



REIV

# VIEWPOINTS

POWERED BY | **pointData.**



Introducing a new publication providing a fresh and unique point of view on Victoria's property market





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# CEO Introduction



## We are excited to introduce the first edition of Viewpoints, a new publication designed to give you a competitive edge in the property market.

Our partnership with PointData has allowed us to leverage new AI technology, providing unique insights into the Victorian property market. We have combined this technology with REIV data to offer the best-in-class real estate market analytics as well as data-driven analysis, making it an essential resource for anyone looking to stay up-to-date on the latest trends and developments in the industry.



One of the most exciting features of Viewpoints is the use of PointData's Micro-Market Price Index (MPI). This index provides growth trends at a sub-market or neighbourhood level, offering a distinct advantage for professionals in the marketplace. These micro-markets are 20 times more granular than suburb-wide based indices, allowing real estate agents to draw new insights for stronger conversations with vendors and buyers.

The **'Snapshot Viewpoint'** Section provides an overview of median house price changes summarising REIV's March Quarter 2023 median prices data. **Medians** represent a snapshot in time and subject to the volume and price of house sales for any given period.

The **'Market Growth Trends'** section introduces **rolling medians** to highlight short and long-term trends, at both a neighbourhood level (maps) and suburb level (top ten performing). We also provide observations of these price trends across Melbourne and regions with Geelong being the first 'region in focus'.

Market growth trends at the neighbourhood level are driven by shifting buyer demand and locational preferences, which at a broader level are influenced by interest rates, the state of the economy, and government policies that change housing demand and supply. Covid-19 has had a profound impact on these drivers, leading to a boom and then a correction in the Victorian real estate market. We report on these trends and track neighbourhoods from locations that are stabilising to those that demonstrate strong growth, both in the short and long term. We show locations that increased significantly in the past five years.

The recent announcement of the Government's policy for 1 million more houses in established suburban areas, to cater for 750,000 more people via Government's immigration policies over the next two years, will drive the need to uncover development opportunities. In subsequent editions we will show where those opportunities are located.

The REIV is committed to providing members with the knowledge and resources they need to succeed in a constantly changing market. We believe that staying informed and adapting to new trends is essential for success.

We hope that Viewpoints will become an essential tool for your business, and we look forward to continuing to provide you with valuable insights into the property market.

Sincerely,

**Quentin Kilian**  
Chief Executive Officer, REIV

# QUARTERLY VIEWPOINT



*All of the data produced by REIV and PointData in this publication provide unique insights into the property market. REIV's March Quarter 2023 represents a snapshot in time and represents the change in median price subject to the volume and price of properties sold in any given comparison period (3 or 12 months).*

*The 6 month growth trend applied by PointData is a different way of looking at market growth trends using smoothing techniques to account for the troughs and crests of outlier sales at the suburb, and in the case of the Micro-market Price Index, at the neighbourhood level. Sometimes called rolling averages or moving medians they are useful for finding long-term trends otherwise disguised by occasional fluctuations in the market.*

*PointData also applies market relevant sales filtering and the use of dynamic neighbourhood scaling in its micro-market price growth trends. These data processing techniques can result in unique growth trends which may differ from the quarterly median price change data released by the REIV. Looking at a range of metrics provides a deeper and more dynamic understanding of the property market.*

**It is important for REIV members to keep an eye on trends in property sales as they can have an impact on house prices. The initial impact of the pandemic in 2020 caused a dip in sales, but was followed by a dramatic increase in sales prices and volume as demand exceeded supply.**

Since the end of Covid lockdowns at the beginning of 2022, property prices across metropolitan Melbourne saw a necessary market correction. This decline was more directly a response to the RBA’s increasing of the official cash rate and the resulting rise in mortgage interest rates. However, strong market fundamentals and limited supply has helped maintain a relatively stable market, leading to a balanced market with a median sale price that has since flattened.

While there is seasonal variation in sales volume, with a rise in the spring/summer and a dip in the cooler winter months, it is difficult to accurately predict market trends. Competing market drivers such as a lack of housing supply, increasing population, and rising interest rates are all impacting prices up albeit inflation appears to have peaked.



Nevertheless, the market appears to remain robust as Melbourne’s auction clearance rates appear to have remained solid during the first quarter of 2023.

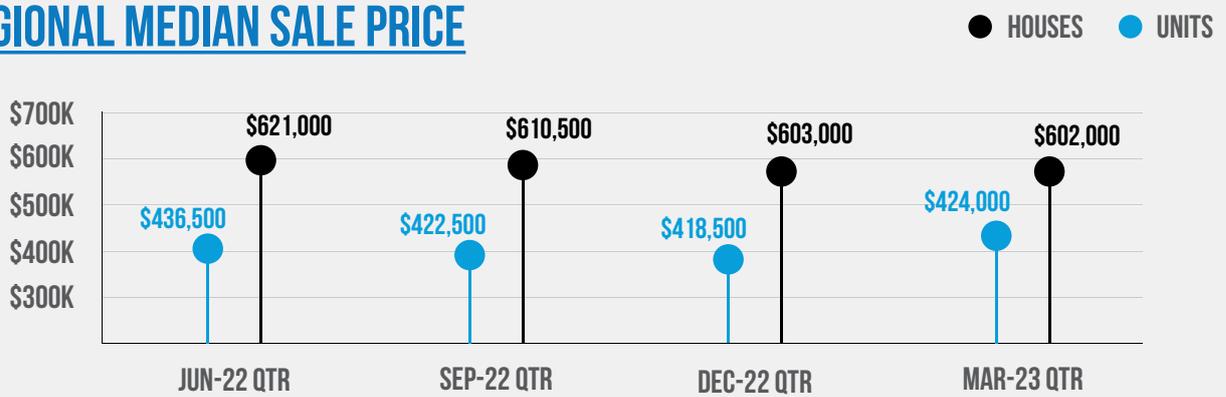
The dip in sales/listings is likely to hold the median sale price steady but many believe the Melbourne market has turned the corner. Questions remain about the impact interest rate forecasts from here.

On the other hand underlying drivers for growth will provide a counter balance, for example the recent government announcement of the need to find 1 million more houses in established suburban areas. Melbourne continues to offer lifestyle benefits and jobs that will attract overseas migrants as well as skilled workers.

### METRO MEDIAN SALE PRICE



### REGIONAL MEDIAN SALE PRICE



It is interesting to note that the recent stronger performance of units follows a period of substantial outperformance of house prices.



