



# Month in Review

August 2019

The Month in Review identifies the latest movements and trends for property markets across Australia.

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### **Disclaimer**

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# Property fundamentals local homebuyers love



The property game is full of wizened adages.

*"Location, location, location" comes to mind. So does, "Buy land... they aren't making any more of it", and the evergreen caption accompanying the dodgy sketch of a well-aged gent that reads, "This is the young man who waited for property prices to come down!".*

Hilarious? Not really.

Predictable? Perhaps.

Factual? Well... yes!

In most instances, clichés are clichés because they're true, and one of the most enduring when it comes to purchasing a home is, **"Stick with the fundamentals"**

Ah yes - of course. The fundamentals will see you through. Applying the fundamentals of property means you are onto a sure thing. Solid bricks-and-mortar purchasing with little chance of surprise value drops. It all makes sense.

Sounds convincing... but what actually are the fundamentals?

Most think they're easy to define. Close to schools, town and facilities, right? Well not necessarily.

Our nation is made up of many complex and interesting landscapes. You may have heard

Dorothea Mackellar set it to prose - we're a wide brown land, after all!

In this scenario, fundamentals are not always universal. Sometimes the elements that attract folk to one particular location aren't as important in another.

We have regional hotspots and coastal townships. Capital city powerhouses and fringe suburb growth zones. There are plenty of locations offering varied property types and price points - and each have their own specific drawcards bringing in homebuyers.

With this as our canvas, we've asked our residential teams around the nation to define which specific fundamentals are attractive to homebuyers in their service area.

To make it more interesting, they've even broken down the buyer base to reflect the drawcards for first homebuyers, upgraders and prestige purchasers, so there's no doubt as to what's piquing the interest of the various demographics.

Stepping beyond housing, and this month's special subject of choice in the commercial field is what's happening at the big-end of our retail sectors.

From major transactions to monolithic leases, our team has come together and collated an enviable dataset about huge deals driving this sometimes-volatile market sector. It's a rundown of how the retail movers and shakers have been operating so far in 2019.

Finally, the regional crew has gazed into the rune stones of the rural sector. They add some qualitative assessment to their quantitative resources and have come up with thoughts on the future of rural property over the next two to five years.

There it is - another stellar collection of thoughts from the expansive minds at Herron Todd White. It's great to have this knowledge of course, but if you want to stick with the best fundamental of all, then pick up the phone and contact your Herron Todd White office of choice. We have a team with foundationally strong advice for your property dealings.

*From major transactions to monolithic leases, our Commercial team has come together and collated an enviable dataset about huge deals driving the sometimes-volatile retail property market sector.*

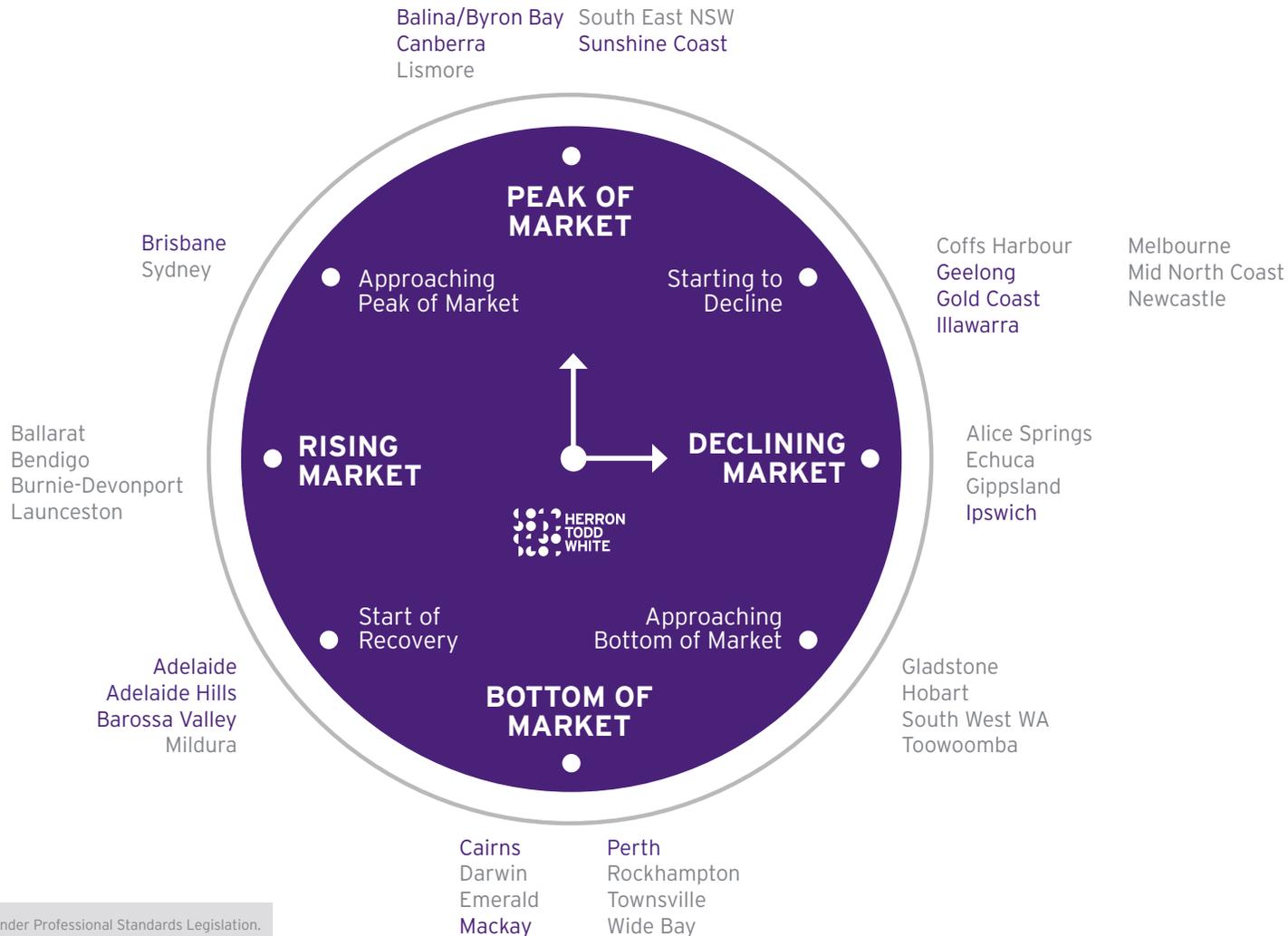


# Retail

August 2019

# National Property Clock: Retail

Entries coloured purple indicate positional change from last month.



Month in Review  
August 2019



COMMERCIAL

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# New South Wales

## Overview

There is some serious money being spent in retail property, despite some of the reported difficulties regarding competition from online sales and adapting to new customer wants and needs.

This month, we've asked our experts to talk about the big moves they've witnessed in retail real estate across their service areas. You'll find reports of all the major sales and leases that have occurred so far in 2019.

## Sydney

The retail market in Sydney continues to see growth as a result of increased demand for good investment assets, growth in rental income and generally lower vacancy rates. Major retail shopping centres and established strip retail areas dominate tenant demand and investment.

Within major shopping centres, the demands and wants of consumers have driven demand from retailers. Consumers are really looking to shopping centres for an experience. Food and beverage is currently dominating that demand. Centres that cater to this by offering unique venues and plenty of variety are doing far better than those with a traditional layout and tenancy mix.

There is a continued threat from online shopping and a generally negative perception of the retail market, however more and more we are seeing

trade numbers increasing in major, well designed centres. The increasingly common thought is that online shopping reduces sales in store, but that the stores are a requirement to drive sales, presence being the important factor. This has seen continued tenant demand from strong retail brands and chains.

As with most of the commercial markets across Sydney, demand for solid investments continues. Well performing centres with strong anchors and good tenancy mixes are as important as always. Centres with solid performance have been sold on low yields.

Within the CBD we have seen an increase in high-end retail tenants and rental rates. High-end retailers are currently looking to secure prime locations in order to meet the growing demand for luxury goods, mainly from overseas tourists. This supports the idea that retailers are still looking for a physical presence despite the popularity of online shopping.

In most centres, rental rates have been trading up, but we caution that we are starting to see a slowing in rental growth which we expect to continue.

Looking ahead to the future for retail shopping centres, the need for local convenience and consumer experiences will continue as will the demand from brands looking to showcase their

goods. Centres that adapt to the changing nature of the industry will continue to perform well and attract trade and in turn good solid tenants.

## Newcastle

This month, we talk about the big retail deals in the commercial property market in Newcastle. To be frank we're in somewhat of a holding pattern at the moment. We all know the Banking Royal Commission and pesky federal election slowed things down in the real estate market. What we're seeing now though is a return to a more prudent market, where yields are creeping up somewhat in uncertain economic times. While we've just seen two consecutive 25 basis point interest rate cuts which appear to have stimulated the housing market in the short term at least, it appears to have had no such effect on the retail investment market in Newcastle. Granted this a slower moving animal, with generally longer due diligence periods and a more limited buyer pool.

So the short story is, there have been no major retail sales in Newcastle in the past few months that we are able to report on. Stay tuned though as we are across a number of significant retail sales that we have to keep under our hats at the moment.

There have been a number of articles in the Newcastle Herald recently discussing vacancy rates for retail property along the new light rail line in Newcastle. This section of Newcastle has traditionally shown relatively high vacancy rates and has blamed individual vacancies on the light



**Consumers are really looking to shopping centres for an experience.  
Food and beverage is currently dominating that demand.**

rail works; associated parking may be another small piece of the puzzle. The changing nature of retail to increased online purchases, individual business performance, rental rates and branding are also some factors involved in retail performance. We may well expect some decline in rental rates should vacancies continue to rise as the nature of these tenancies along Hunter Street change from retail to office uses.

## Wollongong

The retail market continues to be subdued with limited sales and leasing activity. This makes it difficult to prove where the market is positioned with the slowdown in activity due in large part to uncertainty over the past 12 months created by the Banking Royal Commission and the state and federal elections.

During these times of uncertainty there has been a flight to quality with assets underpinned by strong covenants and long lease terms attracting a high level of interest and as such trading at yields in the five to six per cent range. The most significant lease deal in the Wollongong CBD was for the former Max Brenner space on the Keira Street frontage of Wollongong Central to The Bavarian, joining Crinitis in this dining precinct.

## Lismore

Byron Bay is as usual the stand out performer for the north coast of New South Wales. It has exceeded expectations and continued to remain strong, despite assumptions that the market has peaked.

July 2018 saw the monster \$12.2 million sale of the Feros Arcade showing a surprising 5.02% yield, with an approximate 921 square metres of retail space, indicating a rate of \$13,290 per square metre.

Another notable sale earlier in 2018 was the Lawson Arcade with a \$6.48 million price tag at a yield of 4.2%. We are seeing an increase in retail style business relating to the Byron Bay industrial estate as a result of the strength of the retail market pushing industrial rents and value levels. The most recent rents of retail style industrial space have seen rents from \$200 to \$250 per square metre increase to \$350 to \$400 per square metre. Brunswick Heads and Mullumbimby have also remained strong on the back of the Byron Bay market, while the surrounding coastal localities appear to be steady.

The inland retail market has not been as fortunate, seeing a downturn in retail spending resulting in increased vacancies as local stores can no longer keep their doors open. This has had a flow on compounding effect of lower rents leading to lower value levels.



# Victoria

## Melbourne

In the first half of 2019, the Melbourne retail investment market continued to demonstrate varied results across market segments. Properties situated in strong locations such as major shopping strips in the Melbourne CBD, or with leases to major national retailers, or with longer term development potential continue to experience stable and consistent yields, however we have continued to see evidence of softening yields for retail properties in secondary locations, particularly within areas with low tenant demand and high vacancy rates.

Notable transactions in the first six months of 2019 include:

### **Coles Lalor Plaza, 22 McKimmies Road, Lalor VIC**

**Sale Date:** June 2019

**Sale Price:** \$7.38 million

**Purchaser:** Local investor



Coles Lalor Plaza

Source: realcommercial.com.au

**Yield of:** 6.35%

**Rate per square metre of building area:** \$3,209

**Land:** Strata-titled allotment which forms part of Lalor Plaza Neighbourhood Shopping Centre

**Parent site:** Corner site of approximately 2.2 hectares with frontages to McKimmies Road and Darebin Drive

**Location:** approximately 18 kilometres north of the Melbourne CBD

**Zoning:** Commercial 1 zone

**Description:** GLAR: 2,300 square metres, internal mall facing single level supermarket, anchor tenant, represents approximately 33% of the total GLAR of the shopping centre

**Tenant:** Coles Group Limited

**Lease:** renewed term of ten years commencing February 2014, one further option of ten years

**Outgoings:** net lease, tenant pays all outgoings including Land Tax. Coles Group Limited is a listed company and does not fall under the provisions of the Retail Lease Act 2003 and therefore pays land tax

**Net income:** \$468,512 per annum

**WALE:** 4.41 years

The property was sold at an on-site auction by selling agent CBRE and Gross Waddell. We understand that there were three serious bidders, all locally based investors. The selling agents

indicated that they had received more than 130 enquiries and that they considered there was increased confidence from buyers seeking single tenanted retail investments since the May federal election.

Prospective purchasers were attracted to the strength of the lease covenant, net lease structure and middle northern suburban location.

The relatively high yield for a supermarket investment property at this price point is reflective of the property being strata-titled without its own land holding and limited future development potential.

### **Woolworths Lara, 50 The Centreway, Lara**

**Sale Date:** May 2019

**Sale Price:** \$21.55 million

**Purchaser:** Private investor

**Yield:** 5.97%

**Rate per square metre of building area:** \$5,102



Woolworths Lara

Source: realcommercial.com.au



**Land:** Corner site of 8,048 square metres, frontages to Waverley Road and Gilleean Place

**Location:** regional town forming part of the City of Greater Geelong, approximately 17 kilometres north of the Geelong CBD and approximately 60 kilometres south-west of the Melbourne CBD

**Zoning:** Commercial 1 zone

**Building:** GLAR: 4,224 square metres, recently constructed freestanding, single level supermarket and liquor store

**Tenant:** Woolworths Limited

**Lease term:** The property sold subject to a leaseback to Woolworths for a 12-year term commencing on a date not more than one month prior to settlement with ten further terms each of five years provided thereafter.

**Outgoings:** the lease is structured on a semi gross basis with the lessee responsible for payment of increases in statutory outgoings and insurance over a base year. Woolworths Limited is a listed company and does not fall under the provisions of the Retail Lease Act 2003 so pays the increase in land tax over the base year

**Total net income:** \$1.286 million per annum

**WALE:** 12.0 years

The property was sold following an expressions of interest campaign closing 3 April 2019. The property was attractive to investors given the strong fundamentals such as a well-regarded lease covenant, long term lease and large land holding within a growing regional area in close proximity to Melbourne.

The selling agents advised that there was a good level of interest from prospective purchasers for this asset, particularly due to the lack of quality

retail investment property available for purchase with metropolitan Melbourne.

Although purchaser interest for high quality retail properties remains relatively high, we are of the view that this is led by an optimistic buyer perception of the market direction and may not ultimately reflect what is actually happening in relation to tenant demand, affordability and achievable long-term investment returns on property. There appears to be a discrepancy between capital values and rental income growth as capital values within popular precincts appear to be experiencing strong growth while rental income growth appears to be moderate, and in some cases declining, in comparison. As such, the market within these precincts tends to be influenced to a large extent by economic volatility.

Tenant demand within the wider suburban retail market appears to be moderate. Our enquiries of various local leasing agents indicate that tenancies are commonly experiencing vacancy periods in excess of six months and in many instances rental reductions are offered from initial asking prices. Incentives (including rent free periods) are being offered to attract suitable tenants, particularly to secure longer lease terms. This decline in rents is often attributed to:

- ▶ landlords continuing to seek increasing rentals and when at high levels, these have become unaffordable for many tenants. The quantum of money and affordability are major considerations for tenants;
- ▶ Retail spending growth remains subdued which is placing increasing pressure on retailers' occupancy costs. Rising occupancy costs (including rents and outgoings expenses) and declining profit margins are forcing many retailers to cease trading;

- ▶ Increasing shift in demand away from fashion and consumer goods retailers to food based and service tenants as has been seen in other similar retail precincts;
- ▶ A high level of competition from retailers and food operators providing a similar product offering within the surrounding areas impacting on the ability of tenants to sustain existing rental levels; and
- ▶ Fashion and consumer goods retailers facing increased pressure from competing online retailers. Additionally, larger national retailers prefer to be located within major shopping centres.

It appears as though landlords will need to be receptive to the possibilities of declining rents and potentially capital values. Tenants appear to be placing a continued focus on affordability and gross occupancy costs with a number of tenants taking advantage of market review mechanisms in an attempt to reduce operating costs in a declining retail market.

Overall whilst demand for quality retail assets remains strong, particularly for well-located properties which have long term leases and strong lease covenants, there is evidence that tighter commercial lending criteria is restricting access to funds for many potential purchasers. Financial institutions are placing an increased focus on factors such as security of income, lease covenant and length of remaining lease term in assessing serviceability of debt. As a result of the reduction in the borrowing power of purchasers, we are beginning to see a slowdown of the constant price rises seen over the past five year period.



# Queensland

## Brisbane

Overall, the Brisbane retail market remained predominantly stable throughout the first half of 2019 with firm yields continuing to be achieved and sustained demand from a mix of investors for quality retail assets, particularly in the sub-\$10-million markets, albeit that some softening is evident in sub-regional areas. Generally, demand for retail properties still outweighs supply, however there is only a limited amount of stock available on the market at any one time.

There is strong demand for high quality retail properties. Quality of the lease covenant and sustainability of rents is now firmly in focus with investors. At the private investor end of the market, neighbourhood centre yields continue to lead the way with yields in the 5.5% to 6.5% range. Convenience centre yields have flattened out and remain in the 6.5% to 7.5% range. Sub-regional yields are showing signs of softening and are generally in the 6.5% to 7.25% range. Yields achieved in the 5% to 5.50% range are typically for retail properties in prime locations with development or reversion upside. We note non-prime grade properties are attracting yields in the vicinity of 7% to 8% and properties with higher price points have attracted slightly softer yields due to the reduced buyer pool. Overall transactional levels are low at present due to a shortage of quality stock.

Parkinson Plaza located at 441 Algester Road, Parkinson sold November 2018 and settled in May 2019 to an interstate investor for \$17.5 million.

Generally, the demand for retail properties still outweighs supply, however there is only a limited amount of stock available on the market at any one time.

Anchored by Drakes Supa IGA, the property had a good WALE (by income) of 4.72 years and a total gross area retail GLAR of 4,706 square metres which is currently configured into 14 tenancy areas with multiple ancillary tenants. The sale reflects a 6.24% analysed market yield (after making a capital adjustment for the ancillary income) and a rate per square metre of lettable area of \$3,596.

Another notable sale is a newly constructed convenience centre with a strong WALE (by income) of 5.43 years and 1,835 square metres of GLAR located at 11 Lorish Way, Rochedale. The centre sold for \$13.5 million partially leased with ten tenants and two vacancies. The sale reflects an analysed market yield of 6.5% and a rate per square metre of lettable area of \$7,357.



Both sales represent strong yields being achieved for quality retail assets with sustainable income which exemplifies the focus of investors.

In our opinion, properties in prime locations will continue to be in high demand from tenants and investors alike given the income security these properties offer. We expect yields to remain stable throughout the remainder of 2019 and foresee that there is no room for further yield compression going forward.

## Gold Coast

It has been a fairly quiet start to the year across the Gold Coast's retail sector, with a steady amount of tenant churn and a somewhat lack lustre volume of sales.

This can probably be largely attributed to political uncertainty leading up to the federal election in May, a softening of the local residential property market, continuation of stricter lending criteria for potential borrowers, and generally low business and consumer confidence across the board. In reaction to the above, the official cash rate has now been lowered by 50 basis points by the RBA, which has boosted confidence and interest in the local commercial property market of late, although we are yet to witness any market activity at this



early stage to suggest a notable change in the attitude of vendors or purchasers.

Hot off the press however is the recently reported sale of Sunland's Lakeview Retail Centre on Rio Vista Boulevard at Mermaid Waters. Initial reports suggest a sale price of circa \$20 million, which based on information to date reflects an initial yield of around six per cent. A strong result indeed.



Another notable transaction from earlier in the year was Go Zone Exit 49 at Pimpama. This brand new medical and convenience centre transacted for \$6.5 million to an interstate buyer, reflecting an initial yield of 6.58%. Again a strong result for a convenience centre of this nature with no supermarket anchor, however the property is propped up by its strong WALE of seven plus years and excellent depreciation benefits.

The landmark Old Burleigh Theatre Arcade was also taken to the market recently and is understood to be under offer at the moment. Given its prime position and development upside, a strong yield is expected and this will be a benchmark sale for the beachside suburbs for years to come.

*The landmark Old Burleigh Theatre Arcade was also taken to the market recently and is understood to be under offer at the moment.*



Other major assets recently presented to the market include:

- ▶ **Circle on Cavill** - Woolworths anchored CBD shopping centre
- ▶ **Sundale Retail Precinct** - Woolworths Metro anchored fringe CBD shopping centre
- ▶ **Pacific Pines Town Centre** - Woolworths anchored neighbourhood shopping centre
- ▶ **Treetops Plaza** - Coles anchored neighbourhood shopping centre with development upside.



Each of these, whilst being at a relatively high price point for the Gold Coast market, have unique features that set them apart from one another. Accordingly, we are expecting a fairly wide spread of yields should any of these campaigns be successful.

But what about the punters you may ask?

The sub-\$5-million price bracket is where the vast majority of Gold Coast retail property sits. There has been a continued trend of limited quality stock being brought to the market in this price bracket, and whilst some buyers have exited the market, there are still a large number of participants. The limited supply of properties for sale is keeping supply and demand metrics in check and value levels are generally holding firm.

Feedback from local agents suggests there are numerous vendors who are viewing the current economic climate as a good time to test the market.

In light of these comments, we are hoping to see some good investment opportunities over the next six months, but recommend all stakeholders closely monitor the market as there are various factors at play which could impact the market's direction.

## Sunshine Coast

The retail market on the Sunshine Coast saw some strong overall sales over the first six months of 2019, however we also saw some segments of the market begin to struggle slightly.

Sales of note include:

- ▶ A retail holding in **Hastings Street, Noosa Heads** sold for \$5.6 million and comprises a two-level complex of 180 square metres on its own small freehold site. It was leased to a long-term local tenant and the sale analysed to a yield of 5.31% and \$31,111 per square metre.





- A retail holding in **Hastings Street, Noosa Heads** recently sold for \$6.9 million and comprises a two-level complex of 199 square metres on its own small freehold site. It was leased to a national tenant and the sale analysed to a yield of 4.99% and \$34,673 per square metre.
- **1 Eden Street, Minyama** comprises a showroom style complex with five tenancy areas with a GLA of 3,212 square metres. The property was fully leased at the time of sale and sold for \$12.05 million with a WALE of 5.02 years, indicating a yield of 6.82% and \$3,752 per square metre.



1 Eden Street, Minyama Source: realcommercial.com.au

- An amalgamated retail strata holding on **The Esplanade, Mooloolaba** sold for \$1.75 million and comprises a NLA of 99 square metres. It was leased to a national tenant and the sale analysed to a yield of 7.4% and \$17,677 per square metre.

These sales indicate that the market for good quality property is still liquid across the market range. However, of note is the softer yield for the Mooloolaba holding indicating that the recent tenant turnover in this location has led to a slight softening of yields in this location. Historically this market has been softer than the Hastings Street

market, though typically would be at a softer yield of circa 50 to 150 basis points for a similar holding. Recent sales indicate that this has increased to circa 200 basis points.

Other areas such as the main hinterland townships of Beerwah, Maleny and Cooroy have also seen improved overall conditions with limited vacancies. Sales within these areas indicate market leading yields being achieved.

The Gympie retail market has noted some sales, though overall market sentiment is still subdued with yields generally flat over the past two-year period. This market had a range of sales, though generally below the \$600,000 mark.

Of interest is also the number of neighbourhood shopping centre sites that have transacted over the past 12 months across the Sunshine Coast and Gympie regions, generally in the \$20 million to \$30 million range and indicating yields in the 5% to 6.50% range.

### Toowoomba

Leasing demand for retail shops in Toowoomba has been subdued to date in 2019. Rentals appear to have been relatively static although some lease incentives should be available for long term commitments.

Despite strong investor demand there have been no major retail sales of note in Toowoomba in 2019. This is due to a lack of supply with most property

**5%-6.5%**

Yields across  
Sunshine Coast  
and Gympie region  
neighbourhood  
shopping  
centre sites.

owners electing to hold on to assets with good lease covenants and secure cash flow.

We note the following sales in smaller regional towns:

- **Kingaroy Bunnings Warehouse** - Reported sale price of \$14.55 million. Recently constructed building is leased to Bunnings on a new ten-year term at a passing rental of \$800,000 per annum net plus GST. The sale reflects a passing net yield of 5.5%, although we note that the property also contains approximately 3,000 square metres of balance land. Reportedly purchased by a Victorian based private syndicate.



Kingaroy Bunnings Warehouse Source: realcommercial.com.au

- **Goondiwindi Supercheap Auto** - Reported sale price of \$1.8 million. This building has a GLAR of approximately 885 square metres and is leased to Supercheap Auto with an unexpired lease term of 3.47 years. The sale reflected a passing net yield of 10.34% and an analysed net yield of 9.06% after rental adjustments.
- **Roma The Reject Shop** - Reported sale price of \$1.95 million. This building has a GLAR of approximately 771 square metres and is leased to The Reject Shop with an unexpired lease term of 3.60 years. The sale reflected a passing net yield of 9.06%.



## Townsville

Townsville's larger retail shopping centres have seen limited sales activity over the past few years and remain in somewhat of a holding pattern.

Over recent years we have seen the completion of a major expansion at the regional Willows Shopping Centre in late 2017 and the Stage 3 expansion of Fairfield Central due for completion later this year.

Over the past ten years we have seen large scale expansion in retail in the northern corridor of Townsville as urban spread has seen population growth in these areas. The southern corridor is likely to see some further retail expansion over coming years as the master planned Elliott Springs residential development expands with a Homemakers Centre and shopping centre expansions at Idalia having already occurred. It was recently announced that a new two storey 24-hour McDonalds and service station at the entry to Elliott Springs will soon commence construction.

## Cairns

The Cairns retail property market passed through the bottom of the cycle during the course of 2014, but the limited recovery thus far means that the retail property market remains relatively flat. It must also be said that retail property sales in Cairns are extremely sporadic, with most sales involving retail property of mixed use retail and office buildings or tenant buyouts of single premises.

The level of general commercial property sales in Cairns, inclusive of retail and commercial office premises, highlights that activity in the Cairns commercial market remains well below the levels achieved in the 2003 to 2007 period. Sales volumes have been gradually rebuilding over the past nine years, but are still only averaging around 90 to 100 sales per annum. Median prices paid specifically for

strata titled premises have increased mildly over the past seven years but our general impression is that prices per square metre of floor area are mostly stable within the \$2,500 to \$4,500 range.

High exposure CBD retail space remains reasonably well occupied, but vacancies are more noticeable in the lesser exposure locations and on the CBD fringe. Rents have remained generally stable, showing ranges of \$600 to \$1,000 per square metre per annum for prime CBD space and \$1,000 to \$1,750 per square metre per annum in key tourist precincts such as the Cairns Esplanade.

Blue chip retail located within the main Esplanade tourist strip as well as the central business district show reasonably low vacancies, although there is also limited demand from new businesses. There remains good investor demand for well leased properties which rarely come onto the market.

The sale of The Katies Centre on the corner of Abbott and Shields Streets in January is the only major retail building to change ownership this year. It sold for \$7 million and showed a per square metre value of \$7,180 with a very low WALE of 0.3 years. The building was in need of considerable refurbishment which the new owners intend to undertake immediately.



The Katies Centre

Source: [realcommercial.com.au](http://realcommercial.com.au)

## Rockhampton

This month our focus is on the bigger players in the retail sector in Rockhampton throughout 2019. On the sales front, there have been no major sales since the second half of 2018, when the former Bunnings site sold (circa \$9 million), and also part of the Red Hill Homemaker centre sold (circa \$38 million).

One sale that we are keenly keeping an eye on is the former Masters site, now known as the new Bunnings site, at 54 Yaamba Road, North Rockhampton. The property is anchored by Bunnings on a 12-year lease through to 2030. There are three other national tenants including Freddy's Fishing and Outdoors, Autobarn and Petstock, plus one vacancy. The reported passing net income is circa \$2.6 million per annum and the property has a reported WALE of 7.38 years. As for the former Bunnings site, there is still no firm word on the new owner's plans for this site.

New retail development of note that is nearing completion is the new Aldi store on Gladstone Road and also the new Carl's Jnr on George Street. Both are reportedly due to open in the later months of this year.

We note that vacancies appear to slowly be drying up for the bulky goods retail operators along Yaamba Road and within the Red Hill centre, with fewer vacancies than have been seen in some more recent years. Rental affordability is still critical in order to attract and retain tenants to these areas and we understand that some pretty substantial incentives have been provided in some instances in order to secure tenants.

Another space that we are keeping an eye on is the Allenstown Square. We are aware that the owners have secured a substantial number of

residential properties immediately surrounding their centre over the years and in recent months some demolition and house removal works have been occurring. There do not appear to have been any public announcements regarding the owner's plans for further expansion or redevelopment.

Overall, the market for the larger retail players in Rockhampton appears to have shown levels of stabilisation over 2019 so far and is it a positive sign to see more retail development on the horizon.

### Gladstone

It will not be news to most that the retail sector in Gladstone has seen some tough years as a result of the local economic downturn and market conditions. Not only has this appeared to impact local retailers but also the larger players in the retail scene, which is the focus of this month's edition.

We have seen this more recently with closures of national stores such as Target County and increasing vacancies within retail centres. Centres that appear to be maintaining better occupancies are generally anchored by a national supermarket (such as Woolworths or Coles) and are located in an area with good exposure and good on-site car parking. Rental affordability continues to be key for retail tenants and centres that demand unaffordable rentals are consequently experiencing high vacancies.

