

10 THINGS

MORETON BAY

A comprehensive overview of local property market conditions including current and future demand and supply forecasts for the City of Moreton Bay.

matusik

Report July 2023

matusik 10 THINGS MORETON BAY



G' Day

My name is Michael Matusik, and I am an independent housing market analyst.

I have been doing this work for over 30 years and have worked on numerous projects across the City of Moreton Bay which puts me in the perfect position to provide this overview report covering local projects developed by Trask Land.

Trask's developments are ones with a very strong local market match.

That's why I like them. I also like the fact they are supported by a strong development team and their estates are in prime locations.

Our overview report is titled Ten Things Moreton Bay.

I have found it is often best to number things. Experience has told me that the key to understanding a local housing market involves three things:

- reading the local market conditions,
- gauging underlying demand, and
- counting the relevant supply.

This market report covers these things. Our report also covers the important things when it comes to choosing your block of land.

Not all new land estates are created equal.

If you are looking for affordable land - in thoughtfully created planned land estates - from a developer with a proven track record - and in Brisbane's north corridor - then for my thinking **Trask's land estates are worth a closer look.**

Cheers for now,

Michael Matusik
Director,
Matusik Property Insights Pty Ltd

1. PAST AND PROJECTED POPULATION GROWTH

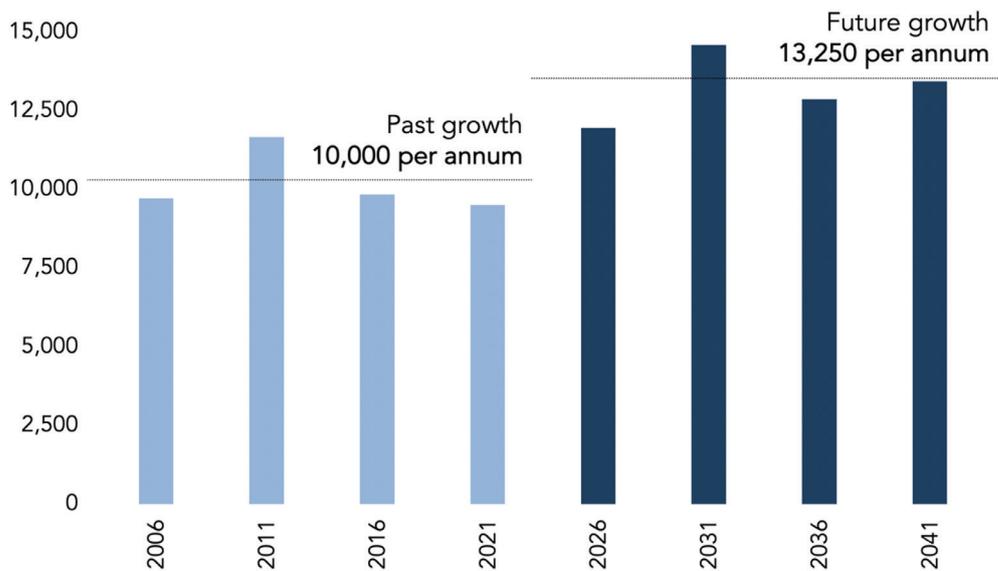
About half a million people live in the City of Moreton Bay.

Over the last two decades, the local population has been increasing by 10,000 new residents each year.

Looking forward - and over the next twenty years - this growth rate is projected to lift by a third, to 13,250 new residents per annum.

This is the equivalent of adding the population of say Indooroopilly or Ashgrove (both middle-ring suburbs of Brisbane) to Moreton Bay's population every year.

Annual population growth



Matusik + ABS. High projections.
Moreton Bay Regional Council.

