



MONTHLY RESEARCH BULLETIN

MARCH 2020



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Market Overview

+9.3%

RMX Change

The REIV Residential Market Index (RMX) for Victoria rose by 9.3 per cent to 130.3 over the four weeks to 8th March.

The House price index rose by 2.6 per cent to 131.5 and the Unit price index also rose by 5.4 per cent to 131.8 over same period.

78%

Clearance Rate

The clearance was at 77.5 per cent in February 2020. The rolling 12-month clearance rate is 70.7 per cent.

3.6K

Auctions Held

There were 3,553 auctions held and 2,754 properties sold by auction in February 2020.

33

Days on Market

Properties in Melbourne spent 33 days on market in February 2020, unchanged since September 2019.

For regional Victoria, the median days on market fell by 4 days from month prior to 51 days.

2.3%

Vacancy Rate

The proportion of vacant properties in metro Melbourne (2.3%) and regional Victoria (1.8%) has increased over the month.

Market Overview

Following the Reserve Bank meeting in March 2020, the cash rate has been lowered by 25 basis points to 0.50 per cent in response to the global coronavirus outbreak.

There were 3,553 auctions held in February. A total of 2,754 of these sold representing a clearance rate of 77.5 per cent for the month. There were a total of 31,575 auctions held in Victoria in the past 12 months, with a 70.7 per cent clearance rate.

There were an estimated 10,003 house and unit sales transacted in Victoria in February, and 111,431 sales in the past 12 months. Based on these estimates, the share of auctions sold as a percentage of overall sales was 20.0 per cent in the 12 months to February 2020.

The REIV Residential Market Index (RMX) for Victoria rose by 9.3 per cent to 130.3 over the four weeks to 8th March. The House price index rose by 2.6 per cent to 131.5 and the Unit price index also rose by 5.4 per cent to 131.8 over same period.

Victoria's vacancy rate stood at 2.1 per cent in February 2020, same as previous month. The weekly median rent for houses in metropolitan Melbourne remained at \$480 per week. In regional Victoria, the weekly median rent for houses also remained at \$350 per week. The weekly median rent for units rose again to \$450 per week in metropolitan Melbourne and fell to \$280 per week in regional Victoria.

Economy

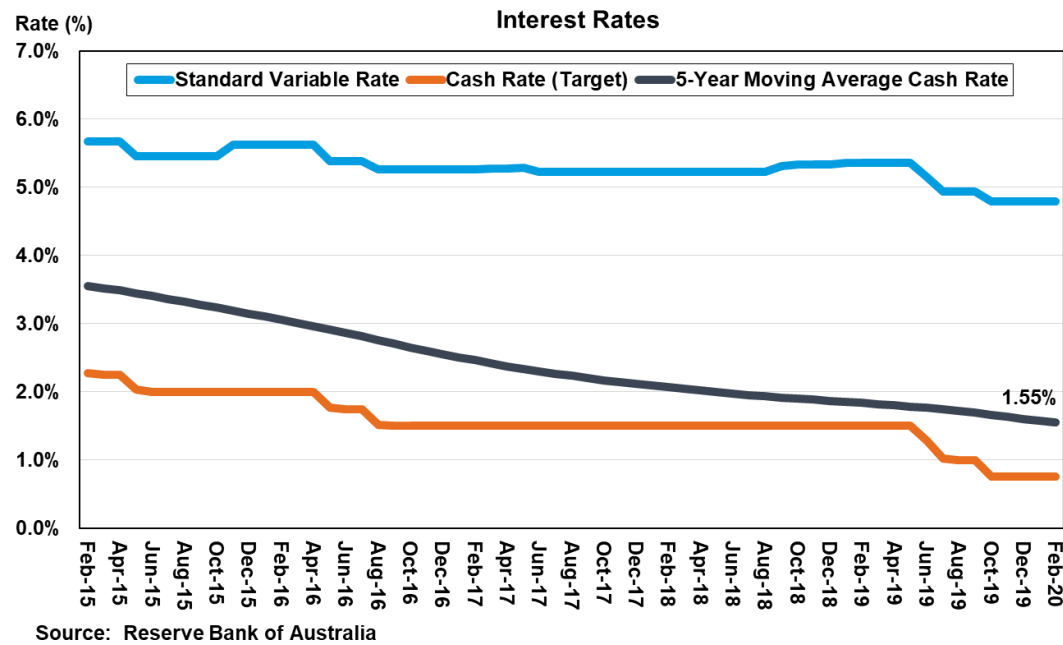
Following the Reserve Bank meeting in March 2020, the cash rate has been lowered by 25 basis points to 0.50 per cent in response to the global coronavirus outbreak.

Growth for the global economy in the first half of 2020 is expected to be lower, due to the outbreak. The Australian economy is expected to return to an improving trend once the coronavirus is contained. The outlook is supported by the low interest rates and expected recoveries in residential construction and household consumption.

