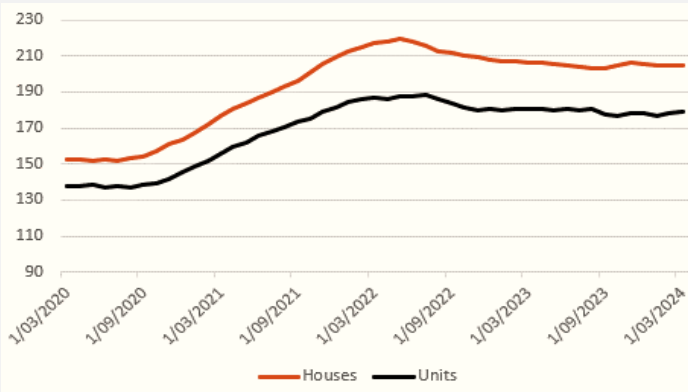


REGIONAL VICTORIA SNAPSHOT

Home Value Index March 2024

The change in house and unit values to end of March 2024 is recorded at:



HOUSES



UNITS

Quarter

-0.3%

0.2%

Annual

-0.7%

-0.9%

Annual Dwelling Sales March 2024

24,645

-3.7% lower than one year ago.
-16.5% below the five-year average.



-3.4%
HOUSE SALES



-5.8%
UNIT SALES

Source: CoreLogic

The regional Victoria property market remained flat this month seeing dwelling prices record mild easing of 0.2% for March and easing down -0.3% for the first quarter of 2024. The dwelling growth trend in regional Victoria is varied with marginal gains recorded in October, November and February following a sustained easing cycle which commenced in June 2022 and followed by mild easing for the three of the last four months.

Dwelling values in regional Victoria on an annual basis eased by -0.7%, the only Australian regional market to record easing over the last twelve months. Regional Victoria currently sits +33.6% higher than at the commencement of COVID-19 however is 6.5% below the prior peak in May 2022.

Nationally the housing price index (HVI) posted a broad-based rise with a gain of +0.6% for March and on par with February's increase. The current upswing in housing values signals the fourteenth consecutive month of growth. Capital city housing market conditions remain diverse however all capital cities and rest-of-

state regions recorded gains in dwelling values over the month with the exception of Darwin where the market eased -0.2% and Melbourne which remained unchanged. Regional Victoria housing continues to display a flat trend, but now recording easing at a similar rate relative to Melbourne on a quarterly basis (-0.3% vs. -0.2%) but being outperformed by Melbourne on an annual basis with dwelling values in regional Victoria down -0.7% over the last twelve months vs. Melbourne sitting marginally up +3.2%.

Demand-side pressure attributed to surging immigration with 117,300 new arrivals (equating to an annual increase of +1.4%) into regional Australia, according to the ABS figures to September is supporting price growth in regional markets. Despite the headwinds of a higher interest rate environment and worsening affordability in the nearer term, the median term outlook for regional Victoria is anticipated to see growth resume as interest rates come down. Positive tailwinds including moderating inflation and improving consumer confidence are also contributing to market expectations of a cut in rates later in 2024.



