



MONTHLY RESEARCH BULLETIN

NOVEMBER 2020

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Market Overview

+6.0%

RMX Change

The REIV Residential Market Index (RMX) for Victoria rose by 6.0 per cent to 139.8 over the four weeks to 15th November.

The House price index rose by 4.3 per cent to 141.7 over same period, while the Unit index is currently at 133.7.

82%

Clearance Rate

A clearance rate of 82.2 per cent was recorded in October 2020. The rolling 12-month clearance rate is 75.0 per cent.

1.2k

Reported Auctions

There were 1,183 reported auctions and 972 properties sold by auction in October 2020.

25

Days on Market

Properties in Melbourne spent 25 days on market in October 2020, 49 days less than the previous month.

For regional Victoria, the median days on market fell to 43 days.

4.6%

Vacancy Rate

The proportion of vacant properties in metro Melbourne rose to 4.6 per cent while regional Victoria fell to 1.2 per cent.

Market Overview

Following the Reserve Bank meeting in November 2020, the cash rate has been cut to 0.1 per cent, a new record low from 0.25 per cent back in March.

There were 1,183 reported auctions in October 2020. A total of 972 of these sold representing a clearance rate of 82.2 per cent for the month. There were a total of 19,597 reported auctions in Victoria in the past 12 months, with a 75.0 per cent clearance rate.

There were an estimated 6,989 house and unit sales transacted in Victoria for the month, and 96,675 sales in the past 12 months. Based on these estimates, the share of auctions sold as a percentage of overall sales was 15.2 per cent in the 12 months to October 2020.

The REIV Residential Market Index (RMX) for Victoria rose by 6.0 per cent to 139.8 over the four weeks to 15th November. The House price index rose by 4.3 per cent to 141.7 over same period, while the Unit index is currently at 133.7.

Victoria's vacancy rate rose to 3.8 per cent in October 2020. The weekly median rent for houses in metropolitan Melbourne rose to \$485 per week and remained unchanged for units at \$400 per week. In regional Victoria, the weekly median rent for houses fell to \$360 per week while rose for houses to \$315 per week.

Economy

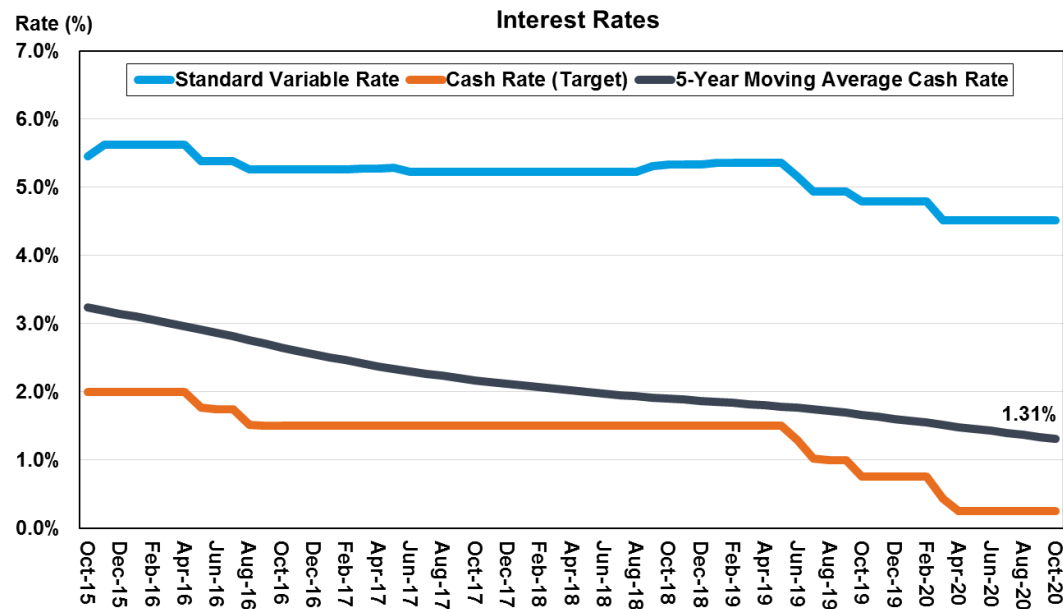
Following the Reserve Bank meeting in November 2020, the cash rate has been cut to 0.1 per cent, a new record low from 0.25 per cent back in March.

The economic recovery in Australia is under way and positive GDP growth is now expected in the September quarter, despite the restrictions in Victoria. In the central scenario by RBA, GDP growth is expected to be around 6 per cent over the year to June 2021 and 4 per cent in 2022.

