April 2020

Month in Review

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

This month we’ve faced historic challenges as a nation – and the shift has been swift and devastating in terms of economic and community fallout.

On the health front, uncertainty around how the virus will continue to progress feeds the spirit of despair. How many will be infected? What will be the toll on life and livelihoods and when will we return to some sense of normality? These are all questions worth asking, but as of this moment, the answers aren’t clear.

What has become apparent, however, is great leadership and a sense on common purpose have galvanised Australia toward finding solutions.

It’s on this front Herron Todd White is leading the conversation in our field of expertise. We have been actively engaged with a wide range of stakeholders throughout our property and finance sectors. One solution we can see is to make lending approvals easier so financiers can assist their customers. For example, property asset equity is a locked-away source of available funds that could be accessed by owners to tide them over as we wait for the crisis to pass. If government and regulatory bodies like APRA can be brought on board to help facilitate this, we would relieve a huge financial burden for a large percentage of our population.

We’ve also been furiously working with the banks and our governing body, the Australian Property Institute, to implement crisis protocols that keep both our staff and customers safe while also ensuring the integrity of our strong financial system is maintained. The launch of our Contactless Valuation Tool means our assessments continue to provide accurate, reliable information while reducing the need for close contact with property residents and their living spaces. This is an Australia-first initiative of which we are extremely proud.

In closing, I’d like to wish all Australians safety and security over the coming months. Regardless of the troubled times we’re facing, all indications are this moment will pass and we will return to strength and prosperity in due course.

Gary Brinkworth
CEO
What matters most to markets

So, we’d best begin with a bit of an explainer about this month’s topic and how the goal posts shifted during the compilation of our report.

We first started seeking comment from our team back in February when the world looked a whole lot different.

The idea was for our residential valuers to discuss some of the national and local elements that drive the direction of different markets. It was a call to help identify those measures which influence how buyers and sellers react with the view to informing readers on what metrics to watch when trying to determine whether their particular location of interest was about to see potential price increases. But it seems three weeks is a long time in 2020.

As at the time of writing, we are approaching the end of March and Level-2 restrictions have come into place. Among the guidelines issued is the end to open-home property inspections and in-room/crowd auction events.

So, it would come as no surprise to discover that what matters most to markets throughout the nation right now is our response to COVID-19 and more certainty around how long the crisis will last. It would come as no surprise to discover that what matters most to markets throughout the nation right now is our response to COVID-19 and more certainty around how long the crisis will last.

It’s within this frame that we have forged ahead with our theme.

Among the pages this month you’ll find a range of responses in relation to market drivers. Many of our contributors gave their thoughts on the current crisis, but have also discussed the elements that will compel property prices in a ‘typical’ market. The benefit to you, dear reader, is that as we pass through these troubled times, there will be opportunity to study the metrics outlined by our team so you can spot markets beginning to swing back to stability.

This sort of knowledge is a valuable resource. As is said, in both investment and comedy, good timing is everything.

Looking at commercial, we asked our experts to provide their outlook for office-sector property in 2020. Again, the request came well before the severity of Coronavirus measures had set in.

As such, our valuer’s submissions address the uncertainty of 2020, but also frame their outlook based on normal market measures. It’s again, an educational take that looks not only how markets may track, but also what to monitor as we get back to stability.

Finally, our rural team were tasked with providing information on how primary producers in their sector were adapting their operations in the wake of drought and fires. Some submitters were also able to provide commentary on the COVID-19 affect in their submissions too. It’s a fascinating read on the ingenuity of our rural sector and how that plays out in property market performance.

There it is folks. In these extraordinary times of uncertainty, there is one thing you can anchor yourself too. Herron Todd White has the country’s most comprehensive team of property experts, and they’re all here to help you make the right decisions around your real estate needs.

Please stay well, practice social distancing and take care of each other.
National Property Clock: Retail

Entries coloured purple indicate positional change from last month.

COVID-19 note: Clock data has been gathered over the course of the fortnight and describes a market position as at a moment in time. It is not predictive and market impacts from the current crisis will not be factored into the results at this stage.
New South Wales

Overview
As an overall observation, the Australian office property sector had been a strong performer in 2019 across many major markets. It’s been able to adapt to the flexibilities needed by tenants while also providing opportunities for attractive returns and reasonable growth prospects.

This month’s submissions look at where the 2020 property market may have headed allowing for the fact that we are currently facing one of the most challenging economic environments in modern history.

Sydney
2019 was a strong year for the office market across both the Sydney CBD and metropolitan centres. With rents continuing to climb and vacancy rates at record lows, it is no wonder that values have continued to rise.

The two main markets in Sydney that we are watching closely this year are the CBD and Parramatta. They continue to dominate in terms of demand, supply and infrastructure projects.

The Sydney CBD vacancy rates recorded by the Property Council of Australia (PCA) in January 2020 were 3.9 percent. Tight vacancy kept rentals at record highs, particularly for prime and A grade stock, however agents began reporting softer demand for B through to D grade stock throughout 2019, a trend we expect to continue this year.

New approvals for office accommodation are low across the CBD, with approvals being generally focused on residential and hotel redevelopment rather than traditional office space. That said, there is a new office supply on the horizon. According to the PCA, 154,424 square metres of new stock is due to enter the market in 2020 and 96,548 square metres in 2021.

We continue to note that strong demand from owner-occupiers appears to be propelling this value growth. The current interest rate environment is fuelling borrowing power and market sentiment across the board. The current low cost of money combined with the impact of rising rents has seen a significant increase over the past two years in tenants looking to purchase to owner-occupy. This appears to be a strong driver in increasing capital values as tenants looking to owner-occupy as well as owner-occupiers in general are typically less reliant on potential yields and as such, are more willing to pay a premium to secure the property they desire. We expect this trend to continue this year and have already witnessed some strong sales in 2020 that would indicate that demand is still there.

Parramatta continues to emerge as the prime commercial precinct of the Sydney metropolitan area, underpinned by a significant investment in infrastructure and the completion of a number of development projects including the Parramatta Light Rail due for completion in 2023, the new Powerhouse Museum, upgrades to Westmead Hospital and Parramatta Square and the upgrades to the M4 Motorway, increasing connectivity and appeal of commercial space within the CBD to the greater Sydney metropolitan area.

Parramatta remains the best performing metropolitan CBD in the country, with vacancy at 3.2 percent as at January 2020 (source: PCA) and increases in net face rents, primarily driven by low supply additions and the draw of more affordable rentals than the city. While 157,643 square metres is currently under construction and due to come online over the next two years, there is currently 82.27 percent pre-commitment for this space. Further to this, the lack of new supply of commercial stock within the Sydney CBD has also created an increase in appeal to investors and owner-occupiers from a sales perspective, considering the comparatively lower capital outlay required to enter the market, combined with the centralised location of the commercial hub and prevailing low interest rates, making it the next sought after commercial centre.
Given the performance of the locale, lack of stock and the investment in infrastructure, we consider the Parramatta commercial market to generally illustrate a positive outlook moving into 2020 with increases in net face rents, prevailing low vacancy rates and reductions in yields.

We note that the emergence of the Coronavirus (Covid-19) pandemic has had a significant impact on global economic growth and the Australian economy. We consider this will have an adverse impact on the Sydney commercial office market in general but that like all markets in Sydney it is too early to tell the impact.

**Wollongong**

The Wollongong office market has gathered momentum over the past few years, a reflection of the positive change that is rapidly taking place in this growing region as it continues its transformation to a knowledge-based economy.

The low A grade vacancy rate and increasing tenant demand for high quality office space has resulted in new office stock being developed, notably Gateway on Keira which is due for completion circa late 2020 and Langs Corner which has recently received development approval with construction work expected to commence in 2020. An announcement regarding the anchor tenant for the Langs Corner project is expected to be made any day. In addition, there are several other smaller scale commercial projects taking place or proposed, including 2 Victoria Street and 80-82 Market Street. Will 2020 be the year A grade office rents pass the $500 per square metre gross (face) barrier?

The addition of new quality stock will force the hand of many B and C grade owners to consider upgrades in order to remain competitive although we note that a large chunk of the tenant base is driven by affordability and a desire to have rental rates generally remain in the $250 to $350 per square metre gross range.

Sales activity to start the year has remained very limited with owners preferring to hold and explore value add opportunities at present.

**Newcastle**

2020 has started in chaotic fashion with a bushfire crisis in January and the current Coronavirus pandemic unfolding. The Coronavirus pandemic is predicted to have a significant impact on the Australian economy, but the extent of this impact is uncertain. March saw the Reserve Bank of Australia reduce the official cash rate to 0.50%, with further rate cuts predicted. The federal government has announced a $17 billion stimulus package with further stimulus measures to be announced. At this stage, the full impact of the pandemic on the local Newcastle and Lake Macquarie property market is unknown, however a period of weakened buyer demand, extended selling periods and potentially diminished asset values may occur.

Proposed developments in the pipeline for Newcastle and Lake Macquarie have seen a shift from residential to commercial over the past 12 to 18 months as the residential development market has contracted. A-grade office vacancy rates remain at historic lows with major new office developments having strong pre-committed leases.

Works are underway on the former Store site at 854 Hunter Street, Newcastle West. The concept plans show a $200 million development project which includes a standalone office building, two mixed use apartment towers, bus interchange and car park. The first stage of this development is the standalone 12-storey office building and car park next door to the Wickham transport interchange. The proposed building includes 13,000 square metres of office space. New South Wales government agencies have committed to a ten year lease as anchor tenant for this building. The building is scheduled to be completed by late 2020.

A-grade office developments proposed to commence in 2020 include Darby Plaza at 352 Hunter Street, Newcastle and Macquarie Tower on the Pacific Highway, Charlestown. These properties are currently listed for lease. Darby Plaza in Newcastle is proposed to be an eight-storey office building with 8,000 square metres of office space and 138 car parks across three levels. Macquarie Tower in Charlestown is proposed to be constructed adjacent to the almost complete Highpoint Residential Tower. Macquarie Tower is a mixed use building with over 6,000 square metres of commercial and retail space and includes a 90 place childcare facility.
The A-grade office sector in Newcastle has started the year in a strong position. A-grade office space has remained in strong demand and has maintained low vacancy rates while commercial development has increased over the past couple of years, bringing plenty of new stock onto the market. Only time will tell how the strong Newcastle office market will fare through the current uncertain economic forecast.
Melbourne

According to the Property Council of Australia’s Office Market Report, Melbourne’s CBD office overall vacancy rate slightly decreased from 3.3 percent to 3.2 percent over the six months to 1 January 2020. This is well below the ten year average of 6.5 percent and Melbourne has retained its number one ranking of the lowest vacancy rate amongst all of Australia’s CBDs.

As detailed in various online research reports, low vacancy has led to competition for remaining space, driving up net face rents over the past 12 months across all grades. A large deluge of new office supply is forecast for completion in 2020/21, however some industry researchers are predicting prime and secondary rents to increase by approximately seven percent and four percent respectively over the next 12 months as this new supply is largely pre-committed and the vacated stock will be withdrawn for refurbishment. This presents very few options for tenants in the short term, therefore it is forecast that vacancy rates will remain below five percent for the next three years. Prime net CBD leasing incentives have remained relatively stable over the past 12 months and currently range between 20 percent and 30 percent depending on lease terms.

The Melbourne CBD is still perceived as a preferred location for existing CBD large corporate tenants due to the well-established public transport infrastructure and access to amenities in order to attract skilled labour. The office leasing market in general has had a good start to 2020 and there are numerous tenant briefs in the market (and off-market) seeking prime CBD and city fringe office accommodation. However, due to the Coronavirus pandemic outbreak, we anticipate net effective rental growth may start to moderate as the immediate leasing demand is dampened due to the overall economic uncertainty. In addition, leasing demand will fall in the short term as the workforce is encouraged to work from home where possible.

Notwithstanding, there is currently strong sales demand from owner-occupiers for larger strata office premises within the Melbourne CBD due to the strong rental growth and current low interest rate environment. Over the past 18 months (approximately) strata office values, particularly whole floor tenancies, have surged significantly as freehold CBD office properties have become less affordable and stock is limited. We have witnessed significant rental and capital growth in this market sector, however we highlight that the strata CBD office market may level off in the near future.

We expect commercial properties offering good cash flow security, such as government tenanted office premises with value-add potential and high underlying land value, will still be sought-after by investors despite the negative market sentiments.

Victoria

We expect commercial properties offering good cash flow security, such as government tenanted office premises with value-add potential and high underlying land value, will still be sought-after by investors despite the negative market sentiments.

The COVID-19 pandemic is projected to have a significant impact on global economic growth and the Australian economy. This in turn may have detrimental impacts on the Australian property market. Whilst the potential breadth of impact is...
difficult to quantify at this point, we consider that tourism and most retail sectors are likely to suffer early impact. The office sectors may be adversely impacted if the outbreak extends further.

Based on previous economic downturns, it is possible that the property market more broadly will experience a greater level of uncertainty and some (or all) sectors may experience a period of weak buyer demand, extended selling periods and potentially diminution in asset values. At this stage, the full impact of the Coronavirus pandemic on the local economy and more specifically the property market cannot be known as it is still early stages.
Queensland

Brisbane
The impact of the Coronavirus (COVID-19) on commercial property markets is unknown at the present time. On the one hand, the world’s financial markets are being turned upside down with the strong likelihood of great uncertainty for the short and possibly medium term. On the other hand, the extreme volatility of the share market, and the near zero interest rates could potentially drive more investors towards property as a safe haven, (as has happened in previous financial crashes). Only time will tell.

From what we do know, the CBD and fringe CBD prime and A grade office markets are expected to outperform other commercial asset classes in 2020. Certainly, office markets are a stronger bet in comparison to retail property. It is also possible however, that leasing activity may be significantly impacted by the massive and immediate shift towards social isolation and working from home in the immediate future.

The other principal impact on commercial property is likely to be a very heightened degree of tenant risk, particularly where tenants are in industries impacted by the Coronavirus event. This in turn is likely to enhance the marketability of properties with institutional grade long term tenancies.

Current events aside, recently released Property Council of Australia (PCA) office statistics were largely positive, with the prime CBD vacancy rate plunging to 3.2 percent, the lowest vacancy level since January 2012. With limited new supply coming onto the market in the next 12 months, this market will remain tight until new supply is available (likely in 2022). If these vacancy rates continue to tighten, it is inevitable that rental rates will increase and we may (finally) see a decline in incentives. Yields may firm as leasing risk diminishes and overall capital values will improve as a result.

Whilst the vacancy rate for A grade accommodation increased sharply in the six months to January 2020 from 10.4 percent (July 2019) to 13.7 percent, this was a direct result of the recent completion of Shayer Group’s 300 George Street. Whilst this has taken some of the gloss off this sub-market from a leasing perspective, it is unlikely to impact face rents or capital values. Yields are likely to remain static in the short term, particularly given the recent further declines in interest rates and the lack of any viable investment alternatives at the present time.

In the fringe CBD markets, the best performing precincts continue to be the urban renewal and inner south. Conversely, Milton and Spring Hill are the worst performing precincts.

There has been limited office development within the fringe over the past three years as development has not been feasible without significant pre-leasing commitments, and the flat rental market. However, there are currently four new office developments under construction including 470 St Pauls Terrace, Fortitude Valley (Jubilee Hotel), Corner of Tribune and Merivale Streets, South Brisbane (MBO), 89 McLachlan Street, Fortitude Valley (The Eminence) and 14 Stratton Street, Newstead. This is a clear sign that leasing activity for quality new development has improved in these areas (urban renewal and inner south precincts) and face rents have also improved in the past 12 months.
Most new office space leasing demand is for smaller areas (150 to 200 square meters) and for modern, good quality green star rated premises, however there are only a handful of such buildings in Cairns. These buildings achieve high levels of occupancy and are experiencing stable rent levels typically of $350 to $450 per square metre per annum gross. The oversupply of lesser quality (B grade) space has been slowly taken up over the past 12 months to provide a more balanced market and this is at rent levels in the $225 to $300 per square metre per annum gross range.