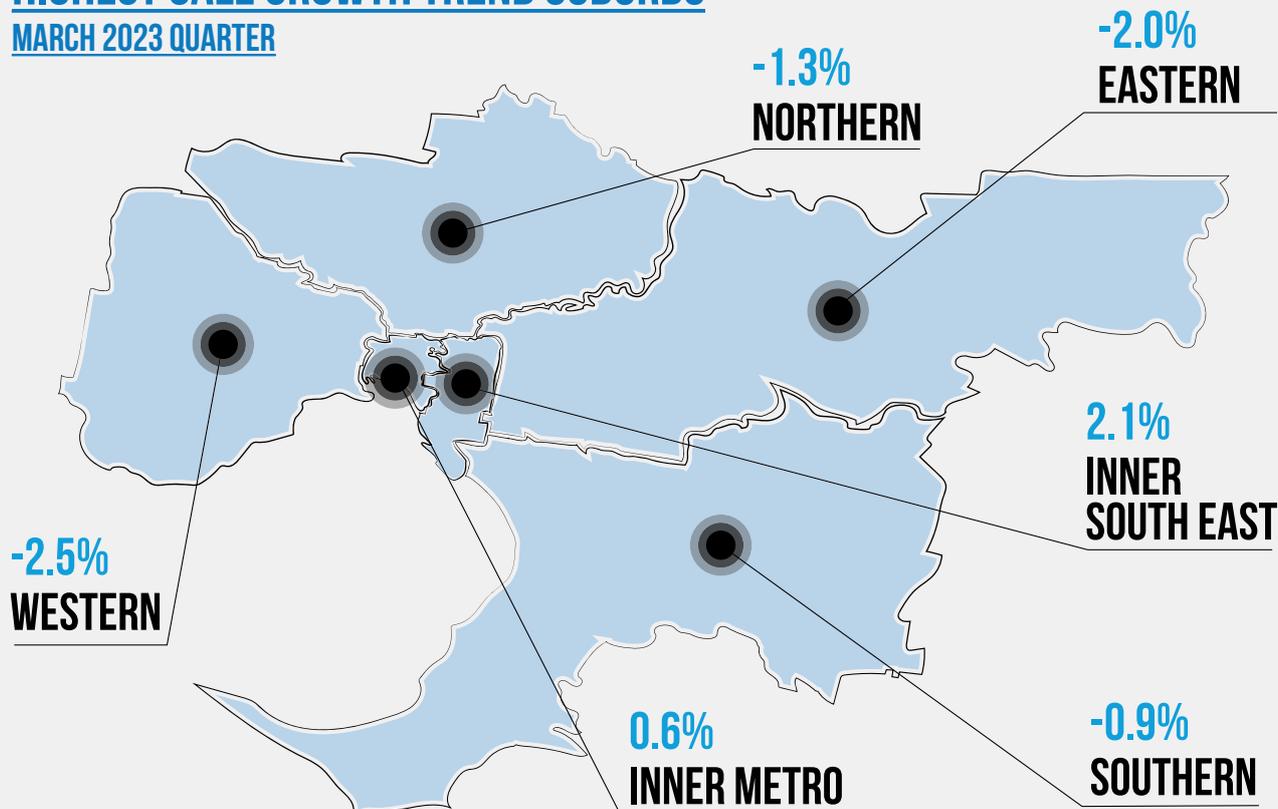
During the pandemic, house prices rose by 24% from the trough to peak, while unit prices only rose by 9%. This significant difference in growth drove a record price gap, which is now narrowing as house prices fall and unit prices rise.

This trend is not unique to Victoria, as other parts of Australia have also seen a similar shift towards stronger unit performance. The COVID-19 pandemic has led to changing buyer preferences, with more people seeking larger homes with outdoor space, which has driven up house prices. However, as the pandemic has progressed and people have adjusted to remote work and lifestyle changes, there has been a renewed interest in more affordable and low-maintenance options, such as apartments and units.

It will be interesting to see how this trend continues in the future and whether the price gap between houses and units continues to narrow. The ongoing impact of the pandemic, as well as broader economic factors, will likely play a significant role in shaping the property market in Victoria and across Australia.

