Residential

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WHITE
RESIDENTIAL

National Property Clock
March 2018
Houses

Central Coast
Coffs Harbour
Mid North Coast
Newcastle

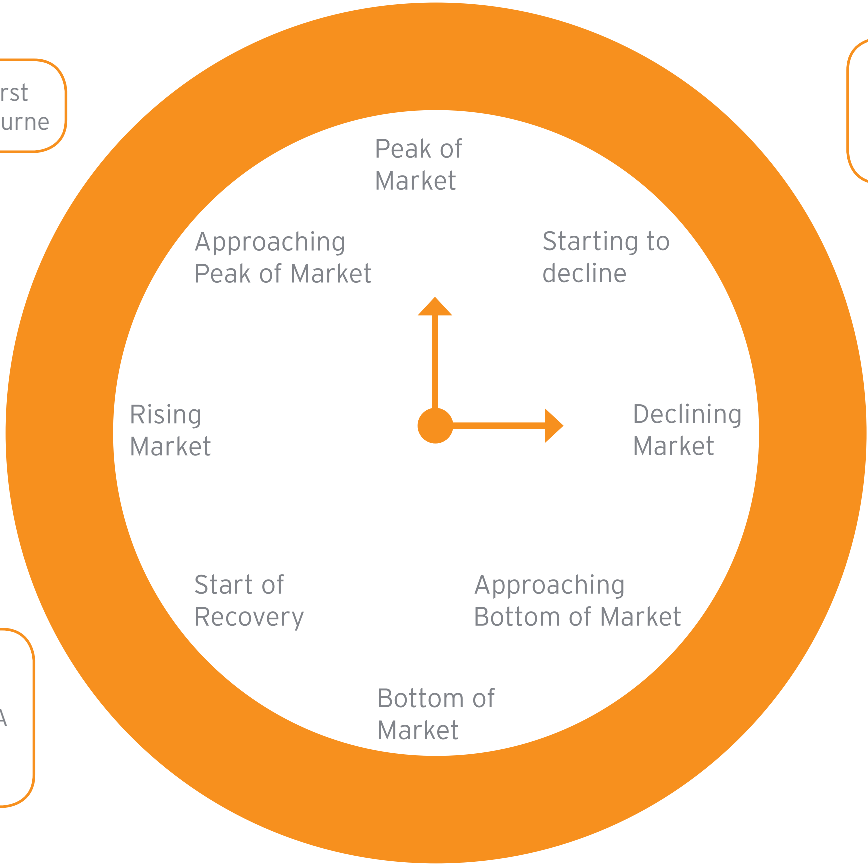
Bendigo
South East NSW
Sydney

Alice Springs
Bundaberg
Darwin
Perth
Rockhampton
Toowoomba

Cairns
Emerald
Gladstone
Hervey Bay
Ipswich
Mackay
Mildura
South West WA
Townsville

Adelaide
Adelaide Hills
Albury
Ballarat
Barossa Valley
Brisbane
Burnie-Devenport
Canberra
Echuca
Gippsland
Hobart
Iron Triangle
Launceston
Lismore
Mount Gambier
Tamworth

Bathurst
Melbourne



Entries coloured orange indicate positional change from last month.

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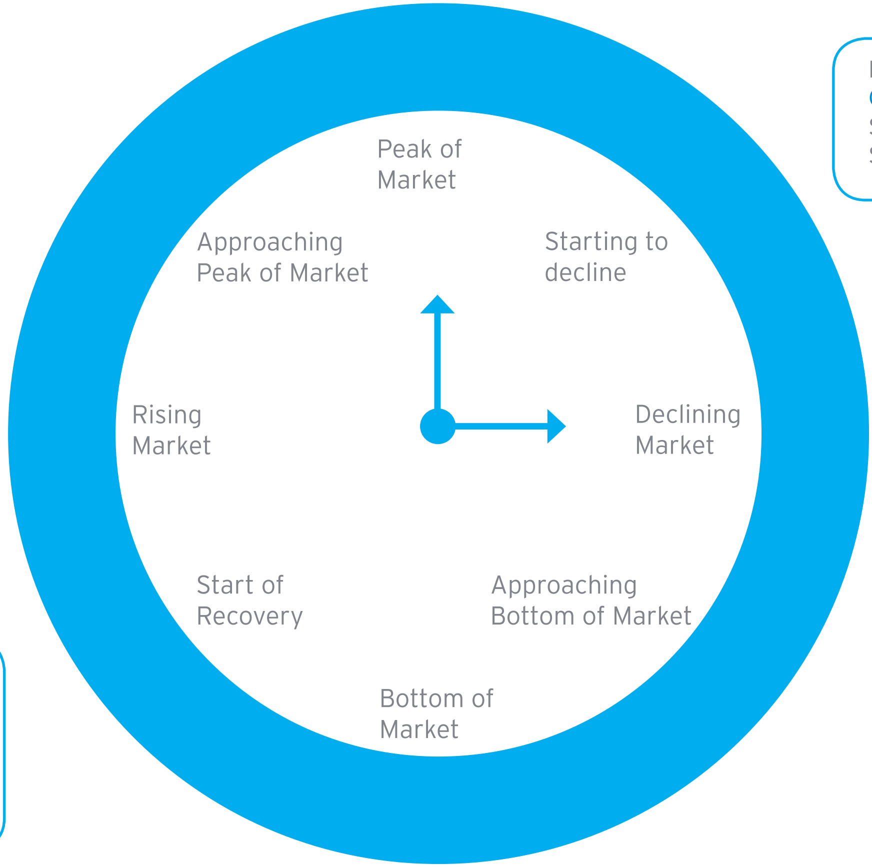
HERRON TODD WHITE RESIDENTIAL

National Property Clock
March 2018
Units

Central Coast
Coffs Harbour
Gold Coast
Melbourne
Mid-North Coast
Newcastle

Bendigo
Canberra
South East NSW
Sydney

Brisbane
Perth



Adelaide
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Toowoomba

Emerald
Hervey Bay
Ipswich
Mildura
South West WA
Townsville

Burnie-Devenport
Echuca
Gippsland
Hobart
Launceston
Lismore
Mount Gambier
Sunshine Coast

Entries coloured blue indicate positional change from last month.

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New South Wales

Overview
Middle markets across Australia are a diverse, patchwork quilt of options, but they are, in general, where most of the action is happening.

Middle ring localities, particularly in some of the centres that have seen hot inner city markets over the past few years, may be the opportunity many buyers are crying out for - as long as you can spot the prime purchasing options among the raft of available listings.

This month, our team has defined and distilled their middle ring markets and come up with the most comprehensive national report on the opportunities and pitfalls that present themselves in the country's middle rings.

Sydney
In Sydney, the middle ring is traditionally considered to be the area that falls within a radius of more than ten kilometres and less than 20 to 25 kilometres from the central business district. At around ten kilometres from the CBD are suburbs such as Rockdale, Strathfield, Matraville, Ryde and Manly. Moving out to around 20 kilometres you find Parramatta, Revesby, Sylvania, Hornsby and Warriewood.

The middle ring of Sydney has a diverse range of property types and price points, usually dependent on access to jobs, transport links and other services and amenities. Historically this was an area popular with first home buyers and young families looking for detached housing with a big back yard, however recent price movements have meant these buyers have largely been priced out of these areas. They now must look further afield or consider higher density housing options which are becoming more readily available throughout many middle ring suburbs.

Northern Suburbs
The suburb of Ryde is approximately 15 kilometres from the Sydney CBD with access to local amenities including the recently refurbished Top Ryde Shopping Centre, Macquarie Shopping Centre and close proximity to major industrial and business precincts. Dwelling types range from older style 1950s homes through to modern built homes.

The area has a median house price of $1.758 million and performed strongly in 2017 with 17.2% capital growth. The area has a relatively modest median unit price of $725,000 and a smaller 6.4% capital growth in 2017 (source: PriceFinder).

Rental demand remains steady in the housing market, with most houses available being typical older style homes with a modest level of accommodation and fit-out. The average median rent is $690 per week (source: realestate.com.au) and appeals predominantly to younger families.

The unit market has become saturated with stock of late, which has seen a slight reduction in listing prices and longer than average days on market. The median 1-bedroom unit rental is $490 per week (source: realestate.com.au) reflecting a 4.1% yield and appeals mainly to singles and childless couples.

Older units in established locations where supply levels remain steady have performed well over the period, however the area faces over supply challenges of new stock, particularly on the fringes of Meadowbank/Ryde where a significant amount of supply has come onto the market over the past 12 to 18 months. There are currently 52 1-bedroom units and 90 2-bedroom units on the market (source: realestate.com.au). Over recent months, the market has remained relatively stable or shown slight levels of decline in value levels. Original off the plan sales from 2014 and 2015 have seen limited price growth. Examples of this include 132/21-31 Porter Street, Ryde which sold off the plan in November 2014 for $588,000 and recently resold in December 2017 for $570,000.

Whilst the suburb lacks a railway line, it has frequent bus services available and the area is relatively affordable in comparison to some of its neighbouring suburbs including Gladesville ($2.1 million median house price), Eastwood ($1.86 million median house price) and Putney ($2.37 million median house price) (source: PriceFinder).

The suburbs of Narrabeen and Collaroy are both considered middle ring suburbs of the northern beaches. Whilst centrally located between Palm Beach and Manly geographically, they are also a middle point in terms of value levels. With median house prices of $2.1 million and $2.3 million respectively, they sit well between the median house values of Manly ($3.26 million) and Mona Vale at $1.75 million (source: PriceFinder).

15 Cumberland Avenue, Collaroy sold for $2,055,000.

(Source: Realestate.com.au)

The housing marking in Narrabeen performed strongly with 13.2% capital growth (source: PriceFinder) for the 2017 period. Demand in the northern beaches is very much owner occupier driven which results in a limited amount of rental stock available. Narrabeen provides a rental yield of 2.1% (source: realestate.com.au) with housing generally comprising of a modest level of accommodation and fit-out, appealing primarily to younger families looking to remain on the northern beaches at an affordable level.

The biggest challenge to the northern beaches market, particularly in the middle ring, has been road and public transport links, particularly to the CBD.

The B-Line bus service has been recently introduced to help provide a more reliable journey between Mona Vale and the Sydney CBD. The NSW Government has introduced a new fleet of double decker buses and is in the process of upgrading infrastructure along Pittwater Road, as well as providing six new commuter car parks to Mona Vale, Warriewood, Narrabeen, Dee Why, Brookvale and Manly Vale. In addition the new $600 million Northern Beaches Hospital which is due to open in October 2018 should provide positive impact to value levels in the area. The proposed future Beaches Link tunnel would also make this area more accessible and place upward pressure on house prices.

Overall the long term prospects are positive for this sector of the market due to the strong owner occupier appeal for middle ring beachside localities along with future infrastructure.

Central West

Strathfield and Burwood are located approximately 13 kilometres west of the Sydney CBD and approximately 12 kilometres east of the Parramatta CBD. Dwellings in both areas come in a wide variety of styles, including older Victorian terraces on 150 square metre lots, Californian bungalows on 1,000 square metre lots and large Federation homes on 2,000 plus square metre lots. These suburbs are in very strong demand from owner occupiers, resulting in strong median prices and attracting professionals with young families. The suburbs have access to main roads such as the M4 motorway, Parramatta Road and future M4 East tunnel, as well as major railway stations on the main central line. Access to prestigious schools such as MLC, Santa Sabina, Meriden, Trinity College and St Patrick's College adds to the high demand for dwellings in both suburbs.

The start of 2017 was strong but began to slowly taper off towards the middle and end of the year in parallel with the Sydney market as a whole. The median house price for Strathfield in 2017 was $2.56 million, a slight increase of 0.4% over 2016, while for Burwood it was $2.11 million, up 5.5% from the previous year (source: PriceFinder). Despite slowing price increases overall, unique character style dwellings continued to perform well, along with modern dwellings on larger lots.

