

URBIS

UDIA APARTMENT RESEARCH BREAKFAST

MAY 2019

MARK DAWSON, DIRECTOR AT URBIS



A GROWING & CHANGING CITY



AFFORDABILITY IN FOCUS



NEW APARTMENT MARKET



ROAD TO RECOVERY

A nighttime photograph of a city skyline. In the foreground, a river reflects the city lights. A modern bridge with a large white arch spans the river. The background is filled with numerous skyscrapers, some of which are brightly lit. The sky is dark. The text '01 A GROWING & CHANGING CITY' is overlaid on the image.

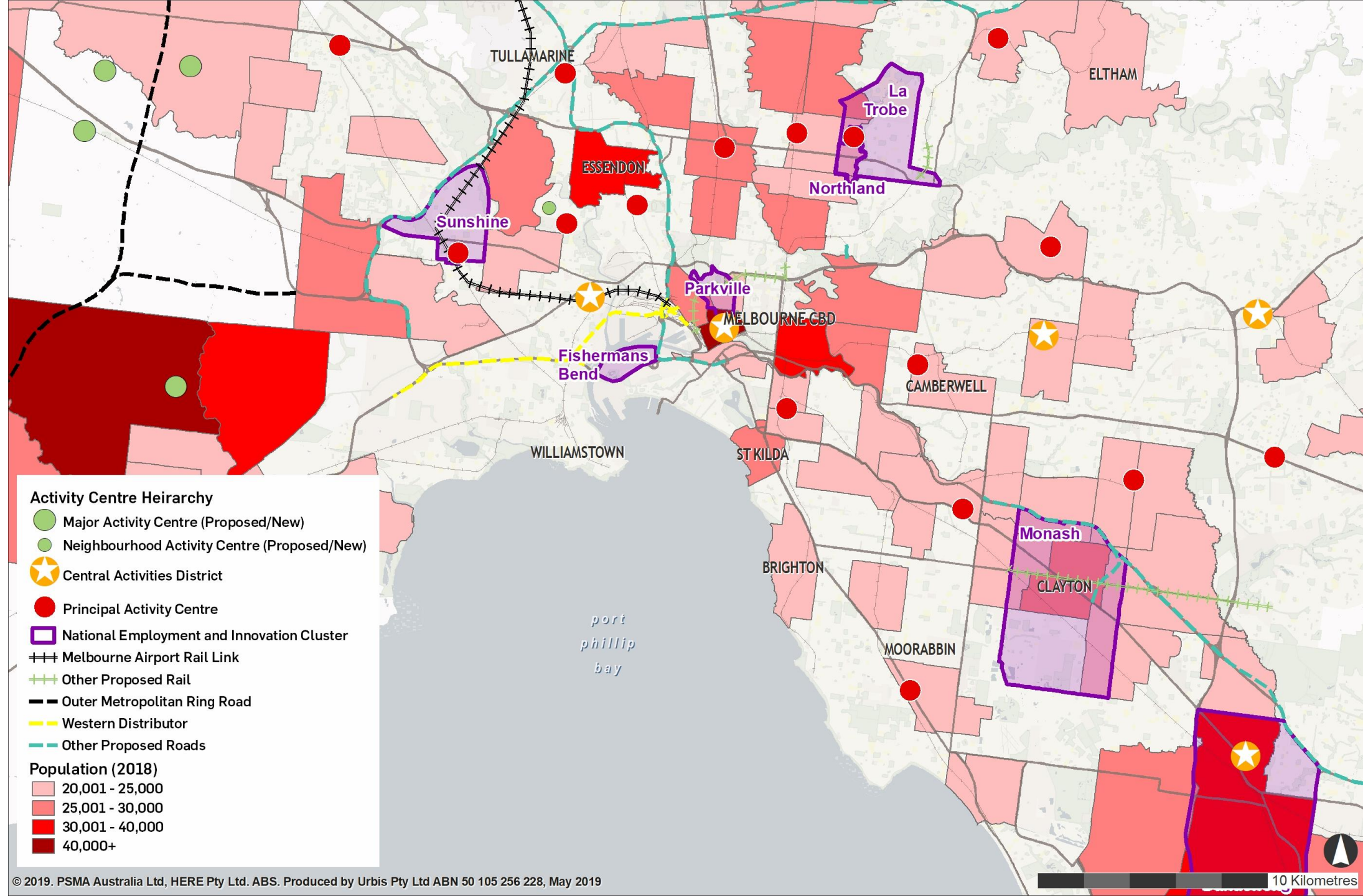
01 A GROWING & CHANGING CITY



2018

2021

2026

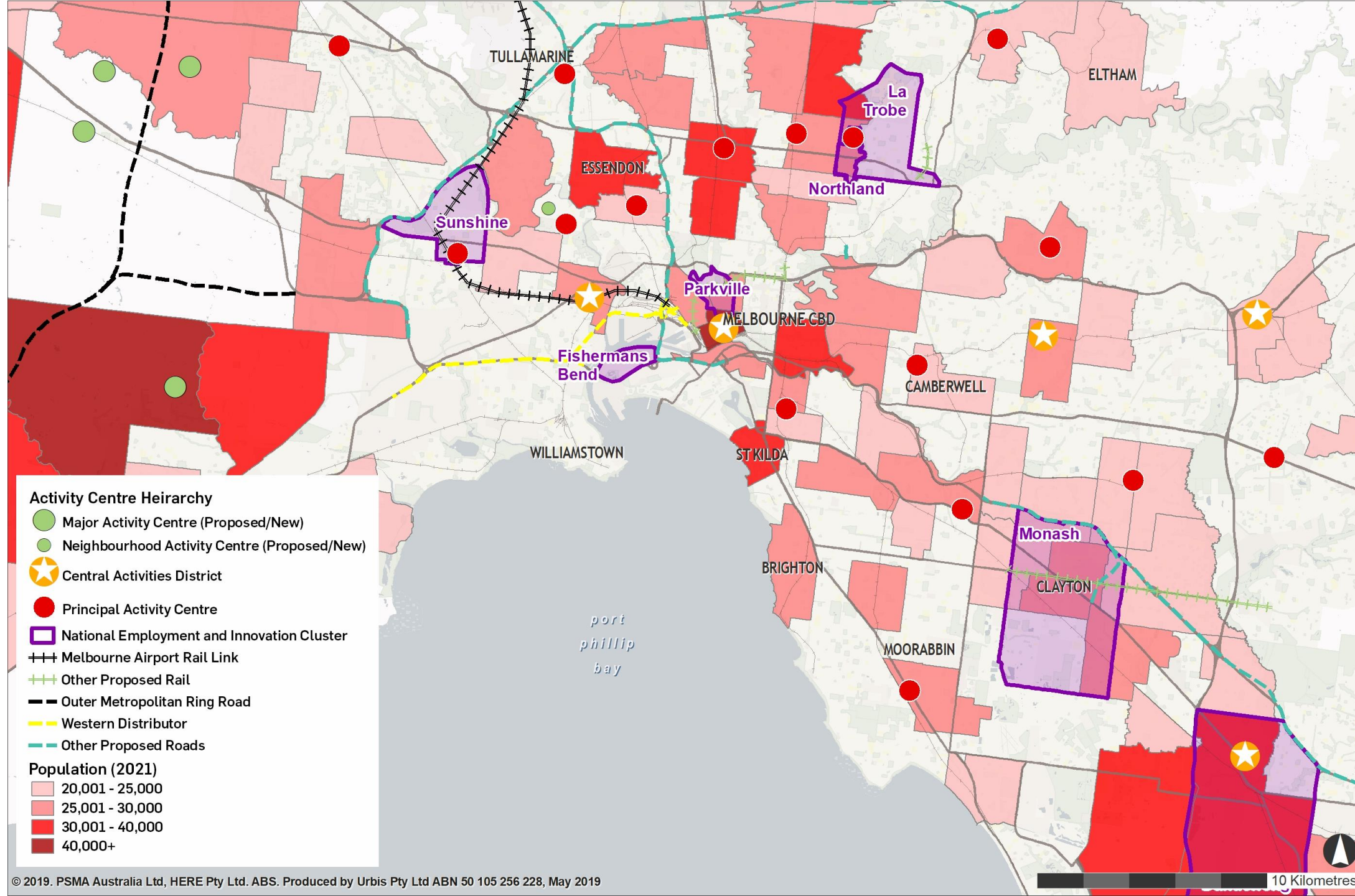




2018

2021

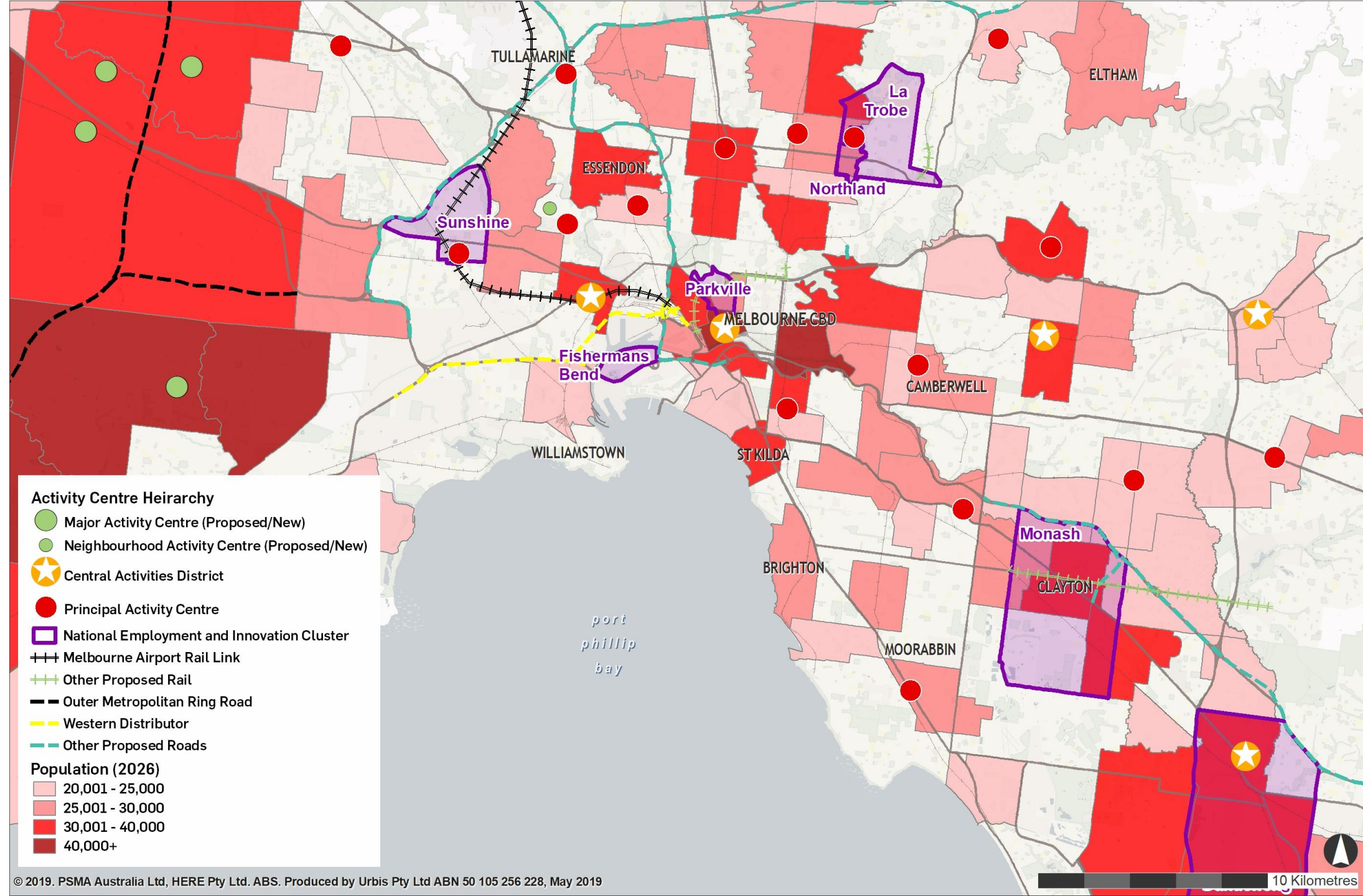
2026




2018

2021

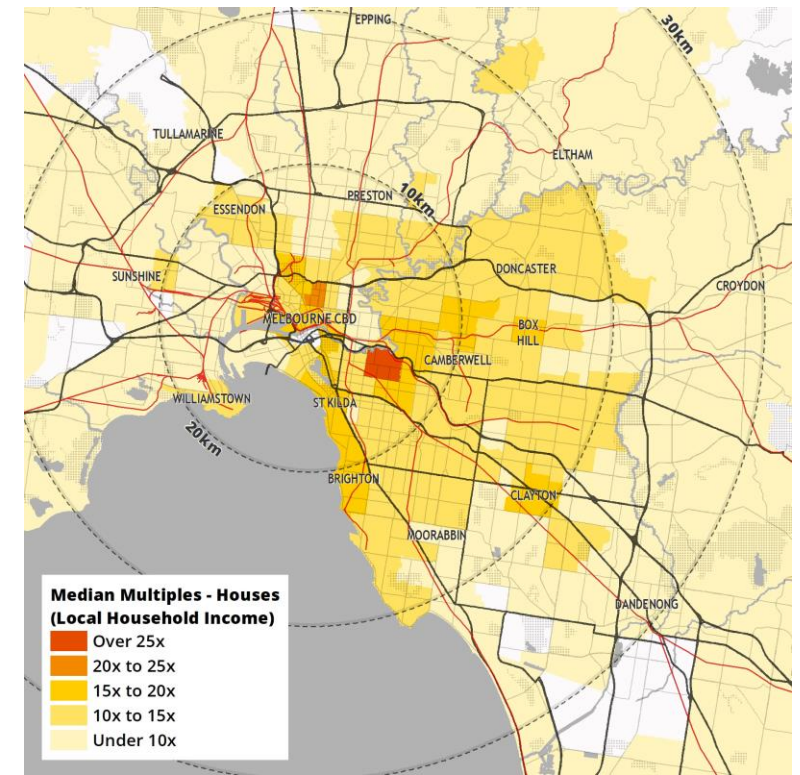
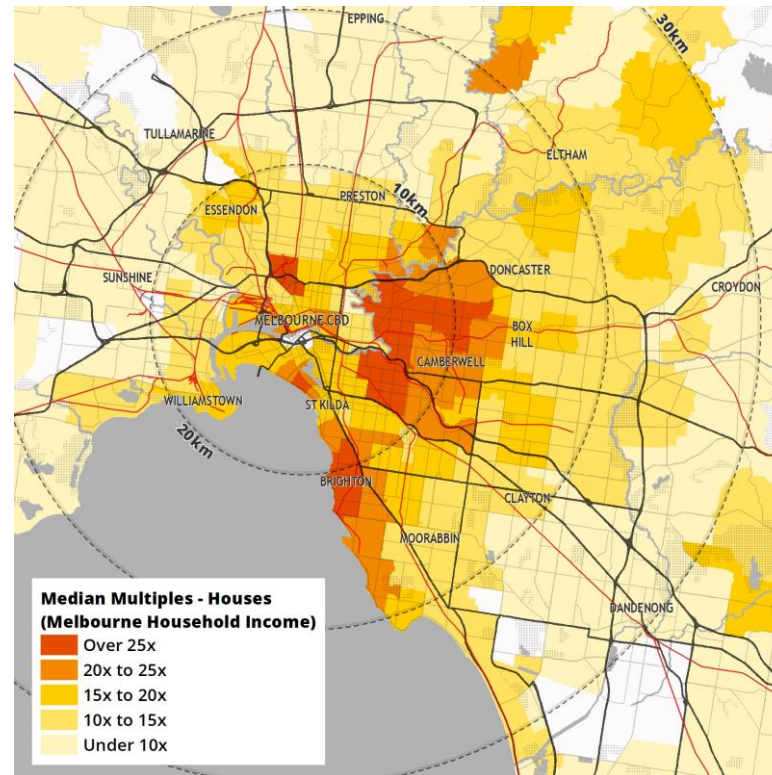
2026



