

Property Research Digest:

Edition 29

Economics

Population

According to the **Australian Bureau of Statistics (ABS)**, population growth remains elevated at 2.5% over the 12 months to December 2023. Strong net overseas migration continues to be the principal driver of growth, adding around 547,000 people over the past year. In 2023, Australia's population growth reached its highest level since the early 1950s, making it one of the fastest-growing advanced economies over the past two years.

The natural increase of 104,000 over the past year is 6.4% lower than a year ago and the lowest annual increase in modern population records. Over the near term, population growth is likely to slow to a more 'normal' pace of around 350,000 per annum.¹

Victoria has regained the top spot as the fastest-growing state, with 186,500 people over the past year, albeit at a marginal rate. In terms of percentages, **Western Australia** grew by 3.3% over the same period.

Table 1 - Annual Population Change at 31 December 2023

	Population at 31 December 2023 ('000)	Change over the previous year ('000)	Change over the previous year (%)
<i>Victoria</i>	6,906	186.5	2.8
<i>New South Wales</i>	8,434.8	185.5	2.2
<i>Queensland</i>	5,528.3	141.4	2.6
<i>Western Australia</i>	2,927.9	93.8	3.3
<i>South Australia</i>	1,866.3	30.2	1.6
<i>Australian Capital Territory</i>	470.2	9.1	2.0
<i>Tasmania</i>	5,74.7	2.4	0.4
<i>Northern Territory</i>	253.6	2.4	0.9
<i>Australia</i>	26,966.8	651.2	2.5

Source: Bloomberg, Wingate Research

Building Approvals and Commencements

According to the **ABS**:

- **Total building approvals** rose 5.5% during May, the highest since November 2023. Gains were underpinned by a 2.1% increase in private sector houses and a 16.3% increase in private sector multi-unit approvals. Over the past year, house approvals are up, and multi-units are down. In trend terms, there is a growing divergence between detached housing approvals, which are edging higher, and multi-unit approvals, which are falling.

To view building approvals by state, click [here](#).

¹ By 2034, the total number of households in Australia is set to increase from 10.66 million to 12.31 million; annual jump of about 164,000 households. Lone-person households are leading the charge with a 30 percent increase, adding close to 49,000 new households each year.

- **Total building commencements** rose 0.5% during the first quarter of 2024 to 39,715 (but remain 13.5% lower over the year). The quarterly rise was driven by a 4.8% increase in private housing starts to 25,072, which offset a 3.1% fall in private multi-unit dwellings.

Forecasts by **HDD Consulting** point to just under 165,000 dwelling commencements over the 12 months to June 2025, down from their recent peak of around 214,500 during 2020/21.

Consumer Confidence and Household Indicators

Last week, the **ANZ-Roy Morgan Consumer Confidence** index increased by 5.9 points to 84.4, marking the largest weekly jump since mid-April 2021. This rise comes in response to the Stage 3 tax cuts. Confidence is now 9.2 points higher than it was at this time last year. Household confidence in their current financial situation has reached its second-highest level since early 2023. Despite this improvement, the current confidence level remains below the 20-year average of 114.

Average Household Income

Over the past year, the average **CBA** household has seen salary income grow (up 4.6%), the slowest rate since the midst of the pandemic. On the expense side, households have been reducing actual spending outside of rent and mortgage costs, with overall spending growth averaging 3.1% over the past 12 months. **Download the report [here](#).**