86 Nicholson Street, Strathfield sold for $6.6 million in October.

(Source: Realestate.com.au)

Opportunities to enter this market are limited because of the price point. As a result potential purchasers are pushed to suburbs such as Strathfield South, Concord, Enfield and Croydon.

We expect that 2018 will see the market overall in both suburbs continue to level off with results to remain steady. However unique and brand new dwellings will continue to be in strong demand.

The Strathfield and Burwood unit market has seen strong growth in recent years with an increase in medium rise unit complexes around both stations. The median price for Strathfield units in 2017 was $730,000, an increase of 2.1% over 2016, while the Burwood median unit price increased by 1.1% to $830,000 over the same period (source: PriceFinder).

Rentals have remained strong throughout this construction boom with a strong amount of supply absorbed by investor demand both locally and internationally. A modern 2-bedroom, 2-bathroom unit with one car space situated opposite Burwood Station can achieve $700 to $750 per week rent, with a yield of around 3.5%.

The majority of buyers are investors and young couples. Overseas buyers, who previously dominated the market, are becoming less prevalent. However there are now significant traffic issues around both Strathfield and Burwood centres, especially around Burwood Road, Burwood and Raw Square, Strathfield.

Opportunities to enter the market are reasonably affordable with proximity to large shopping centres, local shops, cafes, stations, parks and schools again seen as a major reason for the recent strong demand. With the increase in the number of developments in Burwood, especially along Burwood Road, it may become more affordable to enter the market in 2018 if prices continue to ease.

Southern Suburbs

Sandringham and Kyeemagh are two small residential suburbs located at either end of the main foreshore along Botany Bay. These are smaller suburbs which neighbour the more well-known Kogarah, Brighton Le Sands and Sans Souci. Property types in this area generally include freestanding houses, villas, townhouses and low rise units with a movement towards duplexes and larger unit complexes surrounding facilities.

The area is well known for its restaurants and cafes, foreshore parklands and of course long stretches of sand fronting Botany Bay.

The locality is well serviced by buses and provides quick access by train from the nearby suburbs of Kogarah and Rockdale to Sydney Airport and Sydney CBD. Rocky Point Road and The Grand Parade provide vehicular access to the eastern suburbs and the CBD to the north and to the Sutherland Shire in the south. The M5 Motorway is also accessible from nearby Arncliffe.

Due to these factors, there is demand from young professionals and families. Opportunities to purchase for this demographic exist with freestanding homes along with modern medium to high density developments. An example of this is Ramsgate Park, a planned community currently under construction to comprise over 500 apartments sitting on 3.3 hectares and offering extensive green space areas.

A recent sale in the area was 43 Riverside Drive, Sandringham which sold for $2.925 million in September. The property was an original circa 1960s 3-bedroom home with a north to rear aspect and expansive Georges River views from the front of the home.

Another noteworthy sale was 38 Alfred Street, Ramsgate Beach in December for $2.175 million. The property was a dated single level home located on a level 898 square metre block, one street back from The Grand Parade and was marketed as having potential for dual occupancy development.

38 Alfred Street, Ramsgate Beach

(Source: Realestate.com.au)

A typical property in the area is generally a 2- or 3-bedroom villa or townhouse which ranges in value from the mid $800,000s to the early $1 million, or a basic 3-bedroom bungalow from $1.3 million upwards.

5/14 Evans Street, Sans Souci sold in December for $861,000

(Source: Realestate.com.au)

Properties classed as units on realestate.com.au which also include villas and townhouses, recorded an annual growth of 10% in 2017 and a rental yield of 3.1%. Houses recorded an annual growth of 12% and a rental yield of 2.3% (source: realestate.com.au).

Demand in the area is for the most part driven by owner occupiers and this is expected to continue throughout 2018.

Planned infrastructure improvements include upgrades to the nearby Princes Highway. Another proposal is a light rail system along the foreshore and up Rocky Point Road to join the existing rail network at Wolli Creek, both of which would ease traffic congestion significantly.

Stage 1 of The F6 Extension between the WestConnex at Arncliffe and President Avenue in Kogarah has been approved with construction planned to begin in 2019. Stage 2 through to Taren Point and Stage 3 to Loftus, if approved, are planned to be completed by 2025. This will take pressure off existing local roads and will have flow on effects to the area, including property prices.

Eastern Suburbs

The eastern suburbs middle ring generally refers to its most southern suburbs such as Little Bay, Philip Bay, Chifley, Malabar, Matraville, Hillsdale, Botany, Pagewood and Maroubra. These suburbs are approximately between eight and 13 kilometres to the south-east of the Sydney CBD being surrounded by Botany Bay to the south and the South Pacific Ocean to the east.

The property types within these locations generally comprise of a mix of older style detached and semi-detached housing, older style to modern style low rise units, modern duplex units and higher density medium rise unit developments.

23A Finucane Crescent, Matraville.

(Source: Realestate.com.au)

Duplex properties have become popular in these areas as a more affordable alternative to traditional detached housing. Typical duplexes sell between $1.5 million and $2 million, however larger, high quality duplexes have achieved into the mid $2 million range. An example of this is 23A Finucane Crescent, Matraville, a 4-bedroom, 2-bathroom company title duplex with single garage and in ground pool, which sold in December for $2.27 million.

These areas have generally seen strong growth over the past few years with 2017 seeing a more stable growth rate. The rental market has seen demand remain steady with slight increases in some property types. Proximity to transport has always been a major factor in these areas with only bus services available. The new Sydney Light Rail which is currently under construction is planned to open in early 2019. Currently its final stop along the Anzac Parade route will be at Kingsford however there is potential for this light rail to continue further south in years to come.

A project currently under construction in the Pagewood area (approximately eight kilometres south-east of the Sydney CBD) is the Meriton development known as Pagewood Greens. It will be the largest new residential project in the eastern suburbs and a face changing one for Pagewood. This will be developer and Meriton group founder Harry Triguboff's biggest project. The 16.5 hectare site adjacent to Westfield Eastgardens will comprise a $3 billion community developed over several stages, with a mix of medium rise towers of up to 20 levels, over 3,000 apartments, two hectares of parkland, tree-lined boulevards and a civic square for alfresco dining.

The current prices (according to the Meriton website) for the available stock range from $700,000 to $933,000 for 1-bedroom units, $945,000 to $1.237 million for 2-bedroom units and $1.255 million to $1.625 million for 3-bedroom units. Retirees and downsizers are expected to be the predominant demographic groups for this project with some young families and professionals. The first stages are due to be completed between March and May 2018. Price growth will be dependent on the quality of future road and public transport infrastructure upgrades to the area.

The long term prospects of these areas of the eastern suburbs is looking bright. With many priced out of the northern harbourside and beachside locations, these areas are set to continue to entice more people to these areas.

(Source: urbis.com.au/projects/meriton-pagewood)

Canberra

The Canberra residential market has continued to see strong capital growth for residential dwellings, with historically low interest rates and strong employment viewed as key factors. Inner suburbs have experienced considerable capital growth, while outer suburbs have experienced steady growth.

The Mr Fluffy Asbestos Removal Scheme is continuing with some of the strongest land sales being located in the inner north, inner south and Woden Valley regions. The strength of the land sales has been in part due to the change in the Territory Plan to allow dual occupancy and unit titling on many of these blocks.

The market has already seen completion of many of the unit titled properties, with strong demand for the much anticipated new houses in established suburbs which up until recently have been quite limited. Many of the inner suburb unit titled houses appear to be catering for professionals and investors, with a higher level of building inclusions.

Gunghalin offers a range of affordable housing options for young families and first home buyers, with commuting distances to the CBD being less than 20 kilometres. There is a mixture of modern detached 3- and 4-bedroom dwellings with 2-car garages on your typical 450 square metre lot, selling at below Canberra's median house price. Young families make up the majority in the Gunghalin region and subsequently the local schools are running at a higher capacity. There is a new primary school in the developing suburb of Taylor, located on the fringe of Gunghalin.

Canberra's light rail currently under construction is viewed as a strong attraction for buyers to Canberra's inner north suburbs and the Gungahlin district. This has also contributed to the strength of the civil works employment market.

The residential apartment market is expanding with a number of developments newly completed and many still under construction. Notable areas include the rejuvenation of Northbourne Avenue, Kingston foreshore precinct, Flemington Road corridor in Gungahlin and the Belconnen Town Centre. There has also been significant apartment growth in Molongolo Valley and Tuggeranong Town Centre.

The unit market has been more volatile with some value reduction, generally in the outer locations. Unit market growth is expected to be minimal, with long term demand shifting towards new and established detached houses.

Nevertheless, the Canberra unit market continues to offer investors strong rental demand, high yields and low vacancy rates, which contribute to the growing market segment.

The Canberra residential housing market is expected to experience steady to strong capital growth during 2018.

Lismore / Casino / Kyogle

The middle ring of the residential property market within Lismore City and the surrounding rural towns of Casino and Kyogle is primarily defined by price point and property type (i.e. detached houses).

This is usually identified within Lismore City by affordability to the market place for first home owners and investors. Typically, this includes the bulk of the action in the suburbs of Goonellabah, East Lismore, Lismore Heights and Lismore Central where the middle ring price is around $300,000 to $400,000 for detached houses. Girards Hill is a bit more exclusive due to the heritage flavour of the suburb which can see price levels reach $400,000 plus. Both South Lismore and North Lismore are somewhat lower in price level due to obvious flood issues, however well presented and renovated highset homes are now breaching the $350,000 plus ceiling.

Both Casino and Kyogle have a middle ring price range in the region of $250,000 to $350,000 for detached houses.

This sector performed admirably (particularly within Lismore City) throughout 2017 with strong interest showed by first home buyers and investors. Rental demand also improved which drove rental levels upward (much to the unabashed glee of investors).

Heading into 2018, the middle ring sector is likely to continue to benefit from the low interest rate environment with demand to remain relatively steady and rental demand positive. However, it will be interesting to review this once the much touted interest rate increases (which various real estate commentators have been postulating) towards the end of the year.

Opportunities for middle ring will typically be houses that require some form of renovation which, if done well and within budget, can push the price level into the next bracket. These opportunities are not restricted necessarily to certain suburbs as long as they are acquired at the current market level in their as is condition, i.e. don't pay over the odds.

As with any sector and as well publicised by local real estate agents, the challenge is the current limited listing stock. As Lismore City grows outwards into the recently created residential estates, we are likely to see new build development which may encourage owner occupiers to upgrade and thereby release their hold on their existing homes to the other players in the real estate market such as first home buyers and investors for the more moderately priced middle ring stock. However, there could be some lag before this happens as most builders are run off their feet to meet new build demand.

Finally, the prospects for this sector over the next ten years appear to be relatively positive.

Ballina/Byron

The middle ring is not specifically defined by proximity to a CBD on the North Coast, as lifestyle factors such as proximity to beaches, views and location play just as much influence as proximity to a town or regional hub. The middle ring performed strongly throughout 2017 as a lack of stock created an upward trend in value levels. Early indications in 2018 is that this trend is expected to continue. The middle ring throughout the coastal areas remains owner occupier driven. Again the lack of supply has meant that rental demand remains strong. Long term prospects for the middle ring within Ballina Shire may be influenced by an over supply of land in Ballina Heights and Lennox Head and the ability of Ballina Shire Council to keep up with strong population increases by providing services.

In the Byron Shire Local Government Area, the middle ring for this particular market would include suburbs such as Ballina, Lennox Head and even Tintenbar in the rural residential market. As the central CBD of Byron Bay continues to be the apple of everyone's eye, price points continue to rise, forcing purchasers in the northern regions of New South Wales to look at surrounding suburbs for price point reasons.

The middle ring sector of the market throughout 2017 and start of 2018 was strong and continues to be strong with significant rises in value. This price rise is mainly due to a lack of overall stock in the market place in these localities. Properties within this middle ring are spending less than seven days on the market and in some cases are not even making it on to the market (being sold prior to the marketing campaign).