The Cairns office market overall has improved (occupancy wise) over the past 12 months, however there has been little change thus far in rental movement.

Wide Bay
The office markets throughout the Wide Bay have been consistent for some time. Broadly speaking, gross rents have remained static with little chance of growth outside fixed rent reviews. Yield rates for good quality office stock occupied by prominent tenants on long term leases have sharpened. Vacancies in older quality buildings with a large floor plate can be stubborn.

Owner-occupiers are the most active within the Wide Bay office market, however when a quality investment property is taken to market it is generally met with a reasonable level of demand.

In summary, with the economic uncertainty there will be even more focus on well-performing commercial assets that are underpinned by strong lease covenants. This market will likely hold its own in 2020, however assets that are occupied by businesses directly impacted by Coronavirus (tourism and retail) will struggle to survive and these assets will be heavily scrutinised by the market. Diminutions in values are expected for these assets.

Townsville
The office market in Townsville during 2020 is likely to remain status quo with larger assets being underpinned by national investors.

There is positive sentiment in the market on the back of a strong pipeline of projects proposed to commence in 2020 or currently underway with the completion of the North Queensland Stadium and its hosting of events now a reality, it is providing a positive driver along with other proposed inner-city projects such as the SeaLink ferry terminal, the Cowboys Centre of Excellence and the 166 room Double Tree by Hilton Hotel.

Given the current global economic impact of Covid-19, we believe that leasing activity is likely to remain flat as businesses focus on day to day activities for the time being, although it could be expected that activity in the leasing sector may see some improvement once this period of upheaval cycles through on the back of the completion and operation commencing at the North Queensland Stadium.

Cairns
The Cairns office market is relatively shallow and experiences limited sales activity. The market has also experienced limited new development, with the last large office building constructed in Cairns being the State Government office tower completed in 2010. There are no known significant new developments in the pipeline.

The level of general commercial property sales in Cairns, inclusive of retail and commercial office premises, highlights that activity in the Cairns commercial market remains well below the levels achieved pre the GFC. Sales volumes have been gradually rebuilding but are still only averaging around 90 to 100 sales per annum. Median prices paid specifically for strata titled premises have increased mildly over the past several years, but the general impression is that prices per square metre of floor area are mostly stable within the $2,500 to $4,500 range.

In summary, with the economic uncertainty there will be even more focus on well-performing commercial assets that are underpinned by strong lease covenants. This market will likely hold its own in 2020, however assets that are occupied by businesses directly impacted by Coronavirus (tourism and retail) will struggle to survive and these assets will be heavily scrutinised by the market. Diminutions in values are expected for these assets.
can be recovered from the sitting tenants, they quickly erode the net return. Large first floor office properties or offices with poor parking provisions are considered to be subject to higher vacancy rates and discounting by the market.

**Sunshine Coast**

The office market on the Sunshine Coast has shown some improving signs during 2019 with overall vacancy dropping from 21.9% to 16.7% according to the January PCA report.

That is a strong improvement with an absorption of 10,000 sqm of office space during the year.

We have seen high rental incentives during the past 2 year period, though this has dropped slightly during the latter months of 2019 with incentives of circa 20% typically noted for 5 year leases. Overall rentals have dropped slightly, though better quality space has generally maintained rental rates with B or C grade stock seeing rentals drop considerably.

Generally now lower grade stock has rental levels around circa $250/sqm gross pa with good quality stock over $400/sqm gross pa.

We note that there is further stock increases to enter the market during 2020, which may put some further strain on rental rates, though particularly for the lower quality stock.

This does, of course, ignore the impact of COVID-19 on health and the economy. As at the time of writing, there were some dire predictions being made about the market in general. That said, there is still more to learn about our success in combating the virus and its effect on our sector.

In summary, the outlook for the office sector in 2020 is quite unknown. The market has traditionally been stable, however 2020 is likely to bring greater volatility to the local economy much like the broader national economy is already experiencing.

**Mackay**

With the further reduction in interest rates which are now sitting at record lows, it is a good time for tenants to break into the office property market. We predict that owner-occupied properties with net lettable areas of 150 square metres will see the best outcome in the current market with an opportunity for moderate capital gains through the course of the year.

Owner-occupiers are generally most active in the sub-$1 million market. Investment in office properties is being hindered by high outgoings such as local authority rates and insurance. Unless these

and health services sector. This has largely led businesses to non-traditional locations to construct their buildings.

Another market influence currently unfolding is the Hinkler Regional Deal. The Commonwealth Government has provided funding for projects within the Hinkler electorate aimed at stimulating economic growth. Some notable projects announced include the de-maining of Quay Street in Bundaberg, the Pialba CBD Fraser Coast Regional Council Administration building and funding for the Ag-Tech College at Bargara. Generally, up until recent events (Covid-19 pandemic) these stimulus measures were well received by the market and were a cause for optimism. The broader economic outlook for the greater Wide Bay region remains under a cloud until a greater appreciation of the economic impacts caused by the Covid-19 pandemic can be realised.

In summary, the outlook for the office sector in 2020 is quite unknown. The market has traditionally been stable, however 2020 is likely to bring greater volatility to the local economy much like the broader national economy is already experiencing.
South Australia

Adelaide
It’s safe to say a lot has changed since our last Month in Review edition.

The global pandemic that is Coronavirus has a tight grip on economies around the globe as we struggle to come to terms with the magnitude of the viral outbreak. As China is seemingly getting back on its feet as the number of new Covid-19 cases drops, Europe is well and truly under pressure to stop the spread and quarantine citizens in their homes.

Here in Australia, many workplaces have taken a proactive approach and are asking employees to work from home, while wide-scale school closures could well be in place by the time this update is published. As we attempt to look to activity in the property market, it is safe to say that we are expecting sales and leasing transactions in all sectors to be subdued until there is evidence that countries are on top of the Coronavirus outbreak.

Focusing on the office market, vacancies have increased in the Adelaide CBD and fringe sectors according to the latest statistics published by the Property Council of Australia in February. Adelaide CBD total vacancies measure 14 percent, an increase on the 12.8 percent recorded in July 2019. Within the CBD total market, vacancies have increased to 15.4 percent in the core sector and have remained steady at nine percent in the frame sector in the six months to January 2020.

<table>
<thead>
<tr>
<th>Office Sector</th>
<th>Vacancy Rate July 2019</th>
<th>Vacancy Rate January 2020</th>
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<tbody>
<tr>
<td>Adelaide CBD – Core</td>
<td>13.8%</td>
<td>15.4%</td>
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<tr>
<td>Adelaide CBD – Frame</td>
<td>9.0%</td>
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<tr>
<td>Adelaide CBD – Total Market</td>
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<td>14.0%</td>
</tr>
<tr>
<td>Adelaide – Fringe</td>
<td>13.1%</td>
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Source: Property Council of Australia

The fringe office sector also saw an increase in vacancies to 14.7 percent from the 13.1 percent recorded in July last year.

The Adelaide office sector performed well throughout 2019 and more solid performance was expected for 2020. With interest rates again being cut in an attempt to bolster the economy, it is likely to have little effect on spending as many Australians look to limit their social activity for a number of weeks. It is likely that those looking at purchasing or leasing property will now be inclined to weather the storm, while there will potentially be a glut of sellers as many will try to avoid any potential downturn in property.

Over 15,000 square metres of newly constructed office space will hit the Adelaide market in 2020 as an office building at 108 Wakefield Street is set to be completed. A further 10,000 square metres of refurbishment is also occurring throughout the CBD this year. This will put further pressure on B and C grade demand and rents as tenants will seek the higher quality spaces in the market. The Adelaide fringe market (Greenhill Road to the south of the CBD and Fullarton Road and Dequetteville Terrace to the east) currently has no new office developments to be completed in 2020.

A new planning and development system is set to be implemented throughout South Australia in September this year. The 72 South Australian Development Plans will be replaced by a single state-wide planning regiment, the Planning and Design Code. We are yet to see the impact that new planning regulations will have, however the implementation is touted to streamline the process for residential and commercial development across the state.

Throughout 2019, the market continued its shift in favour of landlords, however we may now see a continued rise in vacancies. This could potentially swing the market back into the tenant’s
favour as owners and landlords will try to retain current tenants and attract new ones in these unprecedented circumstances. Given the current goings on and the heavy falls impacting the share market, we may see the property market impacted in the coming months. As some businesses come under pressure and society continues to adapt to a different way of life, there is greater potential for small business and retail closures.

Rental growth has remained relatively stagnant, as has been the case over the past few years in the Adelaide office market. Further yield compression has resulted in capital growth increasing over the past few years and as yields continue to trend downwards, we can expect capital values to continue in an upward trajectory.

Given the current economic climate, smaller businesses may come under the most pressure and therefore vacancies in smaller scale offices could increase. We are at the beginning of a work from home initiative that is being adopted by many companies and businesses, and retail closures are beginning to sweep across the states.
Perth
The start of the 2020 calendar year brought some positive news to the Perth office market.

The most recent Property Council of Australia (PCA) figures for the Perth CBD office market indicate the total vacancy rate decreased from 18.4 percent to 17.6 percent in the six months to January 2020.

However, we caution that the headline vacancy rate excludes, for the first time, almost 337,000 square metres (around 86 buildings) of office space within the suburb of East Perth, which alone recorded a total vacancy rate of 21.8 percent for the same period.

Nonetheless the slight reduction in the overall vacancy rate for the Perth CBD can be attributed to steadier tenant demand but also a flight to quality phenomenon with the level of vacancy in the premium and to a lesser extent A grade buildings being significantly less compared to that shown for B and C grade space. Also of note is that for the second consecutive six-month period, the Perth CBD recorded the highest net absorption result of all capital cities.

The latest reduction in overall vacancy marks the sixth consecutive period of decline, fuelling further signs of the start of a recovery in this sector.

Whilst this statistic is encouraging, Perth's CBD still has the highest vacancy rate of all capital cities in Australia.

In a persistently competitive leasing market, landlords continue to offer their existing and prospective tenants with floor space that suits their specific requirements with respect to size, layout and staff amenities that support emerging work places trends. There is no doubt that tenants are continuing to take advantage of prevailing, subdued market conditions to up-scale or re-evaluate their office space needs.

Looking ahead we envisage the Perth office leasing market will see further stabilisation of incentives and rental rates given there is only 19,566 square metres of additional stock to become available during the next 12 months and no other significant floor space in the pipeline until 2023.

The continuing revitalisation of the CBD landscape and completion of major infrastructure projects such as Elizabeth Quay may even see incentives for quality buildings in Perth’s core CBD experience downward pressure with early signs of growth in the space needs of particular tenants.

However there is the prospect that the completion of the Chevron building in Elizabeth Quay in the 2022/23 financial year may provide an unwelcome supply shock (plus 55,000 square metres) at a stage when the CBD leasing market could have improved.

Notwithstanding the positive signs for the Perth CBD, the backfill phenomenon this will create in suburban Perth office market districts remains a key concern. Suburban markets such as West Perth, Ascot and Osborne Park, which only five years ago were office destinations in their own right, will more than likely continue to see increasing vacancy and decreasing effective rental rates as tenants seek to capitalise on the affordability of prime office areas.

Unfortunately, the latest PCA figures paint a dismal picture of the West Perth market. Total vacancy increased from 16.9 percent to 17.5 percent in the six months to January 2020.

The ageing profile of a majority of the buildings in the district coupled with constrained availability of capital appears to be making it difficult to refurbish these assets to a standard necessary in the current climate to attract quality tenants.

Whilst market sentiment remains subdued, the current climate does present an opportunity for the astute, high net worth investor to acquire an older building and embark on a refurbishment program with a view to securing tenants ahead of the next upswing in this sector.

Also of note is that for the second consecutive six-month period, the Perth CBD recorded the highest net absorption result of all capital cities.
Northern Territory

Darwin
The raw data from the 2020 Property Council of Australia’s Office Report shows an impressive reduction in Darwin CBD’s office vacancy rate to 16.8 percent. Whilst this is still well above the national average of eight percent, it is much lower than Darwin’s 2018 figure of 21.6%.

The lower vacancy rate can be almost solely attributed to the demolition of Cavenagh House and its removal from the available stock, however when the 2021 figures are produced, they will include Manunda Place, the nine-level office building (with ground floor retail) being built on the same site. In the absence of a sudden and unexpected take-up of office space this year, the vacancy rate is expected to rise again in 2021.

The Covid-19 virus adds another layer of complexity when considering the future of the office market, not just in Darwin but nationally and internationally. The necessity for working from home may turn into a long-term trend, reducing the amount of office space required. Conversely, the trend towards reduced square metres per person may reverse to allow proper social distancing in the long term. Prognostications are subject to any number of variables, especially at the time of writing when the ramifications of the virus are still in their infancy.

2019 saw two major investment sales ($50 million each) to interstate investors attracted by Darwin’s relatively high yields. The differential yield applied to Darwin compared to other capitals shrank during our boom years to 2015, but has expanded again in a time of a weaker local economy and uncertainty about the future.

We have also seen sales of vacant properties such as Palm Court and the old NT Archives building transacting at little more than land value despite being substantial buildings. These types of properties are now at a price point where purchasers are prepared to buy and renovate, speculating that there will be demand for this type of space. It is likely that most of this demand will come from tenants in existing buildings where landlords fail to continue to make investments in upgrades.

Recent transactions tend to indicate that property, including office space, in the core CBD area has held in value much better than fringe locations and this is a trend we expect to continue throughout 2020.
Australian Capital Territory

Canberra
The unpredictable global effects of COVID-19 are causing uncertainty in the broader market and this is bringing uncertainty into office sector expectations for 2020. The RBA further cut the cash rate on 4 March another quarter percent to 0.5% and economic stimulus packages have been announced by the Federal Government.

Office vacancy rates in Canberra decreased from 11.1 percent to 10.3 percent in the second half of 2019 with Civic vacancy remaining steady at 12 percent and non-Civic decreasing from 10.8 percent in July 2019 to 9.6 percent in January 2020.

The office space coming online this year is approximately 80 percent pre-committed.

Demand for A grade office stock continued to grow in the second quarter of 2019 with the vacancy rate remaining steady at 6.9 percent and an additional 26,000 square metres of new stock added over the period.

B to D grade office stock saw a small decrease in vacancy rates with no significant movements in net absorption in the second half of 2019.

There is approximately 120,000 square metres of office space projected to come online over the next three years with approximately 80,000 square metres to come online this year. The office space coming online this year is approximately 80 percent pre-committed.

For the year ahead we expect prices to remain relatively steady or have mild growth on the back of new record low interest rates. We expect rents and vacancy rates to remain relatively steady throughout the year.
National Property Clock: Houses

Entries coloured orange indicate positional change from last month.

Month in Review
April 2020

COVID-19 note: Clock data has been gathered over the course of the fortnight and describes a market position as at a moment in time. It is not predictive and market impacts from the current crisis will not be factored into the results at this stage.

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Entries coloured blue indicate positional change from last month.

COVID-19 note: Clock data has been gathered over the course of the fortnight and describes a market position as at a moment in time. It is not predictive and market impacts from the current crisis will not be factored into the results at this stage.
Overview
While there are global effects that determine market direction, different regions are specifically influenced by certain economic, financial and community aspects in a unique way.

This month, our team discuss what things traditionally matter to markets in their service area, with many also providing some take on how current crisis is playing into decision making.

Sydney
The past five years have provided good evidence of the factors that drive the Sydney property market. Fiscal, regulatory and monetary policies have all played their parts as the wider Sydney market went from strong growth to its largest decline in three decades before rebounding so quickly that the Sydney median price is already knocking on the door of the previous peak.