A woman with long blonde hair, wearing a teal denim jacket, is holding a young child with blonde hair. Both are laughing joyfully. The child is wearing an orange shirt. The background is a blurred outdoor setting with trees and foliage. The text '02 AFFORDABILITY IN FOCUS' is overlaid on the left side of the image.

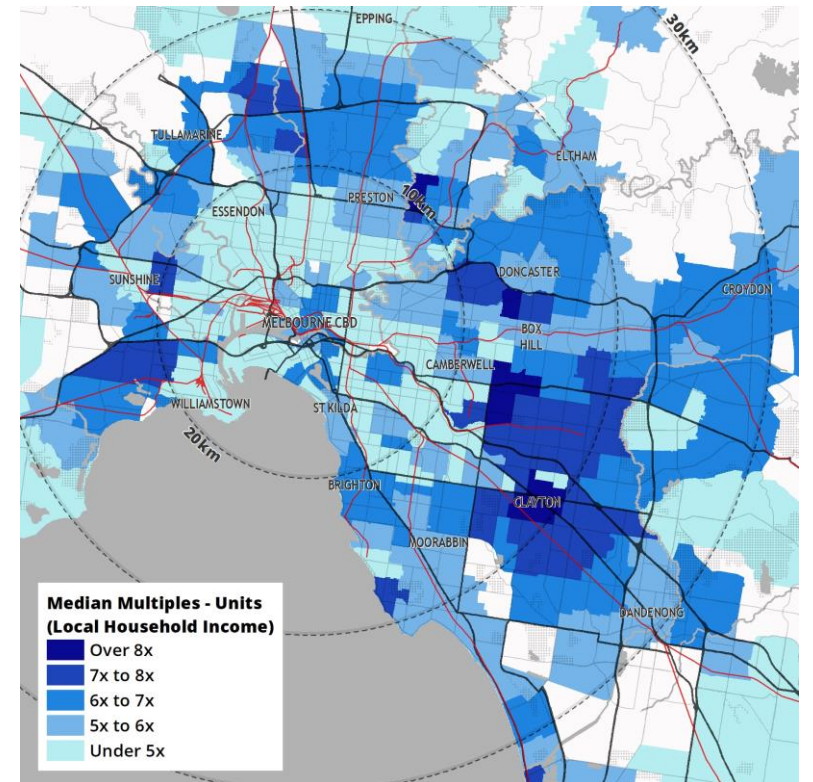
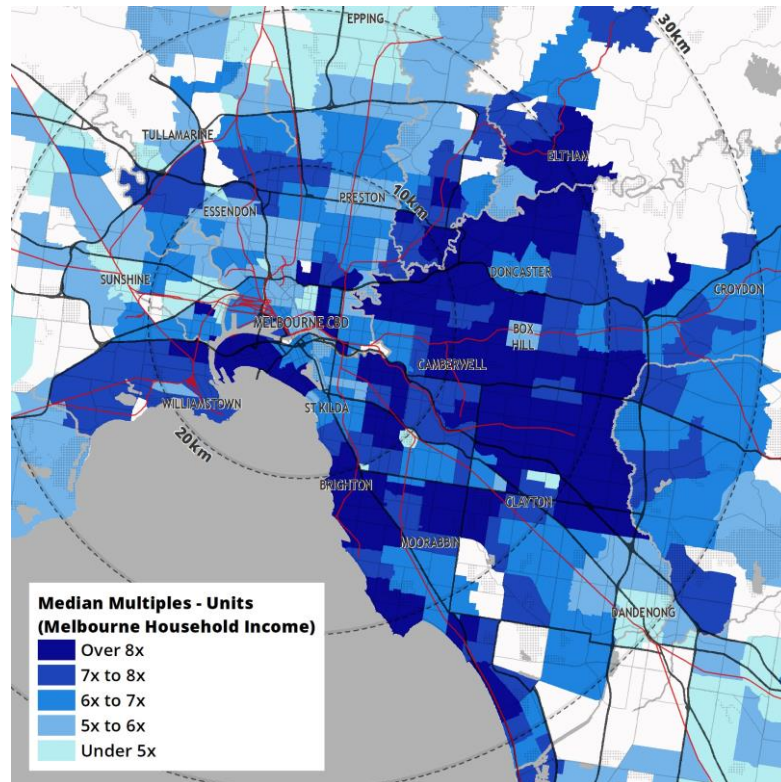
02 AFFORDABILITY IN FOCUS

