Urban Development Institute of Australia

NATIONAL

National Residential Greenfield and Apartment Market Study

UDIA State of The Land 2024

GCC Residential Greenfield and Multi-Unit Market Study

Headline Stats Pack

Report Sponsor:

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CoreLogic

Charter Keck Cramer

UDIA State of The Land 2024

Headlines

- Recent greenfield supply has helped overcome chronic shortages in the multi-unit sector but in the next year supply in both markets will fade and aggregate capital city new residential market supply will fall to the lowest levels recorded in a decade.

- The new home markets across Australia's capital cities recorded another **downcast year** of sales and construction **activity** despite improving consumer sentiment and dwelling values making a full recovery from peak-to-trough. **Increasing demand** over the year ahead is set to further erode the already **diminishing dwelling supply pipeline** fuel accelerated price pressure across all residential product types.

- Australia's **housing crisis** will **deepen** over the year ahead as the New Residential Market Supply Pipeline continues to shrink. The 'housing stimulus hang-over' from the COVID-era continues to impact production volumes, allied with on-going challenges in **workforce capacity** and development feasibility caused by persistently **high construction costs**.

- New **dwelling growth has consistently undershot population growth** over the last 15 years, creating a serious shortage of national housing supply which underpins the current rental and housing affordability crisis.

- A second straight year of **sharp declines in national greenfield dwelling sales** and releases has brought the sector below pre-covid trading levels. Industry is currently struggling to maintain productivity however it is expected that greenfield demand has bottomed-out and will start to move back up to long-running averages across the balance of 2024 and into 2025.

- The **national apartment and multi-unit sector** has recorded a further year of underwhelming performance which has plunged overall completion activity to **historic lows** not seen since 2013. The **considerable lag time** between new multi-unit approvals and completions means that there will be a **far longer recovery period** for this sector than expected in the detached home market.

Headlines

- The turn-around in broader established market dwelling value growth across the second half of the year contributed to **upward momentum in greenfield land pricing**. The combined capital city median land price rose by 5%, with the smaller capitals of Adelaide (+14%), Perth (+8%) and Canberra (+7%) recording stronger gains than the East Coast Capitals.

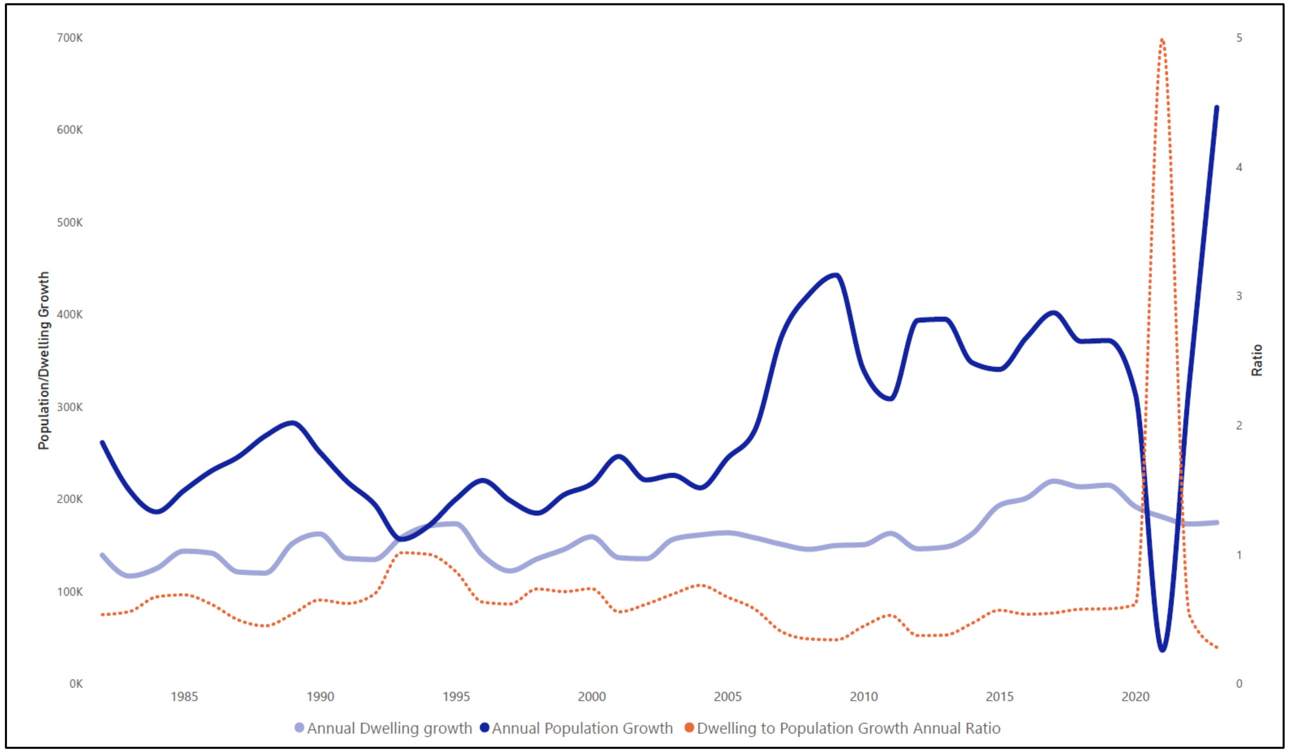
- Even with the post pandemic and geopolitical headwinds, the drop in home purchasing activity has been offset by low levels of available housing supply, which is effectively supporting higher price. Combined with a **surge in immigration** overall housing supply remains low, and **rents are pushing ever higher** due to record low vacancy rates.

- **Affordability challenges** remain high across the nation for household budgets, with high inflation, tax bracket creep and high interest rates ratcheting up the pressure on existing homeowners and prospective first home buyers alike.

- The **UDIA State of the Land** report provides insightful evidence that Government needs to focus policy on boosting development ready land supply. This is critical to any hopes of achieving the broadly held ambition to permanently ease housing affordability and improve dwelling delivery.

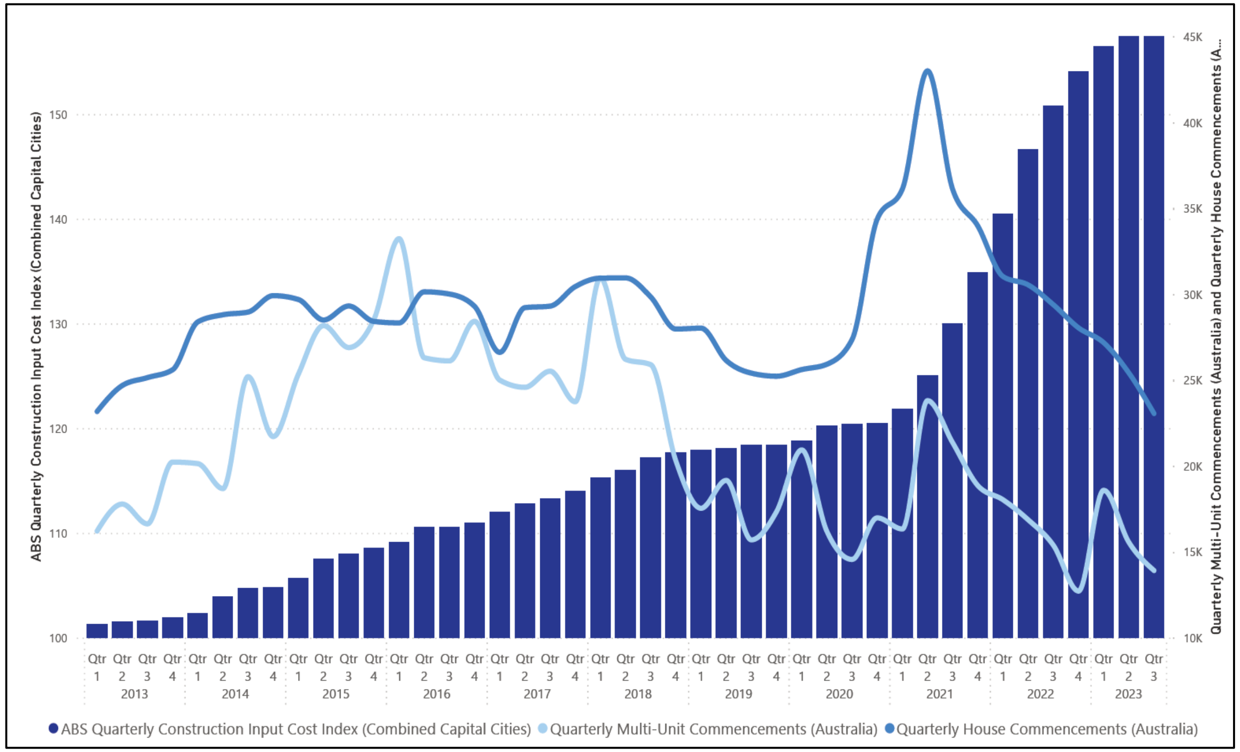
- In summary, the strong recent performance of the national greenfield sector has helped buttress the persistent shortfalls in multi-unit supply. However with both the greenfield and multi-unit sectors set to experience dwindling output in the coming three years, **aggregate capital city new residential market supply will decline to the lowest levels recorded in a decade.**

Annual Population Growth v Dwelling Growth, Australia



Source: UDIA State of the Land (2024); ABS

Construction Costs & National Dwelling Commencements



Source: UDIA State of the Land (2024); ABS

- Australia's net additions to the national dwelling stock have not kept pace with population growth with a serious undersupply of new dwellings between 2007 and 2014 underpinning the current rental market crisis and broad-based erosion of national housing affordability. The upswell in net overseas migration across FY22 and especially FY23 has intersected with a declining dwelling supply profile which if (elevated NOM levels are maintained) indicates another phase looms of extremely strong housing value growth, very low rental stock availability and broad based erosion of national housing affordability.
- Construction costs escalated dramatically from the mid-2021 to the start of 2023 which has dramatically impacted project feasibility (especially for apartment and multi-unit) and contributed to a 28% decline in aggregate commencements.

UDIA State of The Land 2024

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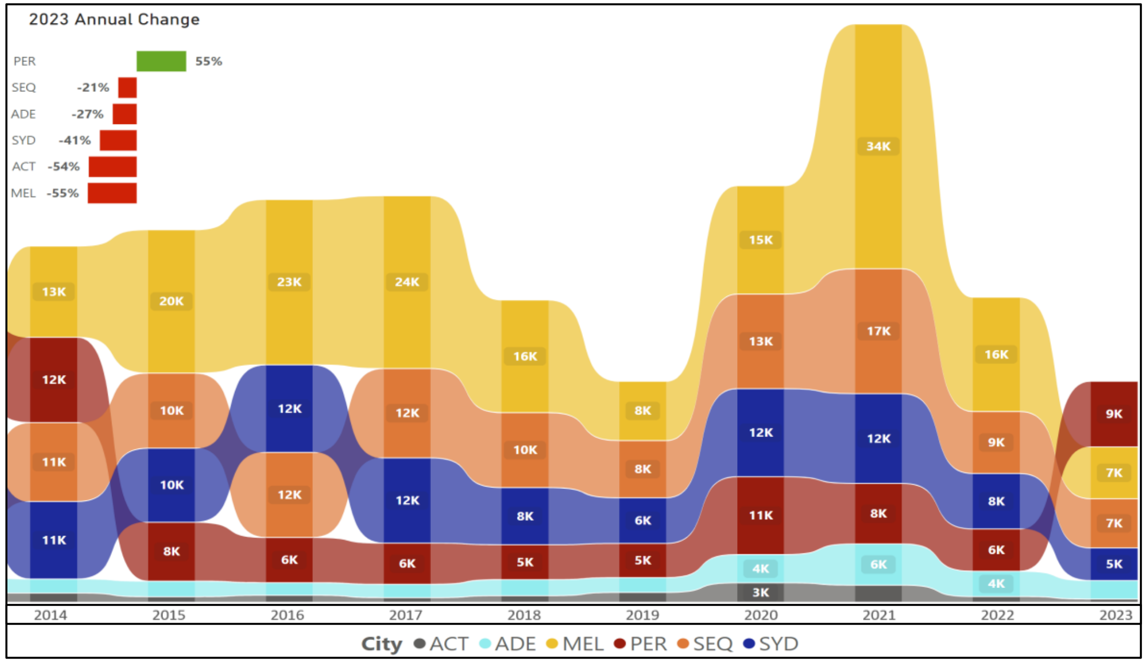
Change Total Greenfield Sales ('22 to '23)

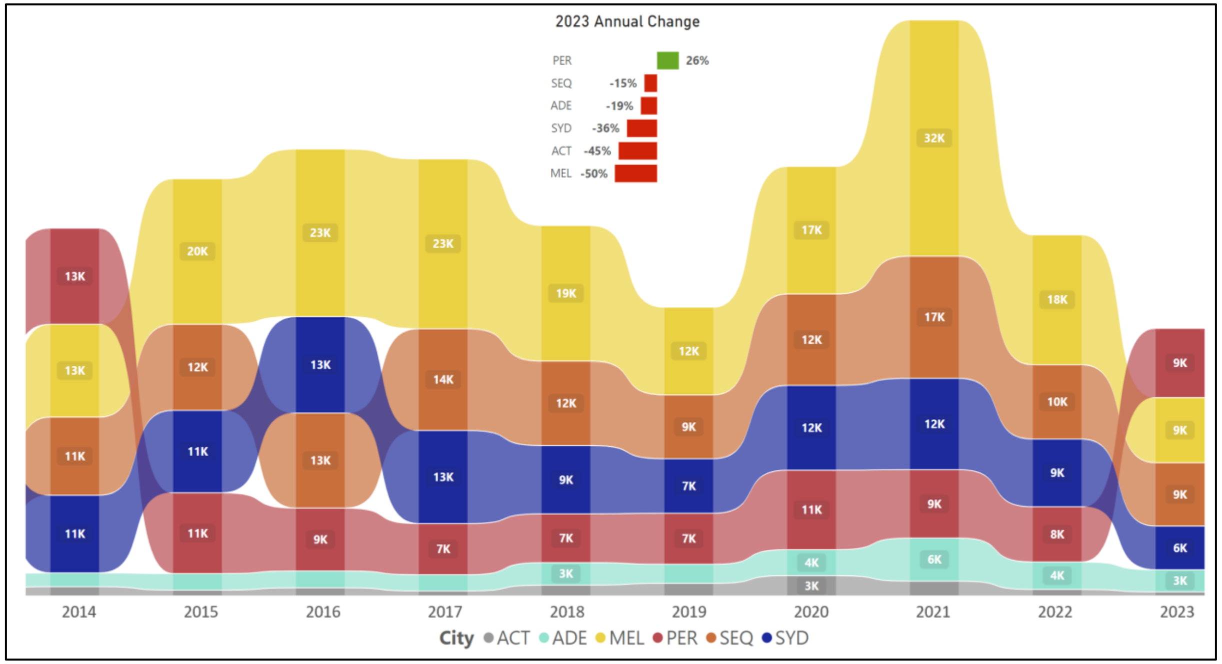
SYDNEY	MELBOURNE	SEQ	ADELAIDE	PERTH	ACT	COMB. GCC
-41%	-55%	-21%	-27%	55%	-54%	-28%

Annual Lots Sold



Source: UDIA State of the Land (2024); Research4

Annual Lots Released



Source: UDIA State of the Land (2024); Research4

- Greenfield lot sales retracted sharply for the second straight year with a 28% decrease on sales volumes across the combined capital cities with a total of 30,440 sales which is 40% lower than the decade annual average.
- Developers responded to the soft demand profile, as well as industry wide capacity issues to release just 36,450 lots to market in 2023 which is 54% reduction of releases against the peak of 2021 and a 33% reduction against the decade average.