According to ABS, the employment increased by 178,800 people (1.4 per cent) between September and October and hours worked by 1.2 per cent in Australia. Since starting to ease restrictions in October, Victoria's employment increased by 81,600 people (2.5 per cent) and the participation rate also increased by 2.0 percentage points.

Economy

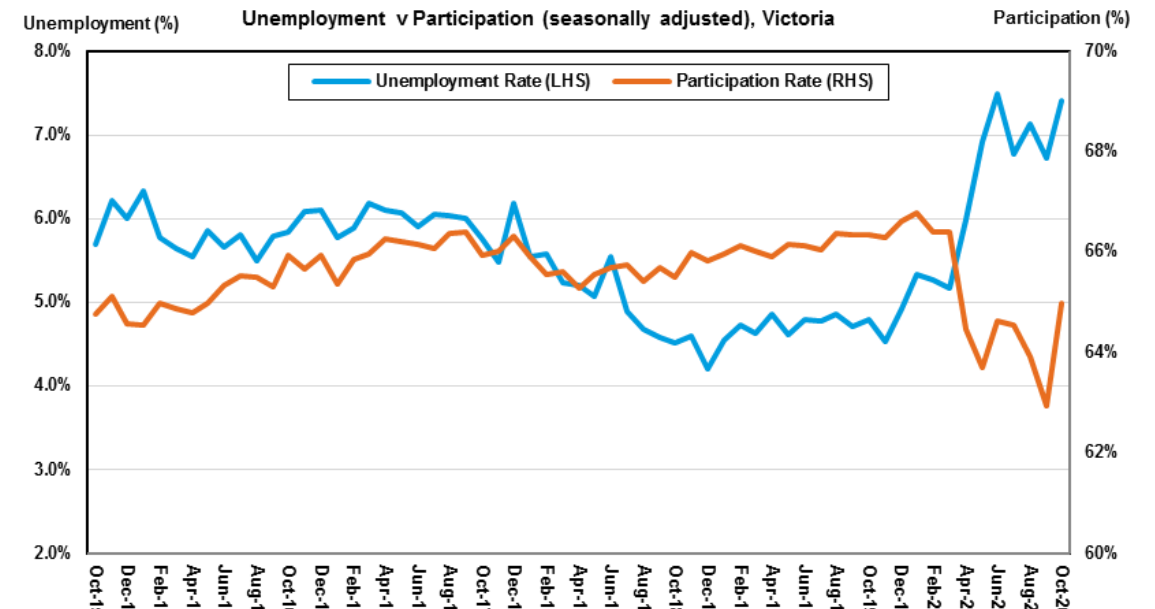
Interest Rates



Source: Reserve Bank of Australia

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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.

There has been a strong rise in value for residential homes in Victoria since the restrictions were eased, with prices at the highest level ever in the first half of November.

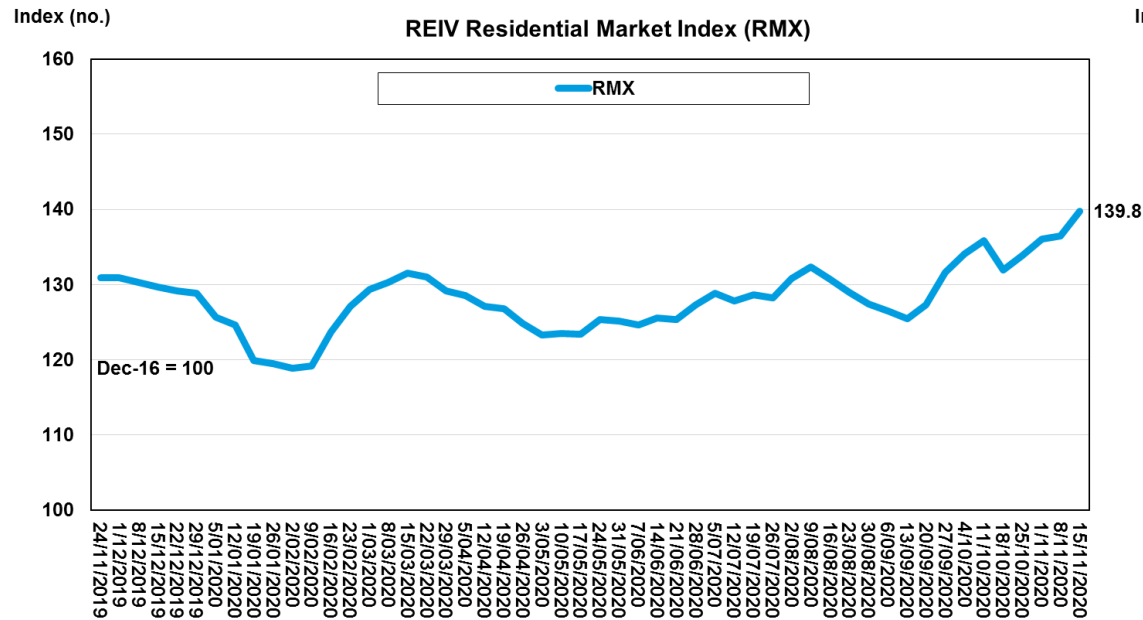
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The House price index rose by 4.3 per cent to 141.7 over same period, while the Unit index is currently at 133.7.