MARKET CONDITIONS



HOUSE



UNITS

LISTINGS – ANNUAL INCREASE

3.2%

6.6%

DAYS ON MARKET

51 days

45 days

VENDOR DISCOUNT

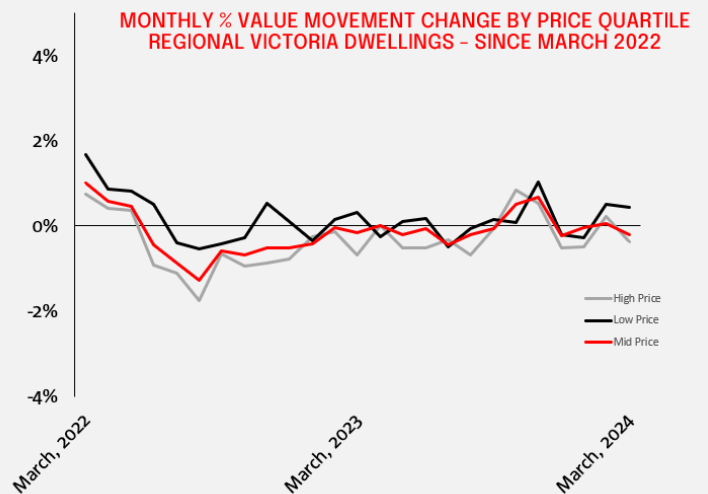
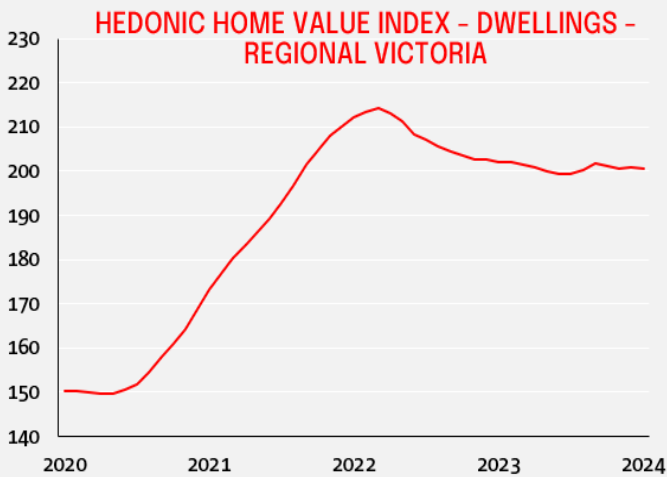
-4.5%

-3.7%

MEDIAN VALUE

\$600,870

\$411,236



Source: CoreLogic

Market movements remain relatively flat across all quartiles in the regional Victoria market in March, with two of the three market segments easing and one recording a mild gain in value. The trend on a quarterly basis is a mixed one led by the lower price segment which recorded a gain of +0.7% followed by mild easing within the mid-price quadrant of -0.2% and -0.6% within the high-price segment over the same time period.

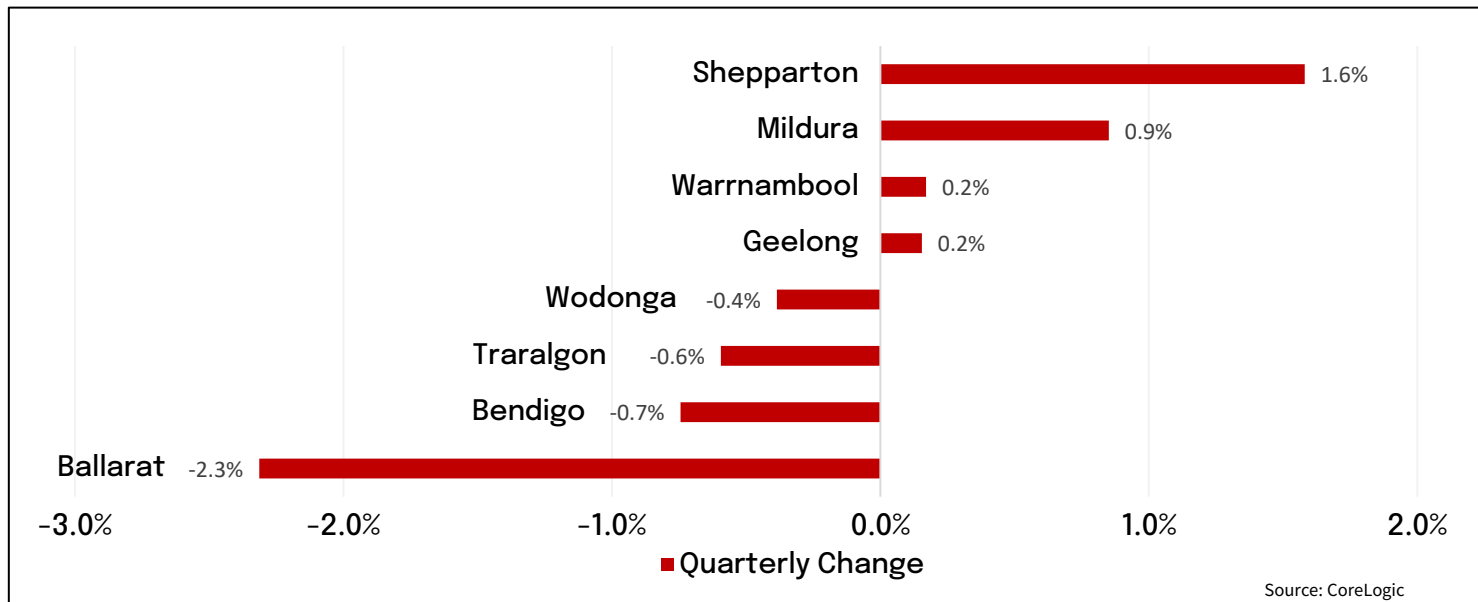
The main drivers for dwelling values in the regional Victoria property market remain primarily due to the shortage of available stock, future direction of interest rates, sale of investment and secondary properties and concerns surrounding affordability of property which is seeing more

purchaser activity in the lower price points and lower-priced properties.