## HIGHEST SALE GROWTH TREND SUBURBS

MARCH 2023 QUARTER



## NUMBER OF SUBURBS WITH



POSITIVE 3 MONTH GROWTH

**134**



NEGATIVE 3 MONTH GROWTH

**155**

## MEDIAN SALE PRICE



OF POSITIVE GROWTH SUBURBS

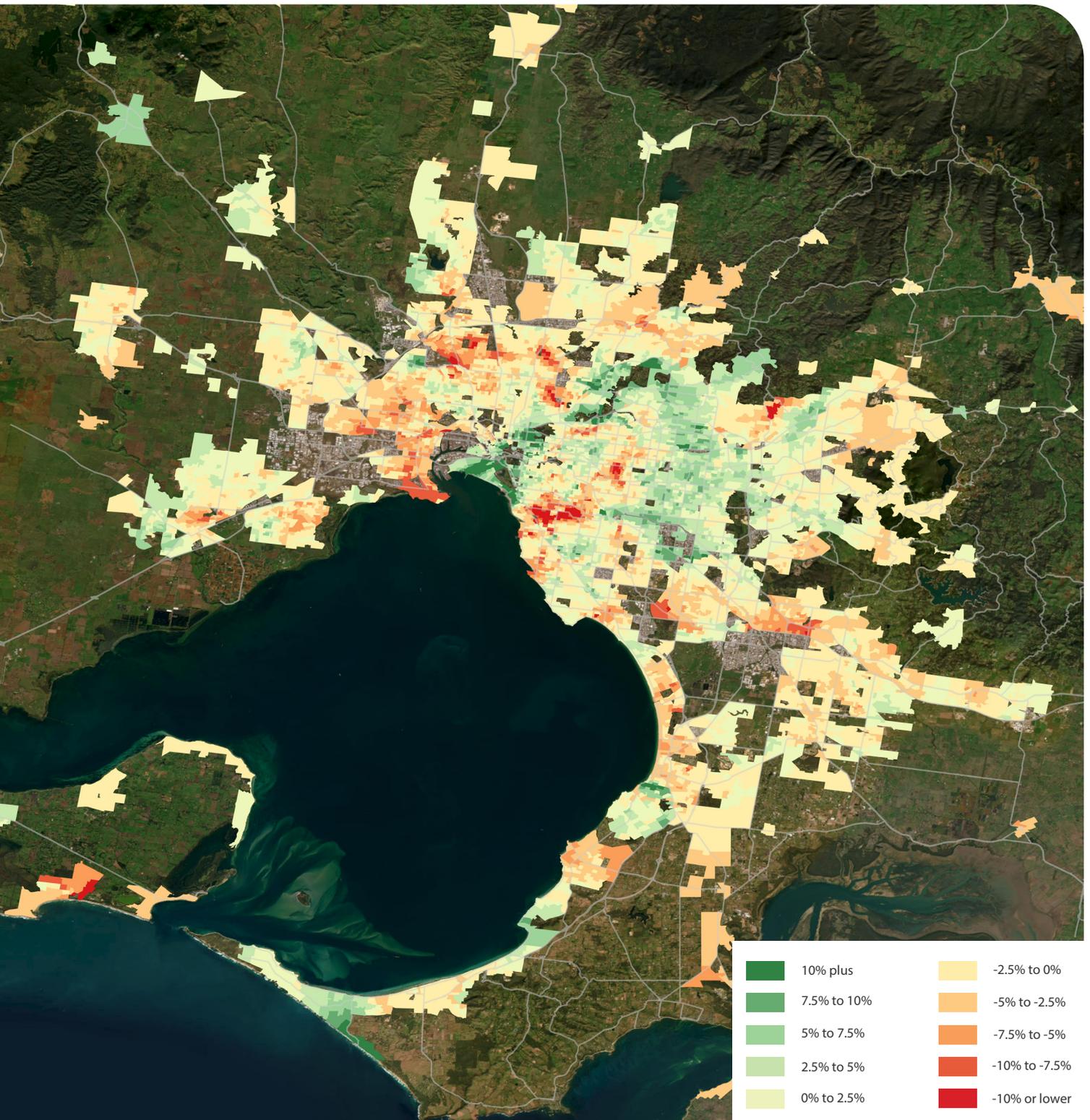
**\$1.16M**



OF NEGATIVE GROWTH SUBURBS

**\$913K**

# Six month market growth trends to April



## In Viewpoints, we take a close look at growth trends in sub-markets across metropolitan Melbourne and its surrounds over the past six months.

The PointData Micro-Market Price Index provides granular neighbourhood-level insights into patterns of property price movements across the marketplace. The map reveals a mixed picture for Melbourne's property market. While the consumer confidence has been hit by the eleven interest rate increases in the past 12 months, the confidence levels in some neighbourhoods are holding up well.

Like all Australian cities sub-markets are not created equal, with some neighbourhoods remaining resilient and even growing, while others have weakened further over the past six months. This can be partly attributed to investors and strategic buyers picking specific locations with higher grade homes that have continued to outperform other locations.

While many Local Government Areas (LGAs) have recorded flat average price growth on average, they still comprise both rising and falling neighbourhoods reflecting market segmentation based on buyer preferences.



For example, the LGAs of Bayside, Glen Eira, Stonnington, Boroondara, Banyule, and Moonee Valley all have suburbs and neighbourhoods that exhibit mixed market performance.

Generally speaking, the eastern suburbs have been performing better than the western and inner-northern suburbs as demand for A-grade properties remain in short supply.



Inner-eastern suburbs, areas along the Yarra River, and neighbourhoods approximately 15km to the east of the CBD, including Manningham, Whitehorse, and Monash, have all performed well with 6-month growth, demonstrating strong growth.



Other strongly performing neighbourhoods include Wollert and Greenvale to the north, Delahey and Wyndham Vale to the west, and Rye and St Andrews Beach on the Mornington Peninsula.

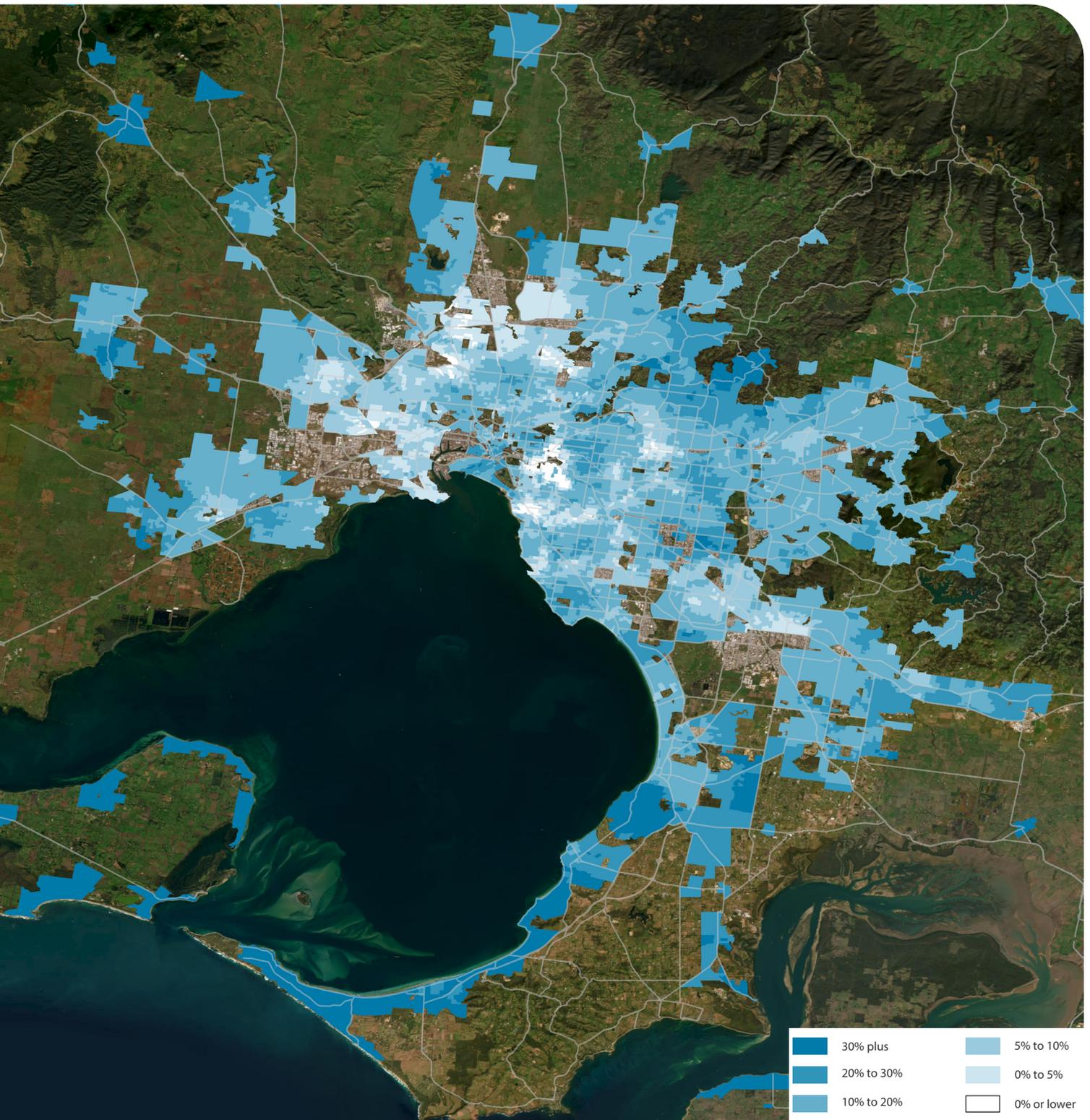


Areas that have not performed as well over the past six months include Caulfield and surrounding suburbs, Mentone and Doveton to the south, Mornington and Seaford, and the broader LGA areas of Moreland and Maribyrnong.