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.

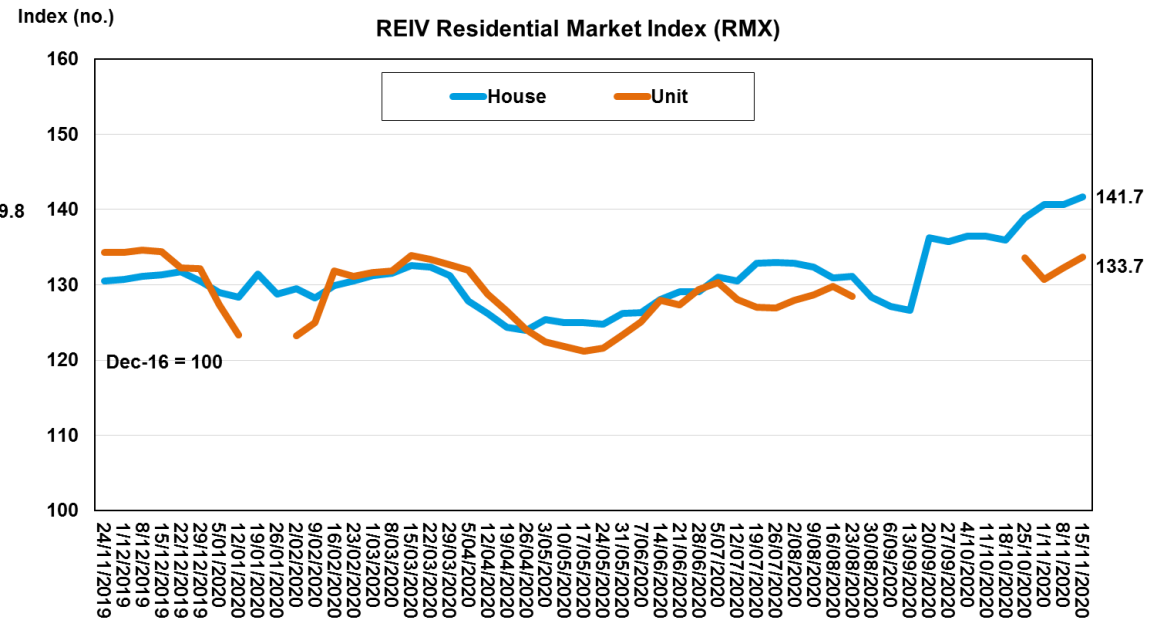
Prices

REIV Residential Market Index (RMX)



Source: REIV

REIV RMX, House and Unit Index



Source: REIV

To customise this chart click here

Auction Market

There were 1,183 reported auctions in October 2020. A total of 972 of these sold representing a clearance rate of 82.2 per cent for the month. There were a total of 19,597 reported auctions in Victoria in the past 12 months, with a 75.0 per cent clearance rate.

During the month, the middle Melbourne region recorded the highest number of auctions with 491 auctions and 82.5 per cent of them sold. Inner Melbourne had 441 auctions with 83.4 per cent clearance rate; while outer Melbourne sold 78.4 per cent from 194 auctions. Regional Victoria had 57 auctions with 82.5 per cent selling.

The local government areas of Moreland (98), Monash (76), Darebin (75), and Whitehorse (65) had the highest number of auctions for the month.