Sales to note this month include the Gladstone Central Shopping Centre (also known as the Nightowl Centre and the Spotlight Centre), which transacted for circa \$20 million and was sold by CBRE. The centre is occupied by multiple national retail operators (including Spotlight, Coffee Club, Subway, Cheesecake Shop, Dominos, Gloria Jeans and Repco). It is also anchored by the Gladstone

Cinemas. The property has a reported WALE of about three years in December 2018. The sale price reflects a reported passing yield of 11.75% and a reported analysed yield fully leased of 14.8%. There are substantial vacancies in the centre which are reflected in the sale yields.

At a much lower price point is the recent sale of the Autobarn tenanted property along Dawson Road. The property transacted for \$1.475 million in May this year. The sale analyses to a yield of about 8%. The property had previously sold in June 2015 for \$1.705 million and the rental was subsequently renegotiated at a lower level, reflecting the tough economic conditions in the retail sector.

### Wide Bay

Development in Kensington has become more diverse with the inclusion of a medical office building and the possibility of another medical building and self-storage sheds on Commercial Street.

The inclusion of other commercial uses will enhance the retail prospects for the tenants in this area. The market for good quality investment stock remains strong with healthy demand from investors. Recent notable sales from the Wide Bay retail property market are the LifeLine property in Bundaberg (January 2019) for \$1.47 million (circa 7.25%), 179 Adelaide Street, Maryborough (October 2018) for \$1.45 million (circa 8.5%) and IGA William Dean Avenue, Hervey Bay (February 2019) for \$4.05 million (circa 7.5%).

Vacancies in older retail rental stock are more noticeable and large shopping centres in the Wide Bay are still dominant in the hunt for securing new tenants.

### Mackay

There are still some vacancy issues in the bulky goods retail sector in Mackay with the former Spotlight building and the Super A-Mart tenancies at Mount Pleasant both remaining empty. Rental rates are at cyclical lows and significant incentives to fill large tenancies have been reported over the past 12 months.

There are no new retail property sales to report in Mackay.

More notably, the motel accommodation market in Mackay is now showing solid signs of recovery. Occupancy rates for older motels had dipped to around 40% in 2015/16. The occupancy rate of a motel within this category that we recently valued has recovered to around 60% in 2018/19 and this is considered to be fairly indicative of the market.

We understand that some operators now plan to apply slight increases to low tariff rates which have prevailed in recent years. The recovery can be attributed to a strengthening in the local economy and local infrastructure construction.



# South Australia

## Adelaide

Those predicting the demise of traditional bricks and mortar retailers will be waiting a little longer, as old school retail shops continue to fight against the online shopping domain.

Recent ABS statistics indicate that \$300 billion was spent at physical shops in the past 12 months, compared to just \$15 billion through online retailers nationwide. In addition, the growth of online retailing has also stalled, with online retailers recording five per cent annual growth in the 12 months to March this year, compared to 15 per cent annual growth at the same time in 2018.

While these figures may look positive for traditional retailers, retail trade growth throughout South Australia has slowed to 1.87 per cent annually, well below the national growth rate of 3.52 per cent. Amidst the stalling figures, restaurants and cafes continue to perform well, while household goods also continued an upward trend with annual growth of 3.8 per cent. In contrast, clothing and footwear sales have experienced the biggest decrease of all retail categories, with sales falling by 8.5 per cent over the past 12 months.

The majority of significant retail transactions over recent months has occurred within the Adelaide CBD. The most notable of these is the sale of 41 Rundle Mall for \$6.4 million in May. The building is situated on 334 square metres of land, with 940 square metres of floor area on multiple levels. Similarly, 100 Grote Street also sold in May for \$4.2 million, which encompasses a restaurant

*Those predicting the demise of traditional bricks and mortar retailers will be waiting a little longer, as old school retail shops continue to fight against the online shopping domain.*

and performing arts academy, adjacent to the Adelaide Bus terminal.

Finally, 270-274 Rundle Street sold in February for \$4.55 million, encompassing the 377-square metre site that includes cocktail bar FumoBlu in the basement, restaurant Bellezza e Cibo on the ground floor and Sugar Nightclub occupying the second floor of the building.



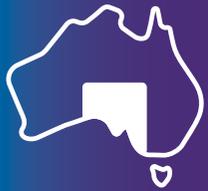
There have been two significant leasing events on Adelaide's premier CBD retail strip, Rundle Mall, over the past six months.

Cosmetic giant Mecca Maxima recently opened a store at 43 Rundle Mall in April this year. The beauty retailer now occupies 400 square metres of prime retail space, taking its total store

count to 100 in Australia and five in Adelaide. Following in the footsteps of Mecca, another major cosmetic chain, Sephora, is set to open its doors at 90 Rundle Mall, the former Just Jeans site. The company has recently been granted approval to alter the façade as well as to install new signage and canopy when it opens for trade in the last quarter of 2019. The opening in Rundle Mall will be the first Sephora retail outlet in South Australia and is expected to garner plenty of attention.

In contrast to these major leasing transactions at Rundle Mall, nearby counterpart Topham Mall has lost two tenants in the past few months, with popular bagel shop, The Beigelry, closing its doors. In recent months, Topham Mall has lost roughly 15 per cent of its tenants, however the Adelaide City Council remains bullish that the future for the mall is bright and that new and exciting tenants will fill the vacancies.

Looking at South Australian retail development, the state expected to gain 30,000 square metres of retail space throughout 2019. The largest profile retail development is the Port Canal Shopping Centre, Port Adelaide Plaza, managed by Precision Group. The Plaza development will encompass 50 new specialty stores as well as key anchor tenants Coles, Kmart and Aldi. The project has been



flagged to open in stages with the entire project expected to reach completion mid-2020.



Port Adelaide Plaza's recent development Source: Precision Group

Throughout Australian shopping centres and complexes, supermarkets have been the go-to anchor tenant that property managers look to attract. In recent times and with the retail trade growth of cafes and restaurants, shopping centre managers are now looking at key food retailers forming part of the anchor tenancy mix. By doing so, shopping centres are able to include an experience that can't be replicated online, crucial to keeping centres attractive in comparison to the online market. If the trend of retail growth in the food industry continues, cafes and restaurants will soon be looked at in the same class as supermarkets when finding anchor tenants for shopping centres and retail strips around the country.



# Western Australia

## Perth

The retail property market in Perth generally continues to face difficult conditions. Demand for retail space remains hampered by restrained consumer spending coinciding with the state's sluggish economic performance.

Making headlines in the Perth CBD was the relocation of Louis Vuitton, Tiffany & Co and Kailis Jewellers from King Street to the revamped Wentworth Building of Charter Hall's Raine Square development.

King Street, Perth's version of Upper Fifth Avenue, has been home to an array of high-end brands and the go to destination for luxury shoppers for decades. The move by some of the most renowned brands away from King Street possibly signals the emergence of a new high-end retail precinct for Perth.

Reports suggest the need for greater foot traffic was a principal factor behind the relocations, together with the prospect of trading from new, bespoke environments that align with the brand. The three named retailers are scheduled to open their doors towards the end of 2019.

Institutional owned major regional and sub-regional shopping centres within Western Australia are pushing ahead with considerable expansions following the removal of the cap on maximum retail floor space and the state government's push to create suburban activity centres. Expansions of Westfield Carousel, Garden City, Karrinyup, Westfield Innaloo, Midland Gate and Ellenbrook

*Interestingly, the yield differential between Coles or Woolworths anchored centres and those anchored by IGA or Metcash (or even Aldi) remains pronounced and in the order of 0.75% to 1.25%.*

Central are either underway or proposed in the short to medium term.

These expansion projects will have a focus on delivering a better retail experience for shoppers with the creation of food hubs, entertainment options (such as cinemas), health care and in some cases, residential apartments. As a result, some envisage these centres to become community centres as opposed to traditional shopping centres in the future.

It is also worth noting the success associated with the opening of the DFO within the Perth Airport grounds in October 2018 which to date has been very popular with consumers largely due to the discount spending offered by retailers. The centre,

which comprises 113 retailers, opened fully leased and provides retail customers with a full experience including dining precinct, children's playground and extensive parking (albeit paid). It will be interesting to see if its popularity can be maintained in the short term.

Investment grade retail property (for example, neighbourhood shopping centres) remains a highly sought-after asset. Yield compression is evident largely driven by the low prevailing cost of funds in the current debt finance market despite the general malaise that is impacting the wider Western Australian economy.

However, there are a certain number of key metrics that informed investors are considering relating to length of remaining lease term (i.e. WALE), financial strength of the tenant(s) and locational attributes, as investors take advantage of the spread between the low cost of debt and large format retail investment yields. Where all or a majority of these metrics are satisfied, very tight yields are being achieved in the current market. Assets which do not possess these key criteria are however less sought after and often transact at a much higher yield reflecting the greater tenancy risk.

In respect of investment-grade retail transactions, there were a number of such sales throughout



King Street, Perth

Source: realestate.com.au



2018 within the Perth metropolitan area. All were hotly contested and attracted offers between 5% and 6.25%. Interestingly, the yield differential between Coles or Woolworths anchored centres and those anchored by IGA or Metcash (or even Aldi) remains pronounced and in the order of 0.75% to 1.25%.

Since Vicinity's divestment of shopping centres during the third quarter of 2018, there has not been any new transactional activity for larger centres to date in 2019.

Probably the only notable sale so far this calendar year was that of The Village Margaret River. This modern neighbourhood centre, anchored by Woolworths with 14 specialty shops, sold for \$20 million in February 2019 at a reported yield of 7.14%.

This sale followed a number of transactions towards the end of 2018 including:

- ▶ **Wattle Grove Shopping Centre** - \$16.3M; 6.25%;
- ▶ **Coles Vasse** - circa \$19M; 5.67%;
- ▶ **Coles Orana** - \$22.8M; 5.66%.



# Australian Capital Territory

## Canberra

The Canberra retail market continues to witness the consolidation of new retail precincts as well as a reinvigoration of existing precincts. Sales and leasing activity continues to be stable, with early indications of strengthening taking place due to interest rates being at an all-time low, vacancy levels being well below the ten-year average and an expected increase in population.

With the first stage of the Canberra light rail now complete and servicing the capital, we have seen an increase in interest in retail offerings in close proximity to rail stops. Areas such as Flemington Road, which in the past have experienced higher vacancy levels for both residential and commercial, have begun to firm up as interest increases.

The growing divergence between new and old retail offerings which has led to a notable disparity in both demand and sales and rental results, especially for older, non-centrally located stock, has certainly led to an increase in vacancy levels. This however will be relieved in the medium to long term with infrastructure spending in the capital being the second highest in Australia on a per capita basis. The reinvigoration of non-central shopping and retail precincts and continued population growth will effectively give the ageing stock a second wind and provide good opportunities for investors and owner-occupiers alike.

**D** *Sales and leasing activity continues to be stable, with early indications of strengthening taking place.*

Month in Review  
August 2019



COMMERCIAL



# Residential

August 2019

# National Property Clock: Houses

Entries coloured orange indicate positional change from last month.

Month in Review  
August 2019



RESIDENTIAL



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# National Property Clock: Units

Entries coloured blue indicate positional change from last month.



Month in Review  
August 2019



RESIDENTIAL



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# New South Wales

## Overview

Residential property in its purest form is all about fundamental drivers, and while that phrase gets bandied about fairly frequently, it can mean different things in different locations.

To help clear up any confusion, we've asked our experts to detail exactly which fundamentals are being sought by buyers in their service areas.

## Sydney

Whilst there are obvious fundamentals that appeal to all sectors of the property market, many aspects that appeal to first home buyers may not be as important to upgraders or prestige end buyers. Along the coast it may be proximity to the beach or harbour, whereas on the fringes it might be the size of the block of land or the level of accommodation.

### First Home Buyers

Generally, first home buyers are looking to enter the property market at the affordable end of the market. This will mean making certain sacrifices in regard to location or size and condition of improvements. Despite this, there are still fundamentals that will attract these buyers.

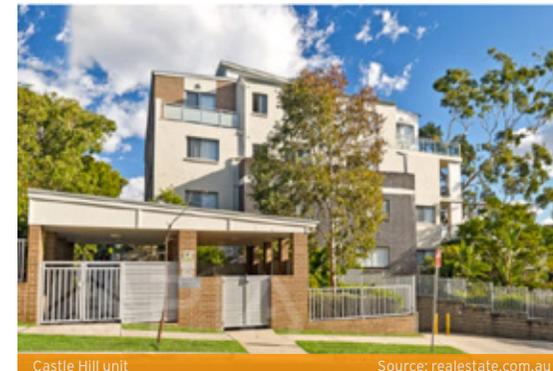
Within inner-city Sydney, owner-occupiers at the cheaper end of the market (generally being sub \$1 million) are looking for proximity to lifestyle amenities. This market purchases one and two-bedroom units, often without parking in older to semi-modern complexes in average condition. This demographic primarily comprises twenty- and thirty-something, young professional couples

and singles who are happy to pay a premium to be within close proximity of the CBD in order to reduce their commute time and improve their work life balance. In turn, they often seek proximity to public spaces such as parks, for example Moore Park, Prince Alfred Park or Rushcutters Bay Park, and social and dining hubs such as Surry Hills or Potts Point. Since many go without cars, proximity to public transport is essential, whether that is a major thoroughfare such as South Dowling Street or Oxford Street for frequent bus services, or a train station for access to the CBD and surrounds such as Redfern, Kings Cross or Central.

The main fundamental for first home buyers in Western Sydney is the same as for upgraders and prestige buyers - location, location, location! Whilst that won't necessarily mean close proximity to the CBD, it will still mean proximity to services and transport. The type of asset that first home buyers will be looking at will be the major difference.

First home buyers in Western Sydney these days are generally buying property sub-\$650,000. For that sort of money, you are buying a modern two-bedroom unit in a north-western suburb such as Castle Hill, or a detached house in the outer west suburbs such as Blacktown or Penrith. Being close to motorways and rail, but not too close, is key for commuting western Sydney residents. Affordable property with close proximity to major services such as shopping and transport links for the sub-\$650,000 price range will generally be medium to high density real estate.

An example is the recent sale of a modern two-bedroom, two-bathroom unit in Castle Hill for \$650,000. This unit is within walking distance of Castle Towers shopping centre and the newly constructed North West Metro station. Given the cost of detached dwellings in the local area, units such as these are popular with first home buyers due to having the right balance of proximity to key services and price point.



For slightly less at \$635,000, first home buyers can purchase a modern three-bedroom, two-bathroom terrace in the Thornton Estate in Penrith. This property is within close proximity of Penrith train station and shopping precinct.

For first home buyers with a little more to spend and with the need or want for a house on a good size block of land, there are opportunities available in good suburbs in the middle ring of Sydney. Peakhurst is located around 20 kilometres to the south-west of the CBD and is close to two train lines and the M5 motorway.



The downturn in prices over the past two years has made Peakhurst an attractive option for those looking to buy a property with a budget of under \$1 million. A recent deceased estate sale in Clarendon Road, located within walking distance of Riverwood railway station and shopping strip, saw a two level, 1960s brick and hardiplank dwelling with four bedrooms, two bathrooms and double carport on 531 square metres of land. The property was in very basic condition with some upgrades or renovations required, however provided good entry level value at \$825,000.



11 Clarendon Road, Peakhurst

Source: realestate.com.au

### Upgraders

Upgraders are generally looking to upsize due to growing family needs or looking to relocate to something more modern or better located to the services and amenities that appeal to them.

Within inner city Sydney, owner-occupiers deciding to upgrade generally spend \$1 million to \$3 million and are looking for larger apartments or terrace housing within the city fringe areas, preferably with some outdoor space for family or pets.

Areas such as Paddington, Redfern and Glebe are common choices for this demographic, comprising of professional thirty- to forty-something couples often with one or more children. Aside from the previously mentioned benefits of inner city living,

this demographic often looks for properties affording car accommodation for the convenience of occasional car use, however within village settings such as the previously mentioned areas, most local shops, schools and amenities are within walking distance.

The inner west region of Sydney is a large and diverse area which ranges from the inner suburbs of Newtown, Glebe and Balmain and stretches as far as Strathfield which is located approximately 15 kilometres from the CBD. Some of the middle ring suburbs of the inner west include Annandale, Leichhardt and Lilyfield which comprise a range of property styles and are located approximately five to ten kilometres from the CBD.

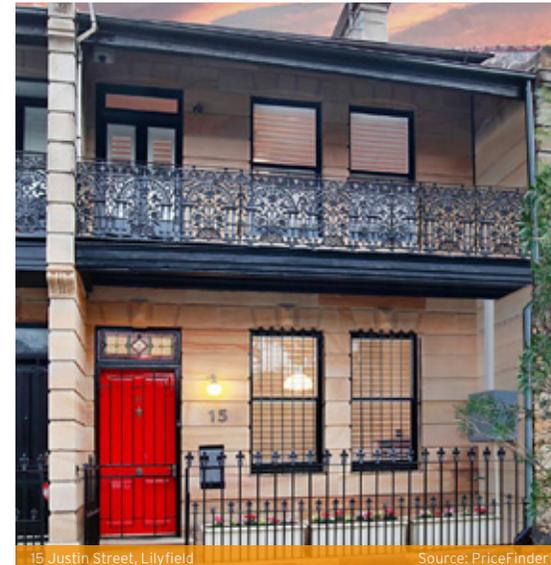
Most upgraders in this area would be looking at either attached style housing or freestanding properties with a price tag of anywhere from \$1 million to \$2 million depending on the usual property attributes such as location, size of dwelling and land, condition, features, parking provisions, views or aspect and natural light. More substantial properties in this region easily exceed the \$2 million dollar price point, however there is plenty of choice for upgraders in this range.

This market segment is potentially upgrading from a smaller style unit and needs more space for a growing family, however still wants to be close to the city and have the benefits of transport, parks and the café lifestyle. In addition to the property attributes already mentioned, these buyers tend to focus on proximity to transport (railway, light rail and bus routes), schools, shopping, cafes and parks. This particular market segment is generally aged from 30 years old and above.

A terrace at 15 Justin Street, Lilyfield which sold in May for \$1.415 million was advertised with the following features highlighted:

“Set on a generous block complete with child-friendly level lawns, it features an abundance of outdoor entertaining space, nestled in a quiet street just 500 metres walk to Lilyfield light rail station.”

Nestled in a quiet yet superbly central location, offering easy access to the CBD only five kilometres away, from here you’re only moments from Rozelle’s cosmopolitan café/dining precinct and harbour foreshore parks.”



15 Justin Street, Lilyfield

Source: PriceFinder

In the Northern Beaches, it is no surprise that upsizers require additional space for their growing families, so the size of their family and their financial situation will ultimately dictate the options. Location will generally take priority over quality of finishes and land component, as they are generally well established in their local communities and wish to remain as close to their current local facilities as possible. The upsizer market is typically within the \$1.5 million to \$3 million range, depending largely on the location, size and quality of accommodation.



It's genuinely a good time in the market to upsize, as the discount on the property you are acquiring is generally greater than the discount on your existing property. We have seen a few recent examples of young families in the \$900,000 to \$1.2 million range looking to upgrade from their current two or three bedroom strata properties in Dee Why into larger, family friendly four-bedroom homes in Narrabeena and Cromer.

A recent example includes 42 Carcoola Road, Cromer which sold for \$1.69 million. The property comprises a circa 1980s, renovated, two storey, four-bedroom, three-bedroom dwelling with in ground pool on approximately 610 square metres, marketed and suited towards a growing family.

Another recent example is 9 Siobhan Place, Mona Vale. The property sold for \$2.006 million in June 2019 (previously sold for \$2.101 million in April 2017). The property comprises a renovated, two storey, four-bedroom, two-bathroom home with an outbuilding on 696 square metre of land. The home is well-proportioned for an extended family and moments from Mona Vale village.

We are also seeing an Influx of properties catering for multi-generational living (where more than one generation of adults occupies the same residence), whether that be via an internal self-contained or in-law style retreat or a dual-occupancy style holding. These are becoming a popular way to cost-effectively upsize your property by co-living with extended family.

**D** *We are also seeing an Influx of properties catering for multi-generational living.*



9 Siobhan Place, Mona Vale Source: CoreLogic

A recent example is 50 Maxwell, Street Mona Vale, having received strong interest from extended families. The property sold for \$2.22 million in June 2019 (slightly above the \$2.2 million price guide). The property comprises a circa 1950s, renovated, four-bedroom, two-bathroom dwelling with a detached two-bedroom, one-bathroom granny flat.

### **Prestige**

Buyers in the prestige end of the market are generally looking at high-end finishes, views and proximity or frontage to the harbour, rivers or beaches. Whilst for some that may mean large mansions, the rise of prestige units is also becoming popular amongst older prestige buyers looking to downsize out of the family home.

Within inner city Sydney, owner-occupiers in the prestige market segment generally spend in excess of \$3 million and are looking for premium apartments and terraced or detached dwellings within the city or city fringe areas. This demographic largely comprises of high income thirty plus year olds and high net worth individuals.

The range of factors impacting purchasing decisions within this market is large and varied. Generally, the more resilient properties incorporate some combination of an above average sized land component, views, car accommodation and period appeal. This demographic is particularly prominent in the inner eastern corridor of the city fringe (such as units around Hyde Park, Macquarie Street, Potts Point and along the harbour) as well as in terraced and detached houses in the suburbs of Paddington and Woollahra.

Buying a property with these factors in mind would ensure resilient pricing in calmer market conditions and premium results in stronger markets.

When it comes to the prestige sector of the market on the Lower North Shore of Sydney, the list of must-haves can become very long and understandably so considering you are paying \$5 million-plus for such a property. In saying that, like every price point in the market, there are limitations to what you can expect and sacrifices to make depending on price point.

There has been a good amount of recent sales activity in the prestige sector of the market in Northbridge on the Lower North Shore. This is popular due to its central although secluded positioning and proximity to multiple highly-regarded schools. The majority of purchasers in this area are families and therefore their property demands are very specific to their stage in life. Fundamental must-haves for purchasing a prestige style home in Northbridge include a large quality family home comprising four to five bedrooms, multiple bathrooms and en suites and a high level of fit-out or recent renovation works for older, period style homes. In addition to the must-haves of the residence, ancillary improvements are also very important, with a



swimming pool and landscaped grounds highly sought after at this end of the market. The consequence of the above mentioned must-haves is the need for an adequate amount of land to incorporate the improvements and this is usually in excess of 600 square metres.

A good example of such a home is the recent sale of 2 Dorest Road, Northbridge which sold in April of this year for \$5.12 million. This is a completely renovated, high quality circa 1940 residence comprising five bedrooms and three bathrooms with an in ground swimming pool surrounded by landscaped grounds and situated on 746 square metres of land. This type of property ticks all the boxes for this sector of the market and provides an excellent example of the type of property demanded by these purchasers.



2 Dorest Road, Northbridge Source: RP Data

In addition to the must-haves discussed above, there are always the would-like-to-haves which every potential purchaser desires and hopes to obtain at their price point. In the suburb of Northbridge, the two attributes potentially available are water views and, less common, waterfront allotments. Waterfront properties usually come at a significantly higher price point, although

some steeply sloping sites with limited direct waterfront access may be available. More common would-like-to-have attributes are water views, always dependent on the aspect and elevation of the property which can vary greatly. Although expansive Middle Harbour and bay views are scarce, restricted and filtered water views are rather common and can be an added bonus and selling point for a prestige property in the area.

## Lismore

### First home buyers/affordable end

Many first home buyers feel a sense of optimism about commencing their journey into the property market. Obtaining real value for money, affordability (repayments) and wariness of making a mistake are their key concerns. Many first home buyers can be categorised into two groups:

1. Those who are over the rental roller coaster and the high costs of renting even a modest property in their preferred location
2. Those who want the perceived stability of owning their own home and are intent on building a nest for their existing or imminent family.

Within the Lismore locality, the affordable end of the market that provides an entry into the property market for let's say less than \$350,000 offers a wider range of choice not available in the beach side or coastal areas.

103 Nielson Street, East Lismore sold for \$335,000 in March this year. The property is flood free according to Lismore City Council records, is within 50 metres of sporting fields, three kilometres by road from the Lismore CBD and within one kilometre of the Southern Cross University.



103 Nielson Street, East Lismore Source: RPData

Built in the 1950s and recently internally renovated, this three-bedroom, one-bathroom dwelling is set on a 506 square metre, near-level lot with a single garage and room for a shed at the rear or a carport in front of the single garage.



103 Nielson Street, East Lismore Source: RPData

3/25 Cambridge Drive, Goonellabah sold for \$320,000 in April this year. The property is flood free according to Lismore City Council records, backs on to a bushland reserve and is within one kilometre of schools, parks and Goonellabah shopping centre and aquatic centre.





3/25 Cambridge Drive, Goonellabah

Source: RPData



3/25 Cambridge Drive, Goonellabah

Source: RPData

Built in 1994 and recently internally renovated, this three-bedroom, one-bathroom unit has a single garage and has been well maintained. A paved outdoor area at the rear overlooks bushland. There is scope to further improve this unit and add value by adding a rear pergola and updating the kitchen to suit.

#### Upgrader home buyers

Upgraders feel the need to expand their living to cater for growing families, create more comfort and move on up the property ladder.

Within the Lismore locality, upgraders from the entry level end of the property market with a budget between \$350,000 and \$600,000 have a

wide range of choice that again is not available in the beach side or coastal areas.

45 Barham Street, East Lismore sold for \$450,000 in May this year. The property is well elevated with district views and is within 2.5 kilometres of schools, Lismore golf course, sporting parks and Lismore Square shopping centre.



45 Barham Street, East Lismore

Source: RPData



45 Barham Street, East Lismore

Source: RPData

Built in 1985, it's a two storey, three-bedroom, one-bathroom, renovated, detached modern dwelling with a two-car detached garage and two-car attached carport. The dwelling has room to remodel the lower level rumpus room into more bedrooms or a home theatre room.

Rendering the external brick skin, expanding the rear pergola to a large deck and adding an infinity edge pool could take this property to the next level and add significant value, but watch the budget!

#### Prestige-end buyers

Prestige property in the Lismore area is to be taken in context. This is property that offers features, dwelling size or views that are not available to the upgrade market or first home buyer price levels. Whether it be from a win, windfall or just plain hard work, people in this market expect that their property is a cut above the rest and they deserve to be there.

At a price point above \$600,000, local prestige property is available but sells less frequently and sometimes the best properties sell by word of mouth or by an unsolicited approach.

11 Sophie Street, Goonellabah sold for \$618,000 in May this year. The property is well elevated in a modern estate with local views and is within three kilometres of schools, sporting parks and Goonellabah shopping centre.

Built in 2004, this two storey, four-bedroom, two-bathroom, detached two-level modern dwelling has 213 square metres of living area, large rear deck, a double lock up garage, extensive landscaping and a below ground pool all on a 788 square metre allotment. Features include:

- ▶ Stone bench tops and gas cooking
- ▶ Raised ceilings in the lounge
- ▶ Air conditioning
- ▶ Polished hardwood timber flooring in the living areas.





11 Sophie Street, Goonellabah

Source: RPData



11 Sophie Street, Goonellabah

Source: RPData

Additional storage area under the dwelling could be used to further expand the living area, but all that really needs doing to this property is just to keep it well maintained and tidy.

4 Quail Place, Richmond Hill sold for \$840,000 in April this year. The property is well elevated with good rural and distant hinterland views, and is within a ten minute drive of schools and Goonellabah shopping centre.

Built in the 1980s and renovated in 2012, this part two level, four-bedroom, three-bathroom, detached semi-modern dwelling has 278 square metres of living, outdoor areas of 94 square metres and is on a 1.54 hectare allotment.



4 Quail Place, Richmond Hill

Source: RPData



4 Quail Place, Richmond Hill

Source: RPData

The property has room to be improved with a shed, pool, stable or tennis court.

### Casino/Kyogle

For the rural service towns of Casino (Richmond Valley Council area) and Kyogle (Kyogle Shire Council), the primary concern of most local buyers is the price point rather than location, location, location.

Sure, there are well renovated older style or modern properties with all the bells and whistles within close proximity of the town centre, however the reality is that within both Casino and Kyogle, the radius from the town centre to the fringe of the urban development is well under three kilometres,

so most town services available within a small country town are generally nearby.

First home buyers, those looking to dip their toe into the property market, are REALLY price conscious, particularly if they have a limited budget and are at the mercy of tighter lender criteria (hmmmm, but that might be changing in the near future methinks...).

Fortunately, both Casino and Kyogle are, in comparison to other rural towns and villages of the Far North Coast or Northern Rivers region, are somewhat more affordable with opportunities still available within the sub \$250,000 price bracket. Yes, they need a bit of work, but provide an opportunity for the industrious first home buyer to put their stamp on the renovation project.

The majority of properties within Casino and Kyogle linger within the \$250,000 to \$400,000 price range and are dotted throughout the townships, with the price point primarily affected by condition, presentation, degree of or lack of renovation and functionality (such as number of bedrooms, bathrooms and car accommodation).

Properties in the upper market category can be generally found in the well-established estates which, interestingly, are further away from the town centre.

For Casino, this would include Gays Hill being approximately four kilometres south-west of Casino CBD. Here we find a mixture of recent, modern residential development and well established residential houses from the later 1980s to early 1990s with one feature in common... a larger than average size residential allotment (1,100 square metres). It's a popular spot for up-graders, where sale prices have breached the \$500,000 mark in recent years.





The same can be said for the Mayfield Estate (approximately two kilometres north-east by road from Kyogle CBD) and the Geneva (a slightly further 2.5 kilometres west of Kyogle CBD) where some well-heeled properties have quietly punched through the \$400,000 price bracket in a relatively tightly held area.

Most of these properties are generally well modernized or new build development with added features of pools, tidy landscaping or having the benefit of views.

There are a handful of residential properties close to town centres that have ALL the features and generally, for Casino and Kyogle, have been subject to extensive renovation work and include a pool, three-plus bedrooms and have a heritage character element.

In summary, for rural towns such as Casino and Kyogle, the radius from the town centre is relatively small, so the key factor that tends to dictate all other things is the almighty dollar, so if you are looking to sell, pitch your promotion on a primary price point that persuades the particular people to ponder!

