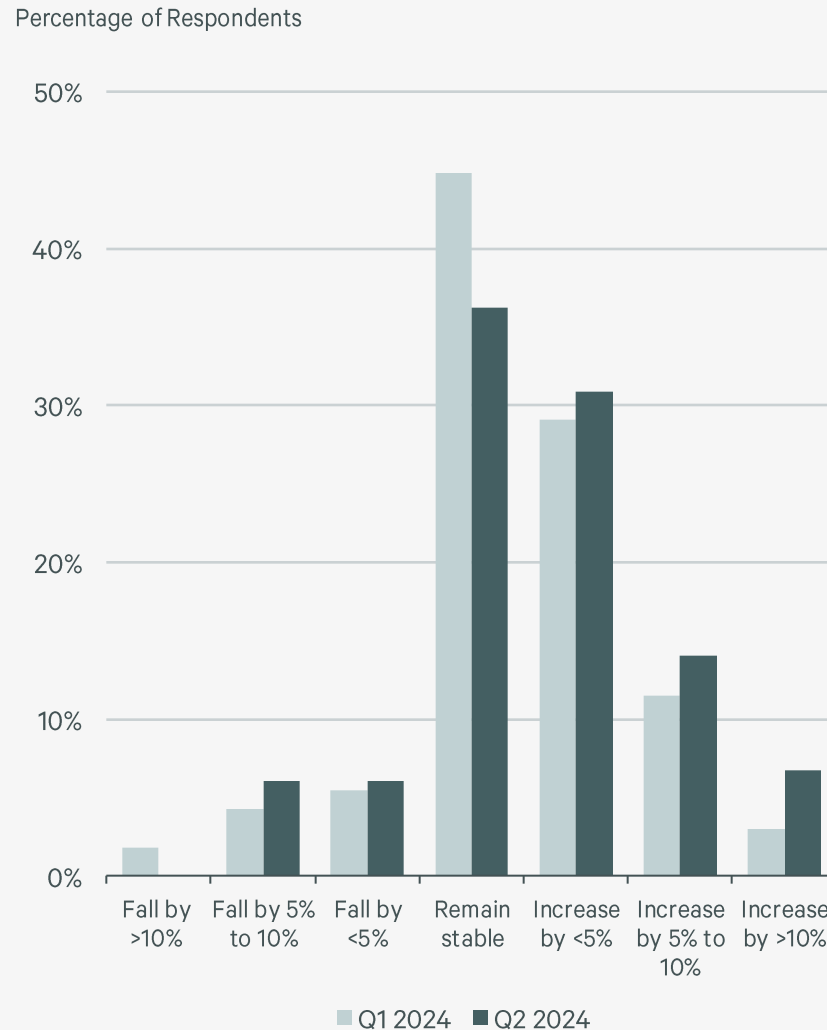
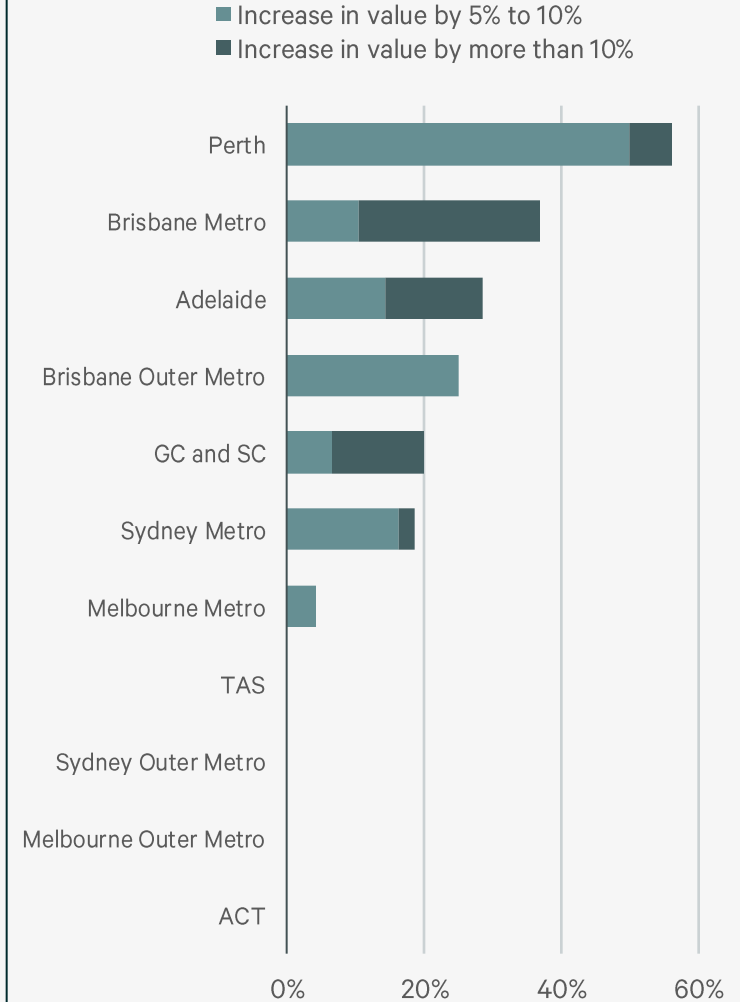