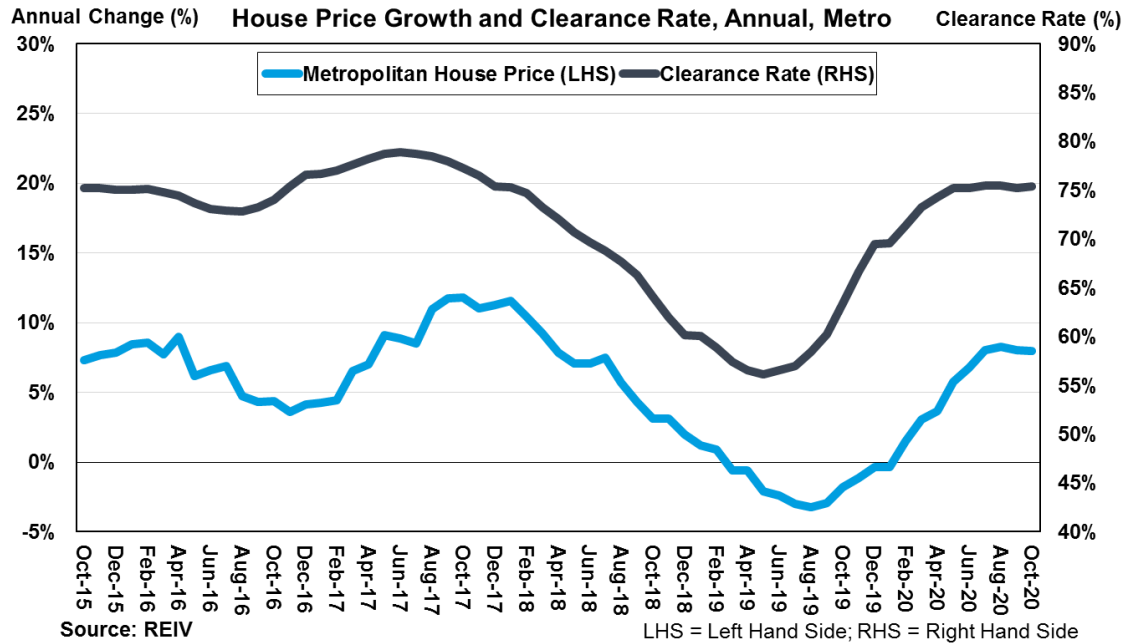
At the suburb level, Glen Waverley had the most auctions for the month, with 22 reported auctions, followed by Coburg (20), Northcote (19), and Reservoir (19). Glen Waverley (19) also had the highest number of properties sold by auction, followed by Northcote with 18 auction sales.

Two suburbs recorded 100 per cent clearance rates over the month – Ascot Vale and Essendon, both with 11 listings.

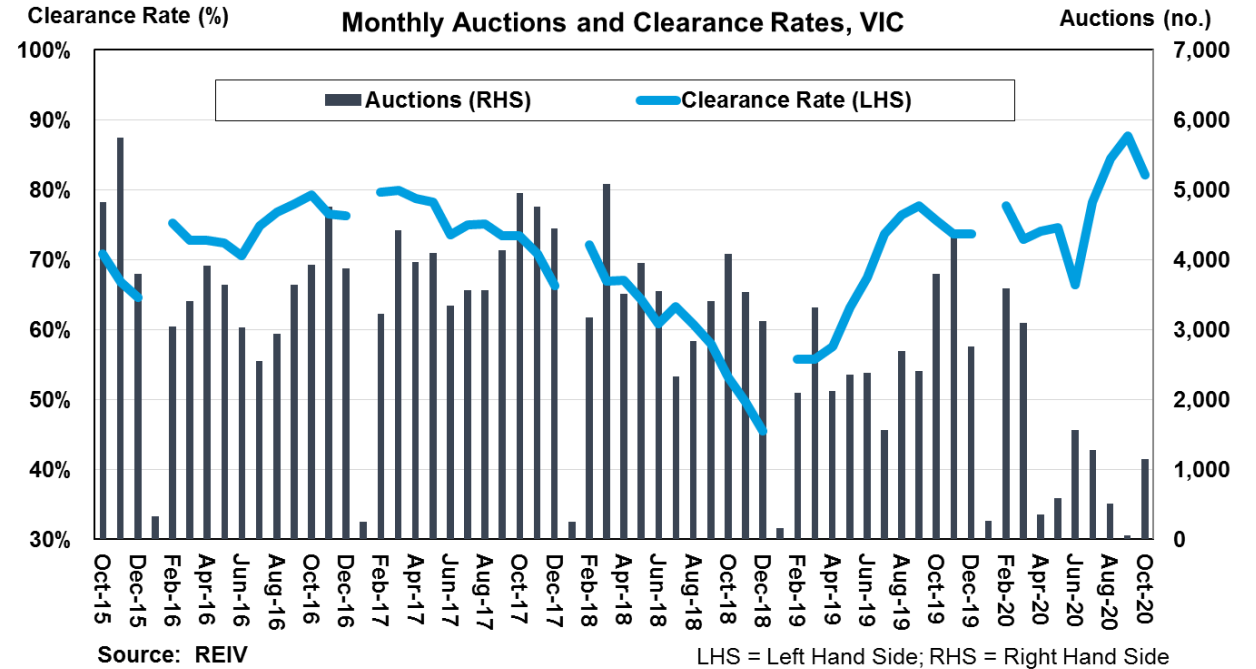
It should be noted that the REIV continues to receive results several weeks after the date of auction which may lead to revisions in auction data.