THE MULTIPLE FACES OF MELBOURNE



Source: ABS; APM Pricefinder

APARTMENTS: OFFERING HOPE AT A LOCAL LEVEL

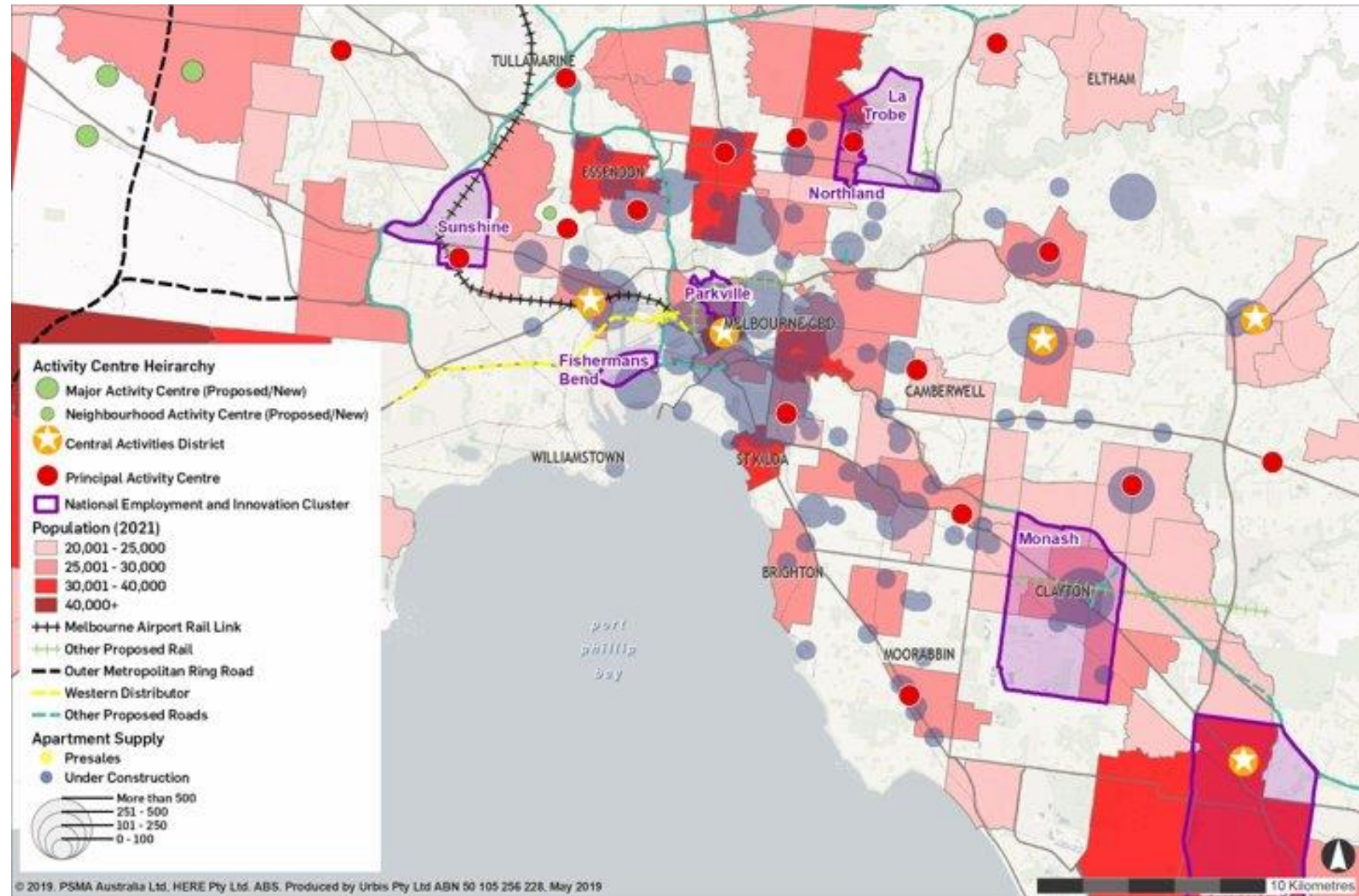


THE SUPPLY RESPONSE



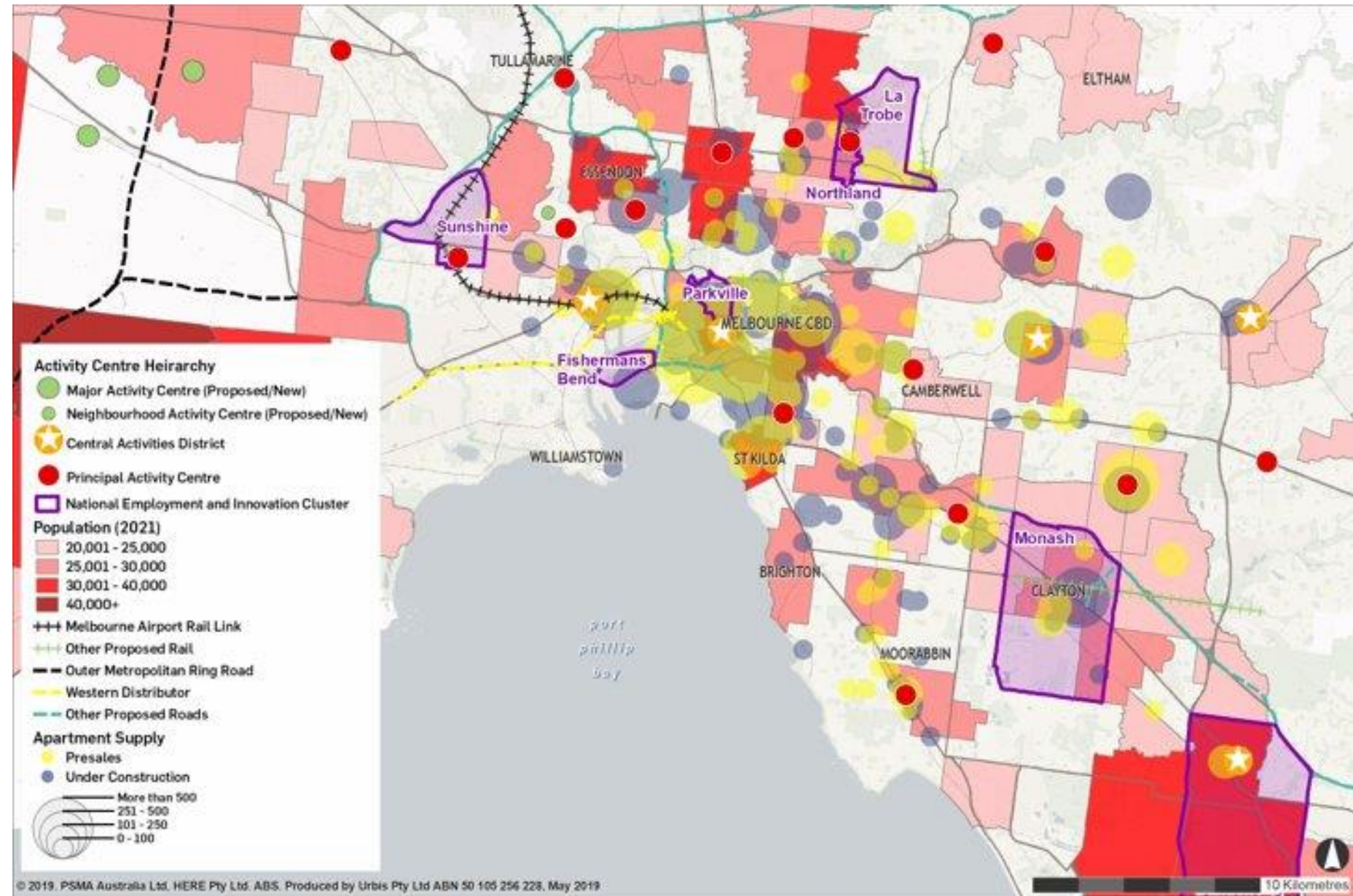
2021 POPULATION VS SUPPLY U/C