The prospects for 2018 are considered to be strong as market forces such as low interest rates and high employment rate continue to be a strong influence.

The rental demand in the middle ring sector of the market is also very strong, as younger families are choosing these particular areas over Byron Bay as the central CBD rental rates continue to soar.

The suburb of Ballina still creates an excellent buy in opportunity in the middle ring sector of the market as it has a relatively lower price point and is close to many services including two large shopping centres and many coastal beaches. Price points are so much more appealing than those of Byron Bay, Lennox Head and other coastal resort towns.

The prospects for the middle ring sector of the Byron Shire market appear to be very positive over the next ten years.

Clarence Valley

The median price in Grafton, Maclean and Yamba has increased over the past 12 months with sales prices remaining relatively affordable compared to nearby cities and larger regional hubs. We have seen the majority of sales occur in this middle ring, while the prestige or higher end market has shown a slightly slower increase in capital value over the same term. The popularity of this segment of the market continues to maintain momentum with the highway upgrade increasing rental returns and sparking investor interest. Consequently, investors and owner occupiers alike continue to be active players in the market with the only noticeable difference in requisites being the likelihood and cost of maintenance. For instance, larger rural residential lots are less desirable for investors and rental returns are not as strong due to the required upkeep of the lots and distance to centres.

Properties that comprise the middle market are usually standard dwellings on residential lots and vary from circa 1930s colonial dwellings to modern brick homes.

In the long term, it is considered likely that this market may stabilise when construction of the new Pacific Highway concludes and economic activity also decreases. However, with the market remaining affordable, rental returns being historically steady and proximity to desirable beach localities, it is unlikely that we would see a dramatic downturn in the market.

Coffs Harbour

Being a regional coastal location, Coffs Harbour does not share the same land characteristics as major populated locations with defined inner and outer rings, but rather town and country which is only separated by a five to ten minute drive in most cases. The middle ring may be defined as the suburban strips between the beachfront and rural residential suburbs. These areas are where we see high volumes of activity appealing to first home buyers trying to get a foot in the market, investors and upgraders seeking a larger family home. Not surprisingly it is this market where we see the mid value ranges being achieved. House values on average range from $450,000 to $650,000 with units in the $250,000 to $450,000 bracket.

Buyers in this bracket can expect to purchase good quality five to 20 year old 3- or 4-bedroom, 2- or 3-bathroom homes on varying size sites within one to three kilometres of the Coffs Harbour CBD and local beaches. Standard new project style 4-bedroom, 2-bathroom homes range between $500,000 and $600,000 in the smaller central Coffs estates and southern suburbs of Bonville and Boambee East. Homes in the more modern upmarket estate known as The Lakes at North Boambee Valley (two kilometres from the CBD) start at around $600,000 for new 4-bedroom, 2-bathroom homes.

Traditionally the established areas south of Coffs Harbour at Boambee East and Toormina were the more affordable localities offering accommodation ranging from modest 3-bedroom, 1-bathroom homes to the larger 4- or 5-bedroom family dwellings of five to 30 years of age. These localities were seen in the past as less desirable compared with Coffs Harbour (eight kilometres north), however recent market evidence has shown these areas have increased in popularity and value with median house prices catching Coffs Harbour. This is primarily due to the location factors such as being close to the Pacific Highway for access north and south and within two to three kilometres of the popular Sawtell Beach and shopping precinct. The major shopping centre at Centro Tormina is underpinned by K-Mart, Woolworths and Coles. Schools include primary and public high schools plus nearby St Joseph's College and Southern Cross University.

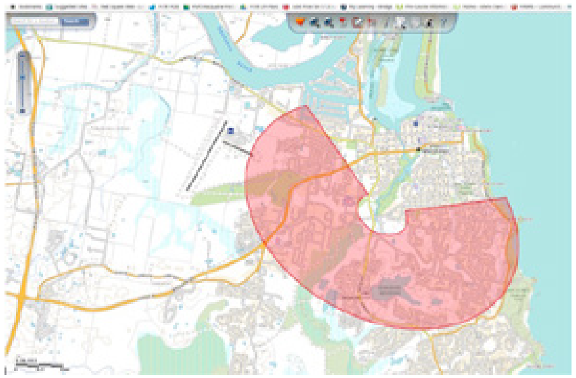
This market sector was a strong performer in 2017 with average increases in the order of 5% to 30% in some cases. It is the more affordable end of the market where we see the most pressure. Rental values have also increased with strong levels of demand and balanced supply. It is interesting to note that based on median statistics from realestate.com.au, since 2011 the median house price in Coffs Harbour has risen from $350,000 to $477,000 whilst rental yield has declined over this period from 5.2% to 4.4%. Increased prices have eroded returns and coupled with the low interest rate climate, is seeing investors prepared to accept lower returns.

The Coffs Coast area has a geography which allows the middle ring a far better lifestyle than the city dweller, generally located within five kilometres of the beach and easy access to services, schools and shopping. It is these lifestyle factors which appeal to a range of buyers from first home owners, investors and upgraders. This market will only continue to grow over the coming years due to population migration and improved road infrastructure including the long awaited Coffs Highway bypasses which hopefully will get the green light in the coming years.

NSW Mid North Coast

This month we will look at properties that sit between the inner and the outer areas of the main Mid North Coast town of Port Macquarie.

Properties within this circle are tightly held and sought after due to their proximity to amenities including local beaches, shopping centres and public facilities.



eastern localities along the beaches as always have proved popular and areas such as Shelley and Nobby's Beach have seen good price growth, with many local residents opting to renovate existing dwellings rather than purchase elsewhere or build.

Dwellings within these areas are primarily 3- or 4-bedroom brick and tile dwellings with a single or double garage and range in age from the 1960s through to the late 1990s. Prices range from $500,000 through to $900,000 if renovated and well located or have ocean views.

While Port Macquarie as a whole has seen price growth, these beachside suburbs have shown greater capital appreciation than other Port Macquarie localities. Investors have also been active in these areas as they chase good yields with greater potential for capital growth than the outer fringes.

Whilst on the outer fringes we are seeing more of a stabilising market due to further subdivision development and new builds, allowing the purchaser more options. The additional works to Charles Sturt University and increasing student numbers to follow should see a tightening of the rental market in these areas.

In other Mid North Coast areas the trend seems to be similar, depending on the market forces for that particular area. Middle ring residences seem to be a positive purchase or a good option for investors and home owners alike on the Mid North Coast, however we caution any potential purchasers to conduct their due diligence prior to purchase.

Newcastle

Stockland Green Hills shopping centre is currently going through a major expansion to cater for the growing population of residents surrounding it. This region in between Maitland and Newcastle appeals to buyers looking for a lower to middle of the range price point in the Hunter region in a convenient location.

To the east are the metropolitan areas of Newcastle and Lake Macquarie and the waterways and beaches of Port Stephens. To the west are the big country towns of Maitland and Singleton as well as the region's mines and wineries. All these areas are less than an hour's drive. Added to this is the area's close proximity to the M1 and A1 motorways allowing for a simple fast exit for those road trips north or south. The area is geographically in the middle of the Hunter region.

The larger residential suburbs in this area are Metford, Thornton, East Maitland, Ashtonfield and Chisholm. With an entry level of around $350,000 for a 3-bedroom home and an upper limit of just over $1 million for a large modern family home with all the bells and whistles, the area offers a wide range of houses for a prospective buyer's needs and wants.

As the shopping centre is developing, so are the residential suburbs around it, with the region being one of the Hunter's hot spots for new homes. With families being priced out of the market in Newcastle, the opportunity for a new home within a commutable distance is becoming more attractive.

Like the rest of the Hunter Valley, the region has seen record growth over the past few years, but with the Sydney market on a downturn, there is caution in the current local market. With what seems to be a gradual recovery in the mining sector occurring, a strong demand for affordable family homes, the area's central location and the soon to be state of the art shopping centre, the growth may continue.

Illawarra

Due to geography and attributes such as beaches and proximity to Sydney, there is no middle ring based on distance to the CBD. In fact, to the north of Wollongong there are certain cases where being further from the CBD (Thirroul, Austinmer, Coledale) is more desirable. Therefore we will describe the middle ring based on price point.

After strong growth in recent years, the middle price bracket in the area is between $600,000 and $700,000 and the following residential suburbs have a median sale price within this bracket: Farmborough Heights, Port Kembla, Unanderra, Kanahooka, Horsley, Albion Park, Oak Flats, Shoalhaven Heads and Vincentia (source: RPData). These suburbs predominantly comprise single residential dwellings, some with smaller villa or townhouse developments.

Recent cooling off in the residential market is shifting advantage from vendors to buyers, so there are opportunities appearing in this price bracket. That said, the biggest challenge is further declining sales and the possibility of median sale prices moving backwards. However if conditions continue to decline, we expect this to be across the whole residential market and not just this $600,000 to $700,000 price bracket.

Southern Highlands

As mentioned in previous editions of the Month in Review, the market up to $1.5 million generally remains liquid across the Southern Highlands. The middle ring is defined more by price point up to $1 million than proximity to the townships and villages of the region and includes Bowral, Moss Vale, Mittagong and Renwick. Typically at this price point, dwelling types are 3- or 4-bedrooms on land size from 500 to 1000 square metres. The rental market remains strong in the area, with stock shortage across the townships being common. At this price point, the majority of purchasers are owner occupiers, either Sydney or locally based. The outlook for 2018 is to see more housing stock coming on line with the ongoing development at Renwick and newly released precincts such as Retford Park (Bowral), Throsby Views and Moss Vale, which will add much needed capacity to the rental market.

According to Corelogic, the Southern Highlands and Shoalhaven region ranked second in the top ten national regional markets for capital growth for the 12 months to December 2017(http://datawrapper.dwcdn.net/EXj2P/1/?abcnewsembedheight=350).

The outlook for the Southern Highlands with respect to sustained growth looks strong with the New South Wales Department of Planning having slated priority land release precincts (Wilton Junction) and civil infrastructure (Badgerys Creek) in reasonable proximity to the region.

Bathurst/Orange

The vast majority of home sales in the central west are between $300,000 and $600,000. First home buyers may typically look around the $300,000 mark which could keep repayments with a 20% deposit below $1,400 a month at current interest rates over 30 years. Broken down further, the total sales for the past six months for postcode 2795 (Bathurst and surrounding suburbs) are as follows:

$300,000 - $350,000:	51
$351,000 - $400,000:	66
$401,000 - $450,000:	58
$451,000 - $500,000:	52
$501,000 - $550,000:	31
$551,000 - $600,000:	17

(source: RPData)

Few sales under $400,000 are of new dwellings with the majority being established dwellings of various ages. Any new dwellings in this price bracket are typically a compact 3-bedroom home on a land area of less than 500 square metres. New 4-bedroom dwellings with around 700 to 1,000 square metres of land can now be typically found in the $450,000 to $550,000 price bracket. Most units go for under $400,000.

In regional areas, the geographical distance from the CBD, otherwise known as the shops, has an impact, but it's not as strong an influence on property prices as for say Sydney or Melbourne with their density of employment and available services. What matters more is the quality of development surrounding a particular property and the market demand for locations based on other factors such as the aesthetic appeal or social considerations. No property is an island (unless it is an island) which is the basis for positive covenants in new developments to maintain a certain price standard. Similar surrounding property prices can be attractive to purchasers seeking an area with other people of similar means. Modern floor plans and building techniques are also attractive. Whilst there are developments where house and land packages exceed $600,000 with larger land areas and minimum size build covenants, they are a minority of the market due to the median incomes in the area, or may not necessarily be everyone's cup of tea even if money isn't a factor. A lot can be said for:

- a renovated older style house ten minutes walk from the shops such as 216 Rocket Street, Bathurst for $545,000;
- a modern 2013 house on a quarter acre at 7 Parer Road, Abercrombie for $480,000; or
- a circa 1960s house with original features on seven hectares of light bushland 15 minutes from the middle of Orange at 1,000 metres above sea level, with a good chance of snow, such as 50 Mount Lofty Road, Nashdale for $505,000.

