



MONTHLY RESEARCH BULLETIN

MAY 2020

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Market Overview

-2.4%

RMX Change

The REIV Residential Market Index (RMX) for Victoria fell by 2.4 per cent to 124.3 over the four weeks to 10th May.

The House price index fell by 0.2 per cent to 125.5 over same period.

72%

Clearance Rate

A clearance rate of 71.8 per cent was recorded in April 2020. The rolling 12-month clearance rate is 73.6 per cent.

330

Reported Auctions

There were 330 reported auctions and 237 properties sold by auction in April 2020.

33

Days on Market

Properties in Melbourne spent 33 days on market in April 2020, one day more than the previous month.

For regional Victoria, the median days on market rose by one day to 58 days.

2.5%

Vacancy Rate

The proportion of vacant properties in metro Melbourne rose to 2.5 per cent while regional Victoria remained at 1.9 per cent.

Market Overview

Following the Reserve Bank meeting in May 2020, the cash rate remained unchanged at 0.25 per cent after two rate cuts in March 2020 in response to the global coronavirus outbreak.

There were 330 reported auctions in April. A total of 237 of these sold representing a clearance rate of 71.8 per cent for the month. Approximately 5,600 homes have sold through auction this year, surpassing same period last year which had 5,000 auction sales.

There were an estimated 5,429 house and unit sales transacted in Victoria for the month, and 111,759 sales in the past 12 months. Based on these estimates, the share of auctions sold as a percentage of overall sales was 19.5 per cent in the 12 months to April 2020.

The REIV Residential Market Index (RMX) for Victoria fell by 2.4 per cent to 124.3 over the four weeks to 10th May. The House price index fell by 0.2 per cent to 125.5 over same period. Despite the decline, the index has stayed above 2019 levels and shows price trends similar to 2 years ago when the market was at the peak.

Victoria's vacancy rate rose to 2.4 per cent in April 2020. The weekly median rent for both houses and units in metropolitan Melbourne fell to \$465 and \$415 per week respectively. In regional Victoria, the weekly median rent for houses remained at \$350 per week while units went back to \$280 per week in regional Victoria.

Economy

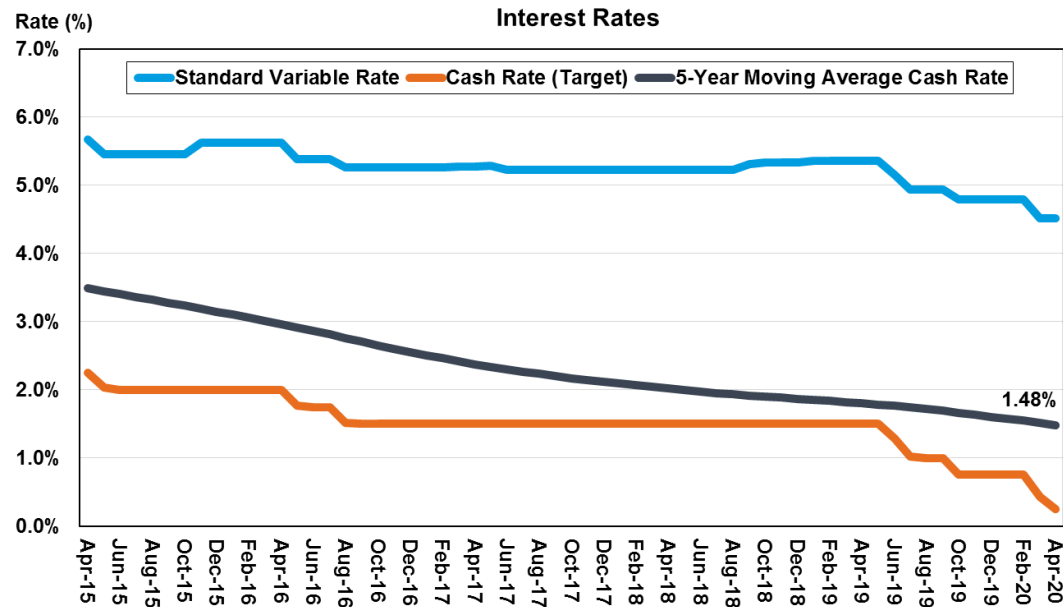
Following the Reserve Bank meeting in May 2020, the cash rate remained unchanged at 0.25 per cent after two rate cuts in March 2020 in response to the global coronavirus outbreak.

The government has provided a substantial, coordinated and unprecedented fiscal and monetary response to help the economy traverse this difficult period by supporting people's incomes, maintaining the important connections between businesses and their employees, underpinning the supply of credit to businesses and households, and keeping borrowing costs low.