Predicting future consecutive rate rises is uncertain, with inflationary pressures appearing to ease.

However, population growth and low vacancy rates will continue to put pressure on house prices, particularly in affordable locations that cater for international arrivals and where good quality stock is in short supply.

# Five year market growth trends to April



## In addition to our close look at growth trends over the past six months, in Viewpoints we will also take a close look at growth trends in the past five years.

It is a common motif that residential real estate is a safe and prosperous investment. While the past few pandemic years have been anything but normal, across metropolitan Melbourne this motif has held true. Levels vary, but almost all the metropolitan area has experienced positive growth with some to an extreme level.

-  Melbourne's outer-ring has performed consistently over the past five years, with the majority of areas experiencing growth in excess of 20%.

The pandemic has heightened the necessity of a good lifestyle-fit among buyers, drawing them to the less-dense areas in the surrounding hills and coastal regions.

-  Of particular note is the southern areas along the Mornington Peninsula, which unsurprisingly hold a high proportion of Melbourne's holiday-homes.

-  It is not just the lifestyles on offer that are popular among buyers. Generally speaking, these outer areas also dictate a much lower price-point than their inner counterparts. As the more-affluent areas become increasingly out of reach for many, it is expected that demand for these areas with a lower price-point will continue to increase, perpetuating short, medium and long term growth.

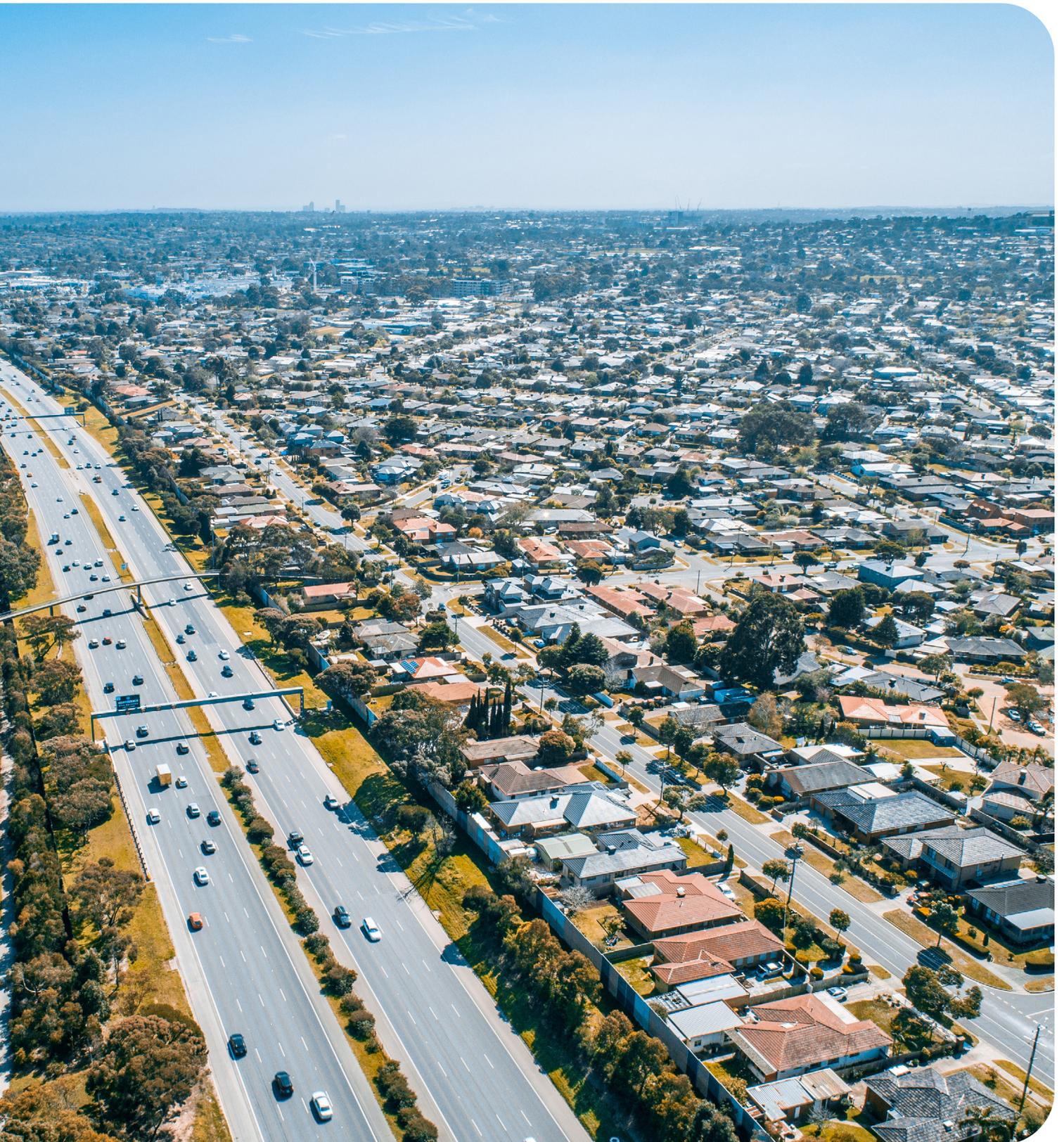
Within the inner and middle-ring areas of the metropolitan area, there remains a patchwork of differing levels of growth, with the northern and eastern areas generally faring better than their western counterparts.