Tamworth

The middle ring in the Tamworth area refers to the small outer lying suburbs of Kootingal, Attunga, Moonbi and Duri, as well as the middle price bracket of $300,000 to $500,000.

In relation to the suburbs, in particular Kootingal, there has been a noticeable increase in new subdivisions as well as an increase in prices for larger family homes. This is driven primarily by cost, with a near new 4-bedroom, 2-bathroom home setting you back less than $400,000, saving up to $50,000 when compared to similar homes in the inner suburbs. For example 3 Lily Close, Kootingal, a four year old dwelling sold for $356,000. This sector is driven by both investors and owner occupiers with investors chasing yields of 5% to 6% and owners (primarily first home owners) looking to get a foot in the door at a reasonable price.

When looking at the middle ring within the inner suburbs you are typically looking at older 3-bedroom, 1-bathroom dwellings (lower end) and 4-bedroom, 2-bathroom dwellings (higher end) that have been renovated. This market is typically driven by the owner occupier who is looking to get within a certain area, however investors are certainly active in the lower price bracket. Rentals in this market have remained stable over the past 12 months, with lower yields than those of the outer suburbs.

Over the course of 2018 we expect the outer suburbs to continue to increase in popularity as the market continues to rise in the inner suburbs. We believe that first home owners and investors will be the most active within this price bracket, with the low prices and good rental yields being the main driver.

Albury

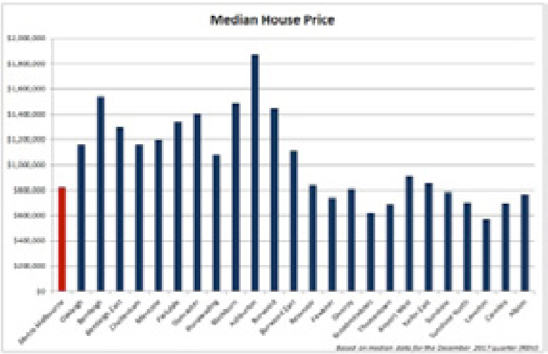
The middle ring in terms of the Albury property market can be viewed as the middle price bracket of $350,000 to $480,000 and geographically spans every direction from the city centre, but is concentrated most heavily in Thurgoona, Glenroy, some parts of Lavington and North Albury, West Albury and the newer parts of East Albury. In Albury there is a great deal of choice in the middle ring in regard to type of housing stock with the predominant demographic being families. First home owners can choose an established home, even a character dwelling (from $300,000 to $400,000) or opt to build a new home with little change from $400,000 with increased land and build costs in the past 12 months. In pockets, such as near the hospital in East Albury or Charles Sturt University in Thurgoona, there might be higher investor interest in the middle ring price and location, although the middle ring in Albury tends to be higher priced than many potential residential development sites in less sought after locales.

Demand is driven by families starting out or possibly doing a modest upgrade or for new homes, demand from the same purchasers with the addition of some investors. The increased land and building costs in suburbs such as Thurgoona makes some of the daggier established homes good value with established landscaping and other ancillary improvements such as a pool or shed already in situ. There is renewed interest in Norris Park in Glenroy, Eastern View Estate in East Albury and the older, more upmarket areas of Hamilton Valley. These properties represent good value. Many of the solid 1980s homes could not be rebuilt for the purchase price and often are immaculate but dated, which is not hard to change. The 1990s are aesthetically more challenging but established gardens and an update can eradicate the pastel palette overload and with the tree lined streets of Central Albury and parts of North Albury now well and truly out of the middle ring price bracket, not everyone has the risk appetite for the renovator's delight, with character and location more often priced into the asking prices. The middle ring still represents good value in our regional city and it will be interesting to observe the effect of continued new home growth and development in Thurgoona and how the remainder of the mid range areas perform. It's all about trees in Albury, the bigger the better, so the middle ring has some in the established areas but the mid range price point also takes in greenfield estates. It takes a long time to grow trees. Young families have that time; the older families and retirees not so much. Given the patience and general awareness levels of the market, heading for the trees might just trump the shiny new houses in the long run. Might.

Victoria

Melbourne

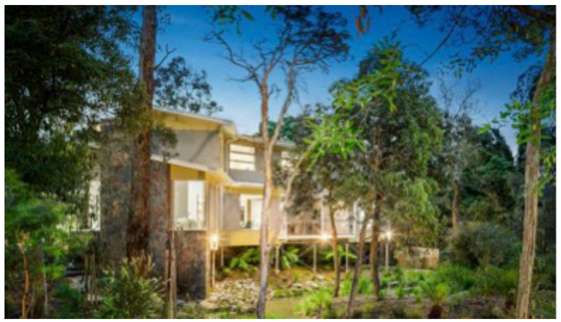
The middle ring suburbs of Melbourne are generally considered to be within 10 to 25 kilometres of the Melbourne Central Business District (CBD). These suburbs are filled with a mixture of single residential and multi-dwelling developments, amenities and educational facilities and are serviced by public transport with a combination of trains, trams and buses. As the median house price rose for the fifth consecutive quarter to $821,000 (REIV) many prospective homeowners and investors are looking to the middle ring suburbs for properties that represent good value for money with location, amenities and proximity to education facilities also being prime factors. Owner occupier and rental demand are both relatively strong in Melbourne's middle ring suburbs.



While the proximity to the CBD is a defining factor for the prices in the middle ring suburbs, price is not necessarily middle of the market with many of the suburbs, predominantly those in the east, having substantially higher medians than the city-wide median.

Within the middle ring to the east are suburbs such as Doncaster, Nunawading, Blackburn and Ashburton. These suburbs are primarily comprised of stand alone dwellings in excess of $1 million due to their land values and development potential, as well as townhouses from said developments being purchased for a minimum of $850,000 on average. Notable sales include 38 Karnak Road, Ashburton, a 4-bedroom, 2-bathroom stand alone dwelling sold by Marshall White on 28 November 2017 for $2.35 million and 25 Jeffery Street, Blackburn, a 4-bedroom, 2-bathroom stand alone dwelling sold by Ray White on 15 September 2017 for $2.38 million.

25 Jeffery Street Blackburn



(Source: Realestate.com.au)

South-east Melbourne suburbs such as Mentone and Parkdale fall within the middle ring and have a median house price in excess of $1.2 million, demonstrating strong demand and buyer interest. Comparing these to neighbouring suburbs Bentleigh and Highett, with median house prices of $1.54 million and $1.4 million respectively, highlights how demand for particular suburbs is driving the market.

In comparison, Melbourne's northern middle ring suburbs are considered to be a more affordable option. Demand here is driven by owner occupiers, especially first home buyers and young families, who are looking for more spacious accommodation options but have been priced out of the eastern suburbs markets. Overall, the northern suburbs experienced a steady growth throughout 2017 and vacant land prices have enjoyed significant growth in the past 18 months.

In established suburbs such as Broadmeadows and Thomastown, older style detached houses remain the most popular option, with a median house price of $620,000 and $688,000 respectively in December 2017 quarter, according to REIV. This equates to 32% and 20% lower than the metropolitan Melbourne median respectively. These established suburbs offer residents access to developed infrastructure and public transport, whilst also providing opportunities for development.

Demand for townhouses and apartments in the northern suburbs remains subdued due to relative availability and affordability of vacant land, but is becoming more popular due to population growth, especially with first home buyers. Rental demand is mostly driven by proximity to public transport and educational facilities, particularly around university precincts such as the RMIT University and La Trobe University campuses in Bundoora. With a median unit price of $427,000 some 39% lower than metro Melbourne median, Bundoora has a rental median of 4.2% compared to 3.6% for metro Melbourne.

The western suburbs middle ring suburbs, along with the northern suburbs, are considered the affordable suburbs. A number of these fall below the city-wide median house price of $821,000, including Sunshine North, Laverton, Cairnlea and Albion, with median house prices of $704,000, $565,000, $698,000 and $768,000 respectively. These suburbs offer good infrastructure, amenities and proximity to the city and are in demand from owner occupiers, investors and developers. Two suburbs undergoing heavy redevelopment in the west are Footscray with a median house price of $935,000 and a median unit price of $443,000 and Airport West with a median house price of $912,000 and a median unit price of $641,000. Both are continuing to perform well on the market with clearance rates of 73.3% and 76.2% respectively, driven predominantly by owner occupiers and developers looking for their next project. Some notable sales in the west include 3 Rippon Street, Footscray, a 4-bedroom, 2-bathroom stand alone dwelling sold by Village Real Estate on 25 November for $1.56 million and 52 El Reno Crescent, Airport West, a 4-bedroom, 2-bathroom stand alone dwelling sold by Barry Plant for $1.415 million on 4 December 2017.

52 El Reno Crescent, Airport West

(Source: Realestate.com.au)

Overall, last year's selling season was energised by low interest rates which was a key driver of demand and overall, the middle ring suburban markets were very strong. Auction rates remained high, only losing a few points over the Christmas period.

We expect the western and northern middle ring suburbs to continue a moderate growth throughout 2018 with strong rental results particularly around university campuses. Infrastructure development, such as Mernda rail line extensions, will also continue to push median prices up and continued redevelopment of underutilised, older style dwellings on large allotments will bring new life to these suburbs. The eastern suburbs are expected to remain relatively stable with some slower growth due to their generally higher median house prices.

In 2018 we will be watching the so called bridesmaid suburbs. These suburbs, which have not traditionally been seen as appealing as the more well known suburbs or suburbs located closer to the CBD, have seen rising property prices as purchasers are pushed out from their preferred suburbs and are looking for the next best option within close proximity. For instance, Mill Park located just north of Bundoora has a median house price of $682,000, compared to $830,000 in Bundoora. Closer to the CBD, Reservoir has recorded median house and unit prices of $840,000 and $585,000, while more established Preston, located just three kilometres away, has medians of $1.05 million and $615,000.

Ballarat

In Ballarat, the middle ring is formed from a price point rather than geography. It comprises properties ranging from Victorians built in the 1880s to brand new dwellings. The price point is a band from around $350,000 to 450,000. We would consider that it is within this price range that the lion's share of transactions in the Ballarat residential market takes place primarily due to the fact there is a deep pool of buyers with this amount of money to spend on real estate. The purchaser demographic in the area includes young couples, investors, families new to Ballarat, families relocating within Ballarat and downsizers.

Suburbs considered in the middle ring include Lucas, Alfredton, Brown Hill, Canadian, Mt Pleasant, Ballarat East, Mt Clear, Mount Helen and Golden Point. These suburbs have endured mixed fortunes over the past 12 months.

Areas which have recently been developed and still have significant land for sale have seen limited growth due to a continuing supply of new dwellings coming onto the market. These areas include Lucas, Alfredton, Canadian, Mt Clear, Mt Helen and Mt Pleasant. Areas with a fixed supply such as Golden Point and Ballarat East have seen strong growth in the past 12 month, so much so we would not be surprised if by this time next year they would no longer be considered as being within the middle ring.

Agents report rental demand within these areas has increased in the past 12 months. Through 2015 and 2016, a boom in the supply of townhouses and services lots onto the market increased supply to such an extent that rental prices began to suffer. However the supply of property onto this market eased in 2017 which combined with further population increases in the area saw the over supply soaked up and some modest increases in rental rates.

The opportunities within this sector almost certainly lie within the established sections of Alfredton, Ballarat East and Golden Point. Their proximity to the CBD and infrastructure in addition to the generally fixed supply of land dictate that with current demand levels, values should appreciate in these areas. Other opportunities in the area include the development of units which are again attracting good demand.