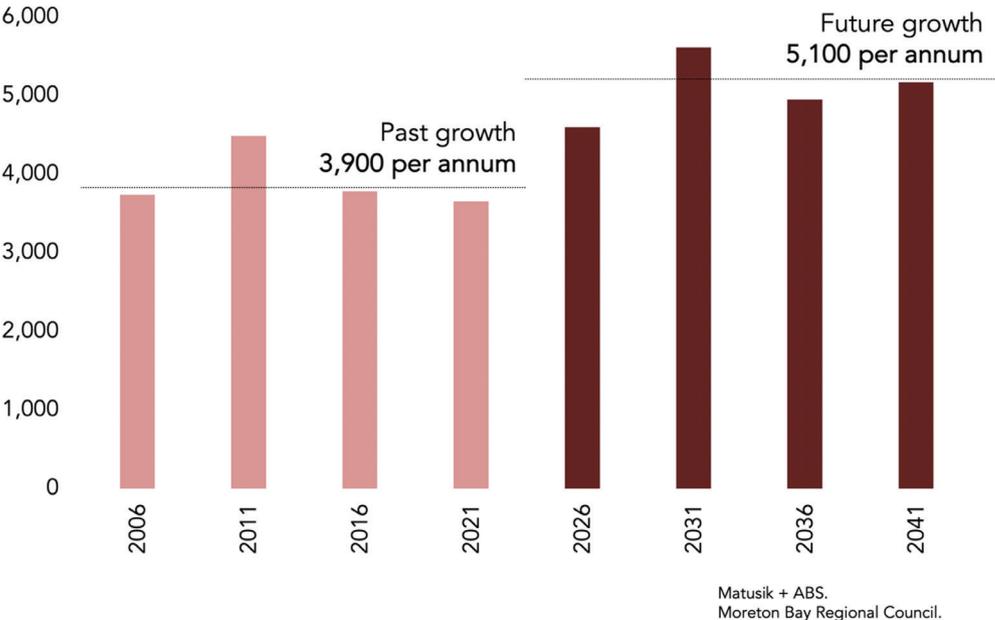
2. PAST AND PROJECTED HOUSING DEMAND

Given the expected rise in annual population growth there will be a need to build more new dwellings across the City of Moreton Bay.

Our work suggests that there will be a need to build some 5,100 new homes across the Moreton Bay region on an annual basis over the next two decades.

There are currently around 195,000 private dwellings across the region and within the next twenty years, this could increase by 50% to be just short of 300,000 households by 2041.

Annual new housing need



3. FUTURE HOUSING DEMAND BY PRODUCT TYPE

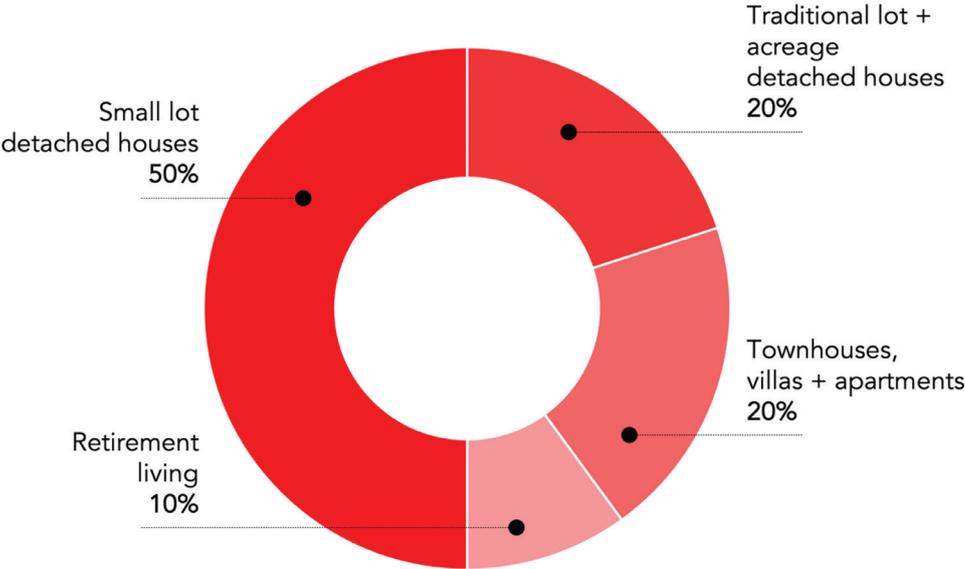
As the population grows and land supplies contract, there will be a need to build more houses on smaller allotments and also in attached dwelling arrangements.