## Ballina

Generally speaking, the most desirable properties in the sub \$500,000 price range in the Ballina Shire are located close to services within the townships of Ballina and Alstonville or Wollongbar. Within this price bracket buyers are limited in what they can get for their money, however \$500,000 and up to \$600,000 would still get you a reasonable three-bedroom dwelling within close proximity of schools and shops in these townships. The mid-range price bracket of say \$600,000 up to the early \$1 million dollar mark would generally allow buyers to obtain a property in the desirable

## Fundamentally, it is location, aspect and condition that are the key features considered by discerning home buyers in the Clarence Valley.

beachside localities of Lennox Head through to East Ballina or possibly a small acreage property in the Ballina Hinterland. Generally speaking, \$1 million in the current market would get you a good quality house on Lennox Hill, possibly with some sort of restricted ocean view. A good example of this is the recent sale of 18 Brolga Place, Lennox Head for \$970,000. This property comprises a contemporary style part two-level, four-bedroom, three-bathroom residence with a double garage situated on an 856 square metre lot which has restricted ocean views towards Boulders Beach.



18 Brolga Place, Lennox Head

Source: realestate.com.au

Moving up to the prestige price bracket of properties in excess of say \$1.5 million, buyers would expect to either be located within the most sought-after locality of the Ballina Shire, being Lennox Head village or Lennox Hill, Skennars Head or East Ballina with extensive ocean views. Alternatively, somewhere in the \$1.5 million to \$2 million price bracket would get you an executive style residence on small acreage in the sought

after rural residential locality of Tintenbar, situated 10 to 15 minutes west of Lennox Head.

## Clarence Valley

Fundamentally, it is location, aspect and condition that are the key features considered by discerning home buyers in the Clarence Valley. Whether it be a rural, ocean or river view, the Clarence has them in abundance.

Whilst across the board the Clarence Valley has seen a period of capital and rental growth, albeit by varying degrees, it is the Yamba patch within easy walking distance of its beaches that continues to stand out. Its sale prices have climbed at a considerably faster rate than its suburban counterpart to the west, easily proving that demand outweighs supply in the current climate. However, it may be the more moderate markets of Grafton, Maclean and other semi-rural villages that may see more stable and resilient capital gains in the long-term. Well, that is the question on everyone's lips!

The market is most easily arranged into budget buyers/renovators, upgraders and prestige buyers. While they are separate and searching for something different, they all share a common goal - value for money! Across all market segments, everyone wants a deal.

The renovators are seeking gains, whether it be in future rental income or capital, and are therefore more willing to compromise on condition at the time of purchase. Upgraders are often seeking a finished product with more space and something

that requires little work or effort. At the uppermost end, prestige buyers are looking for all the conveniences, views and improvements, however not necessarily space or the mowing that extra land involves.

The Clarence Valley's current residential property climate is relatively suitable for all buyers and their needs. Ultimately, a buyer's choice all starts with the fortunate choice between sea, river or land.

### Coffs Harbour

What are the property fundamentals for Coffs Harbour? In a word... lifestyle!

Nowhere is too far from the beach or bush. Coffs Harbour is one of the few places where the mountains meet the sea, providing an abundance of lifestyle options and opportunities.

Now assuming you wish to live in the town localities, a first home buyer can still live close to the beach for under \$500,000. How close is close, you ask? Well, 400 metres from Park Beach, a circa 1960 fibro three-bedroom home on a 513 square metre site sold for \$425,000. You are also well located in terms of major shopping with Park Beach Plaza also within 400 metres and the CBD is three kilometres (no traffic lights). This area is currently undergoing gentrification, still having some social stigma associated with a lower socio-economic area. Notwithstanding this, it ticks all the boxes for location. If the first home buyer is wanting something more modern, then they have to venture further afield to the suburbs of West Coffs Harbour, Boambee East or Toormina. Here you will get a more modern 10 to 30-year-old, three to four-bedroom home under \$500,000 but still a respectable three to four kilometres from the beach and never too far from major shopping and schools.

Moving to the upgraders who also seek similar localities although have more cash to spend, we typically see them going to the more modern estates. Estates closest to the beach include Korora, Emerald Beach and Sapphire Beach where you are 500 to 800 metres from a beach. These estates have been very popular, with a building boom over recent years. The starting point is \$675,000 and typically up to \$900,000 before we start getting into the prestige market. Other modern estates which are popular due to their central location to town and schools are North Boambee Valley (Lakes Estate) and Elements Estate at Coffs Harbour. Again, entry points here are \$550,000 for Elements and \$700,000 for the Lakes Estate.

We also see this sector of the market gravitating to the rural residential locations which have become

**Coffs Harbour is one of the few places where the mountains meet the sea providing an abundance of lifestyle options and opportunities.**

very popular over the past 12 months. These areas such as Boambee and Bonville to the south and west of the highway to the northern beaches at Moonee Beach, Sapphire Beach and Emerald Beach are all popular with upgraders looking for land plus being within five to six kilometres of the beach and town services. Easy highway access to major schools and shopping in town plus minutes from the beach are hard to find in other localities. Starting points here are \$600,000 for a basic home on a one acre lot, with the majority sitting in the \$700,000 to \$1 million mark. The prestige market is also well catered for in these areas, regularly seeing values between \$1 million and \$2 million which would offer elevated homes with coastal views.

The town prestige market is typically about the sea, and location to services... or more specifically coffee shops and restaurants.

Sawtell is the first which enters the fray having a very vibrant village feel and cafe latte set to rival any hip city location. Prestige here is east of First Avenue and is typically a home on or near the beach. These are tightly held with values starting at \$1 million up to \$1.9 million. We note this area has not broken the \$2 million mark yet although currently listed at 4 Boronia Street, Sawtell is a fully modernised two level home with water views and 150 metres from the beach asking \$2.35 million to \$2.5 million.

The other prestige area is known as the Jetty in Coffs Harbour. It is four kilometres east of the town centre and benefits from harbour views

and a popular restaurant strip. Here entry level is \$750,000 up to circa \$2 million. Going north along the beach front localities, Korora, Sapphire Beach, Moonee Beach, Emerald Beach and Woolgoolga all have their share of prestige properties overlooking the coastline. The majority of sales occur within the \$1 million to \$1.5 million price range with only eight properties since 2007 hitting values above \$1.5 million.

There are a multitude of other locations which share similar attributes with regard to proximity to shopping facilities, schools and beaches which equally suit the first home buyer and the prestige buyer. Being a regional locality, we are not affected



by travel time and traffic which plague capital and major city locations.

## Central Coast

With just the Hawkesbury River separating the Sydney metropolitan area from the New South Wales Central Coast Region, property buyers and occupiers are spoilt for choice. Do we live, work and work in bustling Sydney or live, work and PLAY on the sunny Central Coast?

It's a tough choice, so let's see what has made the local market a standout.

Values range from super affordable, mildly expensive, mid-tier to executive and across various property classes - dwellings, units, townhouses, villas and rural.

### First Home Buyers and Affordable Buyers

We have found that first home buyers are attracted to either the older, established suburbs or the newer, developing suburbs, depending on individual preferences. First home buyers who have grown up in the region generally have a preference for staying close to their roots and buy established homes close to what they are familiar with in terms of family, friends, work and lifestyle.

Although values grew quicker than savings, those living in the peninsula suburbs of Umina Beach, Woy Woy, Blackwall and Ettalong Beach looked hard for their first homes at prices they could afford. Many succeeded, but just as many had to purchase elsewhere, such as Narara, Niagara Park and Wyoming. Either way, they are areas that are familiar.

These are all older areas that are well known and loved by local first home buyers due to their lifestyle conveniences and familiarity. Getting to Avoca or Terrigal Beaches is an easy drive, fishing on Brisbane Water - easy, Erina Fair or Deepwater Plaza for good shopping, pubs and clubs - too many to name and sporting fields aplenty. Workplaces are also important.

Many dwellings in these areas are the original two-bedroom, one-bathroom configuration and it works. But of course, new owners see lots of renovations and extensions and from our observations, there is a huge number of talented property improvers and stylists.

In past reviews, the sustainability of values on the peninsula was questioned and as we move into the next phase of the market, we have found that values here have indeed fallen, in many cases back to 2016 levels.

Further north, similar scenarios have been observed around the Bateau Bay and Killarney Vale areas where first home buyers have shown an equal preference to stay in the suburbs they are familiar with.

At a near polar opposite, we can say that the developing areas around Hamlyn Terrace, Woongarra and Wadalba are seeing a lot of new faces coming into the area. From the sale contracts seen in our daily valuer lives, an overwhelming number of new residents looking to call the Central Coast home are from Sydney. It's not hard to attribute this to the prices in Sydney being the reason these people are leaving for more affordable areas.

These areas are relatively new and still growing. They are identifiable by the new, project style dwellings springing up in what was once paddocks. To some, they see a lack of character with this off the shelf, tightly packed type of development. To others, it represents a new chapter in a brand new home. No right or wrong here. What is evident though is value for money compared to the Sydney market. These areas are close to good shopping, good schools and the opportunity to be part of a growing community. A huge added bonus is the close proximity to the M1 Motorway and easy access to Sydney for work. There are many buys available for under the \$600,000 mark.

### Next Level Buyers

Middle and upper tier buyers are everywhere. These are more often second and subsequent home buyers with more to spend, more real estate experience and more life experience.

Some still choose to move but stay in the suburb they are familiar with, while others decide the better reputation suburb next door or a couple of suburbs away beckons. This is seen almost daily as levels of sophistication grow, down sizing is decided or a cash injection from the sale of an existing property means a step up the real estate ladder is available.

While by no means typical, we usually see these buyers opting for an established, well appointed, landscaped property which is close to shops and cafes - the Terrigal, East Gosford and Blue Bay café scenes are popular. But most often, we see an entertaining area and views. In this regard, Terrigal, Avoca Beach, Toowoona Bay and some of the less expensive beach front locations are popular. We put these people as looking in the \$800,000 plus markets, but more likely in the \$1.2 million market.

**D** *We have found the first home buyers are attracted to either the older, established suburbs or the newer, developing suburbs.*

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The make-up of these buyers, as we see it, is generally locals but with a smattering of Sydneysiders moving to the region after selling up.

### Prestige Market

By far, the beach front and rural residential areas dominate the prestige end of the market. We classify the price point for this segment to be above the \$3 million mark for beach fronts and above the \$2 million mark in the rural residential areas at the southern end of the region and slightly less as we move to the northern end.

What drives these markets is mixed. In some cases, it is refinement and quality while elsewhere it is more bling and quantity. In some cases, privacy and quietness rule while some need to be seen and heard. The requirements of buyers is as varied as the properties themselves with some buyers content with the nostalgic beach shack in near original condition to others who would not dream of settling for anything less than modern and substantial. What doesn't change though is the preparedness of buyers to wait for the right opportunity - rushing in or compulsive buying is sometimes seen, but rarely. The prestige property buyer is usually experienced, confident and determined.

The prestige beach fronts are found at Pearl Beach, MacMasters Beach, Avoca Beach, Wamberal, Blue Bay and Toowoona Bay. Expect to part with upwards of \$3.5 million in these locations. At slightly lower, but less prestige are the beach fronts at Copacabana, Forresters Beach, The Entrance North and Norville.

When speaking of high end rural residential property, the areas that come to mind would include Matcham, Holgate, Somersby and Wamberal at the southern end and Glenning Valley, Jiliby, Wyong Creek, Yarramalong and Dooralong to the north.



Prices vary considerably, but seldom do we see values below \$1 million. Little separates the land quality component between the suburbs with the main price determinant being the size and quality of the dwelling and ground improvements.

Matcham holds the highest value base, due largely to the standard of development and close proximity to local business centres, schools, shopping and beaches. Prices can start around the \$1.5 million mark but quickly rise depending on the standard of the property, with \$3 million plus sales being reasonably common. The beautiful Yarramalong and Dooralong Valleys hold some very notable properties, with \$2 million plus sales seen and considered to represent good value.

### Mid North Coast

Port Macquarie, being a large beachside town, has always been popular with prospective purchasers, whether first home buyers, mum and dad upgraders or local or Sydney investors.

Port Macquarie is a major regional centre located on the banks of the Hastings River and bounded east by the Pacific Ocean. Its unique location gives residents the opportunity to be near the water's edge. The area has always been popular with

retirees and families who want to relocate away from the hustle and bustle of metropolitan life.

Port Macquarie offers various types of residential dwellings with the most popular having ocean views. These can be units or dwellings and ideally located within a short driving distance of the CBD.

With busy lives and families, home owners migrating for a sea change are looking for residential dwellings with low maintenance, near new or completely renovated and close to local shops, schools and employment. Many people are opting for the less expensive options within the rapidly developing Thrumster area, located on the western fringe of Port Macquarie and only ten minutes travel into the CBD via the Oxley Highway.

The market for the first home buyer has various types of dwellings within its price range, from older two-bedroom units through to smaller older style residential dwellings and new type villas and residential dwellings in the Thrumster precinct. Thrumster is proving to be popular, already having an established local high school, pre-school and IGA supermarket under construction.

Upgraders generally require dwellings consisting of three to four bedrooms on a good size block, more centrally located close to schools, town and other facilities. Other upgraders are chasing the new house feel again in the Crestwood, Thrumster or Lake Cathie subdivisions.

It is interesting to note that interest rates have been reduced by the Reserve Bank to one per cent within the past week to boost the weakening jobs market and economic growth. We have been told by various agents on the Mid North Coast that since the election results, whilst housing prices remain stable, more buyer enquiry and limited available stock is giving an indication that house prices



may start to incline again and those sought-after desirable elements that purchasers are seeking may become out of reach.

## Newcastle

Newcastle was a surprise inclusion in the Lonely Planet's Top Cities in 2011, mentioned alongside the likes of New York, Valencia and Chang Mai. Lonely Planet questioned back then whether Newcastle was Australia's most underrated city. It may have been surprising news way back in 2011, but to us local Novocastrians it was something we already knew and Newcastle's reputation as a great place to live has been constantly growing ever since.

It's no wonder our area is popular with a wide range of buyers from those looking for their first home right up to prestige buyers seeking their very own glorious beach side home. But just what are these different buyers looking for in a property? We take a quick look at three buyer demographics in our area - first home buyer, upgrader buyer and prestige buyer.

First home buyers are entering the property market for the first time. In this buyer group, we've identified the two main points they look for in property: location and affordability.

As we know, the closer you get to the CBD the more expensive property becomes. For young professionals, the step into property may be in the form of unit living as a great way of getting their foot in the property door so to speak. With plenty happening within Newcastle unit wise, there are many options to choose from. Softening market conditions combined with recent interest rate cuts mean that units are somewhat more affordable in Newcastle than in recent years. When deciding which unit complex will best suit, it can be a mix

## For young professionals, the step into property may be in the form of unit living as a great way of getting their foot in the property door.

of price, location, view, car parking (on and off street) as well as the quality of unit finishes. A word of warning to all - care needs to be taken here and buyers need to do their due diligence before jumping into anything.

A recent sale of a two-bedroom, one-bathroom unit with one car space sold for \$575,000 in Cooks Hill. This unit is situated within a smaller complex which is only one street away from the popular shopping and café mecca of Darby Street and still situated close to the CBD for work.



Cooks Hill unit sold for \$575,000 in June 2019 Source: realestate.com.au

House wise, first home buyers are more than likely looking further afield from the inner-city locations in suburbs such as Gateshead and Cardiff, where more affordable options can be found aplenty. These suburbs are located in close proximity to the major shopping suburbs of Charlestown and Kotara. Gateshead has a median price of \$447,500 and Cardiff's median price is \$487,500 (median price for houses as at April 2019, source: RP Data). One question for the

buyer at this price range is whether they are interested in buying properties which require some renovations to modernise the dwelling. This may offer some savings in the initial purchase price and the end result is entirely dependent on the fittings and fixtures of the buyer. This can also offer the chance to grow with the property if the family is extended in the future.

Upgrader home buyers are mostly looking for larger style family homes. These properties are usually the more typical four-bedroom, two-bathroom, two-car spaces and more often in recent years include a media room or upstairs second living area. There's a preference given to quiet neighbourhoods, close to shops and schooling options. Many family buyers will give greater preference to larger blocks and larger homes than being closer to the CBD. A good example here is Fern Bay just north of Newcastle and also the suburb of Medowie. The median house price for Fern Bay is \$642,500 and Medowie has a median house price of \$525,000 (as at April 2019, source: RP Data). Both suburbs have new land subdivisions where there's a choice of buying land and building a brand-new dwelling or buying a recently constructed house. Medowie is a slightly older suburb and has a variety of older style dwellings on larger blocks which also offer the opportunity to renovate.

A recent sale in Fern Bay of a four-bedroom, two-bathroom and two-car space dwelling on a 714 square metre block of land went for \$785,000 in July 2019.





Fern Bay sale of \$785,000 in July 2019 Source: realestate.com.au

Prestige buyers have a much larger budget and are able to look in the \$2.5 million-plus market. Newcastle has a few suburbs which are constantly in demand with buyers actively looking for these types of properties. They can be found situated in the suburbs close to beaches and by close we mean within easy walking distance. The houses are more often architecturally designed with the additional four-plus bedrooms and notable extras including high quality kitchens and bathrooms and additional living areas, not to mention sweeping views of beaches and city skylines which is also a fairly important factor in this price bracket. Some recent sales in Newcastle above the \$2.5 million range include properties featuring pools with landscaped areas, outdoor kitchens and integrated living areas and some include lifts.



Bar Beach prestige sale \$4,250,000 in Dec 2018 Source: RP Data

One such prestige property located in Bar Beach sold in December 2018 for \$4.25 million. It has five bedrooms, four bathrooms and two-car garage that spans three levels and is situated within walking distance of parks, Bar Beach and in close proximity to local shopping within The Junction.

All three buyer groups have different concepts of what they want within a property, but fundamentally they all have three things in comment - the right location, budget and a love of "Newy".

### Albury

The property fundamental that all buyers consider is location. The value of land is assessed most heavily on this attribute. Unlike many desirable metropolitan areas, regional areas often have an abundance of land supply with a choice of locations appealing to different buyer profiles. The rule of thumb that proximity to retail, education, medical or lifestyle choices rings true in Albury to a point.

Living in a regional city means that everything is close, there is next to NO traffic congestion, very little parking stress and in the case of our border town, unfettered access to wineries, rivers, mountains (with snow) and valleys with even less people! Employment and education are the challenges in regional areas. Albury is well placed for both and combined with housing affordability, it is not surprising that our region is a great place to live.

The first home buyer is well catered for in the Albury area, although it is hard to strike a balance between all of the above attributes. The newest and largest new home estates are located in Thurgoona. This is a large suburb nine kilometres north-east of central Albury with several entry level builders and estates, some better located than others. The circa 2010 to now brick veneer, four-bedroom,

two-bathroom, two-car price range is \$350,000 to \$400,000 with some low \$300,000 opportunities as well. The circa 1990 to 2009 stock which has a larger proportion of brick veneer three-bedroom, one-bathroom, one-car price range is \$250,000 to \$300,000. Many of the older estates are closer to Thurgoona Plaza and Thurgoona Primary School.

There are two estates (Mitchell Park and Somerset Rise) located nearest to the Hume Freeway for the quickest route to Albury city centre and very close proximity to popular private schools Trinity Grammar and Border Christian College and with a new child care centre recently opened, education is front of mind for buyers here. Other first home buyer estates which are further out are Yarrabee Estate and Kerr Estate - good entry level homes, closer to Lake Hume but still lacking proximity to local schools and shops.

Small pockets of Lavington (four kilometres north of the CBD) and Springdale Heights (six kilometres north of the CBD) offer a new home alternative to Thurgoona. These new estates are located near some less desirable existing housing stock, but are close to local public primary and high schools and not too far to Lavington Square Shopping Complex. The price range for a modern four-bedroom, two-bathroom, two-car garage can be as low as \$300,000 to \$350,000 however this range also provides good value in established areas for homes circa 1980 to mid 2000s. There is still a robust sub-\$300,000 in Lavington and North Albury. The first home buyer close to the Albury CBD will swap new for old housing stock whilst increasing capital growth opportunities in these gentrifying areas.

The upgrading buyer can easily be enticed to remain in Thurgoona with new estates aimed very clearly at this market segment. Estates include Brookfield Mews, Kerrford Park Estate, Fairway



## *Living in a regional city means everything is close; there is next to NO traffic congestion.*

Gardens and The Elms Estate. The four-bedroom, two-bathroom, two-car garage or four-bedroom, three-bathroom, three-car garage here has a wider price range from \$400,000 to \$600,000. Apart from demanding a larger home and land area, this market segment often chooses the location with lifestyle (such as golf, water skiing and cycling), quality of surrounding homes, local views and room for extras such as a pool, shed and larger backyard in mind. Competing with Thurgoona for this market are new estates in Ettamogah Rise, Springdale Heights, Sienna Ridge and Hamilton Valley in addition to established stock in East and West Albury and the central Albury fringe. Apart from the older stock in close proximity to the CBD, what all the new home upgrading estates have in common are larger blocks and big houses, not really close to everything but show off mode definitely in play and a risk of over capitalising if the forever home plan comes unstuck.

The prestige buyer in Albury is spoilt for choice. In addition to the CBD area, we have a number of small prestige estates (Doctor's Point and Rainbow Ridge, both in East Albury) or established areas (Thurgoona Park, elevated pockets of West Albury, Monument Hill and Forrest Hill) catering for the discerning top end buyer, and if the buyer has money to burn, central Albury offers an array of character and modern dwellings with all the trimmings. The price range for prestige dwellings is \$600,000 to \$1.2 million. The prestige rural lifestyle property comes into play in this market as well with a price range more likely \$700,000 to

\$1.3 million, especially in Table Top and Splitters Creek. This market segment has less stock and activity and usually falls into two buyer profiles - the local pool of prestige buyers and the out of town buyers, often astounded at the number of wish list items achievable.

### Wodonga

Purchasers in each market segment of the Wodonga market - first home buyers, upgrading or second or third home buyers and prestige - tend to seek a number of characteristics which are likely to result in long term growth and future buyer demand.

This is an easy decision for the first home buyer. The Daintree Estate in West Wodonga is popular for a number of factors. The estate is home to Victory Lutheran College which caters for primary and secondary school students, The Daintree Medical Centre and a new child care centre. Within close proximity is the Wodonga Golf Course and the Birallee Shopping Centre is within five kilometres of the estate. Dwellings in this estate have been built from 2009 onwards, are generally three or four bedroom, of brick veneer construction and generally sell from \$330,000 to \$380,000 depending on size and quality. Land within the estate is flat, generally between 500 and 800 square metres and priced anywhere between \$135,000 and \$155,000.

Generally, the most popular choice in the upgrader or second home buyer market segment with the above characteristics in mind is the Whitebox Rise Estate. This estate has the Whitebox Rise Shopping Centre which includes Woolworths, BWS, the Reject

Shop, a bakery, bank and Chemist Warehouse. The estate also includes an Aldi, car wash and aquatic centre. Dwellings are generally three or four bedrooms of brick veneer construction and are of a good quality fit-out. Dwelling prices within this segment generally range from \$390,000 to \$490,000. Land in this estate is flat, having been terrace and retained by the developer. Land prices within this market segment generally range from \$155,000 to \$175,000 depending on the orientation and aspect of the allotment.

There are a number of estates which are popular with prestige property purchasers, however the motives of purchasers within this segment tend to vary slightly in importance. While long term growth and future buyer demand play a role in the purchasing decision, they tend to be secondary considerations. The purchasing decision is primarily driven by the suitability of the property to adequately cater to their lifestyle. However, popular estates include Wattle Glen Estate, located within two kilometres of the Whitebox Rise Shopping Centre and about five kilometres from the Wodonga CBD. The estate is generally characterised by large steep allotments with elevated and rangeside views. Land prices have generally ranged from \$150,000 to \$190,000. Dwellings within this segment are large and have a high-quality fit-out, generally ranging from \$550,000 to \$850,000, however there are newly constructed properties likely to attract even higher values. Another prestige estate is the newly developed Huon Park Estate, which is located on the south-western fringe of Wodonga. Lots generally range from between 2,000 and 4,000 square metres at prices ranging from between \$275,000 and \$315,000. Once again, dwellings are large, high quality and enjoy a rural and range side outlook.

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## Tamworth

The fundamentals of attraction differ greatly depending on which end of the market a buyer is looking at and at what point in the property journey they are.

Starting at the beginning with first home owners, Tamworth sees these buyers typically in the more affordable areas of Hillvue, South Tamworth, Central West Tamworth, Oxley Vale and parts of Calala. They are chasing properties that are comfortably habitable as is, but with a little bit of renovation can easily add some value without breaking the bank. Location to particular areas is not a requirement but there is a definite aversion to the western parts of South Tamworth and Hillvue. To meet the criteria, we are seeing three-bedroom, one-bathroom dwellings on approximately 600 to 800 square metre blocks ticking all the boxes. For a dwelling like this and in a nice part of the mentioned suburbs, a buyer is looking to spend \$225,000 to \$350,000. Recent sales include:

- ▶ **1 Robina Street, South Tamworth** sold for \$233,000. A circa 1960, vinyl clad, three-bedroom, one-bathroom, dwelling on an 809 square metre lot. Basic updates to the interior.



- ▶ **72 Panorama Road, Calala** sold for \$320,000. A circa 1990, brick veneer, three-bedroom, one-

## The fundamentals of attraction differ greatly depending on which end of the market you are looking at.

bathroom dwelling on a 790 square metre lot. Original fit-out.



Now that we have owned our first home for a few years, it is time to upgrade. In this price bracket (\$350,000 to \$650,000) we open up a wide range of choices. Typically, upgraders want to be closer to the CBD (North and East Tamworth) or getting into a newer home (Calala, Moore Creek and North Tamworth). When moving closer to the CBD, a buyer wants to be able to walk down to Peel Street within 15 minutes to enjoy the shopping and cafes offered. If looking for a newer home, a buyer will want at least a four-bedroom, two-bathroom dwelling with a double garage and covered outdoor area. In both cases, land size plays a role with many upgraders being families and requiring room to move and grow. Land sizes available in this price bracket range from 600 square metres all the way to 4,000 square metres depending on where you buy. The further out, the newer the house and larger the lot. Recent sales include:

- ▶ **121 Brisbane Street, East Tamworth** sold for \$520,000. A circa 1920 double brick four-bedroom, two-bathroom dwelling on a 582 square metre lot. The property is located just 430 metres from Peel Street.



- ▶ **2D Thornbill Road, Moore Creek** sold for \$590,000. A circa 2015 brick veneer dwelling with four bedrooms, two bathrooms on a 4002 square metre lot.



With Tamworth being so relatively easy to get around (20 minutes from one end to the other) there are no real hotspots for must have locations, other than that of being able to easily walk into town from East Tamworth. Easy access to parks and



schools is available in all suburbs and with so much variety available for buyers, it really does come down to their needs and wants that will determine where they end up.

### Goulburn

With a median house value of \$410,000, the Goulburn Mulwaree region is continuing to appeal to both first home buyers and young families. The charming heritage homes which boast character with their ornamental features throughout continue to be in strong demand from the first home buyer market, in particular, older style historic homes centrally located on tree lined streets and within close proximity to schools, parks and the CBD. The newly built, low maintenance dwellings within the new estates are typically more popular amongst the young family and older generation markets. Despite being located further from the CBD, these developments offer an affordable lifestyle alternative within commuting distance to Canberra and the Southern Highlands and require far less ongoing works in comparison to older heritage style properties. With land values considered cheap in comparison to areas such as Canberra and the Southern Highlands, larger parcels in the new subdivisions are considered good value for money, allowing home owners a bit of elbow room for a larger house, a shed and a bigger back yard. Think Sanctuary Drive, Ibis Road and Anembo Close.

### Southern Highlands

As we set off on the 2020 financial year, the main property driver for the Southern Highlands remains, front and centre, proximity to Sydney. The advent of freeway infrastructure beginning with the opening of the M5 in the 1990s and its subsequent extension together with somewhat improved rail infrastructure, has brought the commute time to



## *As we set off on the 2020 financial year, the main property driver for the Southern Highlands remains, front and centre, proximity to Sydney.*

the Highlands closer to Sydney. This, combined with the NSW Government recognizing and prioritising land release areas across the region, is seeing the fabric of the Highlands gradually changing and providing real lifestyle opportunities to the Sydney market, particularly families and recent retirees. The challenge as always will be getting the balance right in providing the social infrastructure to cope with resident growth.

At an entry level price point of just shy of \$600,000, prices have eased around five per cent year-on-year. Younger families are the predominant buyer group in the northern villages of the Southern Highlands such as Hill Top and Colo Vale. Proximity to the freeway and price point are driving the purchase decision here. Typical homes are late 1960s and early 1970s built dwellings on smaller blocks of land.

The middle market is dominated particularly by families and retirees in the \$900,000 to \$1.5 million price point who continue to discover the Southern Highlands region as an affordable lifestyle alternative to an increasingly congested urban existence. At this level, buyers can expect an early 1990s three to four bedroom to modern four to five bedroom family home close to the townships of Bowral, Mittagong and Moss Vale. The driver here for families is access to social infrastructure, schools and good transport such as rail and bus links. The median price has come off around five per cent year on year.

The prestige market across the Southern Highlands is defined at a price point in excess of \$3 million.

The choice of property types includes prestige residential located in the main townships of Bowral, Moss Vale and Mittagong, predominantly on land sized between 4,000 to 10,000 square metres. Another sector of the prestige market is the rural lifestyle, Acreage properties defined as land sized between 10 and 50 hectares and located on the outskirts of the main townships across the villages and hamlets of Berrima, Sutton Forest, Exeter and Robertson. Historically purchasers of these property types have been Sydney based, with purchasers having sold out of that market and looking for a lifestyle change or as a weekender. This market historically has shown high levels of volatility, linked to the vagaries of the financial markets together with the Sydney property market. This has certainly been the case over the current period, with several examples re-trading from purchases two years ago at a 10 to 20 per cent price reduction. It is not uncommon for extended marketing periods and multiple agent marketing campaigns of up to two years observed for property at the higher price point, with vendors willing to wait for the right purchaser and likewise purchasers tending to be highly discriminating in their purchasing decisions.

### Illawarra

What appeals to one set of home buyers can easily put off another, however there are a number of property fundamentals that apply to most Illawarra home buyers. Location, view and condition are recurring themes across all price points and have a significant impact on sale price.