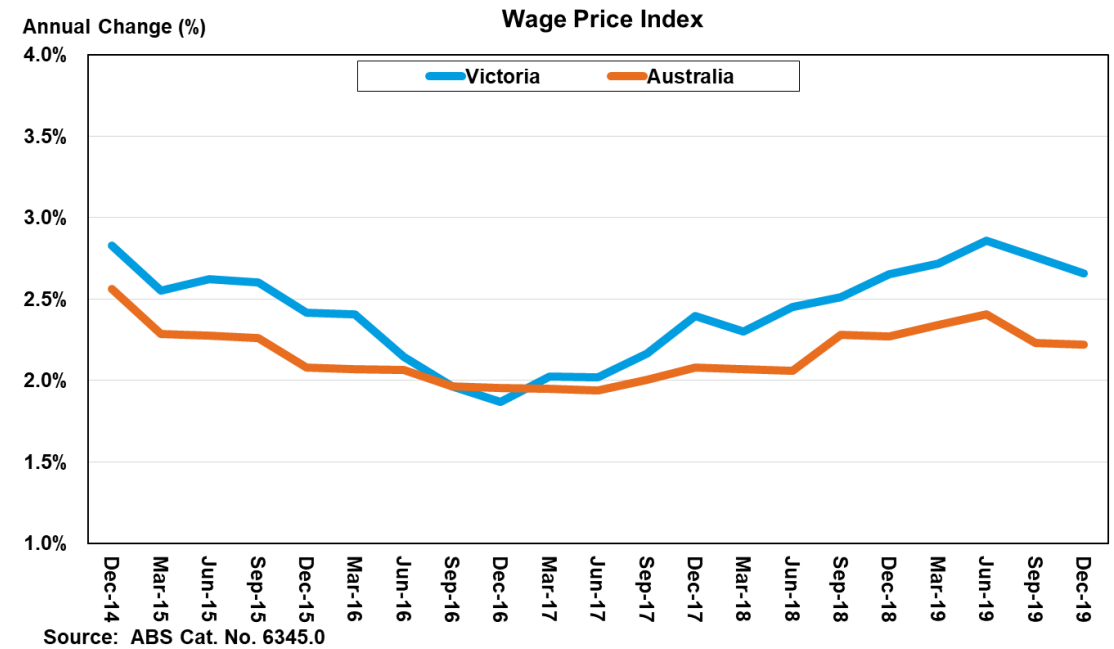
The seasonally adjusted Wage Price Index rose 0.5 per cent in the December quarter 2019 and 2.2 per cent through the year for Australia, according to latest figures by Australian Bureau of Statistics. Victoria recorded the highest annual wage growth among other states and territories with 2.7 per cent, while Western Australia recorded the lowest for the sixth consecutive quarter (1.7 per cent).

Economy

Interest Rates



Wage Price Index



[To customise this chart click here](#)

RESIDENTIAL MARKET

Prices

The REIV Residential Market Index (RMX) is a residential property price index (RPPI) designed to provide a current, simple insight into real property price trends in Victoria. An RPPI measures the price change of the stock of residential dwellings over time.

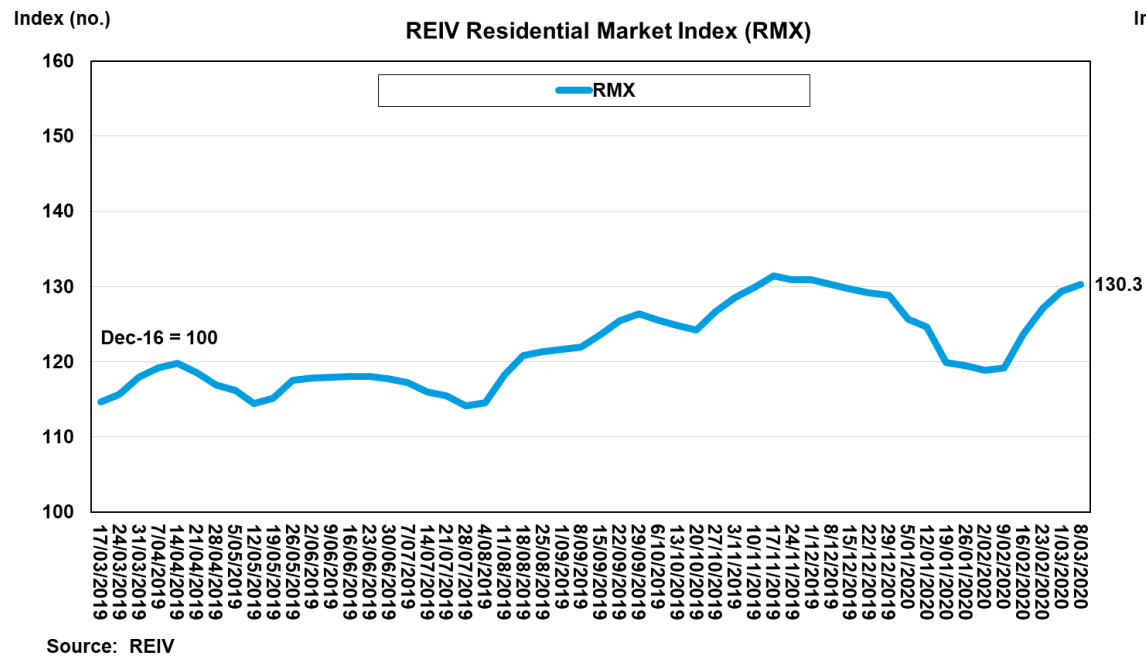
The RMX has been recovering after the holiday season with upward trend since mid-February back to peak levels shown in December last year.

In the four weeks to 8th March, the RMX Victoria rose by 9.3 per cent to 130.3. The House price index rose by 2.6 per cent to 131.5 and the Unit price index also rose by 5.4 per cent to 131.8 over same period.

