
Centuria Bass Australian property research







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National overview

At Centuria Bass we continually monitor our loan portfolio and the broader property landscape. As part of our ongoing commitment to research, we recently commissioned the following report to analyse the trends and themes currently affecting the property industry across Australia.

This report will provide a national overview and state-specific analyses of Victoria, New South Wales, Queensland and Western Australia.

The report includes analysis of the latest Australian data on population growth, national dwelling numbers, construction costs and financing demand. This analysis provides insight into where and how the Australian population is growing, its impact on housing demand, which Australian Government initiatives are supporting housing development, while also offering commentary on rising construction costs and its influence across these broader themes.



House view

Since the latter half of last year, the prevailing rhetoric toward interest rate expectations has changed from a market view anticipating multiple rate cuts in 2024 to a more prolonged period of tighter monetary policy.

Today, we are seeing rates fall in the US and EU, aimed at sustaining robust economic growth, particularly as inflation pressures have subsided. While the RBA remains steadfast in its desire to see inflationary pressures under control by the end of next year, forecasters expect Australia to see over 1001 basis points in interest rate cuts while the United States may experience up to 1752 basis points of reduction.

These rate cuts are likely to have a more pronounced effect on supply rather than demand as the improved feasibility of projects will reduce the cost of carrying investments. This improvement will help offset construction wage increases that were agreed upon with the CFMEU as part of earlier bargaining agreements.

Centuria Bass has seen an increase in many property investors and developers not only actively refinancing their projects, but have also observed a change in attitude amongst developers with a greater willingness to start new projects, drawing comfort from sentiment favouring the downward direction of future interest rates.

Deal flow and construction activity will be supported by the National Housing Accord, which has allocated \$6.2 billion in funding for real estate construction projects,³ providing an essential exit strategy for numerous development initiatives across Australia. This trend is reflected in Australia's dwelling approval statistics which have recovered to levels not seen since December 2022,⁴ indicating the likelihood of a resurgence in construction activity.

Centuria Bass continue to see elevated risk across construction projects currently underway, given that over 20% of all insolvencies in Australia have come from the construction industry.⁵ To mitigate adverse exposure, Centuria Bass has engaged development experts and relevant stakeholders to review construction programmes, sub-contractor performance and associated risks to better understand and mitigate any potential impacts.

1. ASX, 'RBA rate tracker', September 2024.

2. CME Group, 'FedWatch'.

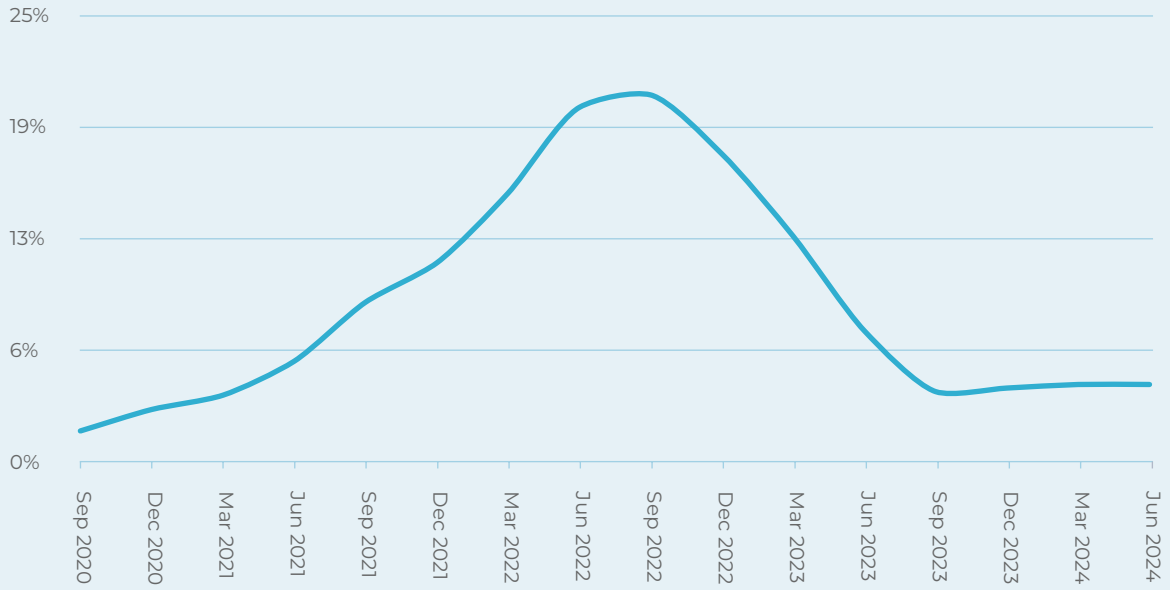
3. realestate.com.au, 'Federal Budget 2024: Housing package slammed as 'business as usual'', May 2024.

4. Australian Bureau of Statistics, 'Building Approvals, Australia', July 2024.

5. Reserve Bank of Australia, 'Financial Stability Review | Resilience of Australian Households and Businesses', March 2024.

AUSTRALIAN DWELLING CONSTRUCTION PRICE INDEX

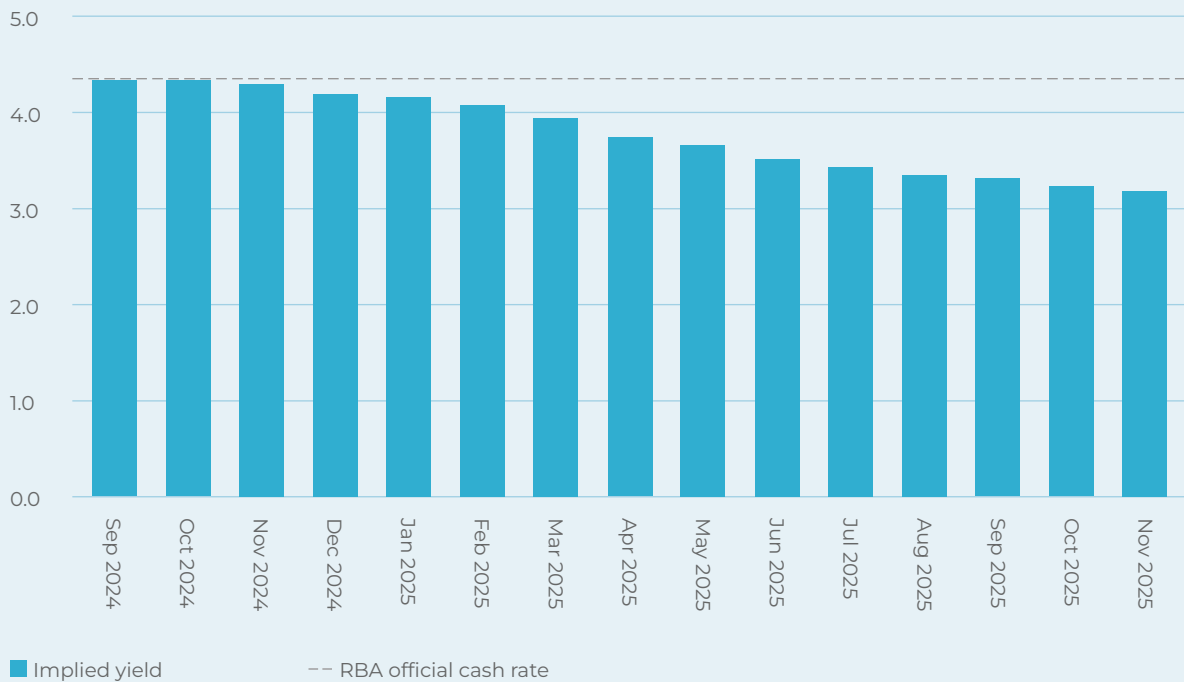
Annual change



Source: Australian Bureau of Statistics (ABS)

ASX 30 DAY INTERBANK CASH RATE FUTURES IMPLIED YIELD CURVE

As at market close on 26 September 2024



Source: ASX



“

Centuria Bass has secured a warehouse facility with a major international bank which allows us to present even **more competitive pricing offers** to our Borrower clients.

Additional comfort is also obtained through other means such as presale covenants, bank guarantees, and particular performance hurdles. In doing so, Centuria Bass can provide bespoke solutions to Borrowers to suit the needs and risk profile of any project.

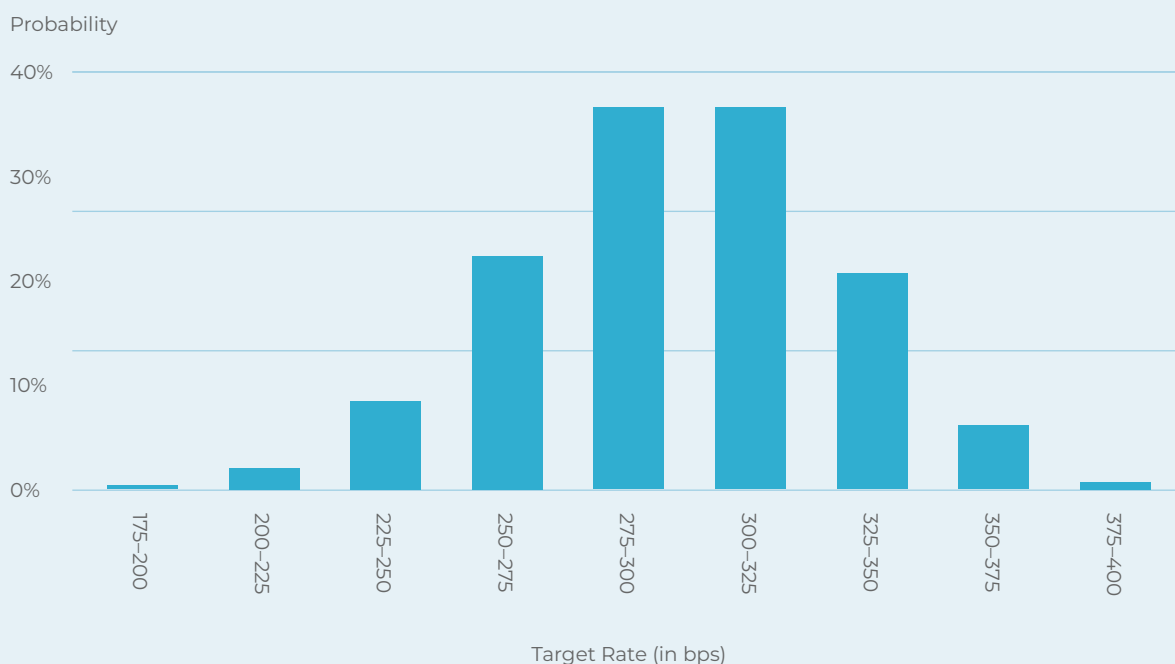
In the past year, Centuria Bass has secured a warehouse facility with a major international bank which allows us to present even more competitive pricing offers to our Borrower clients, particularly in regard to residual stock and bridge financing. This alternative capital source allows Centuria Bass to provide consistently competitive pricing whilst maintaining bespoke financing options.