When we talk about first home buyers, we can be discussing different types of properties. Singles or couples are often interested in Wollongong CBD units (\$400,000), townhouses in the suburbs (\$500,000) and either older style suburban homes or newer houses in new subdivision areas (\$500,000 to \$750,000).

Upgraders buying a second home tend to be families where they have grown out of the first home and are looking for more space. With kids now at school they may be back to a dual income and can afford a step up in the same location or they will have to sacrifice on location to be able to buy a larger home. According to realestate.com.au the median house price over the previous year for a four-bedroom home was \$972,500 in Woonona, \$805,000 in Figtree, \$657,500 in Albion Park and \$507,500 in Nowra. Note the price reduction as we travel from north to south.

A must have for prestige type buyers is a view. It doesn't matter if the prestige property type is a house, a unit or a rural lifestyle property, an ocean view is a consistent factor for residential sales in the Illawarra over \$3 million. Recent sales such as Garaban Court, Bulli for \$3.8 million, Cliff Road, Wollongong for \$3.225 million or Penguins Head Road, Culburra Beach for \$2.5 million all have significant ocean views in addition to their impressive improvements.

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# Victoria

## Melbourne

It is fair to say that despite the reported signs of green shoots, 2019 remains a buyer's market. Buyers are not as rushed as they once were and now have time on their side to look at all the options when considering a purchase.

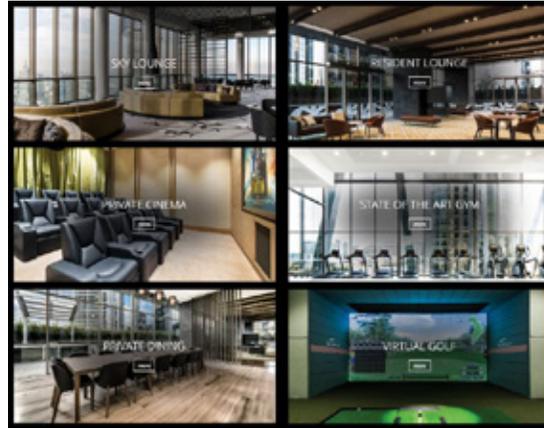
So, if this is the case, what are they looking for in 2019? Are they looking to just to get a foot in the door, long term growth, be close to employment or education, or are they looking for more of a lifestyle choice?

### CBD

The city centre has seen a continued substantial increase in the supply of high rise apartments. Lifestyle changes have led to people seeking a better work and life balance; as such properties located within half an hour of the CBD and close to public transport links continue to be highly desired by first home buyers.

Developers are encouraging buyers by including amenities such as rooftop gardens, creative common facilities such as virtual golf, private dining areas with industrial kitchen facilities allowing residents to bring in a private chef and meeting rooms for the home office operator.

For an entry level price of \$580,000, you will find a one-bedroom, one-bathroom apartment in the



35 Queens Bridge Street, Melbourne 3006 Source: Prima Pearl, July 2019

Prima Pearl located at 35 Queens Bridge Street, Southbank and access to the mentioned amenities.

Young professional couples or small families looking to upgrade their one-bedroom apartment for a bit more room do not have to go far. Suburbs on the city fringe such as Collingwood, Richmond, Prahran and South Melbourne still have access to public transport to the CBD, schools and close proximity to local restaurants and cafes. Property types vary from townhouses and single-fronted dwellings that can accommodate two-to-three bedrooms, two car spaces and a small courtyard.



7 Palmer Street Richmond, VIC, 3121 Source: RPData

### 7 Palmer Street Richmond, VIC, 3121

**Sale Price:** \$1.55 million

**Sale Date:** 6 March 2019

3 Bedrooms, 2 Bathrooms, 2 Car spaces

150 square metres

**Source:** RPData, July 2019

At the prestige end of the market, buyers are looking for properties with a period character or dwellings that can be easily renovated, extended or rebuilt and designed to suit their needs. Staple items within this category include basement car

*Young professional couples or small families looking to upgrade their one-bedroom apartment for a bit more room do not have to go far.*





26 Linlithgow Road Toorak, VIC

Source: RPData

parking, en suite to each bedroom, a games room, swimming pool, tennis court and gym.

**26 Linlithgow Road, Toorak, VIC, 3142**

**Sale Price:** \$12.15 million

**Sale Date:** 14 March 2019

5 Bedrooms, 4 Bathrooms, 4 Car spaces  
1,308 square metres

**Source:** RPData, July 2019

**East**

In a handful of blue-chip suburbs located in Melbourne's east, property prices have corrected to mid-boom levels following the recent sharp correction. Balwyn North and Kew are just two of the eight suburbs in Melbourne where the median house price is similar to that of the 2015 property market.

This doesn't mean first home buyers will now have a better chance of purchasing homes in these areas. It does however, allow first-time buyers searching for apartments in the east to have more of a chance to secure a property. A downward swing in the market for the first time in years is now allowing young individuals and couples a fighting chance to purchase property in dominating suburbs.



2 Victor Avenue, Kew VIC 3101

Source: domain.com.au

**2 Victor Avenue, Kew VIC 3101**

**Sale Price:** \$1.6 million

4 Bedrooms, 1 Bathroom, 4 Car Parking

**Source:** Domain.com.au, June 2019.

While the pressure of the property market has eased in recent months, the types of property available on the market such as detached dwellings and apartments etc largely remain the same despite lots of residential developments taking place in Box Hill and Ringwood at the moment.

This is very different from large englobo estate developments that are happening in areas with an abundance of vacant land available such as Truganina, Melton and Werribee. Of the properties in Melbourne's eastern region, around 33 per cent are owned outright or mortgaged, with 20 per cent of housing comprised of townhouses or

semi-detached homes and 33 per cent of residential properties being high-rise apartments.

The eastern suburbs are proving to be popular with first home buyers due to the number of schools located in the region. Catchment areas of elite government schools such as Camberwell High School are highly sought after as buyers want to allow their children to have the best possible education.

Couples looking to upgrade will likely move to the east to have an opportunity to live in a residential home and raise a family. Suburbs such as Ringwood and Mitcham in the outer east will most likely be more desirable as the median house price for those suburbs is \$830,000 and \$920,000 respectively.



Source: domain.com.au

These suburbs boast great access to coffee shops, restaurants, gyms and health clubs that is highly desirable and are also very close to transport and schools. Some of the most popular and desirable areas include Kew, Hawthorn, Camberwell and Balwyn.

Travelling into the city by train from Hawthorn and Camberwell takes 15 and 25 minutes. This short trip is not only a selling point for those who commute to corporate jobs in the city but also allows their



children access to quick transport to school via tram or train. This drives the price of homes in these areas upwards.

The Hawthorn median house price sits at \$2.1925 million and Camberwell's median house price is \$1.955 million. This market is geared towards established families or couples who are well resourced and are able to afford the choices of lifestyle that come with living in the eastern suburbs of Melbourne.



2/51 Cobden Street, Kew Source: realestate.com.au

### 2/51 Cobden Street, Kew VIC 3101

Sale Price: \$1.275 million

3 Bedrooms, 2 Bathrooms, 2 car parking

Source: Realestate.com.au, May 2019.

#### South-East

Young families in the outer south-east are predominantly seeking to build new homes in developing estates to cater to their individual needs. Back yard space has given way to larger dwellings with an increased number of bedrooms

*Young families in the outer south-east are predominantly seeking to build new homes in developing estates to cater to their individual needs.*

and alfresco areas for entertaining. Young families tend to be more focused on current needs, rather than long term growth potential.

Many estates in the outer south-east promote a family friendly lifestyle and are usually located close to child care centres and parks. The availability of the First Home Buyers Grant when building is another factor that draws first home buyers to these areas. In Clyde North for example, there are fixed price house and land packages for as little as \$550,000. This includes a 400 square metre block with three bedrooms, two bathrooms and a double garage.



Source: BloomClydeNorth.com

Apartments close to popular universities such as Monash Caulfield and Monash Clayton and within close proximity to cafes and shops are also seen as a good investment for many first home buyers due to the fact that apartments close to amenities tend to hold their value better and are continually in steady demand from locals as overseas investors are excluded from buying on the secondary market.

It is possible to find a two-bedroom, one-bathroom apartment within walking distance of Monash Clayton, Clayton train station and Monash Medical Centre that will set you back between \$340,000 and \$380,000.



Source: realestate.com.au

Many couples and families looking to upgrade from their first homes often have well-paid jobs based in the CBD. These home buyers are often looking to move closer to the city, in particular close to train stations as the cost of parking in Melbourne's CBD continues to rise and people look for more economical alternatives. Homes accessible to the Frankston and Sandringham train lines are more resistant to economic slumps as most large companies continue to base their headquarters in the CBD.

Many top private schools (such as St Leonards College and Haileybury College) located in the middle suburbs help drive the inner south-eastern market. Buyers tend to choose low maintenance properties due to having busy lifestyles, involving frequent travel for work or leisure. Older couples with adult children who have flown the nest choose smaller homes or apartments within walking distance of cafes and local shopping strips.

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At the prestige end of the market, proximity to the beach is still a key driver, as is privacy and coastal views over Port Phillip Bay. Locations in the south-east such as Brighton and Portsea have a sense of prestige attached to them and are reserved predominantly for top income earners. New line streets within close proximity to the Rosebud and Dromana foreshore are also popular, as over the summer these residences will always have great short-term leasing potential.

As there is a large retired population on the Mornington Peninsula, many retirees are looking to buy into lifestyle communities (for example Peninsula Grange Retirement Community and Lifestyle Hastings) where they can maintain their independence while having all the required amenities such as a swimming pool, gym and cafe at their doorstep.

#### Inner / Outer North

Melbourne's inner and outer northern suburbs continue to be a hotspot for home buyers for several reasons. The bustling vibe and continued growth are separating the good from the bad as home buyers search for properties with larger land size, bigger internal living spaces and more bedrooms as well as proximity to public transport, cafes and shopping facilities and a short distance to the CBD.

Focusing on the inner north, locality is key.

Victorian and Edwardian style dwellings are proving to be the most popular product on the market. These dwellings provide a retro or heritage façade, cosy fireplaces and structured living layouts making them an ideal investment or rental property.

Pressure on inner-city parking is becoming more of an issue, which is making inner city properties with parking spaces extremely hot property. Home buyers who are not winning the race to these

properties are finding locations close to public transport.

- ▶ First home buyers in this region are looking to get their toes in the water, meaning an apartment building will likely be the first choice for many. Location is key with buyers looking for properties close to public transport and large shopping centres. Price expectancy is \$400,000.
- ▶ Upgrade home buyers will be investing in significantly larger properties in comparison to a first home buyer. This will include bigger and better facilities internally making living conditions more comfortable. Price expectancy is \$1.25 million.
- ▶ Prestige home buyers will be looking for the whole works - double storey, recently renovated dwellings. They will have added features such as increased ceiling heights, top of the range fixtures and fittings, high-quality finishes and premium outdoor areas. Price expectancy is \$3 million.

Moving to the outer suburbs, the market is showing that land size and living space size are drawing home buyers. Demand for more bedrooms and bigger living spaces continues to grow as young families move toward these areas due to improving infrastructure and facilities, including schools and shopping centres such as Craigieburn Central.

The outer suburbs are providing home buyers with more flexibility and options when it comes to factors such as car spaces, number of bathrooms and living layout whilst being more cost-effective.

- ▶ First home buyers in this region will most likely be looking in new estates, purchasing off the plan developments which will include a house and land package. Price expectancy is \$400,000.



Source: realestate.com.au

- ▶ Upgrade home buyers will be investing in larger dwellings, with an increased number of bedrooms, larger land size and more living spaces. Price expectancy is \$600,000.



Source: realestate.com.au

- ▶ Prestige home buyers will be looking for the whole works - double storey, renovated new dwellings. They will have added features such as increased ceiling heights, modern finishes, landscaping, more living rooms, bedrooms and bigger block sizes. Price expectancy is \$900,000 to \$1 million.

#### Outer West and Geelong

In the outer west of Melbourne, it appears that affordability is the key driver for a first home buyer and young families looking to break into the property market.



Comprising two of the fastest growing municipalities, Wyndham and Melton, these areas offer a number of new housing estates catering to the Melbourne population boom. With affordability being a key driver as well as a want to have it all mentality, first home buyers seem to be opting for a new house and land package further out rather than purchasing an established dwelling closer to the city.

Buyers will compromise on the size of the dwelling, size of land and location, purchasing new house and land packages within developing estates often feeling they are getting more bang for their buck.

According to HIA Chief Tim Reardon, Rockbank's Mount Cottrell located 42 kilometres from Melbourne's CBD was the top building and population hotspot in 2018 as it witnessed an annual population growth rate of 59.4 percent and \$224.2 million in building approvals.

For those seeking to upgrade, buyers tend to look closer to Melbourne's CBD however it needs to be either modern or refurbished and be a substantial upgrade from their existing residence.

Similar to Melbourne's outer west, first home buyers are looking to master planned estates due to their affordability as well as access to local amenities such as shopping centres, cafes, recreational facilities, schools and child care facilities. Unlike the outer west, Geelong receives an additional subsidiary grant and incentives as it is classified as regional living. These incentives can be worth up to \$31,000.

According to state government figures, 719 first home buyers purchased existing homes in Geelong in 2017. One year later, that number had jumped to 1,217. There was also a 33 per cent jump (to 721) in

the number of first time buyers electing to build in the 2017/18 financial year.

For those seeking to upgrade there are a number of factors to consider. Dwelling size, condition, proximity to local schools, catchment areas, distance to shopping hubs, recreational facilities and access to public transport are important. Often buyers tend to remain within the same area however just upgrade as their needs change.

A recent example was a sale in Belmont which had several transactions where both buyers and sellers resided within the suburb itself, setting off a domino effect of sales.

Driven by the need for a large home and not wanting to give up on Belmont's central location and proximity, the purchasers sold their property to a local resident, who also then on-sold their property to a local resident.

For the prestige end, it appears that buyers are looking for a dwelling that has it all from build quality, size, and location as well as unique factors that really make the property stand-out and be that once in a lifetime opportunity. One thing, however, remains consistent - buyers are looking for privacy and security and it appears this plays an important role in their purchase.

### Mildura

Low interest rates and strong buyer confidence continue to see many first home buyers prepared to by-pass the cheaper end of the market and look instead to buy modern or even new homes in

**33%**

Jump in the number of first time buyers electing to build in the 2017/18 financial year in Geelong.

the \$300,000 to \$400,000 price bracket. Many younger buyers appear to prefer housing with modern touches, located in newer subdivisions in Mildura. These homes tend to be on smaller lots, often less than 700 square metres and often don't have sheds or pools, but do have good presentation, reverse cycle air-conditioning and a modern fit out.

The desire for more room is usually the motivation for many property owners to upgrade. These second home buyers are generally looking for homes which include better ancillary improvements and possibly more living space. Mildura's long hot summers make good outdoor living areas appealing and the better housing in Mildura will always have at least 35 square metres of preferably east or south facing pitched roof verandah, built to complement the style of the dwelling.

The presence of a pool, space for a basketball ring or good shedding is also highly regarded by many of these buyers, who are usually families with children and who have started accumulating things such as boats and caravans. This segment of the market is typically in the range of \$450,000 to \$700,000.

More affluent home buyers have traditionally been drawn towards larger homes which have frontage or views over the Murray River or other water bodies such as Kings Billabong or Lake Hawthorn. The limited supply of such properties creates some scarcity, which has helped maintain the value of these properties. The more basic housing in these water front locations starts at around \$750,000, with Mildura's most expensive house sale in recent times being a prestige home on a 6,397 square metre lot with good river frontage at Gol Gol, which sold for just under \$2.5 million.

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Many of the better water front homes were built in the 1970s and 1980s, and so buyers wanting a waterfront address will purchase due to the quality of the river frontage and location rather than the standard of the dwelling. They will then renovate according to their financial capacity.

An interesting trend over the past four to five years has been the emergence of buyers willing to purchase prestige housing which does not have river frontage. These buyers don't want to move into an older style, often relatively small home, even if it does have river frontage, and have a preference for modern, large homes with above average standard ancillary improvements. In recent times we have seen a handful of sales each year in off river locations at prices over \$1 million. The right home for these buyers will be over 300 square metres in size and usually on at least 1,500 square metres of land.

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# Queensland

## Brisbane

Brisbane is the capital city poster child of how property fundamentals drive values.

We have a central, riverfront CBD that's been the bulls eye for concentric circles of growth throughout the city's history.

And so, the adage about location rings true. Traditionally, the old rule of property economics has broadly applied - if all else is equal, then the closer a suburb is to the CBD, the more valuable its land per square metre.

Moving beyond this measure and there are other fundamental factors to consider.

Proximity to the river works as well - especially if you have a frontage or a view.

That said, school zones have certainly become a key draw card too. Ask anyone who's tried to buy in the catchment for Brisbane State High School in the past few years.

While excellent public schools help drive price growth, private schools play their part as well. School-centric communities can become, in some instances, a family lifestyle choice where the parents and friends you come to know from the drop-off zone are the neighbours you might invite to a barbecue after Saturday's rugby match.

Speaking of lifestyle, café hubs are excellent indicators of desirable suburbs. The key metric is often within five minute's walk of a decent cuppa. It can be very satisfying for residents to stroll down to their favourite barista while watching those who

are living further away hunt for one of the hotly contested car spaces in these magnetic clusters of urban retail and restaurants.

With these fundamentals ringing in our ears, let's see what the various local buyer types might rate as essential in Brisbane.

Our real estate is regarded as relatively affordable by large capital city standards. As such, our first home buyers, including hip youngster homeowners, new families and first-time investors, have a reasonably wide choice available. That said, they are still cost-conscious and this will be the overriding determinant in property selection when it comes to dwelling, unit or townhouse, and whether they buy old or new.

## *Brisbane is the capital city poster child of how property fundamentals drive values.*

First home family buyers will want everything on their bucket list for as cheap as possible of course, but will compromise on the fixable things as opposed to location - more often than not their choice will be a fairly modern home but of modest size on a smallish block in their suburb of choice. The other option might be a two plus bedroom townhouse.

Many are seeking new housing estates with comprehensive facilities as well. There will be affordable housing available and with plenty of shopping and transport, their family needs are well looked after.

Single person households will typically look at small two-bedroom dwellings, two-bedroom townhouses or one-bedroom units in great locations with plenty of lifestyle on offer.

Stepping toward the upgraders market and it can be a little more difficult to pin down exactly what elements appeal as fundamentals, and that's because this cohort has a variety of different wants.

Most will want a bit more room - both in terms of land and house - but many like to buy near their first home as well. It's not surprising really. As a resident, you become familiar with an area.

If they do move away when upgrading, the majority

in Brisbane will gravitate closer to the CBD rather than further out. This often means purchasing at a higher price point for a lesser home.

The upgrader market is also the demographic most attracted to great school zones along with proximity to amenities including public transport, parks and hospitals.

Fundamentals for the prestige buyers will be about prime real estate in a prime location. Typically, proximity to the CBD is on the tick list, however some will seek acreage in the city's rural residential enclaves or a bay side lifestyle.



For those spending a bit more, views of the CBD, Brisbane River or Moreton Bay are a great attraction - even better if you can get frontage to a shoreline or river bank.

If the buyer is inclined to a rural residential parcel, comprehensive ancillaries such as pool and tennis court along with enough room to run a horse will be convincing additions.

Some great examples of grand homes of an extensive nature with high-end finishes and all the modern conveniences include the following:

- Inner-city dwellings with river frontage** - 39 Griffith Street, New Farm sold for \$7.75 million (March 2019), 65 Longman Terrace, Chelmer sold for \$6.6 million (under contract), 30 Wendell Street, Norman Park sold for \$6 million (March 2019).



- Inner-City Apartments** - 5/81 Moray Street, New Farm sold for \$6.5 million (February 2018), 3501/141 Alice St, Brisbane CBD sold for \$4.5 million (November 2018), 5/2 Scott Street, Kangaroo Point sold for \$4.5 million (December 2018), 6/2 Scott Street, Kangaroo Point sold for \$4.5 million (under contract), 801 (Lot 901)/8 Kyabra Street, Newstead sold for \$4.325 million (January 2019).



- Prestige acreage** - 58 Retreat Street, Bridgeman Downs sold for \$4.1175 million (under contract), 9 Royston Street, Brookfield sold for \$4.1 million (February 2019)



As you can see, our city has plenty of property with the right fundamentals to attract all buyer types.

### Gold Coast

The Gold Coast offers many options for home buyers in all sectors of the market. Property fundamentals change depending on region and with the property market offering everything from entry level units through to prestige acreage, the Gold Coast definitely caters for all types of buyers. It is probably easier to look at the

different regions that make up the Gold Coast to understand the key features and drivers that are important in buying decisions.

### North-West Gold Coast

First home buyers and young families are more attracted to the developing areas of Yarrabilba, Bahrs Scrub, Holmview and Flagstone, as they are driven by affordability. Generally, first home buyers and young families are looking for a new or near new home rather than having a large land parcel. Proximity to parks, amenities and shops are also an important contributing factor to deciding where to buy for this category of purchaser, and as such these developing areas are constructing parks and amenities to meet these needs. For example, in Yarrabilba, there is another school currently being constructed along with expansion of shops and green space to accommodate the growing population of families with young children. Generally, homes in these areas can be secured for \$350,000 to \$450,000. Being able to secure a new or near new home which is move in ready is a major driver.

Upgraders are looking for more space (larger land area) and close proximity to transport, schools, amenities and shops. These buyers are driven by the accessibility and convenience of being able to walk or drive five to ten minutes to get to shops and schools. These buyers focus on the more built up areas of Coomera, Upper Coomera and Ormeau, where public transport is also easily accessible. More specifically, the Westfield Coomera Town Centre is within a 10 to 20-minute drive for most and there is public transport that directly links residents to this shopping centre. Generally, these suburbs offer semi-modern dwellings on 600 square metre blocks in the \$450,000 to \$650,000 range.





Downgraders are seeking similar attributes to upgraders in that they want shops, amenities and transport to be within five to 10 minute walking distance. Downgraders are more attracted to the house aspect rather than having a large block of land. A recent sale of a seller who is downgrading is 20 Hiddenvale Circuit, Yarrabilba for \$343,000 (10 May 2019).

This seller was downgrading due to the inability to walk to shops and amenities and the lack of public transport in this suburb. Downgraders are similarly seeking properties in more built-up areas.

The areas of Lower Logan (Mount Warren Park, Edens Landing, Bethania and Windaroo) attract young families to older residents being established suburbs, close to amenities, shops, parks and public transport. Properties in these locations range from \$300,000 to \$450,000.



20 Hiddenvale Cct, Yarrabilba

Source: realestate.com.au

### Gold Coast Central

The main drivers in the low-density suburbs of Mermaid Waters, Broadbeach Waters, Bundall and Benowa are:

- ▶ Proximity to the beach
- ▶ Available rear water frontage or views
- ▶ Condition and size.

## Property fundamentals change depending on the region and with the property market offering everything from entry level units through to prestige acreage, the Gold Coast caters for all buyers.

Mermaid Waters offers dry blocks with original homes starting from the low \$600,000s located within three to four kilometres of the beach. Push the price a little further up to the mid \$700,000s and up to around \$950,000 and you can buy a fully renovated house on a dry block in the same locality. An example is 17 Alec Avenue which recently sold for \$862,500 and is a recently renovated single level dwelling providing three bedrooms, one bathroom, detached single carport and in ground pool on a 607 square metre parcel of land. The property is within 400 metres of the popular Nobby's Beach café and restaurant precinct and within 900 metres of the beach and will be in close proximity to the future planned next stage of the light rail system. The dwelling is reportedly only 135 square metres of living area and was originally built in 1975.

Further out in Ashmore and Carrara whilst still being located on the beach (east) side of the Pacific Motorway, these areas provide options for the first home buyer bracket.

In Ashmore, freestanding small lot homes on circa 400 square metres of land start at around \$400,000 and provide three bedrooms, two bathrooms and two-car accommodation. An attached duplex unit can be purchased in the \$340,000 to \$400,000 range, offering a great entry point for first home buyers without breaking the bank.

In Carrara, freestanding basic dwellings providing three-bedroom accommodation are selling in the low \$400,000s but circa \$500,000 will provide

something more reasonable with some updating work being completed. A partly updated three-bedroom, two-bathroom, single garage and single level home built in 1988 located at 64 Chisholm Road (a local semi thoroughfare) recently sold for \$500,000. It is located on a 794 square metre corner site.

Duplex units in the same locality within 50 metres of the railway line start at around \$360,000 and for \$460,000 a first home buyer or investor can upgrade to a three-bedroom plus study, two-bathroom duplex with single garage and distant city skyline views.

Houses in Mermaid Beach east of the Gold Coast highway continue as a premium beach side suburb underpinned by their high underlying land value component. Sites generally range in size from 405 up to 455 square metres. The starting price in here is well above the first home buyer bracket but suits buyers who want easy walking access to the beach, cafes and amenities. The future planned extension of the light rail will go past this suburb.

The entry price in Mermaid Beach is evidenced by the sale of 33 Surf Street for \$1.015 million for a 1950s lowset cottage with asbestos roof on 405 square metres of land with a largely very dated fit out. It is situated towards the western side of the suburb being within 55 metres of the Gold Coast Highway and within 280 metres of the sand. The improvements are considered of little added value in this sale with the purchase price representing the high underlying land content.

### Gold Coast South

Miami, Robina, Palm Beach, Elanora, Tugun, Currumbin, Burleigh Waters and Burleigh Heads attract home buyers who seek to be within close proximity to schooling, parks and shopping centres with easy access to the beach.

The entry level to the market in this area is the sub \$500,000 for a two-bedroom unit or townhouse market which is largely made up of first home buyers and young families, then followed by investors for the rental incomes that can be achieved. Any two-bedroom configuration that has been renovated or is relatively new is preferred by owner-occupiers and investors are buying the older or poorly presented properties and renovating them.

Second and third home buyers and families are opting for mid-range value properties of between \$500,000 and \$1 million with the buying decision driven by proximity to schools and amenities. Houses are preferred for this segment and the renovated or new house market is very strong with good prices being achieved when compared to original houses in the area.

The market for over \$1 million is still strong with good prices being achieved. Buyers purchasing this property type are generally husband and wife with full time jobs and older kids (teenagers). Proximity to schooling and local shops isn't a must but they prefer to be closer to the beach and hospitality and café precincts. High end units and high quality fitouts are sought after in this segment of the market. New stock is preferred however a good renovated property will still attract high buyer interest.

### North Central Gold Coast

On the north central area of the Gold Coast it's all about securing a property as close as possible

to the Broadwater or one of the many bodies of water such as the Coomera River, Biggera Creek, Saltwater Creek or one of the many canal estates. To have direct water views, aspect or boating access is what drives the market. Generally speaking, higher property values are correlated to these locations.

Good water locations are out of the reach of the typical first home buyers, however being able to secure a dwelling in the suburbs within 10 to 20 minutes drive of the Broadwater is a major marketing factor. Suburbs such as Coombabah, Arundel, Molendinar and Parkwood still offer basic semi modern dwellings in the \$460,000 to \$525,000 range. All of these suburbs are situated on the eastern side of the M1 motorway and are now advantaged from having proximity to the new light rail system which links to the Brisbane to Gold Coast electric rail.

Chirn Park in Southport has recently seen improved buyer demand. Being an older area with a good café precinct and in close proximity to the Southport CBD and Broadwater, Chirn Park is most popular with home renovators with basic modest sized detached dwellings on say 500 square metre allotments in mainly original condition available in the \$475,000 to \$575,000 range.

Hollywell continues to be a good option for detached family sized dwellings, being in close proximity to the Paradise Point café precinct and the Broadwater. Dry dwellings here can be secured between \$550,000 and \$700,000.

The Southport School residential precinct continues to be in strong demand. Premiums are paid for dry and river front properties in this prestige location.

### Gold Coast West/North West

The western corridor of the Gold Coast provides affordable options for prospective home owners, being cheaper than its central and southern Gold Coast counterparts.

Suburbs such as Highland Park, Nerang, Pacific Pines, Maudsland and Upper Coomera are popular amongst first home owners and young families, with some families opting to upgrade within the suburb for their second or third homes. A number of options exist for this sector of the market, including house and land packages, second hand detached dwellings and attached duplex and townhouse villa units. A property that an upgrader recently purchased is 3 Starush Court, Upper Coomera for \$633,000 (7 April 2019). Their reason for upgrading was due to space - they wanted a home where their teenage kids could have their own spaces in the house as well as enough land that their younger kids could play in the yard and not have to go to the park to play outdoors.



3 Starush Ct, Upper Coomera

Source: realestate.com.au

Duplex, townhouse and villa units (usually two or three bedroom units) appear to be popular for young and first home owners, as the detached dwelling price may just be out of reach. Prices for townhouse, duplex or villa type accommodation in





these suburbs generally start from \$275,000 up to the low to mid \$400,000 mark.

House and land packages within the \$500,000 to \$650,000 range are popular in a number of modern and developing estates such as Pineview Estate and Huntington Rise in Maudsland. Families are active in detached home ownership, requiring housing in close proximity to schools, transport and shopping and are popular in Upper Coomera and Maudsland.

The western rural acreage townships of Jimboomba, Tamborine, Woodhill and Mundoolun attract families upgrading and those seeking rural lifestyle. There are a number of rural acreage detached housing estates such as Mahoney's Pocket by QM properties in Woodhill or Jimboomba Woods in Jimboomba. These estates offer rural residential acreage allotments ranging in price from \$300,000 to \$475,000. These blocks are being purchased by families and upgraders wanting the extra space.

Prestige-end purchasers exist in the western rural acreage areas such as Guanaba, Wongawallan, Willow Vale and Maudsland. These areas provide larger acreage for buyers who may have horses with associated infrastructure and ancillary improvements. This market is limited and more susceptible to a decline in the market, however, their close proximity to the M1 and services and amenities are currently underpinning demand.

## Sunshine Coast

The Sunshine Coast property market is diverse. Properties cover a wide spectrum through the various sectors of units, dwellings (homes) and rural residential properties. One of the big draw cards is the coastline and the magic beaches on offer, but when you dig a little deeper, there are little pockets all over the coast.