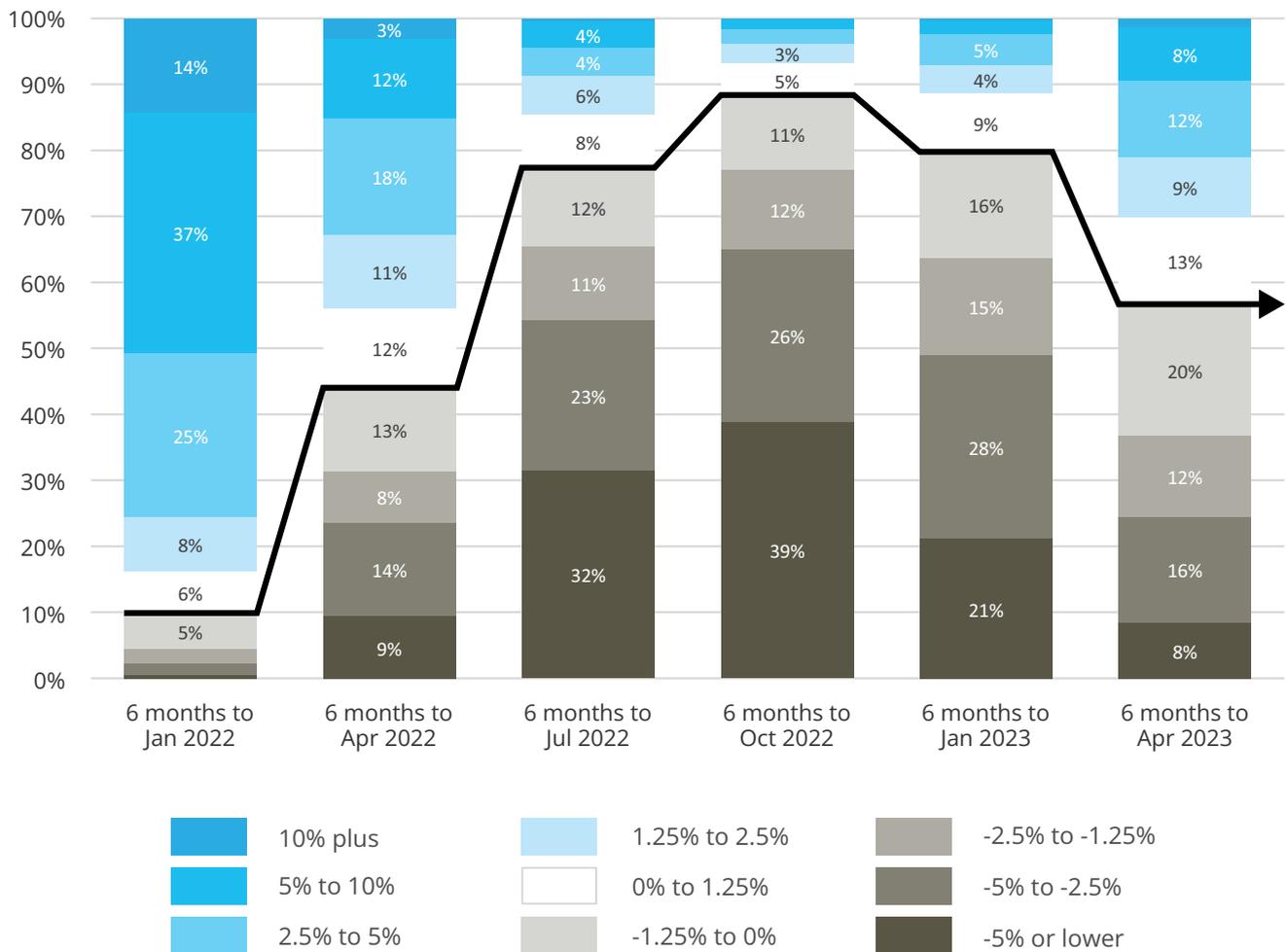
-  The LGAs of Hobsons Bay, Brimbank and Wyndham provide a greater number of new and near-new homes than those LGAs typically associated with character buildings like Yarra, Stonnington, Glen Eira and Bayside.

As the cost of housing construction continues to soar, the areas where new builds are typically found are showing less demand, leading to more-moderate growth. It is crucial to note, however, that many of these areas still experienced significant growth compared to levels seen prior to the pandemic.

-  The last five years have been unlike any other in the last few decades, with lower growth areas seeing increases in excess of what used to be considered high growth.

# Market Movement Distribution





The comparison between the 6 months leading up to January 2022 and October 2022 is quite striking, with a notable downturn in the market during the latter period.

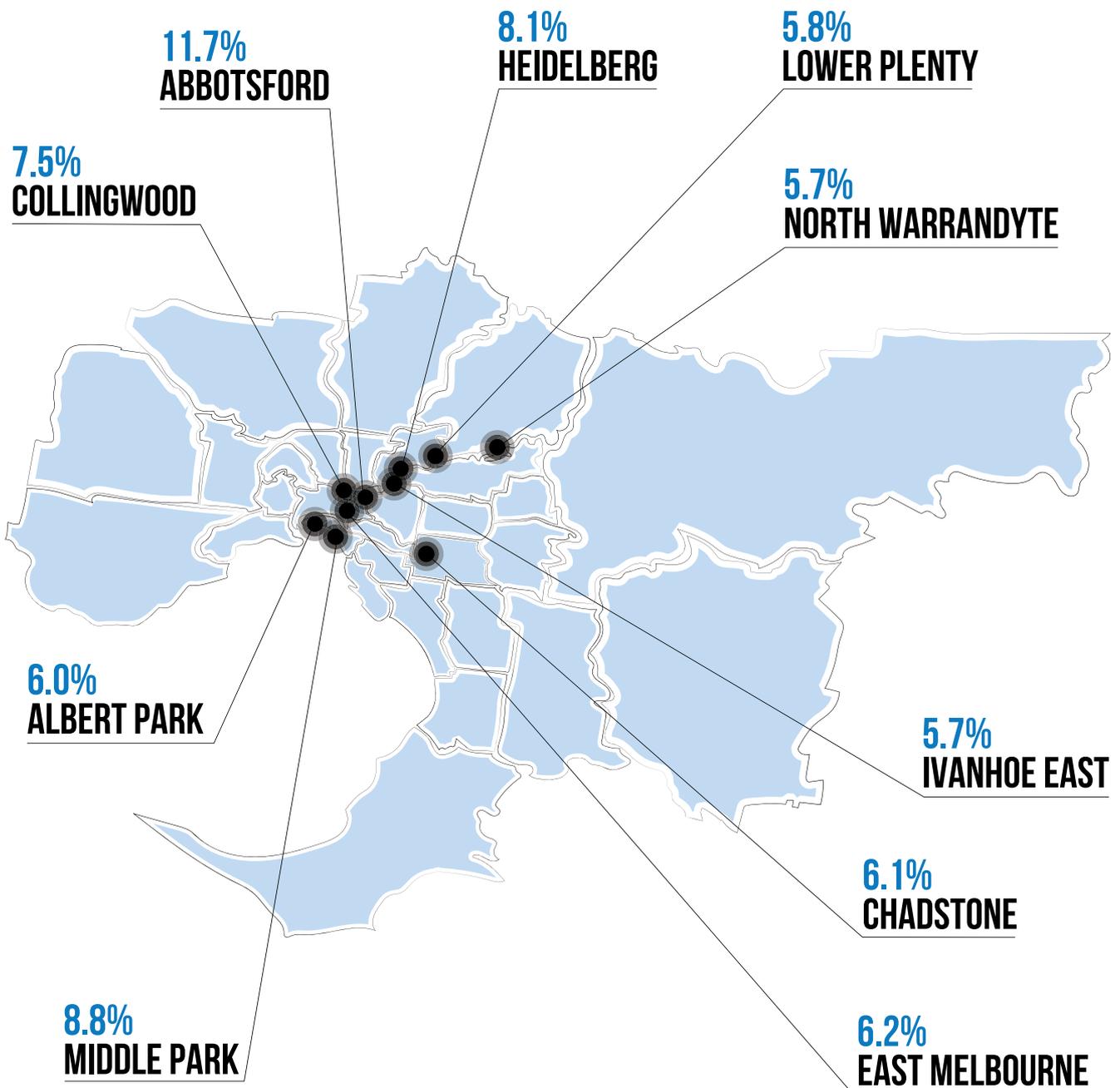
The graph shows that in January 2022, an impressive 50% of properties had grown by 5% or more in the preceding 6 months. However, by October 2022, approximately 40% of properties had fallen by -5% or more during the same period.