According to ABS, all states and territories recorded decreases in employment with an estimated 127,100 Victorians unemployed. The largest decreases in employment were recorded in New South Wales (down 221,400 people) and Queensland (down 129,600 people). The unemployment rate rose to 6.0% for Victoria, still below the nationwide rate of 6.2%.

Economy

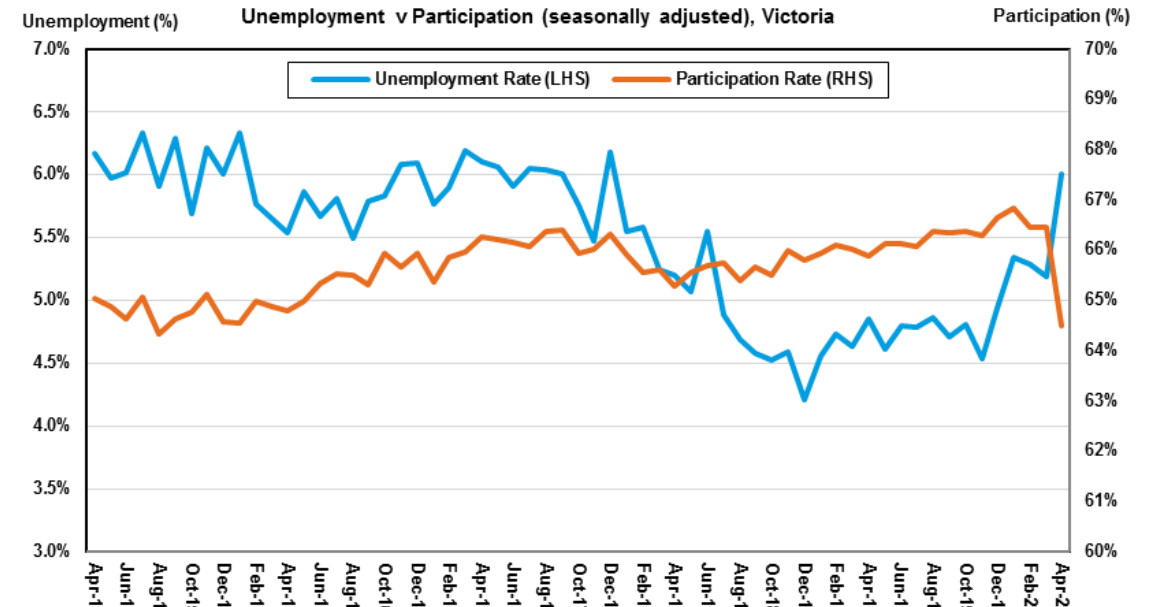
Interest Rates



Source: Reserve Bank of Australia

[To customise this chart click here](#)

Labour Force



Source: ABS cat no 6202.0

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 gradually declining since late March due to coronavirus outbreak which saw significant restrictions placed on real estate transactions. Despite the decline, the index has stayed above 2019 levels and shows price trends similar to 2 years ago when the market was at the peak.

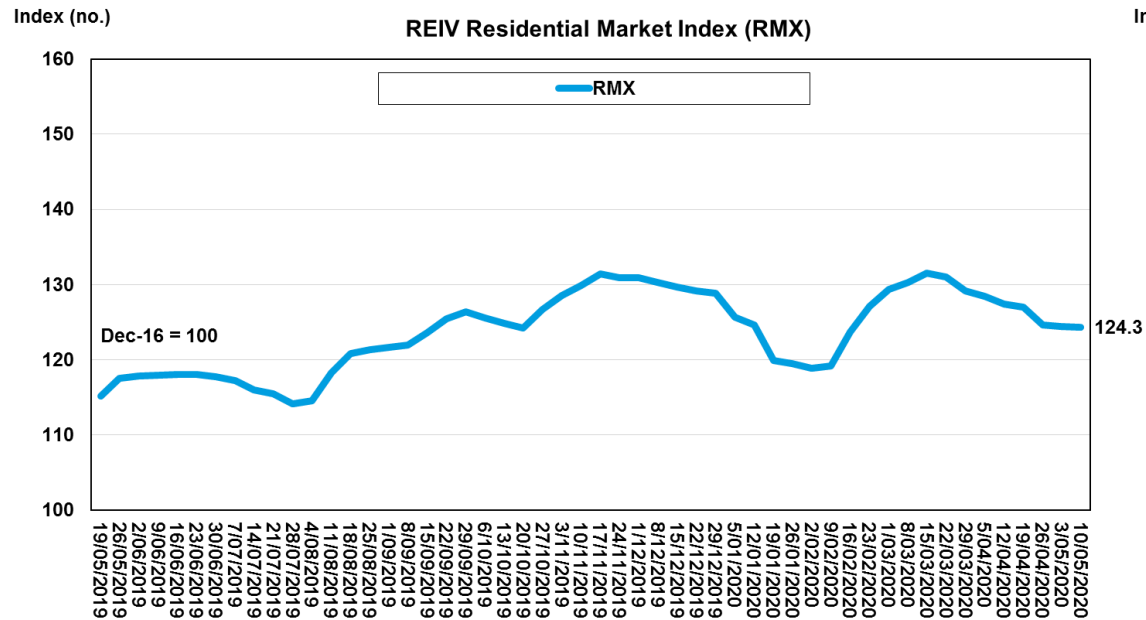
In the four weeks to 10th May, the RMX for Victoria fell by 2.4 per cent to 124.3. The House price index fell by 0.2 per cent to 125.5 over same period.