UDIA State of The Land 2024

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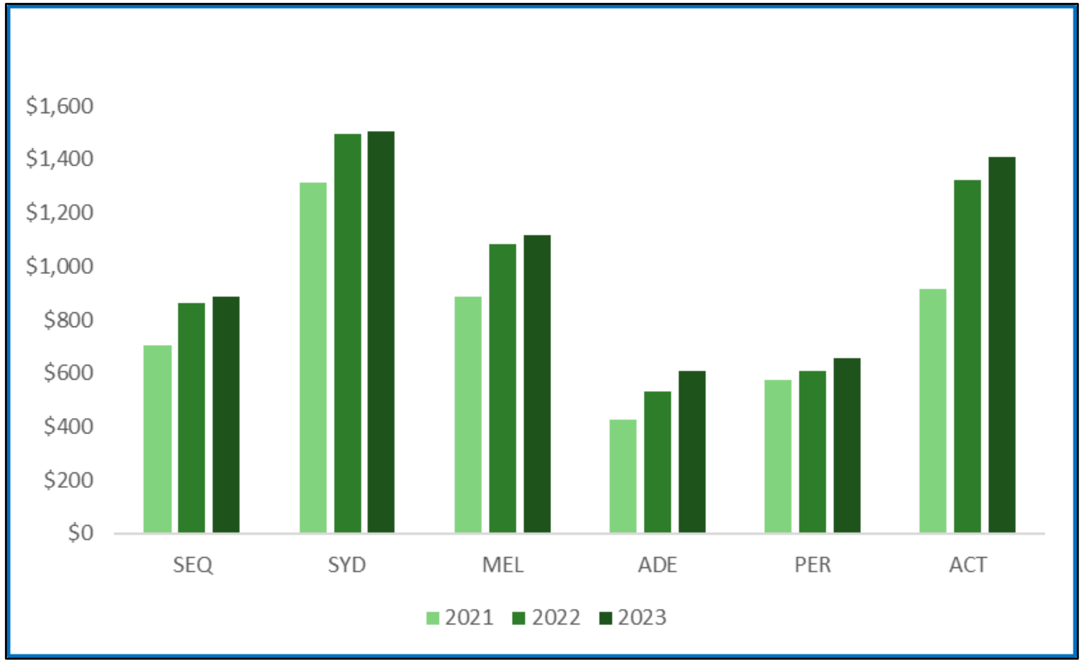
Change in Median Land Price ($/sqm)

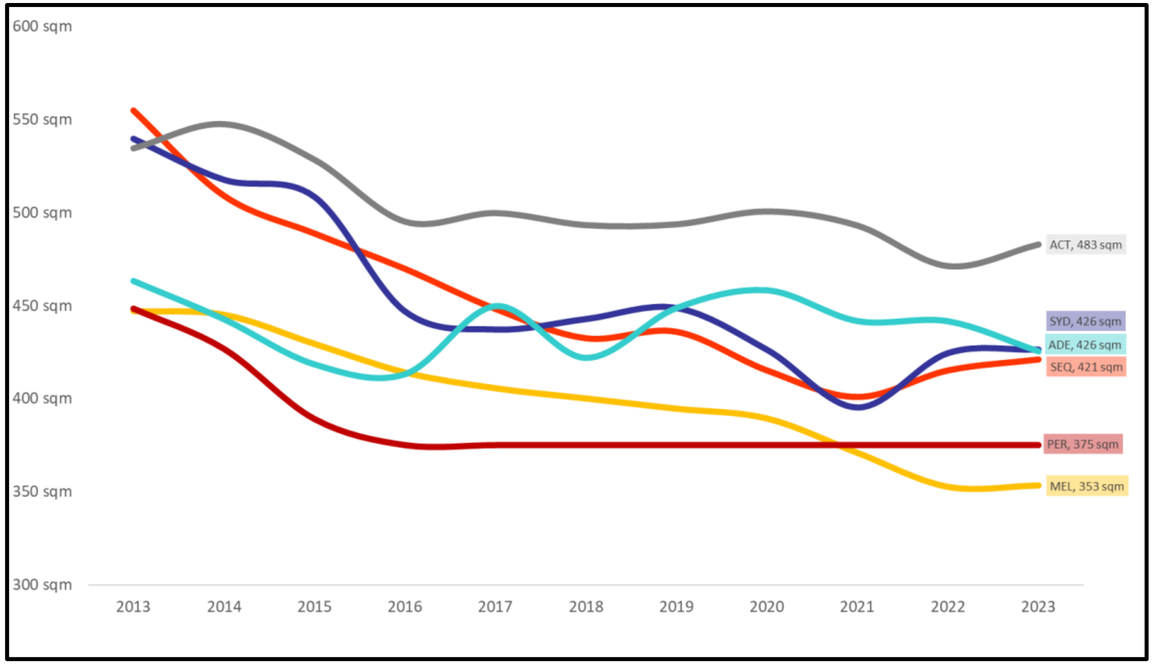
SYDNEY	MELBOURNE	SEQ	ADELAIDE	PERTH	ACT	COMBINED GCC
↑ 1%	↑ 3%	↑ 3%	↑ 14%	↑ 8%	↑ 7%	↑ 5%

Median Price Size ($PSM)



Source: UDIA State of the Land (2024); Research4

Median Lot Size (SQM)



Source: UDIA State of the Land (2023); Research4

- Despite the drop off in new land sales all capital city markets recorded an increase in median lot pricing led by Adelaide, Perth and the ACT which now has the most expensive greenfield lots in the nation ($679,375).
- There was no change in the national median lot size in 2023 (which remained at 414 sqm) as developers largely held firm on inventory sizing across the year.

UDIA State of The Land 2024

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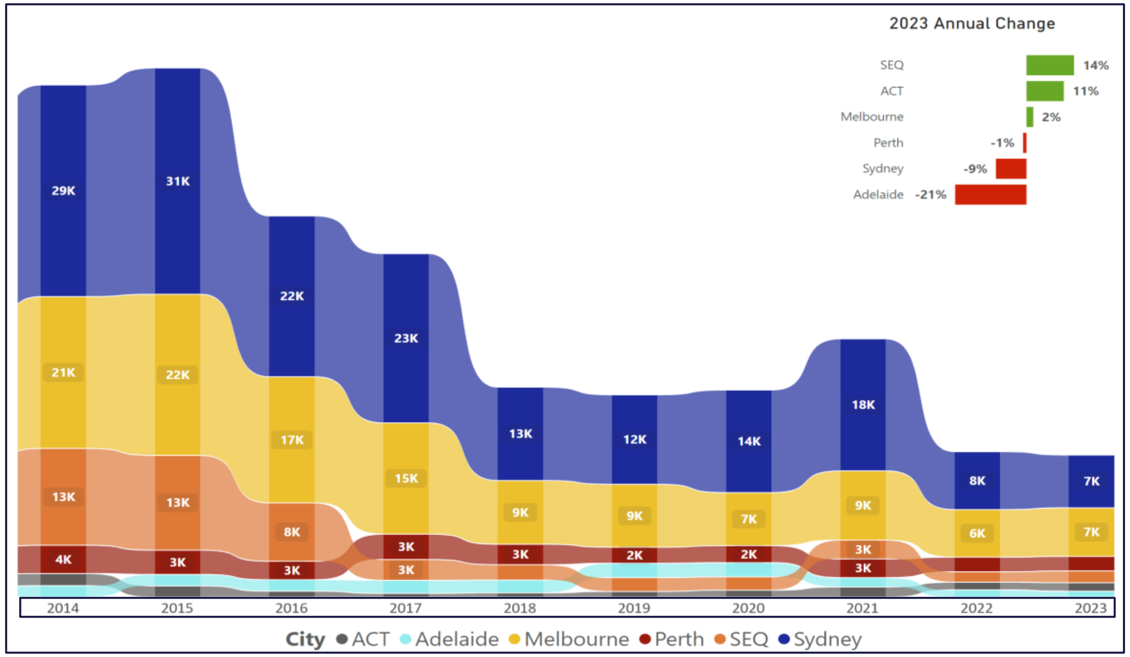
Change in New Unit Sales Volume ('22 to '23)

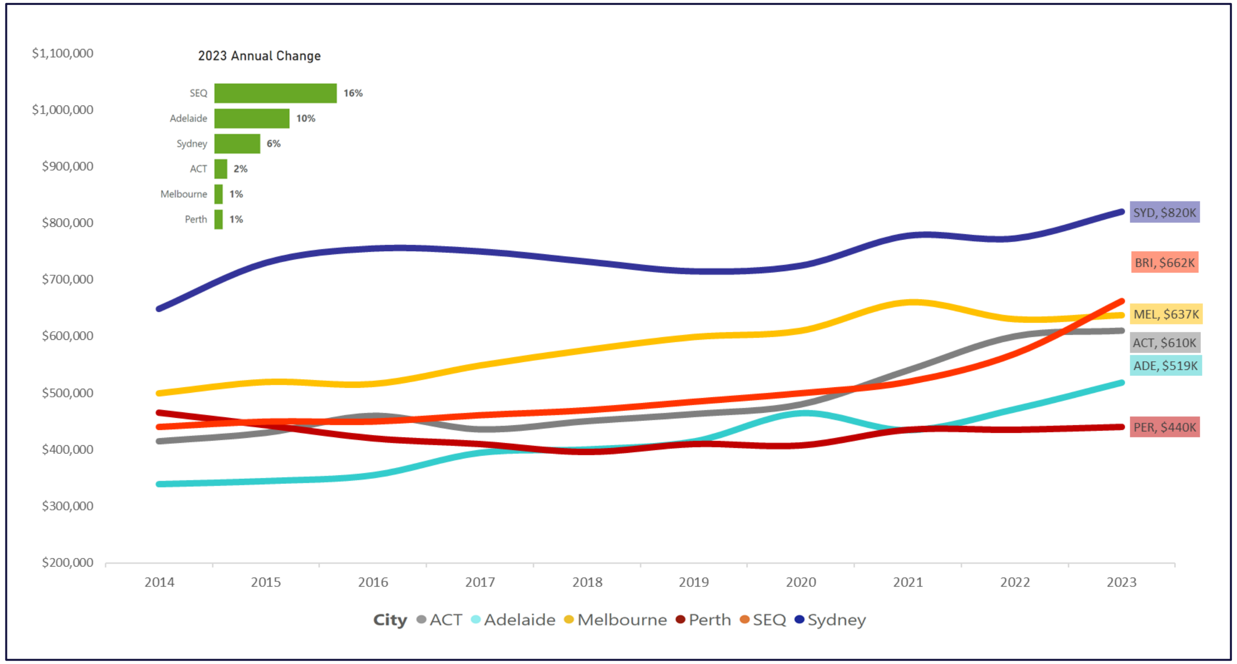
SYDNEY	MELBOURNE	SEQ	ADELAIDE	PERTH	ACT	COMBINED GCC
-9%	2%	14%	-21%	-1%	11%	2%

Annual New Multi-Unit Sales Volumes



Source: UDIA State of the Land (2024); CoreLogic; Charter Keck Cramer

Annual New Multi-Unit Sales Price



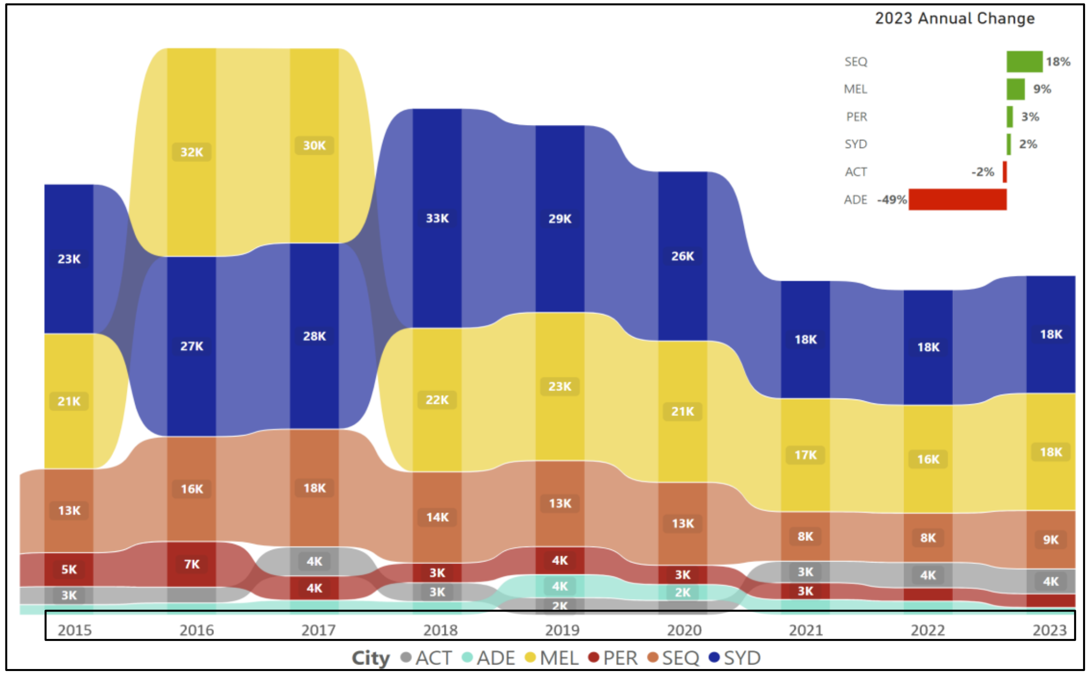
Source: UDIA State of the Land (2024); CoreLogic; Charter Keck Cramer

- The national new-build multi-unit market recorded another soft year of activity with aggregate settled sales down 2% to total 19,290 which is down 50% on the decade average.
- Median pricing for new multi-units grew by 6% across 2023 which is double the average annual growth achieved over the last decade and is symptomatic of limited supply and a general 'flight to quality' across most markets.