## One of the big draw cards is the coastline and the magic beaches on offer.

### Units

When looking at the unit market there is no doubt the most popular spots are within a kilometre of the coast. The usual spots of Caloundra, Mooloolaba, Maroochydore and Noosa Heads remain popular. For entry level product, the older walk up style units have been good as they offer low body corporate fees and are usually positioned pretty close to the beach. As you move higher up the value levels, permanent style occupancy units remain highly sought after as these have provided a real alternative for those looking to downsize from prestige dwellings. Typically, these units are larger providing at least three-bedroom accommodation with double garages.

Some coastal towns such as Coolum Beach have increased in popularity, especially for new product. A complex within this location that is nearing completion has completely sold off the plan and the developer is looking to release a new project in this locality off the back of the increased interest.

The biggest impediment to the unit market is units in complexes with high body corporate fees.

### Single unit dwellings/homes

As reported in previous issues, close to the coast, within say three to four kilometres, remains the most popular. Areas surrounding Caloundra such as Moffat Beach, Shelly Beach and Dicky Beach for the middle to prestige markets have had some good levels of growth as has the Kawana strip up to Buddina. This also continues right up the coast from Mudjimba to Noosa.

As you move further inland, opportunities arise for the entry level markets with proximity to amenities

such as schools, cafes and the like being top of mind. Railway townships from Beerwah to the south, right through to Cooroy to the north and the sense of community that these areas offer also have a good bearing.

### Rural residential

For the rural residential markets, as with the inland dwelling market, proximity to amenities is also top of mind. For prestige properties, areas around Buderim continue to remain popular given their proximity to private schools and the Sunshine Coast University. Also, northern areas of the golden triangle between Tewantin, Cooroy and Eumundi continue to be popular. We add in here areas on the Blackall Range of Maleny and Montville, some of which provide good local rural, hinterland and distant coastal views.

For the entry level rural residential market, like the housing market, railway townships can provide some good options where there remains a real ability to purchase properties at below replacement cost.

As initially mentioned, generally the Sunshine Coast property market is very diverse. We have noticed that over recent months we have started to experience a slowdown, but following on from the different market sectors, this slowdown is very much property and area specific. You simply cannot tar everything with the same brush.

## Cairns

When it comes to property fundamentals, location is the primary consideration.

Cairns can be roughly divided into five areas,

being the northern beaches, western suburbs, southern corridor, CBD and middle ring. As the area develops, more facilities become available closer to where people live rather than having to travel into the Cairns CBD. This is a good thing as the links between the fastest growing areas and the city centre have become major bottlenecks.

Your choice of location will therefore be influenced by the services (schools, shopping, recreation) available in the area which falls within your budget. For example people who appreciate the beach lifestyle or are involved with surf lifesaving are probably going to live on the Cairns northern beaches. If you are after a rural lifestyle or have horses, you are more likely to live on rural residential in Gordonvale or Redlynch.

The secondary consideration is the characteristics of the actual residence. We can gain an insight into the characteristics which are most valued by looking at renovation trends and what people are doing to improve existing properties. Based on our daily interactions with renovators, the most important features are still kitchens and bathrooms as these are the first things to be modernised. Following on might be air-conditioning, addition of outdoor areas and changes to layout to embrace more of our tropical lifestyle. More major projects may include increasing floor areas or lifting Queenslanders to create an additional level.

At the end of the day, Cairns is still an affordable option and has locations and property types which will suit most people. Buyers just need to decide which area suits their lifestyle and family best.

*Your choice of location will therefore be influenced by the services (schools, shopping, recreation) available in the area which falls within your budget.*

## Rockhampton and Gladstone

Property fundamentals at the lower end of the market in our local region appear to be shifting from what has typically been acceptable to this market sector historically. Previously, potential for capital growth and return was a major deciding factor, however this market sector appears to be in the process of changing. Now buyers want something affordable that requires little or no work to live in comfortably, with three-bedrooms a minimum requirement. As a result, the lower end of our market in Rockhampton (sub \$250,000) has been sluggish in recent months, as most property in this price bracket requires renovation. This has however provided opportunities in the Gracemere market where modern four-bedroom homes with double garages are available in the low to mid \$200,000s and three-bedroom homes are in the high \$100,000s to low \$200,000s. Contrary to Rockhampton, Gladstone's lower end of the market (sub \$250,000) has been fairly active over recent months and we have started to see a shift in values. Many first home buyers in Gladstone are taking advantage of the first home owner's grant and record low land values to build new homes. A typical first home buyer package is sub \$350,000 and location does not appear to matter; it's more a case of they will build where land is available.

Buyers in the upgrader market tend to seek out better suburban locations than what is on offer to entry-level buyers. They also often are seeking room to fit the children and proximity to popular schools is always beneficial. An example of such a property might be a ten year old, onground brick

home in quiet suburbia providing four-bedroom, two-bathroom accommodation with double lock up garage. The price point for upgraders varies broadly from anywhere between \$350,000 and \$500,000. Upgraders in Gladstone seek similar fundamental aspects as Rockhampton, however the range is broader at between \$300,000 and \$500,000.



4 bedroom home in Norman Gardens, sold for \$476,500 Source: RP Data

As always in Rockhampton, there are two distinct buyer types and the alternative to the above is a renovated Queenslander in Wandal or Allensdown.



Wandal home recently sold for \$470,000 Source: RP Data

Location, location, location is the principal fundamental for the prestige market sector. Buyers active in the top end of our market typically require a premium, elevated location with a large home of top quality fitout, preferably with views. Significant





ancillary improvements are also expected. The eastern slopes of the Altheistane Range is an area that has long been sought after for these reasons. The Range also benefits from close proximity to Rockhampton Grammar School, public and private hospitals as well as the CBD. There are also selected areas of north Rockhampton which provide elevation, views and good quality homes. North side still provides great access to quality schooling options and regional shopping facilities, however is typically 15 minutes drive into the CBD. Whilst we recognise that a 15 minute commute is insignificant in larger markets, to local home buyers in our region, this is a fundamental of property location.

In Gladstone, there is no one specific suburb that is predominantly prestige. There are pockets of dress circle locations throughout Gladstone however most pockets feature elevated lots with either harbour or some sort of district views. For many years, the prestige market has been inactive in Gladstone, however there has recently been some minor activity with two properties currently under contract at values above \$1 million. Previous to these contracts, the last sale above \$1 million was in 2015. We consider the prestige market in Gladstone to be upwards of \$750,000.



Prestige home on The Range, recently sold for \$950,000 Source: RP Data

## Buyers active in the top end of our market typically require a premium, elevated location, with a large home of top quality fitout, preferably with views.

Therefore, the underlying fundamentals in each sector have some common elements including location and presentation.

### Bundaberg

Property fundamentals in Bundaberg change significantly depending on price, although one fundamental is common across all sectors - location, location, location!

One of the major draw cards in the Bundaberg region is the beach and the town's close proximity to it. At the moment, there is a lot of new good quality housing being constructed in new estates in Bargara in the sub-\$500,000 range.

Apart from the sea change, the other draw card is the rural residential tree change. In our rural residential estates such as Parklands at Branyan, there is a resurgence in the popularity of owning a larger block.

### Mackay

While property fundamentals in Mackay may change depending on the price range, location is one fundamental common across all sectors.

In the entry or lower markets, we are seeing most buyers looking for good bones they can add value to. The Mackay market experienced significant value loss between 2013 and 2017. Momentum has now shifted with increased market confidence and slight increases in value. This means a real chance of capital growth, which first home buyers may capitalise on. This market segment is traditionally around the sub-\$300,000 and has been very active

at present. For this amount, you are buying older style lowset and highset dwellings in traditional suburbs such as South Mackay, North Mackay, East Mackay and West Mackay.

For upgraders in the middle market, location becomes a big factor. Good quality executive estates are becoming more and more popular with the bounce back in the market. The market is now starting to really differentiate between good quality estates and other slightly less quality estates that have a percentage of investment stock. These dwellings are normally large rendered masonry four bedroom, two bathroom dwellings, with prices that start at \$500,000.

The high end market has two definite fundamentals, being location and quality of improvements. In the location group, areas that have excellent views or frontage to water are sought after and often have older-style improvements but command a premium for the location aspects. On the improvements side, we are seeing prestige estates becoming more popular, with very large prestige dwellings being constructed with extensive ancillary improvements. Both these sectors start at \$800,000 and above.

### Hervey Bay

Hervey Bay is well positioned to meet property fundamentals across all asset classes.

Our predominantly northern aspect to water means most suburbs offer some water frontage or views and those not wanting to spend top dollar can still purchase a home for sub-\$500,000 one or two streets back. Sub-regional

shopping in Eli Waters, Pialba and Urangan offer proximity for those who want to be near shopping and our numerous schools, both public and private, are scattered throughout the area. The Hervey Bay Public Hospital and St Stephens Private Hospital at Urraween has created a medical hub in this area where most medical or allied health professionals are purchasing within close proximity for convenience.

Entry level property, either being 20-year-old, three-bedroom homes or new four-bedroom homes sub-\$350,000 appeal to the first home buyers or investors with gross yields in the vicinity of five per cent. Mid-level property is scattered throughout Hervey Bay up to \$600,000 which could be an older timber home one or two streets from the Esplanade or a half acre lot with large home and extensive ancillary improvements on the southern or western ends of town including Dundowran Beach and Craignish. The top end executive homes or beach front can exceed \$1 million depending on the quality and size of the home and views on offer.

Those not wanting to mow the lawn can purchase a unit. Villa, townhouse and multi storey complexes all offer a broad range of product. Two-bedroom villa style units are achieving around \$210,000 up to \$280,000 if they are located one or two streets from the Esplanade. Three bedroom townhouses attractive to the small family are between \$280,000 and \$350,000, again depending on location.

As a result of our continued population growth and taking into consideration property cycles, Hervey Bay has seen steady capital growth over a 10- to 15-

year period. This coupled with our coastal lifestyle makes it an attractive location for owners and investors alike.

### Emerald

The most active markets currently are \$200,000 to \$300,000 and over \$500,000. The middle market of \$350,000 to \$500,000 is where many purchasers came in during the boom and where home owners still have a negative equity situation and would like to upgrade or sell but are waiting as the market slowly climbs again. Most of the current upgraders are leaving the secondary locations in Emerald or flood prone areas to mostly the southern side of town where the average quality of home is usually four bedrooms, two bathrooms and under 15 years old. It's also where the best acreage properties are situated. Most would like to upgrade to the more prestige acreage close to town and flood free which sees that end of the market start around \$600,000.

Being a small town with not a lot of extracurricular activities or attractions on weekends, the average family spends a lot more time on their little patch (home and back yard) so sheds are still a big ticket item on most people's agendas. Properties with a shed or properties with large back yard for a shed and access to the shed from the street is a big plus. If you're going to spend a lot of your extra time at home then the shed is always popular, hence the reason small lots sub-600 square metres in Emerald have never been taken up by the community.

### Townsville

In the current Townsville market, local home buyers are searching for property that is well presented with limited work to be done whilst demand for property requiring work appears less appealing. The old adage of I'd rather open a bottle of wine than a can of paint still rings true.

First home buyers appear to be looking at new home options, whilst the affordable end of the market is looking at better quality homes in secondary locations or entry level homes in better locations closer to the city centre depending on their taste in housing style and design.

Upgraders are looking to the areas closer to the city than where they are currently located. Access to services such as shopping, employment, schools and recreational activities including bike paths and parks are other features they are considering. These upgraders are typically looking for well presented, renovated dwellings.

The prestige buyer end of the market is very much focused on location, being within close proximity of the city centre and The Strand foreshore. Elevated positions with views over Cleveland Bay or the city centre are other desirable features. This sector of the market is currently not opposed to property requiring renovations due to the price point these options offer in an effort to get into these desirable locations.

Overall, location is one of the main fundamentals for buyers in the current market with suburbs closer to the city centre or those offering superior features by way of services and facilities to their current locations being important.

### Darling Downs/Toowoomba

Being one of the more affordable regional locations in Australia, Toowoomba and surrounding suburbs



**Hervey Bay is well positioned to meet property fundamentals across all asset classes.**



offer an opportunity for many different types of home owners. With various industry and job opportunities, a central hub location, a diverse property market and varying segments, there are many different home owners, whether first home owners, families, upgraders, renovators or prestige buyers.

Older, smaller property in need of some TLC remains popular with first home buyers as they offer a blank canvas opportunity to add value and are at a much lower price point than a brand new larger house in a newly developed area. Many of these properties are located in the western suburbs and close to the CBD.

Below is an example of a 1950s property in the fringe CBD suburb of Newtown that sold in March 2019 for \$222,500. The property is situated on a 615 square metre lot providing three-bedroom, one-bathroom accommodation in original condition.



33 Gordon Av, Newtown

Source: realestate.com.au

Families generally seek slightly different properties to the first home buyers, with a focus on more space (ie. four bedrooms), bigger back yards and close proximity to schools. This type of housing is found throughout Toowoomba, Highfields and Westbrook, generally in the sub-\$600,000 segment.

Below is an example of a circa 1900s, renovated, property in South Toowoomba that sold in October 2018 for \$580,000. The property is situated on a 1,093 square metre lot providing four-bedroom, two-bathroom accommodation and located within 500 metres of Centenary Heights State High School.



214 Geddes St, South Toowoomba

Source: realestate.com.au



214 Geddes St, South Toowoomba (aerial)

Source: realestate.com.au

Renovation has always been popular in the Toowoomba area with the market dominated by owner-occupiers. The market for potential renovation projects is quite broad across the area. Older character style homes in the circa 1900s to 1940s range have always seemed popular to buyers looking for a renovation project. These homes

are predominantly character timber with detailed decorating throughout, high ceilings, timber floors and VJ walls. The majority of this product type will be found in close proximity to Toowoomba's CBD in areas such as South, East and North Toowoomba and Newtown.

Below is an example of a circa 1930s property in original condition in East Toowoomba that sold in December 2018 for \$425,000.



21 Ipswich St, East Toowoomba

Source: realestate.com.au



21 Ipswich St, East Toowoomba

Source: realestate.com.au

Suburbs encompassing the prestige sector include Middle Ridge, Rangeville, Redwood, Prince Henry Heights, Mount Lofty and East Toowoomba. These suburbs are located towards the eastern escarpment of Toowoomba, some enjoying larger lots and valley views as well as being within many of Toowoomba's private school catchment areas.



The typical prestige property comprises open plan four plus bedrooms, two to three bathrooms and multiple floor levels on large lots. They are generally large, highly renovated or extended older timber and brick homes, and modern architectural homes with detailed finishes, quality landscaping and some with escarpment views.

Below is an example of a property in Redwood that sold in July 2018 for \$1.25 million. The property is situated on a 1,722 square metre lot, providing four bedroom, three bathroom accommodation featuring open plan living, a modern kitchen and Lockyer Valley views to the east. The property is located within 700 metres of Toowoomba Anglican School and Fairholme College.



30 East St, Redwood

Source: realestate.com.au



30 East St, Redwood

Source: realestate.com.au

# South Australia

## Adelaide

What are your motivations for entering the market? The answer to this question should provide the backbone to the type of property attributes a purchaser is seeking. Throughout a life time, motivations change; property attributes and price points sought by first home buyers are vastly different to those sought by downsizers. We will be dissecting the property attribute conundrum with a focus on the middle and inner rings.

First home buyers form the market entry point. These purchasers consist of young singles, couples and families trying to break away from mum and dad or the rental market. These purchasers are seeking out a stepping stone property in a comfort location. This typically consists of suburbs which are in proximity to the family home providing a price point consistent with their purchasing capacity. These purchasers look for low maintenance properties which are lock up and leave with proximity to local transport and vibrant community hubs. These properties consist of modern townhouses, apartments, courtyard homes and more traditional strata units typically comprising up to three bedrooms and two bathrooms. Popular with this market have been apartments and units within Kent Town, Norwood and Bowden and townhouses which can be found throughout the middle ring. The entry price point for properties with these attributes can range from the mid \$200,000s for traditional home units to the high \$500,000s for modern townhouses. Fitting this profile is the sale of G02/46 Sixth Street, Bowden, a circa 2015 ground floor two-

bedroom, one-bathroom apartment with a single car undercroft space.

There's also 7 Hectorville Road, Hectorville a circa 2018 three-bedroom, two-bathroom townhouse with a single garage and 2/27 Trevelyan Street, Wayville a circa 1960s two-bedroom, one-bathroom unit with a single off street car space. These properties achieved sale prices of \$420,000, \$531,000 and \$281,000 respectively.



You are now married. The two-year-old wants to roll around in some grass and you have another one on the way. It's time to find something a bit more family friendly.

Young families seek out more traditional homes on medium to larger lots. These purchasers will have to forgo some creature comforts as many of the entry level homes provide only basic accommodation. These properties consist of early, middle and late century homes typically comprising up to three bedrooms and one bathroom with basic site

improvements. The entry price point for properties with these attributes begins at \$400,000 for mid and late century homes in the middle ring and \$600,000 for early century homes in the inner ring.

Fitting this profile are the sales of 57 Rita Avenue, Rostrevor, a circa 1960s single level brick dwelling comprising three bedrooms and one bathroom and 4 Burt Avenue, Hilton, a circa 1920s bungalow disposed as three bedrooms and one bathroom. Both these properties are situated on allotments of approximately 600 square metres and achieved sale prices of \$430,000 and \$600,000 respectively.



The family has grown. The side of the house is being used as a squash court and the single toilet is occupied 24/7... it's time to upgrade!

Upgraders are seeking out properties which will see them through the next quarter of a century. Popular suburbs for upgrades are those with a high density of parks and reserves and favourable school zoning. These purchasers typically require





four bedrooms, two bathrooms, two living areas and outdoor entertaining. A pool, a court or room to put one of each would be a bonus.

Within the inner-east and inner-south, suburbs within the Marryatville High School and Glenunga International High School zones have been popular with upgraders. The entry price point for properties with these attributes begins in the \$900,000s.

Fitting this profile are the sales of 19A Wattle Street, Fullarton, a circa 1930s bungalow providing four bedrooms and two bathrooms on a 1,000 square metre allotment and 45 Stuart Road, Dulwich, a return veranda bungalow providing four bedrooms and two bathrooms with a swimming pool on a 717 square metre allotment. These properties achieved sale prices of \$935,000 and \$1.185 million respectively.



45 Stuart Avenue, Dulwich

Source: realestate.com.au

Close your eyes. It's now 25 years later. The kids have moved out. You have three additional glorified storerooms and you can't get up the stairs with the bad knee.

It's time to downsize.

These purchasers are typically cashed up and seeking low maintenance properties with some

## *The prestige market is where the differentiation between wants and needs becomes murky.*

flair. They need a small enough property that maintenance isn't an issue and large enough that they can entertain and have the grandkids over to stay. Property attributes typically sought include single level construction, double garage, courtyard, outdoor entertaining and up to three bedrooms and two bathrooms. The entry price point for properties with these attributes begins at \$500,000 within the middle ring and \$800,000 within the inner ring. Fitting this profile are the sales of 30 Malwa Street, Glandore in the middle ring and 1 Tyne Street, Gilberton in the inner ring. Both properties comprise three bedrooms, two bathrooms and double garages and achieved prices of \$632,500 and \$1.425 million respectively.



1 Tyne Street, Gilberton

Source: realestate.com.au

The prestige market is where the differentiation between wants and needs becomes murky. With an entry point of \$3 million, purchasers are seeking out properties of the highest standard. Location, size and view are typically the most sought-after property attributes for these purchasers. In addition, purchasers seek modern builds and

renovations, passenger lifts in multi-level dwellings, swimming pools, tennis courts, pavilions, grottos... you name it, it's available.

Fitting this profile are the sales of 95 Jeffcott Street, North Adelaide (\$3.3 million), a two-level heritage dwelling comprising five bedrooms, four bathrooms, four-car garage and swimming pool and 81 Seaview Road, Tennyson (\$5.2 million), a circa 2010 architecturally designed three level dwelling comprising seven bedrooms, eight bathrooms, indoor swimming pool and four-car garage. Both properties are well located with 95 Jeffcott Street being a cover drive from Adelaide Oval and 81 Seaview Road being close enough to the beach you could dive into the water from the third-floor balcony.



81 Seaview Road, Tennyson

Source: realestate.com.au

It can be a fickle exercise determining wants and needs when entering the property market. Before diving in head first, ask yourself what your motivations are. Once you have the answer to that question, the property attributes you want and need will become clearer.

# Western Australia

## Perth

When choosing a new home, our experiences can vary greatly from being swift and easy to long and arduous. As we well and truly know by now, there is a plethora of attributes that make up a home and each home buyer is looking for their own perfect combination of these within their budget.

So what do we look for in a home? This depends on your life stage, lifestyle, family make-up and budget.

To quote from our July issue of the Month in Review, "Are you an investor looking for long term capital growth and a decent rental income? Are you a young family looking for a new home with good amenities close to schools and shops? Are you a developer solely looking for profit in a secure location? Have the kids flown the coop and you're looking to downsize?"

Generally, most first home buyers fall into the sub-\$500,000 price bracket, bound within Keystart's \$480,000 price cap and their low deposit home loan income thresholds. From 1 July 2019, these income limits were increased by \$15,000 for singles and couples to \$105,000 and \$130,000 respectively, and increased by \$20,000 for families to \$155,000 for the metropolitan region. These increases came "in support of the State Government's policy to assist more Western Australians into home ownership. By expanding our eligibility criteria, the government estimates that around 11,000 additional households will qualify to apply for Keystart finance." These increases are temporary and will revert back to the old income limits from 1 January 2020

**A significant proportion of the first home buyer demographic have been choosing to build new dwellings instead of purchasing established property.**

(Keystart, 2019). Mixed in with other factors touched on in previous editions, these increases are contributing to Perth's current affordability and it is certainly a great time for a first home buyer to get their foot in the door.

The majority of first home buyers are currently purchasing in suburbs on Perth's urban fringe, including land estates in Baldivis, Wellard, Byford, Caversham, Dayton, Brabham, Aveley, Ellenbrook, Banksia Grove, Alkimos, Eglinton, Yanchep and more. The median house price for these suburbs ranges from \$355,000 (Ellenbrook) to \$445,000 (Aveley). A significant proportion of the first home buyer demographic has been choosing to build new dwellings instead of purchasing established property due to the competitive cost of building through house and land packages and the more flexible financing options on offer. Home builder incentives are rampant at the moment, sweetening the deal on top of the First Home Owner Grant.

In terms of what a typical home looks like for a first home buyer, most properties in these areas are fairly house heavy, meaning the ratio of land value to dwelling value is quite low. A recent construction valuation on a 360 square metre lot in Baldivis was valued at \$338,000 with the estimated proportion of land to improvements at

\$155,500 and \$182,000 respectively - the land only equating to about 85 per cent of the dwelling value. In comparison, a recent construction valuation on a 719 square metre lot in Leeming came in at \$925,000 with the estimated proportion of land to improvements at \$525,000 and \$400,000 respectively. Here the land is worth 131% of the improvements - a significant difference in ratio compared to Baldivis. Of course, that was just one example but house heavy properties are typical for land estates in Perth's outer metro region.

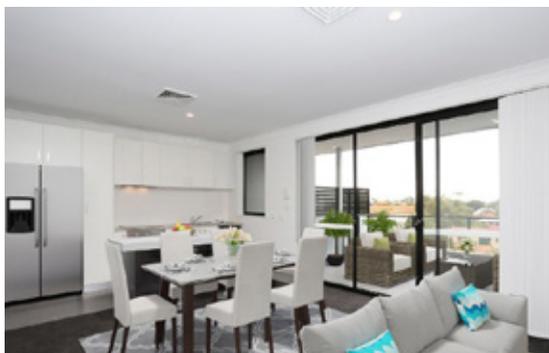
Most first home buyers in these areas are either couples or young families and the prospect of building a brand new home to their own specification instead of buying something lived in is often at the forefront of their minds. This is limiting, as the more you spend on the dwelling, the less budget you can put aside for location and land size. Location can be a non-issue for some people who work fly-in-fly-out (FIFO), as the daily commute is not front of mind and for this reason we see a lot of young FIFO workers living in new estates 20 kilometres or more from the CBD.

First home buyers working close to the city with a lifestyle driven towards social events, friends and entertainment look for central locations. There is an abundance of opportunity in the form of

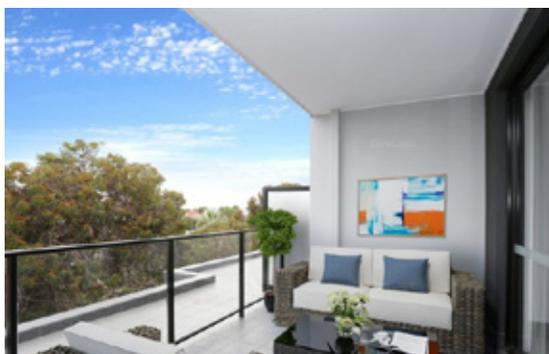




unit developments in suburbs such as Maylands, Mount Lawley, Belmont, Bentley and Queens Park, or medium to high rise apartments in East Perth and Rivervale and often these can be a more affordable option than a cottage block 20 kilometres from the CBD.



Living area at Caledonian Avenue, Maylands Source: CoreLogic



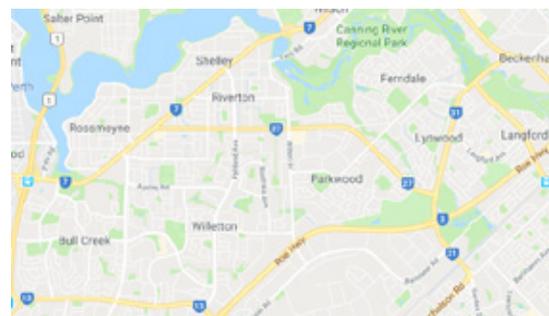
Balcony at Caledonian Avenue, Maylands Source: CoreLogic

This unit at Caledonian Avenue in Maylands sold for \$275,000 in June 2019. It comprises one bedroom, one bathroom and one car space with 83 square metres of floor area.

So how about the upgrader market? We will categorise this as mostly established families who have added or are adding a new family member. These home buyers are often in need of more space

## A major decision factor for parents is where their children will go to primary and high school.

and a home closer to work with the amenities that families want to take advantage of. This includes accessibility to public transport, child care, general practitioners, shopping and entertainment. Access to major roadways is also helpful for a shorter commute to work and a lower fuel expense. A major decision factor for parents is where their children will go to primary and high school. Being within close proximity to good schooling and other amenities is a significant advantage in our time-poor society as saving 20 minutes of driving time each day adds to precious time with the children or extra time to run the household.



Rossmoyne, Willetton, and Lynwood School Zones Source: Google Maps

Two popular school zones within 13 kilometres of the CBD are Rossmoyne Senior High School and Willetton Senior High School. These top performing schools placed eighth and 15th respectively in Western Australia for 2018, boasting median ATAR's of 89.45 and 87.8. Surrounding these schools is a number of established suburbs including Rossmoyne, Bull Creek, Shelley, Riverton and Willetton. This area on the left half of the map above is very popular in the upgrader market as it

boasts quick access to major roads such as Leech Highway, High Road, Kwinana Freeway and South Street. These roadways accommodate great public transport routes and facilities with Murdoch Station and Bull Creek Station nearby. There is also plenty of shopping around with neighbourhood shopping at Stockland Bull Creek Shopping Centre, Southlands Boulevard and Stockland Riverton and regional shopping at Garden City Booragoon and Westfield Carousel, both within a six kilometre radius. The redeveloping Murdoch Health and Knowledge Precinct is close by, as well as a number of child care and general practitioners. Within this area are many more schools including All Saints College and eight primary schools. Murdoch University and Curtin University are both within five kilometres. Beyond the amenities, this area is also known to be very safe so you can see why it is revered as a great place to raise children from birth through to university-age.

These suburbs have median house prices ranging between \$650,500 (Riverton) and \$1.05 million (Rossmoyne) and would suit a variety of different residents.



Backyard at Chancery Crescent, Willetton Source: CoreLogic



Living area at Chancery Crescent, Willetton Source: CoreLogic



Front Porch at Chancery Crescent, Willetton Source: CoreLogic



Dining area at Chancery Crescent, Willetton Source: CoreLogic



Facade at Chancery Crescent, Willetton Source: CoreLogic

This two-storey property on Chancery Crescent in Willetton sold for \$778,000 in May 2019. It was built in 1979 and comprises five bedrooms, two bathrooms and a pool on a 698 square metre allotment.

On the right half of the map above is the Lynwood Senior High School catchment area. Lynwood SHS has improved significantly over the past decade, now having some of the highest attendance rates of Western Australia's public high schools. In 2018, Lynwood SHS received the Department of Education's Western Australian Secondary School of the Year award and achieved a median ATAR of 80.55.

Suburbs in this area include Parkwood, Lynwood, Ferndale and Langford. The median house price in these suburbs ranges from \$328,344 (Langford) to \$436,500 (Parkwood). Note the significant difference in median house price for the Lynwood SHS zone compared to that of Willetton SHS and Rossmoyne SHS. There are a few reasons for this.

Firstly, it is slightly further away - neither Leach Highway nor Roe Highway traverse any of these suburbs, lengthening travel time to the amenities mentioned above as well as the CBD. Secondly, the expansive waters of the Canning River end before Parkwood and Ferndale where it turns into

wetlands so there are no significant views to help increase the median house price in these suburbs. Thirdly this area has a lower socio-economic profile. This being said, Parkwood at a median of \$436,500 represents a great alternative to neighbouring Willetton (\$686,000) in terms of value for money.



Living area at Newsam Close, Parkwood Source: CoreLogic



Facade at Newsam Close, Parkwood Source: CoreLogic



Kitchen at Newsam Close, Parkwood Source: CoreLogic

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This property on Newsam Close, Parkwood sold for \$463,000 in March 2019. It comprises four bedrooms, two bathrooms and a double garage on a 682 square metre allotment.

Churchlands is an affluent suburb located just seven kilometres west of the CBD. Surrounded by Floreat, Woodlands, Doubleview, Wembley Downs and Wembley, this catchment includes Churchlands Senior High School as well as private Hale School and Newman College. On top of this there are six primary schools within a two-kilometre radius of Churchlands and the coast is only three kilometres to the west. The median house price in these suburbs ranges from \$900,000 (Woodlands) to \$1.35 million in Floreat and Churchlands. Part of the big price tag in these suburbs relates to their proximity to both the CBD and coastline. There are also plenty of top quality cafés in this catchment and no real lack of other amenities either.