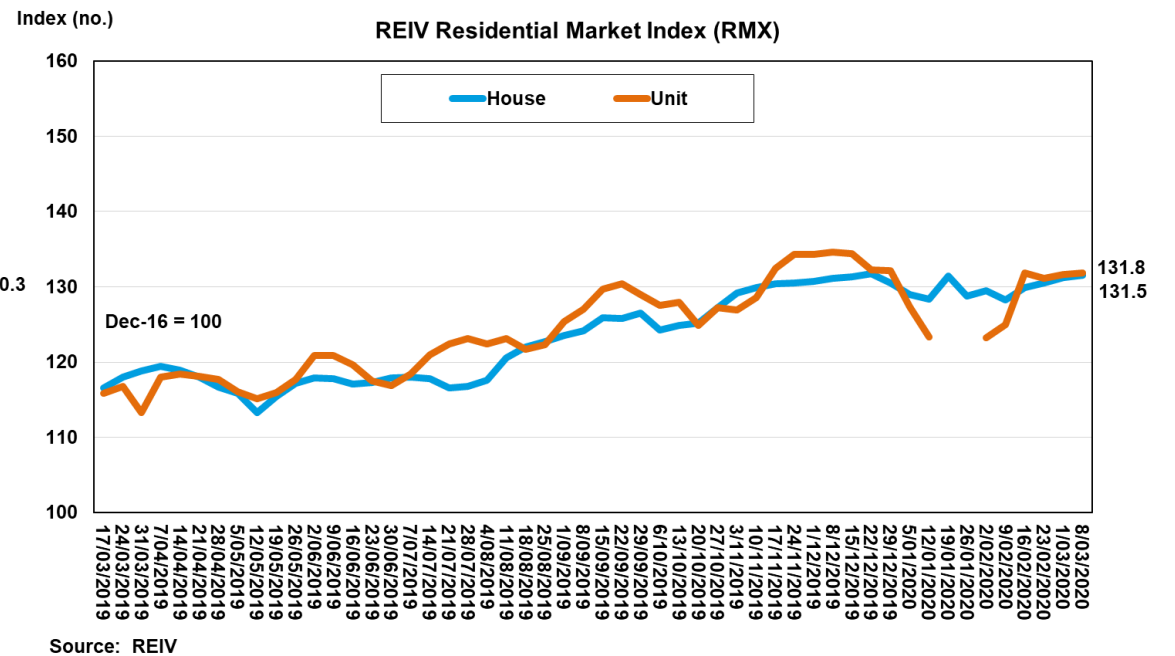
The RMX provides a current, simple insight into real property price trends in Victoria. It is calculated weekly based on properties selling prices during the period and weighted to the total number of properties in Victoria. The index indicates price movement relative to the base calculation period of 2016.

Prices

REIV Residential Market Index (RMX)



REIV RMX, House and Unit Index



[To customise this chart click here](#)

Auction Market

There were 3,553 auctions held in February. A total of 2,754 of these sold representing a clearance rate of 77.5 per cent for the month. There were a total of 31,575 auctions held in Victoria in the past 12 months, with a 70.7 per cent clearance rate.

The middle Melbourne region recorded the highest number of auctions with 1,366 auctions and 79.1 per cent of them sold. Inner Melbourne held 1,162 auctions with 79.6 per cent clearance rate; while outer Melbourne sold 72.8 per cent from 853 auctions. Regional Victoria had 172 auctions with 73.8 per cent selling.

The local government areas of Whitehorse (215), Boroondara (201), Glen Eira (199) and Moreland (185) had the highest number of auctions in February.

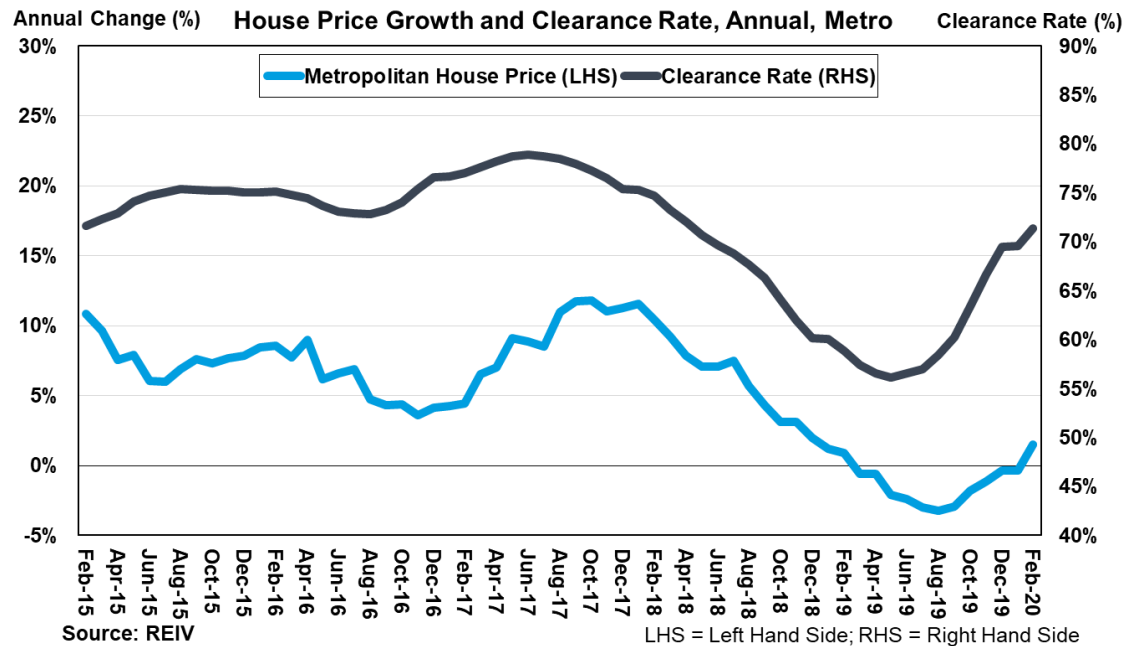
At the suburb level, Reservoir had the most auctions for the month, with 53 auctions held, followed by Craigieburn (51). Reservoir (39) also had the highest number of properties sold by auction in February, followed by Glen Waverley (38).