The ongoing challenge to the sector is to ensure that any new supply of land is brought on line in a manner which does not flood the market. Additionally developers and governing bodies need to ensure they fulfil their obligations to provide services to the new areas to ensure these estates develop in a manner which adds to the overall appeal of the area.

Bendigo

The middle ring in Bendigo is based on distance to the CBD. The middle ring suburbs include Flora Hill, Golden Square, Strathdale, North Bendigo, Kennington, Ironbark, East Bendigo and Long Gully.

The majority of properties within this middle ring are standard residential properties with a large variance in median price due to proximity to the CBD and buyer demand.

Suburb	Median Price
Flora Hill	$322,500
Golden Square	$301,000
Strathdale	$393,500
Ironbark	$346,250
East Bendigo	$340,000
Long Gully	$260,000

Flora Hill has only seen two sales in recent months that have exceeded the $600,000 price point, both of which were larger allotments with large established homes. Flora Hill is a rental dominated market with a high level of unit and apartment style accommodation to house students who attend the nearby La Trobe University.

Golden Square and Kennington have a mixture of older established residential and new developments with a varied size of allotments. They are currently very popular with families. Many homes in these areas are being renovated or removed for unit development.

Strathdale is a more tightly held suburb of Bendigo with many larger properties selling in excess of $500,000. The highest sale seen in Strathdale recently was $770,000 for a 4-bedroom contemporary, double storey home on a 960 square metre allotment.

North Bendigo has a younger demographic and comprises mostly older, established homes however does have some small new residential developments. The strongest sales in this suburb have been new constructions or older homes that have been renovated or have notable period features.

East Bendigo households are primarily couples with children in an owner occupier dominated market.

The Long Gully median price is $260,000 and is considered the entry level suburb for this middle ring category. Long Gully is dominated by ex-commission style basic dwellings and is considered to be a less desirable market than the other middle ring suburbs.

Most properties within the middle ring market are single occupancy dwellings or units. Vacant land closer to the CBD is rare, so we have seen many older dwellings demolished to make way for unit developments or a new single dwelling construction. Land values continued to strengthen throughout 2017, especially land closer to the CBD.

The middle ring sector in 2017 remained quite steady in Flora Hill whilst North Bendigo and Golden Square saw slight increases in their median sale prices and Strathdale saw a small decline in median sale price. Flora Hill has always been an area driven by the rental market with good returns on properties whilst the other areas have primarily been driven by the owner occupier and renovator markets. Generally the market in Bendigo as a whole remained steady in 2017 and we would expect this to continue in 2018.

Rental demand in the middle ring suburbs is high with limited stock available for rent. The development of unit and townhouse properties in the subject suburbs have the potential to demand high rentals due to their proximity to the CBD.

The predominant demographic in the middle ring are younger families and professionals looking to buy closer to the CBD. The first home market is still the strongest in Epsom and Huntly which are both considered to be outer suburbs.

Currently there are many properties on the market with varied price points, ranging from units available in the low $200,000s to new or renovated single family homes in the $800,000s. Within the true inner middle ring suburbs the most active market ranges between $300,000 and $450,000.

The middle ring suburbs are well equipped with public transport and other public facilities. Public Open Spaces has been identified in the Greater Bendigo Community Plan 2017-2021 as an area requiring improvement, however this is to ensure equal amenities for all areas and isn't specific to central Bendigo.

The Bendigo Mosque is now endorsed to be developed in East Bendigo and includes a large prayer hall, sports hall, and common facilities which despite being located within an industrial estate has the potential to attract more families to the area in a residential capacity.

Major projects currently underway are the Bendigo Stadium expansion, Bendigo Tennis Centre redevelopment, Bendigo Botanic Gardens extension, Gurri Wanyarra Wellbeing Centre project (indoor aquatic, leisure and wellness facility) and the RSL Soldiers Memorial Institute revitalisation project.

Long term prospects for the middle ring market in Bendigo are nothing but positive. As the CBD market strengthens, this will flow on to the middle ring market. Families will continue to desire to be closer to the CBD to utilise the great facilities and schools nearby and we will see a continued growth in the renovation market as well.

Baw Baw Region

The Baw Baw region and its two major cities of Warragul and Drouin have seen strong price growth across all residential property types and all markets. The pressure is predominantly being caused by a shortage of land and an increased demand from home buyers leaving the eastern suburbs of Melbourne of Dandenong, Cranbourne and Berwick. A majority of the new land development is on the fringe of these cities and land prices have been increasing significantly. A 700 square metre vacant lot, which in 2015 would have cost approximately $140,000 to $150,000 is now selling in the region of $220,000 to $230,000. As a result the demographics of Warragul appear to be changing with both young families and retirees moving to the area to take advantage of the relatively cheap property prices in comparison to the Melbourne market.

A prime example is a vacant lot in Amelia Court of 4,000 square metres which sold in August 2016 for $258,000 and was resold in October 2017 for $343,000 or approximately a 30% increase in value in 14 months.

There are plans for a commercial development, including a K Mart and large Bunnings store to be constructed near the town site which will increase interest in the area as there is no significant commercial shopping centre development in either Warragul or Drouin. Increased train services to Melbourne in recent months may also increase interest in the area for those willing to commute to the Melbourne CBD on a daily basis.

The prospects for 2018 are strong with numerous real estate agents reporting that there is limited stock listed for sale due to the speed at which properties are selling, typically within a month, and demand is high. The future growth of Warragul and Drouin is dependent on continued high value and price growth in the Melbourne metropolitan area and thus a ten year outlook is uncertain. Only a few years ago, this development boom was unforeseeable and price growth of this nature has not been experienced in recent memory. As more land is developed through the Urban Growth Zone of both cities prices may ease back to a more sustainable long term growth trend.

Unfortunately with rapid expansion the town centres are becoming congested during peak periods such as school pick up and drop off times. The construction of bypasses, new schools and potentially a new hospital to be constructed between Warragul and Drouin would ease the pressure on current infrastructure.

Overall, the Warragul and Drouin markets are buoyant with strong confidence in the residential market and impressive price growth.

Wellington/Latrobe

After what was considered a tough 2017 for the Latrobe Valley region, the past three months has seen increased activity and consumer confidence. Discussions with local real estate agents indicate more Melbourne and peninsula buyers are entering the market. Middle ring properties for Traralgon would be 1980s to 1990s brick in the west end in the $250,000 to $350,000 price range.

The Sale market remains stable with generally good interest at all price points. The middle ring would be the well regarded East Sale area with popular first home buyer homes including 1980s to 1990s brick which always hold value well.

The future of the power generation industry in the Latrobe Valley left investors taking a cautious wait and see approach, which is expected to continue in 2018.

East Gippsland

The East Gippsland middle ring has recently showed increased prices due to reduced supply and increased demand. Local agents are reporting increased asking prices over the previous couple of months, for example from $240,000 to $260,000, for basic 3-bedroom older dwellings in the middle ring in Bairnsdale. We anticipate settled sales over the next two to three months will show the increases in value accordingly.

Wodonga

The Wodonga property market has experienced strong growth over the past five years with median dwelling prices rising from $250,000 in January 2013 to $330,000 in October 2017 (source: Corelogic). Sales volumes in Wodonga have generally remained steady at around 360 to 390 sales annually over the past five years. The vast majority of dwelling sales (280) occurred within the $200,000 to $400,000 price bracket, followed by around 60 sales within the $400,000 to $600,000 price bracket.

Wodonga unit sales have experienced a slight softening of sale prices of around 4.5% over the past year, falling from $200,000 in November 2016 to $193,000 in October 2017.

Wodonga land sales have experienced around 6% growth in the past 12 months rising from a median sales price of $136,000 in November 2016 to $144,500 in October 2017. Sales volumes have fluctuated significantly over the past five years peaking in 2014 at 219 sales to 98 in 2017. This is anticipated to rise due to increases in the first home owner's grant.

The Wodonga West property market has also experienced strong growth over the past five years with median dwelling prices rising from $265,000 in January 2013 to $315,000 in October 2017 (source: Corelogic). Sales volumes in Wodonga West have generally remained steady at around 220 to 230 sales annually over the past five years. The vast majority of dwelling sales (183) occurred within the $200,000 to $400,000 price bracket, followed by around 38 sales within the $400,000 to $600,000 price bracket.

Wodonga West unit sales have experienced a slight softening of sale prices of around 1.9% over the past year falling from $206,250 in November 2016 to $202,500 in October 2017.

Wodonga West land sales have experienced a 5.4% decline in the past 12 months falling from a median sale price of $135,000 in November 2016 to $127,750 in October 2017. Sales volumes have generally increased over the past five years from 34 in 2014 to 60 in 2017.

Generally, building costs have increased from around $1,150 to $1,250 per square metre in early 2016 to around $1,350 to $1,550 per square metre for standard project style dwellings.

Anecdotally, agents have reported a decrease in absentee investor activity, however these investors are still predominantly active in the Whitebox Rise Estate.

The middle ring in the Wodonga market is characterised by the satellite suburbs of Killara and Baranduda. Increasing land and dwellings in the Whitebox Estate over the past 18 months have pushed new home builders to new developing estates within these satellite suburbs. Killara has become particularly popular over the past two years as new allotments set back from the Riverina Highway have become available. The estate is located approximately seven kilometres from the Wodonga CBD. Standard 500 to 650 square metre allotments are selling at around $130,000 to $145,000 and larger lots are achieving as high as $160,000. Improved 4-bedroom, 2-bathroom dwellings are generally achieving $400,000 to $450,000 which is comparable to Whitebox Estate however the estate enjoys a quieter lifestyle with views of the surrounding hills.

In terms of price point, there are a couple of new estates within Baranduda which are offering the quieter lifestyle at a significantly lower price bracket. Generally 500 to 800 square metre allotments are achieving around $105,000 to $125,000 and larger lots in excess of 1,000 square metres are selling for around $140,000. Improved 4-bedroom properties are also selling around the mid $300,000 mark, despite being only ten to twelve kilometres from the Wodonga CBD. Baranduda also features St. Francis and Baranduda public schools and access to Wodonga is via the 100 kilometre per hour Baranduda Boulevard. In our opinion, this suburb is likely to see significant growth in the next five to ten years.

Echuca

Tightening supply has lead to strong gains across most market segments particularly for mortgage belt properties in newer estates with sales in excess of $500,000 now common, particularly in the Highlands estate of Moama. There has been insufficient activity in central Echuca and Moama to determine any genuine market movement, though results for properties which have been offered to market tend to have struggled to meet vendor expectations in most instances, notwithstanding some isolated strong results in the past 12 months.

It seems likely that demand for new or modern dwellings will continue to be in undersupply in the short term and consequently, some firming is likely to continue in the marketplace until demand has caught up with supply. The tight supply appears to have precipitated increased demand for rural residential holdings, with buyers seemingly prepared to entertain properties which are on the fringe or further out of town at a sub $500,000 price point. The traditional seasonal influx of professionals for new school years and employment is largely over, though rental demand is likely to remain relatively strong on account of contractors associated with the second bridge crossing.

Queensland

Brisbane

Brisbane is a classic example of a pebble-in-the-pond capital city. Price growth generally follows layout and we have fairly definitive inner, middle and outer rings when it comes to residential real estate. In short, that helps make buying bricks and mortar a bit of a breeze in our river city.

So, middle ring in Brissie is delineated by distance from the CBD.

The inner circle is within the five kilometre radius while the outer reaches extend beyond 20 kilometres. It's within this fuzzy 15 kilometre band that you'll find a heap of activity for traditional Brisbane property traders.

A fair example of a middle ring suburb in our northern suburbs would be Wavell Heights.

It's 13 kilometres by road (8.5 kilometres as the crow flies) from the big smoke and offers mostly those post-war timber homes we've come to love here in Brisbane.