FIGURE 8: A closer look at responses for Q2 2024 indicating that apartment values are expected to increase by 5% or more.



Vacant land values

Slightly more valuers in Q2 2024 expect vacant land values to rise over the next 12 months compared to Q1 2024. 57% of valuers (where vacant land is found in their local markets) expect vacant land values to increase, with 26% expecting values to increase by over 5%. The highest growth is expected in Perth, Adelaide, and Sydney Metro. In Brisbane Outer Metro, 40% of valuers expect price growth of up to 5%. No valuers in Tasmania and Melbourne Outer Metro expect price growth for vacant land in the next 12 months.

“New vacant land releases are selling out within 5 minutes with waitlists being created for next releases. Build costs don't seem to be putting people off down here as the land value is lower.” – Augusta, WA.

“Reduction in vacant land demand due to increased construction costs.” – Mornington Peninsula, VIC.

“Vacant land is still fairly steady given the stigma around the construction industry.” – Liverpool, NSW.

“Demand for vacant land has declined over the past 12 months.” – Hobart, TAS.

“Prices for vacant land remain stable now, although it has decreased from the prices on which these properties were sold off the plan in 2020–21.” – Bellarine Peninsula, VIC.

FIGURE 9: Expectations of vacant land value movement in the next 12 months, Australia wide.