Seven suburbs recorded 100 per cent clearance rates over the month, led by Thomastown (21) and Box Hill North (13).

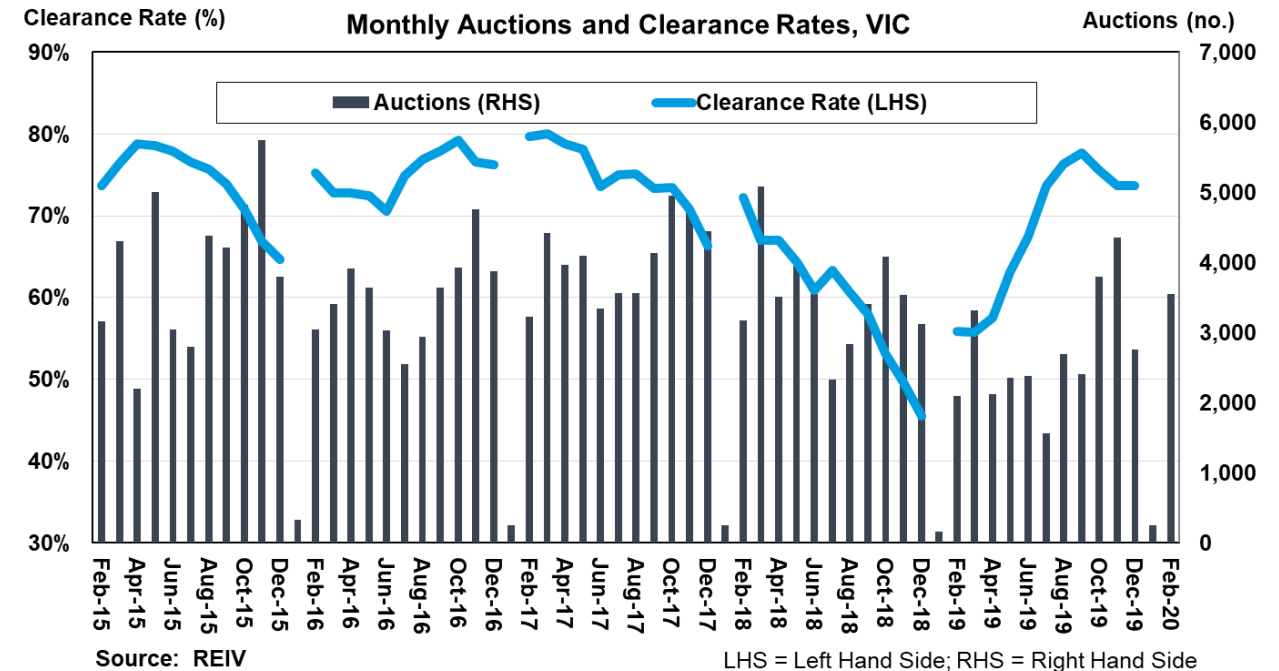
It should be noted that the REIV continues to receive results several weeks after the date of auction which may lead to revisions in auction data.

Auction Market

House Price Growth and Clearance Rate, Rolling Annual, Melbourne



Auctions v Clearance Rate, Victoria



[Customise this chart for your area, click here](#)

Auction Market

Highest Clearance Rates, February 2020

SUBURB	SOLD	CLEARANCE RATE
THOMASTOWN	21	100.00%
BOX HILL NORTH	13	100.00%
COBURG NORTH	11	100.00%
ORMOND	11	100.00%
ABBOTSFORD	10	100.00%
BLACKBURN SOUTH	10	100.00%
MOORABBIN	10	100.00%
MULGRAVE	19	95.00%
WANTIRNA	17	94.40%
WHEELERS HILL	16	94.10%

NOTE: Includes sales between 01 -29 February 2020 for suburbs with 10 or more auctions

Highest Number of Auction Sales, February 2020

SUBURB	SOLD	CLEARANCE RATE
RESERVOIR	39	73.60%
GLEN WAVERLEY	38	82.60%
MOUNT WAVERLEY	36	85.70%
RICHMOND	36	85.70%
CRAIGIEBURN	36	70.60%
BRIGHTON	34	91.90%
CHELTENHAM	29	90.60%
PORT MELBOURNE	27	75.00%
BENTLEIGH EAST	27	69.20%
MALVERN EAST	26	89.70%
COBURG	26	83.90%
ST KILDA	26	70.30%

Rental Market

Victoria's vacancy rate stood at 2.1 per cent in February 2020, same as the previous month.

The vacancy rate across metropolitan Melbourne has increased to 2.3 per cent in February 2020. Within Melbourne's sub-regions, vacancy rate also has increased to 2.0 per cent for inner Melbourne. Middle Melbourne's vacancy rate fell to 3.3 per cent while it remained at 1.9 per cent for outer Melbourne.