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, October 2020

SUBURB	SOLD	CLEARANCE RATE
ASCOT VALE	11	100.00%
ESSENDON	11	100.00%
NORTHCOTE	18	94.70%
BRUNSWICK	16	94.10%
HIGHETT	12	92.30%
SANDRINGHAM	10	90.90%
HILLSIDE	9	90.00%
KEW	9	90.00%
GLEN WAVERLEY	19	86.40%
MALVERN EAST	12	85.70%

Highest Number of Auction Sales, October 2020

SUBURB	SOLD	CLEARANCE RATE
GLEN WAVERLEY	19	86.40%
NORTHCOTE	18	94.70%
BRUNSWICK	16	94.10%
COBURG	16	80.00%
CRAIGIEBURN	14	82.40%
RESERVOIR	14	73.70%
MOUNT WAVERLEY	13	76.50%
HIGHETT	12	92.30%
MALVERN EAST	12	85.70%
ASCOT VALE	11	100.00%
ESSENDON	11	100.00%
PASCOE VALE	11	78.60%
BUNDOORA	11	73.30%

NOTE: Includes sales between 01-31 October 2020 for suburbs with 10 or more auctions

Rental Market

Victoria's vacancy rate rose to 3.8 per cent in October 2020.

The vacancy rate across metropolitan Melbourne rose to 4.6 per cent over the month. Within Melbourne's sub-regions, vacancy rate saw the biggest increase to 6.0 per cent for inner Melbourne, followed by middle Melbourne with 4.8 per cent. Outer Melbourne recorded a decrease to 1.7 per cent.

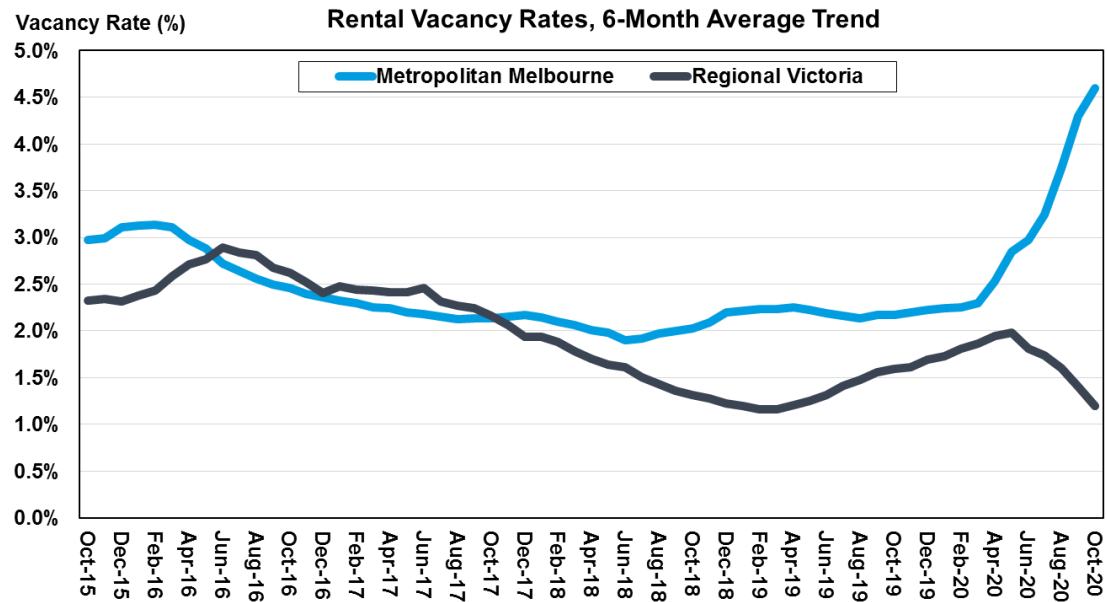
The rental market in regional Victoria continued to tighten with 1.2 per cent vacancy rate. The vacancy rate in the Ballarat and Geelong region both fell to 1.7 per cent. Bendigo's vacancy rate also fell to 0.8 per cent.

The weekly median rent for houses in metropolitan Melbourne rose to \$485 per week and remained unchanged for units at \$400 per week. In regional Victoria, the weekly median rent for houses fell to \$360 per week while rose for houses to \$315 per week.

Weekly rents for houses in Ballarat and Bendigo regions fell to \$350 and \$330 per week respectively. It rose to \$400 per week for Geelong region.