Change in Unit Completions ('22 to '23)

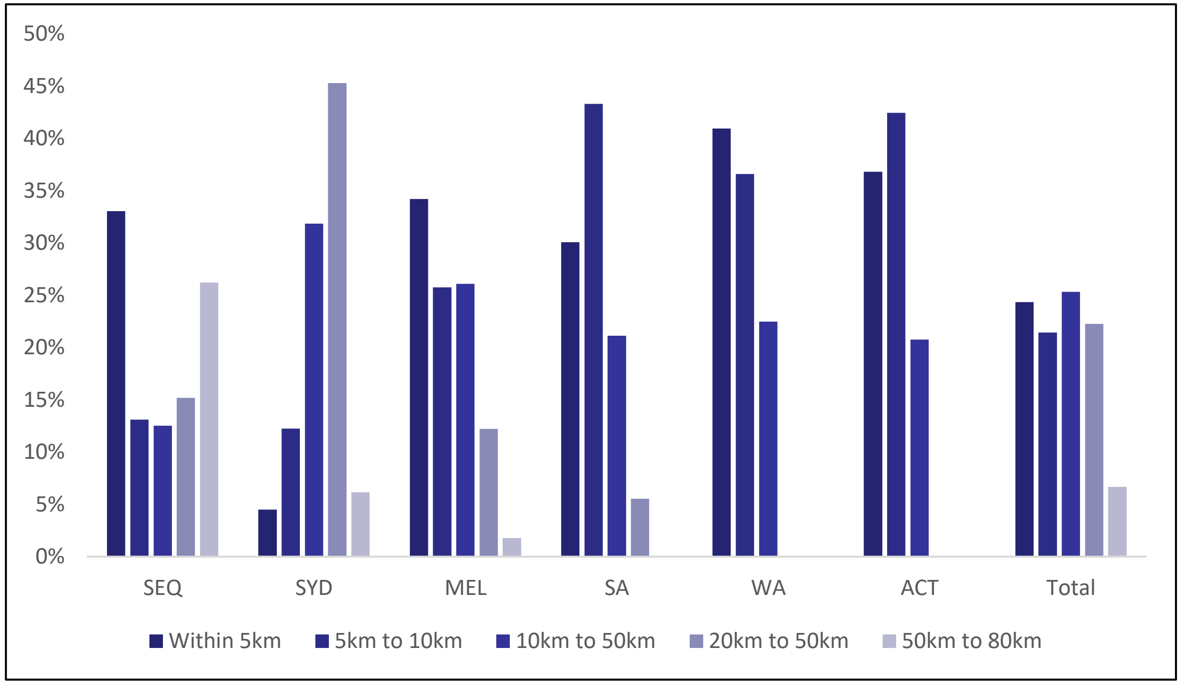
SYDNEY	MELBOURNE	SEQ	ADELAIDE	PERTH	ACT	COMBINED GCC
2%	9%	18%	-49%	3%	-2%	4%

Annual New Multi-Unit Completions



Source: UDIA State of the Land (2024); CoreLogic; Charter Keck Cramer

Multi-Unit Completions by Geographic Zone



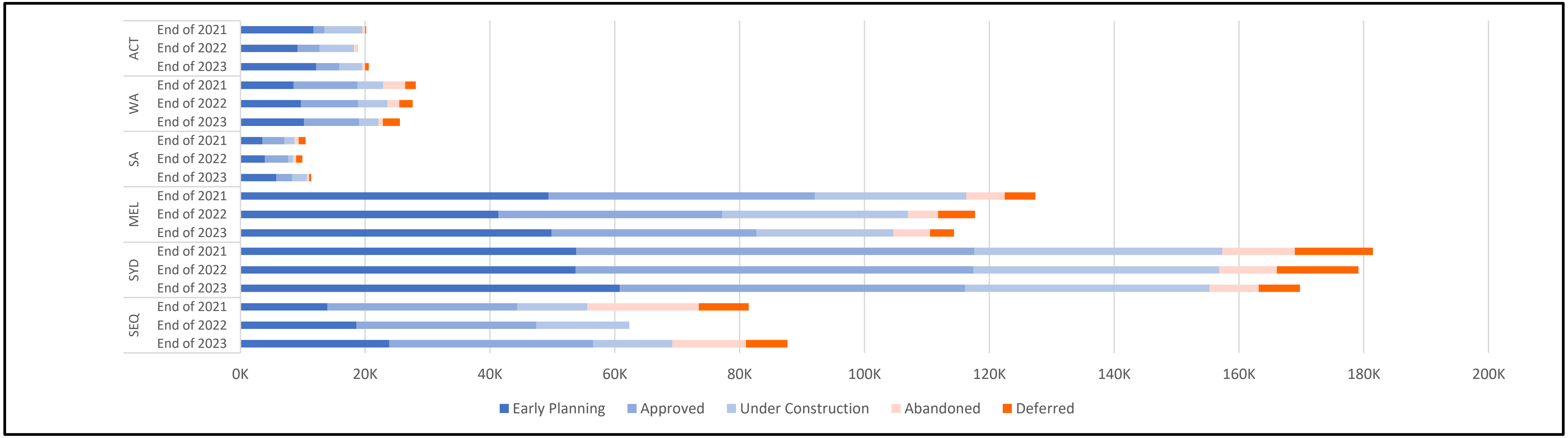
Source: UDIA State of the Land (2024); CoreLogic; Charter Keck Cramer

- Annual completions of new multi-units and apartments remained steady across the year with the current production output 26% below the decade average and 40% lower than volume achieved in 2016 and 2017.
- The geographic distribution of new unit supply is showing a tendency to re-focus on central city, city fringe and inner-city locations as feasibility in middle & outer metro areas has become challenging due to the diminished demand profile and elevated construction costs.

Change in Active Supply: Under Construction (22' to 23)

SYDNEY	MELBOURNE	SEQ	ADELAIDE	PERTH	ACT	COMBINED GCC
-1%	-26%	-15%	213%	-35%	-34%	-13%

Capital City Multi-Unit Pipeline Snapshot



Source: UDIA State of the Land (2024); CoreLogic; Charter Keck Cramer

- Most Capital City markets recorded a reduction in total multi-unit pipeline supply across 2023 with only SEQ and Adelaide recording an increase of aggregate supply potential.

UDIA State of The Land 2024

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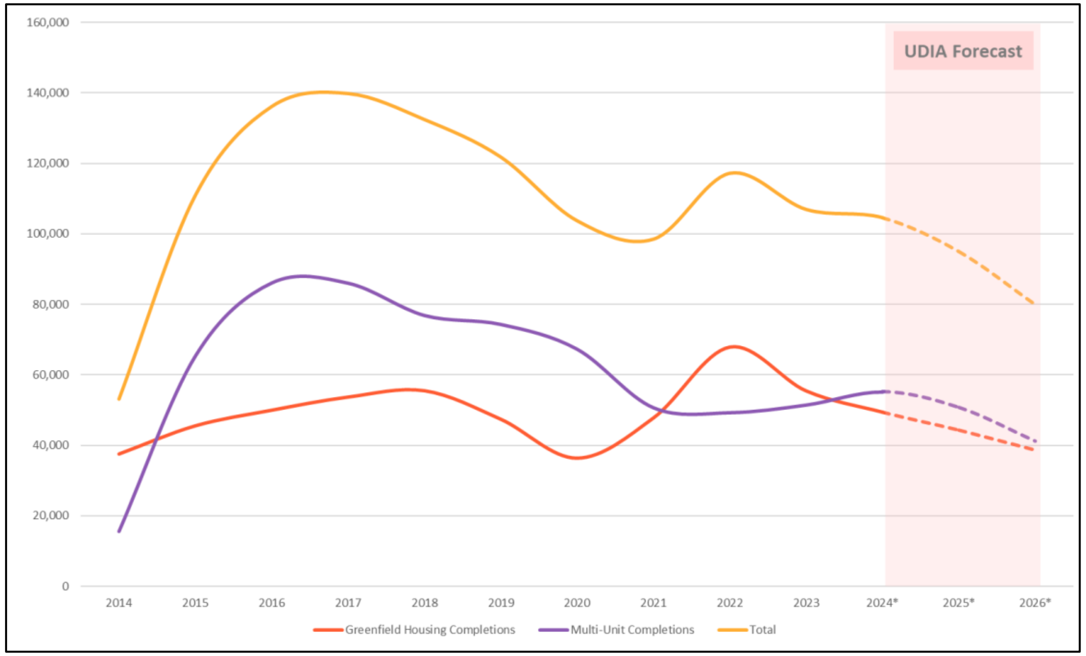
Total New Market Supply ('22 to '23)

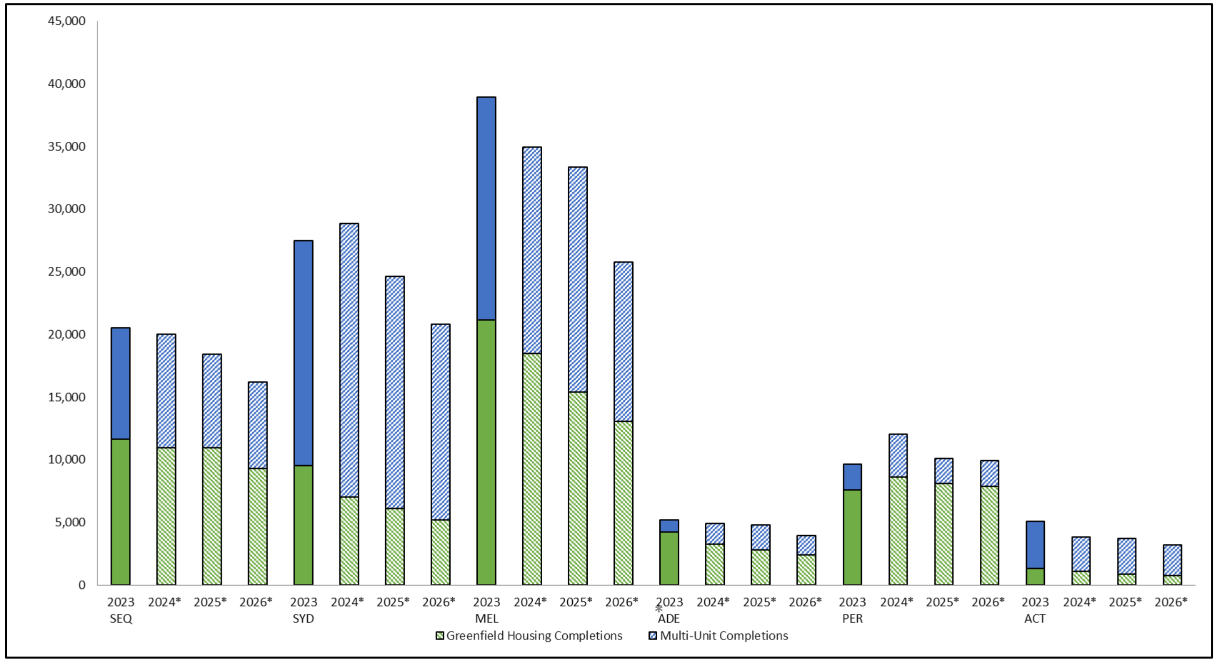
SYDNEY	MELBOURNE	SEQ	ADELAIDE	PERTH	ACT	COMBINED GCC
-6%	-7%	-9%	-23%	-7%	-16%	-9%

Dwelling Pipeline Outlook, New Market Supply - Combined Capitals



Source: UDIA State of the Land (2024); CoreLogic; Research4; Charter Keck Cramer *UDIA Estimates

Dwelling Pipeline Outlook, New Market Supply by Capital City



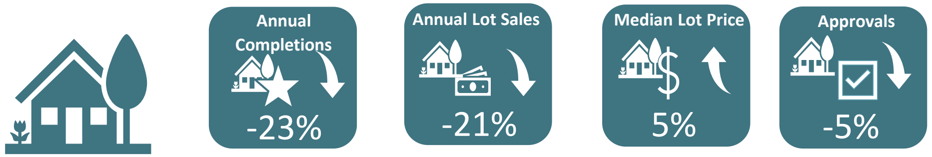
Source: UDIA State of the Land (2024); CoreLogic; Research4; Charter Keck Cramer *UDIA Estimates

- UDIA modelling indicates there was a total of 106,900 dwellings completed in 2023 in our annual assessment of combined capital city new residential supply reflecting a 9% decline on 2022 completions driven by a 18% decline in the delivery of detached houses across the nation's greenfield release corridors.
- UDIA forecasts on-going subdued new supply output over forward 3-years with aggregate production weighed down by on-going underperformance in the multi-unit sector.