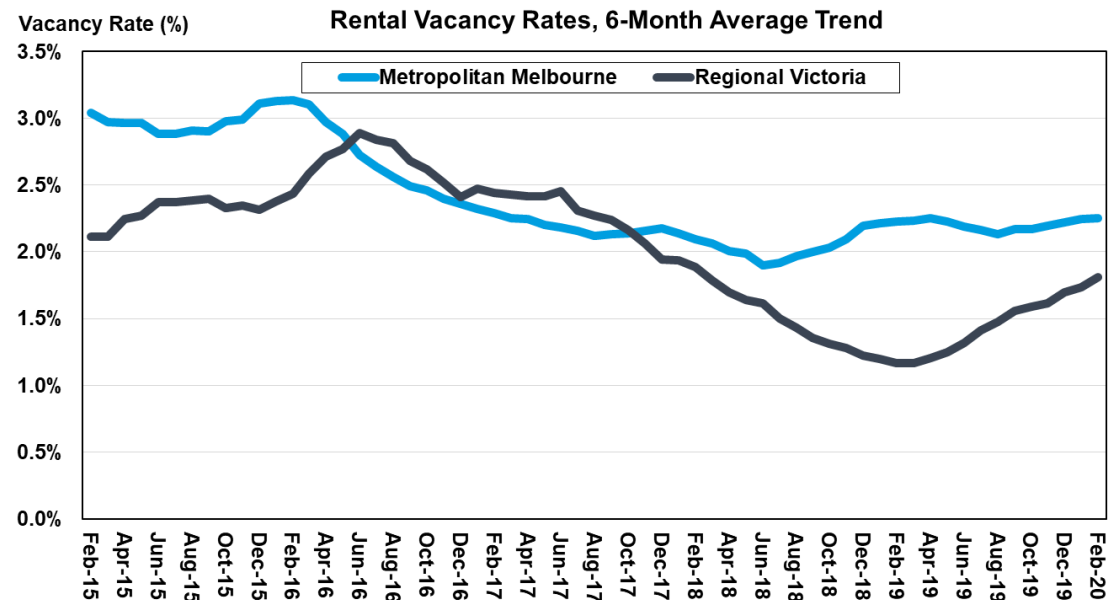
The vacancy rate in regional Victoria also increased to 1.8 per cent over the month. The vacancy rate in the Ballarat and Bendigo region rose to 2.4 per cent and 1.1 per cent respectively. It has remained at 2.2 per cent for Geelong region for four consecutive months.

The weekly median rent for houses in metropolitan Melbourne remained at \$480 per week. In regional Victoria, the weekly median rent for houses also remained at \$350 per week. The weekly median rent for units rose again to \$450 per week in metropolitan Melbourne and fell to \$280 per week in regional Victoria.

Weekly rents for houses in Geelong and Bendigo region rose to \$410 and \$343 per week respectively while Ballarat houses saw a decrease to \$340 per week.

Rental Market

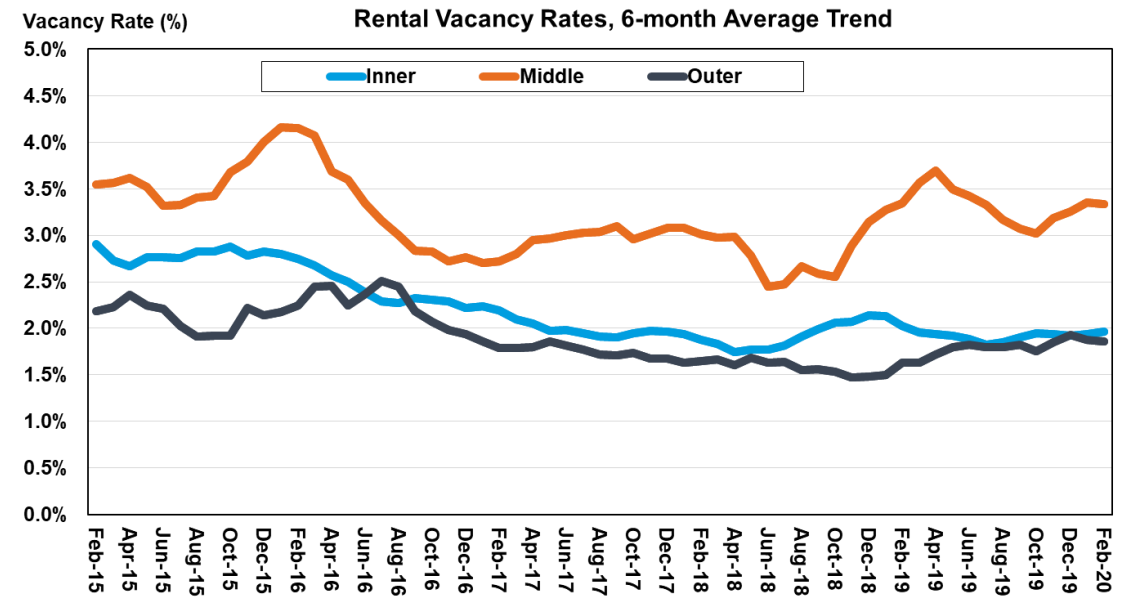
Vacancy Rates, Melbourne & Regional Victoria



Source: REIV

[Customise this chart for your area, click here](#)

Vacancy Rates, Metropolitan Melbourne



Source: REIV

Rental Market

VACANCY RATES, 6-month average trend	FEBRUARY 2020	JANUARY 2020
Inner Total	2.0	1.9
Inner (0-4Km)	1.8	1.8
Inner (4-10Km)	2.1	2.1
Middle (10-20Km)	3.3	3.4
Outer Total	1.9	1.9
Outer (20+Km Exc. Mornington Pen.)	1.8	1.8
Outer (Mornington Pen.)	3.7	3.7
Metro Melbourne	2.3	2.2
Geelong	2.2	2.2
Bendigo	1.1	1.0
Ballarat	2.4	2.1
Regional Victoria	1.8	1.7
Victoria Total	2.1	2.1

MEDIAN HOUSE RENTS	FEBRUARY 2020	JANUARY 2020
Inner	\$700	\$670
Middle	\$480	\$485
Outer	\$410	\$400
Metro Melbourne	\$480	\$480
Geelong	\$410	\$400
Ballarat	\$340	\$350
Bendigo	\$343	\$330
Regional Victoria	\$350	\$350
MEDIAN UNIT RENTS	FEBRUARY 2020	JANUARY 2020
Inner	\$460	\$460
Middle	\$450	\$445
Outer	\$370	\$370
Metro Melbourne	\$450	\$445
Geelong	\$350	\$360
Ballarat	\$280	\$250
Bendigo	\$275	\$300
Regional Victoria	\$280	\$290

Transactions

There were an estimated 10,003 house and unit sales transacted in Victoria in February, and 111,431 sales in the past 12 months. Based on these estimates, the share of auctions sold as a percentage of overall sales was 20.0 per cent in the 12 months to February 2020.

