

Regional Queensland Residential Insight

Q4 2023

Knight Frank's quarterly analysis of mainstream sales and rental housing markets in Regional Queensland

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Price growth overtakes rental growth in past quarter across regional towns

▲ Still considered to be considerably undersupplied of rental homes, Regional Queensland saw an uptick in total residential vacancy over the past year as rental growth in the third quarter stabilised.

THE ECONOMY

The Queensland economy grew by an estimated 3.3% in 2022, with a forecast of 3.2% in 2025 (Oxford Economics). While unemployment in September 2023 was 3.3% across Regional Queensland (ABS).

LENDING ENVIRONMENT

New household loan commitments across Queensland were down by 20.1% in the year to September 2023, lower than the 10.5% change recorded the previous year.

The number of lending commitments to owner occupier first home buyers in Queensland fell by 17.3% in September 2023, compared to 10.5% a year earlier. This first home buyer group represented 20.1% of all Queensland owner occupier loans in September 2023 (ABS).

The official cash rate was last set by the Reserve Bank of Australia at 4.35% on 5 December 2023.

Oxford Economics forecast the official cash rate towards an average rate of 3.85% by the end of 2025.

NEW BUILDS

Annual building approvals in September 2023 fell by 9.8% to total 33,279 additional dwellings in Queensland, compared to a fall of 17.1% a year ago (ABS).

POPULATION

Regional Queensland's total population saw 1.9% growth to 2.7 million persons in the year to June 2022. The projected population growth to 2032, is lower, at 1.2% per annum. The inner regional areas of Queensland saw annual population change of 2.1% in 2022, while outer regional Queensland recorded 1.5% (ABS).

TOTAL RESIDENTIAL VACANCY

The total residential rental vacancy was recorded at 0.9% in September 2023, rising 40 bps over the past year across Regional Queensland (Knight Frank Research).

Generally, 3% vacancy is considered a balanced rental market between supply and demand.

3.3%

Queensland annual economic growth in 2022 with forecast of 3.2% in 2025

3.3%

Regional Queensland unemployment rate in September 2023

4.35%

Official cash rate target in December 2023 with forecast of 3.9% in 2025

-20.1%

The annual change in Queensland new household loan commitments in September 2023

-17.3%

Yearly change in number of lending commitments to owner occupier first home buyers in Q3 2023

1.9%

Regional Queensland annual population change in 2022 to an estimated 2.7 million persons, with 1.2% forecast in 2025

Regional Queensland Established Houses

- Strengthening house prices in the last quarter outpaces total price growth over the past twelve months as the average number of days on market to sell a home tightens across regional Queensland.

\$558,000

Regional Queensland average house value at the end of September 2023

5.0%

The change in Regional Queensland's average house values in the year to September 2023

10.0%

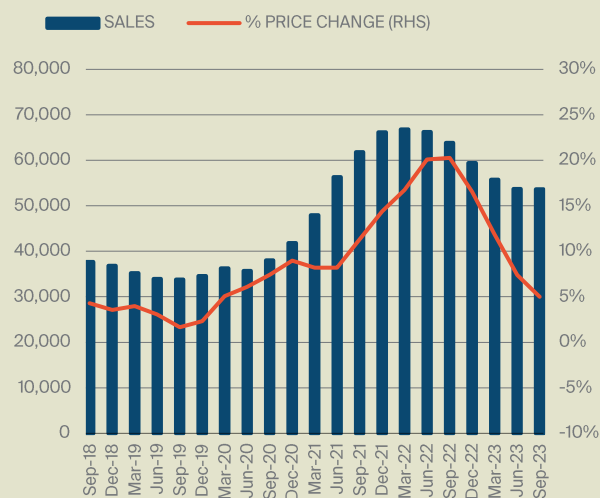
Annual average weekly rental growth in September 2023 across Regional Queensland houses

SALES & PRICE PERFORMANCE

- Sales volume trended down 16.0% in the year ending September 2023, with 53,611 houses across Regional Queensland.
- The average days on market for a house was 107 days in September 2023. This was 108 days three months earlier, and 142 days one year ago.
- House values rose 5.0% in the year to September 2023, while rising by 2.3% over the last quarter to \$558,000.
- Looking forward, average prices are forecast to rise 8% at the end of 2023, with 4% in 2024 and 3% in 2025, according to Knight Frank Research.

Regional Queensland Houses Sales Market

No. annual sales & % annual price growth



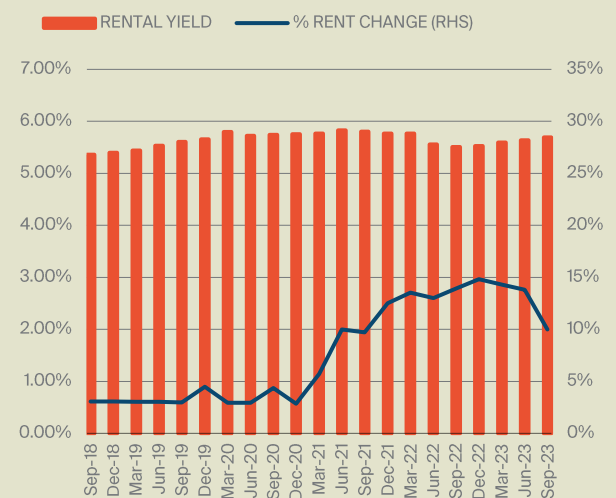
Source: Knight Frank Research

RENTAL MARKET

- Gross rental yields rose 18 bps in the past year, with Regional Queensland houses averaging 5.69% in September 2023.
- House rents saw no change in the September 2023 quarter, while being up 10.0% annually, to stand at \$495 per week.
- Knight Frank Research forecast rents to rise 8% at the end of 2023, with 6% likely in 2024, and 4% in 2025.

Regional Queensland Houses Rental Market

Gross rental yield & % annual rental change



Source: Knight Frank Research

Regional Queensland Residential Forecast

Key Drivers Forecast

	2021	2022	2023f	2024f	2025f	Average 2023f-2025f
QLD Economic Growth	6.1%	3.3%	3.0%	2.6%	3.2%	2.9%
Unemployment Rate	5.1%	3.7%	3.7%	4.3%	4.3%	4.1%
Cash Rate Target	0.1%	1.2%	3.9%	4.6%	3.9%	4.1%

Source: Oxford Economics

Regional Queensland Residential Forecast

	2021	2022	2023f	2024f	2025f	Average 2023f-2025f
Price Performance	14%	17%	8%	4%	3%	5%
Rental Market	13%	15%	8%	6%	4%	6%

Source: Knight Frank Research

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

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