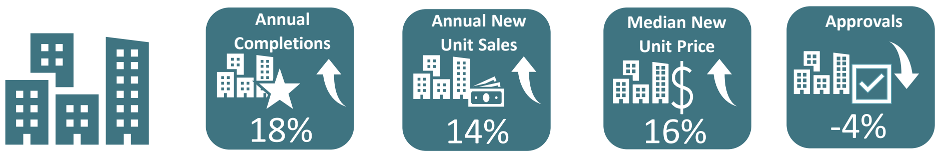
UDIA State of The Land 2024

SEQ

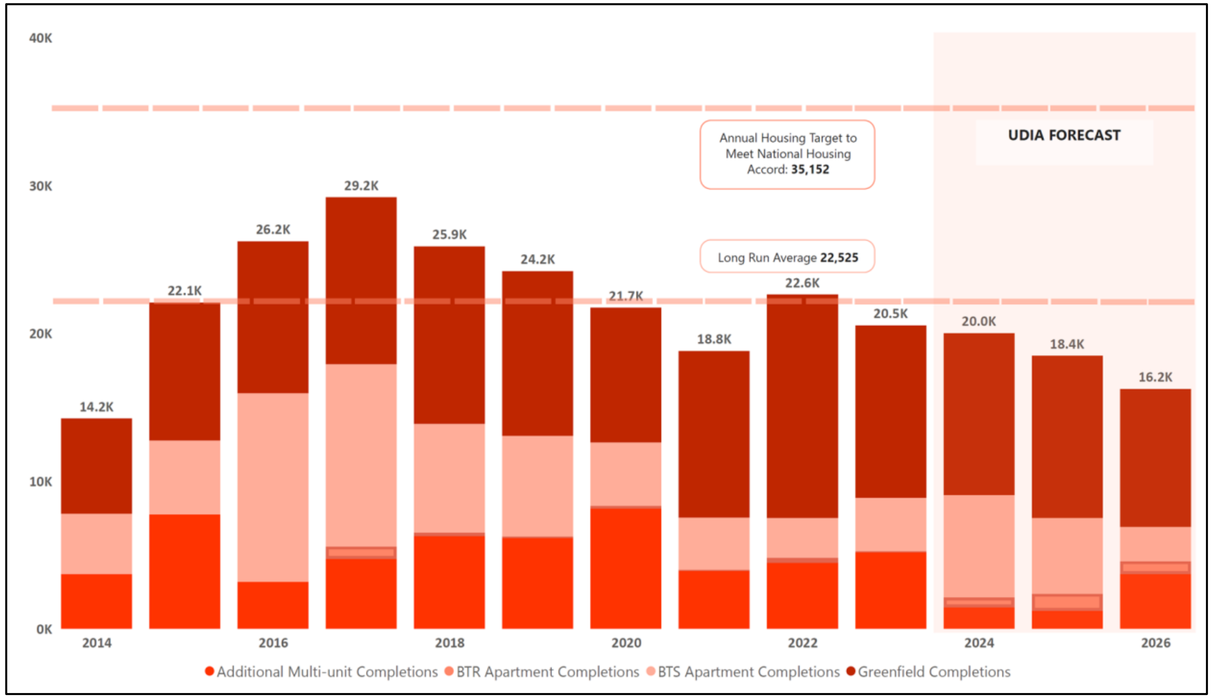
GREENFIELD



MULTI-UNIT

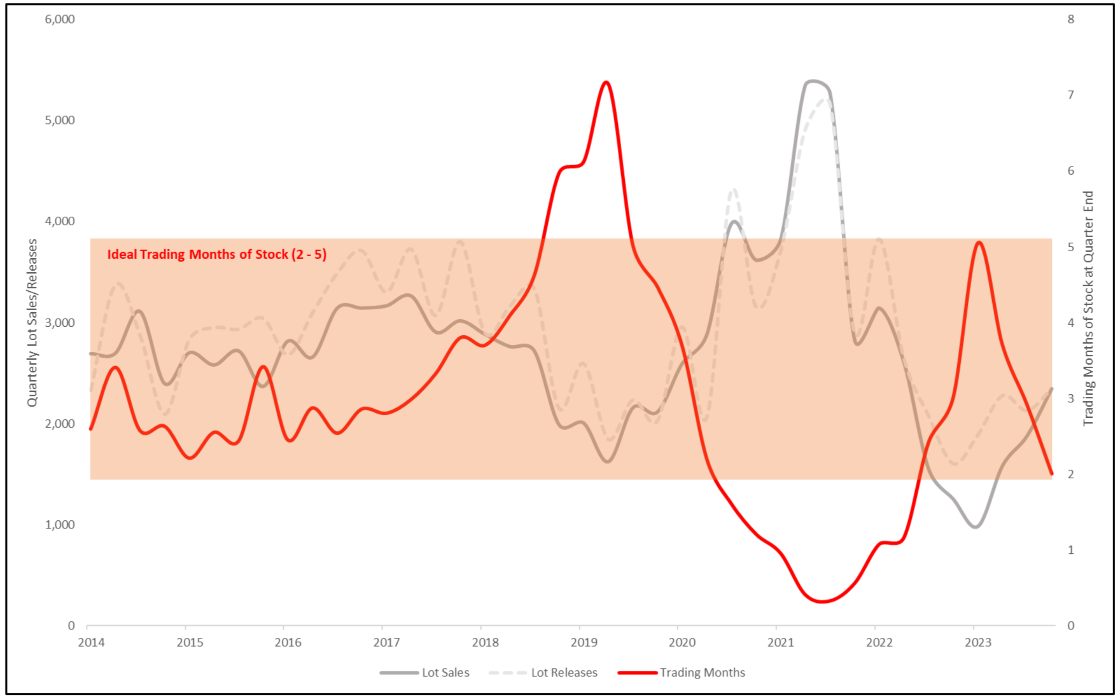


New Residential Market Supply



Source: UDIA State of the Land (2024); CoreLogic; Research4; Charter Keck Cramer

Greenfield Market Activity - Quarterly



Source: UDIA State of the Land (2024); Research4

- SEQ had a 9% decline in new residential market activity in 2023 led by a 21% retraction in greenfield land sales volumes with developers releasing half of the volume of lots released two years earlier.
- UDIA forecast that greenfield completions will stabilize in 2024 and the following two years while further declines are expected in multi-unit production to drive aggregate production in 2026 to more than half below what is required in terms of annual dwelling production for SEQ in the National Housing Accord.

UDIA State of The Land 2024

SEQ

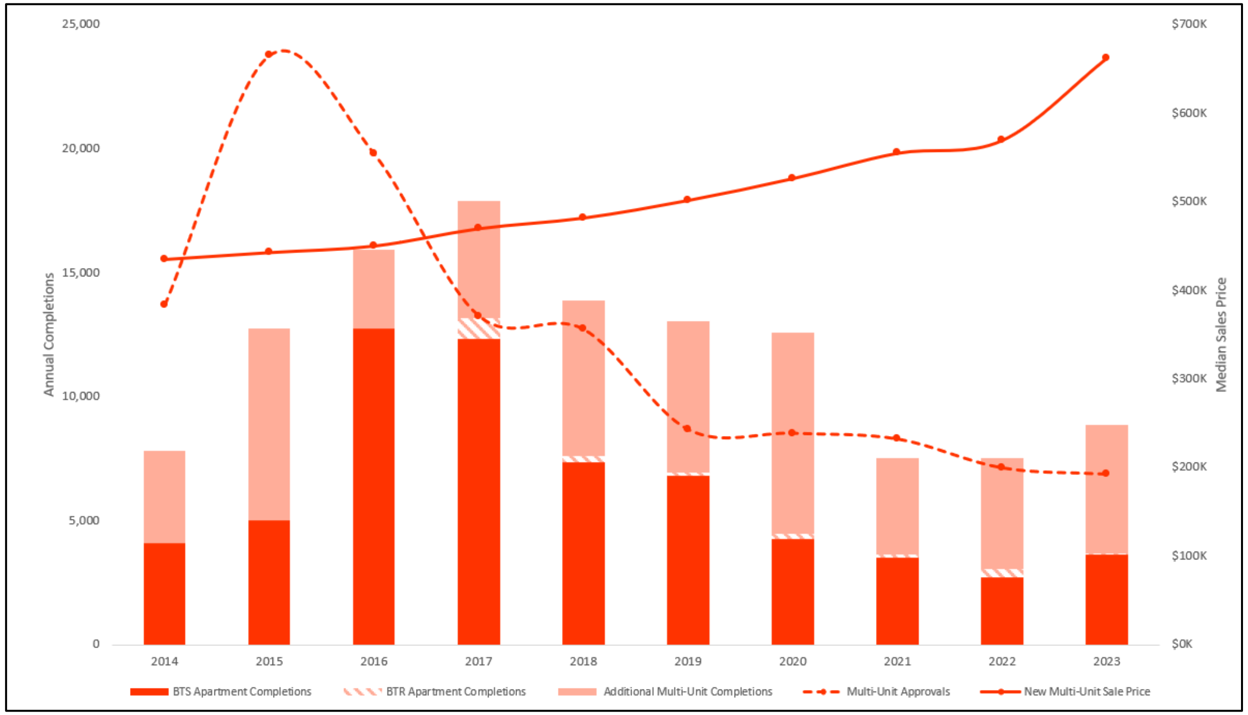
GREENFIELD

Annual Completions	Annual Lot Sales	Median Lot Price	Approvals
-23%	-21%	5%	-5%

MULTI-UNIT

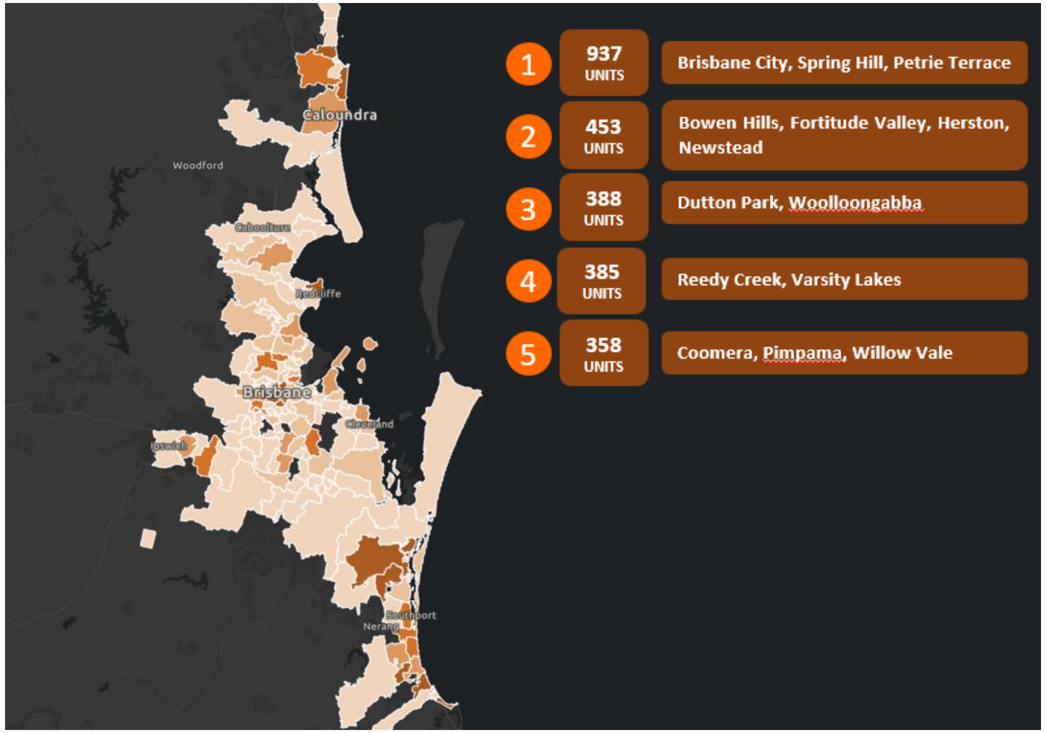
Annual Completions	Annual New Unit Sales	Median New Unit Price	Approvals
18%	14%	16%	-4%

Median New Unit Price, Annual Unit Completions & Approvals



Source: UDIA State of the Land (2024); CoreLogic; Charter Keck Cramer

Multi-Unit Completions by Postcode



Source: UDIA State of the Land (2024); CoreLogic; Charter Keck Cramer

- Sale volumes of newly built apartments and townhouses remained subdued in 2023 and although there was a 18% increase in aggregate multi-unit completions the forward pipeline looks shaky with approvals for new multi-units at decade level lows.
- The major hot spots for 2023 apartment completions across SEQ accured in the Brisbane CBD and city fringe locations such as Spring Hill and Fortitude Valley.

