



Month in Review

March 2019

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

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Disclaimer

This publication presents a generalised overview regarding the state of Australian property markets using property market risk-ranking scales. It is not a guide to individual property assessments and should not be relied upon.

Herron Todd White accepts no responsibility for any reliance placed on the commentary and generalised information. Contact Herron Todd White to obtain formal, specific property advice on any matters of interest arising from this publication.

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Medians that aren't rare



When it comes to analysis, property people are up there with the most ardent of statisticians.

We love the numbers. Net and gross. Yields and gains. The figures can either sing a merry tune or change to the minor key and ring out an ominous tone.

Data, stats, digits and figures are rolled off the tongue by the experts like a strange language native to the real estate doyens' home planet.

When it comes to tracking how our home turf holdings are performing, one figure that's trundled out time and again is median price. It's a decent measure, of course. You want to gauge and compare locations? Check out the median house or unit price.

For those less versed in the statistical game (and hey, we can't all be good at everything), here's a crash course in median value.

In its most basic sense, the median is the middle figure across a range. So, if there were 99 sale prices listed from cheapest to most expensive in a suburb, the median price would appear at position 50 on the list.

Why is it so handy? Well, a median helps to alleviate the risk of extremes. By adopting the median (rather than the average) you can reduce the effect of extraordinarily high or low results in the range, particularly if you have a large enough sample size.

Now we have this foundation of thought set like a concrete slab, let's consider this other intellectual

gem about bricks and mortar. Property is a tangible asset and despite what you might think about broad-scale new housing estates or multi-townhouse cookie-cutter complexes, very few homes are completely identical in every way within a given suburb. There are nuances and specifics among housing and it's those value influences that make each property unique.

When it comes to tracking how our home turf holdings are performing, one figure that's trundled out time and again is median price.

This is important because to truly understand a particular locality's market, you must marry the quantitative measure of median with the qualitative, on-the-ground exercise of actually inspecting properties.

To put it another way, knowing the median is handy, but what exactly will it buy you in a given location?

To find the answer would surely require a network of incredibly talented real estate professionals with intimate knowledge of their various markets. Where would we find that sort of organisation?... Oh look! Here comes Herron Todd White!

This month, we want to give you a clear picture of the nation's real estate markets. We have asked each office to provide examples of exactly what

sort of property their area's median house and unit value will buy.

If ever you wanted an impressive frieze of Australian real estate, it's amongst our pages this month.

Also, our commercial team have put their collective noggins together and come up with the

country's best summary of office markets in 2019. It's a comprehensive combing through of figures and reasoning that describes exactly how they feel their office sectors will track this year.

Finally, the rural crew make their mark with a full assessment of those regional holdings keeping the agricultural industry housed. This month, they've also discussed some of the most compelling rural listings available on the market right now.

So, don't hesitate - dig in! We've got all the good oil right here amongst our pages - but don't stop there. Big thinking property experts are just a phone call away.

Find your office of interest and give us a bell.



Commercial

March 2019

National Property Clock: Office

Entries coloured purple indicate positional change from last month.



Month in Review
March 2019



COMMERCIAL



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New South Wales



Overview

The office property sector is an excellent measure of a region's overall economic health. With heightened fiscal activity comes increased demand from businesses keen to take on floor space.

This month, our team is looking forward and forming opinions on how our country's various office markets will track throughout 2019. While there are plenty of unknowns yet to come this year, the submissions from our valuers provide a brilliant baseline against which you can judge the year's progress.

Sydney

The Sydney CBD continued to see growth throughout 2018 with rates for strata offices at record highs and achieved yields on capital investments at record lows. While no dramatic changes to this are expected imminently, it is anticipated that the number of transactions will decrease in line with a lower overall market sentiment fuelled by a tightening of lending restrictions, the fallout from the Banking Royal Commission, the upcoming state and federal elections and the downturn being seen across the residential market.

Growth across the Sydney CBD continued throughout 2018, fuelled by increased demand for good investment assets, significant growth in rental income, stock withdrawals and increased demand from owner-occupiers and self-managed super funds. We expect some of these sentiments to continue to drive demand in 2019, albeit at a



Parramatta CBD

Source: commercialrealestate.com.au

slower rate.

Sydney CBD office rents continued to grow throughout 2018 on the back of substantial withdrawals, insignificant supply and low vacancy. Vacancy rates are reported by Property Council of Australia (PCA) at 4.1 per cent as at February 2019 and any significant addition of office stock is anticipated to still be three to four years off. Following significant withdrawals throughout 2017 and 2018, rents are not likely to decrease any time soon.

The Southern Sydney precinct of the CBD appears to have bucked the trend otherwise seen across the CBD, with vacancy currently sitting at 6.9 per cent. That said, the opening of the light rail (anticipated for May 2020) will see increased accessibility to this precinct, making it more fully integrated to the prime CBD areas. This may, in turn, see this often overlooked precinct increase in popularity for office tenants and purchasers alike.

In terms of secondary CBD precincts, North Sydney currently has two premium grade buildings under construction and a third on the way, which will

provide new high-grade options for tenants looking to remain close to the CBD without the burden of a CBD rental. The appeal of Chatswood and the Crows Nest and St Leonards precinct also remain strong with decreased vacancy overall.

In the west, the Parramatta CBD has been the best performing secondary CBD in the country, with current vacancy rates at three per cent (PCA). The draw of Parramatta will continue to grow throughout 2019, with its overall connectivity, expanding university presence and 160,000 square metres of stock to be supplied over the next two years. Further, the requirement for high grade office space in Sydney's west will only continue to increase with the development of the airport at Badgerys Creek.

Macquarie Park has seen a revival of sorts, with record low vacancy rates at 4.8 per cent (PCA) which will likely see further tightening following the opening of the North West Rail Link this year. The rail link will provide a connection between the north-western suburbs through to the CBD and then in the future, out to Bankstown. This link will also provide significant connectivity to the Norwest business precinct, increasing its appeal in the market.