The demand for traditional sized and acreage allotments is in decline, due to higher prices plus lifestyle choice.

Replacing this past popular housing type is detached housing on smaller allotments.

Emerging local lifecycle demographic trends suggest that up to half of new allotments developed over the next five years will be under 450m².

Future housing need



Matusik + ABS. Next five years.
Moreton Bay Regional Council.

4. FUTURE HOUSING DEMAND BY PRODUCT TYPE

The Moreton Bay region cannot keep up with the need to build more homes.

This has particularly been the case over recent years.

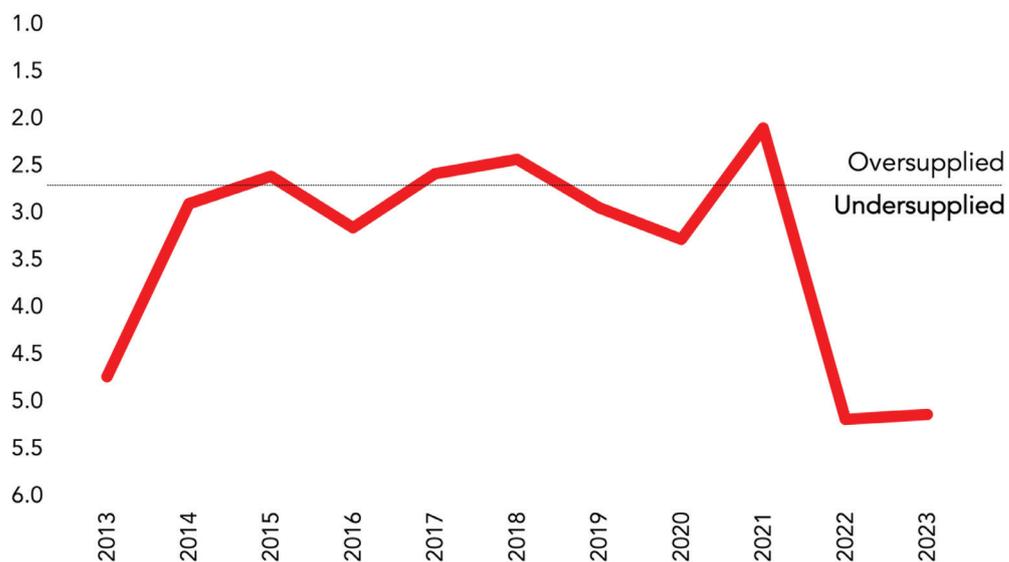
According to the Queensland government and the City of Moreton Bay Council - and based on the potential supply of undeveloped parcels with residential zonings - there is only enough land to build another 13,500 to 17,500 new dwellings, depending on building yield outcomes.

Remember there is a projected need to build 5,100 new dwellings each year.

More land will need to be rezoned and released across the region to accommodate the expected population growth. This process is difficult, often expensive and takes time.

The local new housing market will remain undersupplied for some time to come.

Status of new housing supply



Matusik + ABS.
Moreton Bay Regional Council.

5. RESIDENTIAL SALES VERSUS DWELLINGS FOR SALE

Whilst residential sales volume are down from the 2021 market peak, they still remain elevated when compared to the past ten-year average.

Around 15,000 residential properties - including detached houses, attached dwellings and vacant allotments - are currently selling across the Moreton Bay area each year.