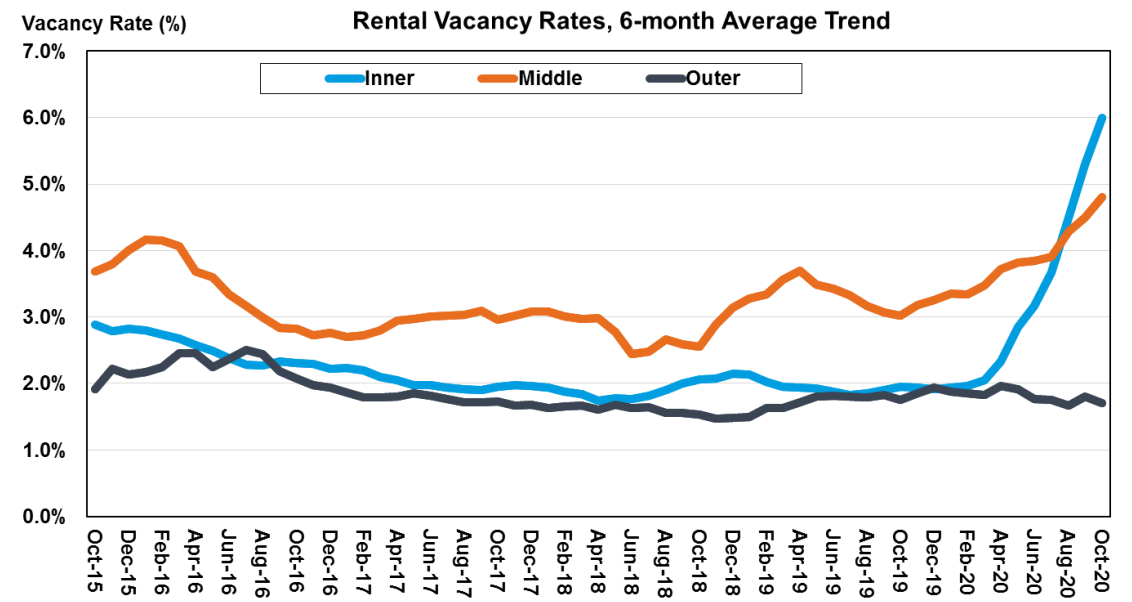
Rental Market

Vacancy Rates, Melbourne & Regional Victoria



Source: REIV

Vacancy Rates, Metropolitan Melbourne



Source: REIV

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

Rental Market

VACANCY RATES, 6-month average trend	OCTOBER 2020	SEPTEMBER 2020
Inner Total	6.0	5.3
Inner (0-4Km)	6.5	5.8
Inner (4-10Km)	5.3	4.5
Middle (10-20Km)	4.8	4.5
Outer Total	1.7	1.8
Outer (20+Km Exc. Mornington Pen.)	1.7	1.8
Outer (Mornington Pen.)	1.3	2.9
Metro Melbourne	4.6	4.3
Geelong	1.7	1.9
Bendigo	0.8	0.9
Ballarat	1.7	1.9
Regional Victoria	1.2	1.4
Victoria Total	3.8	3.6

MEDIAN HOUSE RENTS	OCTOBER 2020	SEPTEMBER 2020
Inner	\$624	\$620
Middle	\$495	\$470
Outer	\$400	\$400
Metro Melbourne	\$485	\$480
Geelong	\$400	\$390
Ballarat	\$350	\$375
Bendigo	\$330	\$350
Regional Victoria	\$360	\$370
MEDIAN UNIT RENTS	OCTOBER 2020	SEPTEMBER 2020
Inner	\$410	\$400
Middle	\$415	\$420
Outer	\$380	\$375
Metro Melbourne	\$400	\$400
Geelong	\$360	\$340
Ballarat	\$300	\$300
Bendigo	\$280	\$295
Regional Victoria	\$315	\$310

Transactions

There were an estimated 6,989 house and unit sales transacted in Victoria for the month, and 96,675 sales in the past 12 months. Based on these estimates, the share of auctions sold as a percentage of overall sales was 15.2 per cent in the 12 months to October 2020.

In the 12 months ending September 2020, there were approximately 109,512 new housing finance commitments (excluding refinancing) in Victoria. This is an increase of 0.9 per cent from September 2019.