As economic conditions improve, financiers who can offer higher leveraged positions will benefit from improving values as market conditions improve throughout the life of the project.

“
Developers show **greater willingness** to start new projects, drawing comfort from sentiment favouring lower future interest rates.

TARGET RATE PROBABILITIES FOR 10 DEC 2025 FED MEETING

Current target rate is 475-500



Source: CME Group

Demand dynamics

Despite the elevated interest rate environment, total Australian housing finance commitments continue to recover from its highs in 2022, and sit 27% above the 10-year average as of June 2024.

Monthly finance commitments have increased across all categories in recent months and are approaching two-year highs. While owner-occupier finance levels have increased over the year, investor finance levels have increased by 30% and now account for 37% of total housing finance commitments in Australia, compared to their 28% share three years ago.

Looking ahead, with strong rental growth and a shortage of housing, investors are likely to remain active as affordability challenges restrict owner-occupiers.

Western Australia

HOUSING FINANCE COMMITMENTS JUNE 2024

28%

FINANCED JUNE 2024

\$3.2 billion

INCREASE OF INVESTOR FINANCE LEVELS

47%

Queensland

HOUSING FINANCE COMMITMENTS JUNE 2024

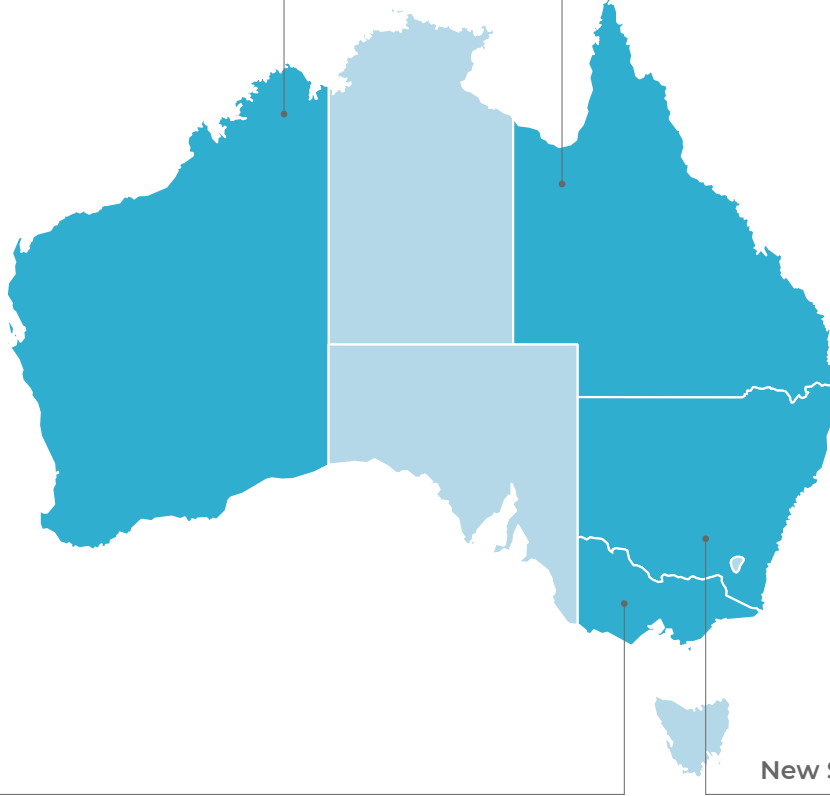
41%

FINANCED JUNE 2024

\$5.8 billion

INCREASE OF INVESTOR FINANCE LEVELS

22%



Victoria

HOUSING FINANCE COMMITMENTS JUNE 2024

21%

FINANCED JUNE 2024

\$7.7 billion

INCREASE OF INVESTOR FINANCE LEVELS

3%

New South Wales

HOUSING FINANCE COMMITMENTS JUNE 2024

22%

FINANCED JUNE 2024

\$9.9 billion

INCREASE OF INVESTOR FINANCE LEVELS

22%

Source: Australian Bureau of Statistics (ABS)

Australian population growth

Australia experienced significant population growth during 2023, adding over 650,000 people (or approximately 12,500 people per week). Population growth was the highest on record and was 87% higher than the 10-year average, driven predominantly by overseas migration (on a temporary visa for work or study) which accounted for 84% of the total population growth.

Australia's eastern seaboard experienced the largest population growth, with Victoria and New South Wales collectively accounting for 57% of Australia's population growth over the past year.

To house the rising population,⁶ 210,000 new residences are required to be built each year. However, demand for housing is running well above supply, with only 171,000 new dwellings being completed in 2023 (2% lower than the previous year).

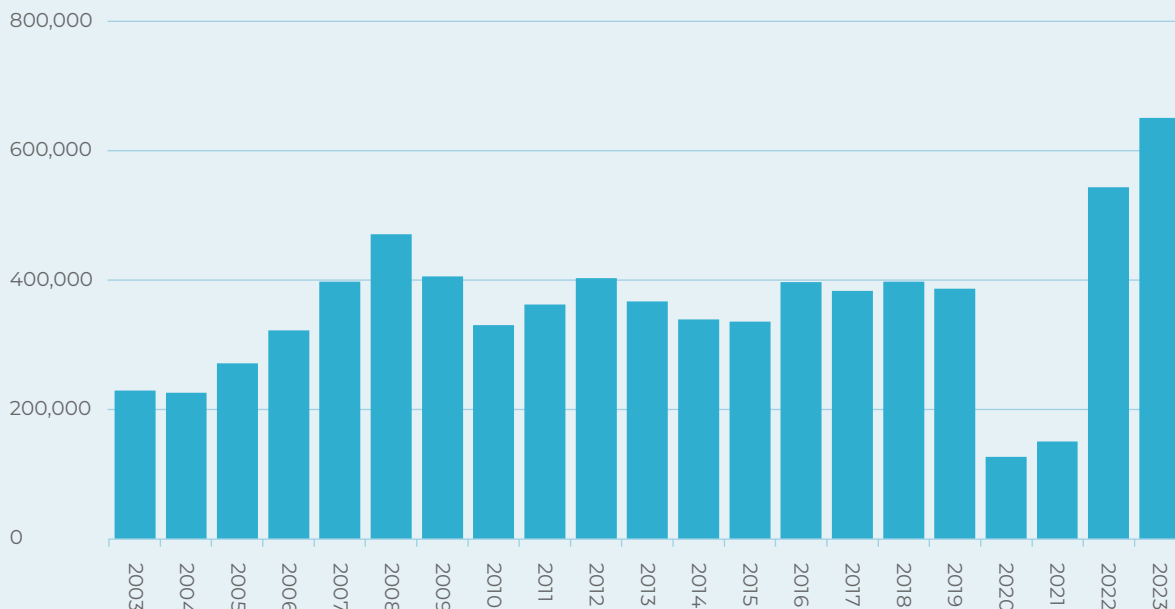


By 2032, Australia's population is projected to surpass 30 million.

Australia has a relatively high rate of urbanisation, with a large proportion of the population living in metropolitan areas. This preference to live close to the city has fuelled the need for more residential properties in developed areas, contributing to the pressure on housing supply due to the lack of available land to develop.

AUSTRALIAN POPULATION GROWTH

Annual change



Source: Centuria Bass, ABS

6. Australian Bureau of Statistics, 'Australia's population grows by 2.5%', March 2024.

The decline of the development pipeline can largely be attributed to:



higher costs of construction (labour and inputs);



government intervention in the form of various new taxes; and



increased costs of finance;

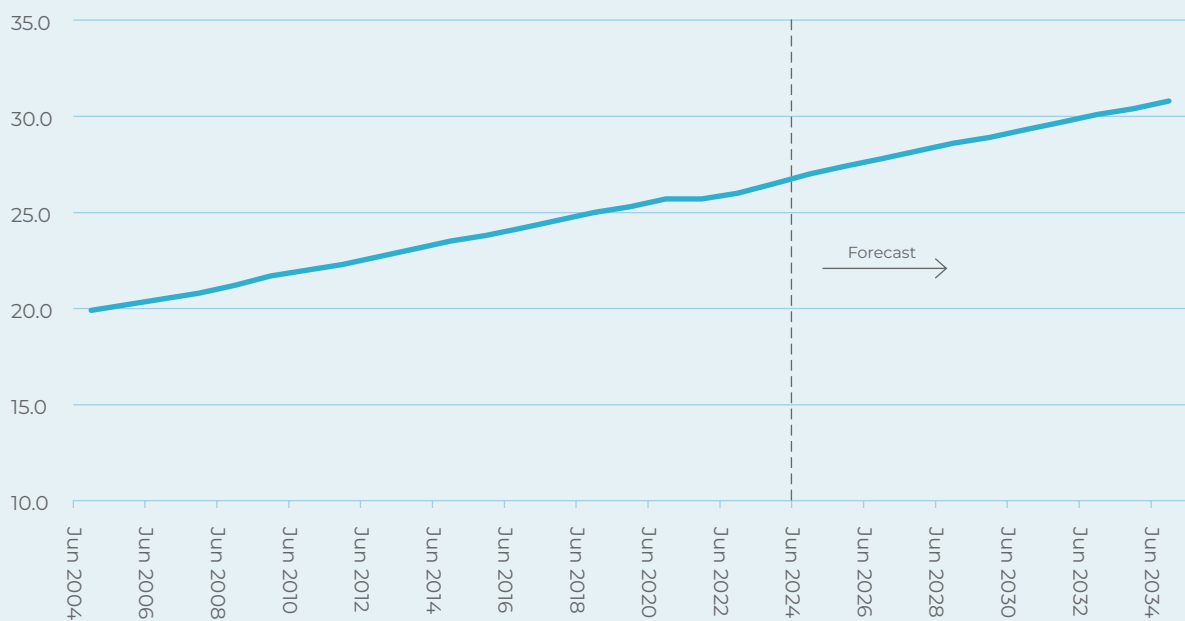
which have negatively affected the feasibility of projects, while traditional financiers such as the big four banks have decreased their lending appetite for construction projects.