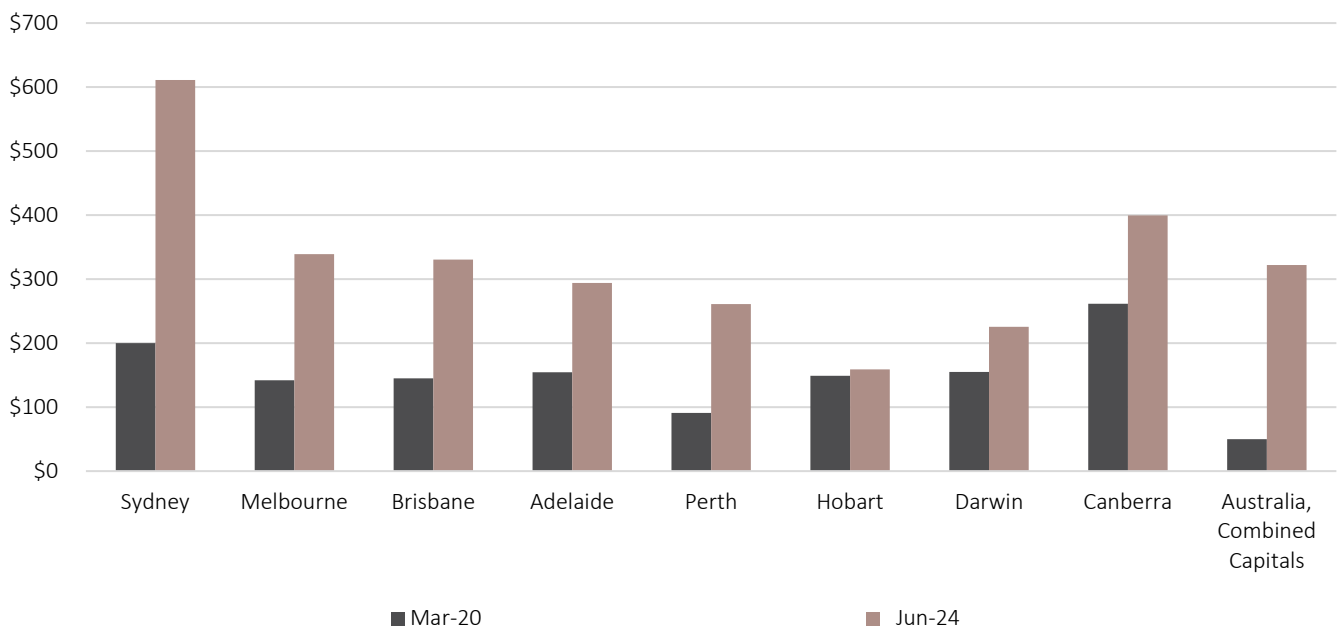
Residential

House and Unit Prices

According to **CoreLogic**, house price growth dropped to an annualised 6% in the first half of 2024, down from 10% in the second half of 2023. Affordability plays a key role in the slowdown, most notably at a capital city level, with price growth slowing most in the more expensive markets of **Sydney** and **Melbourne** and staying elevated in the more affordable housing markets such as **Brisbane**, **Adelaide** and **Perth**. **Read more [here](#).**

The gap between the median house and the unit price has grown over the past 4 years, most notably in **Sydney** (an increase of 205.5% to a gap of \$611,000), **Perth** (an increase of 187%) and **Melbourne** (an increase of 138.6%).

Chart 1 - Variance between the Median Unit and House Prices ('000's)



Source: CoreLogic, Wingate Research

Apartment

According to **Oxford Economics**, the national construction of **build-to-rent** projects fell by 19% over the 2024 financial year due to high borrowing costs and uncertainty surrounding tax policies for foreign-owned developments.

Commencements dropped to only 5,290, compared to 6,543 the previous year. However, Oxford Economics forecasts a recovery by 2027, with commencements expected to exceed 8,000, driven primarily by Victoria, where land prices remain relatively affordable. **Read more [here](#).**

Additionally, the **2021 ABS Census** highlighted a decrease in homeownership rates. Of the 9.8 million households nationally, 68.1% owned their home either with or without a mortgage, a decrease from 71.5% in 2001.

According to **JLL's Apartment Digest**, there are circa 80,000 inner-city apartments in the pipeline, including build-to-rent and build-to-sell projects. These are at various stages such as under construction, being marketed, approved or with plans submitted. Melbourne and Sydney account for 60% of apartments under construction, with Sydney 31% and Melbourne 29%.

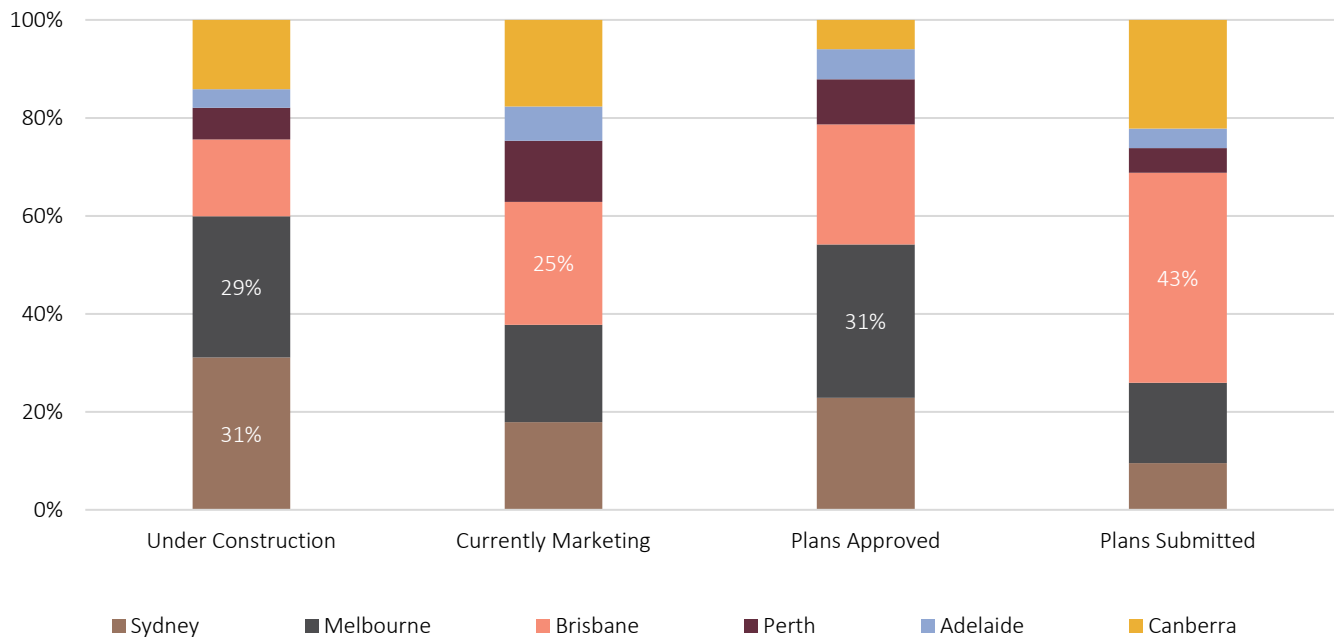
Breaking down the apartment supply pipeline:

- 25% of those **being marketed** are in **Brisbane**
- 31% of those **approved** are in **Melbourne**
- 43% of plans submitted are in **Brisbane**

JLL reports that just over two-thirds of all inner-city apartment completions in 2023 were in Sydney, Melbourne and Brisbane. Sydney leading with 8,894 apartments, followed by Melbourne and Brisbane, with 8,243 and 4,504 respectively.

Due to rising construction costs, only 28,615 inner-city apartments were completed in 2023. **Read more [here](#).**

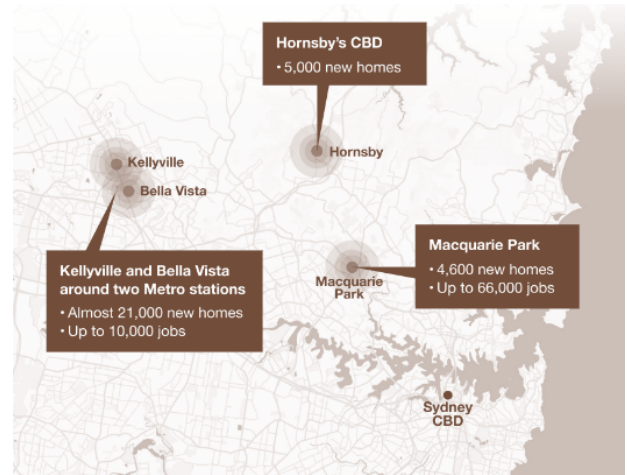
Chart 2 - Inner City Apartment Pipeline



Source: JLL, Wingate Research

The Transport Oriented Development program is set to deliver housing around 39 transport hubs. The **New South Wales Government** has announced plans to accelerate high-density rezoning around three hubs: **Macquarie Park, Hornsby, Kellyville and Bella Vista**. The Kellyville and Bella Vista metro stations are expected to deliver up to 21,000 dwellings, while Hornsby and Macquarie Park will each add 5,000. [Read more here.](#)

Data from **Arcadis** suggests that building costs will likely increase by 28% in **Perth**, 34.1% in **Melbourne** and close to 40% in **Sydney** between 2023 and 2028. **Brisbane** is tipped to see costs rise 34.4% after registering the strongest growth this year amid above-inflation wage increases. Analysis, in part, points to the persisting shortages of key trades. [Download the report here.](#)



Land

A UDIA Queensland Research Foundation study on land availability and readiness for residential development in southeast Queensland revealed that 9,223 hectares, or 45% of land supply, is unsuitable for residential allotments. Almost 60% of the potential yield requires infrastructure commitment and funding; an additional 25% was constrained by koala habitat. [Read more here.](#)

According to **RPM Group**, the median land price in southeast Queensland has risen by around \$100,000 since 2021 to more than \$400,000. Over the past decade, southeast Queensland has averaged just under 11,000 project land sales per annum, peaking at around 17,200 in 2021. [Read more here.](#)

Table 2 - South East Queensland Housing Pipeline

	Potential Dwellings	Supply, 10-Year Sales Rate
<i>Brisbane</i>	14,372	n/a
<i>Moreton Bay</i>	16,807	n/a
<i>Logan</i>	25,411	n/a
<i>Ipswich</i>	14,782	n/a
<i>Redland</i>	3,454	n/a
<i>Gold Coast</i>	4,869	n/a
<i>Sunshine Coast</i>	10,464	n/a
<i>Toowoomba</i>	5,347	n/a
<i>Other (Noosa, Somerset, Lockyer Valley and Scenic Rim)</i>	19,983	n/a
Total	115,489	10.5 Years