Whilst traditional drivers such as employment levels and the national economic outlook do play a part, these have been fairly stable throughout that five year period as the market fluctuated wildly (in Sydney property price terms anyway). The current COVID-19 epidemic is going to have a negative impact on both of these drivers, so it will be interesting to see what impact this may have on the property market in the short to medium term.

Low interest rates were a big driver in the market climbing until mid-2017, despite growing affordability issues as many first home buyers were either priced out of the market or had to reconsider the type of property or the suburb they could afford to buy.

We then experienced tighter lending policies as a result of APRA regulation and the banking Royal Commission which saw the market drop by around 15 percent across Sydney, with some areas dropping by more than 20 percent. Houses were harder hit than units, while the top quartile, excluding the prestige end, experienced the largest falls.

There was a triple boost to the property market in mid-2019, as APRA weakened lending restrictions, the Reserve Bank lowered interest rates three times within a few months and the Coalition government was returned in the federal election. The unexpected election result meant that the planned changes to capital gains tax and negative gearing policy proposed by the Labor opposition, would not eventuate.

These three factors saw the Sydney market stabilise between June and August and then rise quickly between September and December, recovering around two-thirds of the median price decline experienced during the downturn. Houses and those areas that saw larger decreases during the decline were generally those that rebounded the quickest.

First home owner incentives introduced in January have also seen these buyers re-enter the market in greater numbers, providing a boost to the lower quartile of the property market. This was also the experience during the aftermath of the Global Financial Crisis as low interest rates and significant first home owner incentives saw this part of the market grow quickly at a time when the wider economy was struggling.

The unit market in Sydney has had some additional challenges to deal with over the past couple of years. Whilst prices did not decline as fast as they did for houses, issues around flammable cladding and the highly publicised structural issues of several buildings throughout Sydney have meant increased buyer caution in the new unit market. Certain suburbs also had a large supply of new units reaching settlement at the bottom of the market after being purchased off the plan at the height of the market. More recently, the supply of new units has slowed and remaining developer stock in completed buildings is now more readily selling, in some cases at prices close to what they were achieving off the plan. It should be noted though that some developers are resorting to incentives or rebates to clear this stock.

Infrastructure spending has also increased in Sydney over the past few years with a number

It is likely that potential sellers will hold off listing their properties in the next few months as Australia goes through an increase and (hopefully) peak in COVID-19 cases.
of large projects still underway or planned for completion by the end of the decade. This has helped fuel the local economy and provide a boost to those suburbs which directly benefit from these infrastructure upgrades.

Although clearance rates have remained high in recent weeks, there is no doubt that the COVID-19 outbreak will lead to a short term softening in market activity. According to CoreLogic, there were 749 auctions in the wider Sydney region for the week ending 15 March, down 28 percent from the 1045 auctions held in the week ending 1 March. They also reported that the preliminary auction clearance rate has dropped from 82.6 percent to 74.6 percent over the past two weeks. Despite this, median prices have continued to increase throughout this period.

It is likely that potential sellers will hold off listing their properties in the next few months as Australia goes through an increase and (hopefully) peak in COVID-19 cases. This lack of new stock on the market will likely help hold up property prices.

**Inner Sydney/Eastern Suburbs**

The CBD and inner Sydney suburbs are geographically within a relatively small area, however there are many sub-markets at play within these regions. As a generalisation, some of the big-picture elements that impact on the market include interest rates, availability and ease of finance, affordability, changes to overseas purchasing and oversupply of new units in certain areas.

Interest rate cuts and improving general market sentiment along with a limited supply of established stock in many inner city areas have been some of the main drivers of strengthening market conditions and property prices over the past few months.

With proximity to the CBD, public transport and lifestyle amenities, the inner city is a popular choice for first home buyers. This market segment is currently performing well, with lenders favouring owner-occupiers over investors, interest rates at record lows and first home buyer incentives available from the government.

Upgraders were hit hard when lending was tightened last year, however as interest rates have dropped and APRA regulations have been relaxed, buyers have returned to properties within the $2 million to $3 million bracket.

A parkside residence at 2 Heath Street, Five Dock (below) recently sold for $3.555 million (PriceFinder) after 26 days of its auction campaign (source: RP Data). The property is built to a high standard with basement parking and enjoys views over the adjoining park.

Downsizers are also cashing in on the rising market, selling large suburban homes or inner city terraces and often entering the premium unit markets within the inner city, such as Jackson’s Landing at Pyrmont or Darling Point. The properties typical of the downsizer market are often tightly held, causing increased competition when one is offered to market.

Investor activity is improving due to relaxing APRA regulations and decreases to interest rates. However, the recovery occurring within this market segment is generally more limited, even more so within modern medium and high density precincts.

Some aspects are having noticeable effects on certain areas however, for example, interest rate reductions appear to be encouraging more activity and price growth particularly within the owner-occupier inner east and inner west suburbs, however this has not been as noticeable within higher density investor-focused suburbs such as Zetland and Waterloo in particular.

The number of new unit developments has slowed, largely as a response to tighter finance for developers. Sales agents are also reporting limited numbers of buyers for off the plan units due to the loss of confidence in the construction of such complexes after multiple incidents of major defects across Sydney. That being said, many complexes are under construction with existing pre-sales and this relatively concentrated supply pipeline of generic or investor grade stock is also causing the recovery within this market segment to be slower.

The slow down within this market segment is driving larger developers (with more financial clout) to improve their product offerings, such as Crown...
tended to prefer a dwelling they could renovate themselves and therefore increase the value.

First home buyers are generally attracted to two-bedroom units along the railway line, particularly from Sutherland to Cronulla. However the recent increase in new unit complexes around the Miranda, Kirrawee and Caringbah areas created an oversupply with developers having to implement incentives such as cash back or stamp duty rebates to clear the remaining stock.

This oversupply issue has started to ease in recent months as the number of complexes under construction has reduced. Despite this we are still seeing examples of units that were completed mid-2019 for sale, with developers offering incentives to clear the remaining stock.

Northern Beaches

The first home buyer market is more sensitive to general economic factors such as interest rate movement and fiscal policy. Localised factors such as supply levels also play a part, with affordability being a key market driver. Brookvale is a popular suburb for first home buyers, having one of the lowest median unit prices of $745,000 as at December 2019, in comparison to the Northern Beaches median of $875,000 (source: CoreLogic). The area has seen strong development over the course of the past decade, resulting in a healthy level of stock that has consequently been available for sale.

Group which has placed significant emphasis on the architectural features of recently settled complexes in Green Square and the CBD. Unfortunately some developers have been forced to cut costs and have delivered products that have underwhelmed their off-the-plan purchasers.

Infrastructure projects are also significant within these areas; the recent completion of the light rail from Circular Quay to Randwick, which has caused an uptick in interest throughout the CBD and Surry Hills, is translating to higher auction clearance rates and price growth. Furthermore this is spurring growth in the neighbouring bridesmaid suburbs of Redfern and Darlinghurst. Furthermore, development around the Barangaroo precinct at the northern end of the CBD has improved the marketability of units in neighbouring Millers Point and Dawes Point.

The WestConnex Motorway project is also having some negative connotations for certain inner west suburbs such as Rozelle and Lilyfield in particular due to construction sites, interchanges, ventilation facilities and the unknown associated impacts for properties nearby.

Sutherland Shire

Downsizers are playing a significant part in driving the local market in the Sutherland Shire, as they sell their larger family homes for smaller three-bedroom units or duplex homes.

These types of properties appeal to the downsizer market as they cash in on their large family home for a more modern and low maintenance alternative. Prestige units located in central areas near transport and shops have always been popular with the empty nester demographic and more recently, low maintenance duplexes with a lift, minimal stairs or the ability to have a bedroom and bathroom on the ground floor are also proving popular. We have also noticed a trend in the downsizer market to demolish the existing family home and build a duplex pair, staying in one and selling or renting the other.

Upgraders have also been active in the market over the past six months, with young families moving from a unit or townhouse to a detached dwelling or duplex. Upgraders are looking for something near transport, schools and shops, and often prefer modern or renovated properties so that they can move in with nothing to do. This is a change to what we have seen in the past as this demographic Group which has placed significant emphasis on the architectural features of recently settled complexes in Green Square and the CBD. Unfortunately some developers have been forced to cut costs and have delivered products that have underwhelmed their off-the-plan purchasers.

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The WestConnex Motorway project is also having some negative connotations for certain inner west suburbs such as Rozelle and Lilyfield in particular due to construction sites, interchanges, ventilation facilities and the unknown associated impacts for properties nearby.
For the prestige sector remains rather uncertain. If the current global economic turmoil continues, we consider this will likely have a negative impact on demand and value levels.

Western Sydney
Traditional drivers of the western Sydney property market include interest rates, the availability of credit, affordability, employment and infrastructure spending.

The first home buyer market has seen a bounce back in recent months with many local agents noting an increase in buyer activity. This can be attributed to continued low interest rates and some confidence returning to the market after a period of decline.

St Clair is a suburb within the Penrith LGA and is well positioned within the first home buyer’s price range. With a $662,000 current median dwelling price (source: CoreLogic), this suburb offers buyers detached brick dwellings on slightly larger parcels of land compared to their more easterly neighbouring subdivisions.

A St Clair dwelling recently sold for $642,000 and comprised four bedrooms, one bathroom and a single garage on 568 square metres of land.

Whilst we have not seen any recent change in market sentiment and values to date, the outlook there is also a strong local prestige market along the coastline.

67 Edgecliffe Boulevard, Collaroy Plateau is currently on the market through Knight Frank with a reported initial guide of $10 million, roughly $5 million above the suburb record. This brand new luxury asset is sure to appeal to both local and international markets due to the ultra-modern finishes, unique position and unbeatable views.

At the prestige end, Palm Beach is synonymous with prestige and a large number of these properties are owned by high net worth individuals from outside of the Northern Beaches, however placed downward pressure on values. Northern Beaches building approvals dropped drastically in 2018/2019 and are tracking at similar levels for the 2019/2020 financial year. There is a clear correlation between volume levels and building approvals and we would anticipate these factors to impact the first home buyer unit market.

For the upgrader market, we’ve seen strong demand from buyers outside of the Peninsular really driving this level of the market. Realestate.com.au reported that 2019 was the first time more outside buyers were searching for properties on the Northern Beaches than those within. The inner-west and eastern suburbs were key regions, with factors such as infrastructure upgrades including the B-line providing faster commuting options to the CBD, increase in flexible working arrangements allowing individuals to work from home more frequently, and the affordability of the area in relation to other Sydney regions proving key factors in this shift.

At the prestige end, Palm Beach is synonymous with prestige and a large number of these properties are owned by high net worth individuals from outside of the Northern Beaches, however...
Prestige

The prestige market, generally considered to be above $5 million in Sydney, has tended to move differently to the wider market. As the wider market bounced back quickly after the GFC on the back of low interest rates and government incentives for first home owners, the prestige market saw significant price declines as share markets and executive bonuses were hit hard. On the flip side, the prestige market was generally immune to the recent wider market decline between mid-2017 and mid-2019, with buyers in the prestige market not as susceptible to the tighter lending policies which led to the downturn.

Given the GFC experience, there must now be some concern for the prestige market around the current COVID-19 pandemic and its effect on share markets and both local and world economies. Prestige agents however are currently observing significant demand in the prestige space, particularly at the lower end, in the $5 to $7 million bracket.

An example of this demand is a property in Bronte which sold through Phillips Pantzer Donnelley just five days into its auction campaign. The renovated, three level, semi-detached home on 536 square metres of land sold in early March for $5.48 million. The selling agent advised that this was a common experience in this price range, with a large proportion of similarly priced homes not even making it to listing, as agents match unsuccessful purchasers to potential sellers of other properties.

Another example of the current buoyancy in the prestige market is the recent sale of 8/41-43 Middle Head Road, Mosman. The property reportedly sold for $6.9 million in the middle of February and was only on the market for 22 days (source: RP Data). This property last transacted on 3 March 2018 for $5.675 million with no obvious improvements made between sales.

The Sydney property market is considered to be a safe market to invest in compared to others around the world and with the Australian dollar falling significantly over the past month, interest from overseas purchasers and ex-pats is also likely to strengthen.

Whilst there may be a softening of market conditions over the coming months as the number of COVID-19 cases in Australia increases and (hopefully) peaks, there are no current signs to suggest that there will be any long term downturn for the prestige market.
Lismore/Casino/Kyogle

“The sugar’s only sweetness,
Salt is ocean tears
And you were my only weakness
For years and years and years
You little hardiplank cladded beauty
You were hiding in a cul-de-sac
Now my mind is gone completely
Write up and sign the contract
And now you’re mine!”

For some, the drive of owning their first home or upgrading is just like candy...something fresh and delicious.

We’ll set aside comment around COVID-19 for the moment. Despite its significance, there remains uncertainty about the fallout as at the time of writing.

For the inland areas of the Northern Rivers, including the regional city of Lismore and the nearby towns of Casino and Kyogle, the key ingredient for any real estate is generally affordability with population growth (people moving into the area) creating the demand. To score a brand new home for around $500,000 to $600,000 (Lismore City) or $400,000 to $450,000 (Casino and Kyogle) is relatively rare when considering the 30 minute drive to the coast where the prices rise exponentially for the same product.

At a time when interest rates are at record lows, one would think that first home buyers and upgraders would be chomping at the bit, especially now that lenders are fighting for more clients on their books.

As always, the level of interest rates are the catalyst for piquing interest in the general populace in these parts.

Locally, the main drivers are seen to be population growth and employment within the key industries established in Lismore City, Casino and Kyogle. What must also be mentioned is the relative steadiness in the market. Even during the fearsome days of the global financial crisis in 2007 and 2008 and the slowdown experienced in the major metropolitan cities of Australia during 2018 and 2019, Lismore City, Casino and Kyogle appeared to weather the storm and remain resilient. Yes, sales activity slowed, but we did not see overly significant falls in market value.

Lismore City has always been regarded as the commercial centre for the Northern Rivers with an array of shopping centres, cafes, local retail shops, education (Southern Cross University), banking and business centres, industry etc. The health sector has had a significant boost in the past few years with the significant upgrade and extension of Lismore Base Hospital.

These sectors provide the economic base for much of the employment in the area and opportunities for business owners, however this has been challenged of late by the increasing popularity of Ballina on the east coast.

We must not forget either the influence of the agricultural and horticultural industry that surrounds Lismore City which provides opportunities and employment as well.

Casino township has relied heavily on the abattoir that serves the wide, surrounding rural enterprises and continues to evolve into other sections of the agricultural market. Richmond Valley Council’s heavy investment in the local saleyards is a testament to the confidence in the rural sector. Other opportunities are in their infancy but are considered to be promising, such as the medicinal cannabis facility which is expected to create 300 direct and indirect jobs in the Northern Rivers region.

Further west of Casino in the rural area of Tabulam, we have a large blueberry farm enterprise which provides ample seasonal work for travellers and backpackers and the local population.

Kyogle’s established cattle grazing, dairy farming and forestry are the primary industries for the region but there is also the tourism aspect with Kyogle being known as the gateway to the rainforests and is surrounded by World Heritage listed national parks including the Border Ranges and Toonumbar National Parks.

So how does this affect real estate? Well...where there is employment, buyers will come. First home

For some, the drive of owning their first home or upgrading is just like candy.
The region to the south of Coffs Harbour encompassing Urunga, Valla, Valla Beach, Nambucca Heads and Macksville have all experienced a surge in activity over recent years driven by the Pacific Highway upgrade between Warrell Creek and Raleigh seeing strong rental demand and buyer demand under $650,000.