Opportunities for tenants looking for high grade and secondary office space will likely be seen throughout the secondary office precincts with an increase in supply not being seen in the Sydney CBD any time soon. Lower rentals will also be a draw card that has already seen premium grade occupiers moving out of the CBD, seeking more affordable but equally connected locations.

Overall, we expect the office market to perform well in 2019, although we do anticipate a slower market compared to 2018. There will be some great opportunities in the market this year,

particularly in areas where infrastructure improvements are likely to be completed or are nearing completion.

Newcastle

Recent Property Council of Australia (PCA) data shows that office vacancies have once again reduced.

Currently the headline vacancy rate is 7.1 per cent, which is continuing to decline from nine per cent on 2017 data. There is some conjecture about that figure in that the headline vacancy rate does not factor in some 5,000 square metres of C- and D-grade space removed from the market. Arguably this skews the data to a more positive result, whereas there is a feeling that the result is due to increased demand for office space due to a sound local economy. The C- and D-grade office spaces closer to the centre of the CBD are more often being utilised for residential conversions.

There is a direct relationship between the migration of office projects west along Hunter Street and the completion of the Newcastle Transport Interchange. With the heavy rail line now ending at Newcastle West, it stands to reason that tenants would migrate this way to



Newcastle Interchange

Source: newcastletransport.info

make access easier as the light rail has reduced parking in the CBD. In addition, access is easier with three major projects comprising approximately 30,000 square metres of new A-grade office space almost completed or in early stages of construction. There is 9,000 square metres of office accommodation known as the Gateway 2 building to be tenanted by Newcastle City Council, which is moving from its existing base in the Civic precinct. Along with this is 16,000 square metres of commercial space by the Doma Group at the Newcastle transport interchange, as well as a further 11,000 square metres of commercial space at 723 Hunter Street. All of these developments are within easy walking distance of the Newcastle transport interchange.

We note that the New South Wales government is utilising Newcastle as a lower cost alternative for office accommodation outside of the Sydney CBD. As more projects come on line, further opportunities for this to occur are created. We note that a significant project at Hunter Street West is already pre-leased by the government.

Along with larger office tenancies moving west, we are seeing similar activity for smaller office tenancies as they migrate from Newcastle East to the centre of the CBD with the opening of the new law courts precinct. In the past 12 months, there have been limited sales of larger office sites, however we do note that yields for office accommodation are consistent at circa seven per cent and rents, on average, are \$300 to \$350 per square metre.





The imminent full operation of the Newcastle light rail will have an impact on the office market, more so at the lower end, as the larger tenants have already repositioned themselves closer to the transport interchange.

Lismore

The Lismore office market appears to be in a state of flux. To date we have had a relatively stable market, however there appears to be an increasing oversupply situation, particularly in the mid to lower end of the market. There is also a slight oversupply of higher quality space, but given overall volumes, this is likely to be more stable.

The increasing oversupply situation in the Lismore CBD will make 2019 a year of uncertainty for some landlords with leases coming up for renewal. While tenants tend to be less fluid given the cost of relocation, tenants have a stronger bargaining position to negotiate a reduction in rent. The landlord will have to balance the risk of losing a tenant against accepting a lower rent.

Further exacerbating the risk is the increased vacancy within traditional retail space. Tenants have the ability to relocate to traditional retail space as downward pressure on retail rents make street front properties more affordable, albeit that street front properties must contend with the additional flood risk not normally a significant risk for first floor office space.

With the upcoming federal and New South Wales state elections, there is an element of uncertainty which generally leads to a softer market.

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Coastal locations are expected to remain more stable. The Byron Bay office market is traditionally not as strong as the retail market with yields expected to be in the vicinity of one to two per cent higher for office property. A continuation of the trend of Byron Bay tenants moving to the industrial estate is expected as it is more affordable, has superior parking and has less disruption during high peak tourist seasons.

Office space in Ballina is concentrated along Tamar Street with a strong influence from government tenancies, traditionally in the higher quality spaces. This concentration attracts associated private companies and allied health services associated with the ageing population. Supply and demand remain in balance resulting in a likely stable market.

Overall, we expect the office market to be stable to softer throughout 2019.

Coffs Harbour

The office market should remain relatively stable throughout 2019 with limited leasing enquiry and stable rental levels. The slight oversupply of office space is restricting rental increases. This oversupply is gradually being taken up by the market. Good quality office space is priced at \$350 to \$400 per square metre per annum. Secondary office accommodation has proven difficult to lease with rentals in the vicinity of \$200 to \$300 per square metre per annum depending on size, quality and location.

There continues to be limited demand from the government sector although a recently completed

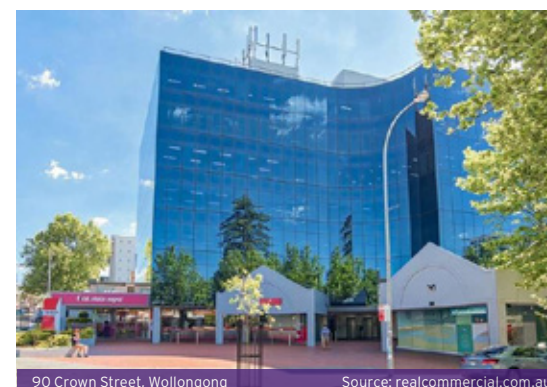
double storey office complex has secured New South Wales Forestry on a long-term lease at \$370 for 910 square metres. There has been increased demand for office accommodation from participants in the National Disability Scheme, with a number of organisations establishing locally, however price sensitive demand is slowing.

The direction of yields in development is dependent on fluctuations in interest rates and therefore we anticipate continuation of current firm yield trends for property underpinned by secure medium to long term leases.

Looking forward, the market should remain in favour of prospective tenants in 2019 with an oversupply of space allowing negotiation. This will limit rental increases which should track in line with CPI increases.