The number of detached houses completed has increased over the past three years, whereas the number of apartments completed in 2024 is likely to be the lowest level in 10 years.

According to the Centre for Population, by 2032, Australia's population is projected to surpass 30 million, 12% higher than Australia's current population. Based on this population growth, an additional 1 million dwellings would need to be completed to accommodate population growth. This demand for new housing will fuel increased CRE debt required by developers to meet additional dwelling requirements.

TOTAL AUSTRALIAN POPULATION

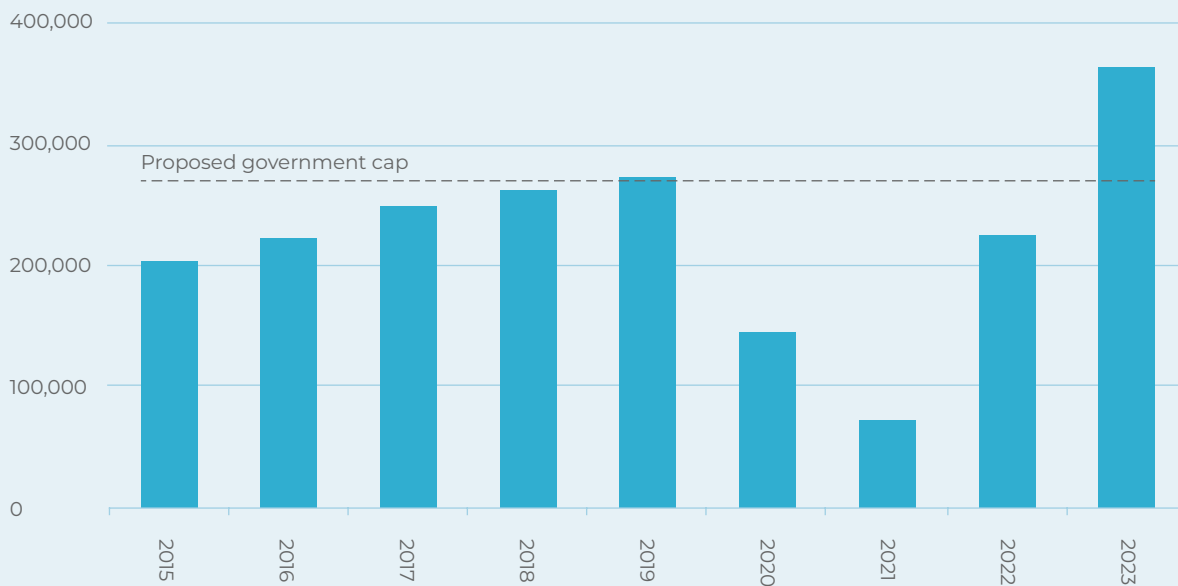
Million



Source: Centuria Bass, ABS

NEW INTERNATIONAL STUDENT COMMENCEMENTS

Annual commencements



Source: Centuria Bass, Aus Gov Department of Education

While the Australian Federal Government recently announced a cap of international students, the cap is unlikely to significantly disrupt demand for property going forward. New international student commencements will be capped to 270,000 for the 2025 calendar year. For some perspective, in the past 10 years, new international student commencements have only exceeded 270,000 twice, in 2019 and 2023 (as the sector rebounded from the border closures resulting from the pandemic). The pre-pandemic annual average (between 2015 and 2019) of new international student commencements is 242,300.

Based on the long-term trend, NSW typically accounts for 38% of international student commencements followed by Victoria (30%) and Queensland (16%).

Interest rate expectations

The Australian cash rate is projected to have peaked and is forecast to gradually ease from around the middle of 2025 to reach 3.6% by the middle of 2026. Decreasing interest rates will positively benefit the demand and supply dynamics of Australian property as it will decrease the cost of buying a property (as money is cheaper to borrow), providing borrowers confidence in their mortgage costs. Given the inverse relationship of cash rates to property values (all else being equal), decreasing rates are likely to support further capital growth in the Australian property market.



Supply dynamics

Government initiatives

As part of the National Housing Accord implemented by the federal government, 1.2 million additional dwellings are targeted to be built over the next five years in order to provide affordable homes to the growing population. The federal government will provide \$6.2 billion in support to state, territory and local governments to support the delivery of new homes.

The government is undertaking a process to identify surplus land that could be used to support more housing. State governments are implementing zoning laws, and have taken over planning regulations (previously controlled by local councils) that dictate land use and the types of buildings that can be constructed.

For instance, policies such as the Melbourne 2030 plan, and Sydney's Metropolitan Strategy aim to manage growth through higher-density development in existing urban areas and urban renewal projects.

Housing affordability remains a major concern, with property prices in major cities often outpacing wage growth. In response, the Commonwealth will provide concessional loans and grants to support more social and affordable housing development. These incentives have reduced financial barriers for first-home buyers, which has increased this buyer segment by 10% in the past year.



Interest rate expectations

The Australian cash rate is projected to have peaked and is forecast to gradually ease from around the middle of 2025 to reach 3.6% by the middle of 2026. From a supply perspective, lower interest rates improve the feasibility of projects as the cost of carrying the investment is lower. As such, it is expected that more robust projects will be available once rates decrease, which is likely to see the number of housing starts increase significantly as projects become feasible.

Construction costs

The cost of building materials, such as lumber, steel and copper, significantly impacts construction expenses. Fluctuations in global supply chains and commodity prices can lead to volatility in material costs, impacting project feasibility. Over the past four years, construction costs have risen by 31%, but recent data shows a stabilisation in price levels despite a decrease in the underlying costs of commodities.

Construction costs rose:



1.3% over the June 2024 quarter; and



6.3% over the past twelve months.

Growth in prices received for building construction was driven by labour costs, with ongoing labour shortages for skilled tradespeople and anticipated wage increases impacting output prices.

Recent CMFEU bargaining agreements have incorporated double digit increases in labour costs across the eastern seaboard. The increase delivers more than 21% in their salaries over the next four years.⁷

Looking ahead, given the moderating construction costs, the resilience of dwelling prices and the ongoing underlying demand for housing remaining high as a consequence of high population growth, it is likely that dwelling approvals and construction activity will recover albeit with a time lag inherent in the process from approval to completion.

This means as feasibilities improve, and major banks increase funding constraints, the demand for CRE debt will increase to meet the needs of additional housing. Centuria Bass is committed to supporting builders and developers across Australia fund their projects to meet the needs of a growing country.

7. Nine news, 'Apprentices are gonna get Raptors': Victorian CFMEU brags about 21.5 per cent pay rise', June 2024.

What does this look like across Australia?

Victoria

Victoria's population is growing at close to record levels, increasing by over 186,000 over 2023, the highest level of any Australian state.

Victoria's population growth was driven by overseas migrants with the state still losing people moving to other states, albeit in the lowest numbers since 2020.

Looking ahead, Victoria's population is projected to increase by 662,000 people over the next five years, the greatest growth of any Australian state.

In order to accommodate Victoria's future population growth, the Victorian State Government has set a target to construct 2.5 million new dwellings by 2051. Geelong, Victoria's second largest city, has been set the highest target of 139,800 new dwellings by 2051. Geelong had a total of 127,300 dwellings in 2023. Geelong's target is followed by the City of Melbourne — which includes the CBD as well as suburbs such as Carlton, Flemington, Kensington, North Melbourne and Docklands — with a target of 134,000 new dwellings.

While Victoria's population has been growing at all-time high levels, constrained supply of CRE debt from the major Australian banks has been one factor in the decline of construction levels of new dwellings in recent years.

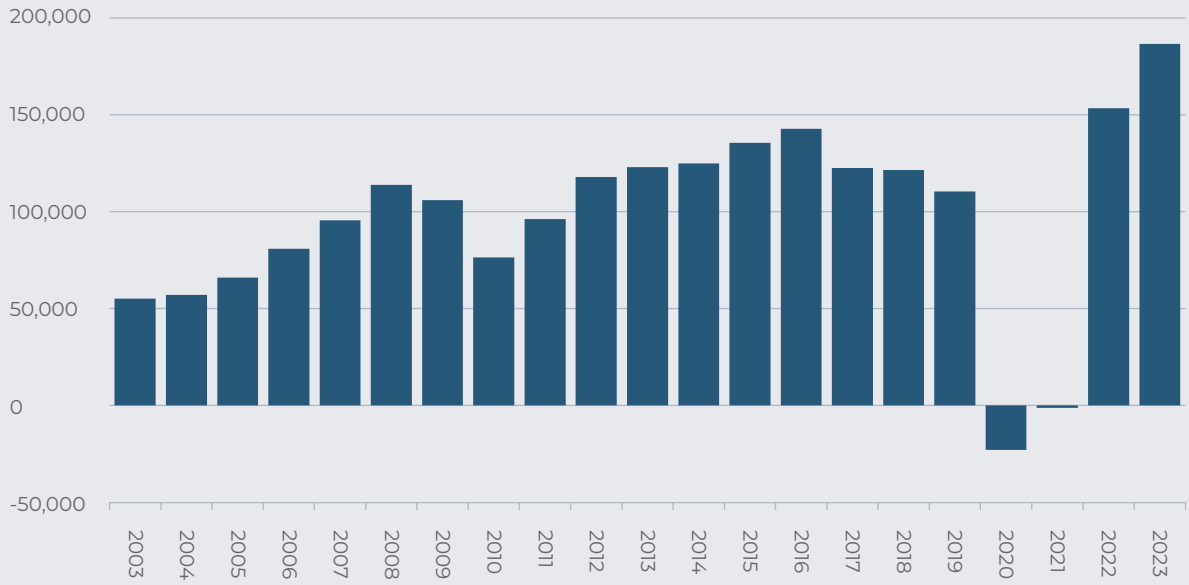
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Victoria's population is growing at the **highest level** of any Australian state.

Over the year to March 2024, 55,700 new dwellings were completed across Victoria, having largely trended down since 2017. New dwelling supply in the state has fallen by 4% over the year and is now 19% lower than the peaks of new supply recorded in 2019. The decline of the development pipeline can largely be attributed to the slowdown of high-density apartment developments. While the number of detached houses completed has held relatively steady in recent years, the number of apartments completed in 2024 is likely to be the lowest level in 10 years with current levels 40% lower than levels recorded in 2017.