UDIA State of The Land 2024

SYDNEY

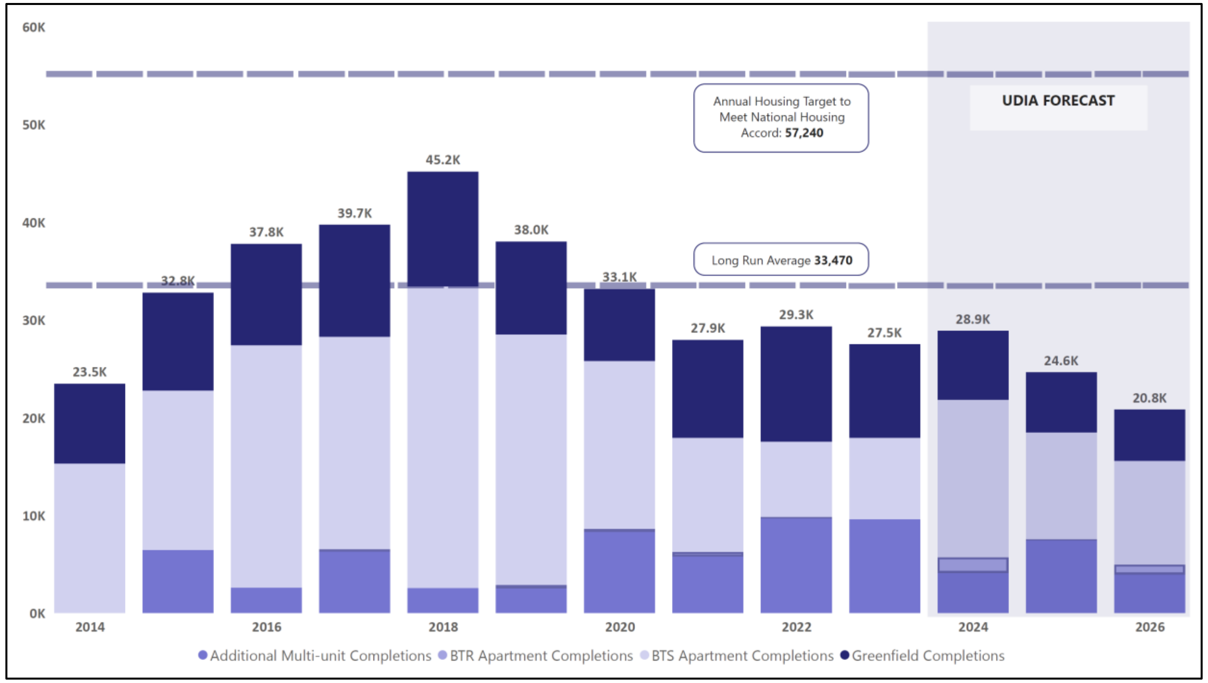
GREENFIELD

Annual Completions	Annual Lot Sales	Median Lot Price	Approvals
-19%	-41%	1%	-17%

MULTI-UNIT

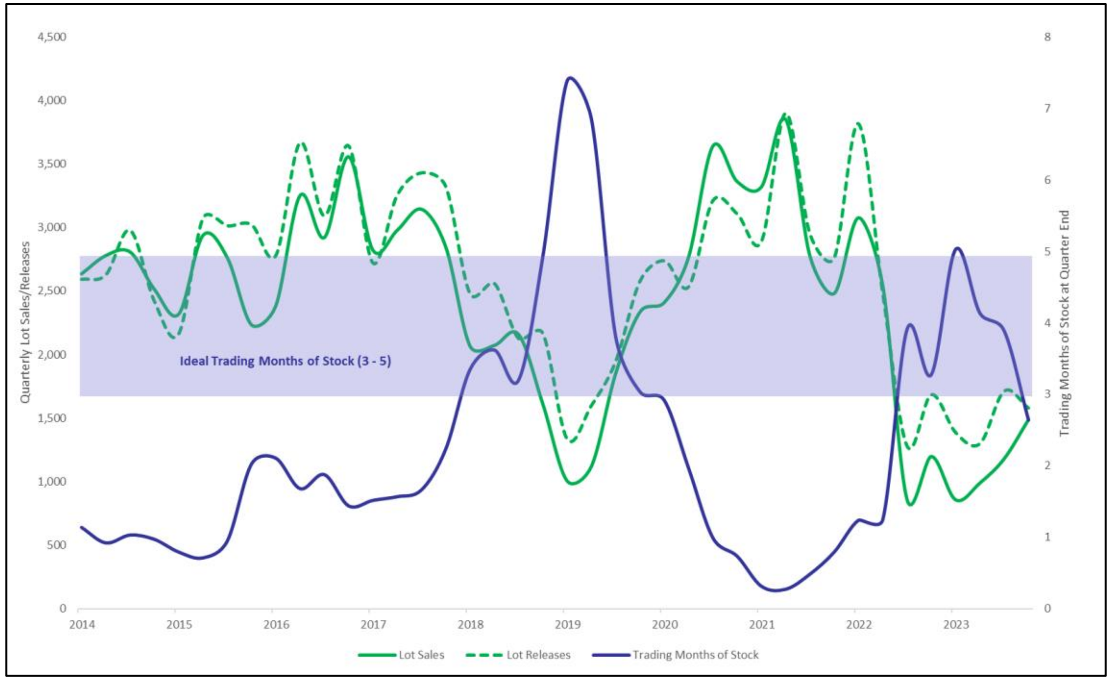
Annual Completions	Annual New Unit Sales	Median New Unit Price	Approvals
2%	-9%	6%	-16%

New Residential Market Supply



Source: UDIA State of the Land (2024); Research4

Greenfield Market Activity - Quarterly



Source: UDIA State of the Land (2024); Research4

- The Greater Sydney Megaregion new home market trended sharply down across various metrics in 2023 led by a cliff-fall in greenfield land sales (-41%) and a further weakening in multi-unit sales (-9%) which brought both segments to decade level lows of transactions.
- UDIA's new supply completions are forecast to remain depressed for at least the next three years and undershoot the National Housing Accord's annual dwelling target by between 51% in 2024 and by 64% in 2026.

UDIA State of The Land 2024

SYDNEY

GREENFIELD

Annual Completions	Annual Lot Sales	Median Lot Price	Approvals
-19%	-41%	1%	-17%

MULTI-UNIT

Annual Completions	Annual New Unit Sales	Median New Unit Price	Approvals
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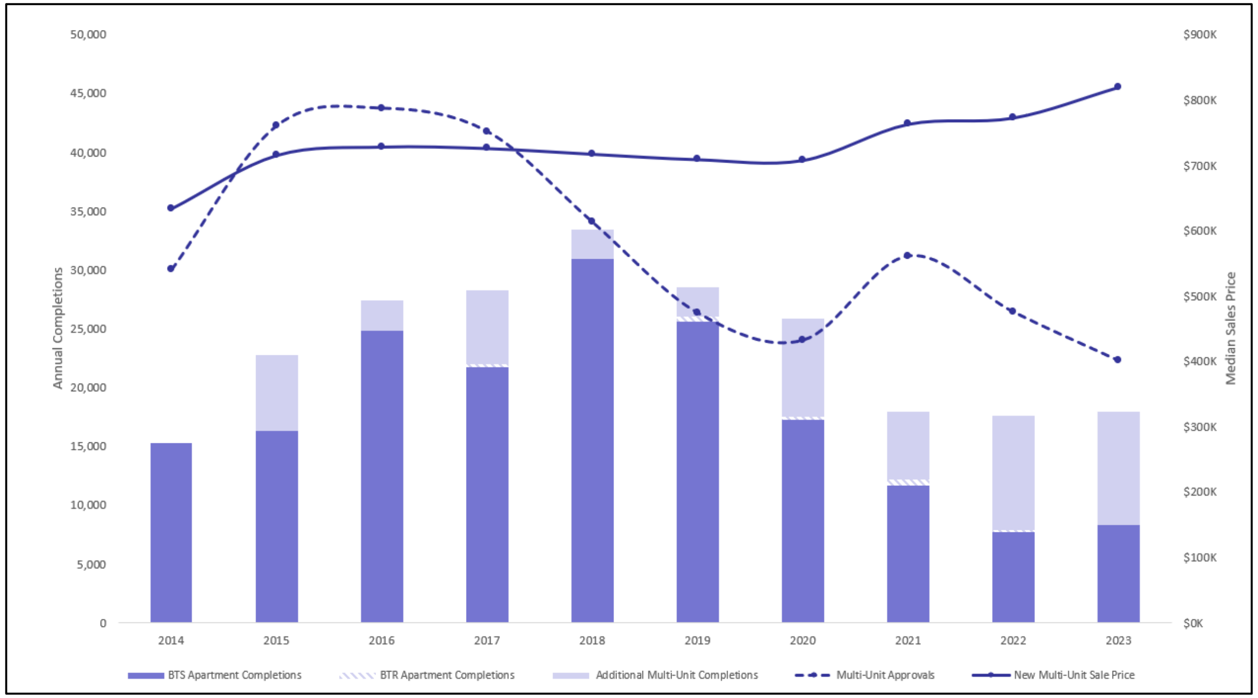
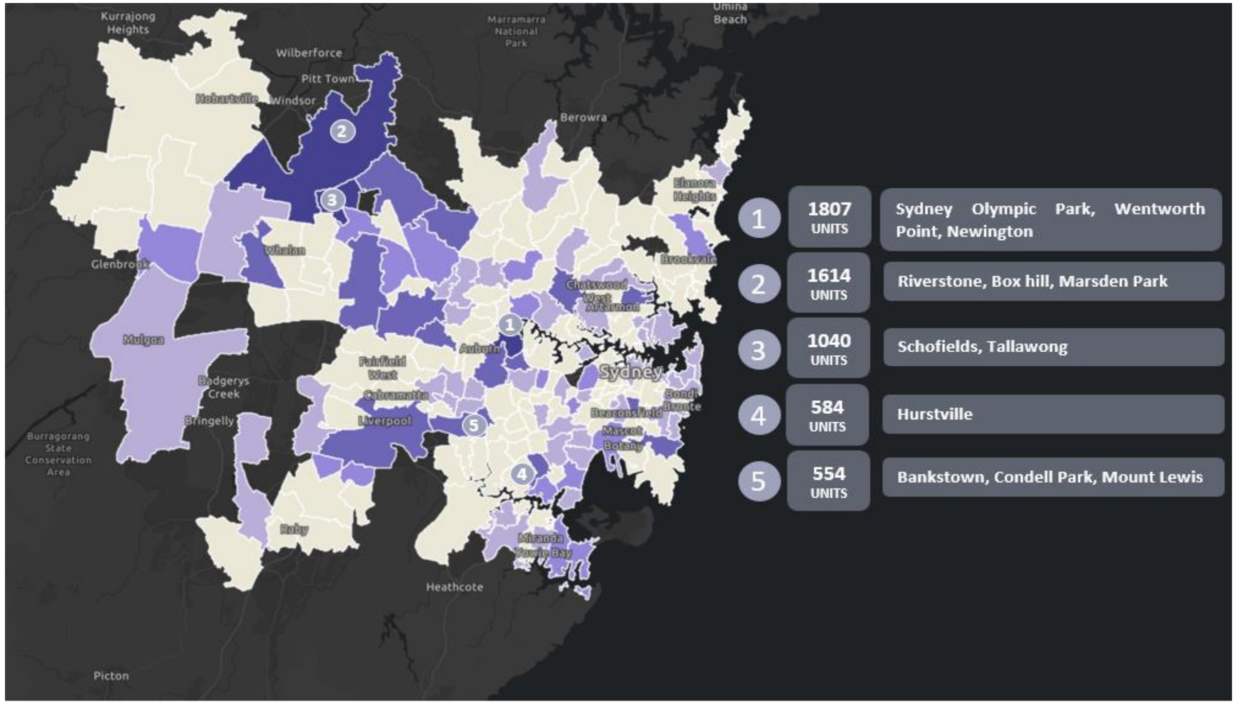
Median New Unit Price, Annual Unit Completions & Approvals



Source: UDIA State of the Land (2024); CoreLogic; Charter Keck Cramer

Multi-Unit Completions by Postcode



Source: UDIA State of the Land (2024); CoreLogic; Charter Keck Cramer

- General weakness across Greater Sydney's multi-unit market has seen aggregate completions remain subdued and the ~18,000 completions in 2023 was 46% beneath the peak achieved in 2018.
- Western Sydney continues to supply large volumes of new multi-unit supply with Sydney Olympic Park/Wentworth Point, Riverstone, Box Hill and Marsden Park providing the greatest sources of new supply at a suburb scale.

UDIA State of The Land 2024

MELBOURNE

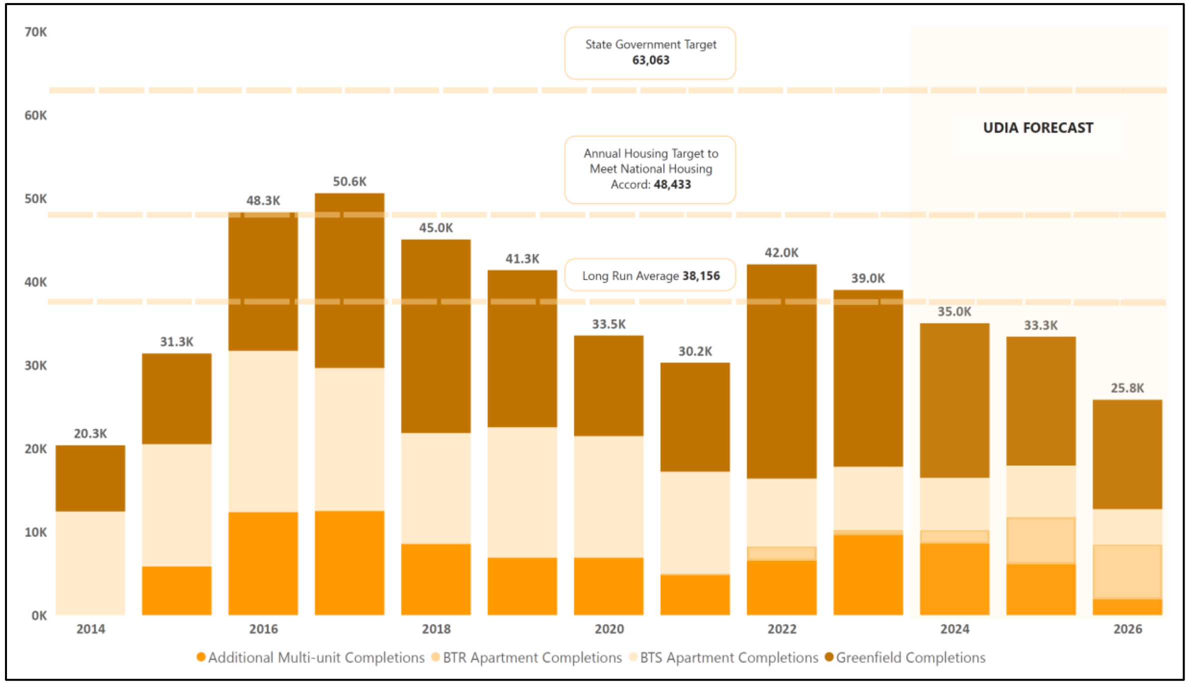
GREENFIELD

Annual Completions	Annual Lot Sales	Median Lot Price	Approvals
-17%	-55%	3%	-7%

MULTI-UNIT

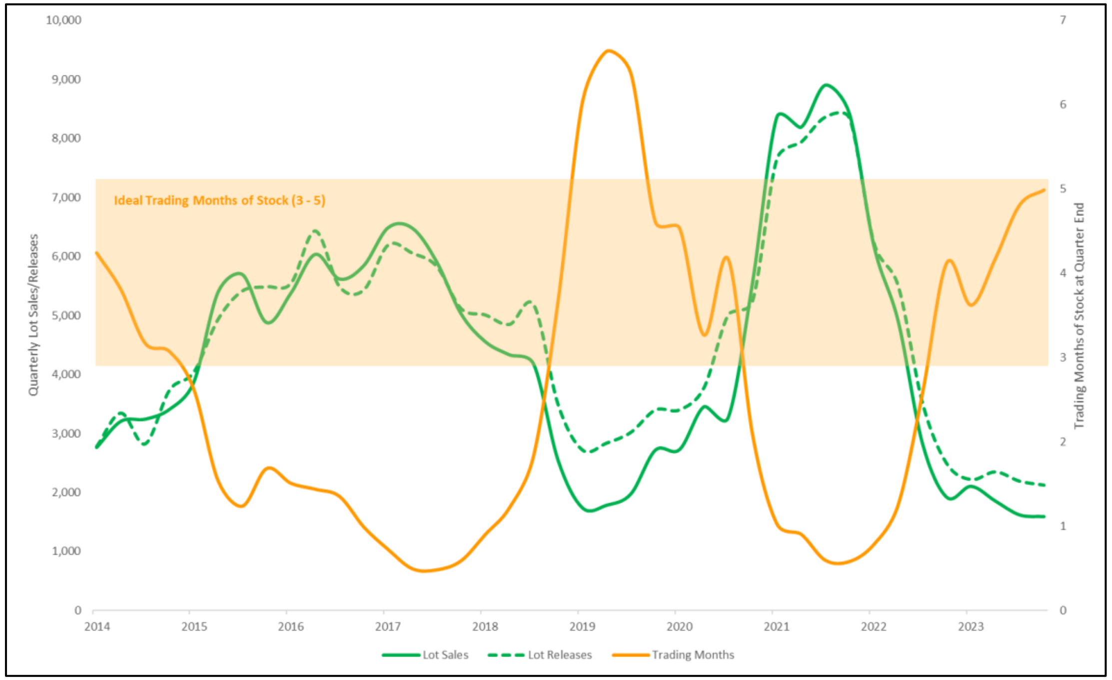
Annual Completions	Annual New Unit Sales	Median New Unit Price	Approvals
9%	2%	1%	-29%

New Residential Market Supply



Source: UDIA State of the Land (2024); CoreLogic; Research4; Charter Keck Cramer

Greenfield Market Activity - Quarterly



Source: UDIA State of the Land (2024); Research4

- Greater Melbourne's new home market registered another subdued performance in 2023 with a sharp decline in greenfield land sales (-55%) and a another flat year of multi-unit sales.
- The moderation in greenfield land sales relates to a continued market normalization phase following the significant pull-forward of demand due to government stimulus across 2020 and 2021.