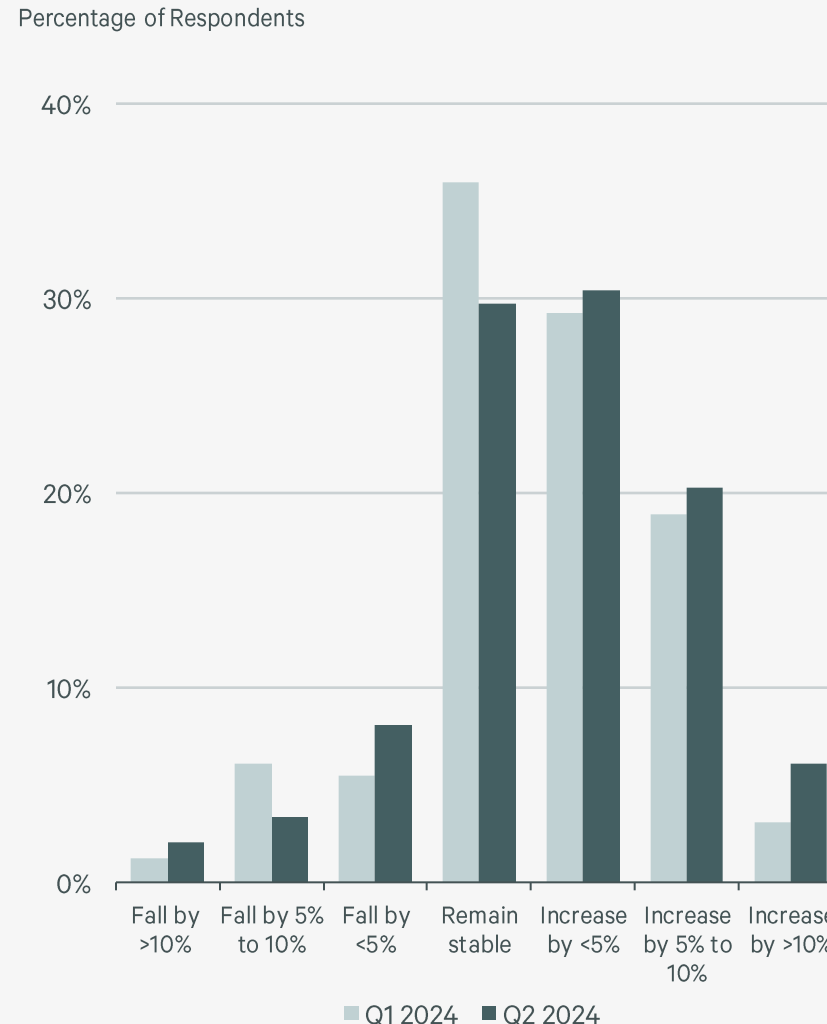
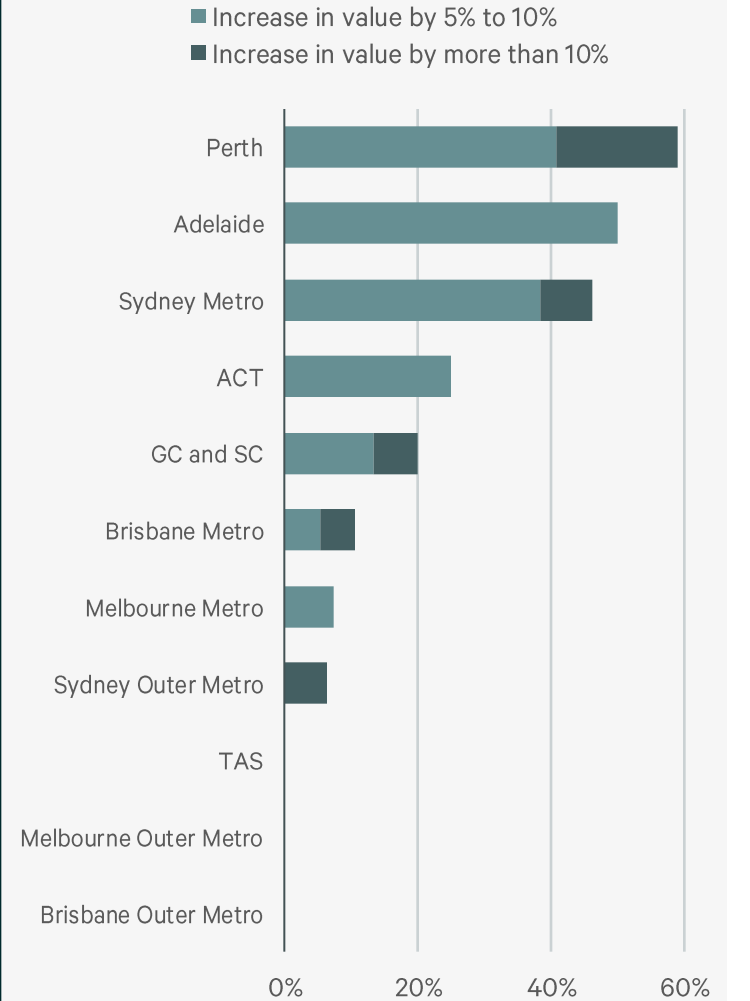


FIGURE 10: A closer look at responses for Q2 2024 indicating that vacant land values are expected to increase by 5% or more.



Future demand

In the Q2 2024 survey, valuers were more cautious about demand expectations for the next 12 months. Forty five percent of valuers anticipate demand to increase ‘slightly’ or ‘significantly’ in their local markets. This is a decrease from the previous quarter when 57% expected growth. As in the previous quarter, this demand growth is primarily expected in Melbourne Outer Metro, ACT, and the Sydney Metro area.

“Given scarcity of housing within established suburbs, it is envisaged demand will continue to grow in the next twelve months, particularly in sought after localities in proximity to employment centres.” – Canberra, ACT.

“The construction industry is unstable, and we are experiencing high levels of inflation and interest rates. We are also seeing many government interventions. Overall, I believe the market will remain stable over the next 12 months considering the pros and cons occurring in the market.” – West Melbourne, VIC.

“There is hesitance and uncertainty in the market overall communicated from buyers, vendors, and agents, due to the unknown nature of the direction of interest rates.” – Southern Highlands, NSW.

“Strong demand present. No signs of change in the immediate future.” – Moreton Bay, QLD.

FIGURE 11: Demand in local markets in the next 12 months, Australia wide.