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.

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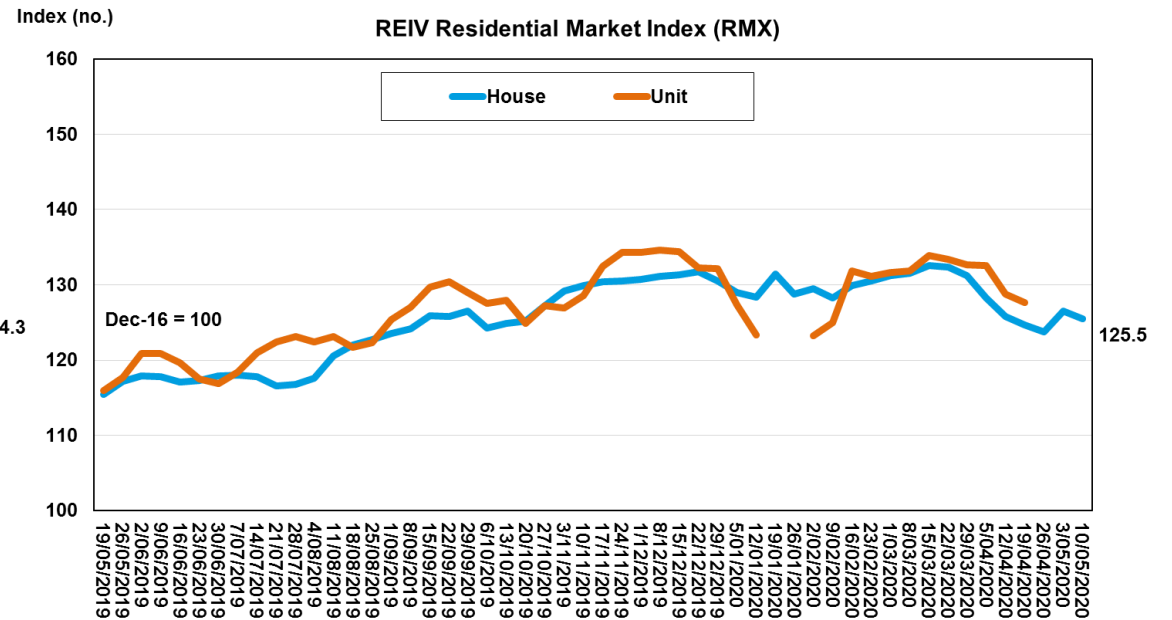
Prices

REIV Residential Market Index (RMX)



Source: REIV

REIV RMX, House and Unit Index



Source: REIV

[To customise this chart click here](#)

Auction Market

There were 330 reported auctions in April. A total of 237 of these sold representing a clearance rate of 71.8 per cent for the month. There were a total of 29,613 reported auctions in Victoria in the past 12 months, with a 73.6 per cent clearance rate.

The middle Melbourne region recorded the highest number of auctions with 143 auctions and 67.8 per cent of them sold. Inner Melbourne had 89 auctions with 82.0 per cent clearance rate; while outer Melbourne sold 69.0 per cent from 84 auctions. Regional Victoria had 14 auctions with 64.3 per cent selling.

The local government areas of Whitehorse (31), Monash (30), Glen Eira (25) and Moreland (25) had the highest number of auctions in April.

Approximately 5,600 homes have sold through auction this year, surpassing same period last year which had 5,000 auction sales.