Another area of strong performance is the historic rural township of Bellingen being popular with Sydney and greater metropolitan buyers looking for the green change.

In general, the Coffs Coast has seen strong performance in all sectors of the market, not being isolated to any particular locality or product type. There is a diverse type of product available from suburban family homes to prestige beachside properties or rural lifestyle options from small acreage close to town to larger rural holdings all within a 45 minute drive of Coffs Harbour.

The region is seen as a solid investment opportunity offering diverse property outcomes supported by a range of lifestyle choices, services and good regional access. The strong levels of demand from buyers has been driven by investors and owner-occupiers looking to take advantage of these lifestyle factors, consistent long-term capital growth, expanding work base and strong rental returns, all of which are underpinned by the low interest rate climate experienced over recent years.

Newcastle
In the second month of 2020, the Hunter region continued to see buzzing activity in the local property market. Even with the uncertainty of an interest rates move, there was still plenty of activity around the region for both established houses and also people wanting to purchase a block of land to build their dream home.
Albury

The Albury-Wodonga region boasts around 110,000 people, enjoying one of the most vibrant cross-state regions combining all the Murray River has to offer and beyond north and south of the New South Wales and Victorian borders. The drivers of the property market are affordability, access to finance, lifestyle, tourism and the buoyancy or otherwise of the Melbourne property market. Different purchasers behave and benefit accordingly.

First home owners have options due to a good supply of existing entry level stock and competitive house and land packages from a range of builders in new suburbs on both sides of the border. Similarly the upgrading or relocating family in the region can buy existing stock, build or in many cases buy to occupy and also purchase an investment property, often positively geared. As the regional property market has proven to be a long game, the downsizers, whether local or relocating, receive the benefit of long term growth and a good choice of lower maintenance homes with room for the van or golf buggy.

Over the past few years, both Albury City Council and Wodonga City Council have undertaken large scale redevelopment projects aimed at revitalising city centres and involving the community in local events, the idea being that the cross city vibe should be complementary rather than us and them. Wodonga is certainly gaining ground with strong sales activity and good growth as locals and visitors alike tap into the north-east offering.

The local outlook is much the same as the attitude of the region, positive, proactive, productive and steadily more diverse. It is all here bar the beach and people tend to focus on the things they can change, which from a property perspective is the
ability to move within the market and invest further in the market.

No one external big picture factor dominates as low volatility goes hand in hand with stable markets, however as we reach submission deadline, the effects of the emerging COVID-19 pandemic may reach and influence all drivers of all markets.

Tamworth

The two biggest drivers of the Tamworth market at the moment are the historically low interest rates and the drought, which despite recent rain has on-going impacts. The past few years of drought have put a strain on the town’s water supply which despite recent rain has not increased by any significant amount. After having been on water restrictions for over 12 months, residents are wondering whether or not there is a long term solution for the future with Tamworth’s population expected to hit 100,000 by 2040. While there are plans in place with a new dam and pipeline underway, confidence will remain low until these projects are completed. The economic effect of the drought saw less money coming into the property market which resulted in a slow-down. Tamworth as a whole did not see a decline in property values, but we did see an increase in days on market, where houses that traditionally sold in one to two months were taking three to four.

It is not all doom and gloom for Tamworth as the city still offers plenty of appeal for residents, with strong employment opportunities, relatively cheap housing and good services and amenities available. Tamworth is a major regional centre and offers quality schools, good health services and a large pool of employment opportunities with blue collar, white collar and everything in between catered for. On top of this, a modern four-bedroom, two-bathroom, brick veneer dwelling can be had for under $400,000 (depending on the suburb), making Tamworth very attractive to those finding themselves priced out of the larger cities. This combined with recent rain and low interest rates has local agents reporting less days on market for sales and more buyer enquiry than experienced in recent months (prior to the rain). This higher buyer interest has not yet resulted in an increase in house values.

The government’s First Home Super Saver and First Home Loan Deposit schemes have seen first home buyers become more active in the Tamworth market. Along with the low interest rates we are seeing more people selling to first home buyers and then upgrading, typically leaving South Tamworth, West Tamworth, Hillvue, Oxley Vale and Westdale and moving to Calala, North and East Tamworth, Moore Creek, Daruka and newer parts of Hillvue. Increased confidence in the local economy after the recent rain as well as low interest rates suggest that these trends will continue in the short to medium term. This may be thrown completely out of the window with the current COVID-19 pandemic, but excluding this we expect a slight increase in the property market over 2020.
announced with the aim of boosting the economy and easing the financial fallout of these events. Notwithstanding the COVID-19 crisis, with the recent announcement of a lowered cash rate, there may be an increased interest for those seeking to buy their first home as applicants will be in a better position to refinance their current mortgage so they are able to make lower repayments each month and less interest over the life of the home loan.

South East
Combined with low interest rates, government policies and incentives along with the affordable house and land packages currently on the market, individuals and families who currently have home loans or are looking to get a home loan have the upper hand as the current market conditions are more favourable towards them.

The main local drivers that influence the property market in Melbourne’s south-east are overseas and interstate migration, affordable housing and infrastructure spending.

drivers looking to buy or build their first home. This is typically popular in the newer developing estates where individuals and families are able to customise their homes to cater for their individual needs with the aim of having a family friendly lifestyle. Suburbs such as Officer, Clyde and Botanic Ridge are located within the outer south-eastern region of Melbourne where it is most commonly zoned as an urban growth zone. The urban growth zones are part of the government’s long term strategic plan of urbanisation and densification for Melbourne’s future designated growth areas. Growth of a community also comes with growth in infrastructure. A local driver such as infrastructure would often be an attractive factor to many as many individuals would be working nearby or would require roads and public transport to travel to work.

Inner and Outer East
The volatility of world equity markets can heavily affect property prices and the general market trends we see in property cycles. World recessions such as the Global Financial Crisis, the current global COVID-19 pandemic and domestic natural disasters such as the bushfires that ravaged this country in 2019 and 2020 can have significant economic consequences, especially in the property markets. One of the major emotional influences that crises have on decision-making is that they
create uncertainty in an investor’s mind. Periods of prosperity create confidence and willingness to invest due to the abundance of resources and the ability to create and expand upon what we already have, while crises seem to force individuals to retreat and protect what they own as a natural human response to fear and uncertainty.

In the last year, the wider Melbourne property market has been showing significant signs of growth, prosperity and high clearance rates at auctions, especially in the last quarter of 2019 and early in 2020. Until now, there has been talk about the property market developing momentum, with the interest cuts we saw the RBA make last year and the easing in credit conditions after a lengthy period of speculation following the banking Royal Commission. At present, the property market faces a period of uncertainty as the world is coming to grips with the growing concerns over the Coronavirus. The function of most normal businesses and social practices is halting as the world is battling the virus. This has and will continue to have an impact on the property market.

I foresee a limited availability in supply of houses and apartments in the coming months, limiting the opportunity for new home buyers and investors to purchase property. As the government increases restrictions on public gatherings and businesses are likely to work remotely, we will see a decrease in inspections and auctions. This will have a dramatic effect on the marketability of properties. While the government is enforcing restrictions on businesses, public events and individuals to carry out daily activities, we will see the market recede. The ideal outcome is that amidst the growing concerns of the virus spreading, vendors and buyers continue to engage in selling and buying properties to continue economic growth. This will keep the economy from flattening as experts foresee in other industries.

### Some of the local drivers for the outer northern property market include the availability of more affordable housing and recent infrastructure expenditure.

that are built on face to face contact such as the education, tourism and hospitality sectors.

#### Inner and Outer North

Changes in both monetary and fiscal policy tend to have a more direct impact on the property market in suburbs located in the outer north as purchasers in these areas are predominantly first home buyers and local investors, most of whom are strongly influenced by either changes in first home buyer grants or interest rate changes.

Some of the local drivers for the outer northern property market include the availability of more affordable housing and recent infrastructure expenditure. The commencement of the northern roads upgrade is a notable example of this and has helped to ease congestion in the area, improving buyer sentiment and proving to be a key local driver for demand.

Recent relaxation of lending since the banking Royal Commission has resulted in young families and first home buyers looking at more affordable dwellings that the outer north offers. The effect of this appears to have aided in maintaining demand for property in the area as prospective purchasers begin to extend their search further north.

New migrants to Melbourne opting to settle in the outer north also make up a significant portion of first home buyers.

Properties below the $600,000 price point appear to do well in the outer north market as there is high demand from first home buyers and investors. High specification dwellings in predominantly first home buyer suburbs tend to remain on the market longer than average and are less sought after.

#### West and Geelong

Melbourne’s west has been the nation’s strongest growing region over the past five years. Data shows that seven of the top ten best performing regions in Victoria are from the west.

Population growth and relative affordability are the main driving forces which have caused this strong growth throughout the west.

More businesses moving to the area has created many different employment opportunities. There is new infrastructure and new schools and transport options have increased and are improving. These things are only going to keep pushing people to these areas.

Two years ago, families were being beaten out by developers, but times have since changed and it is evident that family buyers have returned to the market. It was becoming unaffordable and now prices have dropped back to an affordable level and buyers are back.

Families and first home buyers are taking over the market. Young families are coming in and demanding more local schools and people are starting to view the area as affordable and one that has potential.

Affordability is obviously a huge factor driving people west. There is a lot of urban revitalisation happening in the inner west.

Housing quality in Melbourne’s west has also
improved as there are some nice new homes that are lifting the value.

While there was a stigma attached to parts of the west, the schools, transport and new infrastructure on offer are great drawcards.

With this all said, it’s difficult to know what lies ahead for Melbourne’s property market in its entirety. It’s still too early to predict the full scale of the long term impact of the Coronavirus, given that the Australian outbreak is in its early stages, but there are two unknowns that could compound any fall in prices: unemployment and the prospect of a looming recession. Although the threat of Coronavirus is omnipresent, there’s reason to suggest the housing market could be relatively insulated, compared to financial markets.

**Geelong**

Geelong has entered 2020 with a solid foundation to make sustainable capital growth this year due to a number of market forces drawing people to the region.

The final CoreLogic Home Value Index for 2019 revealed a rising rate of growth over the past three months that had pushed the city’s median dwelling value to almost $560,000.

This rebound in Geelong’s property market was brought on by reduced mortgage rates easing borrower serviceability assessments, improved housing affordability and certainty around property tax laws.

Obviously due to its smaller scale than Melbourne, Geelong doesn’t showcase the same kind of employment rates that Melbourne does, however the potential is there. With the region growing fast, employment opportunities will continue to grow in just about every aspect.

With this, a number of new primary schools have been introduced to the ever developing surf coast regions such as Armstrong Creek and Warralilly.

Geelong boasts a number of the factors that make an area stick out as a place with high growth potential. Some of these factors include large infrastructure projects currently underway, vacancy rates and rental yields that continue to increase and a population that is growing.

Like all of Australia, it is uncertain how the COVID-19 pandemic will actually affect the property market. A number of experts have put their views forward with some believing the market and its drivers will remain stable whilst others believe it will impact negatively.

**Mildura**

The Sunraysia market is driven by a number of influences, particularly local population growth, employment prospects and interest rates. The availability of credit also affects the number of buyers.

Our key horticultural industries have been one of the main drivers of local economic activity. Growers have been busy developing new plantings of table grapes, citrus and almonds, which has had a significant flow on effect through our economy. Our local service and industrial industries have benefited from the stronger confidence.

Investors are generally purchasing lower priced properties due to high rental yields and an attractive entry point into the market. These include older dwellings that have yet to receive any significant recent renovations as well as units that are low maintenance and provide an investor with high rental yields.

Higher priced properties are predominantly purchased by upgraders as well as people downsizing from out of town into large, high end homes but usually with a smaller, easier to maintain allotment.

**Shepparton**

Shepparton’s market is being driven by a splash of spending on public infrastructure as well as a flurry of construction activity for private businesses.

Many local manufacturing businesses are expanding to larger scale premises, which is having a flow through effect on the whole market. As stated in previous Month in Review entries, the hospital expansion is bringing a wealth of jobs for both short term construction and ongoing...
medical staff, as is private sector allied health work, which is bringing population movements from outside the Goulburn Valley. This has been steady now for the past 12 to 18 months and will continue throughout 2020.

The land situation in the area is tightening, with a number of larger estates being in their last stages. This will start to put upward pressure on land values, the likes of which we haven’t seen in over a decade. This will hit first home buyers the hardest as they make up a large chunk of the new home builder pool. Investors are still in the area chasing the strong yields that we have to offer, but the intensity the out of town investors brought six to 12 months ago has cooled off. Unit prices have started to bounce back with a couple of good results recently.

Overall the market is still performing strongly with sustainable growth rates. Many agents are reporting sub 30 days on market and have been for an extended period.
Brisbane

As at time of writing, the quick progress of COVID-19 has brought swift ramifications for the real estate industry. No open homes, no in-room auctions. In short, professionals are having to adapt quickly to ensure the economic wheels keep turning.

This month’s theme (chosen many weeks back when the world was blissfully ignorant) was to look at what drives our markets.

Well, that seemed like a lifetime ago.

It would come as no surprise that the overriding element at present is the medical, social and economic fallout from virus control measures.

In Brisbane, the full effect is still to play out, but we can at least take some comfort in not having to deal with population densities like Sydney and Melbourne. A small blessing for the Sunshine State.

For the sake of this month’s submission, let’s look beyond COVID-19 and set aside the economic downturn and recovery period to some degree (as we’re not certain as yet how long this challenging time will last).

So, what are the elements that traditionally drive the Brisbane market and how might they look in the future?

The metrics and measures we’ve customarily watched as Brisbane property indicators have included the general economic outlook (nationally and locally), employment numbers and job security, interstate migration, wage growth, interest rate movements, local, state and national elections and the availability of finance.

It’s a complex dance of interaction between these components that sets the level in terms of activity and price growth potential.

To give some perspective, 2019 saw a somewhat challenging start in the first half of the year with a number of headwinds. These included the banking royal commission that led to a redefining of lending policies by financiers. There were mid-year elections plus a feel that southern markets had overheated as well.

We were also struggling to get our Queensland unemployment rate lower.

All these elements contributed to our unimpressive residential market performance and general confidence.

Then, the second half of 2019 saw a market back on the rise. There was an increase in confidence as lending restrictions were loosened, Brisbane’s major infrastructure projects got underway in earnest and interstate migration numbers continued to improve.

It was, for all intents and purposes, looking like a very promising 2020 before the handbrake was applied by the pandemic.

Of course, once we pass through this time of uncertainty, Brisbane property operators will be looking overall for leading indicators such as employment and wages growth.

There will no doubt be an appetite for infrastructure projects to be back on track and, as mentioned, that all important net interstate migration number.

For those interested in some nuances, there are different drivers for different buyer types.

For example, first home buyers in Brisbane are traditionally stimulated by affordability, the level of competition from investors, first home buyer’s grant and stamp duty incentives, interest rate reductions and the ability to save for deposits and get finance. Some of these measures won’t be applicable in the immediate wake of COVID-19, e.g. interest rate falls. That said, when markets return to normalcy, this list of drivers will be applicable.

For upgraders, interest rate reductions have been a keen driver of markets. The ability to draw on built up equity and borrow at a competitive rate has prompted many to act in the past. Of course, with rates being used as a lever to stimulate the economy at the moment, their ability to substantially drive the upgrader sector post-COVID-19 will be some time off.
Empty nesters who'd been looking to downsize and move closer to the city were, in the past, driven by the improvement of lifestyle factors. This would include the development or upgrade of community-centric hubs such as cafés and restaurants. Those who are self-funded can also be prompted to move in response to available property types - in particular high-end apartment accommodation - where they can enjoy a comfortable, low-maintenance lifestyle with the ability to lock-and-leave for travel. Again, elements that may be some way off after the crisis passes and we're on the road to recovery.