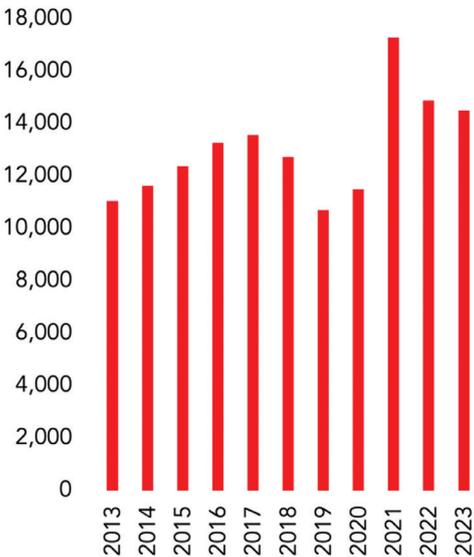
Moreover, the number of properties available for sale remains very tight.

Over the past three years, the local resale housing market has been undersupplied.

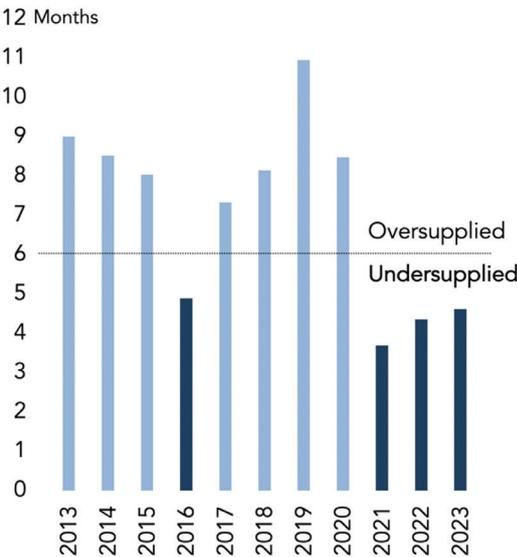
At present there is under five months' worth of resale supply for sale.

Housing values typically rise when resale supplies remain under six months.

Residential sales



Status of dwellings for sale



Matusik, Price Finder (Domain) + SQM Research. Moreton Bay Regional Council.

6. HOUSE PRICE GROWTH

Despite rising interest rates during the 2023 financial year, the local detached housing values continue to rise.

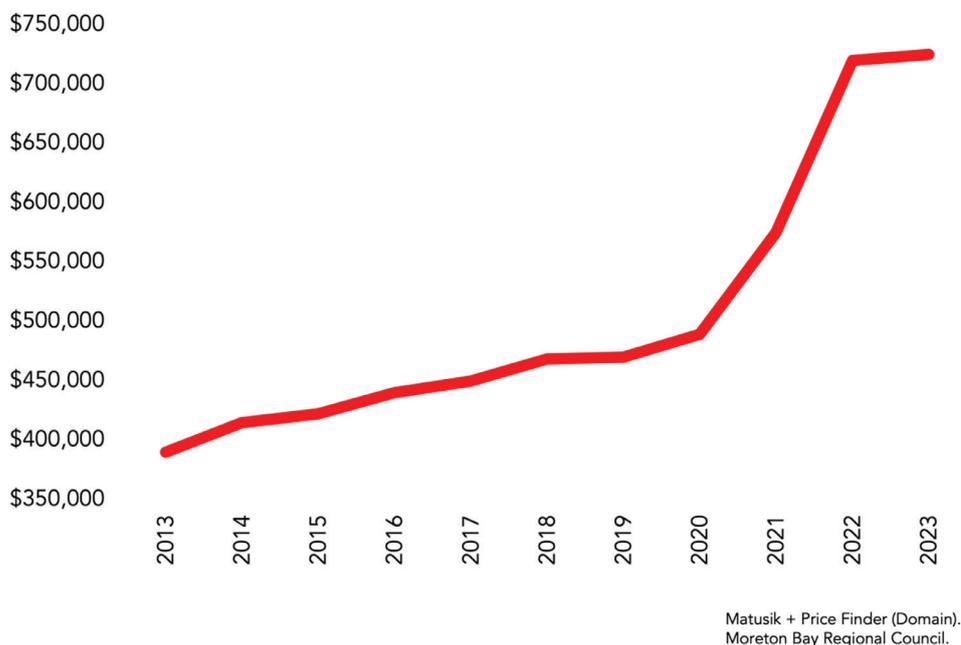
They have risen - on a median basis - from \$490,000 in 2020 to \$725,000 as at mid-2023. This is an increase of \$235,000 or just under 50%.