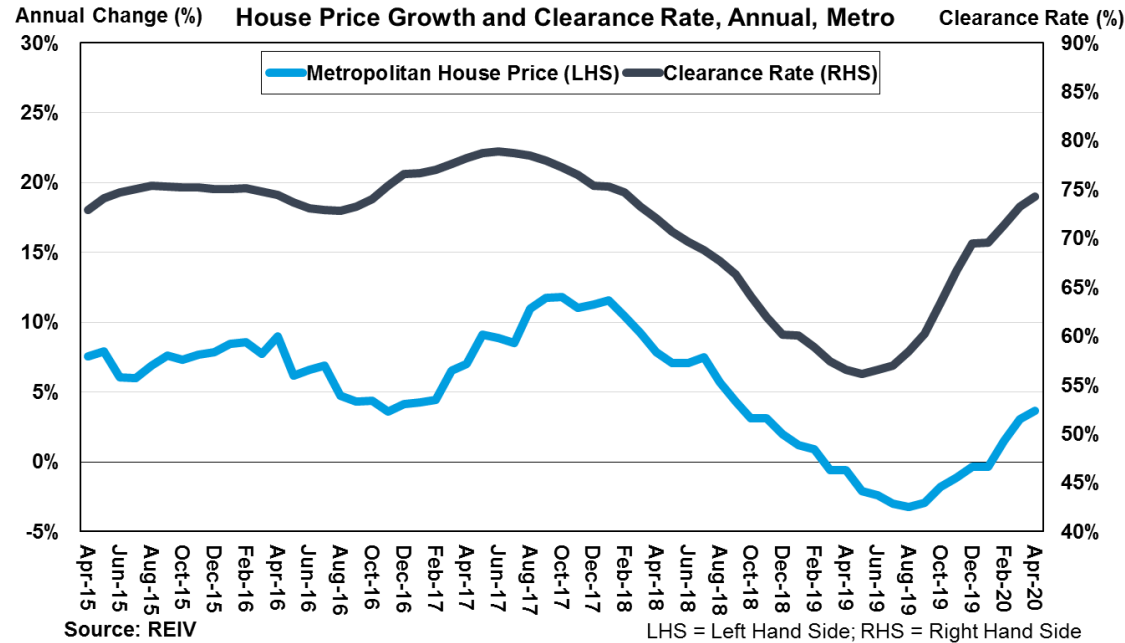
At the suburb level, Craigieburn had the most auctions for the month, with 11 reported auctions, followed by Glen Waverley (10) and Carnegie (9). Craigieburn (7) also had the highest number of properties sold by auction, followed by Carnegie, Coburg, Mulgrave, and Preston with 5 sales in each.

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.

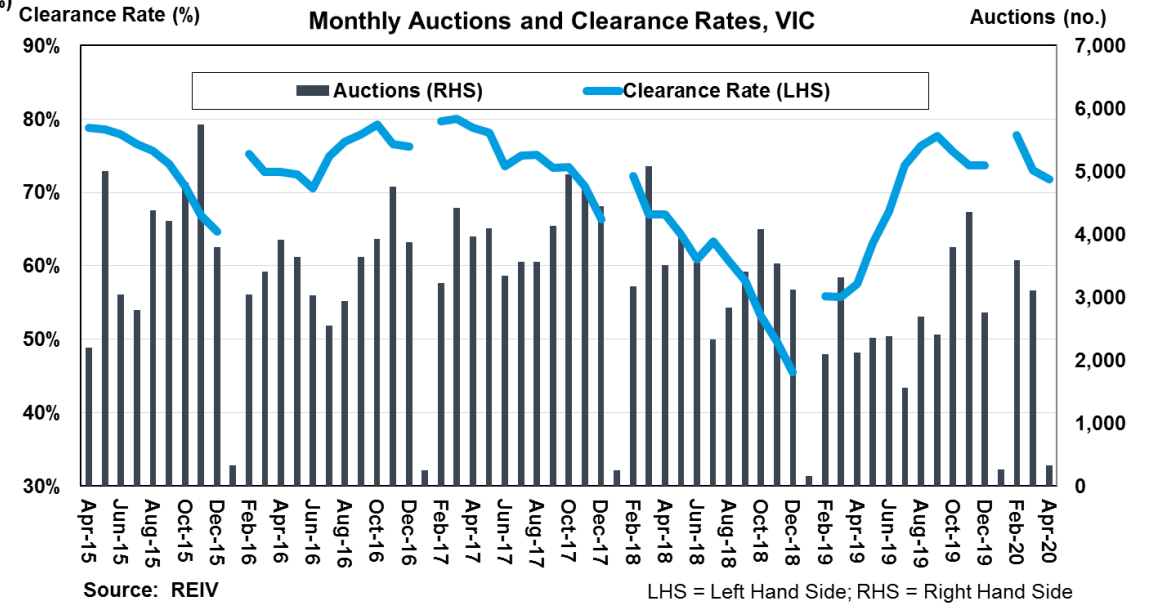
The clearance rate is calculated based on number of auctions reported to the REIV and how many of them sold under an Auction Authority and under Auction Conditions (sold before, auction sold at auction, and sold after auction).