UDIA State of The Land 2024

MELBOURNE

GREENFIELD

Annual Completions	Annual Lot Sales	Median Lot Price	Approvals
-17%	-55%	3%	-7%

MULTI-UNIT

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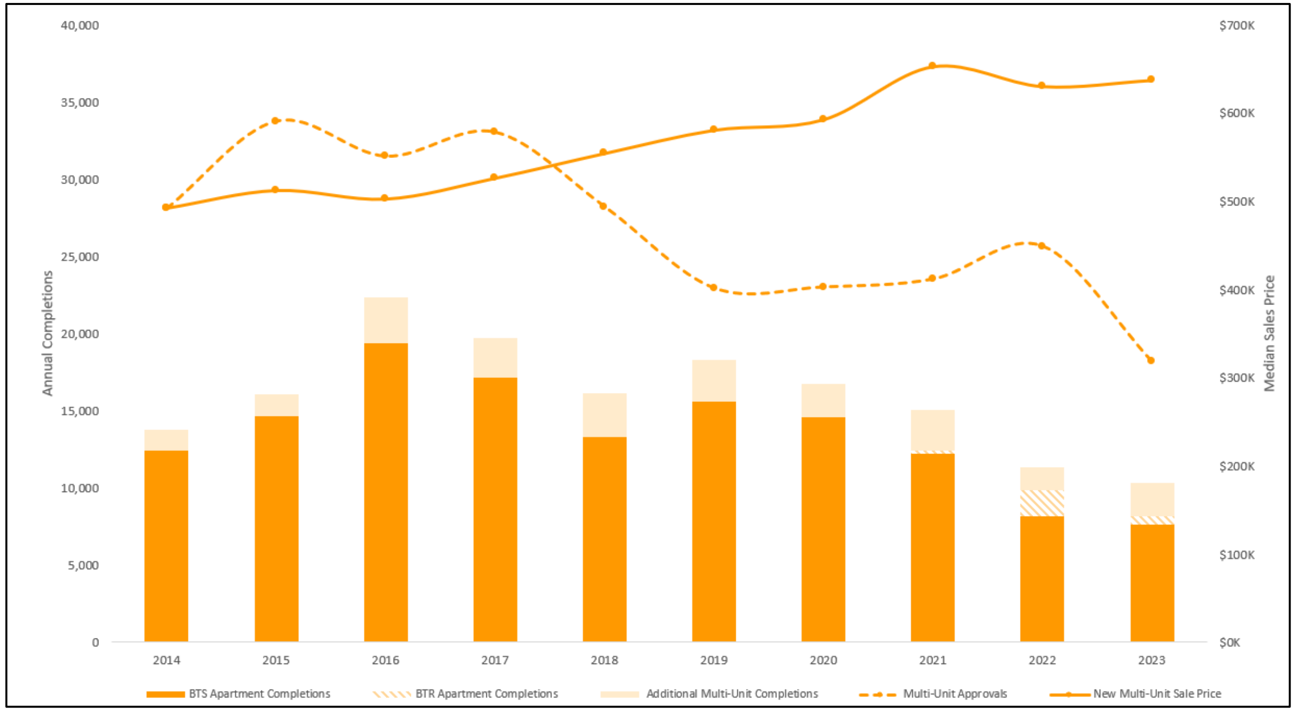
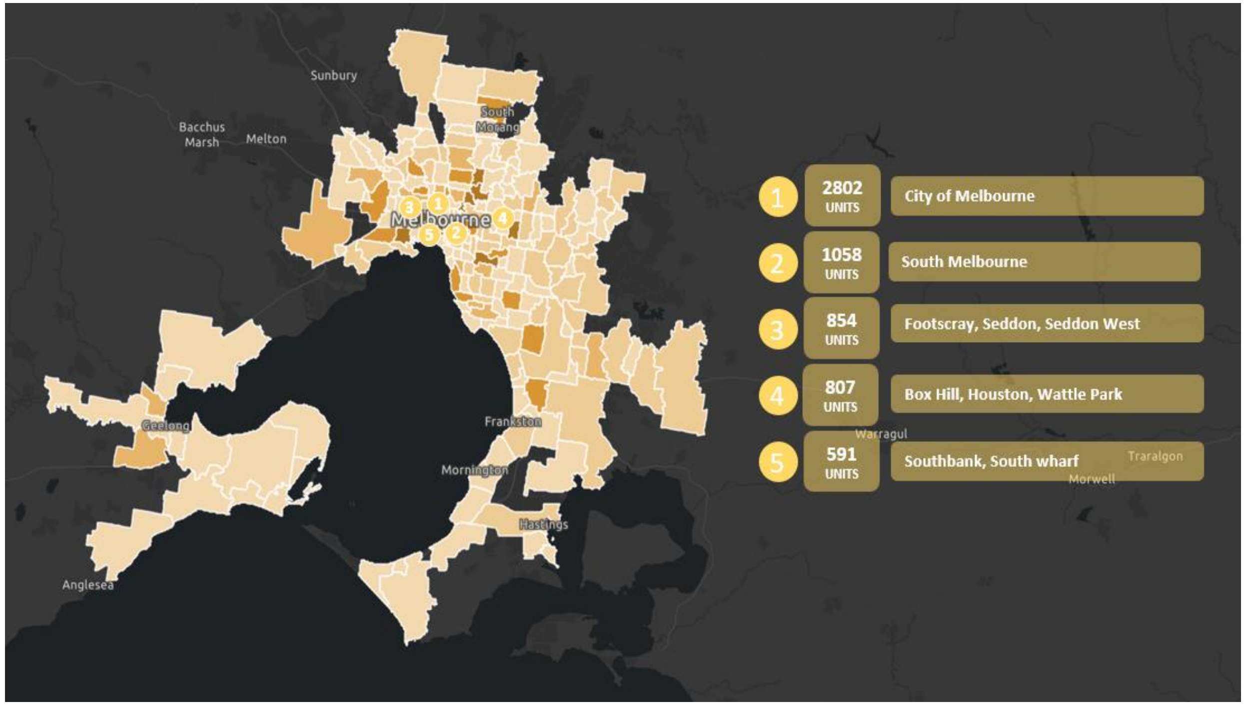
Median New Unit Price, Annual Unit Completions & Approvals



Source: UDIA State of the Land (2024); CoreLogic; Charter Keck Cramer

Multi-Unit Completions by Postcode



Source: UDIA State of the Land (2024); CoreLogic; Charter Keck Cramer

- There was a 9% decline in multi-unit completions in 2023 from 2022 with this volume 44% lower than the peak of 2016.
- Approvals for new apartments and townhouses declined sharply across the year underscoring an expectation of prolonged weakness in the multi-unit sector across Greater Melbourne for the coming three+ years.
- Melbourne CBD, Southbank and Southbank had the greatest suburb scale of new unit completions collectively accounting for 22% of all finished stock.

UDIA State of The Land 2024

PERTH

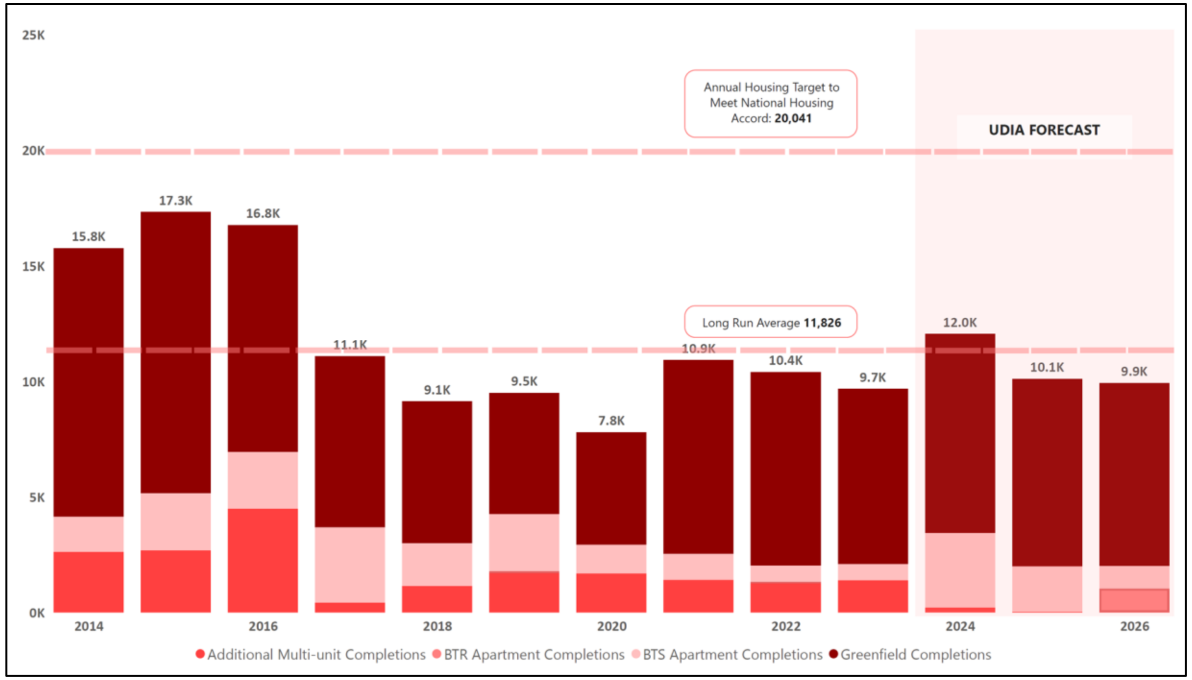
GREENFIELD

Annual Completions	Annual Lot Sales	Median Lot Price	Approvals
-9	55%	8%	-11%

MULTI-UNIT

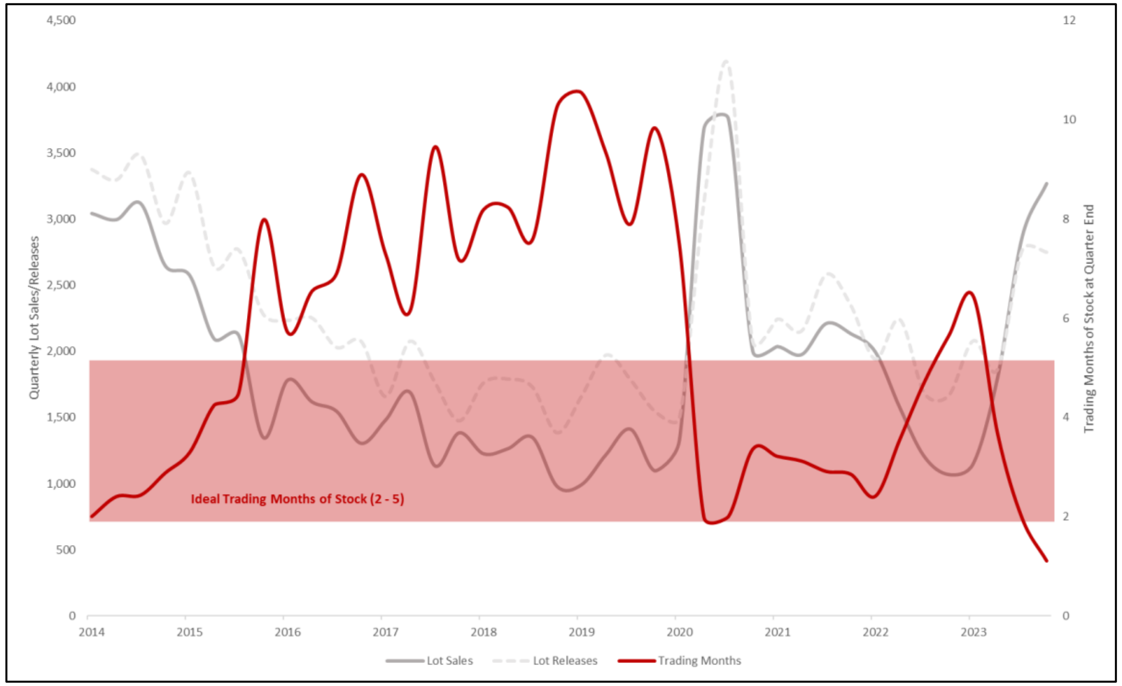
Annual Completions	Annual New Unit Sales	Median New Unit Price	Approvals
3%	-1%	-1%	-38%

New Residential Market Supply



Source: UDIA State of the Land (2024); CoreLogic; Research4; Charter Keck Cramer

Greenfield Market Activity - Quarterly



Source: UDIA State of the Land (2024); Research4

- Greater Perth's new home market recorded a mixed-year with the greenfield land market recording an exceptionally strong years of sales activity (+55% on 2022) while the multi-unit market continued to languish with well below par sales and release activity.
- The Perth market was the strongest land market in the nation and the only capital city market to record an uplift in aggregate national lot sales across the year.
- Responding to the resurgent demand profile developers released 9,470 lots to market in 2023 which was a 26% uplift on 2022 volumes.