Despite the market's rollercoaster ride, the graph provides some comfort, demonstrating a turning market in that the Melbourne property market is gradually returning to a sense of normalcy. Extreme fluctuations, with properties rising or falling by significant percentages, are beginning to level out. The black line indicating a flat market is hovering around the 50% mark, reflecting this trend.

Looking forward, it will be fascinating to see how the market performs over the next 6-month period from May to July, and whether it continues with a more balanced trajectory. The upcoming data will undoubtedly provide an excellent opportunity for further analysis and insight into the Melbourne property market.

# Suburb Indices (houses)

The following tables summarised the top 10 performing suburbs for sale price growth observed in the 6 months to April.

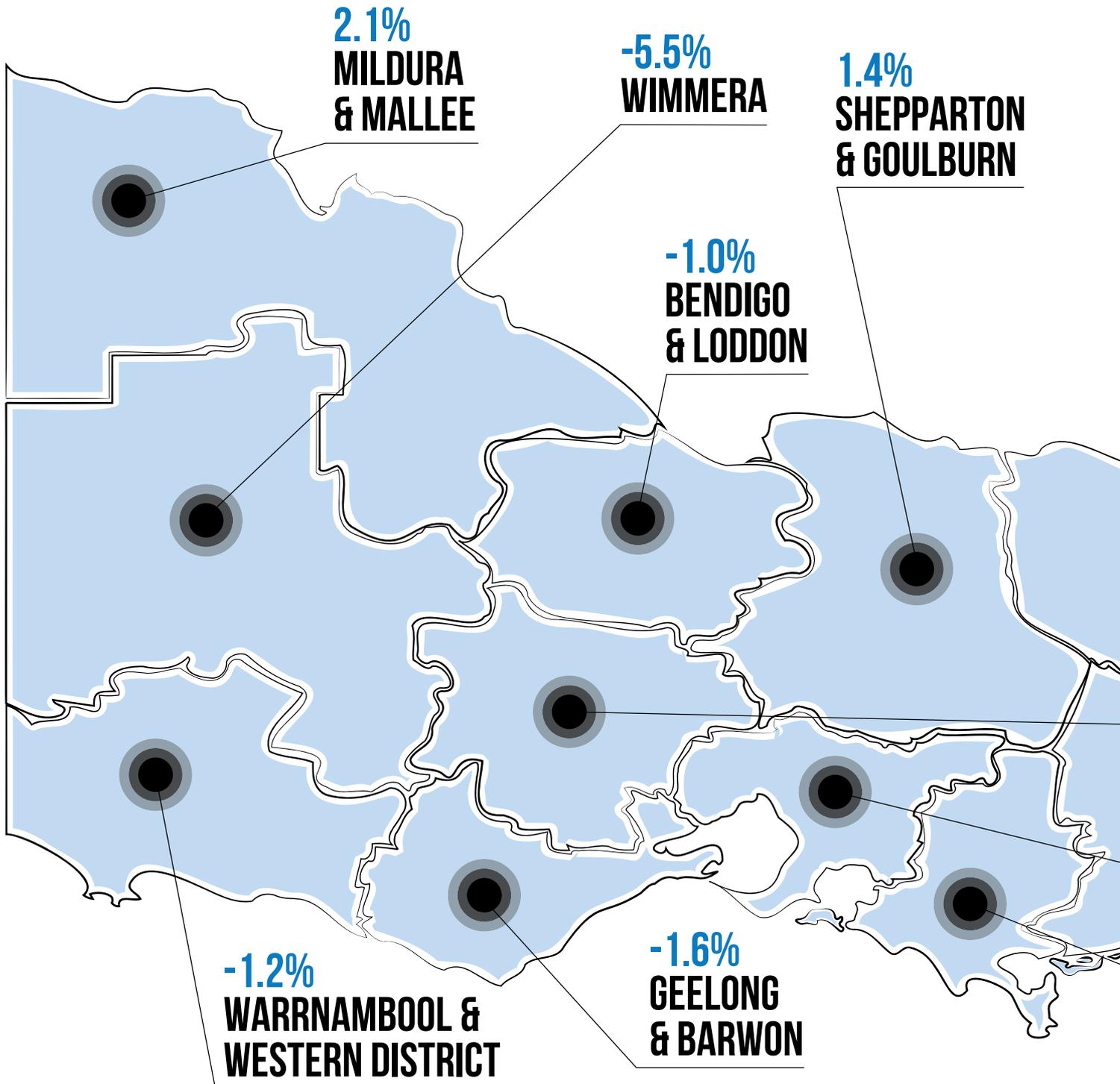




Suburbs with the highest 6-month value growth can be found in the east and north-east, with many suburbs along or close to the Yarra River. All of the suburbs featured in the 6-month growth table have median sales prices above the Metropolitan Melbourne median of \$956,000 and are all \$1 million suburbs.

Suburb	6 month growth (houses)	Median sale price
Abbotsford	11.7%	\$1,651,700
Middle Park	8.8%	\$2,300,000
Heidelberg	8.1%	\$1,310,400
Collingwood	7.5%	\$1,624,900
East Melbourne	6.2%	\$1,443,100
Chadstone	6.1%	\$1,449,200
Albert Park	6.0%	\$2,197,500
Lower Plenty	5.8%	\$1,240,000
North Warrandyte	5.7%	\$1,691,600
Ivanhoe East	5.7%	\$1,950,000