Auction Market

House Price Growth and Clearance Rate, Rolling Annual, Melbourne



Auctions v Clearance Rate, Victoria



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

Rental Market

Victoria's vacancy rate rose to 2.4 per cent in April 2020.

The vacancy rate across metropolitan Melbourne rose to 2.5 per cent in April 2020. Within Melbourne's sub-regions, vacancy rate saw the biggest increase to 2.3 per cent for inner Melbourne, while rising to 3.7 per cent for Middle and 2.0 per cent for outer Melbourne.

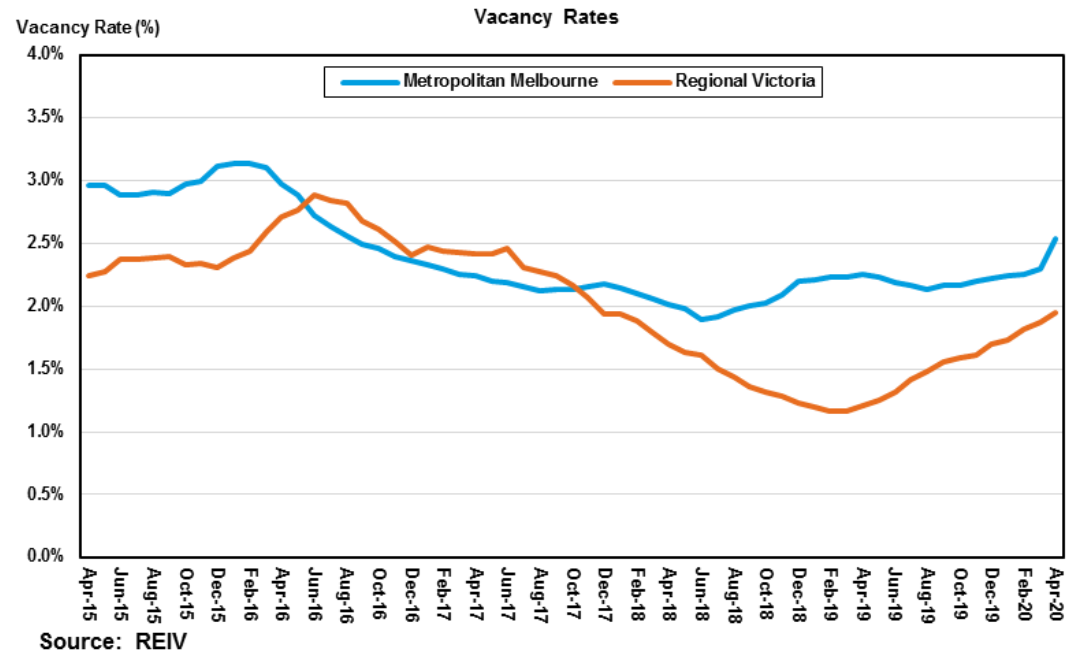
The vacancy rate in regional Victoria remained at 1.9 per cent over the month. The vacancy rate in the Geelong and Ballarat region rose to 2.4 per cent and 2.7 per cent respectively. Bendigo saw a decrease at its vacancy rate to 1.1 per cent.

The weekly median rent for both houses and units in metropolitan Melbourne fell to \$465 and \$415 per week respectively. In regional Victoria, the weekly median rent for houses remained at \$350 per week while units went back to \$280 per week in regional Victoria.