INNER + SOME
MINOR RIPPLE



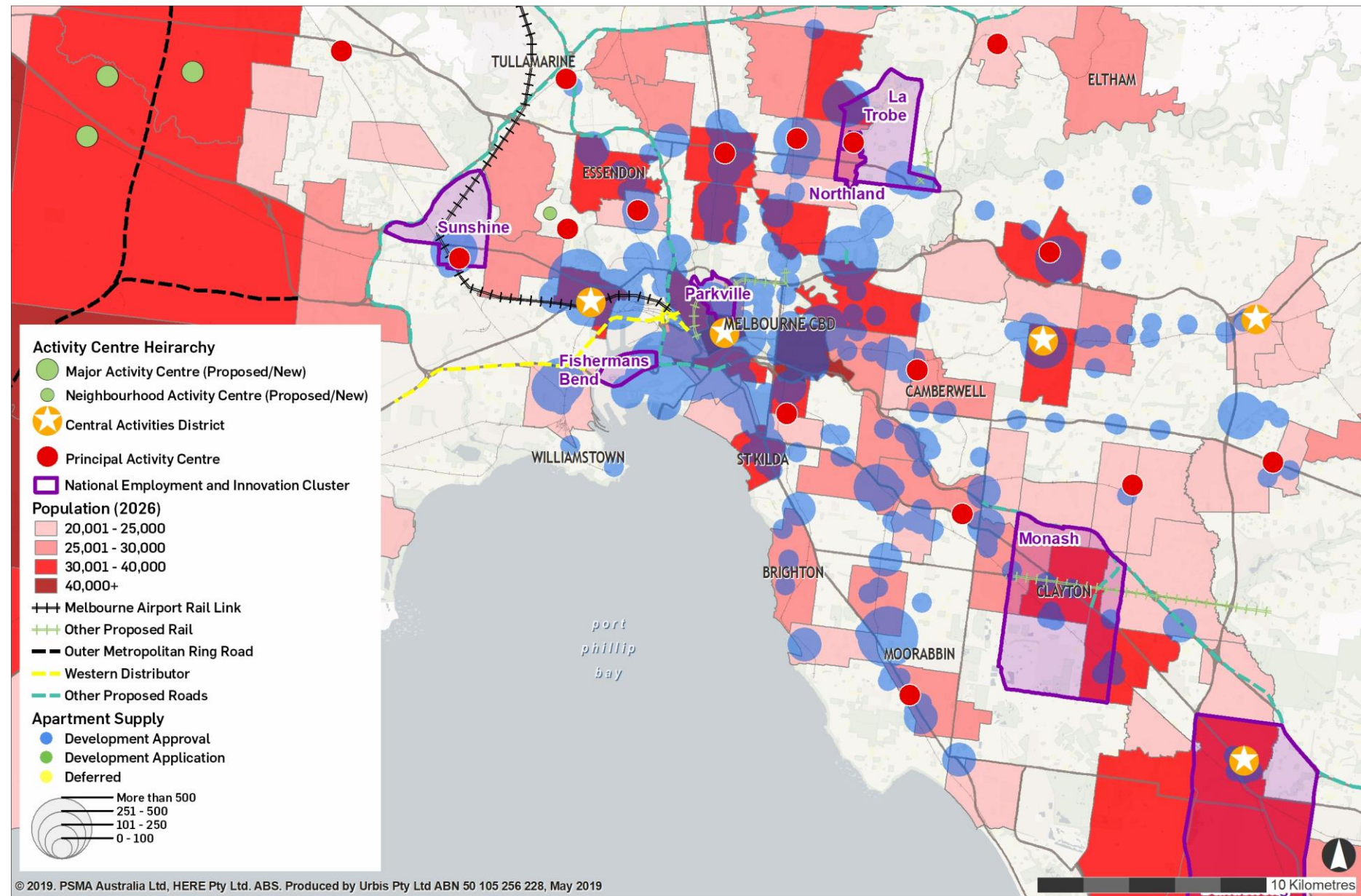
2021 POPULATION VS U/C & PRESALES

MORE MIDDLE



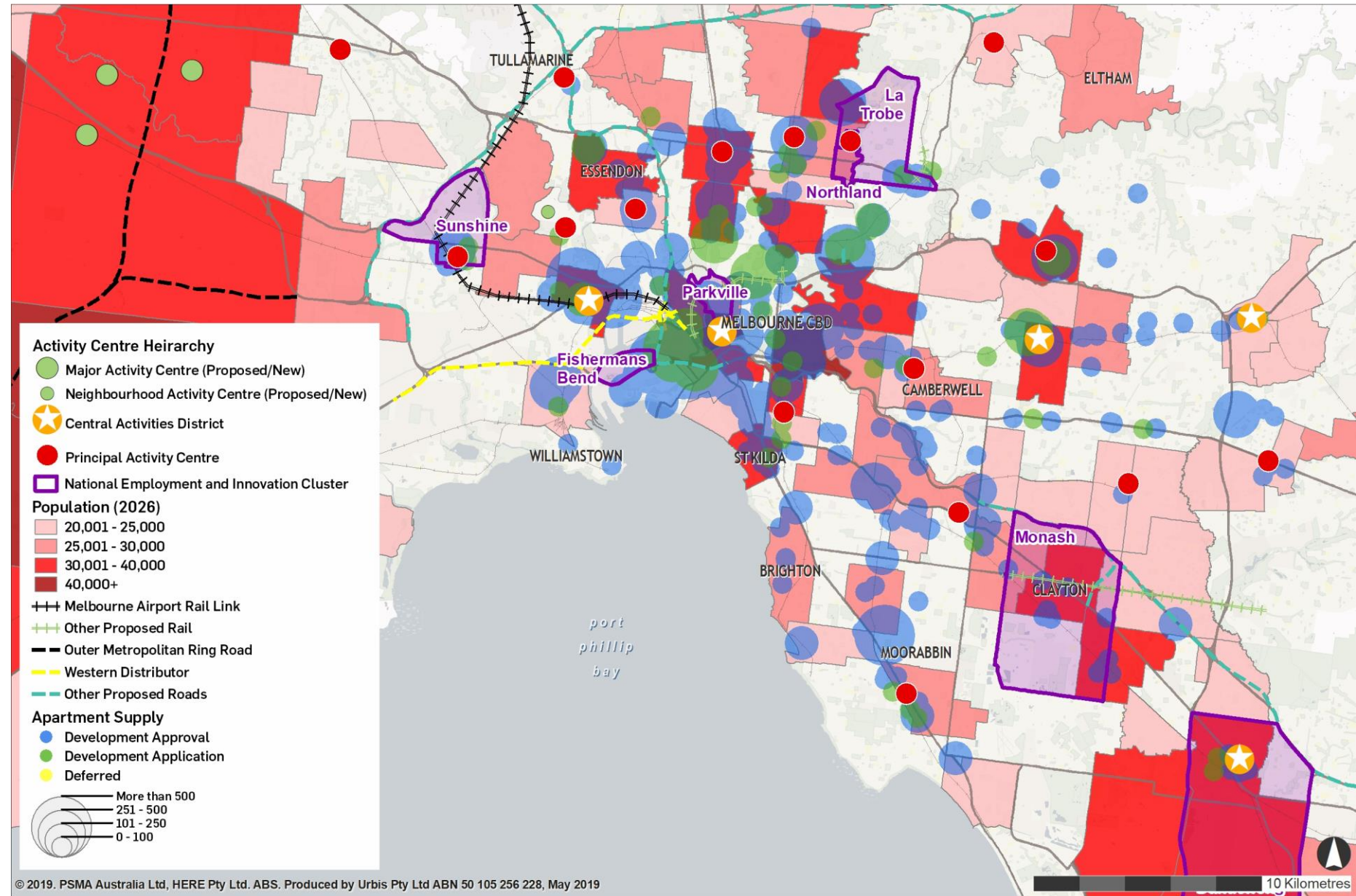
2026 POPULATION VS APPROVED

A DEEPER MIDDLE



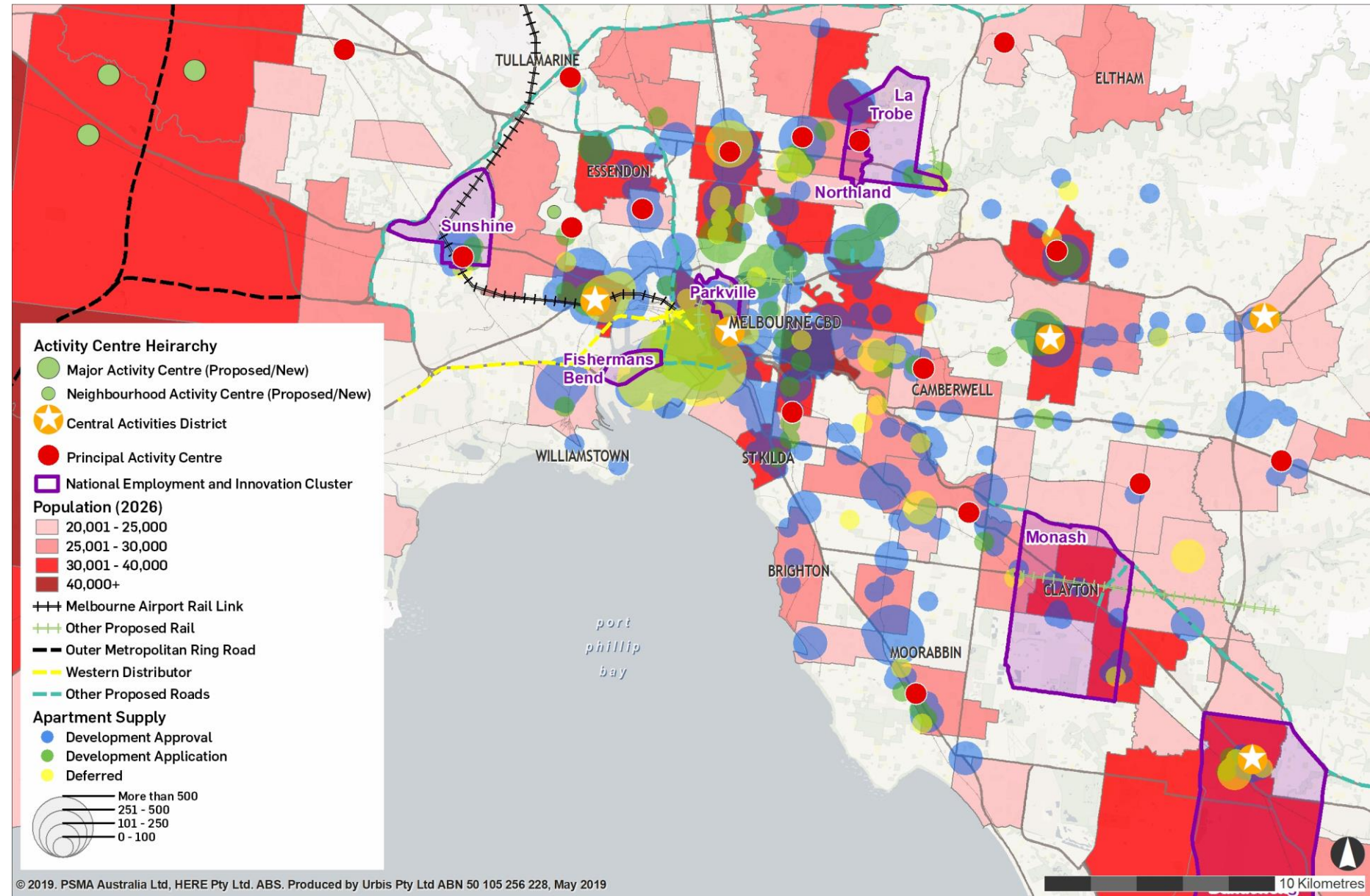