UDIA State of The Land 2024

PERTH

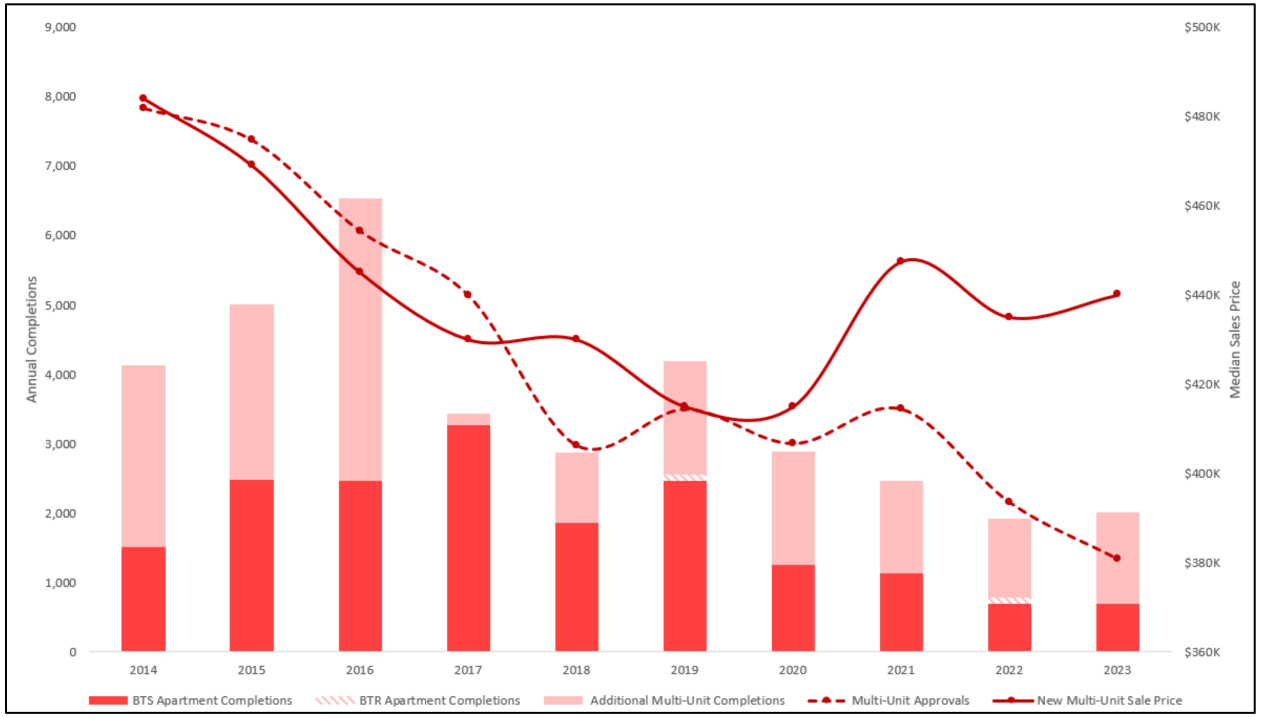
GREENFIELD

Annual Completions	Annual Lot Sales	Median Lot Price	Approvals
-9	55%	8%	-11%

MULTI-UNIT

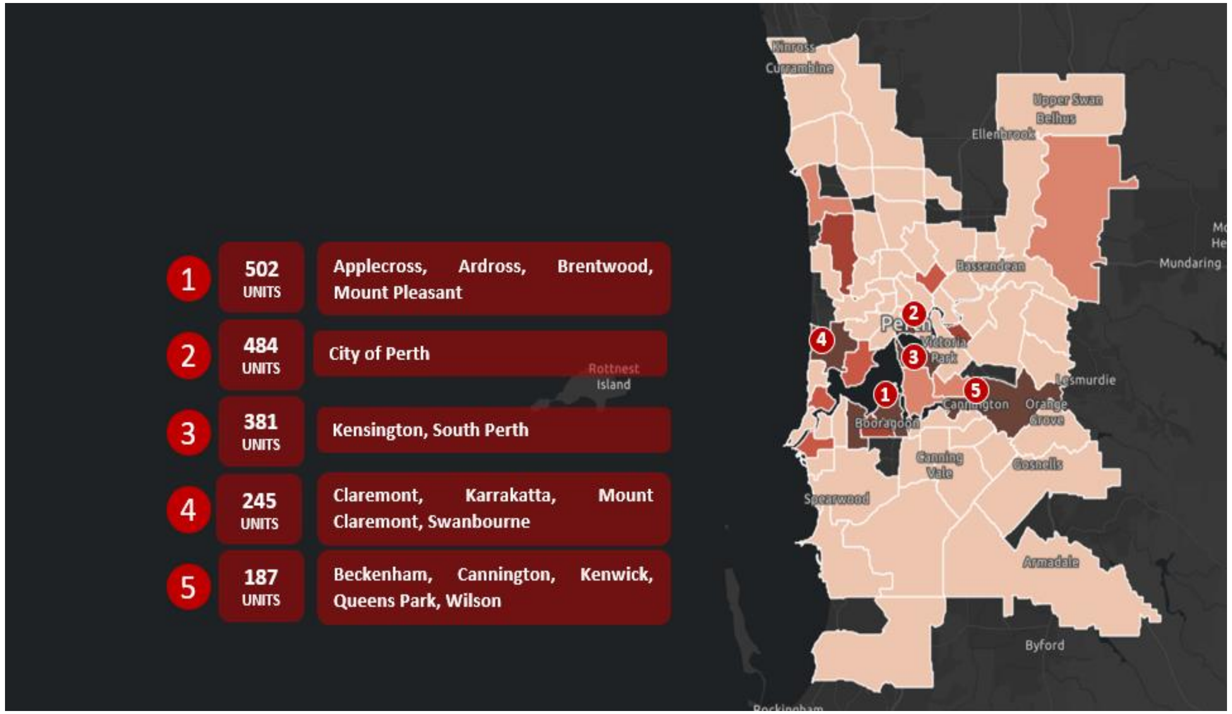
Annual Completions	Annual New Unit Sales	Median New Unit Price	Approvals
3%	-1%	-1%	-38%

Median New Unit Price, Annual Unit Completions & Approvals



Source: UDIA State of the Land (2024); CoreLogic; Charter Keck Cramer

Multi-Unit Completions by Postcode



Source: UDIA State of the Land (2024); CoreLogic; Charter Keck Cramer

- Multi-unit sales remained flat across the year with just 1,985 sales which was 28% lower than the decade average.
- Approvals for multi-units fell by 38% across the year with just 1,330 approvals which is 83% lower than then recorded in 2014 (the last peak) underscoring UDIA expectations of a prolonged period of subdued construction activity ahead.

UDIA State of The Land 2024

ADELAIDE

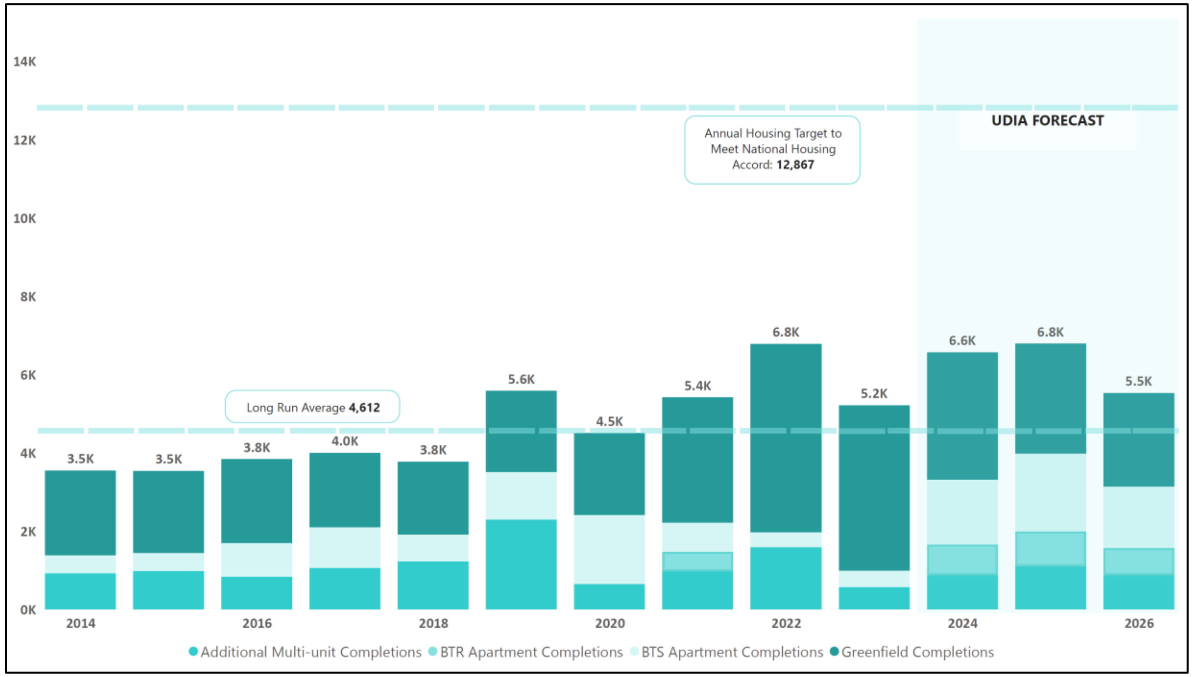
GREENFIELD

Annual Completions	Annual Lot Sales	Median Lot Price	Approvals
-12%	-27%	10%	-5%

MULTI-UNIT

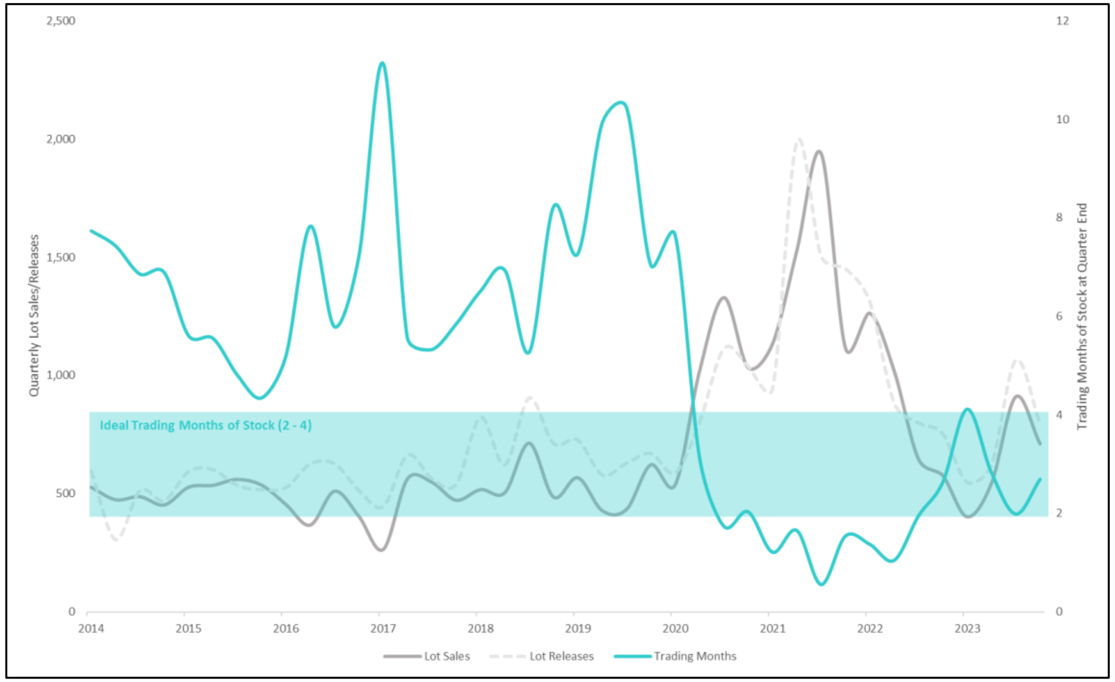
Annual Completions	Annual New Unit Sales	Median New Unit Price	Approvals
-49%	-21%	10%	-21%

New Residential Market Supply



Source: UDIA State of the Land (2024); CoreLogic; Research4; Charter Keck Cramer

Greenfield Market Activity - Quarterly



Source: UDIA State of the Land (2024); Research4

- Adelaide's new home market experienced a mixed 2023 with new product sales recording sharp declines, land pricing heading northwards and new dwelling approvals heading southward.
- The greenfield land market recorded a 27% reduction in land sales volumes which followed a 39% reduction the year before.
- New supply completions are forecast to decline modestly across 2024 and 2025 before dipping by around 25% in 2026 driven by weakness in both multi-unit and deatched housing production.