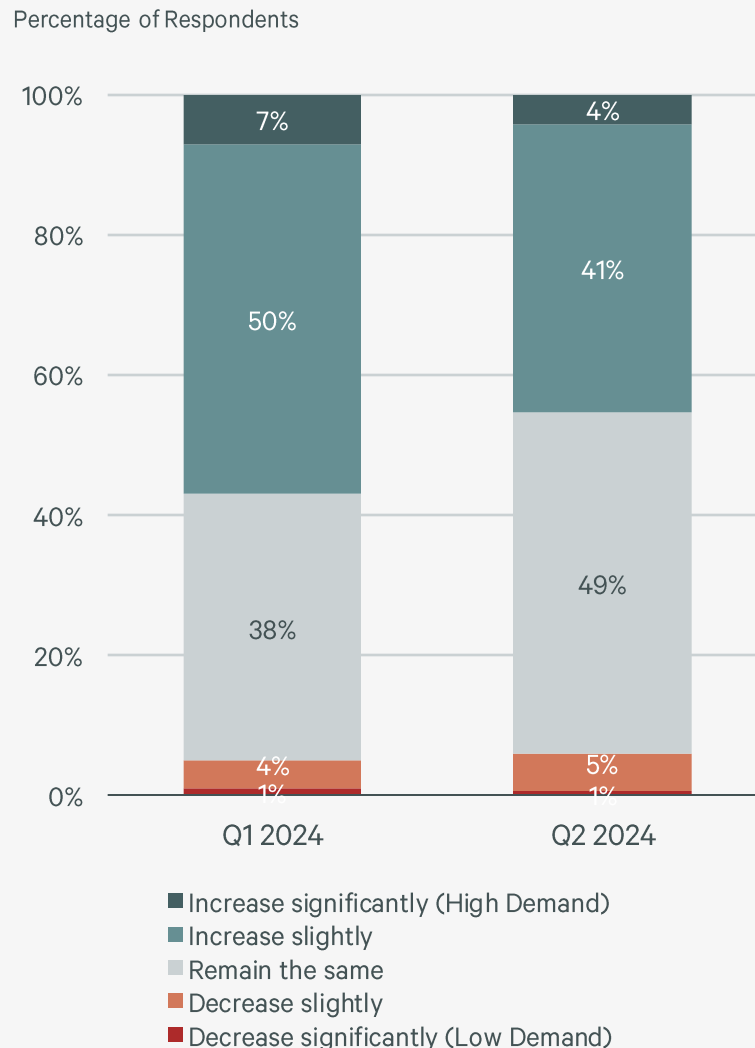
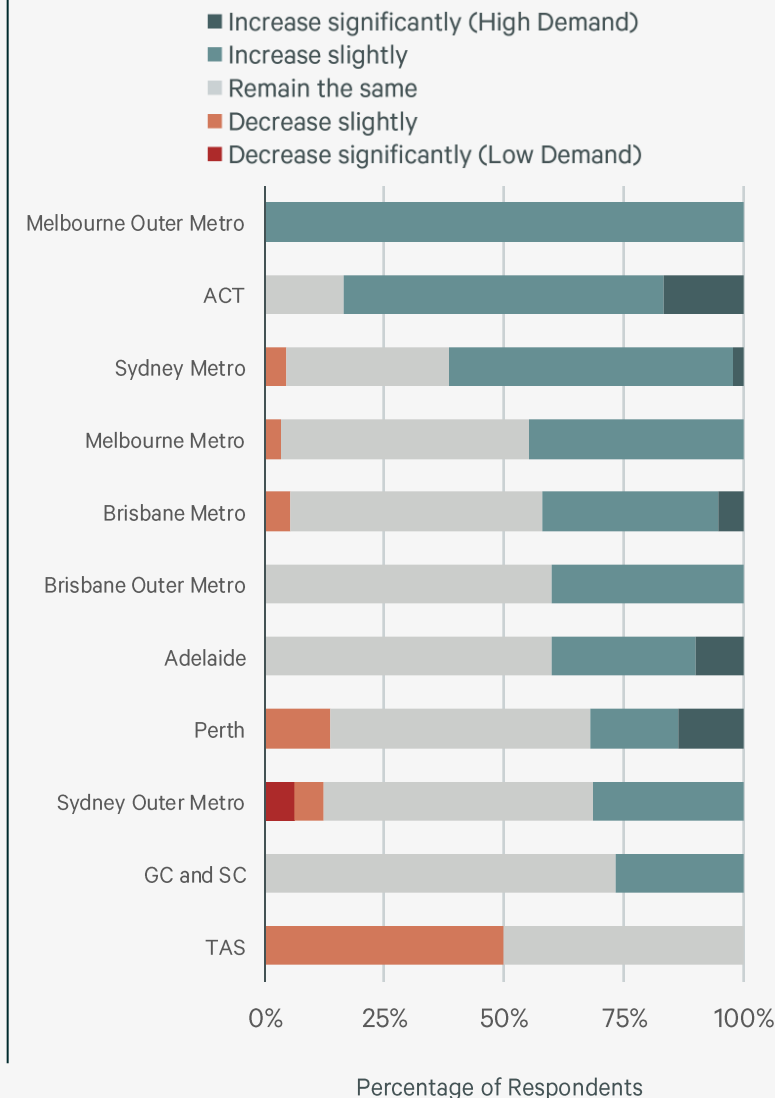