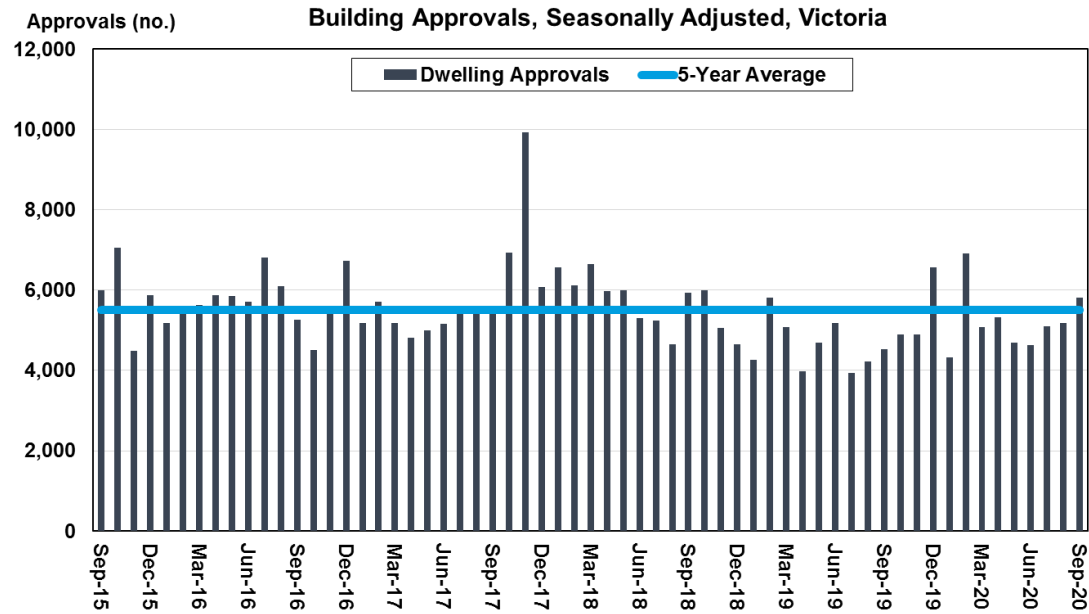
The total number of building approvals in September 2020 rose by 12.4 per cent compared to previous month in seasonally adjusted terms, with approximately 5,822 dwelling units approved. There were 63,422 dwelling units approved in the past 12 months to September 2020 for Victoria.

Properties in Melbourne spent 25 days on market in October 2020, 49 days less than the previous month, which is also the lowest level ever since 2009. For regional Victoria, the median days on market fell to 43 days.

The effect of eased restrictions can be seen within metropolitan area as outer Melbourne had the biggest decrease to 27 days on market (from 79 days), followed by middle and inner Melbourne with 27 (down from 75 days) and 24 (down from 71 days) respectively.