VICTORIAN POPULATION GROWTH

Annual change

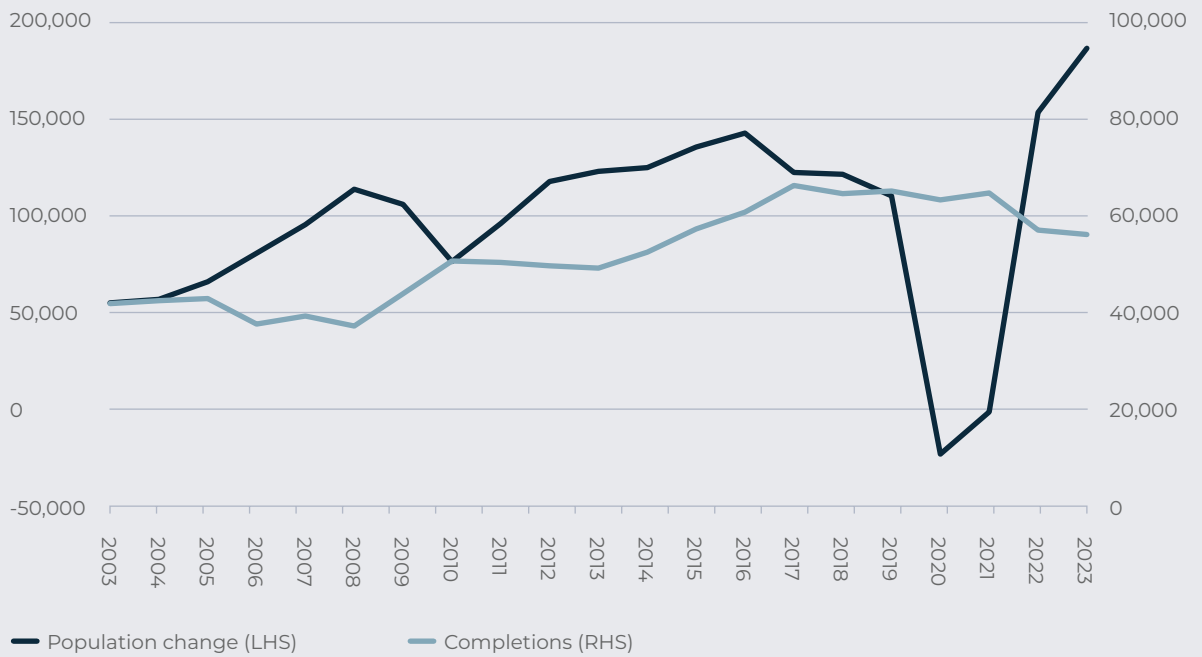


Source: Centuria Bass, Plan 1

VICTORIAN DWELLING DEMAND VS SUPPLY

Population change

Annual completions

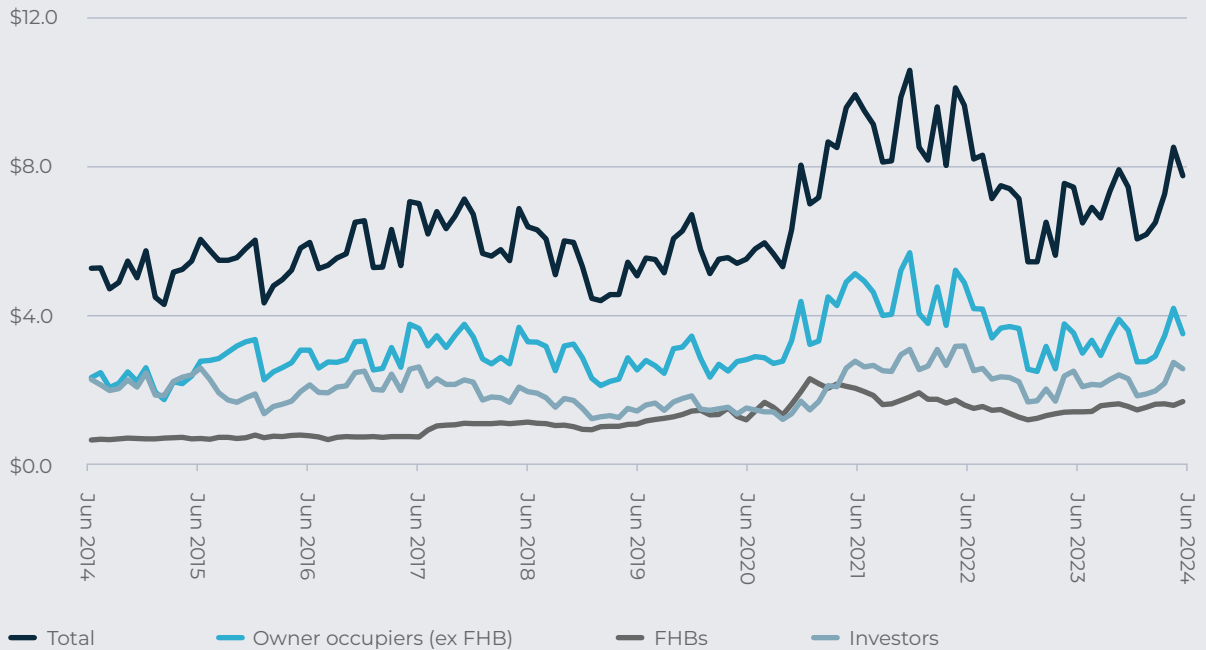


Source: Centuria Bass, Plan 1



VICTORIAN DWELLING FINANCE

Dwelling finance commitments (\$bn.)



Source: Centuria Bass, Plan 1

For the past 20 years, Victoria's new dwelling supply has largely not kept pace with the state's population growth. Highlighting the current state of the undersupply of Victoria's housing market is the tightening of its residential vacancy rate. In July 2024, the residential vacancy rate of Melbourne was 1.5%, well below the natural equilibrium of 3%, having steadily declined from 5.2% in early 2021.

In line with the decline in vacancy rates, the average rent for a Melbourne house has steadily increased over the past five years, with current levels 37% higher than those recorded in 2019. The average rent for a house located in Melbourne has now increased to an all-time high.

In terms of purchaser demand, despite the elevated interest rate environment, total Victorian housing finance commitments continue to recover and sit 21% above the 10-year average in June 2024 with \$7.7 billion financed in the month. Monthly finance commitments have increased significantly in the first home buyer segment, which increased by 10%. Investor finance levels have increased by 3% over the year and now account for 33% of total housing finance commitments in Victoria.

Although over the past four years:



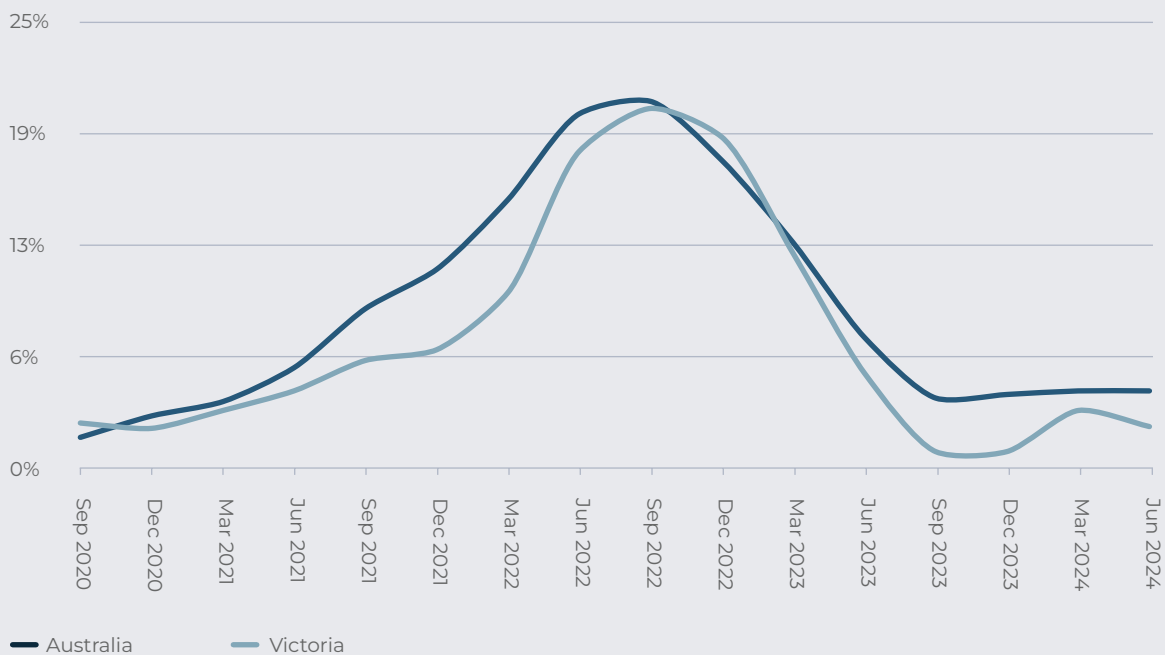
construction costs have risen by **31%**;

recent data shows a stabilisation in construction costs. Construction costs rose 1.3% over the June 2024 quarter and 6.3% over the past twelve months. Growth in prices received for building construction was driven by labour costs, with ongoing labour shortages for skilled tradespeople and anticipated wage increases impacting output prices. In Victoria specifically, housing construction costs rose by 2.3% over the year to June 2024.

Looking ahead, given the moderating construction costs, the resilience of dwelling prices and the ongoing underlying demand for housing remaining high as a consequence of the high population growth, it is likely that dwelling approvals and construction activity will recover albeit with a time lag inherent in the process from approval to completion. Centuria Bass is working in together with Victorian builders and developers to fund the projects that will help meet growing demand in the residential sector. Within 6 months, Centuria Bass has funded over \$225 million in residential projects across Victorian growth corridors. These projects will provide over 630 new dwellings, housing over 2,230 residents.