FIGURE 12: A closer look at Q2 2024 expectations for demand in the different markets.



Future supply (listings)

Valuers were also more cautious on supply expectations (listings) for the next 12 months. Forty six percent of valuers anticipate a slight or significant increase in stock available in their local market while 45% expect supply to remain the same. Increased supply is mostly expected in Tasmania, Melbourne Outer Metro, and ACT. In Q2 2024, more Perth, Gold Coast, and Sunshine Coast valuers expect a significant decrease in supply (Under Supply) in the next 12 months when compared to the previous quarter.

“I believe some more property will come on the market in the next few months due to people being unsure of what the RBA will do.” – Inner East Melbourne, VIC.

“Listings for prestige properties have greatly reduced in the last 6 months. Local agents are reporting that vendors are taking a sit and wait approach.” – Northern Beaches, NSW.

“Constrained land supply, caused by bottlenecks in approval process, has impacted the supply of new builds.” – Darling Downs, QLD.

“There is still a lack of properties available to purchase, however, we are starting to see a large number of recently built dwellings come onto the rental market.” – North West Perth, WA.

“Listings have increased slightly, however days on market have also increased slightly.” – Toowoomba, QLD.

FIGURE 13: Supply in local markets in the next 12 months, Australia wide.

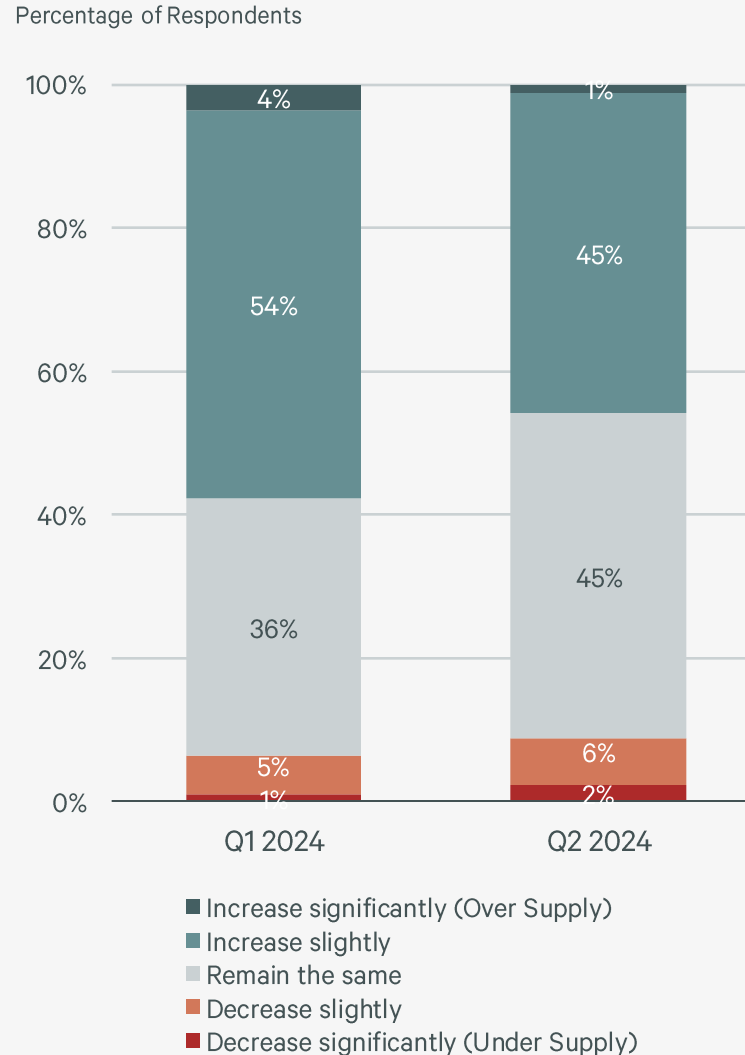
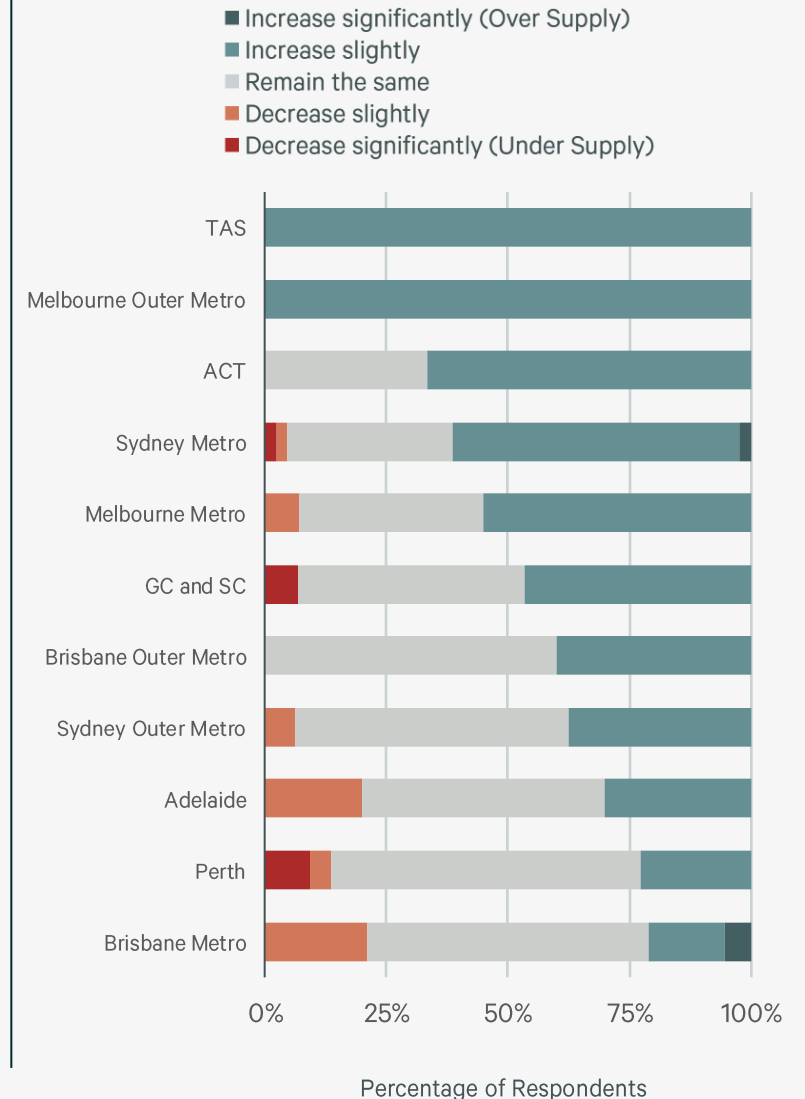


FIGURE 14: A closer look at Q2 2024 expectations for supply in the different markets.



Survey Profile

The CBRE Research Q2 2024 Residential Valuations Property Market Survey was conducted in early–May of 2024. A total of 170 responses were received. Valuer locations:

NSW

Sydney Metro

- Sydney

Sydney Outer Metro

- Newcastle
- Central Coast
- Illawarra
- Hunter
- South Coast
- Southern Highlands

ACT

- Canberra
- Queanbeyan NSW

VIC

Melbourne Metro

- Melbourne

Melbourne Outer Metro

- Mornington Peninsula
- Bellarine Peninsula

QLD

Brisbane Metro

- Brisbane

Brisbane Outer Metro

- NSW Northern Rivers
- Darling Downs
- Gold Coast
- Sunshine Coast

WA

- Perth
- Margaret River
- South West

SA

- Adelaide

TAS

- Hobart
- North West Coast



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