

The Future of the Property Market

--Key Takeaways--

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Six shifts set to reshape the market over the next 10 years



1. GLOBAL

Trade:

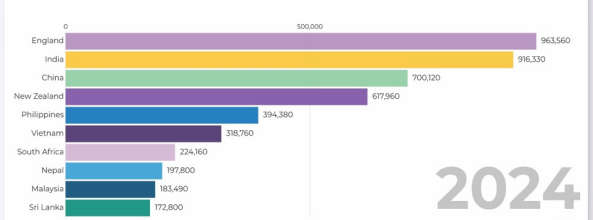
Australia's economy is deeply linked with China – trade wars that slow demand for Chinese goods will flow through and drag on Australia's economy.

India, India, India:

- India now the largest population on the planet and it will become 3rd largest economy by 2028.
- India is the 2nd-most common country of birth for Aussie migrants. By next Census India will overtake England to become no.1.
- Searches on realestate.com.au from India to buy/rent Aussie real estate are up.

Aussie migrants over time

Top 10 countries by birth 1996-2024



2024

2. PEOPLE

Bigger:

Australia's one of the fastest growing developed nations on the planet. We will grow by 893 people per day for the next 10 years, hitting 31M in 2035. 1/3 is natural, 2/3 is immigration.

Older:

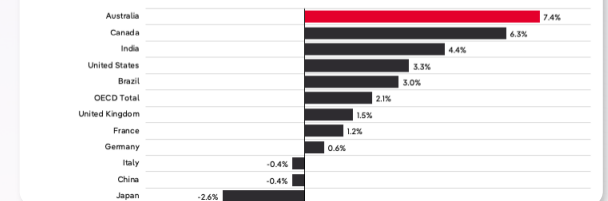
In the 1970s 1/10 Australians were 65+. Today 1/5 are 65+. In the 2070s 1/4 will be 65+. Demand for 55+ communities and health-related commercial assets set to grow.

Lonelier:

Lone or single-person households are the fastest growing household type in Australia. This is partly due to the break-up of share-houses during the pandemic, partly due to elderly Australians not downsizing.

Population growth in Australia is far outpacing other developed countries

Forecast population growth between 2023 and 2028



3. CITIES

Sprawl:

We've grown our cities primarily through urban sprawl with some densification of our city centres.

Missing Middle:

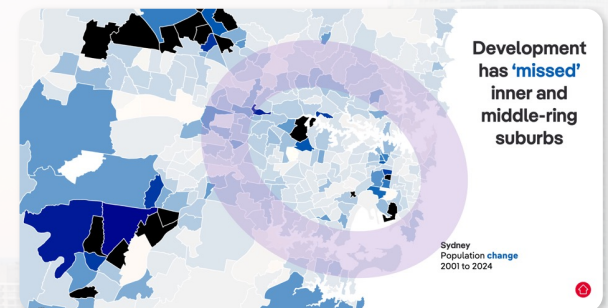
This approach has left our major capitals with a 'missing middle', referring to the underdevelopment of middle ring suburbs as well as the lack of low-rise apartments and townhouses.

Government:

State governments around Australia are trying to unlock this 'missing middle' through rezoning areas around transport hubs and town centres.

Developers:

Will wait for the economics of building in these areas to stack up, which will be determined by the cost of labour, materials and land.



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4. ENVIRONMENT

Australia's uninsurable suburbs:

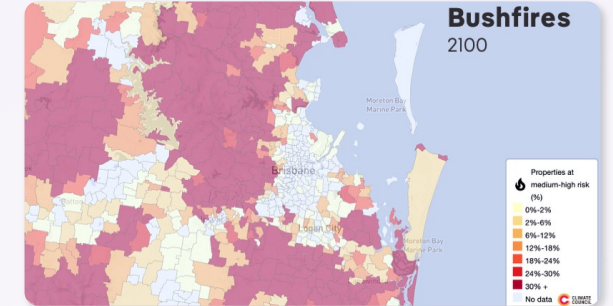
Currently 1/23 Australian homes are at 'high risk' of damage from extreme weather, making insurance unaffordable or unattainable. [Climate Council].

Market outcomes:

Areas at high risk of damage will lag the market, areas of low risk will outperform.

Risk mindset:

Likelihood of damage from adverse weather [aka risk] will impact people's ability to secure insurance and finance and become a growing factor for consumers when deciding where to buy or invest.



5. PRICE

Price prosperity:

Australia has some of the highest home values in the world. Housing has been a major driver of prosperity, while creating a growing socio-economic divide.

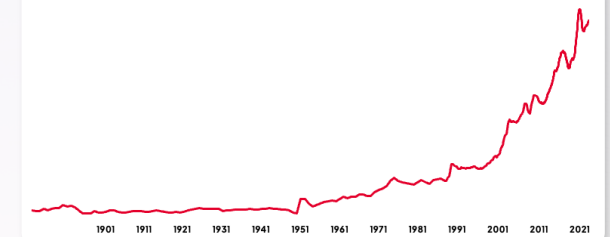
A divided nation:

Home ownership in young Australians has plummeted. Time to save a deposit for a first-home owner has blown out to six years.

The new bank in town:

Annual inheritances in Australia will reach \$150bn per year by 2035. Family wealth increasingly will be the golden ticket to the market.

Australian House Prices
(adjusted for inflation)



6. LIVING

Australian Dream:

Of a quarter acre block is dead – average new lot size is 628sqm.

First-home buyers in 10 years:

- More likely to buy an apartment than a house, targeting new builds in middle-ring suburbs,
- Mid-to-late 30s & likely to be a two-person household
- One of those two will have inheritance
- Typical Australian dwelling will be ~\$1.5M.