In Wavell Heights, $750,000 will see you buying a modern 4-bed, 2-bath abode on a reasonable size allotment with access to decent schools and shops. For the more budget conscious, you can land yourself one of those post-war properties with a bit of a contemporary update at around $600,000 to $700,000, while homes below this bracket will definitely need some love from the renovator's paint brush.

Unit buyers will score the lowest priced accommodation with $450,000 sure to land you attached housing with plenty of space. Expect to see 1970s style unit blocks of three-story walk-up design.

On the south side, the same could be said for a suburb such as Mount Gravatt which is positioned nine kilometres in a straight line from the CBD. Price points and property types are similar although there are probably a larger number of very tidy brick builds in Mount Gravatt that appeal to family buyers. Units similarly offer an affordable option for budget conscious owners and investors, with three-story walk ups again featuring in the area.

Our mid-ring locations always contain a broad demographic base. There are retirement age homeowners, many considering their next move towards low maintenance accommodation. Some will stay in the area and opt for smaller homes or villa style units while others may head to the coast.

Mid ring is also fairly active for families because mum and dad want to ensure the offspring have plenty of yard space to romp in – and our city's relative affordability makes that possible within a commutable distance of town.

For all these reasons, there's great demand from tenants as well with rental yields set to be a touch better than those achieved in suburbs closer to the CBD.

So where do the mid ring opportunities lie in Brisbane?

We think middle ring real estate is the very definition of buying the fundamentals. Great sized blocks with appealing homes – many with renovation potential – and in areas with good links to transport, services and other facilities.

Our pick would be to seek out detached homes priced between $500,000 and $600,000 in suburbs such as Stafford, Stafford Heights and Chermside West. These properties could probably do with a bit of an update, but that's where you can make some equity gains. A coat of paint and basic upgrade to the fit out will pay dividends. And there's plenty of buyer demand for attractive homes in these addresses.

The long term outlook remains strong for mid ring too. As the inner circle becomes less and less price accessible, the popularity of middle ring homes will rise. While we aren't yet predicting runaway boom time price growth, all the signs are that owners can expect to see steady, ongoing value gains throughout the market cycle.

Moreton Region

The Moreton Region wouldn't be considered middle ring under the definition of Brisbane property, however an avid Month In Review reader asked us to please give an update on how real estate is playing out in this band between Brisbane and the Sunshine Coast. They were so polite, we couldn't say no.

Mango Hill and North Lakes are approximately 26 kilometres north of the Brisbane CBD and are well serviced locations with schools, business and industrial precincts, Westfield shopping complex, Ikea, Costco and a golf course. They're also well connected with two train stations in Mango Hill, bus interchange at North Lakes and multiple highway entrance points.

Typical property in these locations provides good quality low density housing, interspersed with higher density units and townhouses closer to retail amenities.

2017 saw a slight increase in prices for the existing housing market. Development in North Lakes construction has eased and Capestone at Mango Hill (an Urbex development) has approximately two to three years (or 400 to 500 lots) until completion. Construction of the lake has recently commenced and construction of the retail precinct and child care facilities is due to commence mid-2018.

While these areas are becoming popular with investors due to their easy access to amenities, the market has been predominantly driven by owner occupiers, particularly younger families and a mix of first home buyers and trade up market.

There is opportunity in this location to buy second hand homes (approximately ten years old) of investor quality below $500,000 with strong rental demand.

Ipswich

While some may simply consider Ipswich to be the outer reaches of Brisbane's west, we're here to confirm it's a city in its own right with a formidable property market.

The middle ring of Ipswich is less defined than Brisbane, with pricing across the council area fairly tight in a fairly tight band. That said, there are important considerations for middle ring Ipswich buyers looking to profit.

Raceview to the south is typical middle ring, comprising mainly post-war style homes with semi-modern estates scattered throughout. Prices sit around $300,000 to $320,000 for homes in these projects.

Woodend, Sadliers Crossing and Coalfalls to the north west of the CBD are also examples of the city's older style middle ring. Most homes are pre-war and prices range from $350,000 to $500,000. Above this mark, expect to get plenty of home for your dollar, but the available buyer base is a bit limited and you're unlikely to achieve a quick sale when listing your holding.

Booval to the east is a mix of post and pre-war homes with pricing around $280,000 to $320,000.

Ipswich has been garnering plenty of interest of late. The city has seen an upswing in infrastructure activity and housing is relatively affordable compared to Brisbane – these are both major selling points for investors.

Those looking to enter the market will find decent yields and can expect long term growth to be steady and consistent. It's a fairly forgiving market in that Ipswich doesn't tend to see huge price fluctuations through the cycle. Activity will slow in a downturn, but most sellers seem able to hold out until demand is on an upswing.

Gold Coast

Central West/West

The central west and western areas are typically outside the central inner circle and more so considered to be the outskirts of the Gold Coast locality. Carrara is the closest to a middle ring suburb where prices have slowly increased (with a range of dwelling quality and price points ranging from $470,000 to $900,000 for dry products and typically $1 million plus for waterfront holdings).

The suburbs bordering the western side of the M1 (e.g. Pacific Pines, Nerang, Gaven and Oxenford) and being the middle to outer ring have dwellings around $400,000 for original mid 1990 built homes typically with 4-bedrooms, 2-bathrooms and 2-car garages on between 400 and 700 square metre lots. Prices rise up to $900,000 for more modern dwellings in larger allotments. These suburbs are in close proximity to the M1 and appeal to commuters and are also less than 20 minutes from the beach and large regional shopping centres.

Given the vast variety of property in the central west and western areas, the middle markets aren't necessarily price point indicators, more so, it varies suburb to suburb depending on the characteristics of the properties and recent sales. This being said, Pacific Pines has seen a recent increase. This is believed to be a result of the construction of the hospital at Parkwood which has made access to medical services more accessible and thus earning Pacific Pines a more inner circle status and is a good indicator of a middle market for the serviced area.

Although sales volumes slowed within this middle ring area, value levels remained the same, if not, slightly increased. Investors seem to be less prevalent in this market as owner occupiers, families, and young couples and first home buyers realise the value for money and affordability factor, opposed to other price points and sale prices for higher quality or better locations within the inner circle.

We envisage that prospects remain steady in the short term as the area remains affordable for families at the price point. However, as the market begins to slow, the activity level and in turn prices will decrease and as economic factors begin to affect borrowing and confidence, this is an area that will be more volatile.

Rental and owner occupier demand is up in the middle ring as a result of a strong market to date. Vacancy rates are declining as this product is purchased by young families or those downsizing.

The middle rings in the central west and western regions are typically well established with facilities and services. This area is well serviced with regard to infrastructure and shopping facilities with easy access to the M1 for commuting, albeit at peak travel times this does negatively impact the appeal of these localities. New stock within developing estates will also be competing with established product and the price gap differential makes the second hand product more appealing from an owner occupier perspective.

The current middle ring sectors of the north-west and western Gold Coast should remain steady over the coming years. This market is currently the highest growth area on the Gold Coast and is primarily driven by migration, both intra- and interstate. Newer product will be affected by any further changes to APRA policy and investment lending practices by major financiers.

Central North

The middle ring heading north would contain Parkwood which is approximately five kilometres from the Southport CBD. This is a large suburb with two distinct estate areas, the first surrounding the golf course and the second in the western part of the suburb. The Parkwood Golf Course area mainly comprises 1990s built, conventional styled, 3- to 5-bedroom dwellings on parcels typically ranging between 600 and 800 square metres. Average price points range between $525,000 and $675,000, with the higher price points achieved on golf course front properties. The western part of Parkwood contains slightly newer development with a more modest standard of dwelling, typically 3- to 4-bedroom project style homes on a more typical lot size of 450 to 650 square metres. Average price points range between $450,000 and $625,000.

Demand for Parkwood is mostly driven by the family demographic. It is seen as a more affordable area compared to suburbs closer to the broadwater, canals or ocean.

This locality performed strongly throughout 2017. The well presented properties sold quickly and sale prices achieved indicated an uplift in values from 2016. This is a strong rental area fuelled by proximity to the Gold Coast Hospital and Griffith University campus.

Whilst this market has performed well, it is predicted that during 2018 there will be a period of slow down and stabilisation with the possibility of reduction in values in the short term.

Rental demand is good due to the proximity to the hospital, university and the extended light rail. Appealing and driven by families, the area is also sought after with regard to student accommodation. This strong demand is predicted to continue.

In recent years, Parkwood has benefited from the recent opening of the second stage Gold Coast Light Rail project with two new stations in Parkwood linking the suburb to the Gold Coast tourist strip and the Helensvale retail and commercial precinct. Parkwood has good arterial road links with easy access to the M1 motorway, is built around a golf course development, is home to the Titans (national rugby league team) training and sports facility and is in proximity to the Gold Coast Hospital and Griffith University campus.

This area has good longer term prospects and as the Gold Coast continues to spread to the west and north, demand to be that bit closer to the CBD will underpin this market for years to come.

Gold Coast South

Currumbin Waters can be described as a middle ring suburb between the beachside suburb of Currumbin and acreage suburb of Currumbin Valley. It is well serviced by most facilities, has good access to transport links and is still close to the beach. Average property types include semi modern style brick and tile dwellings on dry blocks between $550,000 and $700,000. Average units range between $350,000 and $500,000. Canal front properties range between $750,000 and $1 million.

Currumbin Waters is primarily a family and owner occupied demographic generally being more affordable than coastal suburbs such as Currumbin and Palm Beach.

Typical properties include 1990 to 2010 built dwellings comprising 3- to 4-bedrooms, 2-bathrooms and double garage situated on standard size allotments of between 600 and 800 square metres, ranging between $550,000 and $700,000.

The overall Gold Coast residential market performed strongly in 2017 and Currumbin Waters was one of the middle ring star performers. Rental demand remains solid and is anticipated to remain solid throughout 2018.

The start of 2018 has been a continuance from 2017 performance, which is anticipated to continue into mid 2018, albeit at a slower pace than 2017. The second half of 2018 could see a slowing of sales activity and price growth.

Given the location, facilities and access to transport, there should be good long term prospects for Currumbin Waters.

Sunshine Coast

Sunshine Coast is one of the more unique areas in that it covers a larger geographical location than the Gold Coast with around half the population. As such, the coast historically was made up of three shire councils which provided four main service centres. When looking at middle ring properties, it is around these service centres and linking suburbs that we have defined as our middle ring.

Firstly if we look at the old Caloundra Shire situated towards the southern end of the Sunshine Coast, the coastal suburbs of Battery Hill, Currimundi and Golden Beach continue to remain popular. Older houses at $500,000 or under are in high demand, that is if you can find one. The suburbs provide good connectivity to Caloundra, with Battery Hill and Currimundi also in proximity to the new Kawana University Hospital.

Moving to the old Maroochy Shire, Nambour was once viewed as the capital of the Sunshine Coast especially given that the old sugar mill and main hospital were located there to service to the region. Surrounding small suburbs such as Burnside, Coes Creek and some railway towns such as Landsborough, Beerwah and Yandina provide the middle ring properties. To this day they remain relatively affordable with entry points at circa $350,000 to $400,000.

Maroochydore is now regarded as the capital of the Sunshine Coast which is no surprise given that the new town centre is to be located there. Small surrounding suburbs such as Mt Creek and Kuluin to the south and coastal suburbs to the north of the Maroochy River such as Pacific Paradise, Marcoola and Mudjimba have continued to remain popular with price points similar to those in the Caloundra Shire and maybe even a touch higher.

Looking north to the Noosa Shire, areas such as Tewantin, Sunrise and Castaways Beaches provide that middle ring market but the price points change. Tewantin would be in the order of $550,000 but Sunrise and Castaways Beaches jump to $700,000. This is the nature of the Noosa market as it is historically driven by a high percentage of interstate purchasers and investors.

Properties in each of these middle rings tend to be the ten to 30 year old homes usually sitting on 500 to 700 square metres. At an entry price of circa $500,000 to $550,000, the middle rings directly compete with the new estates being generally newer smaller homes on smaller allotments.