Local drivers by property type aren't particular to Brisbane. What traditionally applies here could well apply to most capitals on the eastern seaboard.

For units, the influence of oversupply and undersupply is paramount. Brisbane saw the fallout of new build oversupply during 2017 to 2019 as off-the-plan product came to completion. Many revaluations were coming in below the original purchase price. During 2019, we were seeing a pick-up in absorption of this oversupply, but the post-2020 market is more uncertain at this stage.

The thing to keep in mind regarding apartments is that good quality stock which appeals to owner-occupiers is often well received. It’s this type of unit that will receive increased buyer interest post-2020. This includes units of good size and with a practical floorplan within close proximity of desirable hot spots. In comparison, typical investor style apartments in secondary locations will have less growth potential.

Similarly, townhouses within the inner city have performed well in comparison to those positioned in outer-lying suburbs. That said, performance can be project specific. Broadly speaking, well located, quality townhouse projects catering to the owner-occupier market have performed better, with stronger demand and value levels that are more resilient.

And of course, detached housing is the stalwart sector. Houses closer to the city tend to retain and grow in value better than those located further on the fringe. High demand and limited stock is the equation that’s driven this traditionally.

**Gold Coast Central**

Up until the recent outbreak of the Coronavirus, it appeared that there was a sense of confidence in the local property market from both investors and owner-occupiers. Local agents had been reporting good levels of buyer enquiry for a broad range of residential property in the first couple months of 2020 which has been positive. This level of optimism can be attributed to the low interest rate environment and to some extent, the latest upturn in the Sydney and Melbourne housing markets. With some signs indicating these capital cities being on the bounce again, many buyers have been turning their attention to the central Gold Coast area due to the attractive price points. The key local drivers for this region include a wide array of lifestyle options, with good accessibility to amenities and greater job opportunities (compared with the quieter coastal and rural districts).

In light of recent events (Coronavirus and the subsequent stock market falls) it will become more apparent that buyers will be paying greater attention to national economic indicators but these buyers will also need to focus on local concerns. The central Gold Coast region is heavily reliant on the construction and tourism industries. These industries support a huge amount of the population for the area in terms of providing jobs and stability for the local economy. It will be interesting to see how these industries fare in the next few months and what impact it will bring on the local property market if the recent events continue to escalate.

**Gold Coast Central North**

Most investors appear to be acutely aware of the current interest rate and predictions of it being on the decline. This has put a positive slant on the local market. Another positive is the general optimism in the national economy, however this is now very fluid due to the Coronavirus pandemic, with some local agents reporting a fall in enquiries. A major factor on the Gold Coast is the perceived low values of properties compared to the capital cities such as Melbourne and Sydney and overseas markets.

A major local influence on the Gold Coast has always been proximity to water, whether beach, broadwater, river, lake or canal. Secondary location factors are proximity to the perceived better schools, commercial precincts and public transport corridors such as proximity to the new light rail or access to M1 motorway.

First home buyers are most influenced by budget and need for compromise. Many are buying small lowrise units in the older areas such as Southport or driven to the north-west corridor developing area. Upgraders are driven more by location (i.e. water locations). Empty nesters are usually seeking smaller dwellings in locations with good proximity to health services and established commercial precincts.

A major factor has been the oversupply of medium to high density housing such as modern medium rise apartments and townhouses.
Price points in Murwillumbah are strong for older dwellings as buyers want character dwellings close to town. The modern dwellings located in the estates on the outskirts of town are becoming a harder sell for agents and the market is seeing a flood of this property type with little movement.

First home buyers are looking to duplexes in Banora Point or go further inland to Murwillumbah to get a foot in the market since these dwelling types are at the cheaper end of the market and still priced under $500,000.

**Sunshine Coast**

The Sunshine Coast, like most regional property markets, is underpinned by population growth. The Sunshine Coast has traditionally been one of the fastest growing regions in Australia with the latest official population count of 375,271 as at 30 June 2018.

Population growth on the Sunshine Coast has slowed from the halcyon rates of close to six percent per annum in the early 1990s and touched a low point of 1.4 percent in 2011 due to the subdued state of the economy at the time. Population growth has since reverted to an average of 2.4 percent per annum from 2011 through to 2018. Official state government projections indicate that the Sunshine Coast’s population will reach approximately 583,000 residents in 2041. Although this implies a strong increase in numerical terms, it envisages that the rate of population growth will only average two percent per annum over the 25 years from 2016 to 2041, considerably less than the 3.2 percent average experienced over the 25 years from 1991 to 2016. Future growth will nevertheless remain well in excess of the Queensland and national averages.
After a slowly declining six year period from late 2013 to mid 2019, we have finally started to see the property market respond in a positive way with growth recorded in both sales activity and sale prices across many sectors of the market in the past six to nine months. So what’s driving this change, you may ask. Well in hindsight, the catalyst that turned the ship around was the largely unexpected federal election result in May 2019 when unprecedented swings across regional Queensland resulted in a massive boost in confidence to the resource sector. Production increased during the back half of 2019, creating a wave of new jobs and increased confidence. Initially we saw a tightening of the vacancy rates for rental properties which quickly resulted in increased rents. Sales followed suit shortly afterwards.

In more recent times, government infrastructure spending is at an all time high with multi million dollar projects currently underway including the duplication of the Capricorn Highway between Rockhampton and Gracemere, the Parkhurst Highway upgrade, a billion dollar Rockhampton Ring Road project and ongoing Defence Force projects to name a few.

Of course as I write this the COVID-19 outbreak is impacting the world and Australia. Unprecedented times and its impact is already having a disastrous effect on all levels of the economic front. The extent of its impact locally on the property market is still largely unknown. Hopefully the powers at be are making the right decisions in managing this crisis and we all get through this together sooner rather than later.

Gladstone has mostly always managed to live in its own little bubble when it comes to how its market performs. It has at various times over
Residential
Month in Review
April 2020

Not be fully reliant on a booming resource sector. Housing affordability became a real positive for the city, with workers who had been previously priced out of the housing and rental markets now able to enter the market.

Since 2017, the Mackay residential market stabilised. Throughout 2018 and 2019, Mackay has seen large infrastructure projects (such as the Mackay Ring Road project), an improved resource sector and increased employment opportunities have seen improved market conditions in the residential sector. Throw in historic low interest rates and all the ingredients are there for sustained growth in residential real estate in the short to medium term.

The one big caveat to this is the current COVID-19 pandemic and the economic effects it might have. At the time of writing, there has been limited disruption to the major industries in Mackay and the Bowen Basin, however, should the virus make its way here and into the Bowen Basin resulting in large disruptions and possible mining shutdowns, the effects could become quite pronounced. I guess only time will tell.

The main economic impact in the next three to six months for the Fraser Coast region will be the flow on effects from the Coronavirus to business and society. Confidence is likely to be subdued for both owner-occupiers and investors in residential property with the public expected to be cautious and perhaps just wait out the situation until the...
seeing sales rates quickening and selling periods reducing. Sales however are still price sensitive and price movements thus far have been minimal.

We are however entering a period of unprecedented global economic disruption with COVID-19. Just how this will translate in our local market in terms of jobs and job security will be a major indicator to watch over the months ahead.

Emerald
The resources sector employment remains strong which is holding up our market across the region with a slight firming in some areas. New employees to town and those being squeezed out of the rising rental market are the most active purchasers at present. Some who purchased in the boom have seen values lift enough to now upgrade or move on but these are still a minority. All price points are active with the top end having seen the strongest gains recently. Our market will continue to be dominated by the outlook for the resource industry.

Townsville
Jobs and job security are major drivers of our local property market with both of these currently heading in the right direction prior to COVID-19 directives.

Over the twelve months since January 2019, we have seen a trend increase of 7.1 percent in the number of persons employed in the Townsville region. Our unemployment rate is on a downward trend and the higher levels of business confidence and strong rates of job advertising being observed bode well for continued strength in employment creation in the coming months.

We have a strong pipeline of projects proposed to commence in 2020 or currently underway, with completion of the North Queensland Stadium and its hosting of events now a reality. This is providing a positive driver along with other proposed inner city projects such as the SeaLink ferry terminal, the Cowboys Centre of Excellence and the 166-room Double Tree by Hilton hotel.

Detached housing in inner suburbs such as Belgian Gardens, North Ward and South Townsville in close proximity to entertainment and lifestyle hubs are worst has passed. Values are likely to flatten as demand reduces with selling periods extending up to six months.

Properties available for rent are very scarce in Hervey Bay at present, with one agent reporting that their business has been reduced to only one listing for a single residential dwelling and three units. Due to the shortage, higher rents can be achieved with this trend set to continue in the short term. Given that the property market is in uncharted territory with regard to the impact of the Coronavirus, it is unknown at this point the extent of possible high unemployment from the potential closures of small businesses and negative effects from minimal tourism. The increase in medical related employment over the past five years for the region will be of benefit for property owners with more reliable employment in this sector and high demand for medical services. An increase in consumers seeking options with mortgage brokers and banks for existing finance is expected with uncertain times ahead.

Prior to the arrival of the Coronavirus crisis, the Fraser Coast was looking to benefit from the projects due to get started from the Hinkler Regional Deal worth $260 million. The deal was made between the federal government and local councils with projects that include $40 million for the CBD redevelopment, $24 million to flood-proof roads, $9.2 million for the redevelopment of the Hervey Bay Airport, $7.7 million for the Boundary Road extension and $7 million to establish a new hospice in Hervey Bay. Going forward, it is hoped that these projects will still commence this year pending the current international developments.
South Australia

Adelaide
No matter the location, property markets are driven by a multitude of macro and micro influences. These influences can be encountered day to day or year to year and be as mundane as the weather or as topical as federal or state elections. These drivers play a critical role in the buying and selling decisions of those active in the market.

Of the many economic, social and political drivers that influence the South Australian property market, two major drivers continue to be the most prevalent - interest rate movements and political elections. These two factors are the most visible to the market being heavily publicised in both print and digital media. Interest rate movements are front of mind for first home buyers whilst they directly correlate to a current mortgage holder’s hip pocket. A rate reduction can allow a first home buyer to enter the market whilst an increase could be the forcing hand for an investor to start selling. Political elections can act as both a hand brake and accelerator. In a pre-election time, market activity can slow given the many unknowns surrounding opposing parties’ election promises. Post-election, the market can see where the goal posts lie and move forward with certainty and stability. Additionally 100,000 South Australians making up nearly six percent of the state’s population are employed in the public service. Pre-election public servants would be wary of becoming active in the property market with the uncertainty a changing government could have on their employment.

Of most significance in the current market is the record low cash rate of 0.5 percent. Broadly, we are seeing first home buyers, upgraders, empty nesters and investors all active in the market. The mouth-watering prospect of finding either a fixed or variable home loan rate of sub three percent could be too good to pass up. The activity of these buyers in the market is driving demand for a broad range of property types.

Throughout the metropolitan area, character dwellings remain the most popular with the broad market. Depending on location, entry points for these dwellings range from $500,000 to $800,000. Characterised by turn of the century cottages and quaint laneways, the inner south-eastern suburb of Parkside is popular for those seeking properties with heritage features. Achieving a sale price of $683,000, 22 Robsart Street, Parkside typifies this property type. This is a character single fronted cottage providing two bedrooms, one bathroom, off street parking all situated on an allotment of 426 square metres.

Metropolitan Adelaide has seen an increase in higher density townhouse style development. Driving this market within the inner ring are cashed up empty nesters looking to downsize whilst investors and first home buyers are behind the wheel in the middle and outer rings. Within the inner ring, entry price points can be well into the $1 million range whilst within the middle and outer rings, $400,000 is typically the starting point. Both the sales of 7A Linden Crescent, Linden Park and 16A Egmont Avenue, Warradale which achieved sale prices of $1.25 million and $545,000 respectively represent these similar property types in differing locations. Appealing to downsizers, 7A Linden Crescent, Linden Park maximises accommodation on a small allotment and includes high quality

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Adelaide provides an example of this product mix. Throughout 2019, this building had transactions of multiple apartments with varying floor plans with sale prices ranging from $465,000 for a two-bedroom, one-bathroom, one car space, sixth floor apartment to $2.65 million for a three-bedroom, three-bathroom, four car space, seventh floor apartment.

There are a multitude of factors driving the South Australian property market on both a macro and micro level. These drivers aid in the decision making of both purchasers and vendors. Awareness of these drivers and the understanding of their effects on the market are critical to making the right decision when the time comes.

The CBD apartment market is unique with each new tower providing product appealing to all buyer types. Abiding by local planning guidelines and having knowledge of the broad market appeal, CBD apartment developers have to create a multitude of offerings at varying price points. The recently constructed seven-level apartment complex Five O Six on Hurtle at 36 Hurtle Square,
Perth

April’s Month in Review topic could not have come at a more appropriate time. Consumer sentiment is a big driver in the property market and due to the recent COVID-19 outbreak, at the time of writing, consumer sentiment is fragile to say the least. There are many other key local, national and global drivers that influence the property market and these economic drivers are in a constant game of tug-o-war, continuously shifting along a scale between supply and demand - the result of which creates price movement within the property market. In Western Australia, our economy is most heavily influenced by the mineral and gas resources industry. The resources boom has been mentioned in almost every Western Australia segment of the Month in Review in recent years as it has impacted the state so significantly and will continue to do so for the foreseeable future.

Mining projects throughout the state create thousands of jobs through construction work, maintenance, cleaning, machine operation, management etc. These jobs bring in hundreds and sometimes thousands of interstate and overseas workers in what can be relatively short periods of time, due to the enticing remuneration packages offered by large companies that compete for a limited workforce. Conversely, when projects come to completion, net migration can turn negative rapidly. The fluctuation of job vacancies and unemployment plays a large role in Perth’s property market as it influences our overall population in significant waves.

Net state and overseas migration statistics are directly linked to median house price and rental trends. As demonstrated in Figure 1, we observe the nearly direct relationship of net migration and median house price growth, the effects of which have an approximate one-year delay.

As we touched on in our September 2019 edition, increased resource investment in 2006 influenced the mining sector across the whole state. Mineral exports were ramping up as the amount of iron ore Western Australia was capable of exporting quadrupled in value from 2006 to the peak in 2012. This enabled businesses across Perth and regional Western Australia to find space for a number of new job vacancies and in 2006 we saw 31,000 migrants flock to the state, including both net interstate (3,100 persons) and overseas migration (28,070 persons). It didn’t stop there though. Migration figures increased again, then had a lull and eventually peaked in 2012 when we saw a total of 58,600 people travel to Western Australia to get their share of the revenue from the resources boom.

As mining investment declined, so did the availability of jobs. Some mining construction projects came to completion and this began the increase in unemployment rates. The construction phase had ended, temporary contracts did not get extended and we started to see a significant drop in net migration.

Western Australia

Median prices
(Gen 2019)
Greater Perth
$748,000
So how is Perth faring at the moment? Greater Perth’s median house price settled at $478,000 for the December 2019 quarter, falling by 1.2 percent. Negative house price growth has been easing off for some time now, however the disparity between Perth’s inner and outer suburbs has caused some confusion for homeowners on where we currently sit. A very positive sign for Western Australia is the rebounding of vacant land prices. Between the March and December 2019 quarters the median price of vacant land saw three consecutive increases, rising 3.4 per cent from $236,000 to $244,000. Perth hasn’t seen an increase in median vacant land prices since mid 2017 and that only lasted for one quarter.