In the 12 months ending January 2020, there were approximately 109,564 new housing finance commitments (excluding refinancing) in Victoria. This is a fall of 8.6 per cent from January 2019.

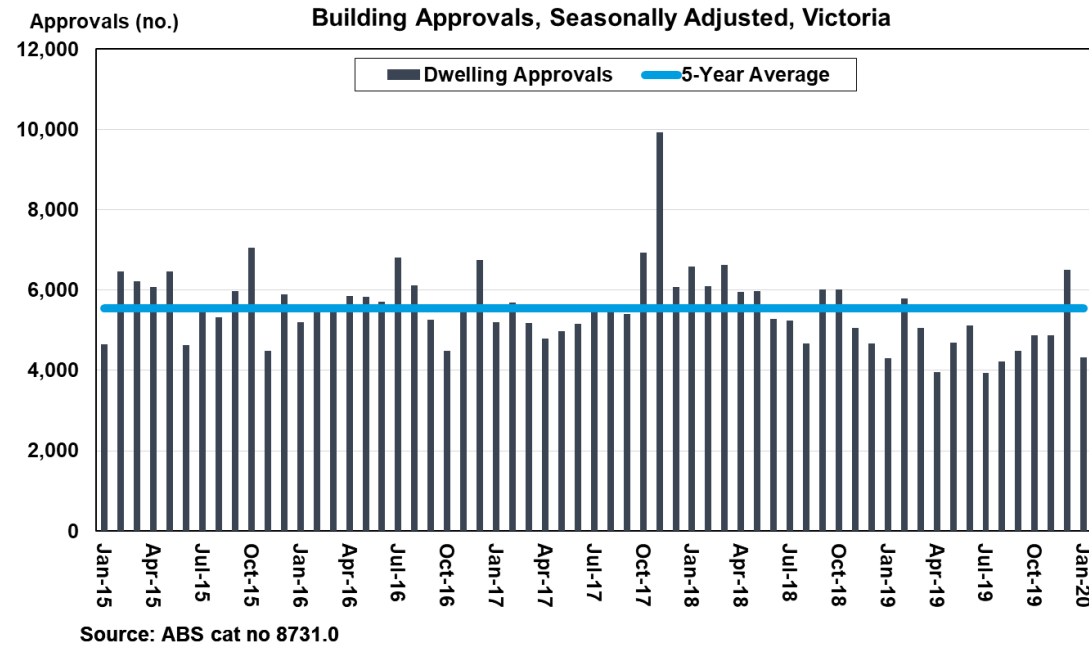
The total number of building approvals fell by 33.6 per cent in January 2020 in seasonally adjusted terms, with approximately 4,317 dwelling units approved. There were 57,851 dwelling units approved in the past 12 months to January for Victoria.

Properties in Melbourne spent 33 days on market in February 2020, unchanged since September 2019. For regional Victoria, the median days on market fell by 4 days from month prior to 51 days.

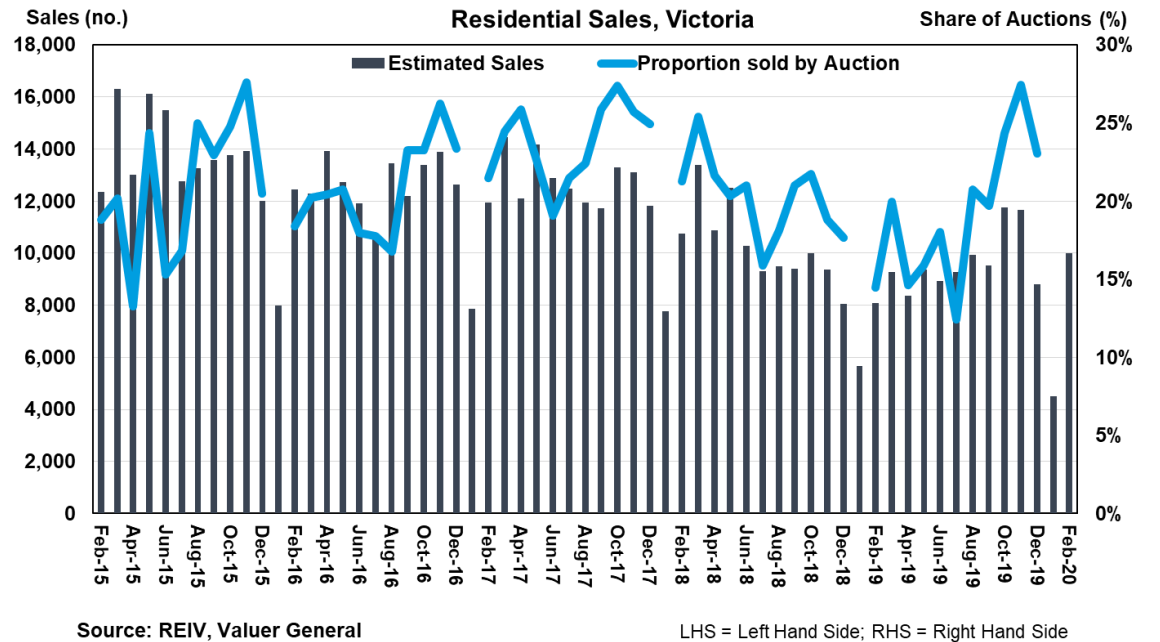
Inner Melbourne had the highest number with 37 days on market, followed by middle and outer Melbourne with 34 and 29 days on market respectively.