2026 POPULATION VS APPROVED & IN APPLICATION

INFILL – CONNECTING THE DOTS



2026 POPULATION VS APPROVED, APPLICATION & **DEFERRED**

F BEND HOLD UPS

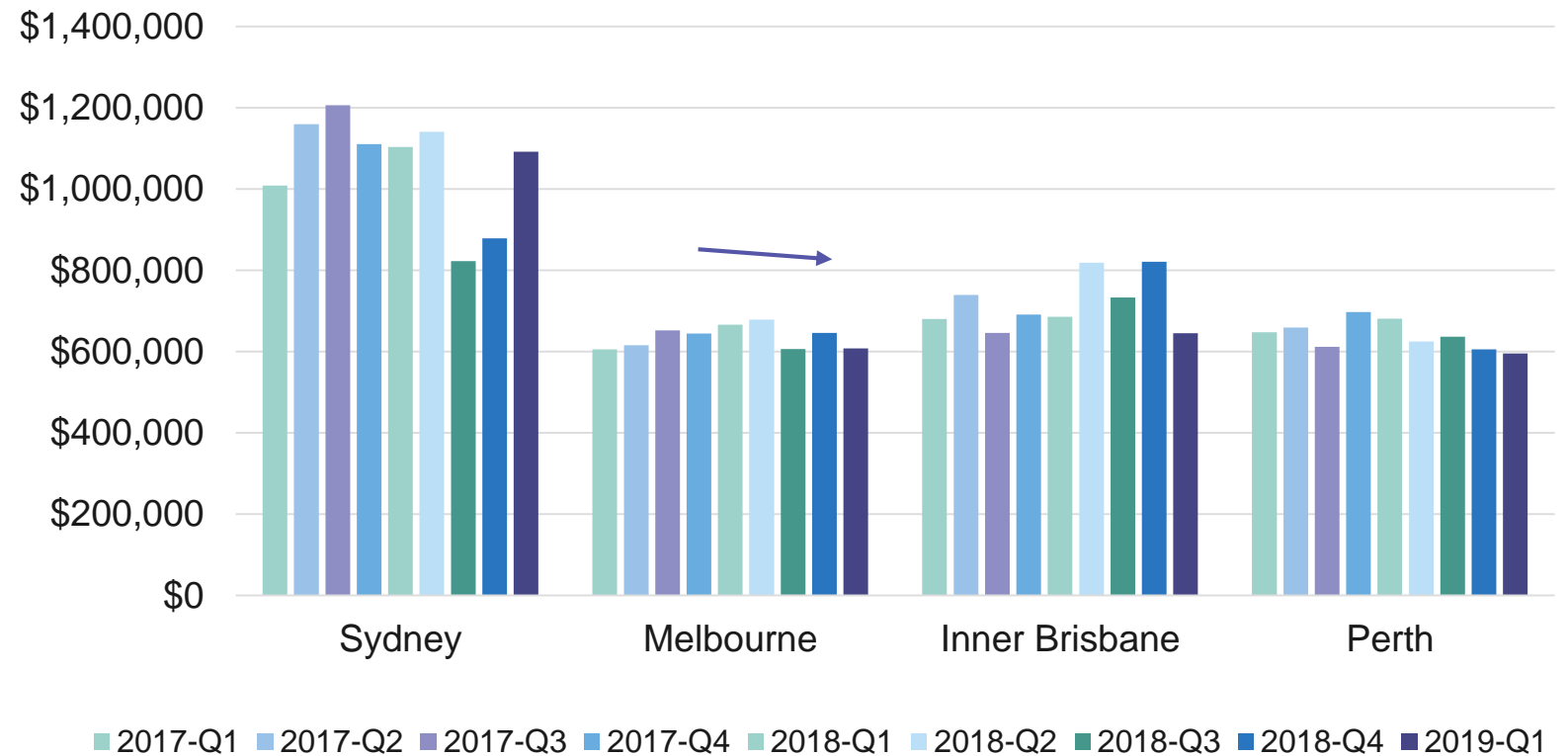




03 THE NEW APARTMENT MARKET

WHAT HAS BEEN HAPPENING TO PRICES?