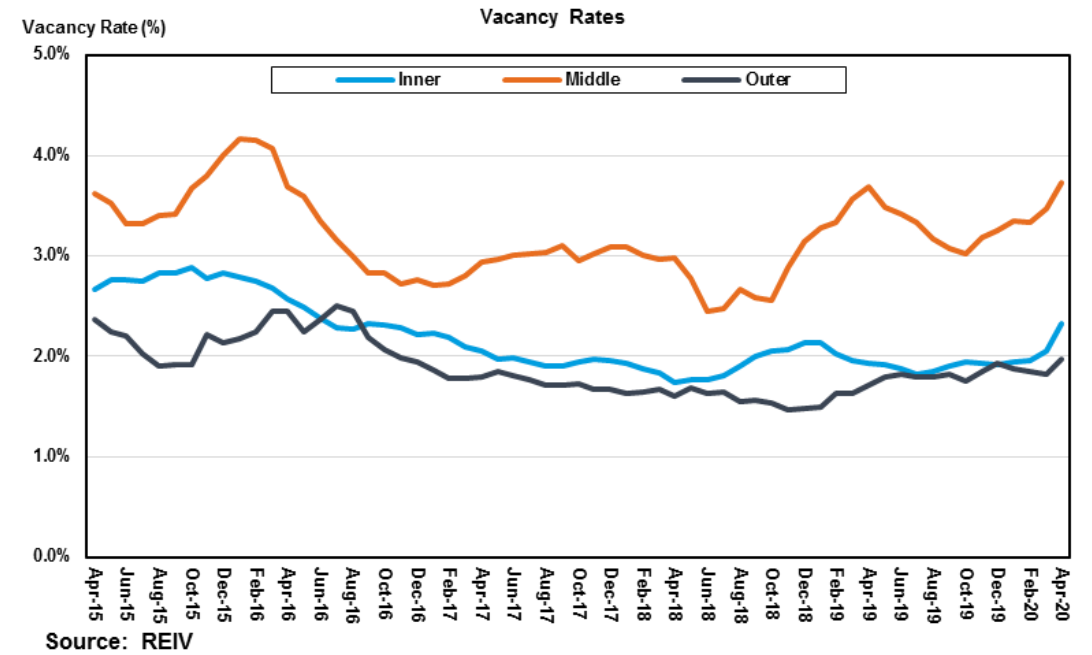
Weekly rents for houses in Geelong region remained at \$400 per week while Bendigo houses saw an increase to \$360 per week. It fell to \$320 per week for Ballarat region.

Rental Market

Vacancy Rates, Melbourne & Regional Victoria



Vacancy Rates, Metropolitan Melbourne



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

Rental Market

VACANCY RATES, 6-month average trend	APRIL 2020	MARCH 2020
Inner Total	2.3	2.0
Inner (0-4Km)	2.4	2.0
Inner (4-10Km)	2.2	2.0
Middle (10-20Km)	3.7	3.5
Outer Total	2.0	1.8
Outer (20+Km Exc. Mornington Pen.)	1.9	1.8
Outer (Mornington Pen.)	4.3	3.4
Metro Melbourne	2.5	2.3
Geelong	2.4	2.2
Bendigo	1.1	1.2
Ballarat	2.7	2.6
Regional Victoria	1.9	1.9
Victoria Total	2.4	2.2

MEDIAN HOUSE RENTS	APRIL 2020	MARCH 2020
Inner	\$650	\$650
Middle	\$490	\$480
Outer	\$400	\$403
Metro Melbourne	\$465	\$470
Geelong	\$400	\$400
Ballarat	\$320	\$340
Bendigo	\$360	\$350
Regional Victoria	\$350	\$350
MEDIAN UNIT RENTS	APRIL 2020	MARCH 2020
Inner	\$425	\$450
Middle	\$420	\$440
Outer	\$370	\$375
Metro Melbourne	\$415	\$430
Geelong	\$310	\$330
Ballarat	\$268	\$280
Bendigo	\$280	\$278
Regional Victoria	\$280	\$295

Transactions

There were an estimated 5,429 house and unit sales transacted in Victoria for the month, and 111,759 sales in the past 12 months. Based on these estimates, the share of auctions sold as a percentage of overall sales was 19.5 per cent in the 12 months to April 2020.

In the 12 months ending March 2020, there were approximately 111,301 new housing finance commitments (excluding refinancing) in Victoria. This is a fall of 4.9 per cent from March 2019.