Transactions

Building Approvals, Victoria



Source: ABS cat no 8731.0

Estimated Sale Volume, Victoria

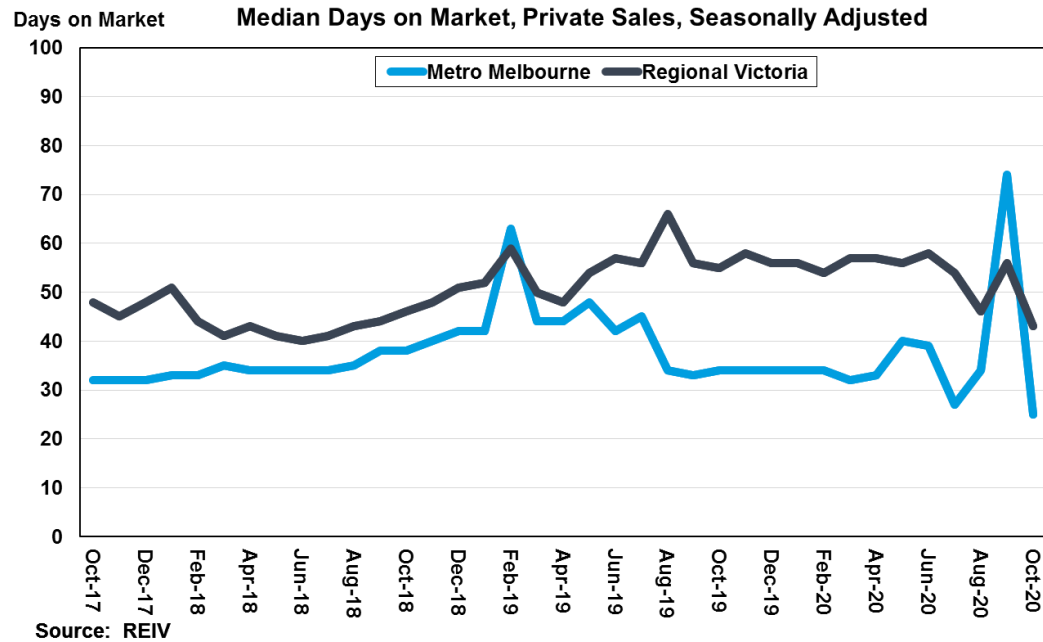


Source: REIV, Valuer General

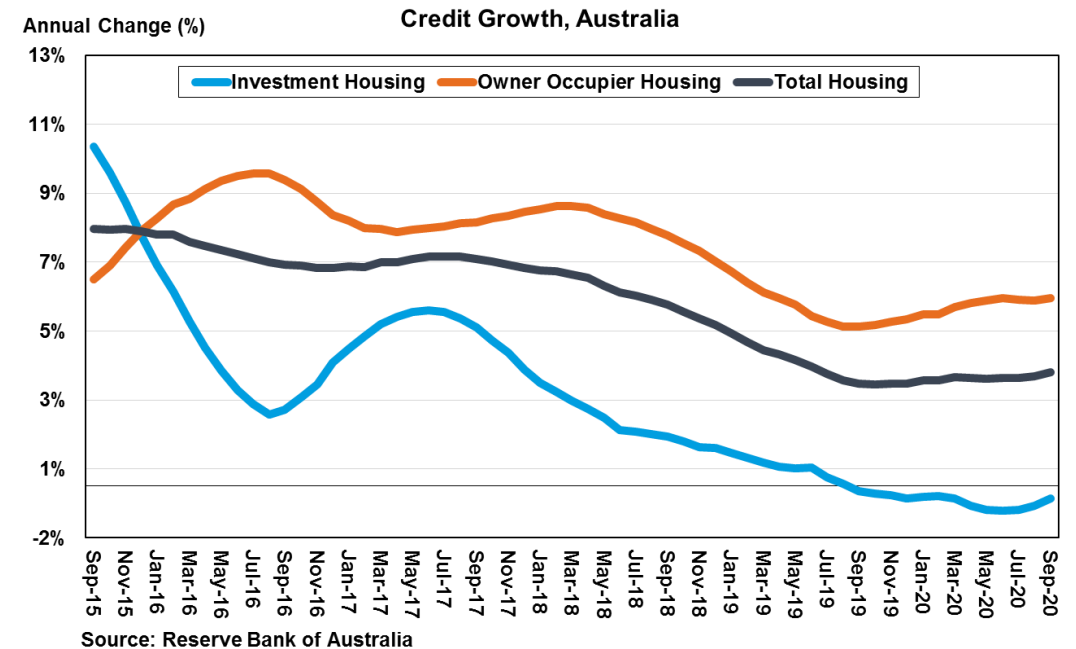
LHS = Left Hand Side; RHS = Right Hand Side

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 2.0 per cent to \$4,167/sqm in October. Net face rents rose by 0.4 per cent to \$205/sqm. Net rental yields remained unchanged at 5.7 per cent.

Capital values for the industrial sector fell by 8.8 per cent to \$1,498/sqm while net face rents rose by 8.3 per cent to \$115/sqm. Net rental yields remained unchanged at 5.3 per cent.

Capital values for the retail sector rose by 6.7 per cent to \$3,460/sqm over the month, while net face rent rose by 2.5 per cent to \$209/sqm. Net rental yields rose by 0.2 percentage points to 5.3 per cent.

Commercial Market

Commercial Office

	LOWER QUARTILE	MEDIAN OCT-20	UPPER QUARTILE	LOWER QUARTILE	MEDIAN SEP-20	UPPER QUARTILE	MONTH CHANGE
Capital values (\$/sqm)	\$2,167	\$4,167	\$5,795	\$2,117	\$4,085	\$5,741	2.0%
Face rents (\$/sqm)	\$128	\$205	\$304	\$128	\$204	\$304	0.4%
Rental Yield (% pa)	4.3%	5.7%	7.8%	4.3%	5.7%	7.2%	0.0ppts

Industrial

	LOWER QUARTILE	MEDIAN OCT-20	UPPER QUARTILE	LOWER QUARTILE	MEDIAN SEP-20	UPPER QUARTILE	MONTH CHANGE
Capital values (\$/sqm)	\$1,000	\$1,498	\$2,198	\$1,100	\$1,641	\$2,203	-8.8%
Face rents (\$/sqm)	\$86	\$115	\$167	\$83	\$107	\$144	8.3%
Rental Yield (% pa)	4.7%	5.3%	6.7%	4.6%	5.3%	6.2%	0.0ppts

General Retail

	LOWER QUARTILE	MEDIAN OCT-20	UPPER QUARTILE	LOWER QUARTILE	MEDIAN SEP-20	UPPER QUARTILE	MONTH CHANGE
Capital values (\$/sqm)	\$1,651	\$3,460	\$8,699	\$1,421	\$3,244	\$7,504	6.7%
Face rents (\$/sqm)	\$127	\$209	\$366	\$128	\$204	\$346	2.5%
Rental Yield (% pa)	4.7%	5.3%	6.0%	4.7%	5.1%	6.3%	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.

CONTACT US

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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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