AUSTRALIAN DWELLING CONSTRUCTION PRICE INDEX

Annual change



Source: Australian Bureau of Statistics (ABS)

New South Wales

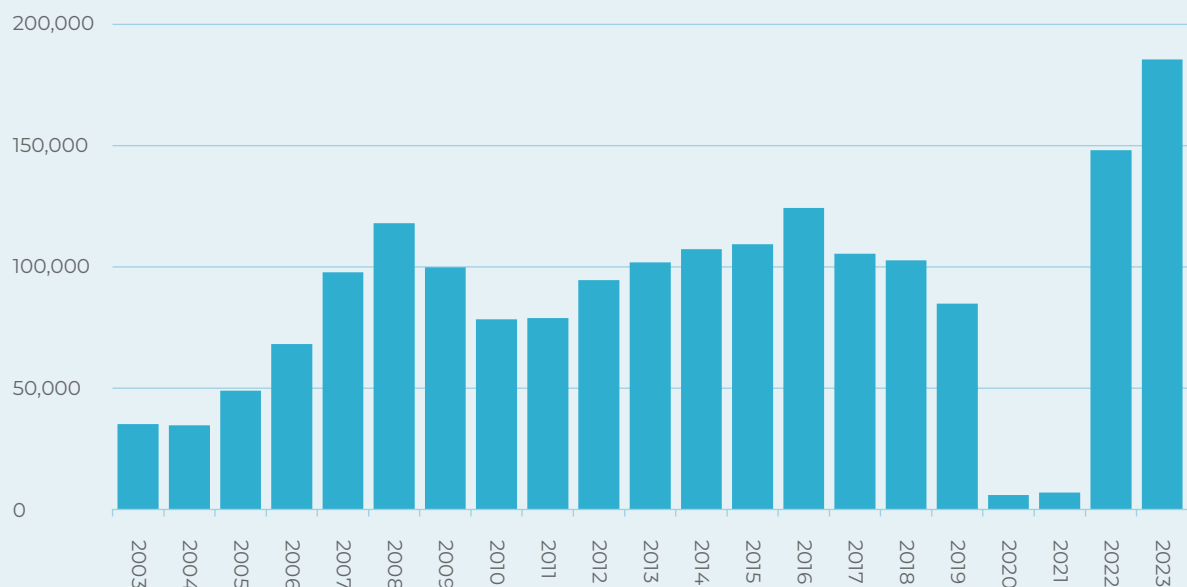
The population of New South Wales is growing at record levels. In 2023, the state's population increased by more than 185,000 people. This was mostly driven by overseas migration, as many people from the state were moving to other parts of Australia.

Over the next five years, the state's population is expected to increase by 628,900 people. This creates a significantly high demand for housing to support the continually growing population.

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In 2023, the state's population increased by more than **185,000 people**.”

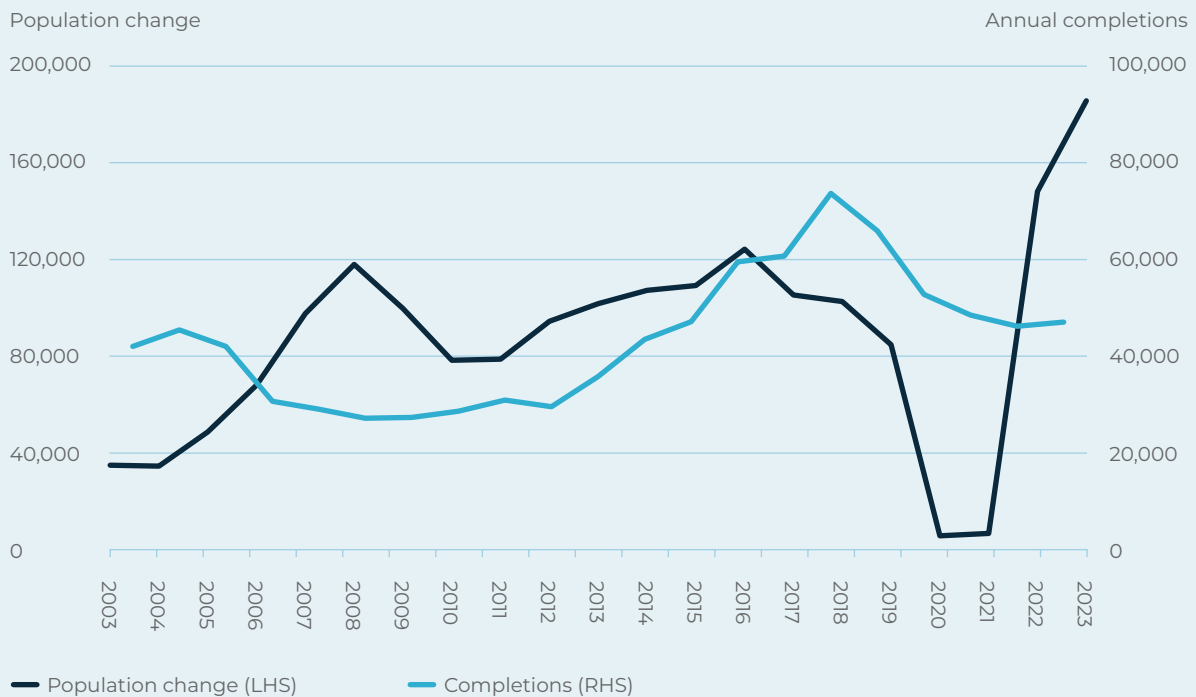
NEW SOUTH WALES POPULATION GROWTH

Annual change



Source: Centuria Bass, Plan 1

NEW SOUTH WALES DWELLING DEMAND VS SUPPLY



Source: Centuria Bass, Plan 1

The NSW State Government is targeting to construct 377,000 new dwellings by 2029. The distribution of this target is spread across the state with councils in Sydney's eastern and northern suburbs responsible for delivering about 41% or 107,100 of those new homes. The councils in the city's "central" local government areas, such as Parramatta and Cumberland, have a combined target of 97,200 new homes. The government also wants 59,100 new homes built across the western suburbs council areas such as Penrith. And a further 113,600 new dwellings are expected to be built across regional NSW.

Despite this rise in population growth, constrained supply of CRE debt from the major Australian banks has been one factor in the decline of construction levels of new homes in recent years.

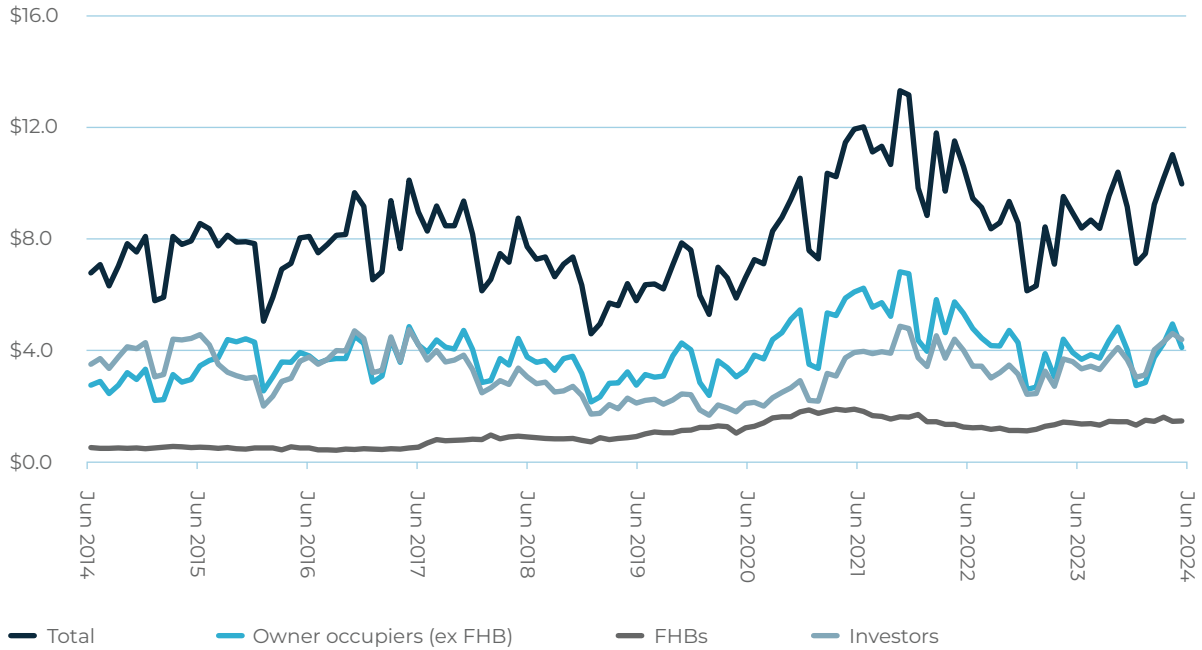
Over the past year to March 2024, 45,500 new dwellings were completed across New South Wales, having largely trended down since 2019. This is a 4% decrease in supply to the State and is now 38% lower than the peaks of new supply recorded in 2018. Part of this decline in development can largely be attributed to the slowing down of high-density apartment development. The number of apartments likely to be completed in 2024 is almost half the amount recorded five years ago. While the number of detached houses completed has been relatively steady in recent years.



What does this look like across Australia?

NEW SOUTH WALES DWELLING FINANCE

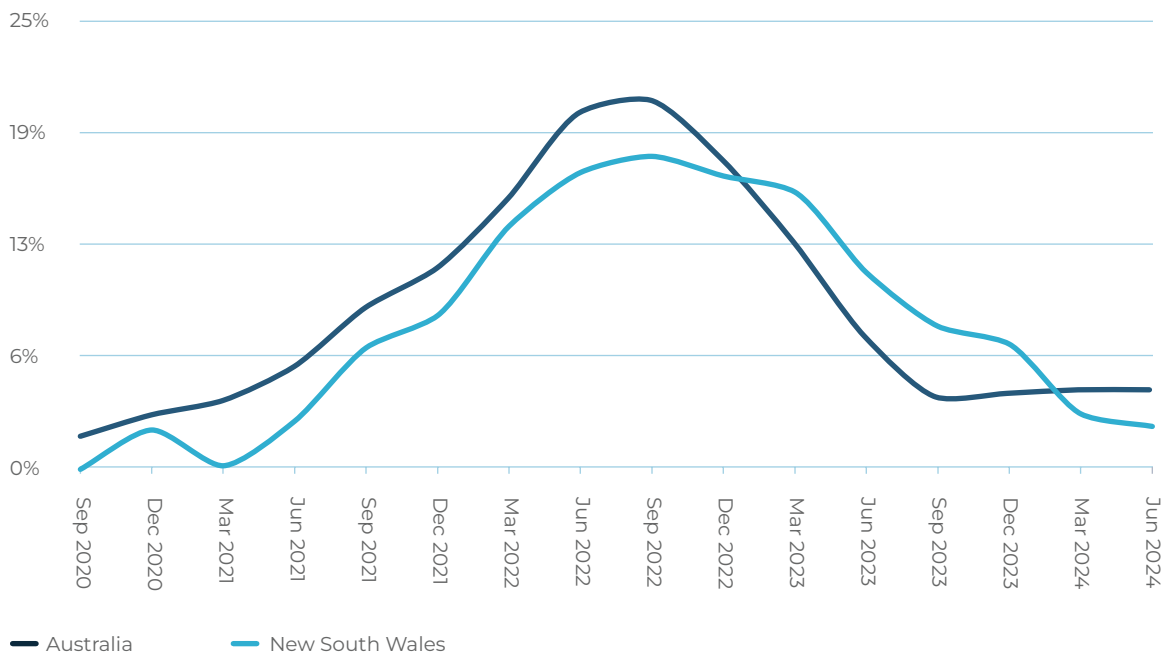
Dwelling finance commitments (\$bn.)