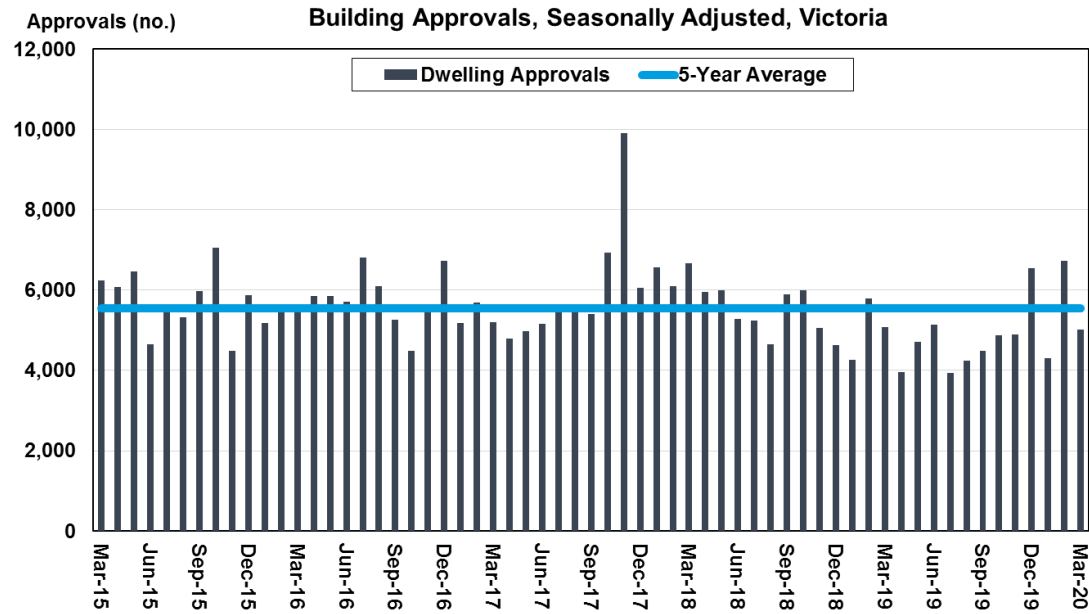
The total number of building approvals in March 2020 fell by 25.5 per cent compared to previous month in seasonally adjusted terms, with approximately 5,014 dwelling units approved. There were 58,825 dwelling units approved in the past 12 months to March for Victoria.

Properties in Melbourne spent 33 days on market in April 2020, one day more than the previous month. For regional Victoria, the median days on market rose by one day to 58 days.

Within metropolitan area, inner Melbourne had the highest number with 36 days on market, followed by middle and outer Melbourne with 31 and 30 days on market respectively.