Illawarra

The commercial property market across Wollongong has exhibited sustained growth over the past three years with continued strong demand across a broad profile of buyers including investors (high net worth individuals and families) and private and second tier funds from Sydney, interstate and overseas.



90 Crown Street, Wollongong

Source: realcommercial.com.au



Investors over this time frame remain enticed to the market by yield arbitrage not typically found in Sydney and other major capital cities and this has pushed yields to low levels by historical standards. This is similar to most regional locations across New South Wales. Price point has become less of a factor with strong demand evident for higher valued assets (\$5 million and above) while there is good demand for secondary and tertiary quality assets that require immediate capital expenditure and intensive management focus to reposition assets.

A record price was achieved in 2018 in the Wollongong CBD office market (90 Crown Street for circa \$50 million-plus purchase price, 7.75% yield and WALE of 3.5 years) and while sales volumes are down overall, local agents are still reporting continued strong buyer interest. This asset class is still attracting capital.

Low interest rates and the increased buyer depth have resulted in strong yield compression with rents largely remaining flat over this period. For the year ahead, we expect to see some upward pressure being placed on rents, particularly for A-grade space. While recent history has been one of high performance, the market is considered to have reached the peak of its current cycle and at this juncture long term investment strategies and value add opportunities are considered prudent.

Victoria

Melbourne

According to the Property Council of Australia's Office Market Report, Melbourne CBD's office overall vacancy rate has reduced to 3.2 per cent over the six months to January 2019. Melbourne's CBD is now below Sydney's CBD and has the lowest vacancy rate amongst all of Australia's CBDs. The north-eastern and eastern cores have the lowest vacancy rates at 1.3 per cent and 1.9 per cent respectively, while vacancy rates are highest in the western and Spencer precincts, reflecting vacancy rates of 5.4 per cent and five per cent respectively.

Tenant demand also continues to rise in the city fringe. The highly sought-after office locations such as Richmond and Cremorne in particular have recorded the strongest increases.

According to online research reports, the office leasing market within the city fringe and inner east was strong over the past 12 months as tenants, especially from the creative, technology and business service sectors, actively competed for well-located and high quality fit out assets. Vacancy rates in the city fringe, inner east and outer east are below long term average vacancy levels.

There is solid sales demand from both owner-occupiers and investors for whole strata office floors within the Melbourne CBD. The strong



Melbourne CBD

Source: realcommercial.com.au

competition for CBD strata assets is also fuelled by the limited stock available on the market. Central CBD located investment assets are keenly sought after by higher net worth private investors and syndicates. We anticipate that the CBD office market will continue to perform well in 2019 as capital growth is driven by increasing market rents.

Statutory revaluations were conducted in January 2018 and valuations have now been released as part of the FY2018/19 council rates notices. The 2019 land tax assessments are

based on the 2018 revaluations. We understand that council site values continue to increase across the CBD owing to strong capital growth over the past two years since the last council revaluation in January 2016. The potential rise in site values implies higher council rates and land tax costs which may impact landlords, especially where properties are subject to gross leases and fall under the Retail Leases Act.

Overall, we expect the commercial office market in Melbourne to be stable in 2019 however we are cautious on the short to medium term outlook as we consider the market has potentially reached its peak. Low interest rates and high competition for assets has resulted in significant market activity throughout most sectors of

Melbourne's CBD is now below Sydney's CBD and has the lowest vacancy rate amongst all of Australia's CBDs.



the commercial property market over the past two years. Overseas buyers are prevalent and competition for well-located investment assets is high. Due to recent declines in the domestic residential market and uncertainties in the global macro environment, we caution that any uplift in interest rates or tightening of lending in the commercial space may potentially reduce buyer demand which may correspond to a reduction in commercial property value.

Echuca-Moama

It's generally tough in the office market for the time being at a local level with limited business growth on the back of a challenging 2018 for the agricultural sector.

There appears to be a slight oversupply in the market with some discounting and relatively short rent-free periods periodically on offer to attract tenants. The market is still largely dominated by owner-occupiers with relatively few investor type transactions, although periodic sales continue to suggest yields in the order of seven per cent. Ongoing challenges are likely to include static economic conditions locally and water security which has traditionally underpinned the local economy.



Queensland

Brisbane

There are a number of macro and micro factors that will influence not only commercial office markets in 2019, but the broader Australian property market.

The overall property credit environment, which was already tightening, will come under further pressure as banks and politicians respond to the recommendations of the Hayne inquiry. Additionally, the forthcoming federal election is likely to (as usual) dampen market activity. With significant property market impacts likely if there is a change of government, uncertainty is likely to increase over the next three months.

In the current environment, we consider that the Brisbane office market for 2019 is likely to stabilise in the CBD and prime fringe CBD precincts, whilst secondary fringe and suburban markets will remain sluggish. Brisbane as a whole is still labouring under sustained high levels of oversupply in all office markets and is undergoing a slow recovery phase from the market depths.

Recent Property Council of Australia vacancy statistics show that vacancies in the Brisbane CBD market contracted in the six months to January 2019 to a five year low of 13 per cent. This vacancy reduction has been somewhat artificially enhanced however by tenant relocations from the Brisbane Transit Centre (to be demolished as part of the \$5.4 billion-dollar Cross River Rail development). This has seen approximately 16,000 square metres of lettable stock removed from the market, with a number of major tenants such as Australia Post,



Lendlease K1

Source: realcommercial.com.au

DHL, Sonic Health Care and Queensland Rail needing to be relocated.

On the supply side, there is one major new building to be delivered in mid-2019, being 300 George Street. This will add a further 48,000 square metres of NLA to the market. Beyond this point, there is no significant new stock to be delivered before 2022.

Based on the dynamics of the Brisbane market, we consider that both rents and incentives for prime and A-grade buildings are likely to remain stable in the CBD throughout 2019.