Sale Price - Moving Annual Average



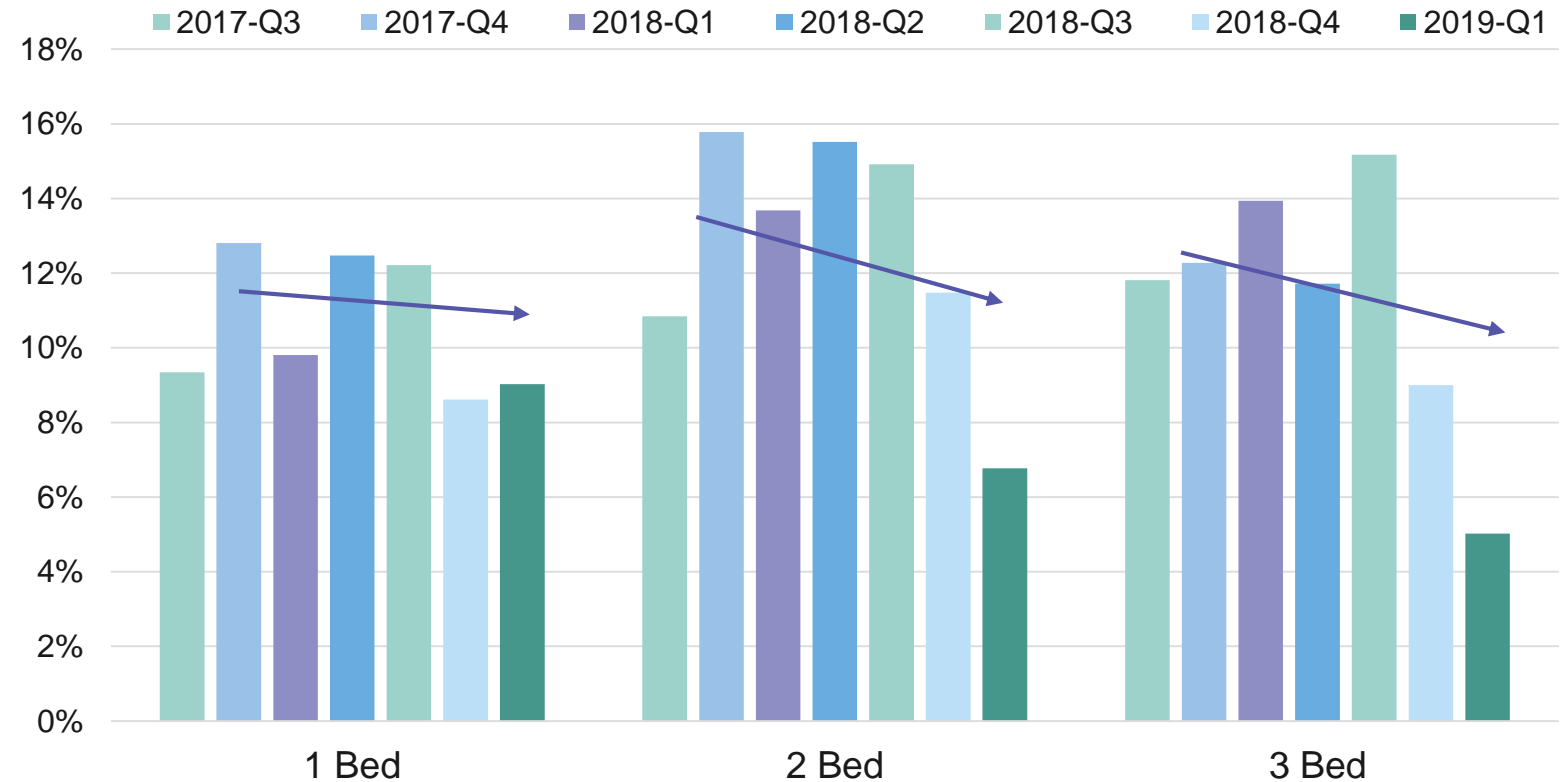
WHAT HAS BEEN HAPPENING TO SQM RATES?



Source: Urbis Apartment Essentials

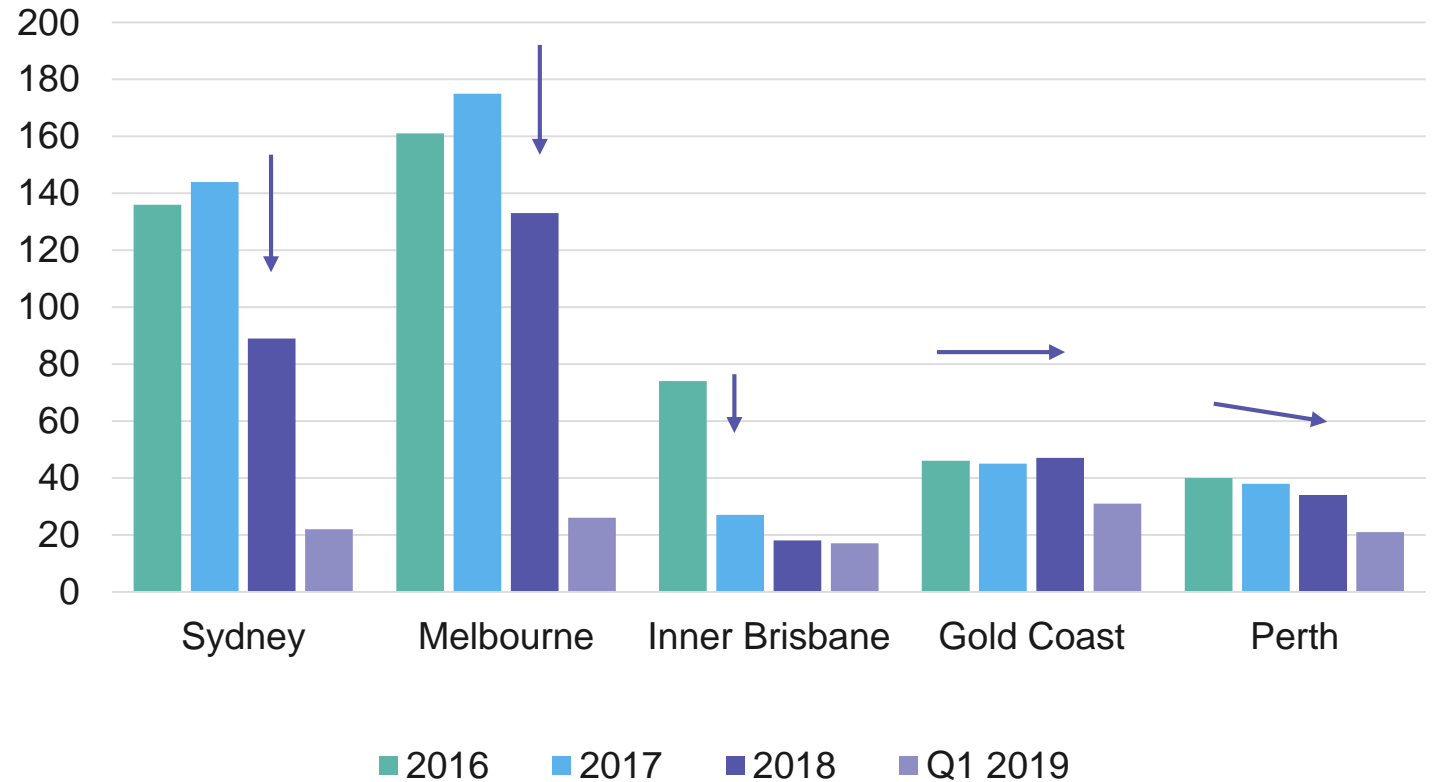
SO WHERE HAS THE DOWNTURN BEEN SHOWING?