Perth’s apartment sector over the past 20 years has been very cyclical, but is maturing rapidly. From 2012 to 2015, Western Australia saw a boom of apartment construction, fuelled by the resource sector. During this time, demand was high and developers of all kinds jumped in to fill the void with mainly investor grade products and several prestige developments that commanded high values as the market matured. Unfortunately the timing of completion of these was poor and on the downward part of the cycle. Today Perth’s apartment market is still reeling from a large oversupply in some areas and it does not appear that this supply line will be going away any time soon, with an estimated 1600 new apartments completed in 2019, as well as 800 more anticipated by the end of 2020. Beyond then, 3,100 apartments are expected to reach completion in 2021 and 2022 (JLL, 2020). This coupled with the 2,400 units currently on the market could mean a very positive sign for Western Australia is the rebounding of vacant land prices.

Net interstate and overseas migration has reverted to positive figures again and this has helped to stabilise property values in the Perth metropolitan region.
further price corrections in this segment which is exacerbated by current state government policy directing demand to new supply.

First home buyer locations such as Baldivis, Byford, Ellenbrook and Alkimos have all experienced continued value decreases over the past few years. Vast land development alongside Perth’s suppressed population growth has spelt disaster for this market segment. Advice from our valuers suggest that there has been little improvement in these areas recently and we don’t hold much hope for the short term either. We do expect to see diminishing rates of negative growth over the medium term as long as economic conditions improve, however recent events have now cast doubt on this.

Moving closer to Perth, upgrader locations are faring slightly better than their outer rim counterparts. There has been a mix of value increases and decreases amongst various suburbs, however some recent positive signs include improving selling periods and declining vendor discounting. This can mostly be attributed to home owners heeding advice from their agents and pricing homes correctly from the get-go.

Kingsley is a suburb located 16 kilometres north-west of the CBD and is considered an upgrader location. The median house price in Kingsley decreased 0.3 percent during the December 2019 quarter, settling at $543,250. Negative house price growth has diminished over the past four years and hopefully we will see values increase in the medium term. Previous news of positive economic conditions has been a big driver in these areas recently and we don’t hold much hope for the short term either. We do expect to see diminishing rates of negative growth however recent events have now cast doubt on this.

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The residential market in Cowaramup has outperformed most other towns in the region. As the number and quality of houses in the suburb increases and the town becomes more established, demand has also increased. Land sales were at their lowest level in ten years in 2019 which is an indication of the low levels of residential land now available in Cowaramup. With good demand and low supply of land, values are expected to increase in the short to medium term.

Kalgoorlie is the major city within the eastern goldfields region – located some 600 kilometres east of Perth. Known for its gold mines, there have been many excavation projects of all sizes here. KCGM Super Pit produces up to 800,000 ounces of gold annually. The Kalgoorlie-Boulder area has a median house price of $290,000, falling three percent over the December 2019 quarter, however the region has seen some positive signs of late as Piccadilly, South Kalgoorlie, Kalgoorlie and West Lamington experienced quarterly increases between 0.2 percent and 14.8 percent. Hannans, Kalgoorlie and West Lamington also showed annual improvements between 0.8 and 4.2 percent. The price of gold has a direct impact on this town’s prospects as many of the workers live in the region.

Figure 5 shows that gold has been a relatively stable long-term investment over the past 20 years. The recent COVID-19 outbreak could potentially see gold prices increasing further due to investors selling stocks and moving to a safer venture in gold. Conversely, prices could also drop in the

**Historically in times of uncertainty investors look to consolidate their capital instead of growing it through new ventures, and this will certainly slow the market down further.**
short term due to a lack of demand from Chinese manufacturers and jewellers. In 2019, China held the largest portion of demand in the world for gold at 33 percent, so it will be interesting to see which direction the market shifts towards.

COVID-19 will no doubt have significant negative economic outcomes. Historically in times of uncertainty investors look to consolidate their capital instead of growing it through new ventures, and this will certainly slow the market down further. Government subsidies and cash rate cuts may come in hopes of stimulating the economy, although it will be hard to curb consumer sentiment when we are faced with a global pandemic. It’s not all bad news though - investors and residents with secure jobs may be able to find great value in the property market over the coming year.
The greater Darwin residential market, like other cities, faces many influences and drivers of market sentiment and ultimately price movement.

To begin, and more prominent for all regions and sectors of Australia, is the impending economic fallout from COVID-19 or Coronavirus. Without taking away from the seriousness and current health implications of this, we see the wider economic fallout from this virus having a much wider reaching and larger impact on our property market and all markets in general. Without sounding too negative, sentiment will take a battering in the short term, with the long term implications still unknown at this stage. Uncertain times ahead!

Secondly, and most applicable to Territory markets, is population growth. The growth or, more correctly, lack thereof, has a very big say in how our local market will go. As noted in previous Month in Review issues, Darwin and the wider Territory’s population has been either steady or in decline over the past two to three years, where all other states experienced growth. Unfortunately not only does this create a smaller pool of buyers, but local community sentiment takes a hit. While the reduced population number is small, it’s not an increase. People and businesses see this as a negative. While we see the long term (two years plus) outlook as relatively positive due to large scale projects currently in the pipeline, this does not relieve current sentiment in the short term. Ultimately this leads to a reduction in prices across all sectors of the Darwin property market. We currently have the lowest median house price at $460,065 as at December 2019 (source: REINT) of any capital city and a big reason is due to lack of growth in our population.

The cash rate sits at 0.25 percent (as of 19 March 2020), the lowest in history for our country and with the impending effects of Coronavirus, is widely tipped to reduce further.

We saw an uplift in sales volumes for the December quarter with 33.3 percent for dwellings sales across Darwin overall (source: REINT) yet no change, or zero percent in total dollar sales volumes for the quarter. What this is telling us is that the Territory market looks to be turning with regard to volume and we see this trend as likely to continue with lower median home values showing why we can have an uplift of one-third in sales volumes yet no increase in overall value. We see this as a shining light and hopefully a shift in market sentiment that will continue.

A driver of the increased volumes is also the investor market. Corelogic’s March 2020 report shows Darwin as having the strongest gross residential yields of all capital cities at 5.9 percent. Whilst most owners are experiencing low or no capital growth, they are underpinned by positively geared assets, a great incentive for those looking to get into the market or avoid the low yields of other capital cities. With the financial market and stock exchange facing volatility, bricks and mortar is likely to offer more security to investors.

It is hard to look past the current situation of COVID-19. This is causing a raft of issues that will have wider reaching implications for the Territory. Tourism is something that coming into the peak dry season (southern winter months) allows local businesses to really thrive on the back of warm weather. With the recent travel bans, lack of domestic travel and social distancing concerns, it is hard to imagine the local sentiment garnering any positivity.

The Northern Territory government is delivering a $65 million Jobs Rescue and Recovery Package (source: https://business.nt.gov.au/recovery) stimulus for Territorians that will ease some pain in the short term however with business looking into a lean few weeks and months ahead, the outlook is not great. We see this as having a direct impact on local property markets, particularly commercial, as tenants and businesses feel this pinch. The positive

Corelogic’s March 2020 report shows Darwin as having the strongest gross residential yields of all capital cities at 5.9 percent.
The other factor looming large as a real threat to the health of the local economy (no pun intended) is of course COVID-19. At the time of writing there is uncertainty about exactly how big the impact will be from this crisis.

Central Australia has long relied on the tourism industry as a major employer and revenue generator. With travel restrictions imposed already and the likelihood of more stringent restrictions to come, the immediate future of the tourism industry does not look bright. These restrictions could not come at a worse time, leading into winter, which is peak tourist season.

The longer term impacts of these events is difficult to forecast, however with a market that is already in a fragile state, it could prompt a downturn in values as people sell up and leave town or are forced into selling due to financial circumstances. With no significant capital growth being experienced in recent years, a sudden influx of properties being listed for sale is likely to create an over-supply. The coming months leading up to August 2020 and beyond have the potential to shape the residential market in Alice Springs for years to come.

Alice Springs
In the lead up to the Northern Territory government election in August this year, there has been a major focus on the current situation regarding crime in Central Australia, with many locals believing it has worsened over recent months. It seems to be the hottest topic of conversation around town and on local social media platforms, apart from COVID-19 of course. People are asking the question regarding what impact (if any) this increase in crime might have on property values. Whilst there is anecdotal evidence of people leaving town because they have had enough of the increasing crime and other social issues, it has not become apparent yet that it has impacted on the property market. That is not to say it might be the cause of a downturn in the coming months.
Canberra

The ACT residential property market continues to be driven by high wages support by strong government employment and low general unemployment (3% in the ACT compared to 6% Australia wide). The public service accounts for 42% of the ACT’s total workforce which is heavily responsible for the strong $108,000 per year median income in the ACT. The high median income keeps property prices on the high comparative to the rest of Australia. The median house price in Canberra currently sits at $691,000 (January 2020) compared to the national average of $809,000 (January 2020) making it the 3rd most expensive Australian city behind Melbourne and Sydney. Property under the $600,000 mark continues its popularity among first home buyers, which is likely to continue.

remain low and the ACT local economy will remain stronger than other economies relying heavily on private sectors. However market conditions are unpredictable and the unprecedented circumstances provide little guidance in what may happen in the near future.

<table>
<thead>
<tr>
<th></th>
<th>Monthly rise (all dwellings)</th>
<th>Annual rise (all dwellings)</th>
<th>House (median price)</th>
<th>Unit (median price)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sydney</td>
<td>1.1%</td>
<td>5.3%</td>
<td>$1,077,894</td>
<td>$749,017</td>
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<tr>
<td>Melbourne</td>
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<td>5.3%</td>
<td>$789,649</td>
<td>$710,475</td>
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<tr>
<td>Brisbane</td>
<td>0.7%</td>
<td>0.3%</td>
<td>$546,781</td>
<td>$380,023</td>
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<tr>
<td>Adelaide</td>
<td>0.5%</td>
<td>-0.2%</td>
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<td>$322,862</td>
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<tr>
<td>Perth</td>
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<td>-6.8%</td>
<td>$456,239</td>
<td>$302,890</td>
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<tr>
<td>Hobart</td>
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<td>3.9%</td>
<td>$560,395</td>
<td>$393,390</td>
</tr>
<tr>
<td>Darwin</td>
<td>-0.5%</td>
<td>-9.7%</td>
<td>$464,625</td>
<td>$279,367</td>
</tr>
<tr>
<td>Canberra</td>
<td>0.1%</td>
<td>3.1%</td>
<td>$691,551</td>
<td>$429,496</td>
</tr>
<tr>
<td>National</td>
<td>1.1%</td>
<td>2.3%</td>
<td>$552,150</td>
<td>$311,111</td>
</tr>
</tbody>
</table>

Tasmania

Statewide
What has been driving the Tasmanian market?
Well, if I was writing this in February I would have said:

- Improved economic sentiment and outlook underpinned by a continued improved local economy; being one of the best performed in the country,
- Housing shortage,
- Net population growth,
- Climate Change Factors,
- Strong/growing tourism sector.

However as I sit here pondering the road ahead it is clear that COVID-19 is likely to impact the market significantly and almost certainly to be a historic event.

I think everyone accepts in the short term there will be a contraction. So let’s skip this period. What happens next in, say, six month’s time when the world is ‘back to normal’?

If Tasmania is able to escape the spread of the virus; which at the time of writing is the case; our island’s “Clean Green” persona could fuel the recovery and next wave of population growth much quicker than anticipated as a further population heads south from the mainland states seeking the safer life style on offer. This is the key to a relative quick bounce back of the housing market.

However, on the flip side if the virus takes hold in the state and the borders remain shut for an extended period; clearly the tourism sector will be decimated. The job losses could result in a sharp down ward correction in pricing for an extended period.

We are at the moment seeing B n B properties being released into the long term rental market. This added over 100 houses/units last week alone into Hobart. While this is not unwelcome and hopefully will provide some relief to the rental sector it is likely a sign of things to come.

Stay safe all.
Overview
The content of this month has altered in the past week and so the focus is about our ability to support our clients. With the limitations on people movements, the Herron Todd White national footprint remains open to continue to work with clients, owners and financiers to help keep business as usual occurring. The way our team may need to deliver this work will be challenged, however with the largest rural footprint of any valuation business in the country, our team has the local expertise to continue to deliver services.

At the time of writing, it is not yet clear if our industry is deemed an essential service, however finance is and as a supplier of support services to finance we can play our part. The main message I wish to convey to all clients and from all of our team is that we will work with you all to help deliver outcomes, so please reach out to any one of our 64 offices across the country or direct to any of our team. The main contacts for each location can be found in the link below.


An interesting observation of the past three weeks or so has been the performance of many agricultural-related stocks in the listed market space. They have seen some reductions but in many cases only single digit corrections and not the large percentage falls of other sectors. One of the main reasons that agriculture assets were attractive to fund managers and sovereign wealth funds was they were an uncorrelated asset class to equities and other property type assets and seen as a base store of asset wealth. It will be interesting to see how the Australian super industry looks at agriculture post this event as a large proportion of the capital has come from international funds compared to domestic funds. Next month we will provide some commentary about early signs of the market impact.

Stay safe for now.

NEW ENGLAND/NORTH WEST
The rural market in the New England region remains relatively strong with increased interest and upward pressure on values evident. The long-term drought conditions in the region appear not to have reduced the appetite for prospective buyers, particularly from local landholders looking to expand. The recent sale of Pandora, 14 kilometres south of Walcha, shows the demand from neighbours looking to expand. The property recently sold at auction on 5 March 2020 for $9699 per hectare ($3927 per acre), which was a strong result given the holding was largely unimproved grazing.

Since July 2019 there have been approximately 18 rural sales of properties in excess of 200 hectares throughout the Walcha, Uralla, Armidale and Uralla shires with some additional sales yet to settle. Whilst the number of sales is lower compared to the previous financial year, the median price per hectare continues in an upward trajectory. We feel this is a combination of the increased demand from local landholders and neighbours expanding and the lack of listings leading to increased competition.

As at the time of writing this review, we find ourselves and the country in an unprecedented situation in regards to COVID-19. It is too early to predict what impact this will have on the rural market and our team will continue to monitor the rural market and report any relevant observations on the rural sector and market over the next six to 12 months.

NSW North Coast
Farmers on the New South Wales North Coast are like most farmers in that they relentlessly attempt to maintain or increase production and control or lower operating costs. The sugar cane industry has been under some commodity price pressure in recent times with low world prices, as well as externally from the purchase of farms for planting macadamia nut trees and tea trees to a lesser extent. Sugar cane farmers have long worked in a co-operative fashion and share harvesting and planting equipment in various well-organised farmer group structures to defray capital and operating costs. In more recent times, some farmers, particularly in the Condong Mill Area, have changed farm practices to growing all one year old cane instead of a mix of one and two year old cane. Earlier in the season, sugar producing and ratooning varieties and minimum tillage has promoted this practice of growing only one year old sugar cane. The experience of growing only one year sugar cane is higher levels of overall farm production.

This region is renowned as a prolific beef store weaner producer historically popular with tableland and western graziers. Although many weaners

Since July 2019 there have been approximately 18 rural sales of properties in excess of 200 hectares throughout the Walcha, Uralla, Armidale and Uralla shires with some additional sales yet to settle.
may still be sold to be grown out or finished in the western areas or feed lots, many beef graziers are improving pastures and genetics so that they can sell their product at higher live weights and gain a higher value and return per head.

There has been limited sales activity in 2020. Some sugar cane farms in the Condong Mill area are reportedly sold or under contract and an avocado farm at Fishermans Reach is reportedly under contract.

**Mildura**

The agriculture sector at the time of writing appears to be somewhat protected from the economic devastation being wreaked on other parts of the economy by the Covid-19 outbreak.

The huge amount of uncertainty resulting from the outbreak is likely to stall some property sale negotiations, however the fundamentals for food production remain sound and we expect that sales will eventually resume and that the impact on values will be less than for other property sectors.

The 15 percent slide in the exchange rate to current levels of around US $0.57, will help maintain export returns for our local horticultural economy, even though there will be issues around accessing some of our key markets. We note that domestic market prices have risen in some cases due to concerns about shortages of supply.