UDIA State of The Land 2024

ADELAIDE

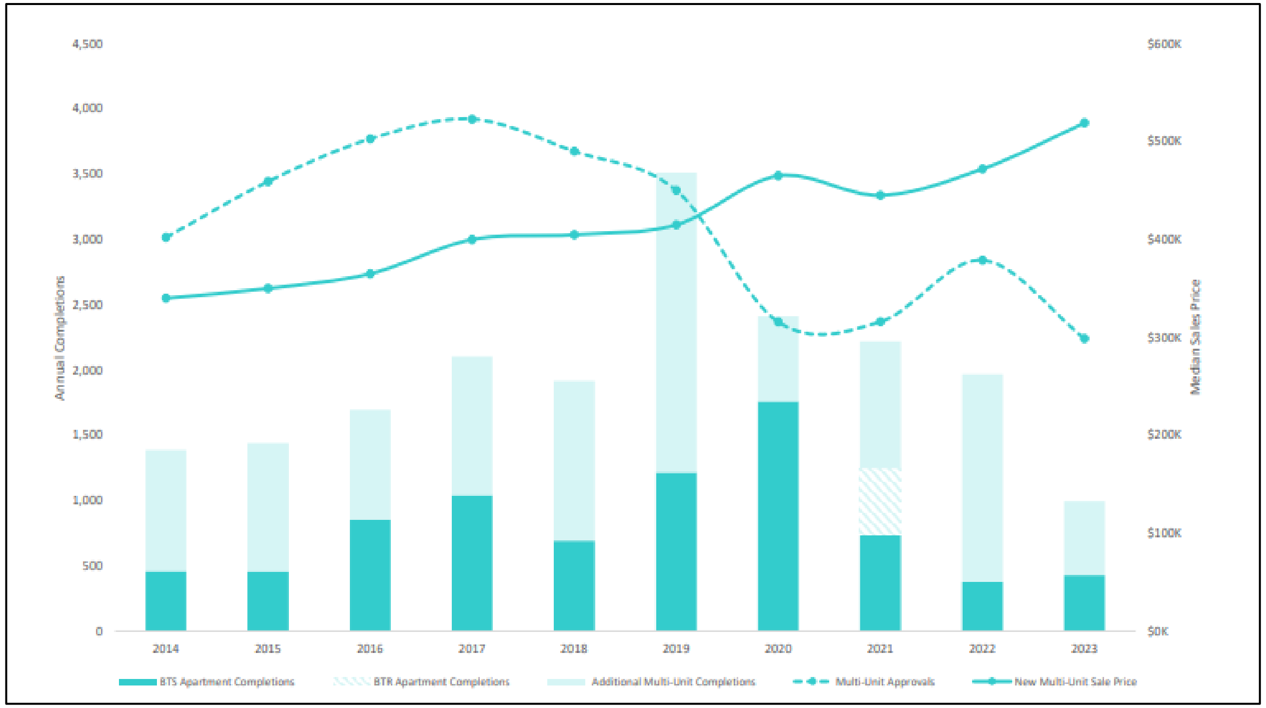
GREENFIELD

Annual Completions	Annual Lot Sales	Median Lot Price	Approvals
-12%	-27%	10%	-5%

MULTI-UNIT

Annual Completions	Annual New Unit Sales	Median New Unit Price	Approvals
-49%	-21%	10%	-21%

Median New Unit Price, Annual Unit Completions & Approvals



Source: UDIA State of the Land (2024); CoreLogic; Charter Keck Cramer

Multi-Unit Completions by Postcode

Source: UDIA State of the Land (2024); CoreLogic; Charter Keck Cramer

- Sales of new apartment and townhouse stock remained subdued across 2023 with a 21% decline on 2022 volumes – which represents the lowest volume of settled multi-unit sales in more than 15 years.
- Completions of new stock also dipped sharply downwards to record a 49% annual decline to a level 72% lower than the recent peak of production achieved in 2019.

UDIA State of The Land 2024

ACT

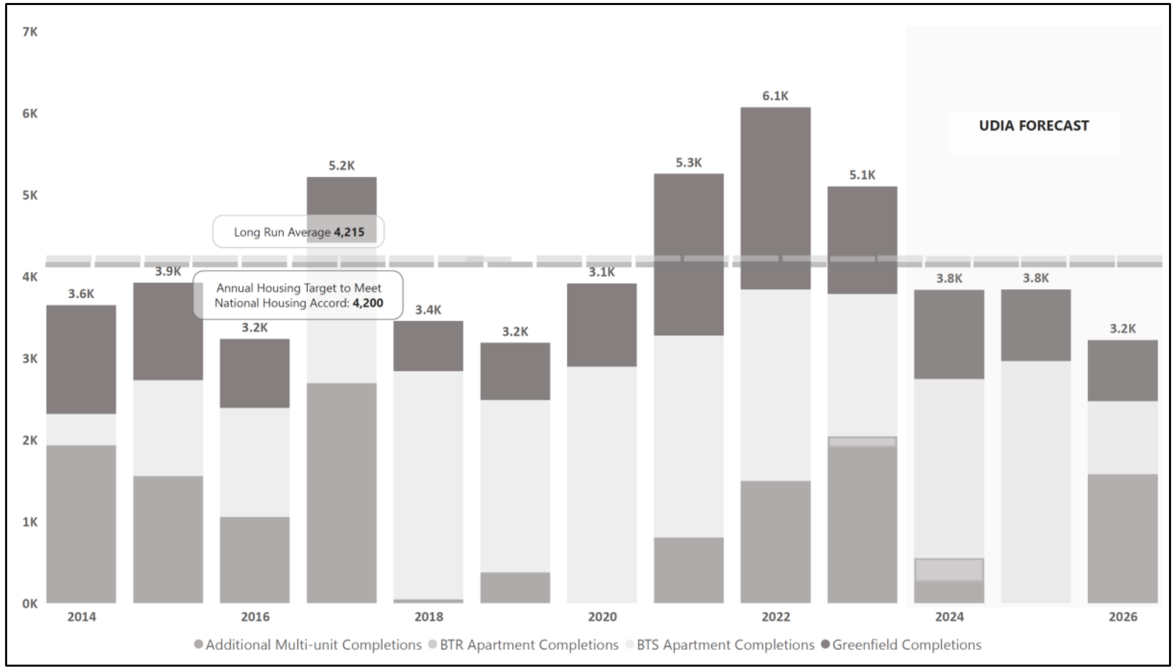
GREENFIELD

Annual Completions	Annual Lot Sales	Median Lot Price	Approvals
-41%	-54%	9%	-31%

MULTI-UNIT

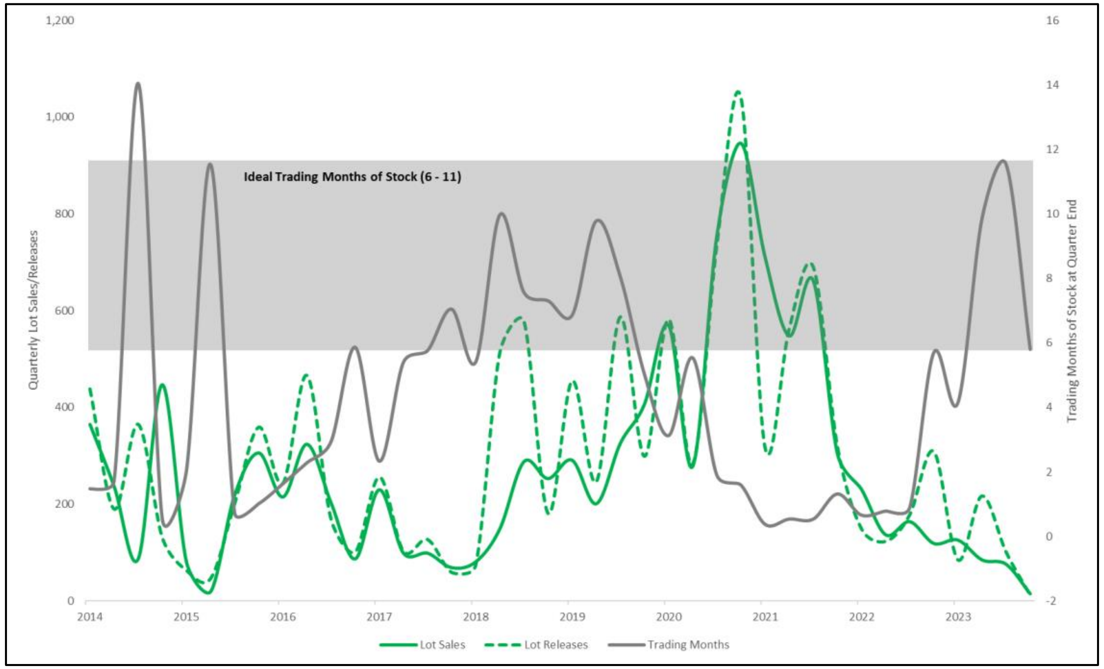
Annual Completions	Annual New Unit Sales	Median New Unit Price	Approvals
-2%	11%	2%	-13%

New Residential Market Supply



Source: UDIA State of the Land (2024); CoreLogic; Research4; Charter Keck Cramer

Greenfield Market Activity - Quarterly



Source: UDIA State of the Land (2024); Research4

- The ACT greenfield market registered a second straight year of sharp declines in activity and momentum while the multi-unit sector demonstrated resilience to record modest increases in activity.
- New residential supply completions are forecast to drop considerably over the forward three years driven by declines in the greenfield detached house segment.

UDIA State of The Land 2024

ACT

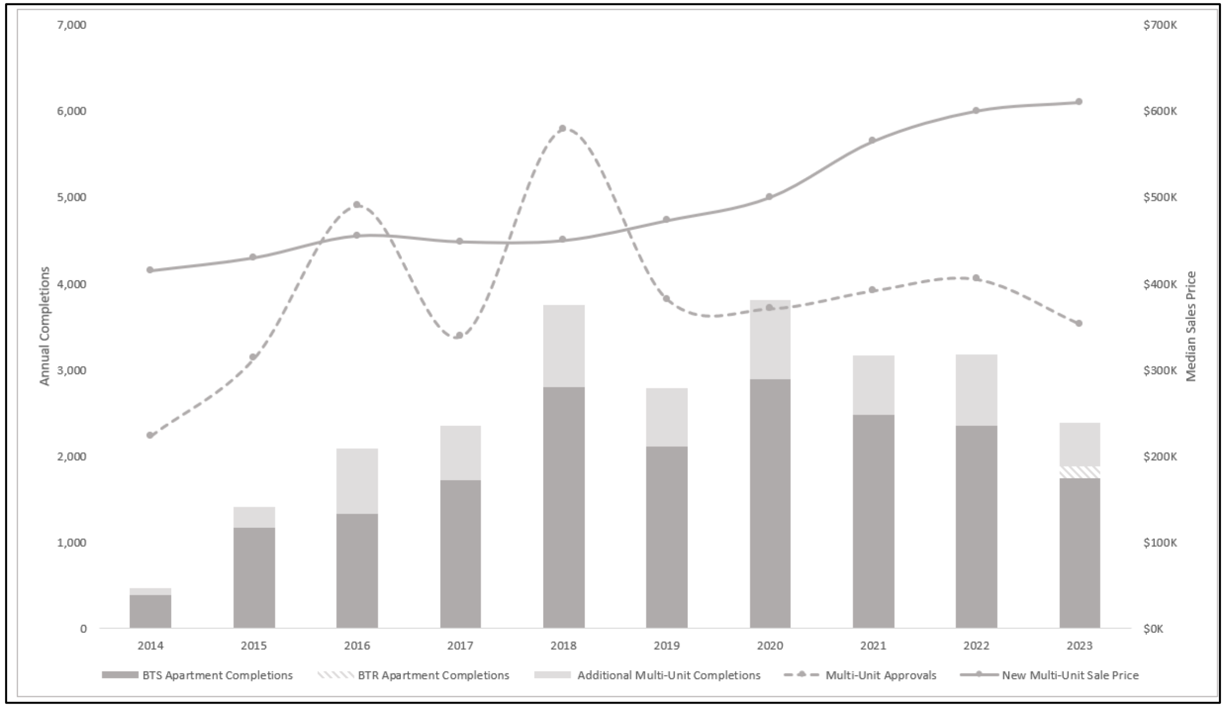
GREENFIELD

Annual Completions	Annual Lot Sales	Median Lot Price	Approvals
-41%	-54%	9%	-31%

MULTI-UNIT

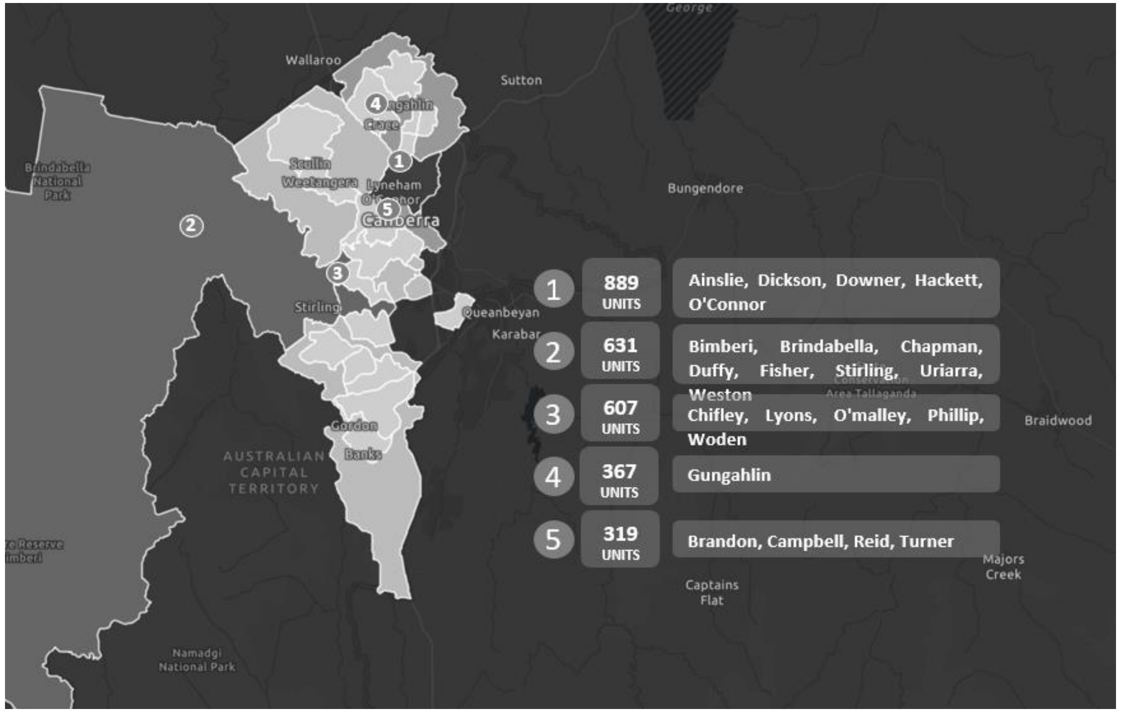
Annual Completions	Annual New Unit Sales	Median New Unit Price	Approvals
-2%	11%	2%	-13%

Median New Unit Price, Annual Unit Completions & Approvals



Source: UDIA State of the Land (2024); CoreLogic; Charter Keck Cramer

Multi-Unit Completions by Postcode



Source: UDIA State of the Land (2024); CoreLogic; Charter Keck Cramer

- The ACT multi-unit sector recorded a similar volume of settled transactions to 2022 which is providing some buttress against falling greenfield sales volumes. Multi-unit completions were also at a similar level of output to 2022 with 3,790 units reaching lock-up stage.
- Aggregate multi-unit completions volumes were observed across Canberra in 2023 with central city, middle and outer growth areas all recording robust new supply.