Secondary and tertiary sub markets (C- and D-grade) are performing poorly as tenants seek modern, functional and contiguous



accommodation. There was a sharp increase in vacancy for D-grade office accommodation in the six months from July 2018 (13.7 per cent) to January 2019 (20.8 per cent). This accommodation is now becoming redundant and owners of such buildings may potentially need to look at either significant refurbishments or re-purposing. Gross effective rents will be volatile as incentives remain high.

In the fringe markets, total vacancies have crept up slightly to 14.8 per cent on the back of 25,000 square metres of new supply (primarily in two new buildings). There is however no further supply anticipated in the next two years and expectations are that the vacancy level will start to fall back.

The fringe leasing market is dominated by the urban renewal (Fortitude Valley, New Farm, Teneriffe, Newstead and Bowen Hills) and inner south (South Brisbane, West End, Highgate Hill, Woolloongabba and Kangaroo Point) sub precincts. A-grade gross face rents range between \$400 and \$550 per square metre of NLA, whilst B- and C-grade rents range between \$300 and \$400 per square metre of NLA. Incentives typically range between 30 per cent and 45 per cent, and in some instances, incentives are above 45 per cent for large, secondary tenancies.

Milton and Spring Hill still have the highest recorded vacancy rates at 21.5 per cent and 17 per cent respectively and we will continue to see these sub markets perform poorly. There is a likelihood of incentives increasing in order to entice tenants to these areas.

Newstead, Teneriffe and South Brisbane still remain the favoured fringe CBD hubs and strong demand from investors and owner-occupiers will continue in 2019 as there is a lack of good quality stock available on the market.

The suburban leasing market is likely to remain patchy with some select locations such as North Lakes and Upper Mount Gravatt likely to outperform other suburban areas. Leasing in mid-suburban areas is slow and will continue to be driven by high levels of incentives. No rental growth is likely in the near future.

On the investment side, there have been a number of high priced sales in both the CBD and fringe markets in particular. Yields for A-grade offices that are well leased typically range between six and seven per cent, whilst secondary B- and C-grade offices range between 7.5 and 8.5 per cent. There is a growing disparity between prime and second tier properties. Yields on the whole are now stable but could soften for second tier assets over the next 12 months.

Gold Coast

The highlight for the Gold Coast in 2018 was the Commonwealth Games that ran very successfully during April. It's fair to say that the direct impact on the Gold Coast commercial property market was less than expected. Notwithstanding this, the legacy of the new or improved infrastructure associated with the event has certainly produced positive sentiment for our region that will have all manner of benefits in the future.

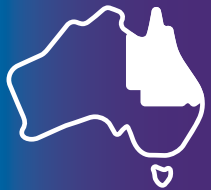
The Gold Coast office market remained buoyant over the first three quarters of 2018. Tenant enquiry remained reasonably good, more so for A- and B-grade stock, influenced by the fact that there have been no new office buildings in the market place for several years and there is no shovel-ready construction in the immediate pipeline. The C- and D-grade stock sector, and more particularly older buildings or those in secondary or fringe locations, has however, exhibited an increasing number of "for lease" signs throughout 2018 to date. Property

Council of Australia (PCA) office vacancy data for the Gold Coast for the six-month period to 30 June 2018 was 12 per cent. This was up 1.4 per cent over the level of 10.6 per cent at 31 December 2017, and slightly higher than the level twelve months ago of 11.3 per cent at 30 June 2017.

Rental levels for A- and B-grade space moved up over the course of 2018 to more commonly fall within the range \$400 to \$550 per square metre per annum gross. Rental levels for C- and D-grade categories remained steady, although more recently appear to be experiencing downward pressure due to tenants being prepared to move to and pay higher rental for better quality space. Rentals for this floor space category more commonly fall within the range of \$300 to \$400 per square metre per annum gross. The level of incentives across the board has remained fairly static, at circa ten per cent of the first term's rental.

Notable sales of larger office buildings concluded over the course of 2018 to date include: Icon Energy at 4 Miami Key, Broadbeach in February for \$7.81 million (reflecting an analysed yield of 6.2 per cent and \$5,416 per square metre on lettable area); Southport Chambers at 56 Nerang Street, Southport in April for \$6.973 million (reflecting an analysed yield of 6.7 per cent and \$3,467 per square metre on lettable area); and 140 Bundall Road, Bundall in August for \$7.05 million (reflecting an analysed yield of 7.5 per cent and





50 Cavill Avenue, Surfers Paradise

Source: commercialrealestate.com.au

\$2,243 per square metre on lettable area, however circa 44 per cent of the area was vacant).

In the latter portion of 2018, we noted that several further office buildings were listed for sale. Possibly this is a reflection of owners seeking to capitalise on the more buoyant conditions that have prevailed within the Gold Coast office sector over the past few years. At the time of writing, these included:

- ▶ **154 Varsity Parade, Varsity Lakes** - 3,994 square metres lettable area.
- ▶ **50 Cavill Avenue, Surfers Paradise** - 16,625 square metres lettable area.
- ▶ **1 Bellvue Drive, Varsity Lakes** - 3,764 square metres lettable area.
- ▶ **169 Varsity Parade, Varsity Lakes** - 3,364 square metres lettable area.



154 Varsity Pd, Varsity Lakes

Source: commercialrealestate.com.au

50 Cavill Avenue in particular will be a litmus test for market sentiment. This A-grade office building was purchased in early 2016, at which time it had a reported vacancy of circa 45 per cent. Following significant refurbishment and a leasing campaign, the building is now reported as 97 per cent leased reflecting a WALE of 4.21 years and

an income stream of circa \$7.6 million per annum net (fully leased).

In 2019, we anticipate economic and political influence (both domestic and international) is likely to be more prevalent on the Australian commercial property sector. In particular, the financing environment (interest rates, borrowing conditions, etc) are likely to become more difficult.

This may result in a higher incidence of commercial property being placed on the market, particularly investment property, as owners seek to realise capital gains that have been created by firming yields in more recent times.

In respect to the Gold Coast office sector, we consider that the above mentioned pool of office buildings currently listed for sale is an early indicator of this scenario for our region.