Positive tailwinds for the regional Victoria market however include continued rising rental yields, increasing rental market strength and strong migration. Australia’s population increased by 2.5% for the year ending September 2023, the fastest rate of growth since the ABS commenced the population series in 1981. Given the fundamentals of housing demand and supply remain out of balance, upward pressure on the cost of housing is set to continue to influence housing markets in regional Victoria and nationally.



Top 8 Regions Quarterly Change - Dwellings



Key highlights and trends surrounding each of the Housing, Unit and Rental Markets being seen include:

- Regional Victoria house values remained relatively flat in March recording a slight easing in value of -0.2% for the month and sitting down marginally -0.3% for the quarter. On an annual basis, house values eased -0.7% lower, the only region nationally, to record easing. The median house value remains marginally above the \$600,000 benchmark at \$600,870.
- In comparison, the unit market has reflected a varying trend recording no change in value (0.0%) in March compared to the housing market and recorded a mild gain, sitting up +0.2% over the March quarter. The unit market benefits from greater affordability, incentives for first home buyers as well the normalisation of local and international migration. Despite making up a smaller portion of sales activity overall, the median unit value in regional Victoria remains above the \$400,000 benchmark at \$411,236 and sits -0.9% down on an annual basis.
- The rental market continues to see vacancy rates remain tight at near record lows, now a combined 1.2% across regional Australia. The low vacancy rates place upward pressure on rental values and as such it is likely rental demand will remain buoyant, suggesting the outlook for rents remains one of further growth in the short to medium term. With regional Victoria recording a gross annual rental yield of 4.0% and rents in regional Victoria having increased by 4.6% over the last twelve months, the outlook for investors is a positive one.

RECENT SALES ACTIVITY

Ballarat Region

108 South Street, Ballarat Central (Ballarat)



The sale property comprises a well-presented, fully renovated, good quality, 1890's-built, four-bedroom, two-bathroom low-set single level dwelling of 141 square metres on a standard 531 square metre lot. Ancillary improvements include alfresco area, deck, shed, landscaped yards and undercover parking for one vehicle. The property was recently offered for private sale through a local agency in late-February with a vendor's price guide of between \$795,000 and \$840,000 provided. After 37 days on the market, the property was sold for \$810,000, on the 28th March.

Geelong Region

10 Oberon Drive, Belmont (Geelong)



The sale property comprises an original, 1970's-built, four-bedroom, two-bathroom low set single level brick and tile dwelling of 298 square metres on a 747 square metre lot. Ancillary improvements include paved driveway, landscaped yard, alfresco area, shed and undercover parking for two vehicles. The property was recently offered for private sale through a local agency in early-March with a vendor's price expectation of between \$720,000 to \$750,000 provided. After only 13 days on the market, the property was sold for \$770,000 on the 28th March.

Warrnambool and south-west Region

59 Beamish Street, Warrnambool



The sale property comprises a partially renovated, average quality, 1970's-built, four-bedroom, one-bathroom low-set single level brick dwelling of 121 square metres on a 633 square metre lot. Ancillary improvements include concrete driveway, alfresco area and deck and landscaped yard. Undercover parking available for two vehicles. The property was recently offered for sale via auction through a local agency in late-February with a vendor's price expectation of between \$450,000 and \$495,000 provided. After 30 days on the market, the property was sold for \$490,000, on the 23rd March.

Disclaimer – The information contained in this publication is gathered from multiple sources believed to be reliable as at the end of March 2024 and is intended to be of general nature only.

It has been prepared without taking into account any person's objectives, financial situation or needs. Before acting on this information, NAB recommends that you consider whether it is appropriate for your circumstances. NAB recommends that you seek independent legal, property, financial, and taxation advice before acting on any information in this publication.