Facade at Appleberry Street, Churchlands Source: CoreLogic



Entry at Appleberry Street, Churchlands Source: CoreLogic



Living Area at Appleberry Street, Churchlands Source: CoreLogic

This property on Appleberry Street, Churchlands was part of a small land development in 2012. It sold in June 2019 for \$1.415 million. The circa 2014 build comprises four bedrooms and three bathrooms over two storeys on a 340 square metre allotment.

In terms of prestige home buyers, they are generally looking for properties that are either close to the coast or close to the river, paying large

premiums for their chosen suburb's reputation and views which come with the location.

We all analyse a large combination of characteristics in the search for our perfect new home no matter what we're looking for. The main attributes that we have covered (proximity to shops, schools, transport, child care, the CBD, coast or river etc) relate directly to any land parcel's underlying value. This includes what can be done with the site, its shape, contour and level etc. The fundamentals will always be king - location, location, location!

### Southwest Perth

The Perth market has continued to weaken over the past 12 months and the downward pressure on values has flowed into the South West market.

Financial institutions have tightened lending criteria in the wake of the Banking Royal Commission and investors remain cautious. This has ultimately halted the recovery of the Perth property market which was showing some signs of resurgence through the middle of 2018. This has also filtered down into the South West property market which had been resilient in recent years on the back of strong population growth.

Entry points into the lower end of the market range from \$250,000 to \$400,000 and for this amount you can purchase either a basic established residence or build a project home in one of the outlying new developments. In general, these established homes are located in closer proximity to the beach than the new developments and as such the established homes generally offer better capital growth potential while the new housing market offers better yields. The lower market segment is generally being driven by first home buyers and investors.

*We all analyse a large combination of characteristics in the search for our perfect new home no matter what we're looking for.*



The outer suburbs and new developments continue to experience low growth and a decline in values as reflected by low levels of demand and a low number of listings reported by local agents. This is particularly evident in the greater Bunbury and Busselton urban areas. Values in well located population centres and coastal precincts had been stabilising up until recent times, but now we are seeing these localities also weakening in values.

Well located and well-presented properties between \$500,000 and \$900,000 have been stable up to recent months but now have also started to show a weakening in values as the tightening of credit takes hold. It is generally the mums and dads who are active in this space as they are looking to upgrade the family home and currently this market segment is offering good value for money. These homes are generally located in close proximity to the ocean, schools and town infrastructure.

The upper end of the market continues to experience weak demand with limited numbers of transactions in excess of \$1.5 million. That being said, the South West is considered to be a premium holiday destination and there is still demand from the wealthy to invest and holiday in the region. As such there is still adequate demand for high end and well-presented beachside property. Prestigious properties scattered throughout the South West, such as at Naturaliste, Eagle Bay, Metricup and Yallingup, are still recording sale prices in excess of \$1 million on a regular basis.

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# Northern Territory

## Darwin

There are fundamental factors one must address when purchasing a property, including location, configuration, construction type, size and proximity to local amenities.

The Northern Territory residential market is no different. Arguably in its weakest state for years, there is ample opportunity in all aspects of the Darwin residential market. With the population outflow following the wind down of several mining projects still continuing, the Northern Territory is approaching what could be considered towards the bottom, however there are some signs of gradual improvement in the form of house prices largely stabilising and an increase in the number of approvals.

Rental yields are as strong as ever coupled with interest rates at a historical low of 1.25 per cent. Darwin property remains attractive for investors and home buyers alike.

Looking specifically at the Darwin CBD and inner-city suburbs, units are currently at some of the lowest prices seen in the past 15 years. This type of property would greatly appeal to first home buyers looking to first enter the market and wishing to be close to the city.

An entry level option available starts at approximately \$150,000 for a dated one-bedroom studio apartment located in the CBD. At a slightly higher price point, two-bedroom, one-bathroom units can start from \$250,000. These units are generally the primary configuration for apartment

style accommodation and provide adequate living space for small families, couples and singles. This area is well serviced by schools, shopping facilities, restaurant amenities and within close proximity of major social events. For prestige or higher end buyers in this segment, a modern three-bedroom unit can be purchased for \$550,000, ranging up to \$1 million for a penthouse apartment in the highly sought after location of the Esplanade. This luxury level segment of the market is characterised by expansive ocean views over Darwin Harbour and all the amenities of the Darwin CBD.

Moving towards the suburbs on the fringe of the CBD, semi-detached units such as townhouses are far more common. This type of property offers the

**When regarding fundamentals of a home; location, configuration and quality are all important factors at the right price point.**

benefit of a small yard and land on title for families that require extra space for growth. Suburbs such as Parap and Stuart Park have entry level semi-detached units beginning at \$330,000. Dwellings with large residential allotments between 800 and 1,300 square metres are also available. Entry level dwellings in this segment can be purchased from as low as \$450,000 in Ludmilla to approximately \$600,000 in the more popular Stuart Park. These types of properties are generally dated, three bedroom configurations and constructed circa 1970s and 1980s, offering opportunities for those looking to renovate whilst staying within close

proximity of the city. The highest end section of the Darwin market is evident here, with ocean-side suburbs such as Fannie Bay, Larrakeyah and Bayview. A pre-Cyclone Tracy dwelling of standard three to four bedroom, one-bathroom configuration begins at approximately \$600,000 in Fannie Bay. On the other end of the spectrum, house prices can reach up to \$1.6 million in the same suburb. These prestige dwellings are erected on large allotment sizes and are fully renovated or built to a high quality. Cullen Bay, Larrakeyah's prestige segment on the marina, also comprises similar quality dwellings in a comparable price range. This location is serviced by several restaurants in the Marina and enjoys ocean views and direct marina access.

Within a short driving distance of the Darwin CBD, Cullen Bay offers many features which secure its spot in the prestige section of the Darwin market.

The next suburb segment, the northern suburbs, comprises the majority of the Darwin residential properties. First looking at units, the north coastal section contains the majority of apartment style living. Suburbs such as Coconut Grove, Nightcliff and Rapid Creek are all within close proximity of the ocean, a key factor when purchasing a unit in this locality. Higher values are attributed to those with views over the Foreshore. An attached two-bedroom unit in this area can be purchased



from approximately \$350,000, depending on its views and proximity to the water. This part of the market is experiencing a sustained drop in both sales volumes and prices, with a substantial over-supply and lack of demand. Rental yields remain high at approximately 6.6%, however, this reflects the higher risk associated with the market and an elevated vacancy level. Again, this is a reflection of the overall soft conditions of the market and general population decline in Darwin. We expect this sector to lag behind the detached housing market in terms of stabilising and see some tough times still ahead in 2019. For dwellings, a standard ex-government housing three-bedroom dwelling can be purchased from \$590,000. These dwellings come in ground level and elevated construction types and at this price point, are quite dated. This area is well serviced by schools, shopping and local sporting facilities such as the Marrara sporting complex.

Further inland, the bulk of the northern suburbs is made up of standard three-bedroom one-bathroom dwellings constructed in the 1980s. Allotment sizes are of an adequate 800 square metres, with the exception of the newer suburbs Lyons and Muirhead. The price point for an average detached house in this segment is \$450,000. At this price, the dwelling would generally be ground level, partly updated and likely to have a pool or spa. An entry level semi-detached two-bedroom unit can be purchased for approximately \$200,000 in the suburb of Karama. The northern suburbs have a significant amount of services available such as sporting facilities, schools, the Casuarina shopping precinct and the Royal Darwin Hospital which makes this area ideal for young families or first home buyers looking to enter the housing market.

Palmerston City is the last locality on our agenda, located 21 kilometres from Darwin comprising 18

suburbs. Recently known as the fastest growing city in Australia, Palmerston offers substantially more affordable housing options for those willing to live away from the ocean. An entry level two bedroom unit can be purchased for \$175,000 in Woodroffe, while a three-bedroom dwelling of similar calibre in Moulden can be obtained for \$240,000. At the prestige end of the market, the suburbs of Farrar, Durack and Zuccoli offer the best choice. For approximately \$750,000, a modern four-to-five bedroom property on the Palmerston Golf Course can be purchased in Durack. This area is serviced by the newly built Gateway Shopping Precinct, schools and parklands and is within a short drive of downtown Palmerston.

When regarding fundamentals of a home, location, configuration and quality are all important factors at the right price point. However, knowing the vendor is another key factor in terms of reaching a successful sale. In this current softened market, potential purchasers are in an excellent position to take advantage of the excess supply across all segments of the market. With vendors now acknowledging the new lower price points, an increase of transactions can be expected, however we expect this weak state to continue in the short and medium term.



# Australian Capital Territory

## Canberra

Overall the Canberra property market has been in a stable position from the end of 2018 to early 2019. Most Canberra suburbs have maintained median price points for standard dwellings while medium density and unit stock has seen some small declines.

Active sections of the market include standard housing at the entry level price points in some of Canberra's fringe and outer suburban locations. Generally, purchasers are looking for large blocks within established suburbs that provide access to good education and employment services. Entry level price points for this style of housing range between \$550,000 and \$650,000. Most homes within this section of the market provide three and four bedroom accommodation, generally 30 to 60 years old and in many cases the dwellings are ready for some renovation and upgrading.

Inner suburban locations in Canberra's north and south set a higher price point, generally \$1 million plus. This section of the market is also relatively stable with families looking to move on the property ladder with their second or third acquisition. Again block size, location and proximity to schools and other services are the main drivers. This section of the market ranges from \$1 million to around \$3 million. Market activity for property

in the \$3 million plus price point is slower, with buyers generally more discerning. Location, block size, build quality and level of inclusions are major factors influencing this section of the market.

Price points in the medium density unit market range from \$200,000 to \$275,000 for a one-bedroom unit recently constructed in a fringe Town Centre location to \$400,000 to \$500,000 for a centrally located unit in Canberra's inner north or inner south. Both investors and owner-occupiers are active, however strong supply within the medium density market has had an impact on activity.

Being in close proximity to or directly in Town Centres including Tuggeranong, Woden, Canberra City, Belconnen or Gungahlin is important for rental return, low vacancy and potential future growth.

*Generally, purchasers are looking for large blocks within established suburbs that provide access to good education and employment services.*

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# Tasmania

## Hobart/Launceston

What are home buyers looking for in our market? The obvious answer is a house! However, we have found that over the past few years some different segments of the market (such as first home buyers or retirees) are forming sub segments and can be broken down a bit more. Some groupings are as follows:

### First Home Buyers

Our young future leaders are eager to step onto the property ladder.

Firstly, we have those who want to take advantage of the \$20,000 government grant available for new homes. In Hobart, these buyers will drift to middle and outer ring suburbs such as Austins Ferry, Old Beach, Brighton, Oakdowns and Kingston simply because that is where land is affordable. In the north, Legana, St Leonards and Kings Meadows would be the go to regions. Despite popular opinion of our younger generation, many are not building the McMansion, although they are typically building larger homes than what they grew up in, with three or four bedrooms, two bathrooms and a double garage.

Secondly in this grouping are those buying an established home. These buyers typically are looking at post war dwellings with a more modest three bedrooms, one bathroom and a garage or carport. Suburbs such as Claremont and Rosetta



Hobart

Source: wikipedia.org

in the south and Summerhill and Youngtown in the north are good examples. The advantage of this approach is that housing is generally cheaper and the facilities within the estate or suburb are better.

### Up-graders

This is the segment that is buying the forever home.... and they want the bells and whistles.

Typically, this grouping will buy for lifestyle (and to impress the friends a touch). While inner city living with all the benefits of the cafe lifestyle remains very popular in both Hobart and Launceston (read established apartments buildings such as 1 Collins Street, Zero on Davey in Hobart and The Seabel and Seaport in Launceston) we also see people taking the 180 degree turn and heading to the city fringes for a little acreage, perhaps for a pony or

pool. Suburbs such as Acton Park in the south and Relbia in the north remain in demand.

### Down-graders

This grouping again can be split into two segments.

Firstly, we have those moving out of suburbia and heading to the inner city again, chasing ease of lifestyle and ready accessibility to facilities.

On the flip side, we have those cashing in the foregone home and heading for a sea change. This grouping is heading to the coast, generally within an hour or so of the city (read family). Coastal towns such as Orford in the south and Bridport in the north are examples that have seen a population drift towards them.

**Some different segments of the market (such as first home buyers or retirees) are forming sub segments**





# Rural

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## NSW

Widespread drought across large areas of New South Wales continues despite some recent rainfall relief to some areas. Whilst greatly welcomed, these one off events are having limited impact due to no significant follow up rain and a cold snap covering most of the state.

We are continuing to see low levels of sales transactions resulting from limited numbers of listings, however noting that there have been some sales to neighbouring land holders looking to expand over the past six months that were completed without the intervention of a local sales agent. The sales that are occurring show that rural land values are holding and in some instances showing a slight increase despite the well below average seasonal conditions.

Recently RIFA Salutory announced its plan to sell their entire agricultural portfolio across New South Wales and Victoria, covering approximately 44,000 hectares. With a number of these assets comprising significant aggregated holdings, this is likely to test the market in the large-scale grazing space.

Overall with beef and sheep prices holding firm, it does encourage land holders to continue to wait it out for a much needed seasonal change, however, there are certainly increased pressures on farmers each day as they try to ride out this drought.

### NSW North Coast

The NSW North Coast has long been a consistent producer of agricultural products, mostly by family type operations, and this is expected to continue in the future. This location is favoured by a moderate climate and relatively safe rainfall.

The sugar cane and dairy industries have been under significant commodity price pressure and

**Overall with beef and sheep prices holding firm, it does encourage land holders to continue to wait it out for a much needed seasonal change.**

to be fair, industry participants have generally not been in a position to compete for land with macadamia nut tree farmers and rural lifestyle beef graziers respectively. However pleasingly there are now some positive signs. Sunshine Sugar is attempting to increase farm incomes and move away from relying solely on bulk sugar sales and has developed low GI sugar as well as bottling of cane water for drinking purposes. Norco and Richmond Dairies are local dairy processors. Norco has announced a reported price rise of 6.5 cents per litre for its member farmers and we understand has been seeking more farmer suppliers.

Horticulture, principally macadamia nuts, blueberries and avocados, have been strong performers. The expansion of planting of macadamia nut trees and avocado trees is expected to continue. There have not been many established blueberry farms sold; they are typically bought as a greenfield site and planted, but there is now some indication that some larger established blueberry farms may be sold. The tea tree industry very quietly continues to expand.

Beef in this traditional area for store weaner production appears to have a healthy outlook.

### Mildura

Confidence levels in our region remain strong on the back of good commodity prices for the majority of the crops and livestock grown in this area. The fact that the good commodity prices have been in place now for several years, combined with low interest rates, has seen the better operators build

their balance sheets and look to expansion in order to capitalise on the good prices and gain economies of scale.

The stronger returns have also attracted the attention of corporate buyers. Corporate buyers have been particularly active in the horticulture sector. A recent comment from a local citrus growing family member whose grandparents were among the pioneers of horticultural development in Sunraysia, was that they now feel like one of the last family farmers in their district.

Most things grown in our area are exported and so the resilience of these export markets combined with exchange rates will be one of the main determinants of future returns and property values. Predicting whether these export markets, which are primarily in Asia, will be disrupted, or whether they will continue to grow is difficult. It is hard to envisage what could cause a downturn in these markets, but if Australian farmers are making money from them, then so too will be competing producers from South America or South Africa, who are likely to have a lower cost base.

Most commentators are suggesting that the rise in affluence levels and disposable income in countries such as China, Vietnam, Indonesia and the Philippines will continue, meaning that demand for our fruit, vegetables, wine and meat will continue to grow and so the optimism among growers appears to be justified.

The change in the way irrigation water is owned, in particular the fact that a large proportion of



irrigation water entitlements are now owned by either Commonwealth or State Environmental Water holders, has reduced the availability of water for irrigation and contributed to a significant lift in the cost of both buying permanent water entitlements and leasing temporary water.

While the higher returns currently being generated by most crops will help offset this higher cost, it does pose a significant risk. The cost of leasing water is currently just over \$600 per megalitre, which compares with around \$110 per megalitre in January 2018 (ie. a 550 per cent increase in 18 months). Most observers are now saying that irrigators should expect average temporary water prices to remain above \$250 per megalitre, meaning that growers of lower value horticultural crops such as wine grapes or annual crops such as rice or cereals may only achieve good returns in years of high allocations and cheap water.

For cereal growers and livestock and wool producers, it is often northern hemisphere markets, as well as global production levels which hold the key to returns and so anything which contributes to an oversupply of production or reduced demand has the potential to disrupt the currently strong commodity prices.

Meanwhile, farmers in our region appear prepared to look past the current dry seasonal conditions whenever a nearby property is put to the market and values are expected to remain firm for the next 12 months at least. A recent example of this confidence is illustrated by the sale of Ravensfield Station at Booligal, 130 kilometres north-west of Hay in the pastoral region of southern New South Wales. The property predominantly comprises open bush and grass grazing country. It sold at auction after spirited bidding at unprecedented levels for this region and analyses to show over \$400 per

## *For cereal growers and livestock/wool producers it is often northern hemisphere markets, as well as global production levels which hold the key to returns.*

hectare for the land and improvements and around \$800/DSE, well above previous analysed levels.

Graeme Whyte / Shane Noonan

### Cairns

Optimism is cautiously high in far north Queensland. The local avocado industry has positive expectations for the next two to five years on predictions of record crops and continued high prices for Hass and Shepard avocados.

The sale of the Mossman sugar mill to local growers and the plan to innovate and diversify the products offered by the mill has local growers very optimistic and relieved.

The avocado industry is expected to be the standout over the next five years. Australia's avocado production increased by 17 per cent on the previous year in 2017/18, with a gross value of production estimated at \$557 million. Avocado production was 77,000 tonnes in 2017/18, with

the industry on track to produce 115,000 tonnes a year by 2025. The long-term trend is for continued expansion. "One-third of Australia's avocado trees have yet to reach their prime production years but enough of the new plantings have come on line this year to boost the industry above last year's 66,000 tonnes," Avocados Australia Chief Executive Officer John Tyas said.

The far north Queensland region has taken over from central Queensland as the prime growing area with much of the expansion due mainly to new plantings of the Shepard variety. Last year, the region produced about 4.5 million trays, which was a 30 per cent increase on the year prior. This season's crop is expected to easily go past this figure as younger trees mature. Fruit prices reached a very profitable \$35 a tray for premium fruit, dropping to about \$23 at the peak of the season.

The challenge for the avocado industry over the next five years as production increases will be the need to improve fruit quality to maximise price and reduce production costs to be ensure sustainability in any lower price environment. Market development and expansion will become more and more important to further expand our domestic market as well as new export markets. "The strength of the Australian avocado market is also attracting interest from exporting countries such as Chile, Mexico and Peru which have a much lower cost of production. In order to be competitive, it is essential that Australian productivity increases, given our high production costs. Avocado is not



Avocado and lime farm, Mutchilba

Source: realestate.com.au

an easy crop to grow and it is crucial to bring all producers and advisors, especially new entrants, up to speed with sound production practices in a timely manner." Mr Tyas said.

A possible impact on expansion of the local avocado industry is the ongoing reliability of irrigation water from Tinaroo Dam. Irrigation water reliability remains a future concern for most growers in the Mareeba Dimbulah Irrigation Area. There has been a significant increase in irrigation water use as a result of recent avocado, citrus and blueberry expansion. Irrigation water from Tinaroo Dam is nearly fully allocated and there is very limited likelihood of a new dam being built within the coming five years. The Nullinga Dam proposal has been on the drawing board for many years and has been the subject of many feasibility studies, however no progress has been made. The drought of 2016/17 is still fresh in the minds of many growers and the thought of a 50 per cent reduction in allocations again is a worry, particularly with so many new permanent avocado and citrus tree plantings.

The recent buyback of Mossman Sugar Mill in July represents the first time a grower group in Australia has bought back a sugar mill. It had previously been purchased from local growers seven years ago by Mackay Sugar Limited. The purchase now gives certainty to growers, workers and the town of Mossman. The new owners, Far Northern Milling Group, plan to diversify into higher value markets through its Daintree Bio-Precinct which is to be built adjoining the existing mill. The new products are to be created from stock feed generated by the mill and will comprise value-adding products ranging from intermediate green chemicals to food grade products to anaerobic digestion.

The buyback ensures the town of Mossman has a future given its heavy reliance on the sugar industry and the profitability of the mill will also improve due to its value-adding diversification and less reliance on volatile world sugar prices.

### Darling Downs

There is plenty of talk regarding the current seasonal conditions and how they are impacting on market confidence at present. Much of Southern Queensland that did benefit from storm rainfall in late March and early April has now hayed off and very little body of feed is available, and many producers continue to destock. Areas where surface water is critical for stock watering needs is becoming a real issue for some graziers. Poor seasonal conditions are also now impacting on the security of domestic water for townships in the Southern Downs. Presently Leslie Dam is at 6.32 per cent of capacity or about 6,700 mega litres and Storm King Dam that supplies Stanthorpe has 550 mega litres in storage. In the Lockyer Valley, water tables have dropped and irrigators have either fallowed country or reduced irrigable farming areas in conjunction with adopting water efficiency measures through reducing pump sizes etc. In some instances, water is required to be re-lifted from turkey nests, resulting in increased cost of production. A comment made by a Lockyer Valley lucerne farmer that has merit was that he was making better returns when water was available but selling lucerne square bales at \$12, rather than at present when he is receiving \$25 a bale but requiring compounded pumping costs and water usage to achieve a cut.

With how the seasons have been over the past five years, many purchasers that are expanding are considering what asset complements their existing operation by production but with drought mitigation firmly in their thought processes. Many producers have been forced to look to the outer region where we have seen northern New South Wales graziers purchase country in the sought after Taroom locality. Similarly, a Central Queensland grazer purchased Illuka near Taroom at auction in early July. We are also seeing graziers in the same Local Government Areas purchasing country purely as a drought strategy to secure their core breeding herd as there are limited opportunities to agist in Southern Queensland and Northern New South Wales. So, what are the drivers that determine suitable area for drought mitigation? It obviously depends on the location and country type of the existing asset, however broadly in Southern Queensland many graziers who have existing finishing country would typically seek out a Mulga block or a forest grazing country or vice versa. In the present market where seasonal conditions have been unfavourable, the focus is now on reliability of rainfall but as land holders move further east, affordability becomes a limiting factor especially under the current strong market conditions. It's likely that whilst seasonal conditions remain unfavourable, future market transactions will continue to revolve around obtaining further scale and how the strategic location of a property can provide some form of drought strategy.

The short-term climate outlook based on the recent trends in the Southern Oscillation Index indicates

**In the present market where seasonal conditions have been unfavourable, the focus is now on reliability of rainfall.**



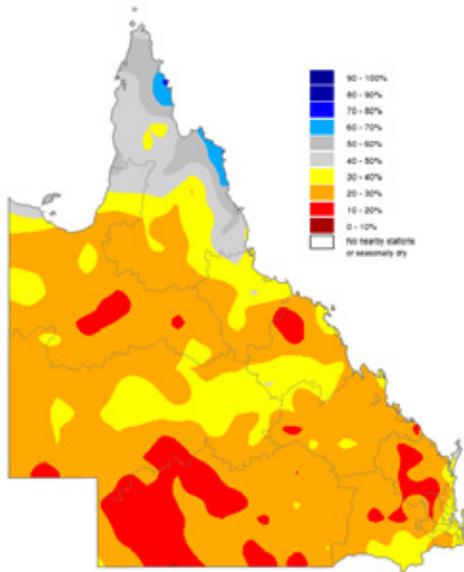
that seasonal conditions will remain very dry for the period up to the end of spring.

Below is a graphic identifying the chance of exceeding median rainfall in the period from July to September based on a consistently negative SOI phase during May and June.

### Probability of Exceeding Median Rainfall

July / September

Based on Consistently Negative phase during May / June



Source: Qld Government Longpaddock

Some recent market transactions in South Western Queensland include:

- ▶ Illuka at Taroom being 3,185.69 hectares sold at auction on 11 July for \$13.9 million (\$1,766/ac) to a Central Queensland grazier.
- ▶ Sandford Park, a 16,157 hectare freehold

property located south of Charleville with frontage to the Warrego River sold at auction for \$2.6 million (\$65/ac).

- ▶ Robina Downs, a 13,780 hectare freehold property approximately 110 kilometres south-east of Cunnamulla sold for \$2.5 million (\$73/ac) in May to a New South Wales grazier.

Overall the broad market trends despite the present poor seasonal conditions remain strong.

Stephen Cameron

### North and North West Queensland

The sun is rising on North and North West Queensland. At the break of dawn, the rays are so strong that Australia and the world should start slapping on sunscreen and grabbing a big hat!

While the monsoonal event in February has been a massive issue, quietly in the background, many projects have been progressing such that the region is well positioned for the future.

Over the past ten years, the region suffered not only drought and floods, but also at the hands of migration of services, jobs and departments to the larger centres. Now it is time the cycle returns to benefit the region.

In years gone by, there have been incubator agricultural projects led by the early adopters, the pioneers and visionaries. Now, with the development of agricultural projects on the cards for Lakeland, Richmond, Hughenden, Cloncurry and Charters Towers, this hard work can be honoured.

*The continued dry conditions and the situation in the Murray Darling are contributing factors to the realisation that it is time for the north to be developed.*

So too can the growing population of Australia and the world be fed and clothed.

The recent announcement in favour of the development of the Fifteen Mile irrigation area at Hughenden for higher value horticultural crops is a positive for industry development, employment and property markets in the region.

These are big and bold words, yet it is time for the wider continent and planet to take note.

The continued dry conditions and the situation in the Murray Darling are contributing factors to the realisation that it is time for the north to be developed. There is a notable shift in human capital, skills and investment to the region. The North and North West of Queensland is not short of people with vision, energy, acumen and courage to learn. There is a strong community of young people who have gone off, learnt skills, studied, travelled and now are home. This is an exciting demographic.

Development must not be at any cost. The shock messages from the man-made contributions to drought and the Murray Darling situation need to be considered. The pillars of society's social and environmental values and strategy to feed the population need to be carefully balanced. Archaic styles of simply opening new land due to issues in other regions may not adequately address the messages of broader social values being pushed into the agricultural sector. The implications raised here pave the path for a broader property market conversation around managing



industrialised development and regenerative landscapes.

So, what does this mean for property markets? Well, the impacts initially may see some speculative moves by investors. Over time, the degree of sophistication will mature and values will stabilise to reflect the land use and market of the day.

There may also be some changes in land use in the established irrigation areas, particularly in the Burdekin.

The Burdekin irrigation area is already seeing change in land use and farm design. While the previous comments about social values interacting with agricultural development may sound merely philosophical to some, do not be dismissive.

The Burdekin irrigation areas are at the forefront of evolution in their changes in land use and farm designs. Why? Because the Great Barrier Reef puts them on a knife edge position to adapt to change, to be agile and respond to the values that society places on them.

Much work and investment is being done to redesign irrigated farm plans. The degree of property value changes are expected to flow through into property markets over time. Perhaps it will be some time before a redesigned farm is offered to the market. Certainly, in the meantime these agile farmers will reap the benefits both through input cost reductions and in turn yields.

Not only are property designs changing, so too are the land uses. There is a shift towards grains, beans and even in some cases, two-year break crops within the cane rotations. The margins are reportedly showing positive and holistic benefits.

Margins are also improving by increasing watering

system efficiencies through the installation of variable speed pumps, recycling systems and sub soil systems.

The combination of these margin benefits are a positive feature for the future of water and land values in the area for those who change.

For those involved in the regional projects, the evolution of the Burdekin area is worth visiting. Bear in mind that the reason for the changes in crops, property designs, systems and practices arises from global commodity markets and margin squeeze, but also the values that broader society seeks to enforce on agriculturalists.

As the sun's rays start to shine on the rural and regional areas of north and north-west Queensland, the balance between consumerism and historic styles of development will be a challenge, yet a rewarding one.