In respect to other metrics, despite a slight upward tick in the vacancy levels reported in the PCA July 2018 Office Market Report, the general downward trajectory of vacancy levels on the Gold Coast that has prevailed over the past few years is anticipated to continue. The rate of growth in rental levels is coming off a base that has been recalibrated (generally downward) over the past few years. Therefore, going forward, based on these suppositions and observations, positive annual rental growth is likely achievable, but in a more controlled mode. However, a more difficult borrowing environment (including higher interest rates), may result in a softening of yields and investment returns. Overall, taking into account all of these elements, we consider the net effect for 2019 will be that value levels will remain reasonably consistent with those demonstrated in office building sales concluded during 2018.



Toowoomba

Leasing demand for commercial office accommodation in Toowoomba has been considered moderate for a few years with this trend likely to continue in 2019. As a result there is not expected to be a significant growth in rentals and it is possible that some lease incentives may be required to secure tenants.

Rentals can vary greatly depending on factors such as:

- ▶ quality of office accommodation;
- ▶ location (most popular areas are the CBD fringes);
- ▶ access (inner CBD properties for example can be difficult to access during peak traffic);
- ▶ inclusion of car parking (considered a key factor);
- ▶ access for people with disabilities (PWD) for upper level tenancies.

Rentals can vary from under \$100 per square metre gross (often poor quality inner CBD first floor tenancies with no car parking or PWD access) to \$400 per square metre gross for modern premium accommodation with good car parking. A small premium can sometimes be achieved for medical suites, especially in the precinct surrounding St. Vincent's Hospital.

There are several potential commercial redevelopment sites in Toowoomba ready to be developed. The reduced leasing demand however has delayed most projects with an owner-occupied driven development in Campbell Street being the only project to have commenced construction. It is unlikely that any other project will proceed in 2019 unless significant lease pre-commitments can be secured. The projects will also likely need to achieve

market leading rentals to make projects feasible.

The low interest rates have resulted in strong demand for commercial properties by investors. Office buildings with good lease profiles however have been tightly held with very few investment sales over the past few years. There are however a few quality investments currently on the market which should result in sales in early 2019.

Strong demand from owner-occupiers will likely continue into 2019, particularly for premises with floor areas of up to 300 square metres. There currently appears to be a reduced supply in this market segment, which may result in some sales reflecting a premium price. It appears that the inclusion of good car parking is a major factor for buyers.

Townsville

The year ahead for the office market is likely to continue along the same path as it did throughout 2018 with interest underpinned by national investors for property offering strong investment returns with long term leases or national tenants, combined with counter cyclical purchases.

There is positive sentiment in the market on the back of major projects underway including the North Queensland Stadium, Haughton Pipeline duplication and the port channel widening, along with the recently announced projects including the \$300 million Sun Metal zinc refinery expansion and improving confidence in the mining sector. To date market reaction to these developments has been relatively subdued, although is gaining traction, albeit at a very slow pace.

Leasing activity is likely to remain flat with a current over supply of available property relative to current demand creating no real stimulus for rental growth. Incentives by way of contribution to

fit-out and rent-free periods for new office leases are likely to remain throughout 2019 with fierce competition from landlords to secure leases for premium tenants.

Sunshine Coast

The Sunshine Coast office market has had a significant level of supply added to the market over the past two years. Circa 42,000 square metres of space was added to the market during 2017 and 2018, which has increased the overall vacancy level from 6.9 per cent in January 2017 to 15 per cent in January 2019. Circa 12,000 square metres of stock has been absorbed in that time, which is slightly up on the long term trends in this market.

This large increase in stock is likely to continue in 2019. The Suncentral development is likely to have the first two office buildings commence development in the latter half of the year; the Sunshine Coast Council is likely to commence development of its new chambers; and development company EvansLong will begin Foundation Place, which is to be circa 4,500 square metres of office space.

While this increase in overall office space is of concern, there are other factors at play which allow some level of optimism within the office market.

In 2018, the Sunshine Coast Council secured the new international broadband submarine cable to

42,000 sqm

of office space
was added to the
market during
2017 and 2018.
This has increased
the overall vacancy
level from **6.9%**
in January 2017
to **15%** in
January 2019.



land on the Sunshine Coast. This cable will enable the Sunshine Coast to have the fastest connection speeds to Asia and the second fastest to America from Australia. Modelling of the economic impacts for this cable is for circa 860 new jobs and up to circa \$920 million in new investment. It will allow Queensland businesses to bypass Sydney internet connections and connect direct internationally.

The Council is hoping that this will now give the Sunshine Coast an added advantage over other locations for large IT and data intensive companies. This is currently being marketed along with the benefits of the Suncentral development, which is a greenfield CBD development. The cable is due to be completed in early 2020 with all rights secured for its establishment.

Notwithstanding the above, it is still likely that there will be increased downward pressure on effective rental levels for landlords, particularly for those with space in secondary style buildings or locations. Over the past 12 months we have seen significant incentives of up to 25 per cent in the market and this is likely to continue during 2019 for secondary style stock. Prime locations and complexes appear to be maintaining both their high level of occupancy and overall rental levels currently in the market.

Rockhampton

More positive market sentiment and some green shoots have been seen in Rockhampton's residential market in recent months and we are hopeful that 2019 will see these positive indicators flow on to the commercial market. It is unlikely that there will be any substantial value

rises, but decreased vacancies, new development, and increased activity in general may be seen.

Rentals have remained relatively stable over the past 12 months, indicating a range of about \$225 to \$300 per square metre gross for the average semi-modern or modern office space within the CBD. Secondary tenancies are likely to continue to prove difficult to lease.

There have been some good opportunities for owner-occupiers in recent years and we anticipate that activity by this buyer type will continue throughout 2019 given that interest rates remain at record lows. Owner-occupiers of office accommodation are likely to continue to remain most active in the sub \$750,000 price bracket.