An issue for some of our labour intensive industries (think manual harvest of table grapes and citrus) will be the availability of casual labour. Many growers rely on sourcing itinerant workers from Pacific or south-east Asian countries and this will be less available. An early shout out to fit people looking to make some money in the Australian outdoors.

**Darling Downs**

It’s become very topical of late with financiers, landholders and agents asking how the continuing strengthening in land values will impact on future markets. An established beef cattle producer recently indicated on an inspection that they were looking to diversify to reduce debt as part of a succession planning strategy. The relationship between farm debt and returns provides no easy solution for family members to take over from their parents. The grazier acknowledged the challenges of running a viable grazing operation on the Darling Downs when he said that land prices are too expensive to be running breeders. The financial viability and challenging Australian climate have forced some long standing grazing models to evolve to remain economically relevant, as for the majority of businesses in Australia at present.

The transition to trading cattle will allow greater turnover and spreading cash flow. The recent sudden spike in cattle prices however has created some anxious caution in the market where we are also seeing some conservative buying despite ability to run higher numbers but in some cases trying to spread risk through providing agistment on surplus country.

The rural market in south-east Queensland is starting to witness a slight increase in the number of listings on the back of much needed rain. We are expecting the strong demand to continue as any potential purchasers prior to the rain would view assets more favourably now that they have the ability to stock. At this stage the continued strong demand will likely create a firming in values in the short term until supply equalises buyer demand particularly for grazing assets. The broadacre farming market hasn’t seen the same level of buyer demand, especially towards the back end of 2019 when the drought was impacting on market confidence and despite the rain, cash flow won’t exist until crops are harvested.

**On the upside, agri investments will likely be viewed more positively by investors seeking tangible assets underpinned by the world still needing to feed itself.**

One of the industries that will have to adapt this season is the almond industry, following the destruction of a huge number of bee hives in the summer fires. Almonds rely on bees for pollination and the simple economic theory of supply and demand will see the cost rise significantly. Bee keepers are looking for ways to bulk or split their colonies in time for the August pollination season and in some cases, almond growers will need to accept lower than ideal bee densities.

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As we are seeing the country go into lock down due to the Coronavirus, this will have an impact on many business and financial markets. To a large degree, the agri sector has been insulated from its effects to date, however the ability to source fertilisers, chemicals, parts, labour etc will likely be affected at some stage. Further risk will also be created by any uncertainty in the financial markets, which will ultimately have the potential to create low investor confidence. On the upside, agri investments will likely be viewed more positively by investors seeking tangible assets underpinned by the world still needing to feed itself.
This does not mean boom time for agricultural property markets. Yes, property market sentiment is positive. Unlike urban residential markets, graziers are still pushing ahead with their interest in acquisitions and expansions. The pandemic has reduced the hot air value talk, which is a healthy thing for the rural property markets.

North and North West Queensland
As urban society grapples with the virally affected new world, agriculturalists are flat out producing food and fibre to feed and clothe society.

Yes, the graziers and farmers are feeling the pinch of COVID-19. Farmers around Bowen in particular are used to biosecurity and horticultural crop security risks. Measures have been in place for years to manage the risk of disease. That is the heart and soul of producing the healthy food that society demands. This is a major salad bowl production area of Queensland and may now also serve as a good source of employment while the hospitality sector struggles.

As the pandemic is endured, society is looking to the agricultural sector to continue to produce an abundance of clean and safe foods. This realisation is a stark contrast to the way farmers and graziers have felt for years; that urban society does not care about the agricultural sector.

The pandemic is serving to close the gap between urban communities and their country cousins.

Australia is lucky to have its standard of food security and as this pandemic is navigated, the world will demand the same. Our trading partners need to eat.

The low Australian dollar is of benefit to competitiveness for the sale of our safe and nutritious products on the global market. Perhaps the new dawn of agriculture is upon Australia! What will that look like? Will this period reset the balance of policy and land management practices for a collaborative future?

Will this period reset the balance of policy and land management practices for a collaborative future?
prudency is required as the pandemic continues and commodity supply chains redesign themselves. Not only is the pandemic a property market risk checker, so too is the season. There are parts of north and north-west Queensland that have not had the best season. There are districts that have had a cracker of a season. Cattle are being sold off accordingly to southern markets where there have been better seasons. This southern demand has served to mask the market while the supply chain issues around ports and meatworks are sorted.

At this stage, rural property markets in the north and north-west Queensland appear stable. Stakeholders are considering their risks and implementing protocols to protect their health while they continue to grow an abundance of healthy and safe food.

Cairns
Growers in far north Queensland are adapting to changes in climate and consumer trends in many different ways. The threat of drought and reduced irrigation water allocations and the continued popularity of the avocado has led to change in northern horticultural industries.

Adaptions to climate and consumer trends
The threat of a repeat of the 2016/17 drought is never too far away from the minds of irrigators in Mareeba and the Atherton Tablelands. The news that construction of a new irrigation dam appears unlikely in the foreseeable future is cause for some concern, particularly given the high number of recent avocado and citrus tree plantings in the Mareeba and Dimbulah Irrigation Area. Growers have adapted to water security concerns by constructing dams that utilise existing overland runoff and recycled irrigation water that would normally go to waste. The benefit of these on farm dams is that they are not regulated by Sunwater, therefore the water is free from regulatory charges and the danger of reduced allocations. To improve the efficiency of these dams, growers are also upgrading their pumping infrastructure with variable speed drives which have resulted in significant savings on their electricity bills.

Composting has emerged as a major new industry in the horticultural area in far north Queensland. A large composting facility known as Shark Recyclers has been constructed in Biboohra, north of Mareeba. It is reported to be a next-generation facility that is the largest licensed compost and soil conditioning manufacturing facility in Queensland. The following benefits of next-gen composting are reported as:

- Improvement in soil nutrition;
- Reduction in chemical fertiliser usage;
- Improvement in soil structure;
- Increased organic matter;
- Increased water retention;
- Increased microbial activity;
- Increased yield; and
- Also may assist in reducing phytophthora and other soil borne diseases.

Source: sharkrecyclers.com.au

The above adaptations have helped growers in far north Queensland to expand into the profitable avocado sector. The recent sale of a mixed avocado and sugar cane property in the Mareeba district for nearly $60 million demonstrates the changing market. Many growers have successfully transitioned from traditional mango and other tropical fruit crops to Shepard and Hass avocados, chasing the insatiable consumer demand for avocados. Fruit prices in recent seasons have been very profitable with sales of going concern avocado farms very rare as growers have tended to hold on to these assets to take advantage of super profits. Nearly 50,000 trees have been planted in recent years in the Mareeba and Atherton districts as growers look to cash in on continued high prices.

Fall Armyworm
The recent outbreak of the Fall Armyworm (Spodoptera frugiperda) in the farming areas of South Johnstone, Tolga and Lakeland is cause for concern. This is the first sighting of the worm on mainland Australia.

The worm has the potential to significantly reduce production for economically valuable species such
as cotton, wheat, rice, sorghum, sugar cane and certain fruits and vegetables. In fact, it is reported to feed on more than 350 plant species. Previously the species had only been found in the Torres Strait region. No damage has been reported to date however pesticide treatment can be expensive. Preventative measures for biosecurity agencies and farmers are to restrict the moth’s range by controlling it with pesticide in affected crops. Less destructive species of armyworms are already present in Australia.
### Capital City Property Market Indicators – Houses

<table>
<thead>
<tr>
<th>Factor</th>
<th>Sydney</th>
<th>Melbourne</th>
<th>Brisbane</th>
<th>Adelaide</th>
<th>Perth</th>
<th>Hobart</th>
<th>Darwin</th>
<th>Canberra</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental Vacancy Situation</td>
<td>Balanced market</td>
<td>Balanced market</td>
<td>Balanced market</td>
<td>Balanced market</td>
<td>Shortage of available property relative to demand</td>
<td>Balanced market</td>
<td>Balanced market</td>
<td>Shortage of available property relative to demand</td>
</tr>
<tr>
<td>Rental Vacancy Trend</td>
<td>Steady</td>
<td>Tightening</td>
<td>Tightening</td>
<td>Steady</td>
<td>Tightening</td>
<td>Increasing</td>
<td>Steady</td>
<td>Tightening</td>
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<tr>
<td>Demand for New Houses</td>
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<td>Strong</td>
<td>Strong</td>
<td>Fair</td>
<td>Fair</td>
<td>Fair</td>
<td>Fair</td>
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<tr>
<td>Trend in New House Construction</td>
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<td>Steady</td>
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<td>Increasing</td>
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<td>Increasing</td>
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<td>Declining</td>
<td>Steady</td>
<td>Increasing</td>
</tr>
<tr>
<td>Stage of Property Cycle</td>
<td>Rising market</td>
<td>Start of recovery</td>
<td>Start of recovery</td>
<td>Start of recovery</td>
<td>Bottom of market</td>
<td>Starting to decline</td>
<td>Bottom of market</td>
<td>Peak of market</td>
</tr>
<tr>
<td>Are New Properties Sold at Prices Exceeding Their Potential Resale Value</td>
<td>Occasionally</td>
<td>Almost never</td>
<td>Occasionally</td>
<td>Occasionally</td>
<td>Occasionally</td>
<td>Frequently</td>
<td>Almost never</td>
<td>Occasionally</td>
</tr>
</tbody>
</table>

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

**Blue entries indicate change from previous month to a lower risk-rating.**
# Capital City Property Market Indicators – Units

<table>
<thead>
<tr>
<th>Factor</th>
<th>Sydney</th>
<th>Melbourne</th>
<th>Brisbane</th>
<th>Adelaide</th>
<th>Perth</th>
<th>Hobart</th>
<th>Darwin</th>
<th>Canberra</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental Vacancy Situation</td>
<td>Over-supply of available property relative to demand</td>
<td>Over-supply of available property relative to demand</td>
<td>Balanced market</td>
<td>Balanced market</td>
<td>Balanced market</td>
<td>Balanced market</td>
<td>Balanced market</td>
<td>Shortage of available property relative to demand</td>
</tr>
<tr>
<td>Rental Vacancy Trend</td>
<td>Steady</td>
<td>Steady</td>
<td>Tightening</td>
<td>Steady</td>
<td>Tightening</td>
<td>Increasing</td>
<td>Steady</td>
<td>Tightening</td>
</tr>
<tr>
<td>Demand for New Units</td>
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<td>Fair</td>
<td>Fair</td>
<td>Soft</td>
<td>Fair</td>
<td>Fair</td>
<td>Fair</td>
<td>Soft</td>
</tr>
<tr>
<td>Trend in New Unit Construction</td>
<td>Steady</td>
<td>Declining</td>
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<td>Steady</td>
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<td>Steady</td>
<td>Steady</td>
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<tr>
<td>Volume of Unit Sales</td>
<td>Steady</td>
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<td>Steady</td>
<td>Steady</td>
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<td>Steady</td>
<td>Declining</td>
</tr>
<tr>
<td>Stage of Property Cycle</td>
<td>Start of recovery</td>
<td>Start of recovery</td>
<td>Start of recovery</td>
<td>Start of recovery</td>
<td>Declining market</td>
<td>Starting to decline</td>
<td>Bottom of market</td>
<td>Declining market</td>
</tr>
<tr>
<td>Are New Properties Sold at Prices Exceeding Their Potential Resale Value</td>
<td>Frequently</td>
<td>Almost never</td>
<td>Frequently</td>
<td>Occasionally</td>
<td>Very frequently</td>
<td>Frequently</td>
<td>Almost never</td>
<td>Occasionally</td>
</tr>
</tbody>
</table>

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

**Rental Vacancy Trend**
- Sydney: Increasing
- Melbourne: Steady
- Brisbane: Tightening
- Adelaide: Tightening Sharply
- Perth: Tightening
- Hobart: Tightening
- Darwin: Tightening
- Canberra: Tightening

**Demand for New Units**
- Sydney: Very Soft
- Melbourne: Soft
- Brisbane: Soft
- Adelaide: Fair
- Perth: Strong
- Hobart: Strong
- Darwin: Strong
- Canberra: Strong

**Stage of Property Cycle**
- Sydney: Peak of Market
- Melbourne: Starting to Decline
- Brisbane: Approaching Peak
- Adelaide: Declining Market
- Perth: Approaching
- Hobart: Bottom
- Darwin: Rising Market
- Canberra: Bottom of Market
- Start of Recovery
## Capital City Property Market Indicators – Office

<table>
<thead>
<tr>
<th>Factor</th>
<th>Sydney</th>
<th>Melbourne</th>
<th>Brisbane</th>
<th>Adelaide</th>
<th>Perth</th>
<th>Hobart</th>
<th>Darwin</th>
<th>Canberra</th>
</tr>
</thead>
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<tr>
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<td>Balanced market</td>
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<td>Steady</td>
<td>Tightening</td>
<td>Increasing</td>
<td>Increasing</td>
<td>Steady</td>
<td>Steady</td>
<td>Steady</td>
</tr>
<tr>
<td>Rental Rate Trend</td>
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<td>Stable</td>
<td>Stable</td>
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<td>Stable</td>
<td>Stable</td>
</tr>
<tr>
<td>Volume of Property Sales</td>
<td>Steady</td>
<td>Declining</td>
<td>Steady</td>
<td>Declining</td>
<td>Steady</td>
<td>Steady</td>
<td>Steady</td>
<td>Declining</td>
</tr>
<tr>
<td>Stage of Property Cycle</td>
<td>Approaching peak of market</td>
<td>Peak of market</td>
<td>Rising market</td>
<td>Start of recovery</td>
<td>Bottom of market</td>
<td>Bottom of market</td>
<td>Bottom of market</td>
<td>Declining market</td>
</tr>
<tr>
<td>Local Economic Situation</td>
<td>Flat</td>
<td>Severe contraction</td>
<td>Steady growth</td>
<td>Contraction</td>
<td>Contraction</td>
<td>Flat</td>
<td>Severe contraction</td>
<td>Contraction</td>
</tr>
<tr>
<td>Value Difference between Quality Properties with National Tenants, and Comparable Properties with Local Tenants</td>
<td>Small</td>
<td>Small</td>
<td>Large</td>
<td>Significant</td>
<td>Large</td>
<td>Significant</td>
<td>Large</td>
<td>Significant</td>
</tr>
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</table>

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<thead>
<tr>
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<th>Canberra</th>
<th>Central Coast</th>
<th>Coffs Harbour</th>
<th>Lismore</th>
<th>Byron Bay/Ballina</th>
<th>Newcastle</th>
<th>Southern Highlands</th>
<th>Southern Tablelands</th>
<th>Sydney</th>
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<tbody>
<tr>
<td>Rental Vacancy Situation</td>
<td>Shortage of available property relative to demand</td>
<td>Balanced market</td>
<td>Shortage of available property relative to demand</td>
<td>Balanced market</td>
<td>Balanced market</td>
<td>Balanced market</td>
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<tr>
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<tr>
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<td>Fair</td>
<td>Fair</td>
<td>Fair</td>
<td>Fair</td>
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</tr>
<tr>
<td>Trend in New House Construction</td>
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<td>Steady</td>
<td>Steady</td>
<td>Declining</td>
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<td>Steady</td>
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<tr>
<td>Volume of House Sales</td>
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<td>Steady</td>
<td>Steady</td>
<td>Steady</td>
<td>Increasing</td>
<td>Declining</td>
<td>Steady</td>
<td>Increasing</td>
<td>Increasing</td>
</tr>
<tr>
<td>Stage of Property Cycle</td>
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<td>Bottom of market</td>
<td>Start of recovery</td>
<td>Start of recovery</td>
<td>Start of recovery</td>
<td>Start of recovery</td>
<td>Bottom of market</td>
<td>Rising market</td>
<td></td>
</tr>
<tr>
<td>Are New Properties Sold at Prices Exceeding Their Potential Resale Value</td>
<td>Occasionally</td>
<td>Occasionally</td>
<td>Almost never</td>
<td>Almost never</td>
<td>Almost never</td>
<td>Occasionally</td>
<td>Occasionally</td>
<td>Frequently</td>
<td>Occasionally</td>
</tr>
</tbody>
</table>