Transactions

Building Approvals, Victoria



Source: ABS cat no 8731.0

Estimated Sale Volume, Victoria

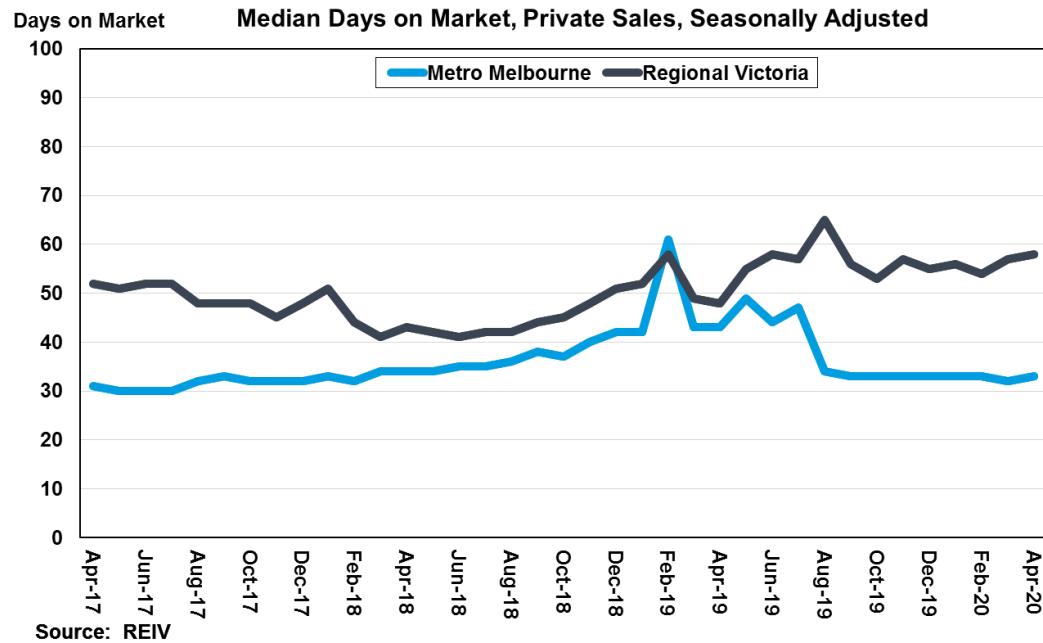


Source: REIV, Valuer General

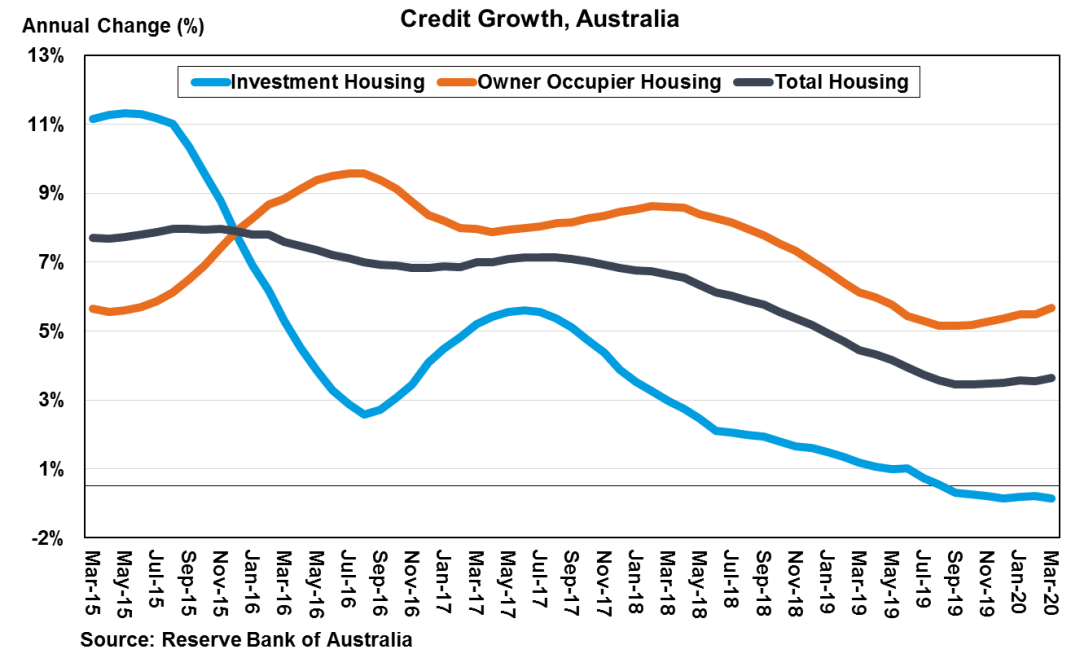
LHS = Left Hand Side; RHS = Right Hand Side

Transactions

Days on Market, Victoria



Credit Growth, Australia



[Customise this chart click here](#)



COMMERCIAL MARKET

Commercial Market

Capital values in the commercial office space rose by 2.8 per cent to \$4,375/sqm in April. Net face rents rose by 4.4 per cent to \$227/sqm. Net rental yields rose by 0.1 percentage points to 5.2 per cent.

Capital values for the industrial sector fell by 1.5 per cent to \$1,698/sqm and net face rents also fell by 5.9 per cent to \$99/sqm. Net rental yields fell by 0.2 percentage points to 5.9 per cent.

Capital values for the retail sector fell by 2.0 per cent to \$4,083/sqm over the month, while net face rent rose by 3.0 per cent to \$205/sqm. Net rental yields rose by 0.2 percentage points to 5.0 per cent.

Commercial Market

Commercial Office

	LOWER QUARTILE	MEDIAN APR-20	UPPER QUARTILE	LOWER QUARTILE	MEDIAN MAR-20	UPPER QUARTILE	MONTH CHANGE
Capital values (\$/sqm)	\$2,371	\$4,375	\$5,844	\$2,224	\$4,256	\$5,819	2.8%
Net face rents (\$/sqm)	\$167	\$227	\$286	\$140	\$218	\$273	4.4%
Net Rental Yield (% pa)	4.7%	5.2%	7.3%	4.9%	5.1%	7.1%	0.1ppts

Industrial

	LOWER QUARTILE	MEDIAN APR-20	UPPER QUARTILE	LOWER QUARTILE	MEDIAN MAR-20	UPPER QUARTILE	MONTH CHANGE
Capital values (\$/sqm)	\$1,211	\$1,698	\$2,266	\$1,183	\$1,725	\$2,255	-1.5%
Net face rents (\$/sqm)	\$82	\$99	\$131	\$81	\$106	\$133	-5.9%
Net Rental Yield (% pa)	5.3%	5.9%	6.8%	5.3%	6.1%	6.9%	-0.2ppts

General Retail

	LOWER QUARTILE	MEDIAN APR-20	UPPER QUARTILE	LOWER QUARTILE	MEDIAN MAR-20	UPPER QUARTILE	MONTH CHANGE
Capital values (\$/sqm)	\$2,178	\$4,083	\$7,706	\$2,181	\$4,167	\$7,941	-2.0%
Net face rents (\$/sqm)	\$150	\$205	\$313	\$148	\$199	\$308	3.0%
Net Rental Yield (% pa)	4.7%	5.0%	6.8%	4.6%	4.8%	6.8%	0.2ppts

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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