If purchasing an office building, we generally call attention to some of the following items:

Car parking - is there ample on-site car parking? Car parking is slowly becoming a substantial factor in office leasing and if you don't have any to provide to prospective tenants, then your property will become difficult to lease and you may need to accept lower rental rates.

First floor walk-up only: properties that have a first floor accessed only by a stairwell may also be problematic as these areas are not only becoming increasingly difficult to lease, but do not comply with requirements for disability parking.

Gladstone

We consider that 2019 will be a watch and see year for the office sector in Gladstone. There are some positive signs in the residential sector (such as

tightening vacancy rates and increasing weekly rentals) indicating a potential market recovery and we hope that this indicates a positive flow on effect for the office market.

Whilst market sentiment may improve, any improvement in market conditions is likely to be slow and we therefore anticipate conditions in Gladstone's office sector will remain relatively flat for 2019. There is likely to be a continued stabilisation of rents, however incentives are likely to remain until vacancies decrease.

Most of the office sales activity over the past 12 to 18 months has been to owner-occupiers in the sub \$700,000 price bracket. Local business owners recognise that it is a perfect time to secure their own premises as a result of low interest rates and the stage of the property cycle, and we anticipate that this activity will continue throughout 2019 where opportunities exist.

Wide Bay

The Wide Bay's office markets are currently quite stable across the three major towns (Bundaberg, Hervey Bay and Maryborough). The sector has been largely influenced by medical uses with the health precincts being situated in the more prominent localities outside of the city centres.

Bundaberg

In 2018, a variety of office stock was put to the market and subsequently sold within Bundaberg. At the lower end of the market, 32 Crofton Street, Bundaberg Central sold subject to a new three-year lease for \$397,500 or circa eight per cent. At the top end of town, 70 Barolin Street, Bundaberg South sold subject to an extended lease term of five years for \$2.13 million - circa seven percent.

These sales demonstrate a reasonable level of investor demand within the Bundaberg market

Owner-occupiers of office accommodation are likely to continue to remain most active in the sub \$750,000 price bracket.

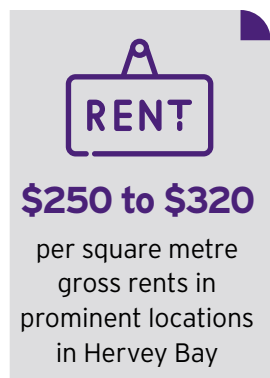
which has been heavily driven by owner-occupiers over the past few years. Owner-occupiers still appear to be the dominant buyer profile, particularly within the sub \$1 million price range. Overall, the 2018 office market was relatively slow with a low volume of sales occurring throughout the year.

The leasing market in 2018 was somewhat slow, with a low volume of new office leases established. Office tenancies within the more prominent locations typically achieve in the order of \$250 per square metre and \$350 per square metre gross for better quality tenancies and \$200 per square metre to \$275 per square metre gross for lesser quality tenancies.

In 2019, we anticipate a low volume of office sales accompanied by limited gross rental growth prospects.

Hervey Bay

There was a low volume of office sales in Hervey Bay in 2018. The rental market was also relatively quiet with gross rents in prominent locations ranging in the order of \$250 to \$320 per square. Vacancies within the office sector are reducing, however, remain somewhat elevated.



RENT

\$250 to \$320
per square metre
gross rents in
prominent locations
in Hervey Bay

It is anticipated that 2019 will see construction commence on a new community titled office development along Torquay Road. We would expect a low rate of sales throughout the year with gross rental growth prospects remaining low.

Maryborough

Maryborough had a typical year in 2018, with a low volume of sales and a low volume of leases established. A notable sale was 312-314 Kent Street which sold subject to a new one-year lease to Council for \$445,000 or circa nine per cent.

2019 is expected to be much the same for Maryborough. Sales activity should be stable and slow with gross rents expected to remain stagnant throughout the year.

Mackay

Office rents and values remain flat despite a moderate improvement in market sentiment caused by an improving local economy.

A contemporary style double-storey office at 22-24 Wood Street, Mackay with net lettable area (NLA) of 2,031 square metres sold in December at \$3.5 million after being on the market for several years. It was occupied by the Department of Natural Resources and Mines and the Department of Housing and Public Works on two-year lease terms which both expire in February 2020. Our preliminary analysis shows a passing yield of between 14 and 15 per cent with a WALE of 1.19 years which is much higher than other local property investment sales. This sale also shows \$1,723 per square metre of NLA which is well below replacement cost.

Outgoings including local authority rates and building insurance premiums have risen considerably in Mackay over the past ten years to diminish investment return from the weaker office rental market which has fallen by around 25 per cent in recent years. This is offset to some degree by a reduction in land tax liabilities due to a reduction in statutory land values of over 40 per cent since the 2008 peak.

Leasing activity is beginning to improve, however office vacancies in Mackay City remain fairly high. Most spaces available for rent are generally old and not well presented for lease. There is a level of unsatisfied leasing demand for good quality and well-presented offices with efficient and reliable air conditioning and NLA of 100 to 200 square metres.

Moving off topic from the office sector, we could not let this edition of the Month In Review go past without commenting on several major transactions in the central Queensland accommodation sector in the recent past. These are:

► **Mackay Grande Suites** at 64 Wood Street, Mackay which sold in August 2017 with a delayed settlement. This is a seven-storey complex with 91 guest rooms and suites, a reception and lobby area, conference facilities with seating for 200 delegates, indoor swimming pool and gymnasium, AM Bar, bistro and gaming room with 45 EGMs, Cactus Jack's Bar and Grill, manager's unit and 34 car parking spaces. It sold for \$20 million, a record price for an accommodation property in Mackay.