What is keeping the local housing market strong is the lack of supply. This might change for resale listings, but it will be hard to resolve over the short to medium term for renters and new home builds.

As a result, we believe that once interest rates start to plateau (and especially when they start to fall) then sale volumes and housing values will start to rise again in earnest.

Our forecast is that local housing prices could rise between 3% and 5% each year over the next two financial years.

Median detached house price



7. VACANT LAND PRICE GROWTH

The price of vacant land is also rising.

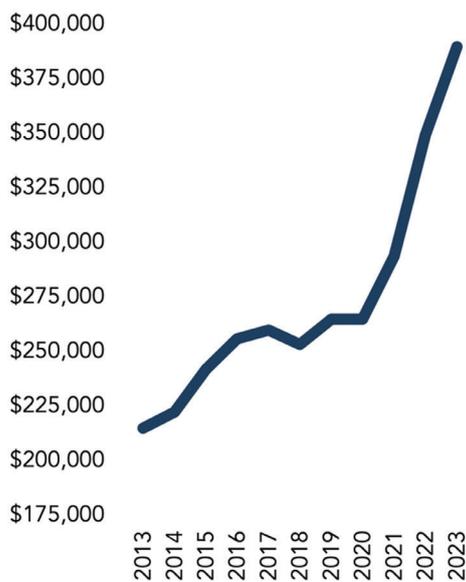
In 2020 the median price of a vacant urban allotment in the Moreton Bay region was \$265,000.

Today it is \$390,000. That's an increase of \$125,000 or 50%.

The median urban lot size is now 410m² and a new allotment costs \$960/m².

On a price per square metre basis, local land values have also increased by 50% since the start of the Covid19 pandemic.

Median vacant land price



Average land price per m²



Matusik, Price Finder (Domain) +
Queensland government.
Moreton Bay Regional Council.

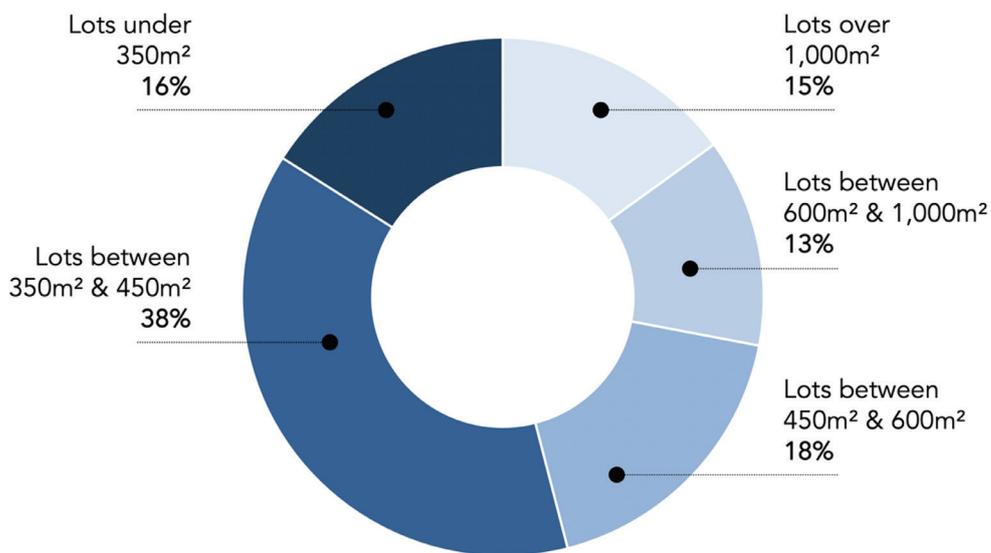
8. ALLOTMENT REGISTRATIONS

Reflecting rising land prices, changing lifestyles and improving local amenities there has been an increase in the number of smaller allotments in new land estates across the Moreton Bay area.