Source: Centuria Bass, Plan 1

AUSTRALIAN DWELLING CONSTRUCTION PRICE INDEX

Annual change



Source: Australian Bureau of Statistics (ABS)

Over the past 20 years, the supply of housing in New South Wales has not kept pace with the state's population growth. Highlighting the current state of the undersupply of the housing market is the tightening of its residential vacancy rate. In July 2024, the residential vacancy rate of Sydney was 1.7%, well below the natural equilibrium of 3%, having trended down from 4.2% in early 2020.

In line with the decline in vacancy rates, the average rent for a Sydney house has steadily increased over the past five years. These current levels are 51% higher than those recorded in 2019. Indeed, the average rent for a house located in Sydney reached all-time highs in April 2024 and remains close to the peak.

In terms of purchaser demand, despite the elevated interest rate environment, the total New South Wales housing finance commitments continue to recover. These levels sit above the 10-year average at 22% in June 2024 with \$9.9 billion financed in the month. Monthly finance commitments have increased in all purchaser categories over the year. The investor finance levels have increased by 22% over the past year and now account for 44% of total housing finance commitments in New South Wales — the highest proportion since 2017.

Although over the last four years, construction costs have risen by 31%, recent data shows a stabilisation in construction costs.

Construction costs rose:



1.3% over the June 2024 quarter; and



6.3% over the past twelve months.

This growth in prices received for building construction was driven by labour costs, with ongoing labour shortages for skilled tradespeople and anticipated wage increases impacting output prices. In New South Wales specifically, housing construction costs decreased by 0.1% over the year to June 2024.

With moderating construction costs, the resilience of dwelling prices and the ongoing demand for housing remains high as a consequence of population growth and it is likely that dwelling approvals and construction activity will recover albeit with a time lag inherent in the process from approval to completion. Centuria Bass is working with New South Wales builders and developers to fund projects to meet the growing population, and

in 2024, Centuria Bass has funded:



residential projects valued over **\$327 million** across NSW;



with these projects providing more than **1,369 dwellings**.

Queensland

The state of Queensland is experiencing population growth at near record levels, adding 141,000 people in 2023. Two factors driving this growth are overseas migrants and people from across Australia moving to the state.

Over the next five years, Queensland's population is expected to grow by 445,600 people. Based on this growth, the Queensland State Government has set a target to build 1 million new dwellings by 2046, including 53,500 new social housing homes.

While Queensland's population is continuing to grow at all-time high levels, the constrained supply of CRE debt from major Australian banks played a role in the decline of construction levels of new dwellings in recent years.

Over the past year to March 2024, 34,000 new dwellings were completed across Queensland. This amount of completed housing is largely trending down since 2017.

However, the new housing supply in the state has:



risen by 3% over the past year;

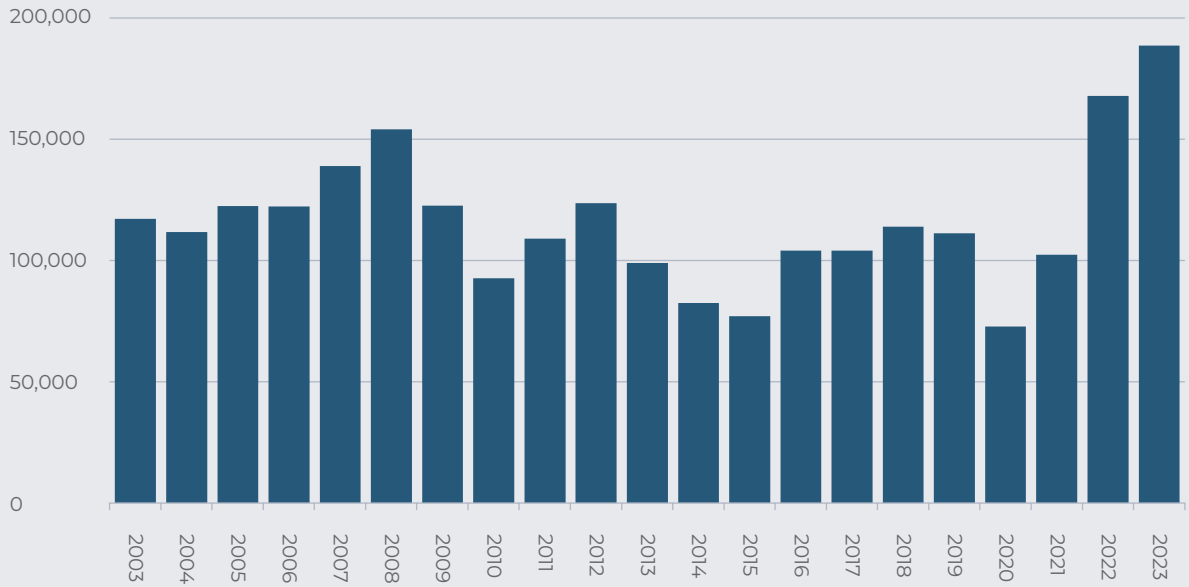
but that is still 29% lower than the peak recorded in 2017. The decline of new developments can largely be attributed to the slowing down of high-density apartment development. The number of apartments projected to be completed in 2024 is less than half the recorded level in 2017. However, the number of detached houses completed has held relatively steady in recent years.

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Queensland is experiencing population growth at near record levels, adding **141,000 people** in 2023.

QUEENSLAND POPULATION GROWTH

Annual change

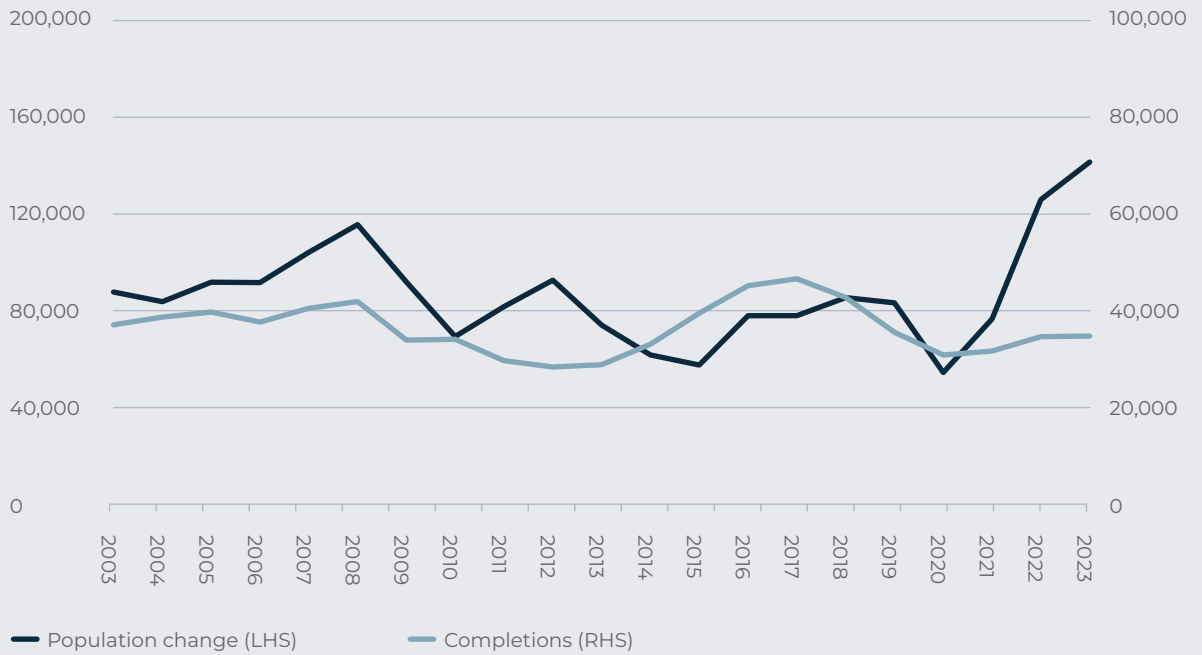


Source: Centuria Bass, Plan 1

QUEENSLAND DWELLING DEMAND VS SUPPLY

Population change

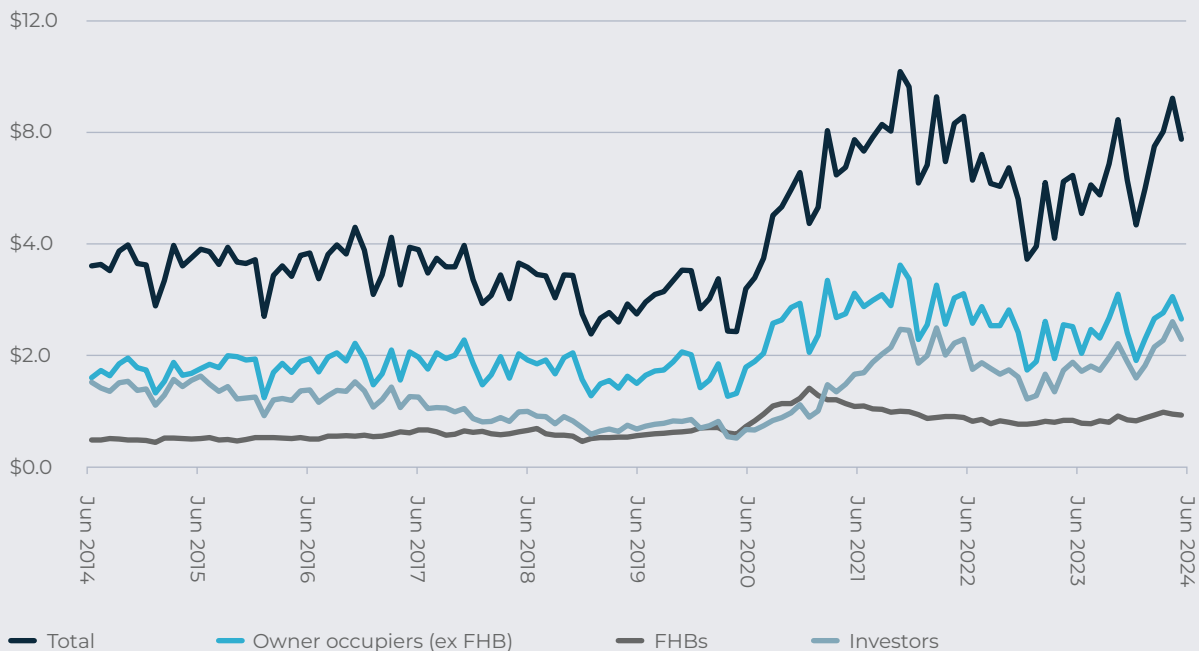
Annual completion



Source: Centuria Bass, Plan 1

QUEENSLAND DWELLING FINANCE

Dwelling finance commitments (\$bn.)