Roger Hill





# Property Market Indicators

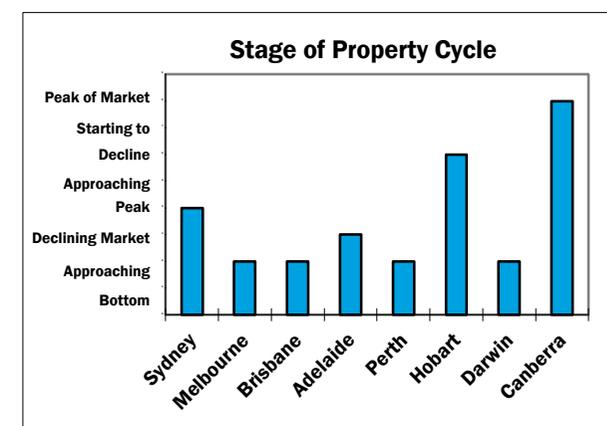
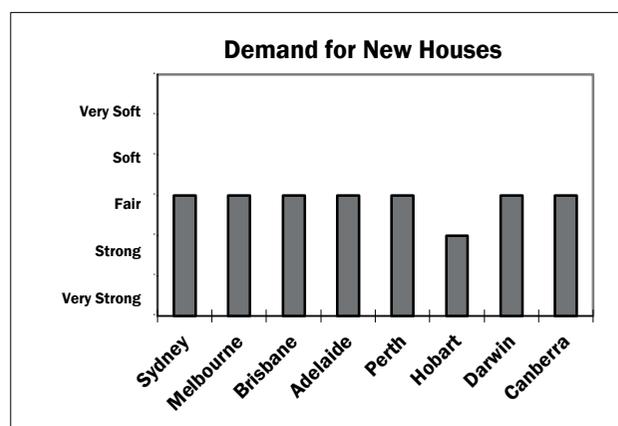
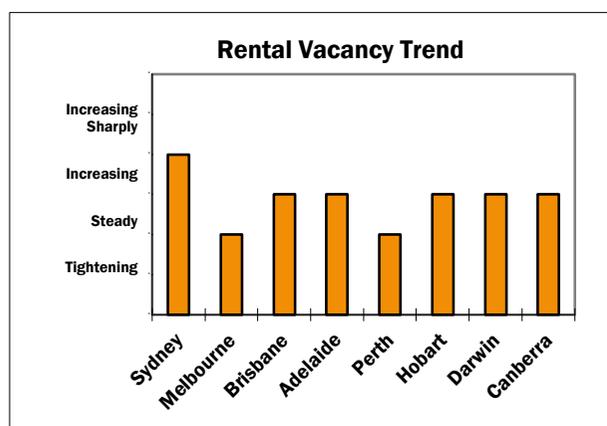
August 2019

## Capital City Property Market Indicators – Houses

Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	Balanced market	Balanced market	Balanced market	Balanced market	Balanced market	Severe shortage of available property relative to demand	Over-supply of available property relative to demand	Shortage of available property relative to demand
Rental Vacancy Trend	Increasing	Tightening	Steady	Steady	Tightening	Steady	Steady	Steady
Demand for New Houses	Fair	Fair	Fair	Fair	Fair	Strong	Fair	Fair
Trend in New House Construction	Steady	Steady	Increasing	Steady	Increasing	Steady	Steady	Declining
Volume of House Sales	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady
Stage of Property Cycle	Approaching bottom of market	Bottom of market	Bottom of market	Rising market	Bottom of market	Approaching peak of market	Bottom of market	Peak of market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Almost never	Frequently	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally

Red entries indicate change from previous month to a higher risk-rating

Blue entries indicate change from previous month to a lower risk-rating

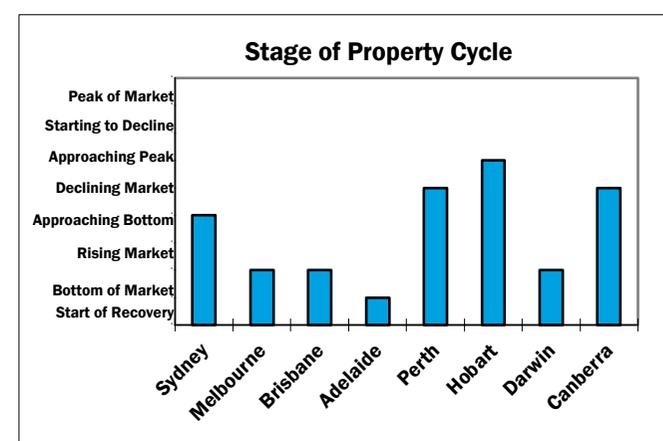
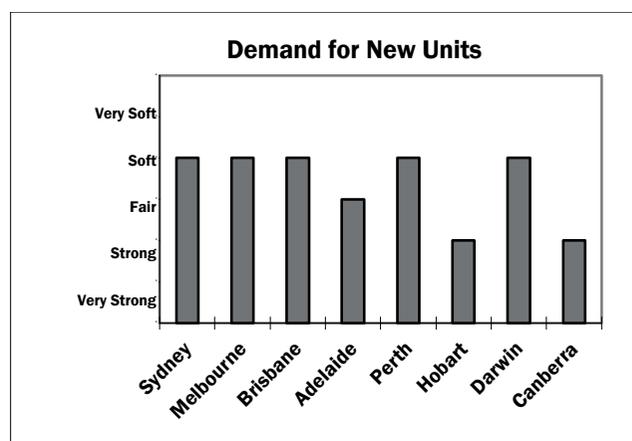
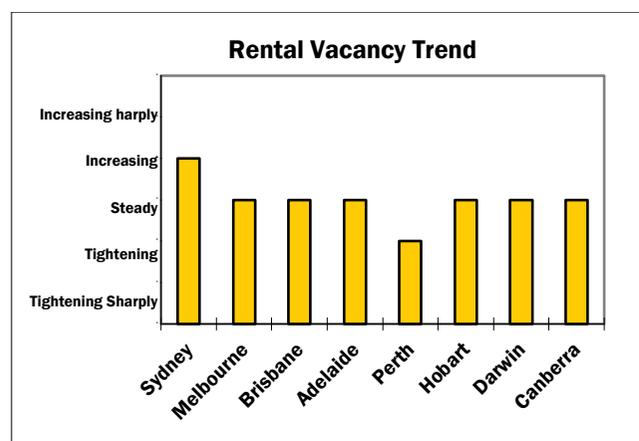


## Capital City Property Market Indicators – Units

Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	Balanced market	Over-supply of available property relative to demand	Balanced market	Balanced market	Balanced market	Severe shortage of available property relative to demand	Over-supply of available property relative to demand	Balanced market
Rental Vacancy Trend	Increasing	Steady	Steady	Steady	Tightening	Steady	Steady	Steady
Demand for New Units	Soft	Soft	Soft	Fair	Soft	Strong	Soft	Strong
Trend in New Unit Construction	Increasing	Increasing	Steady	Steady	Increasing	Steady	Declining	Declining
Volume of Unit Sales	Steady	Declining	Steady	Steady	Declining	Steady	Declining	Declining
Stage of Property Cycle	Approaching bottom of market	Bottom of market	Bottom of market	Start of recovery	Declining market	Approaching peak of market	Bottom of market	Declining market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Frequently	Almost never	Very frequently	Occasionally	Very frequently	Occasionally	Occasionally	Frequently

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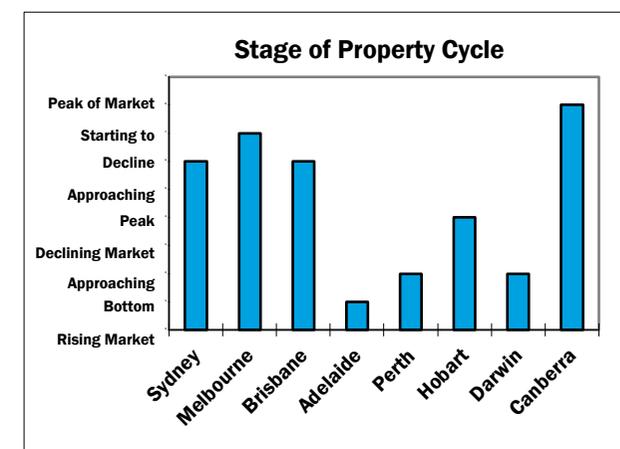
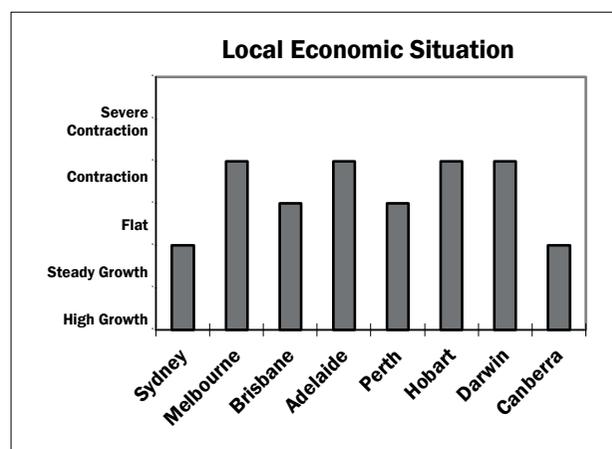
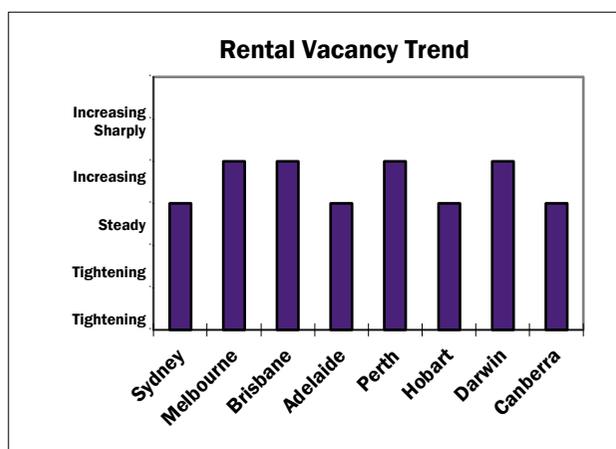


## Capital City Property Market Indicators – Retail

Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	Balanced market	Over-supply of available property relative to demand	Balanced market	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Balanced market	Over-supply of available property relative to demand	Over-supply of available property relative to demand
Rental Vacancy Trend	Steady	Increasing	Increasing	Steady	Increasing	Steady	Increasing	Steady
Rental Rate Trend	Increasing	Declining	Stable	Stable	Declining	Stable	Declining	Stable
Volume of Property Sales	Steady	Declining	Steady	Steady	Declining	Steady	Steady	Steady
Stage of Property Cycle	Approaching peak of market	Starting to decline	Approaching peak of market	Start of recovery	Bottom of market	Approaching bottom of market	Bottom of market	Peak of market
Local Economic Situation	Steady growth	Contraction	Flat	Contraction	Flat	Contraction	Contraction	Steady growth
Value Difference between Quality Properties with National Tenants, and Comparable Properties with Local Tenants	Small	Large	Significant	Significant	Significant	Large	Small	Significant

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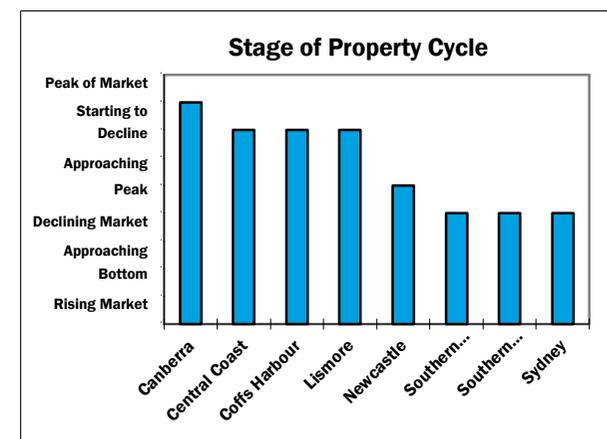
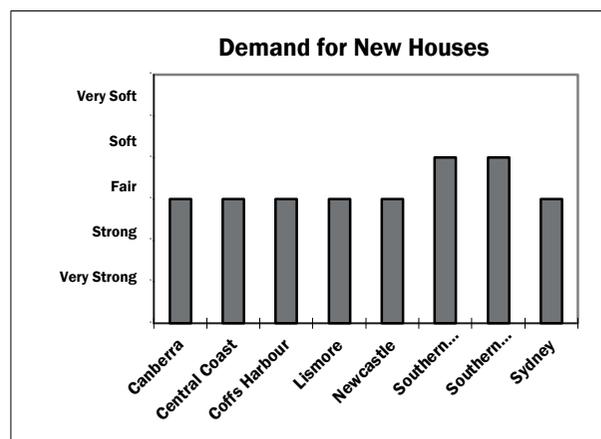
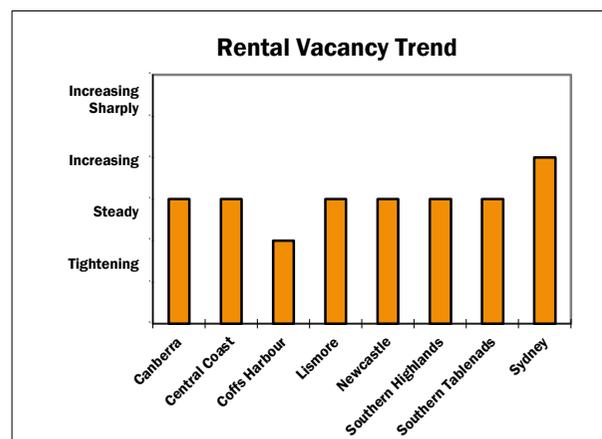


## East Coast New South Wales Property Market Indicators – Houses

Factor	Canberra	Central Coast	Coffs Harbour	Lismore	Newcastle	Southern Highlands	Southern Tablelands	Sydney
Rental Vacancy Situation	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Balanced market	Balanced market	Balanced market	Balanced market	Balanced market
Rental Vacancy Trend	Steady	Steady	Tightening	Steady	Steady	Steady	Steady	Increasing
Demand for New Houses	Fair	Fair	Fair	Fair	Fair	Soft	Soft	Fair
Trend in New House Construction	Declining	Steady	Steady	Steady	Steady	Steady	Declining	Steady
Volume of House Sales	Steady	Declining	Steady	Steady	Declining	Declining	Steady	Steady
Stage of Property Cycle	Peak of market	Starting to decline	Starting to decline	Starting to decline	Declining market	Approaching bottom of market	Declining market	Approaching bottom of market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Frequently	Almost never	Almost never	Occasionally	Occasionally	Occasionally	Occasionally

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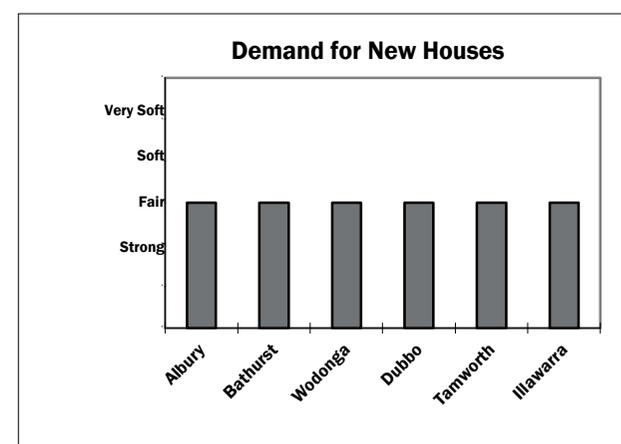
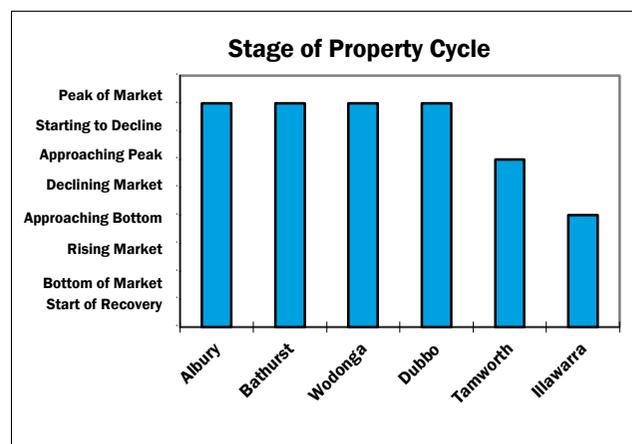
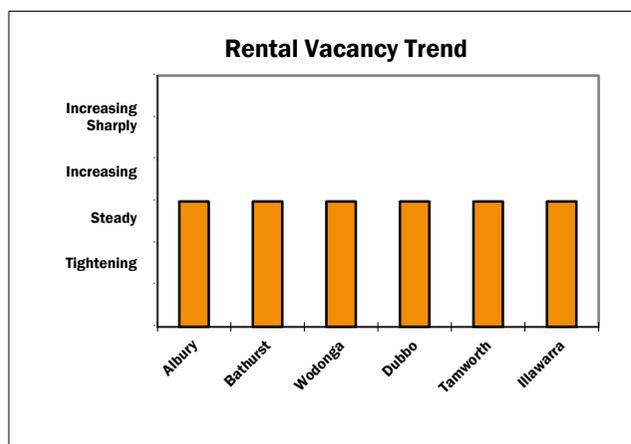


## Country New South Wales Property Market Indicators – Houses

Factor	Albury	Bathurst	Wodonga	Dubbo	Tamworth	Illawarra
Rental Vacancy Situation	Balanced market	Balanced market				
Rental Vacancy Trend	Steady	Steady	Steady	Steady	Steady	Steady
Demand for New Houses	Soft	Fair	Fair	Fair	Soft	Fair
Trend in New House Construction	Increasing	Declining	Steady	Steady	Increasing	Steady
Volume of House Sales	Steady	Steady	Declining	Increasing	Steady	Steady
Stage of Property Cycle	Peak of market	Peak of market	Peak of market	Peak of market	Approaching peak of market	Approaching bottom of market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Occasionally	Very frequently	Occasionally	Very frequently

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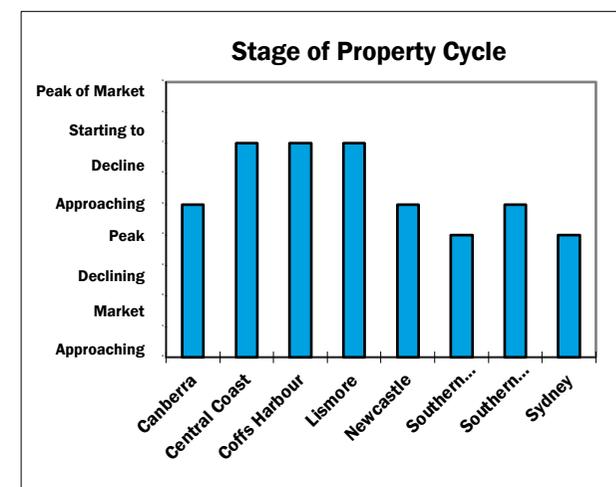
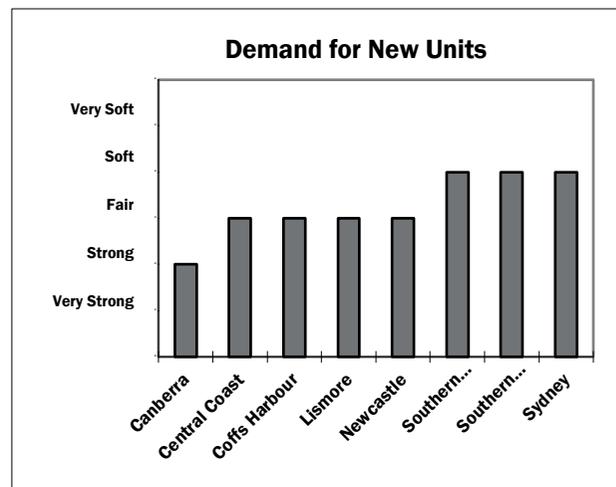
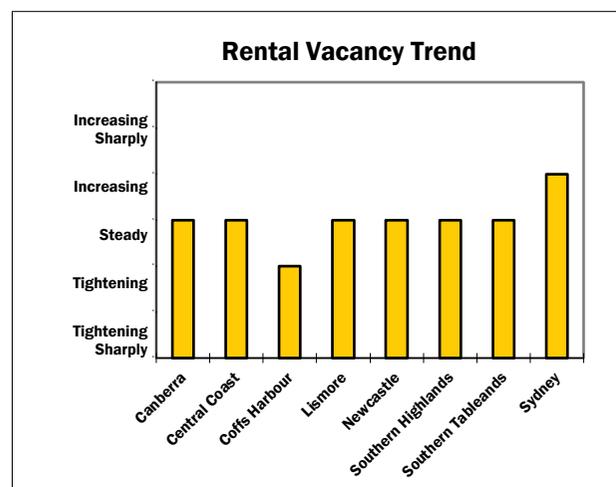


## East Coast New South Wales Property Market Indicators - Units

Factor	Canberra	Central Coast	Coffs Harbour	Lismore	Newcastle	Southern Highlands	Southern Tablelands	Sydney
Rental Vacancy Situation	Balanced market	Shortage of available property relative to demand	Shortage of available property relative to demand	Balanced market	Balanced market	Balanced market	Balanced market	Balanced market
Rental Vacancy Trend	Steady	Steady	Tightening	Steady	Steady	Steady	Steady	Increasing
Demand for New Houses	Strong	Strong	Fair	Fair	Fair	Soft	Soft	Soft
Trend in New House Construction	Declining	Steady	Increasing	Steady	Steady	Steady	Increasing	Increasing
Volume of House Sales	Declining	Steady	Steady	Steady	Declining	Declining	Steady	Steady
Stage of Property Cycle	Declining market	Starting to decline	Starting to decline	Starting to decline	Declining market	Approaching bottom of market	Declining market	Approaching bottom of market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Frequently	Occasionally	Occasionally	Almost never	Occasionally	Occasionally	Occasionally	Frequently

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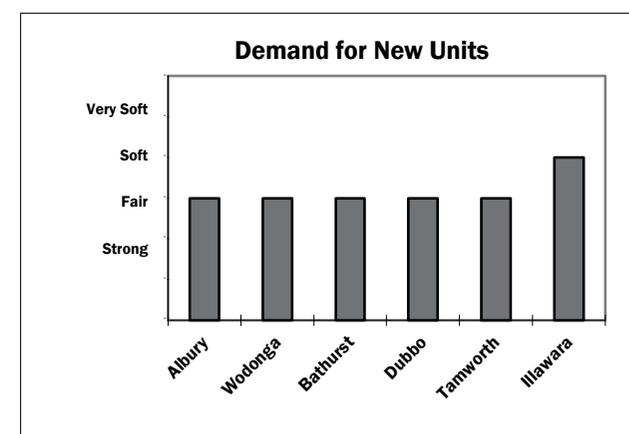
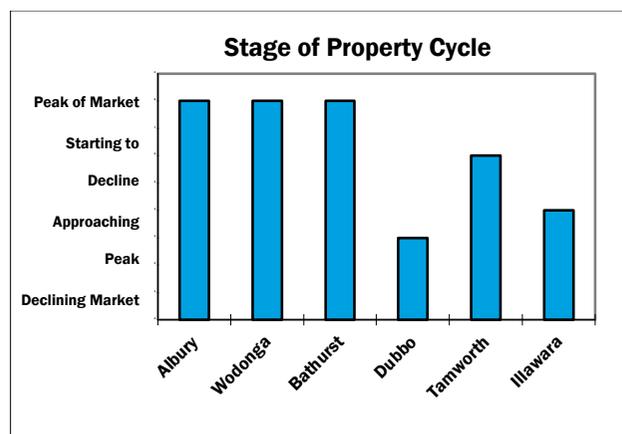
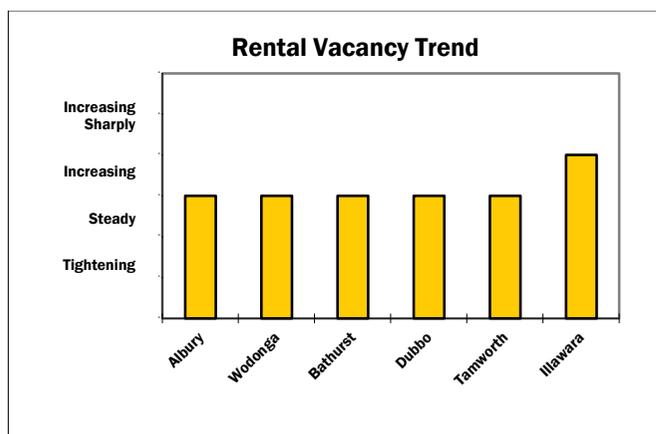


## Country New South Wales Property Market Indicators - Units

Factor	Albury	Wodonga	Bathurst	Dubbo	Tamworth	Illawarra
Rental Vacancy Situation	Balanced market	Over-supply of available property relative to demand				
Rental Vacancy Trend	Steady	Steady	Steady	Steady	Steady	Increasing
Demand for New Units	Fair	Soft	Fair	Fair	Fair	Fair
Trend in New Unit Construction	Steady	Increasing	Increasing	Declining	Increasing	Steady
Volume of Unit Sales	Steady	Declining	Steady	Steady	Steady	Steady
Stage of Property Cycle	Peak of market	Peak of market	Peak of market	Rising market	Approaching peak of market	Approaching bottom of market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Almost never	Occasionally	Occasionally	Occasionally	Occasionally	Very frequently

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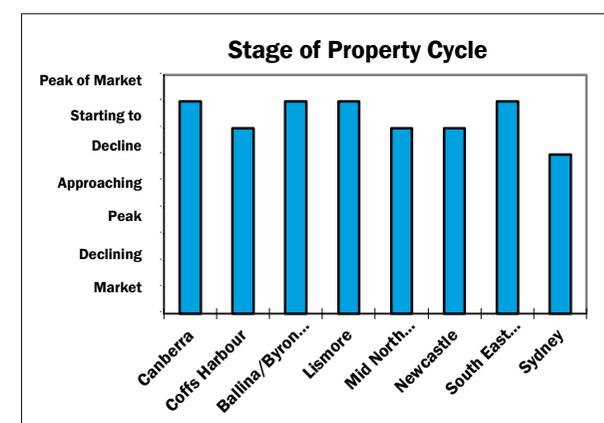
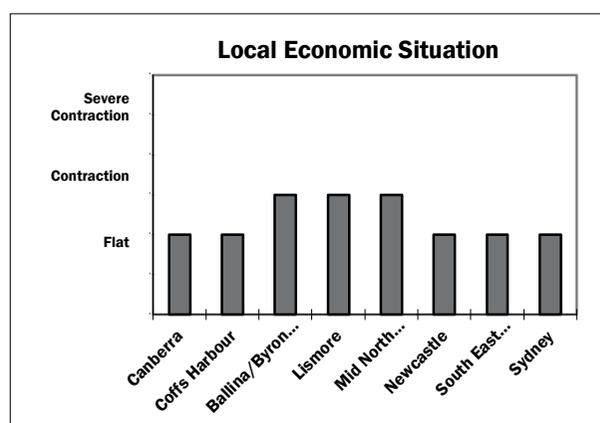
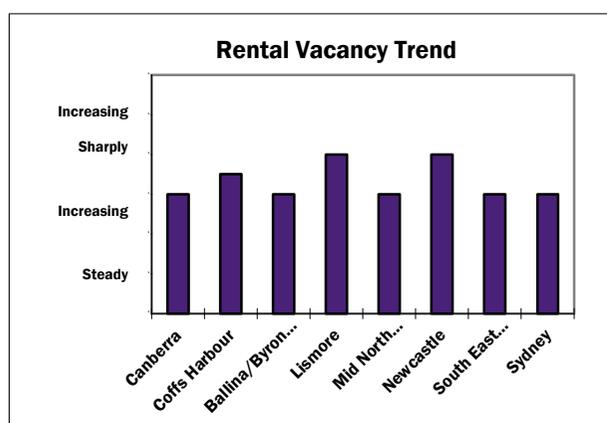


## East Coast & Country New South Wales Property Market Indicators – Retail

Factor	Canberra	Coffs Harbour	Ballina/Byron Bay	Lismore	Mid North Coast	Illawarra	Newcastle	South East NSW	Sydney
Rental Vacancy Situation	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Balanced market	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Balanced market	Balanced market	Balanced market - Over-supply of available property relative to demand	Balanced market
Rental Vacancy Trend	Steady	Steady - Increasing	Steady	Increasing	Steady	Steady	Increasing	Steady	Steady
Rental Rate Trend	Stable	Declining - Stable	Stable	Stable	Stable	Stable	Stable	Stable	Increasing
Volume of Property Sales	Steady	Steady	Steady	Steady	Steady	Steady	Declining	Steady	Steady
Stage of Property Cycle	Peak of market	Starting to decline	Peak of market	Peak of market	Starting to decline	Starting to decline	Starting to decline	Peak of market	Approaching peak of market
Local Economic Situation	Steady growth	Steady growth	Flat	Flat	Flat	Steady growth	Steady growth	Steady growth	Steady growth
Value Difference between Quality Properties with National Tenants, and Comparable Properties with Local Tenants	Significant	Significant	Small	Significant	Significant	Large	Significant	Significant - Large	Small

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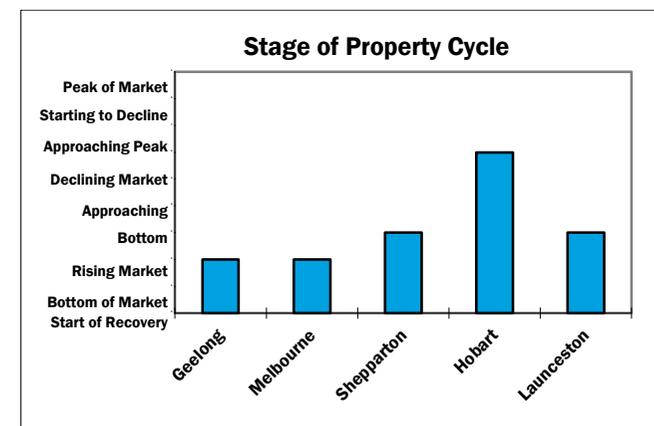
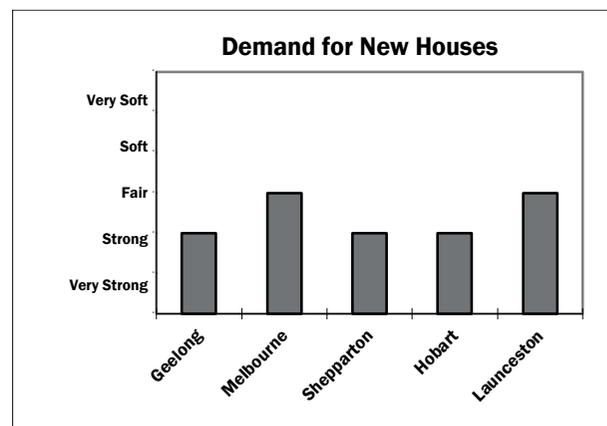
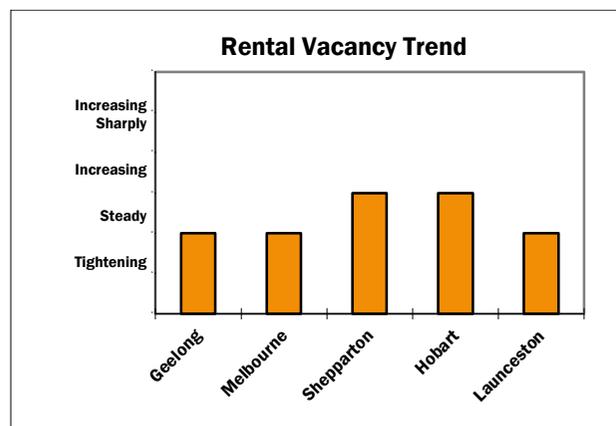


## Victorian and Tasmanian Property Market Indicators – Houses

Factor	Geelong	Melbourne	Shepparton	Hobart	Launceston
Rental Vacancy Situation	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Balanced market
Rental Vacancy Trend	Tightening	Tightening	Steady	Steady	Tightening
Demand for New Houses	Fair	Fair	Strong	Strong	Fair
Trend in New House Construction	Steady	Steady	Steady	Steady	Declining
Volume of House Sales	Steady	Steady	Increasing	Steady	Steady
Stage of Property Cycle	Starting to decline	Bottom of market	Rising market	Approaching peak of market	Rising market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Almost never	Almost never	Occasionally	Almost never