Source: UDIAQ, Wingate Research

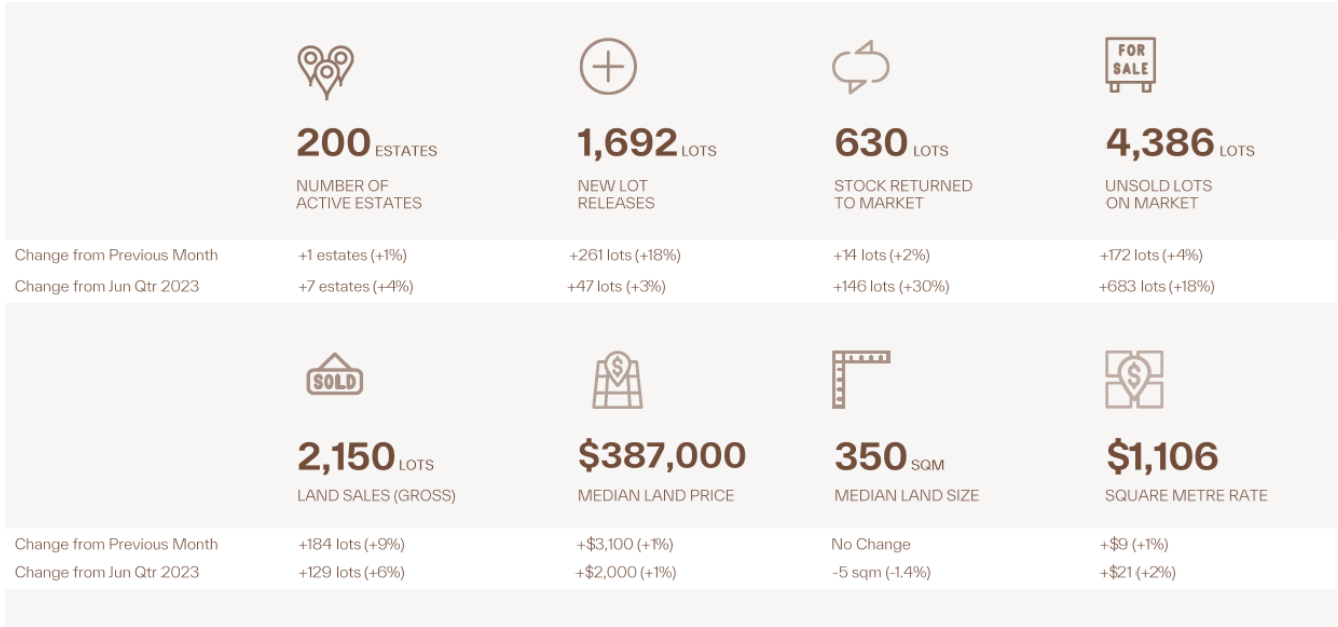
There are signs that the **Melbourne** greenfield sector may have bottomed out, with new data from **RPM Group** for the June quarter showing:

- An increase in the gross median land price of \$2,000 to \$387,000 over the past 12 months (circa \$1,100 per square meter).
- An upswing in quarterly land sales to around 2,150 (around 7,600 annualised).

This is the strongest quarterly sales figure since the second quarter of 2022, though it averages only about 3.5 monthly sales per project.

The number of unsold lots rose at the margin to around 4,400, representing about seven months’ supply. Melbourne’s west is particularly saturated, with nearly 50% of unsold lots in the **Wyndham** and **Melton** municipalities. [Read more here.](#)

Chart 3 - Melbourne Greenfields



Source: RPM, Wingate Research

The **2024-25 Victorian Planning Authority (VPA) Business Plan** is scheduled for release this quarter. The plan outlines the projects and activities the VPA will undertake to deliver on the Government’s commitments and the priorities in Victoria’s Housing Statement, which aims for 80,000 new dwellings per annum. On average, a structured plan takes about 5 to 6 years to complete. [Read more here.](#)

According to the UDIAWA, the Greater Perth median land price is at its highest since 2007, driven by record population growth and a sizeable decline in available lots (down 71% over the last 12 months). New lot sales have risen by 54%. The average land price is now \$305,177, 9.5% above the last quarter and 25% up over the last 12 months. The median land price is expected to exceed its previous peak of \$317,000 by the end of the September quarter.

In comparison, Perth’s median dwelling price has increased by 24.7% over the last 12 months – the strongest of all capital city markets.

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Our platform comprises over 200 investment and fiduciary professionals dedicated to the Australian market. We are driven by long-term, trusted relationships and delivering sustainable growth through the economic cycle.

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