Source: Centuria Bass, Plan 1

The trends of new housing supply have not kept pace with the state's population growth over the last 20 years. Highlighting the current state of the undersupply of Brisbane's housing market is the tightening of its residential vacancy rate. In July 2024, the residential vacancy rate of Brisbane was 1.1%, well below the natural equilibrium of 3%, having remained below 3% for the past five years.

In line with the decline in vacancy rates, the average rent for a Brisbane house has steadily increased over the past five years. These average rent levels are 56% higher than those recorded in 2019. Indeed, the average rent for a house located in Brisbane reached all-time highs in July 2024.

In terms of purchaser demand, despite the elevated interest rate environment, total Queensland housing finance commitments continue to recover. These levels sit above the 10-years average at 41% in June 2024, with \$5.8 billion financed in the month. Monthly finance commitments have increased in all purchaser categories over the year, which has been led by investors. Investor finance levels have increased by 22% over the past year and now account for 39% of total housing finance commitments in Queensland — the highest proportion since 2015.



What does this look like across Australia?

Although over the past four years, construction costs have risen by 31%, recent data shows a stabilisation in construction costs. Construction costs rose 1.3% over the June 2024 quarter and 6.3% over the past twelve months. This growth in prices received for building construction was driven by labour costs, with ongoing labour shortages for skilled tradespeople and anticipated wage increases impacting output prices. In Queensland specifically, housing construction costs increased by 0.1% over the year to June 2024.

Looking ahead, given the moderating construction costs, the resilience of dwelling prices and ongoing underlying demand for housing remaining high because of the increase in population growth, it is likely that housing approvals and construction activity will recover albeit with a time lag inherent in the process from approval to completion.

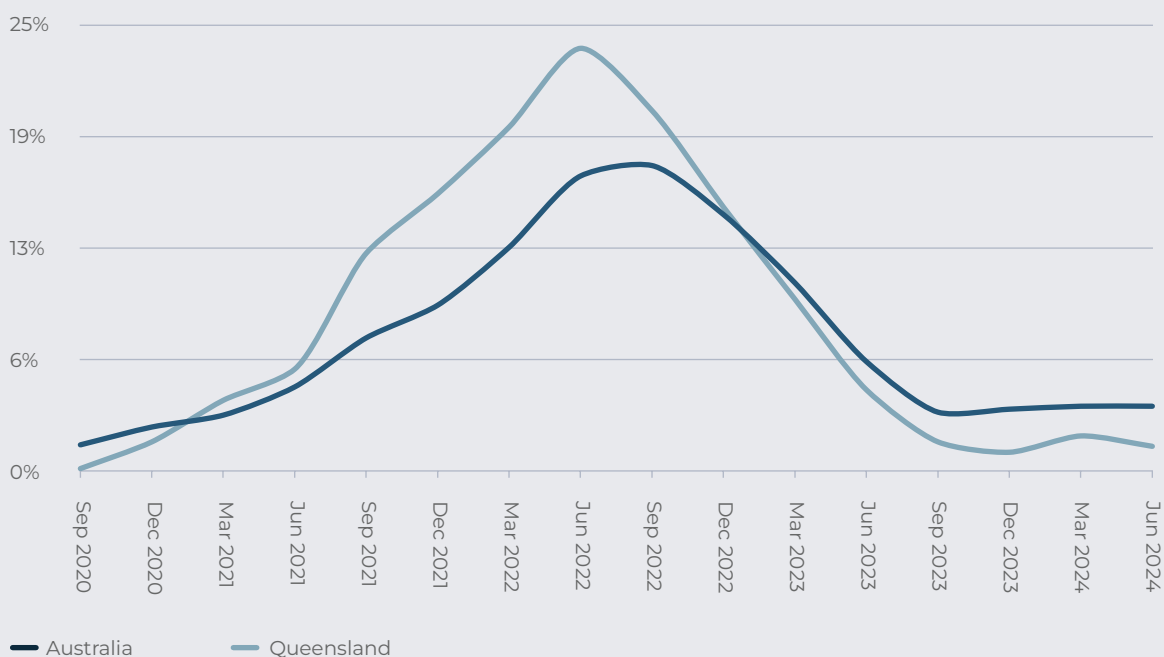
Recently, Centuria Bass has funded a residential project valued at \$50 million, providing 42 dwellings to the Brisbane CBD. Helping to alleviate the demand for high-density apartment developments.



In Queensland specifically, housing construction costs **increased by 0.1%** over the year to June 2024.

AUSTRALIAN DWELLING CONSTRUCTION PRICE INDEX

Annual change



Source: Australian Bureau of Statistics (ABS)

Western Australia

Western Australia's population is growing at record levels, increasing by over 93,000 over 2023.

Western Australia's population growth was driven by overseas migrants with the state also attracting people from other Australian states.

Looking ahead, Western Australia's population is projected to increase by 219,300 people over the next five years.

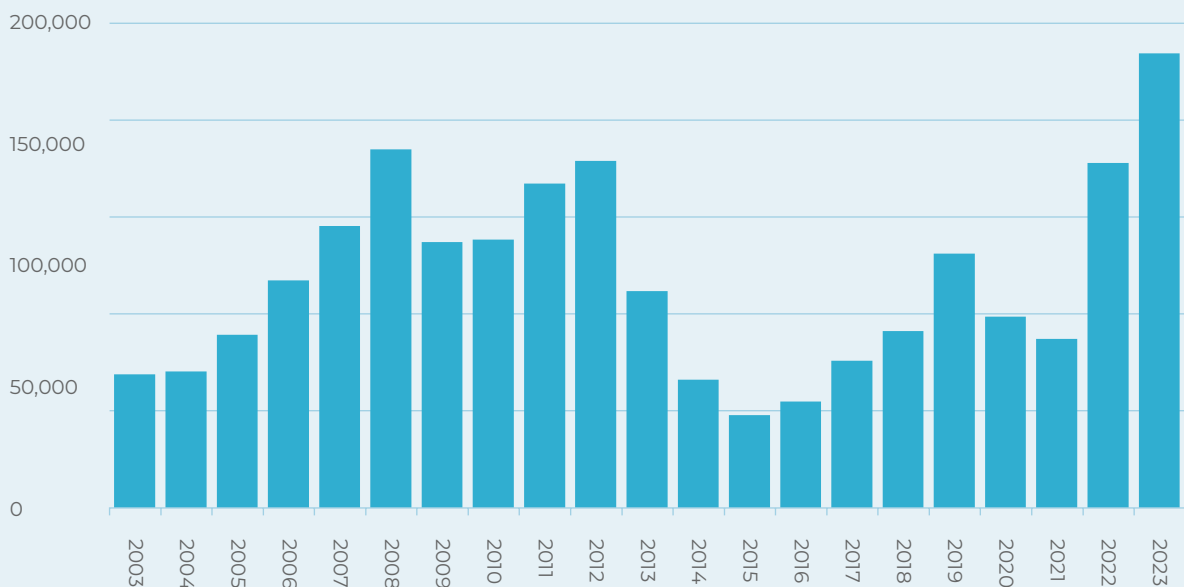
While Western Australia's population has been growing at all-time high levels, constrained supply of CRE debt from the major Australian banks has been one factor in the decline of construction levels of new dwellings in recent years.



Western Australia's population is growing at record levels, increasing by **over 93,000** in 2023.