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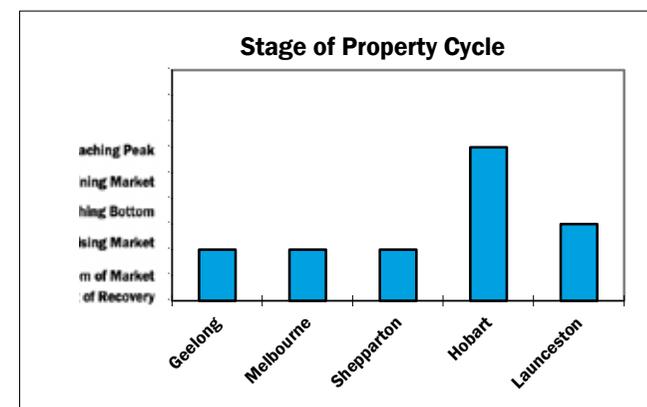
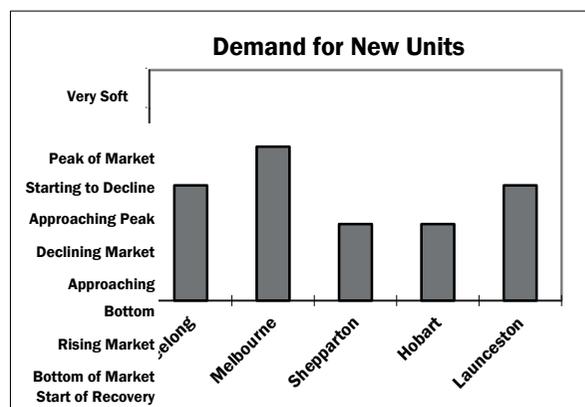
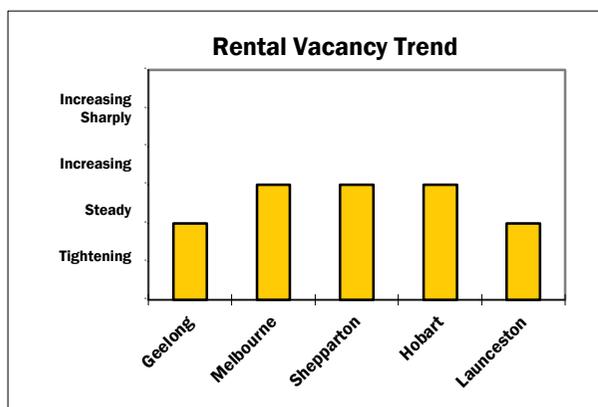


## Victorian and Tasmanian Property Market Indicators – Units

Factor	Geelong	Melbourne	Shepparton	Hobart	Launceston
Rental Vacancy Situation	Shortage of available property relative to demand	Over-supply of available property relative to demand	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Balanced market
Rental Vacancy Trend	Tightening	Steady	Steady	Steady	Tightening
Demand for New Houses	Fair	Soft	Strong	Strong	Fair
Trend in New House Construction	Steady	Increasing	Steady	Steady	Declining
Volume of House Sales	Steady	Declining	Increasing	Steady	Steady
Stage of Property Cycle	Starting to decline	Bottom of market	Bottom of market	Approaching peak of market	Rising market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Almost never	Almost never	Occasionally	Almost never

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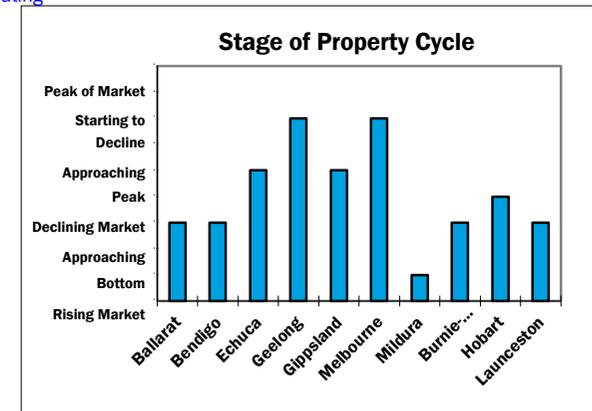
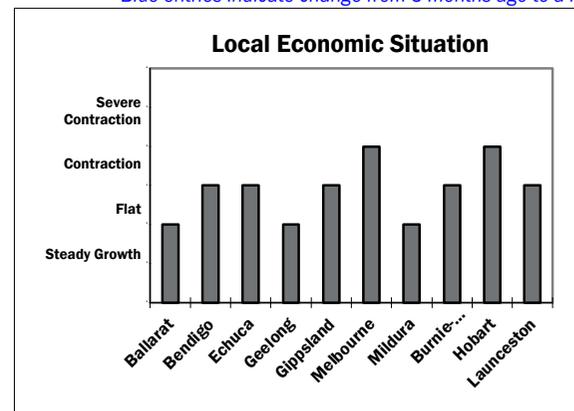
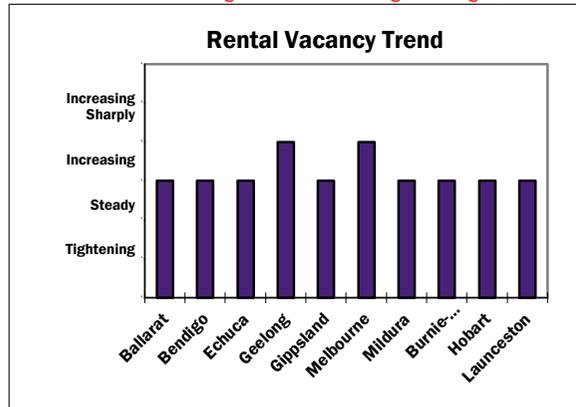


## Victorian and Tasmanian Property Market Indicators – Retail

Factor	Ballarat	Bendigo	Echuca	Geelong	Gippsland	Melbourne	Mildura	Burnie-Devenport	Hobart	Launceston
Rental Vacancy Situation	Balanced market	Balanced market	Balanced market	Balanced market	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Balanced market	Over-supply of available property relative to demand	Balanced market	Over-supply of available property relative to demand
Rental Vacancy Trend	Steady	Steady	Steady	Increasing	Steady	Increasing	Steady	Steady	Steady	Steady
Demand for New Houses	Stable	Stable	Stable	Declining	Stable	Declining	Stable	Declining	Stable	Declining
Trend in New House Construction	Declining	Steady	Steady	Steady	Steady	Declining	Steady	Steady	Steady	Steady
Volume of House Sales	Rising market	Rising market	Declining market	Starting to decline	Declining market	Starting to decline	Start of recovery	Rising market	Approaching bottom of market	Rising market
Stage of Property Cycle	Steady growth	Flat	Flat	Steady growth	Flat	Contraction	Steady growth	Flat	Contraction	Flat
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Significant	Significant	Small	Small	Significant	Large	Significant	Significant	Large	Significant

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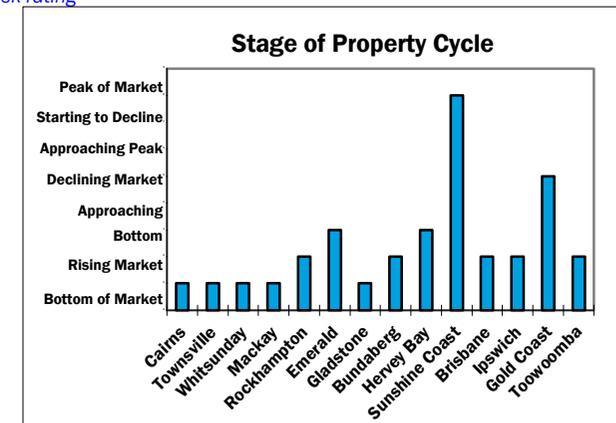
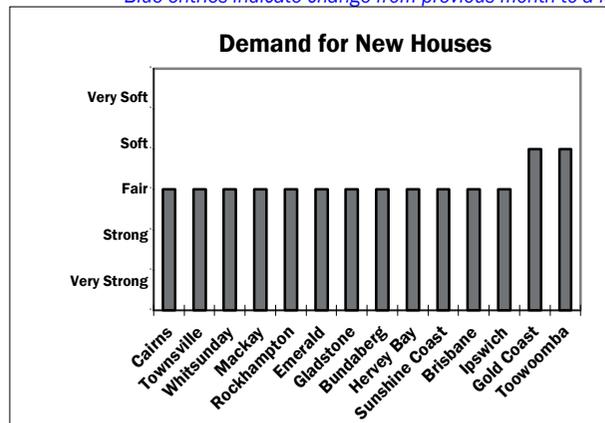
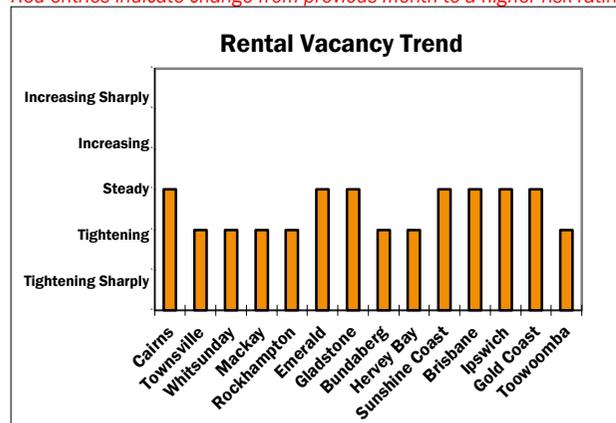


## Queensland Property Market Indicators – Houses

Factor	Cairns	Townsville	Whitsunday	Mackay	Rockhampton	Emerald	Gladstone	Bundaberg	Hervey Bay	Sunshine Coast	Brisbane	Ipswich	Gold Coast	Toowoomba
Rental Vacancy Situation	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Shortage of available property relative to demand	Balanced market	Balanced market	Over-supply of available property relative to demand	Balanced market	Shortage of available property relative to demand			
Rental Vacancy Trend	Steady	Tightening	Tightening	Tightening	Tightening	Steady	Steady	Tightening	Tightening	Steady	Steady	Steady	Steady	Tightening
Demand for New Houses	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Soft	Soft
Trend in New House Construction	Steady	Increasing	Declining	Steady	Steady	Steady	Steady	Increasing	Steady	Steady	Increasing	Increasing	Increasing	Increasing
Volume of House Sales	Steady	Steady	Steady	Increasing	Steady	Steady	Steady	Steady	Steady	Declining	Steady	Steady	Declining	Declining
Stage of Property Cycle	Start of recovery	Start of recovery	Start of recovery	Start of recovery	Bottom of market	Rising market	Start of recovery	Bottom of market	Rising market	Peak of market	Bottom of market	Bottom of market	Declining market	Bottom of market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Almost never	Almost never	Almost never	Occasionally	Occasionally	Occasionally	Occasionally	Almost never	Occasionally	Occasionally	Frequently	Very frequently	Frequently	Frequently

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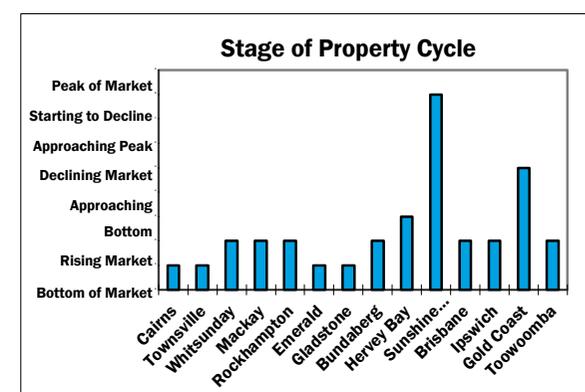
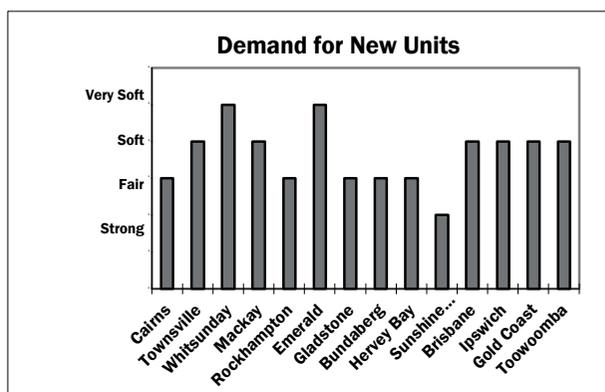
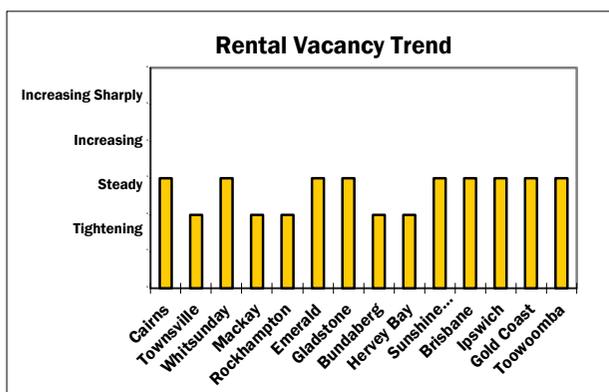


## Queensland Property Market Indicators – Units

Factor	Cairns	Townsville	Whitsunday	Mackay	Rockhampton	Emerald	Gladstone	Bundaberg	Hervey Bay	Sunshine Coast	Brisbane	Ipswich	Gold Coast	Toowoomba
Rental Vacancy Situation	Shortage of available property relative to demand	Shortage of available property relative to demand	Over-supply of available property relative to demand	Shortage of available property relative to demand	Balanced market	Balanced market	Balanced market	Balanced market	Balanced market	Balanced market	Balanced market	Over-supply of available property relative to demand	Balanced market	Shortage of available property relative to demand
Rental Vacancy Trend	Steady	Tightening	Steady	Tightening	Tightening	Steady	Steady	Tightening	Tightening	Steady	Steady	Steady	Steady	Steady
Demand for New Units	Fair	Soft	Very soft	Soft	Fair	Very soft	Fair	Fair	Fair	Strong	Soft	Soft	Soft	Soft
Trend in New Unit Construction	Steady	Increasing	Declining significantly	Increasing	Steady	Increasing strongly	Steady	Steady	Steady	Declining	Steady	Steady	Steady	Increasing
Volume of Unit Sales	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Declining	Declining
Stage of Property Cycle	Start of recovery	Start of recovery	Bottom of market	Bottom of market	Bottom of market	Start of recovery	Start of recovery	Bottom of market	Rising market	Peak of market	Bottom of market	Bottom of market	Declining market	Bottom of market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Almost never	Almost never	Occasionally	Occasionally	Almost never	Occasionally	Occasionally	Almost never	Occasionally	Almost never	Very frequently	Very frequently	Frequently	Very frequently

Red entries indicate change from previous month to a higher risk-rating

Blue entries indicate change from previous month to a lower risk-rating

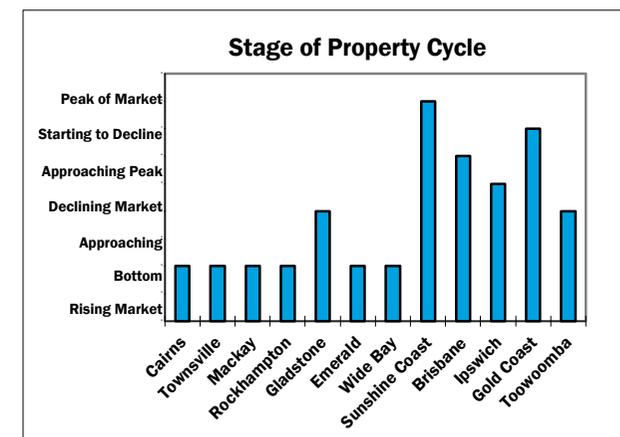
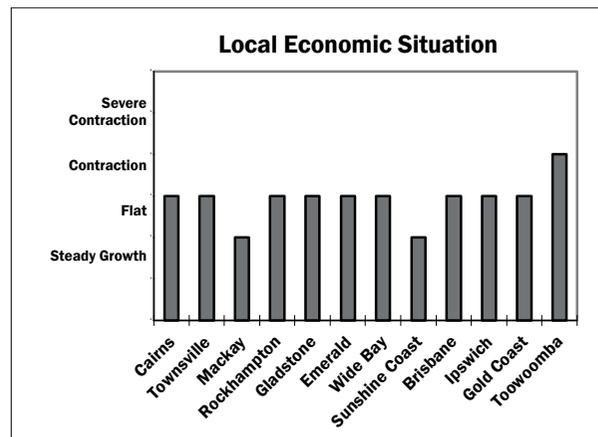
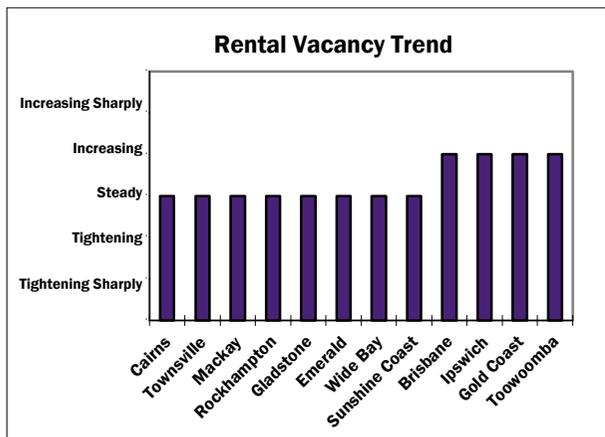


## Queensland Property Market Indicators – Retail

Factor	Cairns	Townsville	Mackay	Rockhampton	Gladstone	Emerald	Wide Bay	Sunshine Coast	Brisbane	Ipswich	Gold Coast	Toowoomba
Rental Vacancy Situation	Over-supply of available property relative to demand	Balanced market	Balanced market	Balanced market	Over-supply of available property relative to demand	Over-supply of available property relative to demand						
Rental Vacancy Trend	Steady	Steady	Increasing	Increasing	Increasing	Increasing						
Demand for New Units	Stable	Stable	Stable	Declining	Declining	Stable						
Trend in New Unit Construction	Steady	Steady	Steady	Steady	Steady	Declining						
Volume of Unit Sales	Bottom of market	Bottom of market	Bottom of market	Bottom of market	Approaching bottom of market	Bottom of market	Bottom of market	Peak of market	Approaching peak of market	Declining market	Starting to decline	Approaching bottom of market
Stage of Property Cycle	Flat	Flat	Steady growth	Flat	Flat	Flat	Flat	Steady growth	Flat	Flat	Flat	Contraction
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Small	Significant	Significant	Nil	Nil	Small - Significant	Significant	Significant	Significant	Significant	Small	Significant

Red entries indicate change from 3 months ago to a higher risk-rating

Blue entries indicate change from 3 months ago to a lower risk-rating

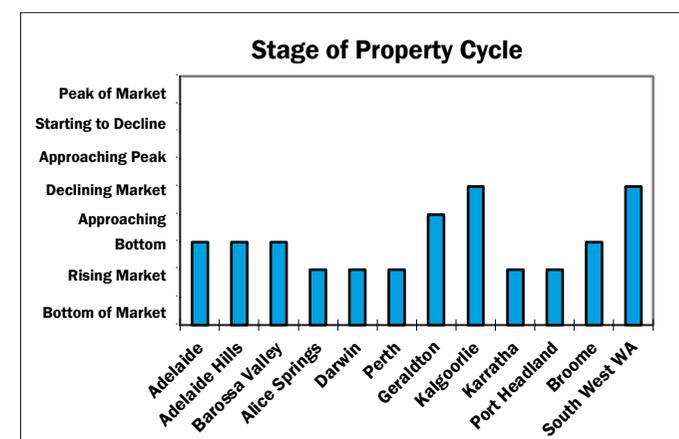
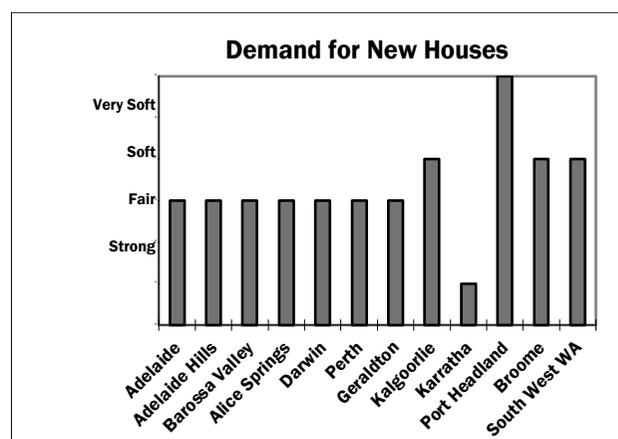
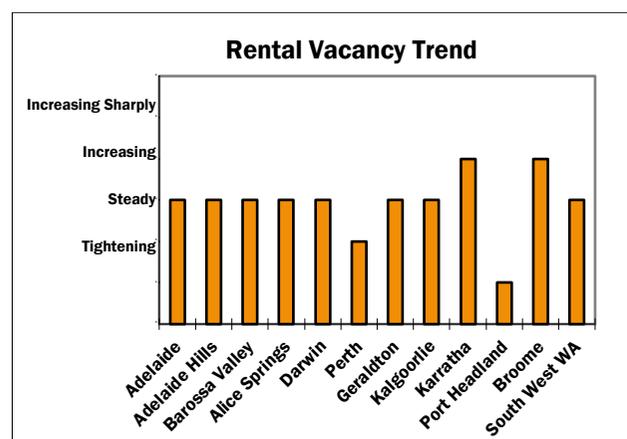


## SA, NT and WA Property Market Indicators - Houses

Factor	Adelaide	Adelaide Hills	Barossa Valley	Alice Springs	Darwin	Perth	Geraldton	Kalgoorlie	Karratha	Port Headland	Broome	South West WA
Rental Vacancy Situation	Balanced market	Balanced market	Balanced market	Balanced market	Over-supply of available property relative to demand	Balanced market	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Shortage of available property relative to demand	Balanced market	Balanced market	Balanced market
Rental Vacancy Trend	Steady	Steady	Steady	Steady	Steady	Tightening	Tightening	Increasing	Tightening	Tightening	Steady	Steady
Demand for New Houses	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Soft
Trend in New House Construction	Steady	Declining significantly	Steady	Steady	Steady	Increasing	Steady	Steady	Steady	Steady	Steady	Steady
Volume of House Sales	Steady	Steady	Steady	Steady	Steady	Steady	Increasing	Declining	Declining	Declining	Declining	Declining
Stage of Property Cycle	Rising market	Rising market	Rising market	Bottom of market	Bottom of market	Bottom of market	Approaching bottom of market	Declining market	Rising market	Start of recovery	Approaching bottom of market	Declining market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Occasionally	Almost never	Occasionally	Occasionally	Almost never	Almost never	Almost never	Almost never	Almost never	Almost never

Red entries indicate change from 3 months ago to a higher risk-rating

Blue entries indicate change from 3 months ago to a lower risk-rating

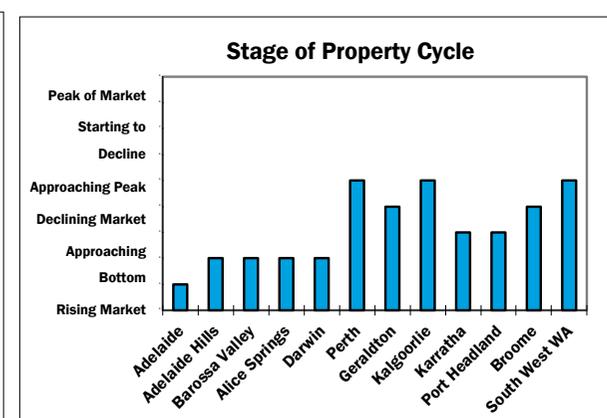
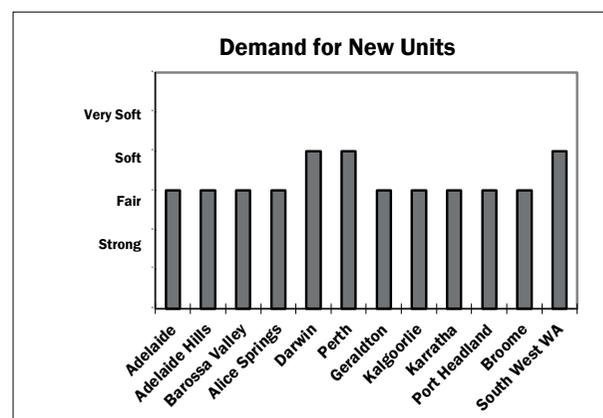
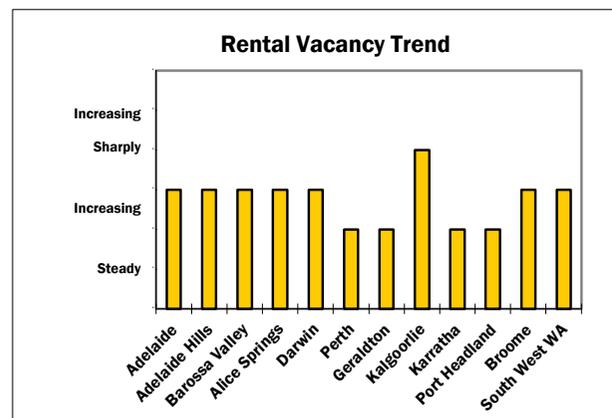


## SA, NT and WA Property Market Indicators – Units

Factor	Adelaide	Adelaide Hills	Barossa Valley	Alice Springs	Darwin	Perth	Geraldton	Kalgoorlie	Karratha	Port Headland	Broome	South West WA
Rental Vacancy Situation	Balanced market	Balanced market	Balanced market	Balanced market	Over-supply of available property relative to demand	Balanced market	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Shortage of available property relative to demand	Balanced market	Balanced market	Balanced market
Rental Vacancy Trend	Steady	Steady	Steady	Steady	Steady	Tightening	Tightening	Increasing	Tightening	Tightening	Steady	Steady
Demand for New Houses	Fair	Fair	Fair	Fair	Soft	Soft	Fair	Fair	Fair	Fair	Fair	Soft
Trend in New House Construction	Steady	Increasing	Steady	Steady	Declining	Increasing	Steady	Steady	Steady	Steady	Steady	Steady
Volume of House Sales	Steady	Steady	Steady	Steady	Declining	Declining	Increasing	Declining	Declining	Declining	Declining	Declining
Stage of Property Cycle	Start of recovery	Bottom of market	Bottom of market	Bottom of market	Bottom of market	Declining market	Approaching bottom of market	Declining market	Rising market	Start of recovery	Approaching bottom of market	Declining market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Occasionally	Almost never	Occasionally	Very frequently	Almost never	Almost never	Almost never	Almost never	Almost never	Almost never

Red entries indicate change from 3 months ago to a higher risk-rating

Blue entries indicate change from 3 months ago to a lower risk-rating

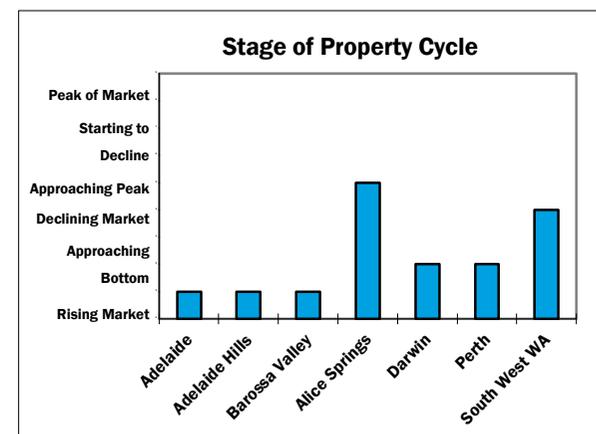
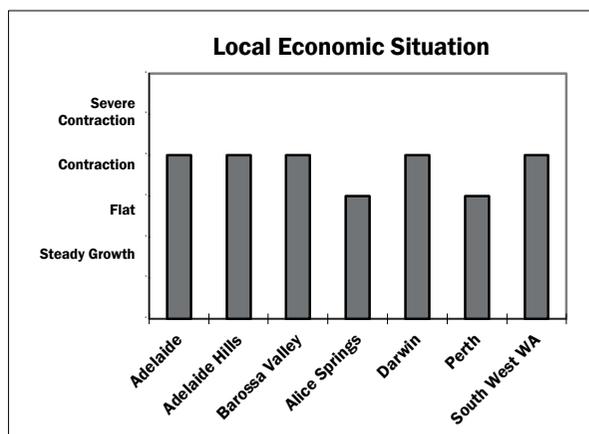
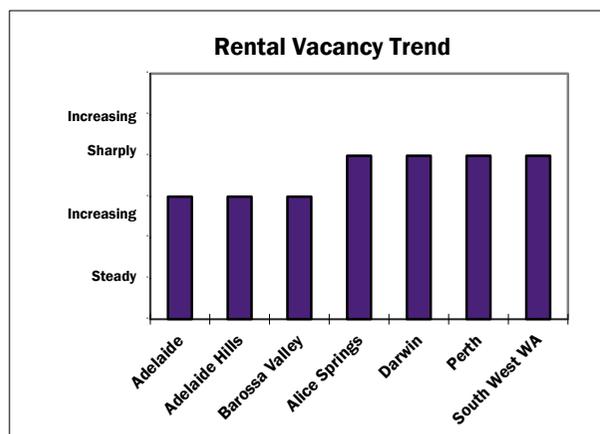


## SA, NT and WA Property Market Indicators – Retail

Factor	Adelaide	Alice Springs	Barossa Valley	Darwin	Perth	South West WA
Rental Vacancy Situation	Over-supply of available property relative to demand					
Rental Vacancy Trend	Steady	Steady	Steady	Steady	Increasing	Increasing
Demand for New Units	Stable	Stable	Stable	Declining	Declining	Declining
Trend in New Unit Construction	Steady	Steady	Steady	Steady	Steady	Declining
Volume of Unit Sales	Start of recovery	Start of recovery	Start of recovery	Declining market	Bottom of market	Bottom of market
Stage of Property Cycle	Contraction	Contraction	Contraction	Flat	Contraction	Flat
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Significant	Significant	Significant	Significant	Small	Significant

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