As an example, you can get a new 4-bedroom, 2-bathroom dwelling with a double garage of around 150 square metres of living on a 400 square metre lot in one of the new estates at Palmview or Caloundra South (Baringa) at a similar value level as a new 4-bedroom, 2-bathroom dwelling with double garage of around 180 square metres of living on a 650 square metre lot in the new estates at Nambour or the other railway townships.

Overall, this sector of the market performed well throughout 2017 with rentals in these areas also in high demand which is a good sign that the market is healthy. Looking ahead demand for beachside property will always be there. The hinterland towns will also see a benefit as highway upgrades are completed.

Toowoomba

The Toowoomba residential market appears to remain location and property specific with some suburbs continuing to perform better than others. There was a continued trend of low levels of sales activity and value stabilisation throughout 2017, however there appears to be a small rise in sales activity for the start of 2018.

The middle ring market, comprising properties in the $350,000 to $600,000 price bracket which encompasses the median price of approximately $380,000, remains significantly more active than higher price points due to affordability. The prestige market for $1 million plus properties continues to show signs of strong interest and sales results in recent times, but is limited in supply. The middle ring price point encompasses a wide variety of household types, ranging from first home buyers through to retirees.

At the middle range price point there is a very broad range of properties available. Properties include colonials in East Toowoomba, South Toowoomba and Mount Lofty, 1970s brick in Centenary Heights, Kearneys Spring, Middle Ridge and Rangeville, and near new homes in surrounding areas such as Westbrook and Highfields. It is expected that values in this segment will remain relatively stable on the whole throughout 2018.

The majority of this market segment is owner occupied however there is a substantial amount of rental properties that also fall inside this price point. The rental market is in a balanced situation with vacancy rates of around 2.6% as at January 2018, keeping investors interested in the region, albeit at a lower level than in recent years. The current infrastructure projects are believed to have assisted in holding vacancy rates low with many employees living in the Toowoomba area during the construction phases.

Overall, despite the soft market conditions experienced throughout 2017 there is likely to be continued demand across the board for properties around the $350,000 to $600,000 price point and it is predicted that the owner occupier dominated suburbs such as East Toowoomba, Middle Ridge, Kearneys Spring, South Toowoomba, Mount Lofty and Rangeville will continue to record a more stable growth pattern than investor driven suburbs across Toowoomba's western suburbs.

Rockhampton
For Rockhampton, the middle ring market sector applies to price point, rather than distance from the facilities of the CBD. Being a regional area, we have the luxury of all suburbs being located within approximately ten kilometres of our evolving CBD.

Under current market conditions, the mid-point of our local market is considered to be rather broad in terms of value range, but generally speaking, $250,000 to $450,000 is considered reflective of our local mid-point bracket.

Typical styles of property available in this middle market sector vary depending on locality. South of the river typically provides a neat Queenslander in areas of Wandal or Allenstown, providing 2- to 3-bedroom accommodation up to around $350,000. Northside is more diverse, where a renovated highset 1970s 3-bedroom home can be purchased up to around $320,000, or a semi modern, onground brick 4-bedroom, 2-bathroom home becomes obtainable around $400,000 to $450,000 predominantly in Frenchville or Norman Gardens. Berserker provides a mix of accommodation styles centrally located to all facilities in the mid to high $200,000s.

Over the past 12 months, this sector remained mostly stable, with selling periods for well-presented properties starting to shorten to a number of weeks, rather than months, when realistically priced.

Buyer profile in this mid sector is mixed, however has been more reliant on owner occupiers in recent years (many first and second home buyers). It is worth noting that in recent months we have seen rental vacancy rates stabilising around 3.7% to 4.5% (down from around 6%), which may lead to more activity from investors in this mid-section moving forward.

Challenges to be overcome in this market sector are certainly not exclusive to the middle ring. The market as a whole is starting to show some very early signs of stabilisation which continues to rely on positive outcomes of our diverse local economy, good cattle and coal prices and overall improved perception of job security in the short to medium term, together with affordable interest rates.

There are a number of infrastructure projects in the pipeline for the region, most notably Rockwood Weir and upgrades to the Base Hospital car park. Rockhampton Regional Council has also heavily invested in upgrading our riverfront which is now nearing completion and there are further plans to integrate this area with our existing CBD. Another large scale infrastructure project on the horizon is the Rockhampton Ring Road, however this remains in the early planning stage at this point in time. Again, these projects are not specifically going to boost the mid-point of our market, but rather our local economy as a whole.

Given the local area has been going through a sustained period of consolidation, the long term prospects of this market sector over the next ten years or so is hopefully going to be a time for stabilisation, followed by slow and steady growth. Rockhampton is known for being a less volatile market than some of our regional neighbours, therefore it is difficult to comprehend the highs of 2008 occurring again, however steady growth is a real possibility now with signs of stabilisation starting.

Gladstone
As with most regional Queensland locations, Gladstone is too small to have different markets (or rings) depending on the distance to the CBD as almost all residential suburbs are within ten kilometres of the Gladstone CBD. We do however have a middle ring from a price point of view and it is definitely the most active sector of the market

given that it ranges roughly between $250,000 and $500,000. There has been a marked increase in demand over the past six months or so for properties in this price bracket, especially for well established family homes typically providing 4-bedrooms, 2-bathrooms plus a pool or shed. The buyer profile in this mid sector is mixed, however is more reliant on owner occupiers.

Emerald
Emerald is too small a town to have separate markets for inner and outer rings from the town centre. The mid price point range is $250,000 to $350,000. This market segment is starting to firm. In this price bracket you can get a neat, good quality older home or basic modern home in some of the less sought after localities. Most buyers can't afford the higher quality executive homes in a good location above $400,000 but are entering the market at the next best thing which has seen values rise 10% to 15% over the past nine months for properties now selling between $250,000 and $350,000. Only twelve months ago there were very few sales between $300,000 and $400,000 but as values continue to firm off the back of a more buoyant resource sector we are seeing sales in this middle price bracket now.

Whitsunday
In the Whitsundays, it is the price point rather than location that comprises the middle ring. The Whitsunday middle ring market is considered to be $380,000 to 460,000 across the suburbs of Jubilee Pocket, Cannonvale and Cannon Valley. This will get you a circa 1990 onground style dwelling, a circa 2000 highset or a 2015 modern slab on ground rendered dwelling.

The Whitsundays is a work in progress after Tropical Cyclone Debbie. We are slowing getting back into full stride. The rental market is considered false in nature as we have people displaced since March 2017 whose rents are being paid by insurance companies at a higher rate and also an influx of tradies to the area who share houses and are happy to pay the higher prices.

We still have lots of scaffolding all around the area. There are still so many businesses yet to start trading again. For example, the Airlie Beach Hotel still has no accommodation as this has yet to be completed by the insurance builders. It will be one year on 28 March. The Airlie Beach Hotel only has one bar and one restaurant open while the others remain closed. The Proserpine Golf Club is still under renovation and many homes and shops have been demolished in the Proserpine area.

Insurance claims and building works to homes is the most common talk at any lunch, dinner or party. I expect that the latter half of the year will see some of this start to diminish.

Mackay
In Mackay, the middle ring would refer to price point rather than any geographical location. Currently the middle market is considered to be around the $350,000 to $500,000 price mark across all suburbs. For this amount you are looking at a real mixed bag of property types. In the well established inner suburbs, this price will get you a renovated good quality Queenslander or 1970s style highset dwelling. In the more modern areas, this ranges from 1990s style 3- and 4-bedroom dwellings in suburbs such as Andergrove and Beaconsfield (lower end of the range), ten to 15 year old modern dwellings in Glenella and Mount Pleasant and larger and new dwellings in estates such as Kerrisdale and Mira Flores.

The Mackay market is starting to show signs of recovery. During the back end of 2017, the market stabilised on the back of increased sales volumes. This trend has continued into 2018, with most agents reporting increased demand and shortening time on the market. Rental demand over the past 12 months has also increased significantly, with vacancy rates for Mackay now sitting under 3% and rental values slowly starting to creep back up.

There is a real sense of optimism in town that the worst is behind us. Economically speaking, there is renewed confidence in the resource sector on the back of improved coal prices and employment opportunities. Large infrastructure projects are starting to ramp up, such as the $500 million Mackay Ring Road project, Eton Range Bypass and the Vines Creek bridge projects. We think this year will see some moderate growth in values based on this renewed confidence.

Hervey Bay

Due to Hervey Bay's geographical layout, there are no defined inner or outer circle areas. It does however have a middle market price range which generally ranges from $400,000 to $600,000. Since July 2017, there have been approximately 173 sales of property within this price range across the Hervey Bay post code. These sales can be broken up as: six units all with esplanade frontage; 97 sales of property on land less than 2,000 square metres; 56 sales of property on land from 2,001 square metres up to two hectares; and 14 sales of property over two hectares. As seen from this evidence, the most active asset class is for low density property on typical residential lots. Within this price range, these properties are generally improved with 4-bedrooms and 2-bathrooms with the higher end of the range having extensive ancillary improvements. It is a positive sign that activity is strong in this price bracket which hopefully leads to more activity in the price range above $600,000 which has also seen an increase over the past six months.

Townsville

The middle ring of Townsville is typically suburbs located in a three to eight kilometre radius of the city and includes suburbs such as Currajong, Gulliver, Railway Estate and Hermit Park.

These suburbs typically comprise older style timber framed dwellings ranging from original condition through to fully renovated. There are also some suburbs in this radius that offer multi unit developments ranging in age, style and design.

Throughout 2017 the most active participants in the market were owner occupiers. This middle ring provides good entry level buying for first home buyers and renovators with entry from the low $200,000s for houses and from as low as $100,000 for units.

The rental vacancy rate in Townsville tightened substantially during 2017, which anecdotally appears to be enticing investors back to the market.

Recent evidence suggests that savvy buyers are already realising the potential for growth in this middle ring radius and once new infrastructure projects in the inner city come out of the ground, this is likely to strengthen interest in the area.

South Australia

Adelaide

Daw Park is situated approximately seven kilometres south of the Adelaide CBD. This area has seen increasing activity from potential purchasers seeking a more affordable alternative to suburbs such as Clarence Park and neighbouring Colonel Light Gardens. Values in this area have increased over the past few years with buyers seeking dwellings (both character and conventional style) on larger allotments. Whilst this area does not offer the same character appeal as Colonel Light Gardens, it incorporates dwellings of a variety of eras in a well serviced location. Detached unrenovated dwellings typically range between $450,000 and $600,000 whilst renovated character dwellings typically command $700,000 and upwards. Home units also provide another option for buyers entering the market with units typically selling within a range of $250,000 to $400,000.

A recent sale of note in this area achieved a record price for Daw Park. 60 Aver Avenue sold in October 2017 for $1.098 million and comprises an extended and extensively renovated Tudor style dwelling.

(Source: Realestate.com.au)

(Source: Realestate.com.au)

(Source: Realestate.com.au)

Athelstone

Athelstone is a north-eastern suburb situated approximately 13 kilometres from the CBD. It offers a mix of properties but predominantly detached housing built between the 1960s and 1980s with increasing in-fill development underway. There are some dress circle areas situated to the east of the suburb in a foothills location offering district and city views. Dwellings in these areas typically command higher values than dwellings in other sections of the suburb. This area provides a good entry level for first home buyers with older courtyard style dwellings selling in the high $300,000 range and detached housing on larger blocks selling for upwards of $400,000.

11 Kildare Avenue, Athelstone recently sold for $430,000. This property incorporates 3-bedrooms and 1-bathroom and indicates entry price level for first home buyers seeking a detached dwelling on a larger allotment.

(Source: Realestate.com.au)

(Source: Realestate.com.au)

Blair Athol

Blair Athol is situated approximately ten kilometres north of the CBD. This area typically comprises detached older style dwellings on larger allotments. This area has been undergoing increased in-fill development with recent zoning changes increasing appeal for potential purchasers.