Speed of Sales by Type

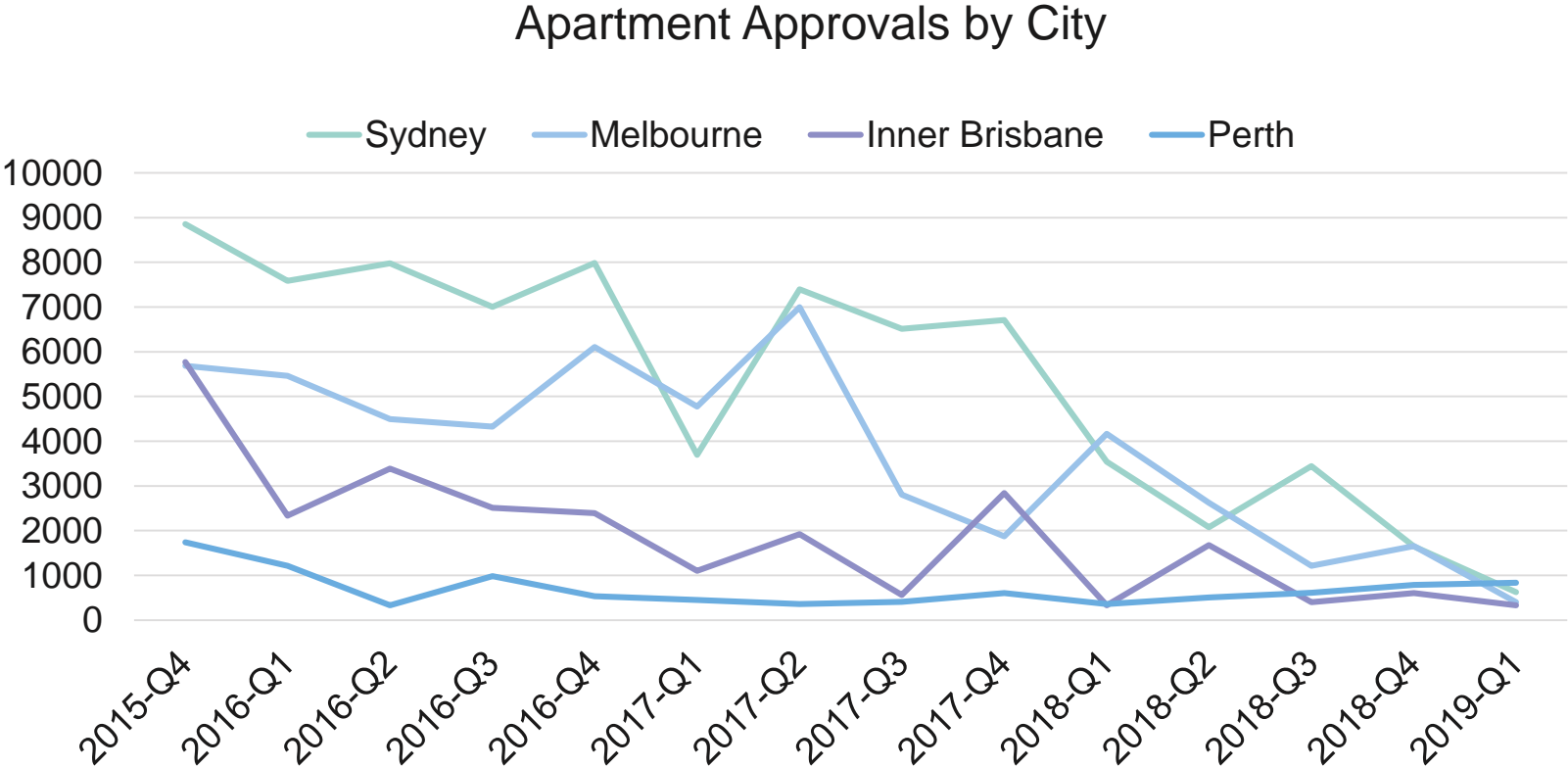


HOW'S THAT AFFECTING FUTURE SUPPLY?

Apartment Launches by City



REDUCED APPROVAL RATE



Source: Urbis Apartment Essentials

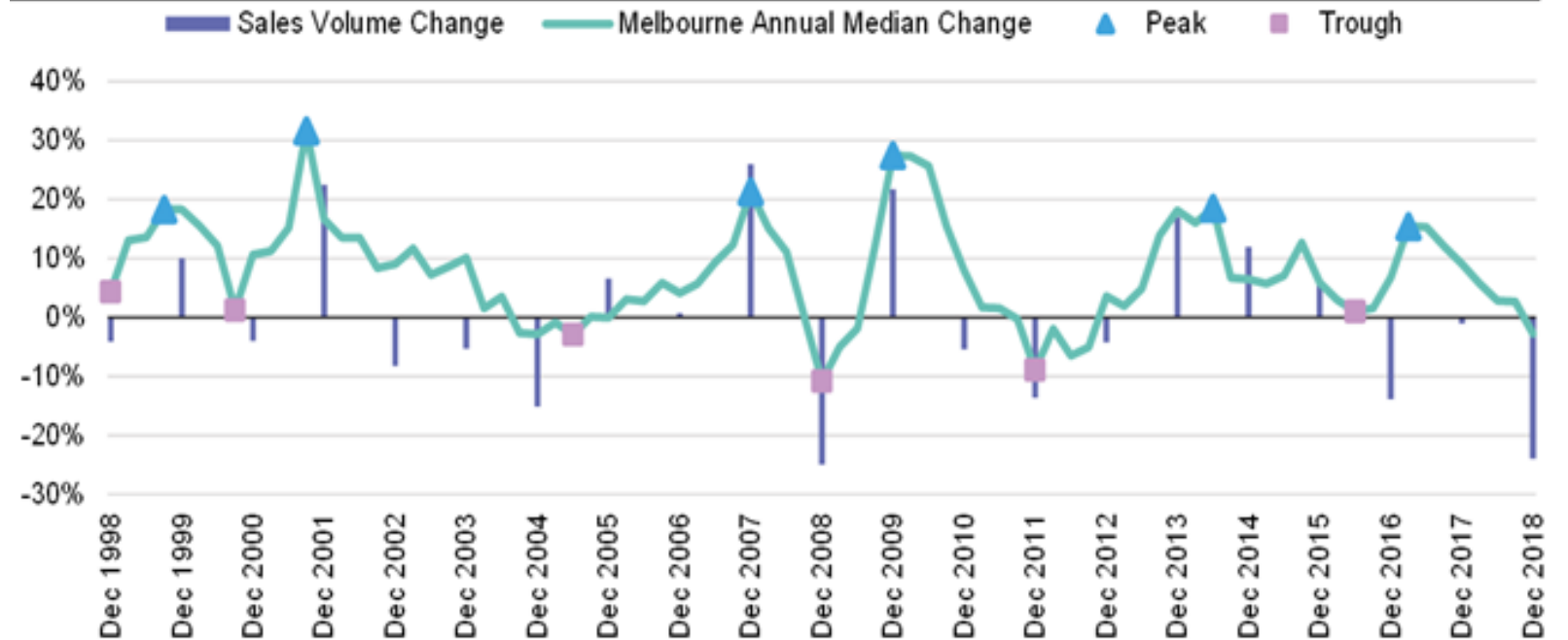


04 ROAD TO RECOVERY?



HUMAN MEMORY VS MARKET MEMORY

GREATER MELBOURNE MEDIAN RESIDENTIAL VOLUME & PRICE CYCLE



SUPPLY REFRAMED

No. of Years of Melbourne Dwelling Demand in Apartment Supply



FOMO OR SLOMO?

- Reduced Uncertainty – post election
- Negative Gearing Stays
- First home buyer short term boost
- Improved affordability and APRA moves
- Rate Cuts
- Clearance rates creeping back up
- Pause in Supply & Continued Demand

VS

- Tighter lending standards to persist
- Contained wage growth & Affordability Challenges
- Economic question marks (rate cut)
- Time to rebuild confidence