Transactions

Building Approvals, Victoria

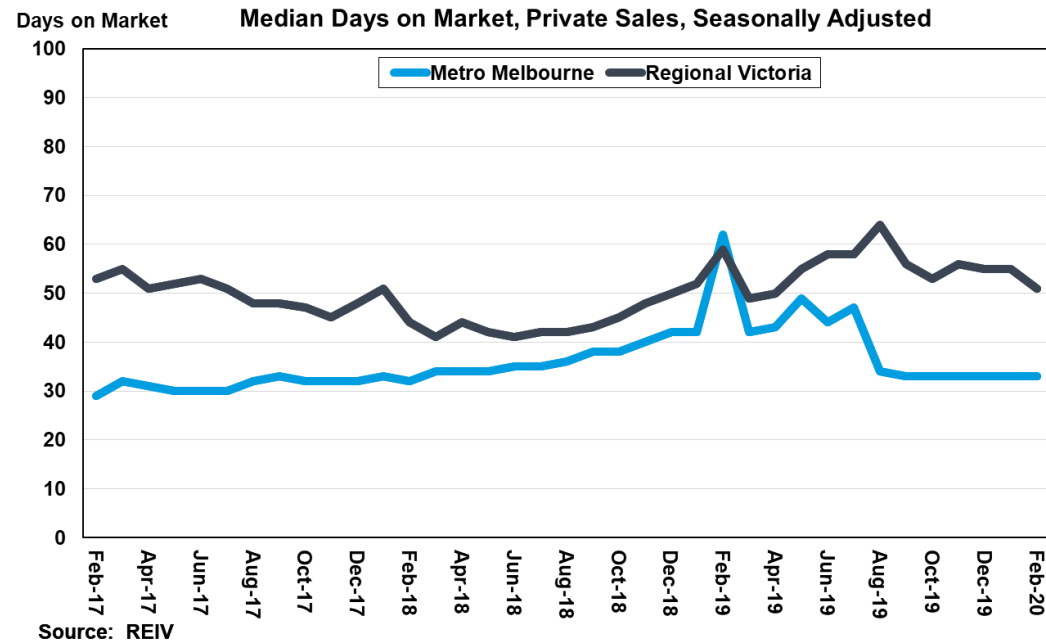


Estimated Sale Volume, Victoria

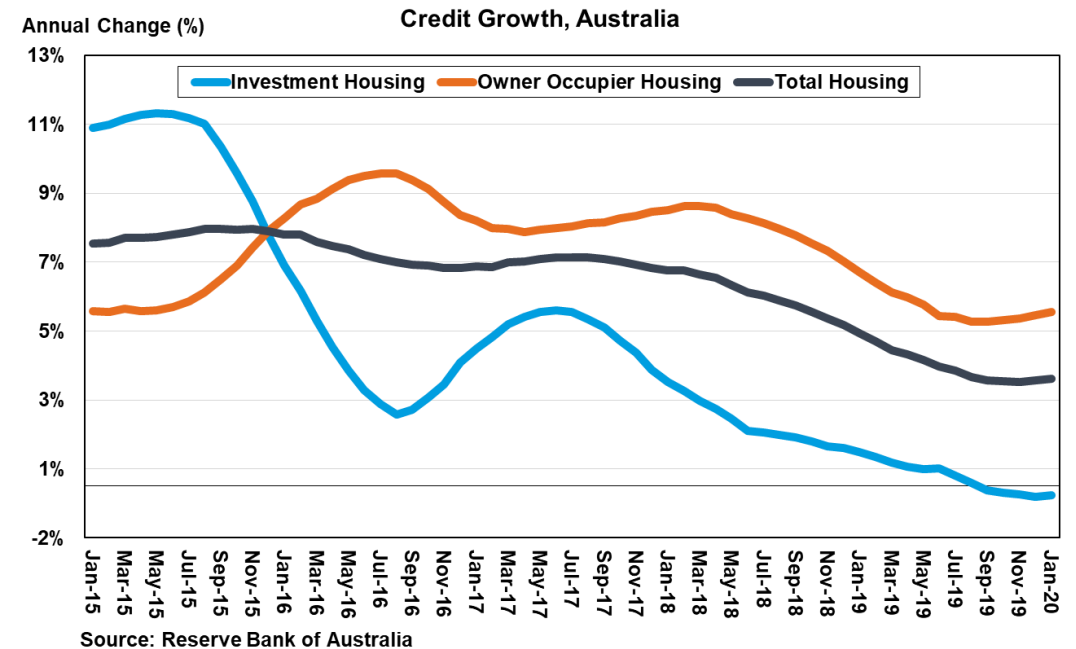


Transactions

Days on Market, Victoria



Credit Growth, Australia



[Customise this chart click here](#)

COMMERCIAL MARKET

Commercial Market

Capital values in the commercial office space fell by 6.3 per cent to \$4,100/sqm in February. Net face rents also fell by 5.9 per cent to \$227/sqm. Net rental yields remained unchanged at 5.5 per cent.