# Regional Performance

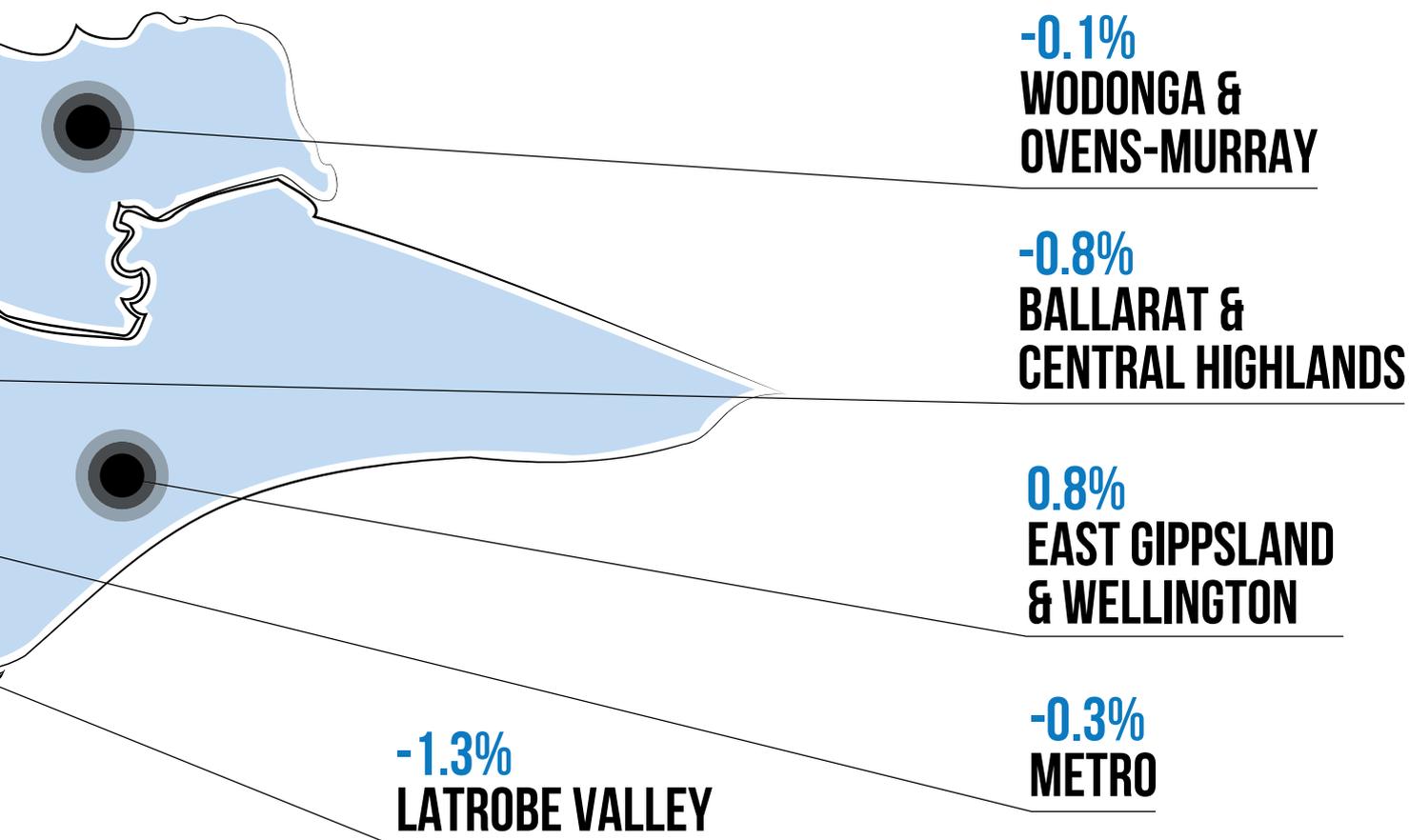


It is interesting to note that Victoria's regional areas have continued to experience growth rates similar to pre-pandemic levels.

However, the market has since levelled out towards a more balanced state. The Mildura & Mallee region saw the most significant growth in the past 6 months, while Wimmera experienced a significant decline at a rate of -5.5%.

The decline in Wimmera's growth rate may simply be a correction back to pre-pandemic growth rates and sale values, which is a trend observed in many other parts of Victoria and Australia as well.

It is essential to keep in mind that regional growth rates can be affected by various factors, including population growth, economic factors, and government policies. Therefore, it is crucial to consider the broader context when interpreting regional growth data.



# Region in Focus - Geelong

## 6 month market growth trends

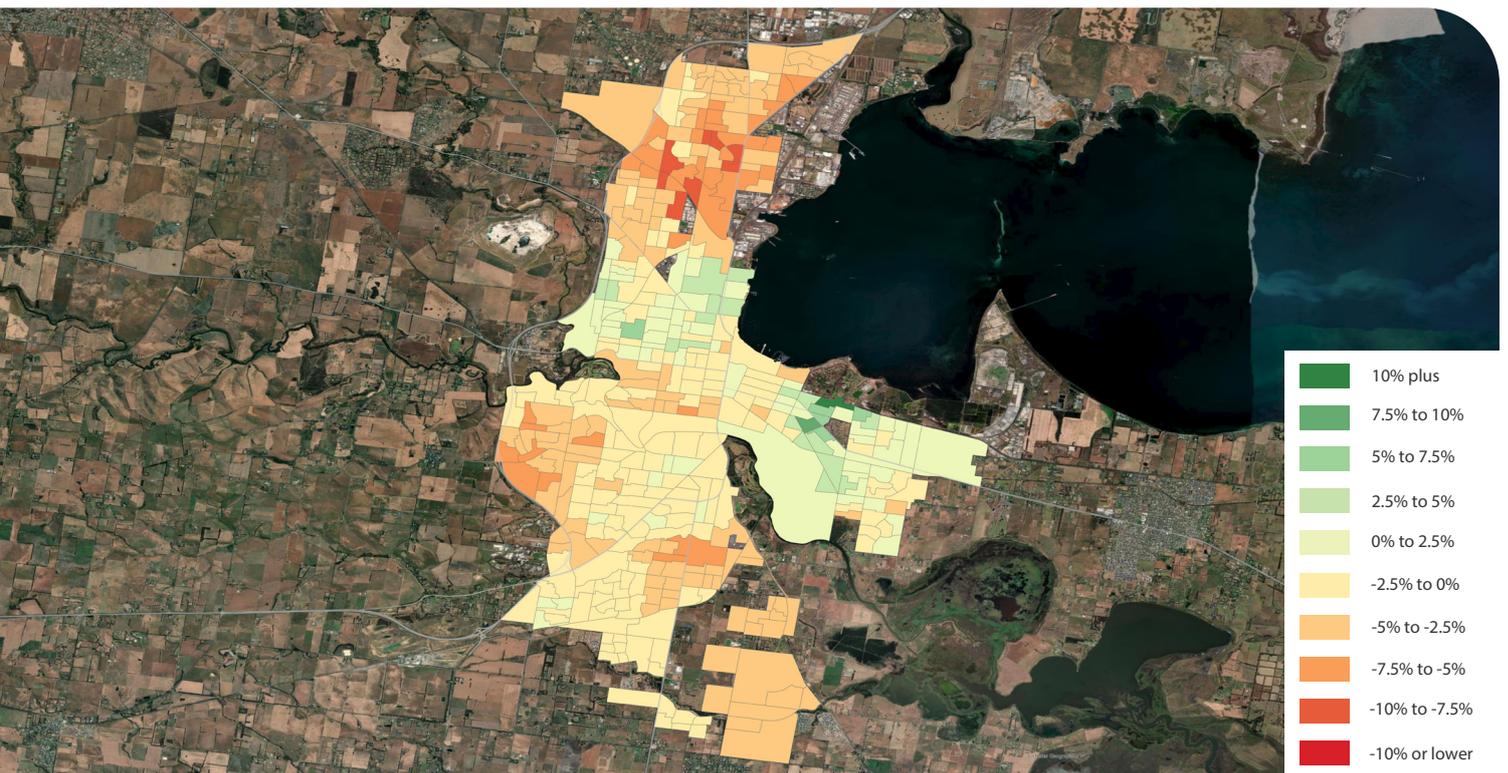
Geelong is in the unique position of being both a regional center and an extension of Melbourne. The area has largely aligned itself with the metropolitan Melbourne market in recent years, and this trend has continued to present. The market in Geelong is well-balanced, with central areas performing better than outer areas.