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

![Rental Vacancy Trend](image)

![Demand for New Houses](image)

![Stage of Property Cycle](image)
## Country New South Wales Property Market Indicators – Houses

<table>
<thead>
<tr>
<th>Factor</th>
<th>Albury</th>
<th>Bathurst</th>
<th>Wodonga</th>
<th>Dubbo</th>
<th>Tamworth</th>
<th>Illawarra</th>
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<td>Rental Vacancy Situation</td>
<td>Balanced market</td>
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<td>Balanced market</td>
<td>Balanced market</td>
<td>Balanced market</td>
<td>Balanced market</td>
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<tr>
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<td>Steady</td>
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<tr>
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<td>Fair</td>
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<td>Strong</td>
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<td>Steady</td>
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<td>Steady</td>
</tr>
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<td>Increasing</td>
<td>Steady</td>
<td>Steady</td>
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<tr>
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<td>Peak of market</td>
<td>Starting to decline</td>
<td>Peak of market</td>
<td>Peak of market</td>
<td>Start of recovery</td>
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<tr>
<td>Are New Properties Sold at Prices</td>
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<td>Occasionally</td>
<td>Very frequently</td>
<td>Occasionally</td>
<td>Frequently</td>
</tr>
<tr>
<td>Exceeding Their Potential Resale Value</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

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

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

### Rental Vacancy Trend
- **Increasing**
- **Increasing Sharply**
- **Increasing Steady**
- **Tightening**

### Stage of Property Cycle
- **Peak of Market**
- **Starting to Decline**
- **Approaching Peak**
- **Declining Market**
- **Approaching Bottom**
- **Rising Market**
- **Bottom of Market**
- **Start of Recovery**

### Demand for New Houses
- **Very Soft**
- **Soft**
- **Fair**
- **Strong**
## East Coast New South Wales Property Market Indicators - Units

<table>
<thead>
<tr>
<th>Factor</th>
<th>Canberra</th>
<th>Central Coast</th>
<th>Coffs Harbour</th>
<th>Lismore</th>
<th>Byron Bay/Ballina</th>
<th>Newcastle</th>
<th>Southern Highlands</th>
<th>Southern Tablelands</th>
<th>Sydney</th>
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</thead>
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<td>Shortage of available property relative to demand</td>
<td>Shortage of available property relative to demand</td>
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<td>Balanced market</td>
<td>Balanced market</td>
<td>Balanced market</td>
<td>Over-supply of available property relative to demand</td>
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<td>Steady</td>
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<td>Fair</td>
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<tr>
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<td>Steady</td>
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<td>Start of recovery</td>
<td>Start of recovery</td>
<td>Start of recovery</td>
<td>Start of recovery</td>
<td>Bottom of market</td>
<td>Start of recovery</td>
</tr>
<tr>
<td>Are New Properties Sold at Prices Exceeding Their Potential Resale Value</td>
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<td>Occasionally</td>
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<td>Almost never</td>
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<td>Frequently</td>
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Blue entries indicate change from previous month to a lower risk-rating
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<th>Illawarra</th>
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<tr>
<td>Stage of Property Cycle</td>
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<td>Peak of market</td>
<td>Start of recovery</td>
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<td>Very frequently</td>
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<tr>
<td>Exceeding Their Potential Resale Value</td>
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<thead>
<tr>
<th>Factor</th>
<th>Canberra</th>
<th>Central Coast</th>
<th>Coffs Harbour</th>
<th>Lismore</th>
<th>Ballina/Byron Bay</th>
<th>Mid-North Coast</th>
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<th>SE NSW</th>
<th>Sydney</th>
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<tr>
<td>Rental Vacancy Situation</td>
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<tr>
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<td>Peak of market</td>
<td>Peak of market</td>
<td>Starting to decline</td>
<td>Rising market</td>
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<td>Approaching peak of market</td>
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<td>Flat</td>
<td>Steady growth</td>
<td>Flat</td>
<td>Contraction</td>
<td>Steady growth</td>
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Red entries indicate change from 3 months ago to a higher risk-rating
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### Victorian and Tasmanian Property Market Indicators – Houses

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<th>Factor</th>
<th>Geelong</th>
<th>Melbourne</th>
<th>Shepparton</th>
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<th>Mount Gambier</th>
<th>Hobart</th>
<th>Burnie/Devenport</th>
<th>Launceston</th>
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<tbody>
<tr>
<td>Rental Vacancy Situation</td>
<td>Balanced market</td>
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<td>Shortage of available property relative to demand</td>
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<tr>
<td>Trend in New House Construction</td>
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<td>Steady</td>
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</tr>
<tr>
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<td>Rising market</td>
<td>Rising market</td>
<td>Rising market</td>
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<tr>
<td>Are New Properties Sold at Prices Exceeding Their Potential Resale Value</td>
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<td>Occasionally</td>
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## Victorian and Tasmanian Property Market Indicators – Units

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<th>Melbourne</th>
<th>Shepparton</th>
<th>Mildura</th>
<th>Hobart</th>
<th>Launceston</th>
<th>Burnie/Devonport</th>
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</thead>
<tbody>
<tr>
<td>Rental Vacancy Situation</td>
<td>Balanced market</td>
<td>Over-supply of available property relative to demand</td>
<td>Shortage of available property relative to demand</td>
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<td>Severe shortage of available property relative to demand</td>
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<tr>
<td>Trend in New Unit Construction</td>
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<tr>
<td>Stage of Property Cycle</td>
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<td>Start of recovery</td>
<td>Start of recovery</td>
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<td>Rising market</td>
<td>Starting to decline</td>
<td>Rising market</td>
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<tr>
<td>Are New Properties Sold at Prices Exceeding Their Potential Resale Value</td>
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<td>Almost never</td>
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<td>Frequently</td>
<td>Occasionally</td>
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</table>

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<table>
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<tr>
<th>Factor</th>
<th>Ballarat</th>
<th>Echuca</th>
<th>Geelong</th>
<th>Melbourne</th>
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<th>Hobart</th>
<th>Launceston</th>
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<tr>
<td>Rental Vacancy Situation</td>
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<td>Balanced market</td>
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<tr>
<td>Rental Vacancy Trend</td>
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</tr>
<tr>
<td>Rental Rate Trend</td>
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<td>Stable</td>
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<td>Declining</td>
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<tr>
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<td>Steady</td>
<td>Declining</td>
<td>Steady</td>
<td>Steady</td>
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</tr>
<tr>
<td>Stage of Property Cycle</td>
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<td>Start of recovery</td>
<td>Peak of market</td>
<td>Start of recovery</td>
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<td>Bottom of market</td>
</tr>
<tr>
<td>Local Economic Situation</td>
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</tr>
</tbody>
</table>

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

---

**Rental Vacancy Trend**

- **Ballarat**: Tightening
- **Echuca**: Steady
- **Geelong**: Steady
- **Melbourne**: Steady
- **Mildura**: Over-supply of available property relative to demand
- **Hobart**: Over-supply of available property relative to demand
- **Launceston**: Over-supply of available property relative to demand

**Local Economic Situation**

- **Ballarat**: High Growth
- **Echuca**: Severe Contraction
- **Geelong**: Contraction
- **Melbourne**: Flat
- **Mildura**: Steady Growth
- **Hobart**: Severe Contraction
- **Launceston**: High Growth

**Stage of Property Cycle**

- **Ballarat**: Bottom of Market
- **Echuca**: Bottom of Market
- **Geelong**: Bottom of Market
- **Melbourne**: Bottom of Market
- **Mildura**: Bottom of Market
- **Hobart**: Bottom of Market
- **Launceston**: Bottom of Market
## Queensland Property Market Indicators – Houses

<table>
<thead>
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<th>Factor</th>
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<th>Whitsunday</th>
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<th>Gladstone</th>
<th>Bundaberg</th>
<th>Hervey Bay</th>
<th>Sunshine Coast</th>
<th>Brisbane</th>
<th>Ipswich</th>
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<td>Steady</td>
<td>Steady</td>
<td>Tightenin g</td>
<td>Steady</td>
<td>Tightening</td>
</tr>
<tr>
<td>Demand for New Houses</td>
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Red entries indicate change from previous month to a higher risk-rating  
Blue entries indicate change from previous month to a lower risk-rating.
# Queensland Property Market Indicators – Units

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<th>Factor</th>
<th>Cairns</th>
<th>Townsville</th>
<th>Whitsunday</th>
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<th>Rockhampton</th>
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<th>Gladstone</th>
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<th>Hervey Bay</th>
<th>Sunshine Coast</th>
<th>Brisbane</th>
<th>Ipswich</th>
<th>Gold Coast</th>
<th>Toowoomba</th>
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<tbody>
<tr>
<td>Rental Vacancy Situation</td>
<td>Shortage of available property relative to demand</td>
<td>Balanced market</td>
<td>Over-supply of available property relative to demand</td>
<td>Shortage of available property relative to demand</td>
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<td>Shortage of available property relative to demand</td>
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<td>Very frequently</td>
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Red entries indicate change from previous month to a higher risk-rating.

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

![Rental Vacancy Trend](chart)

![Demand for New Units](chart)

![Stage of Property Cycle](chart)
## Queensland Property Market Indicators – Office

### Rental Vacancy Situation
- **Cairns**: Cairns
- **Townsville**: Townsville
- **Mackay**: Mackay
- **Rockhampton**: Rockhampton
- **Gladstone**: Gladstone
- **Wide Bay**: Wide Bay
- **Hervey Bay**: Hervey Bay
- **Bundaberg**: Bundaberg
- **Emerald**: Emerald
- **Sunshine Coast**: Sunshine Coast
- **Brisbane**: Brisbane
- **Ipswich**: Ipswich
- **Gold Coast**: Gold Coast
- **Toowoomba**: Toowoomba

### Rental Vacancy Trend
- **Cairns**: Over-supply of available property relative to demand
- **Townsville**: Over-supply of available property relative to demand
- **Mackay**: Over-supply of available property relative to demand
- **Rockhampton**: Over-supply of available property relative to demand
- **Gladstone**: Balanced market
- **Wide Bay**: Balanced market
- **Hervey Bay**: Balanced market
- **Bundaberg**: Over-supply of available property relative to demand
- **Emerald**: Large over-supply of available property relative to demand
- **Sunshine Coast**: Over-supply of available property relative to demand
- **Brisbane**: Over-supply of available property relative to demand
- **Ipswich**: Over-supply of available property relative to demand
- **Gold Coast**: Over-supply of available property relative to demand
- **Toowoomba**: Over-supply of available property relative to demand

### Rental Rate Trend
- **Cairns**: Steady
- **Townsville**: Steady
- **Mackay**: Steady
- **Rockhampton**: Steady
- **Gladstone**: Steady
- **Wide Bay**: Steady
- **Hervey Bay**: Steady
- **Bundaberg**: Steady
- **Emerald**: Steady
- **Sunshine Coast**: Steady
- **Brisbane**: Tightening
- **Ipswich**: Steady
- **Gold Coast**: Steady
- **Toowoomba**: Increasing

### Volume of Property Sales
- **Cairns**: Stable
- **Townsville**: Stable
- **Mackay**: Stable
- **Rockhampton**: Stable
- **Gladstone**: Stable
- **Wide Bay**: Stable
- **Hervey Bay**: Stable
- **Bundaberg**: Stable
- **Emerald**: Stable
- **Sunshine Coast**: Stable
- **Brisbane**: Stable
- **Ipswich**: Stable
- **Gold Coast**: Stable
- **Toowoomba**: Stable

### Stage of Property Cycle
- **Cairns**: Steady
- **Townsville**: Steady
- **Mackay**: Steady
- **Rockhampton**: Steady
- **Gladstone**: Steady
- **Wide Bay**: Steady
- **Hervey Bay**: Steady
- **Bundaberg**: Steady
- **Emerald**: Steady
- **Sunshine Coast**: Declining
- **Brisbane**: Increasing
- **Ipswich**: Stable
- **Gold Coast**: Stable
- **Toowoomba**: Increasing

### Local Economic Situation
- **Cairns**: Bottom of market
- **Townsville**: Bottom of market
- **Mackay**: Start of recovery
- **Rockhampton**: Start of recovery
- **Gladstone**: Start of recovery
- **Wide Bay**: Bottom of market
- **Hervey Bay**: Bottom of market
- **Bundaberg**: Bottom of market
- **Emerald**: Rising market
- **Sunshine Coast**: Rising market
- **Brisbane**: Bottom of market
- **Ipswich**: Peak of market
- **Gold Coast**: Bottom of market
- **Toowoomba**: Bottom of market

### Value Difference between Quality Properties with National Tenants, and Comparable Properties with Local Tenants
- **Cairns**: Flat
- **Townsville**: Flat
- **Mackay**: Flat
- **Rockhampton**: Flat
- **Gladstone**: Flat
- **Wide Bay**: Flat
- **Hervey Bay**: Flat
- **Bundaberg**: Flat
- **Emerald**: Flat
- **Sunshine Coast**: Flat
- **Brisbane**: Flat
- **Ipswich**: Flat
- **Gold Coast**: Flat
- **Toowoomba**: Flat

### Graphs
- **Rental Vacancy Trend**: Increasing Sharply, Increasing, Steady, Tightening
- **Local Economic Situation**: Severe Contraction, Contraction, Flat, Steady Growth
- **Stage of Property Cycle**: Peak of Market, Starting to Decline, Approaching Peak, Declining Market, Approaching Bottom, Rising Market, Bottom of Market, Start of Recovery
## SA, NT and WA Property Market Indicators - Houses

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<tr>
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<td>Strong</td>
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<td>Peak of market</td>
<td>Bottom of market</td>
<td>Approaching bottom of market</td>
<td>Declining market</td>
<td>Rising market</td>
<td>Start of recovery</td>
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<tr>
<td>Are New Properties Sold at Prices Exceeding Their Potential Resale Value</td>
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<td>Occasionally</td>
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</tbody>
</table>

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

### Diagrams

#### Rental Vacancy Trend

- Increasing Sharply
- Increasing
- Steady
- Tightening
- Tightening Sharply

#### Demand for New Houses

- Very Soft
- Soft
- Fair
- Strong
- Very Strong

#### Stage of Property Cycle

- Peak of Market
- Starting to Decline
- Approaching Peak
- Declining Market
- Approaching Bottom
- Rising Market
- Bottom of Market
- Start of Recovery

---

Month in Review | April 2020
SA, NT and WA Property Market Indicators – Units

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<th>Factor</th>
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<th>Port Hedland</th>
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<td>Are New Properties Sold at Prices Exceeding Their Potential Resale Value</td>
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</table>

Red entries indicate change from 3 months ago to a higher risk-rating
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## SA, NT and WA Property Market Indicators – Office

<table>
<thead>
<tr>
<th>Factor</th>
<th>Adelaide</th>
<th>Alice Springs</th>
<th>Darwin</th>
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<td>Over-supply of available property relative to demand</td>
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<td>Steady</td>
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<tr>
<td>Stage of Property Cycle</td>
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<td>Local Economic Situation</td>
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</table>

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

Herron Todd White is Australia’s leading independent property valuation and advisory group. For more than 50 years, we’ve helped our customers make the most of their property assets by providing sound valuations and insightful analytical advice.

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TALK TO YOUR LOCAL EXPERT

Commercial

<table>
<thead>
<tr>
<th>State</th>
<th>Email</th>
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Residential

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Rural

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