Capital values for the factory/warehouse sector fell by 1.4 per cent to \$1,750/sqm and net face rents remained unchanged at \$111/sqm. Net rental yields rose by 0.1 percentage points to 6.3 per cent.

Capital values for the retail sector rose by 1.0 per cent to \$4,313/sqm over the month, while net face rent also rose by 2.9 per cent to \$177/sqm. Net rental yields rose by 0.1 percentage points to 4.1 per cent.

Commercial Market

Commercial Office

	LOWER QUARTILE	MEDIAN FEB-20	UPPER QUARTILE	LOWER QUARTILE	MEDIAN JAN-20	UPPER QUARTILE	MONTH CHANGE
Capital values (\$/sqm)	\$2,167	\$4,100	\$5,455	\$2,243	\$4,375	\$5,893	-6.3%
Net face rents (\$/sqm)	\$179	\$227	\$272	\$188	\$241	\$273	-5.9%
Net Rental Yield (% pa)	5.1%	5.5%	7.6%	5.1%	5.5%	7.6%	0.0ppts

Industrial

	LOWER QUARTILE	MEDIAN FEB-20	UPPER QUARTILE	LOWER QUARTILE	MEDIAN JAN-20	UPPER QUARTILE	MONTH CHANGE
Capital values (\$/sqm)	\$1,211	\$1,750	\$2,456	\$1,194	\$1,775	\$2,266	-1.4%
Net face rents (\$/sqm)	\$82	\$111	\$138	\$82	\$111	\$135	0.0%
Net Rental Yield (% pa)	5.2%	6.3%	6.8%	5.2%	6.2%	6.6%	0.1ppts

General Retail

	LOWER QUARTILE	MEDIAN FEB-20	UPPER QUARTILE	LOWER QUARTILE	MEDIAN JAN-20	UPPER QUARTILE	MONTH CHANGE
Capital values (\$/sqm)	\$2,081	\$4,313	\$8,279	\$1,988	\$4,271	\$7,941	1.0%
Net face rents (\$/sqm)	\$146	\$177	\$304	\$140	\$172	\$287	2.9%
Net Rental Yield (% pa)	4.4%	4.1%	6.7%	4.4%	4.0%	6.7%	0.1ppts

ABOUT REIV

The Real Estate Institute of Victoria has been the peak professional association for the Victorian real estate industry since 1936.

Over 2,000 real estate agencies in Victoria are members of the REIV. These Members are located in city, rural and regional areas.

Members specialise in all facets of real estate, including: residential sales, commercial and industrial sales, auctions, business broking, buyers agency, property management, owners' corporations management and valuations.

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Glossary/About REIV data

What is a median price?

The median price is the middle price in a series of sales. For example, if 15 sales are recorded in a suburb and arranged in order from the lowest to the highest value, the eighth sale price is the median price. In the case where there is an even number of sales in a series, the median price is the average of the middle two prices.

Why do you use median prices?

Median prices provide a useful guide to market activity. The REIV does not intend for median price measures to be regarded as a valuation tool. The assessment of a property's value is a job for a qualified professional who possesses the knowledge, experience and comparable sales information required to do so.

What are upper and lower quartile points?

The lower quartile is the point where one quarter of the sales are of a lesser value, and the upper quartile is the point where one quarter of the sales are of a higher value.

How do you gather your data?

The REIV gathers most of its data online from agents submitting their sales results electronically and it also has a dedicated call centre to collect property sales results at the time of contract. The sales results submitted to the REIV include residential, commercial, industrial and rural sales results from around the state.

Is your data accurate?

All our data is checked for accuracy and questionable sales are either verified with the selling agent or excluded from analysis.

Why are only areas with 25, 30 or 50 sales included in snapshots?

Using a median price taken from a limited sample will tend to be more volatile from one period to the next. Therefore caution must be taken about making broad conclusions on the market from such figures.

How does the REIV classify property?

The REIV endeavours to use as similar classifications as possible to the ones used by real estate agents, in order to maintain the accuracy of data collected.

Property that falls under the 'house' classification includes:

- Detached houses
- Terraced houses
- Semi-detached houses
- Holiday houses
- Duplexes
- House and granny flat

Property that falls under the 'units & apartments' classification includes:

- Flats
- Units
- Apartments
- Townhouses
- Penthouses
- Villas
- Residential warehouse conversions
- Bed-sits

Glossary/ About REIV data

Which areas are included in 'metropolitan Melbourne'?

For the purpose of our analysis we define 'metropolitan Melbourne' as those suburbs contained within the following 31 municipalities:

- Banyule
- Bayside
- Boroondara
- Brimbank
- Cardinia
- Casey
- Darebin
- Frankston
- Glen Eira
- Greater Dandenong
- Hobsons Bay
- Hume
- Kingston
- Knox
- Manningham
- Maribyrnong
- Maroondah
- Melbourne
- Melton
- Monash
- Moonee Valley
- Moreland
- Mornington Peninsula
- Nillumbik
- Port Phillip
- Stonnington
- Whitehorse
- Whittlesea
- Wyndham
- Yarra
- Yarra Ranges

Which regions are 'inner', 'middle' and 'outer' Melbourne?

For the purposes of our analysis we define:

- 'inner' as being within 10km from the CBD;
- 'middle' as being between 10km and 20km of the CBD; and
- 'outer' as being more than 20km from the CBD.

The full suburb list of what is within the inner, middle, and outer regions is available on the REIV website at www.reiv.com.au/property-data/about-our-research/research-faq

CREDITS & DISCLAIMER

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Median prices are a guide to market activity, and the REIV does not intend for median prices measures to be regarded as a valuation tool.

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