In the last 6 months, the inner suburb of East Geelong has seen the greatest growth, primarily due to its proximity to the centre, historic housing, and easy access to the Bellarine Peninsula. In contrast, the northern suburbs surrounding Norlane have experienced a moderate retraction, mainly due to the heightened impacts of interest rate hikes in lower socio-economic areas.

Additionally, the continuing green and brownfield developments between Geelong and Melbourne are providing similar new or near-new housing options much closer to the heart of Melbourne, which could be contributing to the retraction in some areas of Geelong.

Overall, the Geelong area’s unique position as both a regional centre and an extension of Melbourne is likely to continue to have a significant impact on the local property market. It will be interesting to see how the market responds to changing economic conditions and new developments in the future.



## Median Sale Price

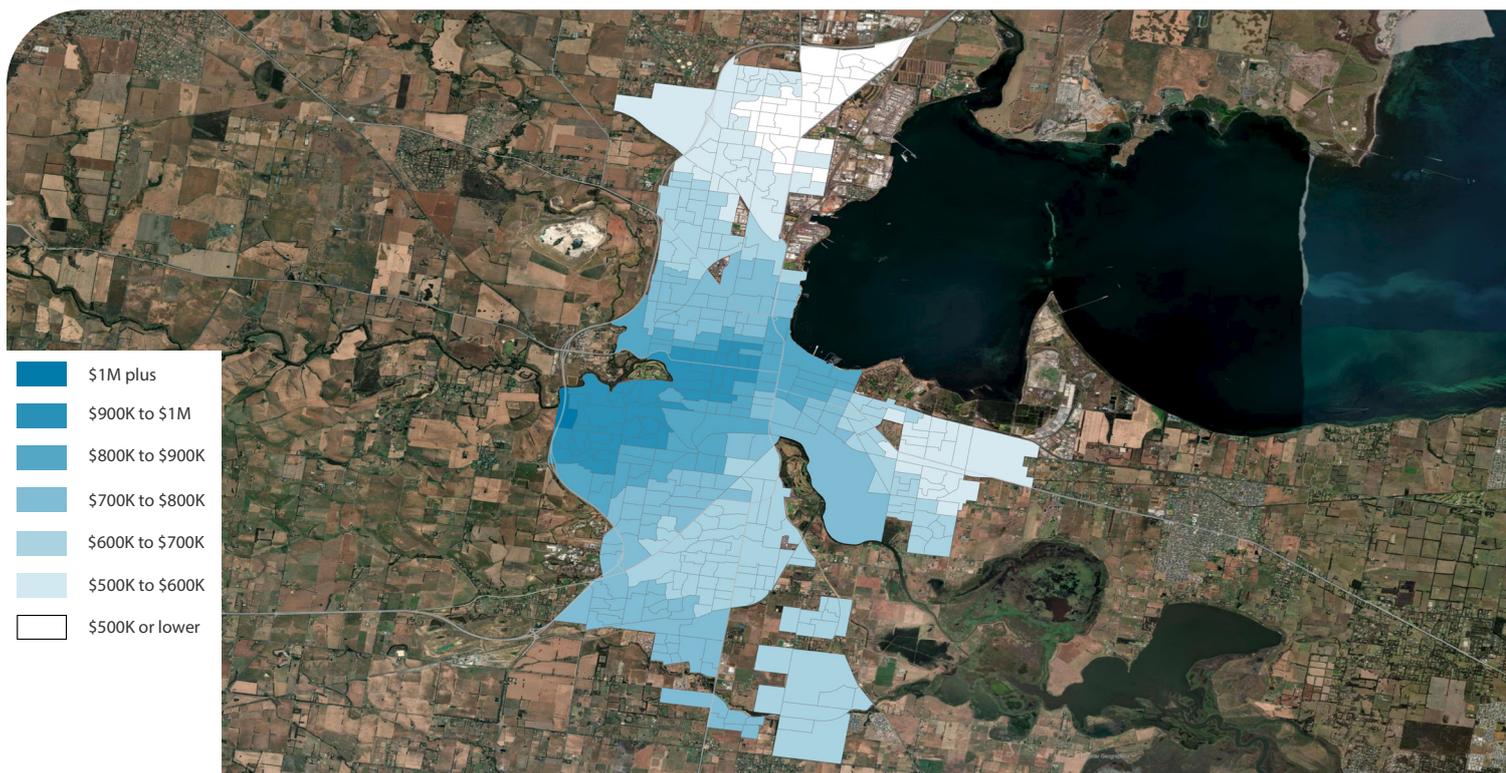
It is not surprising that the median sale prices within Geelong differ based on the varying levels of amenity. Like many major cities, the inner areas that contain the bulk of Geelong’s desirable character housing dictate the highest price-points. The amenities provided by the Barwon River and Queens Park further add to the area’s desirability.

✦ As is common in larger cities, median sale prices tend to decrease outwards from the centre. Efforts to increase housing supply between Melbourne and Geelong have saturated the market with new housing stock, creating a starkly different proposition from the relatively close established areas of Geelong.

This supply has proven significant enough to ensure options in these areas remain affordable amidst supply and demand imbalances elsewhere in Victoria and Australia.

✦ Overall, the varying median sale prices in Geelong are likely to continue reflecting the desirability of different areas, as well as the impact of new housing supply and other economic factors.

It will be interesting to see how the property market in Geelong evolves in the coming years, particularly as the city continues to position itself as both a regional centre and an extension of Melbourne.



## About the REIV

The REIV has been supporting Victorian real estate since 1936, building a brand that real estate professionals rely on and consumers trust. Whether you are a budding real estate agent, an experienced professional, a family run business or a large franchise group, the REIV is here to represent and assist you.

Every REIV Member has access to a wide range of high quality services, information and resources that they need to provide the Victorian community with the best possible real estate service.

REIV Members are the Difference in real estate.

### REIV - Be the Difference



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Learn more about our research here.



## About PointData

PointData is an innovative Australian proptech that produces data for the residential property industry. Our data allows users to understand the true potential of residential real estate.

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