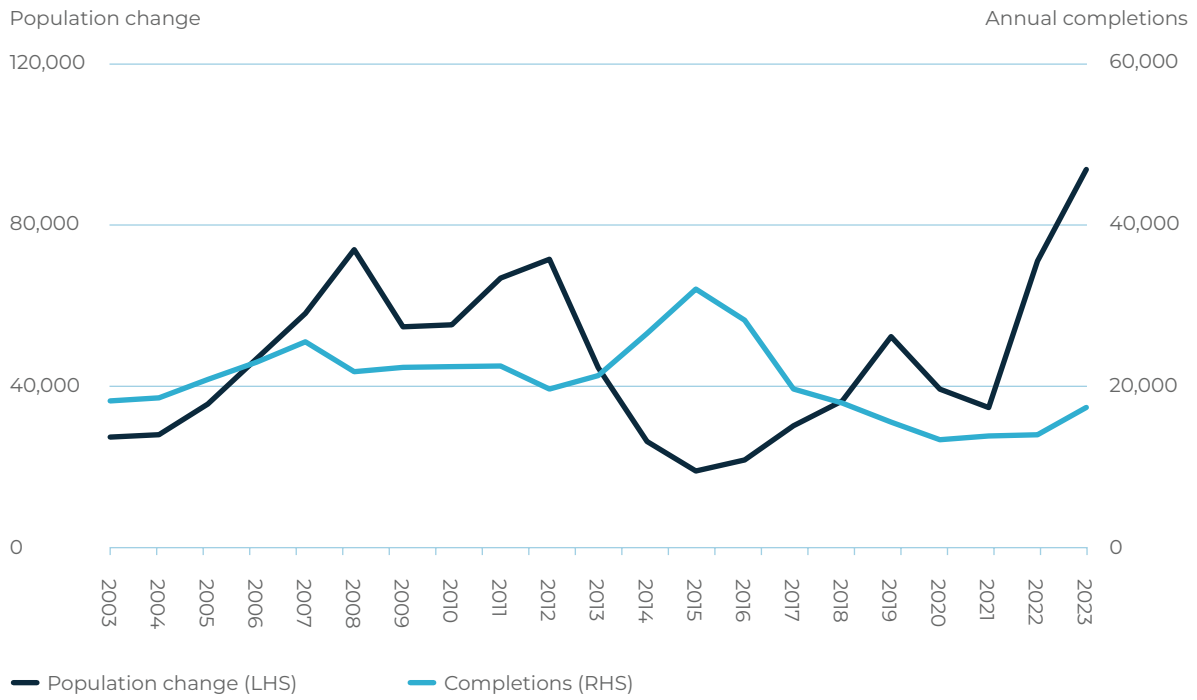
WESTERN AUSTRALIA POPULATION GROWTH

Annual change



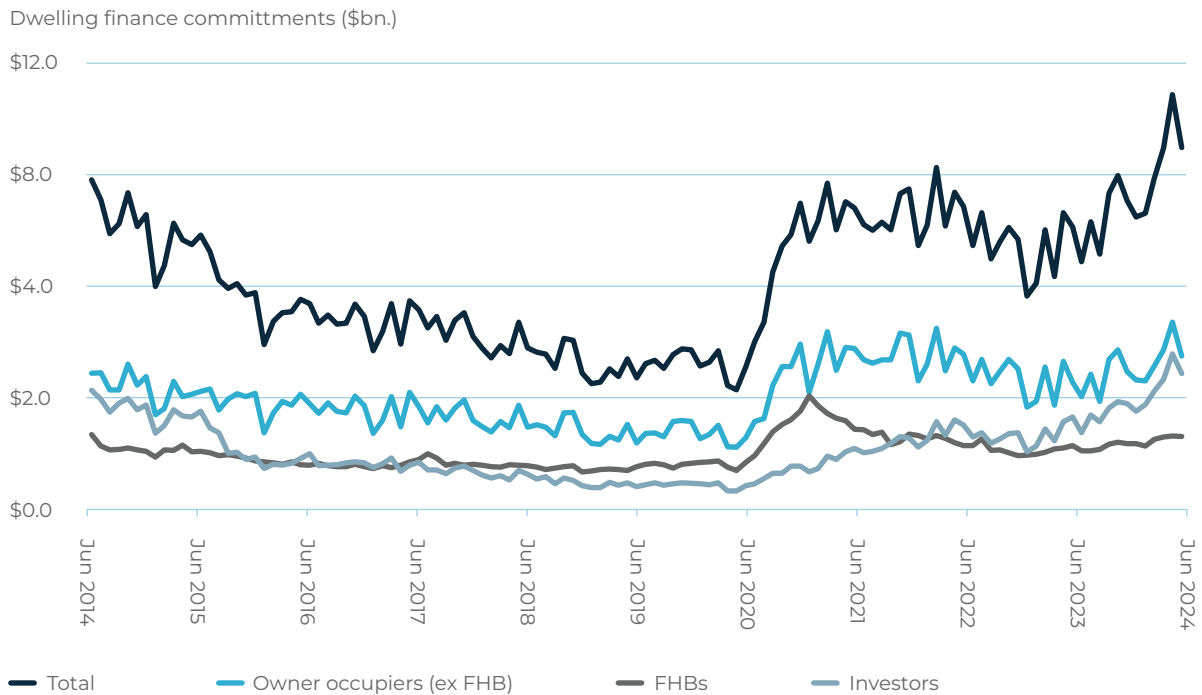
Source: Centuria Bass, Plan 1

WESTERN AUSTRALIA DWELLING DEMAND VS SUPPLY



Source: Centuria Bass, Plan 1

WESTERN AUSTRALIA DWELLING FINANCE



Source: Centuria Bass, Plan 1

Over the year to March 2024, 17,400 new dwellings were completed across Western Australia, having largely trended down since 2017. New dwelling supply in the state has risen by 19% over the year but remains 46% lower than the peaks of new supply recorded in 2016. The decline of the development pipeline can largely be attributed to the slowdown of high-density apartment development. While the number of detached houses completed has increased in recent years, the current level of apartments projected to be completed in 2024 is less than a third of the level recorded in 2016.

For the bulk of the past 20 years, new dwelling supply across Western Australia has not kept pace with the state's population growth. Highlighting that the current state of the undersupply of Perth's housing market is the tightening of its residential vacancy rate.

In July 2024, the residential vacancy rate of Perth was:

 **0.8%**, the lowest of the major Australian capital cities;

and well below the natural equilibrium of 3%, having remained below 3% for the past five years.

In line with the tight vacancy rates, the average rent for a Perth house has steadily increased over the past five years, with current levels 82% higher than those recorded in 2019. Indeed, the average rent for a house located in Perth reached all-time highs in July 2024.

“
The average rent for a house located in Perth reached **all-time highs** in July 2024.

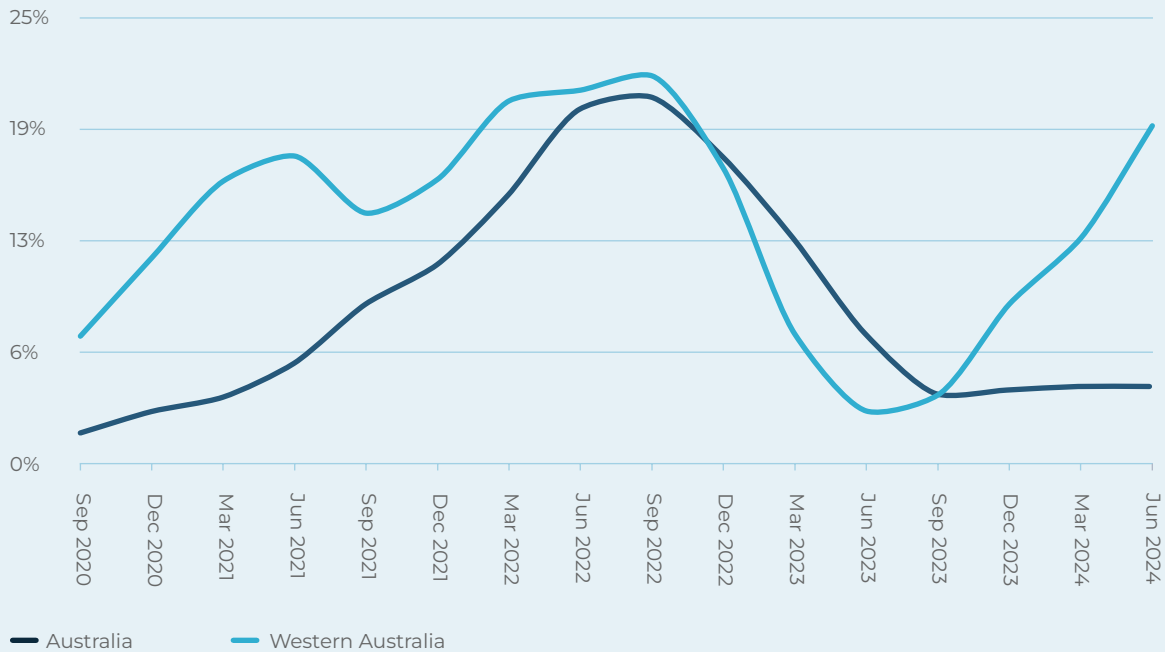
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In Perth specifically, housing construction costs **increased by 18.9%** over the year to June 2024, the highest rate of any Australian state.

In terms of purchaser demand, despite the elevated interest rate environment, total Western Australian housing finance commitments continue to recover and sit 28% above the 10-year average in June 2024, with \$3.2 billion financed in the month. Monthly finance commitments have increased in all purchaser categories over the year led by investors. Investor finance levels increased by 47% over the year and now account for 37% of total housing finance commitments in Western Australia — the highest proportion in a decade.

Although over the past four years, construction costs have risen by 31%, recent data shows a stabilisation in construction costs. Construction costs rose 1.3% over the June 2024 quarter and 6.3% over the past twelve months. Growth in prices received for building construction was driven by labour costs, with ongoing labour shortages for skilled tradespeople and anticipated wage increases impacting output prices. In Perth specifically, housing construction costs increased by 18.9% over the year to June 2024, the highest rate of any Australian state.

AUSTRALIAN DWELLING CONSTRUCTION PRICE INDEX

Annual change



Source: Australian Bureau of Statistics (ABS)

To summarise, Western Australia is experiencing record population growth, a trend that is projected to continually increase over the next 5 years, combined with record construction cost increases, record rent rises and the lowest vacancy rates of all Australian capital cities. With international immigration being responsible for the majority of the state's population increase, combined with the construction of the new Edith Cowan University city campus development, we are likely to see increased demand for dwellings that are CBD central or adjacent, particularly from Q4 2025 when the ECU city campus is completed, and students commence their studies.

A theme that will be highly impacted by the decline in high-density apartment developments. With the constrained supply of CRE debt from the major banks, Centuria Bass is helping West Australian builders and developers get their projects completed. Having recently funded a residential and commercial complex in South Perth providing 75 residential dwellings, and a 10-level commercial strata office building, we're working towards plugging the funding gap to support Australia's growing states and territories.



What does this look like across Australia?

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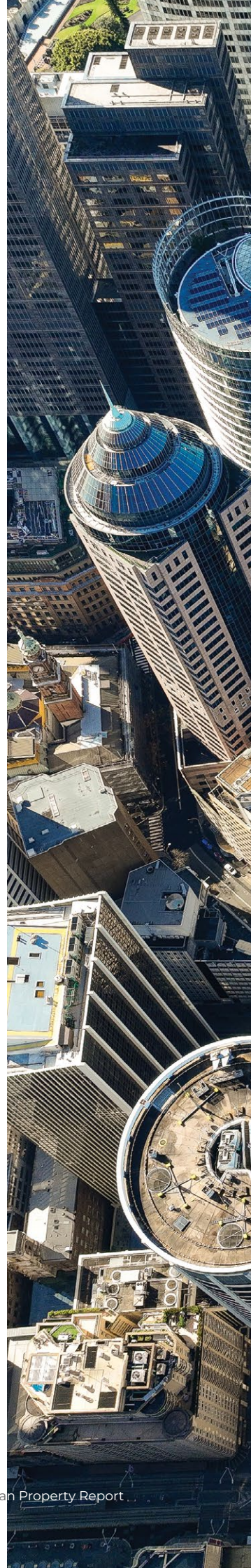


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