Our work suggests that this trend will escalate due to increasing population growth and limited new housing supply.

Also, smaller allotments these days are often the first to sell in a new estate and when resold, sell for a higher price per square metre than the traditional larger allotments.

Current allotment registrations



Matusik + ABS. Financial 2023.
Moreton Bay Regional Council.

9. RENTAL MARKET

The local rental market is very tight, with a 0.9% vacancy rate.

Median weekly rents for a detached house across the City of Moreton Bay have increased by 40% or by \$190 since 2020.

Today the median weekly cost to rent an older three or four-bedroom detached house is \$640.

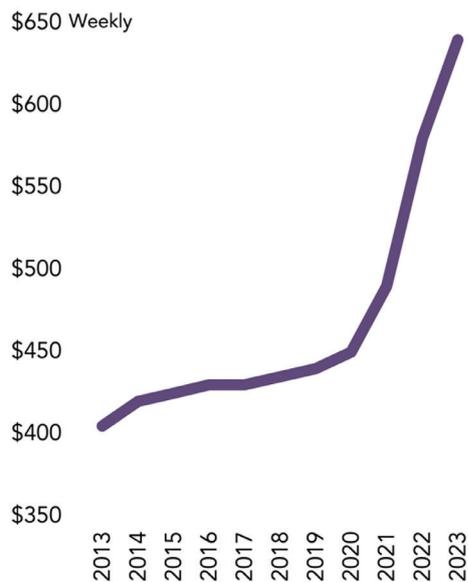
Newly built detached houses of similar size are currently renting for between \$850 and \$1,000 per week.

Our forecast is that local weekly rents for detached houses could escalate by 5% to 10% per annum during financial 2024 and 2025.

Residential vacancy rate



Detached houses, asking rents



Matusik + SQM Research.
Moreton Bay Regional Council.

10. TRASK ESTATES

Trask Land limits the proportion of land it sells to investors and speculative builders.

An analysis of recent Trask land sales showed that owner residents bought seven out of ten allotments in their active estates.

Investment stock - like dual occupancy homes and duplexes - are supplied but they are limited in number and are also in set locations.

Land estates with limited investment exposure seem to resale better and future buyers pay a premium to live in such estates.

Our works suggests this premium can be as high as 10%.

Astute buyers don't just focus on price; the proportion of renters in an estate or the position and number of investment homes, they also take in a wide range of other factors including:

- Parkland provision and quality
- Allotment orientation
- Internal connectivity
- Soil quality
- Flat allotments which are fully benched or retained properly
- Underground power
- Proximity to local amenities

Trask Land spends a lot of time and effort to maximise this list. But proof is in the pudding. Better quality land estates achieve better price growth.

A review of the official valuer general land sales statistics shows that Sanctuary on Alma, a past Trask Land estate, achieved a 55% lift in land values during its construction. The median land values across the City of Moreton Bay rose by just 40% over the same time period.

Also - depending on the land estate in question - between 50% and 70% of Trask's allotments are priced under the \$390,000 median land price as recently recorded for the Moreton Bay region.

Matusik Property Insights is an independent consultancy, providing detailed residential market research and analysis for industry, government, companies and, in some instances, individuals.

Matusik prides itself as a trusted source of property analysis. Michael is seen by many as a 'voice of reason amongst the distortion'.

For more general information www.matusik.com.au

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- 24th July 2023
- Valid for Financial 2024

Typical data sources

- Price Finder
- Queensland Government, various
- SQM Research
- Queensland Rental Tenancy Authority
- ABS Census and other ABS publications
- Matusik Database

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