► **Travelodge Rockhampton** at 86 Victoria Parade, Rockhampton which sold in October 2018 for \$5.8 million. This is an older style, four-star, ground floor and eight upper level accommodation hotel. The complex provides 74 guest rooms, non-operational restaurant, conference rooms, gym and ground floor breakfast and dining room. An adjacent site at 83A Bolsover Street is an older style, two-level building comprising a ground floor commercial laundry and first-floor two-bedroom manager's residence. Additional car parking is also provided on this allotment.





► **Rydges Gladstone** which was reported to be under contract in November 2018 for \$2.1 million and comprises an older style, strata titled, four-star rated, 72-room accommodation hotel with restaurant, bar and conference facilities.

Despite the recessionary market and economic trends in Central Queensland which have prevailed in recent years, it appears as though good quality properties are saleable to counter-cyclical buyers prepared to take a long term view to achieving improved occupancy rates and levels of profitability. Prudent buyers for this type of asset are generally very well informed and realise that while the accommodation market remains subdued, there is an opportunity to purchase properties at prices that represent reasonably good value. The transactions mentioned above

are all considered to be typical of such counter-cyclical investment opportunities. We are aware of another major motel property in Mackay which is under contract of sale and fits into the same category.



South Australia

Adelaide

Green shoots is the catch phrase from the Property Council's recent report on the status of the Adelaide CBD office market after four consecutive quarters of reducing vacancy. What's more, this reduction was uniform across all grades with only B-grade remaining essentially flat. Similarly, incentives are also coming down from the historic highs of only 12 months ago.

That said, there remains approximately 203,000 square metres of space vacant in the CBD, meaning there is space left to be absorbed. Hence green shoots or baby steps - not a boom. This is Adelaide after all, but still, shoots or steps is in the right direction.

In terms of returns (yields), the dynamic affecting the Adelaide office market is consistent with the whole property sector - low yields fuelled by the low interest rate environment. Despite the sluggish economic conditions affecting South Australia and the poor rental growth, yields are low, in fact very low when considered in the context of the vacancy rate.

Ten years ago, in the mire of the post GFC environment (or perhaps right in the confusion of it all), CBD office vacancy was around 3.3 per cent overall (highest for the premium Grade). Prime yields were between 8.5 per cent for premium grade to 10.5 per cent for C- and D-grade. Rents were growing steadily at over eight per cent in the 12 months prior to the first quarter of 2019. Net face rents were at \$335 per square metre for premium grade and \$147.50 for C- and D-grades.

ADELAIDE'S NUMBERS:

- ▶ Vacancy rate **14.7%**
- ▶ Prime net face rents **\$420/m²**
- ▶ Secondary net face rents **\$250/m²**
- ▶ Rental yield **7%**

The local economy has been like a roller coaster over the past ten years - two Premiers (but six Prime Ministers, so we're actually ahead), the Olympic Dam expansion announcement and then its shelving, One Steel liquidation, Holden was staying then it might be going and then it was gone, submarine constructions, three major infrastructure projects on South Road, two new hospitals, and who knows how many blackouts.

Within the CBD office market there might be higher demand and lower vacancy.

Ten years on and vacancy is at 14.7% (lowest for premium grade) with the much discussed flight to quality. Net face rents are growing but only just, prime net face rents are \$420 per square metre and \$250 per square metre for secondary. However, yields are sitting below seven per cent.

So where to from here? What does 2019 hold in store for the Adelaide office market?

Well, probably nothing earth shattering - again, this is Adelaide people.

A continued reduction in vacancy rates as premium grades get absorbed, along with incentives returning to more sustainable levels will contribute to an improvement in effective rents. We don't anticipate a significant shift in yields over the next 12 months. So, we face a very interesting situation; the market is improving, the economy is improving, but yields are close to bottoming out and will at some stage experience upward pressure, probably correlated to interest rates. So, are there any of those on the cards? Probably not from the RBA, however the results of the recent Banking Royal Commission will see a significant shift in the operation of banking, a move away from wealth management services and generally higher operating costs. It is not impossible this gets passed on via a rate rise.

It is not impossible therefore that in 2019 we will experience an improved local economy and within the CBD office market there might be higher demand and lower vacancy, possibly growing rents and yet also upward pressure on yields.



Western Australia

Perth

The start of the 2019 calendar year has brought some much-needed positive news to the Perth office market.

The most recent Property Council of Australia figures for the Perth CBD office market indicate that the total vacancy rate decreased from 19.4 per cent to 18.5 per cent in the six months to January 2019. The total vacancy rate in West Perth has also dropped from 15.8 per cent to 14.8 per cent for the same period.

Whilst these statistics are encouraging with vacancy rates reducing overall, Perth's CBD has the highest vacancy rate of all capital cities in Australia.

The reduction in the overall vacancy rate can be attributed to a flight to quality phenomenon with the level of vacancy in the premium and A-grade buildings being significantly less compared to that of B-, C- and D-grade space.

With a glut in the office leasing market and a flight to quality occurring, owners of B- and C-grade buildings are looking for opportunities for conversion to residential, educational and even hospitality uses.

Recent leasing deals in the CBD have shown annual face net rents in the range of \$300 to \$450 per square metre. Face rents in the West Perth office district tend to be lower in comparison and typically fall between \$250 and \$350 per square metre per annum.



Perth's CBD has the highest vacancy rate of all capital cities in Australia.

Property owners are being proactive in trying to entice existing tenants to recommit and also in order to attract new tenants. This has resulted in substantial incentives being offered in the market place (typically between 30 and 55 per cent).

Furthermore, landlords are providing their existing and prospective tenants with bespoke floor plates, flexible work spaces, meeting hubs, refurbished foyers, some featuring concierge services, gymnasiums or wellness centres with some more innovative landlords looking at child care or child minding facilities within their buildings, in addition to the obligatory end of trip facilities, bike storage rooms and in some cases bike repair shops.