The recent sale of 3 Hazel Street for $565,000 indicates the new price levels that developers are prepared to pay to enter this market and take advantage of the new zoning changes (subject to council consent).

(Source: Realestate.com.au)

(Source: Realestate.com.au)

The Real Estate Institute of South Australia recently announced that Adelaide has a brand new record median price of $465,000. These areas provide affordable alternatives to surrounding areas and importantly, opportunities below the current median price.

These areas predominantly comprise detached housing with less home units and attached dwellings.

According to realestate.com.au, annual growth for these areas is:

- Daw Park: 5.5%
- Athelstone: 2.1%
- Blair Athol: 6.6%

Rental yields are 3.6%, 4% and 4.4% respectively. These areas are typically attractive to owner occupiers and investors.

Prospects for middle ring suburbs in 2018 remain positive as these areas generally provide an alternative to more expensive or more highly sought after locations.

Rental demand remains steady. A recent realestate.com.au article noted that Edwardstown (adjoining Daw Park) is the second most in demand suburb for rentals based on their research. These areas are generally attractive to young families as properties typically comprise detached dwellings on larger allotments.

There are opportunities for buying within middle ring suburbs in 2018. Suburbs such as Reynella, Old Reynella and Reynella East are situated approximately 20 kilometres from the CBD. They will have improved access to the Adelaide CBD upon completion of the Darlington upgrade project currently underway. Reynella was recently the fifth most in demand suburb for rentals (source: realestate.com.au).

The challenge in this sector is typically public transport as whilst middle ring suburbs can provide a good entry point for purchasers, many of these suburbs may not have the same access to public transport. Whilst Adelaide's bus system covers a large geographical area, service levels vary across the city and suburbs. Residents within the middle ring tend to rely on transportation by car.

The completion of the Darlington upgrade at the end of the South Expressway will enhance access to the city for properties in the southern suburbs. This is likely to boost middle ring addresses.

Prospects in this market sector are likely to be positive if market conditions remain stable and as long as these areas remain at affordable price levels.

Tasmania

Hobart

Hobart's middle ring has certainly out performed the Australian Winter Olympic rings this year, taking gold for the nation's capital growth!

Many suburbs such as Berriedale, Rosetta, Montrose on the western shore; and Rokeby and Oakdowns on the eastern shore, have achieved over ten percent growth. Housing is still available sub $400,000 in all these locations.

Those western shore suburbs mentioned above are all well serviced by the Glenorchy CBD, while the eastern shore has the Eastlands and surrounding precinct. That said, the daily commute is very much on the agenda with the morning drive to the CBD from both areas a somewhat slow process (by Tassie standards).

Rental vacancy rates remain below two percent, which in effect is near full. Recently in Kingston, a rental open home for a typical three bedroom, one bathroom dwelling with an asking rent of $350 per attracted 28 applications! Further, gross yields around 5.5% would be typical.

Moving ahead, we expect the rental market to remain tight (thanks Airbnb) with upward pressure on rental levels. The housing price boom is also not yet expected to slow, subject to external factors.

Launceston

In the north, the middle ring is typically those suburbs such as Summerhill, Kings Meadows, Mowbray, not withstanding the ring is somewhat smaller in Launceston. In the first two of these suburbs good solid housing is still readily available sub $300,000, while in the latter, sub $250,000.

Typical yields for a stand alone house would gross six percent. For both Kings Meadows and Summerhill capital growth around 10 percent has been achieved over the last 12 months. There is a word of caution for Mowbray however, as the impending relocation of the Tasmania University Campus is likely to drag many tenants from the suburb to the CBD and Invermay.

Northern Territory

Darwin

The rural residential area is now starting to present as an affordable option for potential purchasers. Of particular interest is the outer rural residential market in areas such as Acacia Hills and Berry Springs. These areas are an attractive option for young families or first home owners as they provide lifestyle features while still being in close proximity to major services. Over the past 12 months these areas have started to tick over in regard to sales volumes. Up to the end of 2016, there were eight settled, genuine arm's length sales in Acacia Hills. At the end of 2017, there were 17. In comparison, Berry Springs had six settled genuine arm's length sales by the end of 2016 and 11 at the end of 2017, with at least three more sales now under contract in Berry Springs since the start of 2018.

Although these sales do reflect a drop in the market from the peak periods of 2013 and 2014, they also reflect that there is good buying for purchasers who are willing to live in a rural area. A key sale that is a reflection of the current market is a sale in Berry Springs. The sale property was a low set, 3-bedroom, 2-bathroom, circa 2012 built dwelling with powered machinery shed, in ground spa located on a two hectare block in the Mala Plain estate. The property settled for $690,000 and given the quality and level of improvement reflected good buying. The property was marketed on and off since 2016 and the marketing period is not uncommon in these areas. What we are seeing is that if properties are not priced realistically, they will sit on the market for an extended period of time, however effective pricing is well received in the market and as the above sale numbers indicate, there is interest in this sector of the market.

Increased services are likely to continue the desire to live in the outer rural area. The extension of Tiger Brennan Drive is well and truly established now, providing access to the city and northern suburbs. The completion of Coolalinga Shopping Centre and the Gateway Shopping Centre are large draw cards for the rural market, taking pressure away from Casuarina Shopping Centre in the northern suburbs as an entertainment precinct. The Palmerston Hospital is nearing completion which will provide further and much needed medical services to the rural area.

Moving our way north along the Stuart Highway (back towards Darwin), the Palmerston suburb of Gunn continues to provide affordable options for potential purchasers. Entry level, 3-bedroom, 2-bathroom dwellings centre on the $400,000 to $450,000 mark. We are now starting to see sales evidence that reflect 2008 and 2009 value levels. Examples include a recent sale of a 3-bedroom, 2-bathroom dwelling on a 400 square metre lot in Gunn that settled for $420,000 in February 2018 and had previously sold for $412,000 in November 2008. Moving into the next price bracket, 4-bedroom, 2-bathroom dwellings are showing similar relativities with a recent sale for $587,000 in February 2018 of a home that previously sold for $580,000 in December 2009. Given that both sales were tested in the market and sold through local agents, we would consider the sales to be the best reflection of the current market.

Although we have experienced some tough times in the Darwin market recently, we believe that now is as good a time as any to invest in this market.

Alice Springs

When we talk of the middle market in Alice Springs, it generally centres around the median price. In the year to December 2017 the Alice Springs house market had a median price of $470,000. The median price has been supported in recent months with the release of ex base houses which have generally been selling for between $460,000 and $470,000 and provide 3-bedrooms plus a study and 2-bathrooms. These houses are typically found in Gillen, with some in new East Side or for an increase in price, in Araluen.

It is worth noting that this sector of the market was generally flat year on year as well as over the past five years with a compound growth in the median price of only 1.56%. This is due to the high growth rates experienced throughout 2009 and 2010 which were not sustainable and we are still filtering through the impacts of this rapid growth.

While we are now more than six years down the track from those strong market conditions we are still expecting generally flat conditions in the middle market throughout 2018 while confidence slowly returns. Rental demand on the other hand has strengthened in the past six to eight months and will help to underpin a stable market going forward if stronger conditions continue.

Western Australia

Perth

Whilst recent activity in the Perth residential market has been led by premium localities, secondary middle ring suburbs are catching up quickly, with selling agents reporting higher attendance rates at home opens, multiple offers and days on market falling rapidly in some areas.

The beginning of what we anticipate will be a good year for middle ring suburbs is evident by looking at the Real Estate Institute of Western Australia's most recent analysis. Innaloo, Morley, Scarborough and Clarkson are the top selling suburbs in the northern suburbs while Canning Vale, Como, Gosnells, Willetton and Carlisle are the top selling areas south of the river. These are all within a reasonably affordable price range and located within a reasonably close radius of the CBD. Entry level homes start at just $300,000 in Gosnells whilst the more popular suburbs offer a home starting at just $500,000 and extending to well over $1 million.

Most suburbs within the 20 minute radius of the CBD are typically well established, with many undergoing gentrification and urban renewal and families are taking advantage of the larger land offerings in these areas as opposed to the more commonly found far smaller lots in outlying, newer estates. In comparison to other capital cities, Perth's average land size is significantly larger. The government has however implemented strategies to increase density in order to accommodate for future generations which means that the larger lot sizes on offer in the middle ring are very attractive on a number of fronts. Speculative developers foresee subdivision opportunities in many localities at prices that remain below historical levels.

Carlisle is definitely a suburb to keep an eye on, given its sub par performance over the previous few years, yet it offers a wide variety of housing options, large lot sizes and development opportunities, all within just eight kilometres of the Perth CBD.

Other examples of suburbs offering similarly attractive traits include Melville and Balcatta. Multi unit development opportunities have arisen in these once single dwelling dominated suburbs, but investors are advised to use caution as history shows that oversupply can occur in a reasonably short period of time. For example, in Belmont over the previous five years, a high proportion of developments provided only 1- or 2-bedroom apartments in otherwise traditional suburban streets and as the market slowed, prices for such products tanked.

Bassendean and Bayswater are also examples of affordable suburbs where subdivision opportunities are likely to arise, although their location and lot size offerings are sufficient to attract owner occupiers regardless. The poor market performance over the past few years has served as a huge barrier to potential developments - it has simply not been feasible to develop or more to the point, have the confidence to begin a development. We are seeing signs in the market that this confidence is increasing quite rapidly at present.

Much of the purchase activity in the second ring is being driven by upgraders, either seeking a better property within the area they already live or moving into areas to which they have aspired – to the detriment of the performance of the outer ring suburbs. Hence there are multiple buyer profiles starting to hone in on the same property types and agents are reporting rapidly declining stock levels which is always a very good indicator of market performance.

However, there is another purchaser profile gaining momentum in the secondary ring of Perth – downsizers. In areas such as Applecross, Mount Pleasant and Booragoon, there has long been a lack of choice when it comes to downsizing out of the family home. Often this meant leaving the area that had been your locality of choice for many, many years. New apartment developments in the Canning Bridge Precinct and Riesly Street Precinct offer new alternatives to this often forgotten market segment, although supply rates will control the performance of such assets. We foresee strong demand in the initial projects with a focus on quality and owner occupier facilities whilst second tier developments could experience oversupply quite rapidly.

All in all, the short and medium term prospects of the secondary ring appear to be very strong. Performance over the past five years has been hampered by a lack of confidence and lending restrictions to first home buyers, along with over supply in the outer ring halting the march of the upgrade market into more desirable areas. We anticipate that market confidence will continue to improve through 2018 and stock levels throughout the secondary ring will tighten throughout the year.

South West WA

The middle ring in the south-west could be described as the locality north of Bussell Highway in the Busselton region which includes the suburbs of West Busselton, Broadwater and Abbey. A similar locality in the Bunbury region would be South Bunbury. The reason they are considered desirable is that they are close to the ocean as well as being within a reasonable distance of the CBD. Primary and high schools are plentiful in these localities and there are good sized blocks with a mix of older style homes, many of which have been renovated, and newer homes. Supply however is limited.

These areas are generally considered to be attractive for home owners particularly those wishing to upgrade. The demographic is skewed towards young families and families with high school age kids.

The price points range from $600,000 to $900,000 in the Busselton area and $450,000 to $750,000 in South Bunbury. The houses are general 1990s homes which have been upgraded on approximately 800 square metre lots in the Busselton area and a mix of older style Californian bungalows and more modern homes in South Bunbury. Higher prices would be expected for properties with ocean views.

Prices in these areas were steady in 2017 however there was an increase in the number of sales in the Busselton area in the later part of the year. These areas are expected to firm in 2018 however due to supply constraints they are likely to be the first to see any lift in value.

Long term prospects for these localities are expected to be good due to their limited supply and accessibility to both the beach and CBD. There will continue to be strong demand for these localities going forward.