Looking ahead to 2019, we envisage that the Perth office leasing market will see a stabilisation in rental incentives and rental rates over the short term given that there are no significant building projects in the pipeline until

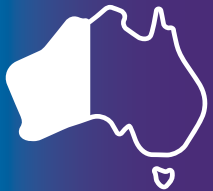
19.4%
↓
18.5%

Perth CBD total vacancy rate decreased in the six months to January 2019

2020 and taking into account the continuing revitalisation of the CBD landscape with major infrastructure projects such as Elizabeth Quay. Incentives for quality buildings in Perth's core CBD may even experience downward pressure with early signs of growth in the space needs of particular tenants.

In terms of capital transactions, demand for office property in the Perth CBD during the past 12 months has been felt predominantly from institutions and foreign (mostly south-east Asian) buyers seeking counter-cyclical acquisitions of secondary assets with good prospects for re-positioning. Recent sales in the CBD have shown yields in the order of seven to 8.75 per cent.

As for West Perth, there have only been a handful of sales during the past 24 months. The lack of quality office stock with medium to long term WALEs, combined with subdued economic conditions has affected transaction activity. We expect these trends to continue in the short term.



Australian Capital Territory

Canberra

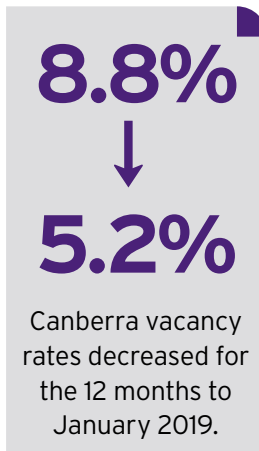
The ACT commercial office market is well positioned to undergo a year of stabilisation, fostered by solid employment growth in the capital in both the public and private sectors. Supply levels are expected to increase from the historically low levels of previous quarters. The demand for high quality A-grade stock is set to increase; we note a drop in the total vacancy factor from 8.8 to 5.2 per cent for the 12 months to January 2019.

Across the market, vacancy rates are expected to tighten for A- and B-grade stock. Effective rents are expected to rise in both the primary and secondary markets as traditional incentives decline and continue to move towards an increased demand for specialized and more flexible fit outs. 2019 will see yields continue to compress for core products, with increased investor demand, both domestic and international, when comparing Canberra to other capital cities.

The continued emergence of co-working spaces and buildings with shared facilities to satiate an ever-growing mobile office population that demands more flexible spaces coupled with a move

towards smarter, more energy efficient buildings will see an increased proportion of current B-grade stock undergoing substantial refurbishment and modernization in order to stay competitive and garner local and offshore investment interest.

Going forward, we anticipate lower grade commercial stock (C- and D-grade) will continue to experience subdued capital growth coupled with increased vacancy rates, especially in non-central locations. Commercial rates are also expected to continue an upward trend from historic levels.





Residential

March 2019

National Property Clock: Houses

Entries coloured orange indicate positional change from last month.



Month in Review
March 2019



RESIDENTIAL

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National Property Clock: Units

Entries coloured blue indicate positional change from last month.

Month in Review
March 2019



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New South Wales

Overview

Median price is often referred to when gauging the state of a property market. While it's a trusted measure, it is just a number on a page until you apply it to a real-world example.

To help illustrate exactly what each location's median price really means, we've asked our offices to provide evidence of what their location's median price will purchase and what the prospects are for the property at that price point.

Sydney

The median price is generally the go to statistic when analysing how a market is performing. In a city the size of Sydney, what you can get for the city's median price will vary significantly from one part to the next.

According to realestate.com.au, the median house price in Sydney at the end of 2018 was \$955,000, whilst units sat at \$720,000. In the eastern suburbs, it is pretty difficult to find any dwelling under \$1 million these days. A two-bedroom, one-bathroom attached terrace in Surry Hills, with no parking and sitting on just 57 square metres of land sold in November last year for \$950,000.

Head south-west, approximately 60 kilometres from the Sydney CBD to the suburb of Harrington Park,

and you will find a large, part renovated, 20-year-old home with five bedrooms, two bathrooms, double garage and in ground pool, sitting on a large 708 square metre corner block. The property sold for \$960,000 in December last year.



3 Goodmans Terrace, Surry Hills

Source: CoreLogic



2 John McLennan Circuit, Harrington Park

Source: CoreLogic

The difference in what type of unit you can get for around \$720,000 is also vastly different depending on where the property is located. In North Sydney, 708/150 Pacific Highway sold in February for \$710,000. The property was a newly built, 57 square metre, one-bedroom plus study, one-bathroom unit with no parking.

In Penrith, also in a new complex, 203A/81 Lord Sheffield Circuit recently sold for \$730,000. The property comprised three bedrooms, two bathrooms and one car space, with a living area of 116 square metres.

This month we also asked our valuers to look at the median prices in a suburb or region they work in every day and what type of property can be purchased at that price. A selection of these are included below.

Western Sydney

Buying at the median has always been a smart option for savvy owner-occupiers and investors. You're not buying the worst property in the suburb and you're not buying the most expensive. This helps reduce the impact if the market does shift, as we have seen in recent times when inferior and less desirable properties are hit hardest when demand dries up.

The median value for dwellings in Blacktown is \$695,000 (source: RP Data). This figure has dropped five per cent from this time last year, but is up 54 per cent over the past five years. The median rental for dwellings is \$420 per week equating to an average yield of 3.1 per cent. For around \$695,000



A two-bedroom, one-bathroom attached terrace in Surry Hills, with no parking and sitting on just 57 square metres of land, sold in November last year for \$950,000.


you can purchase an older three-bedroom dwelling on 600 square metres with some internal renovations.

For units, the median price is \$480,000 (source: RP Data) and with that you will get a modern two-bedroom, two-bathroom unit with a median rental of \$400 per week returning 4.3 per cent. The median value has dropped 6.25 per cent over the past 12 months, but bear in mind that median values have increased 42 per cent over the past five years for units. Both of these price points are desirable for first home buyers and investors.

In Katoomba in the Blue Mountains region, the median value for a unit is \$398,000 (source: RP Data) renting for \$330 per week with a yield of 4.3 per cent. For dwellings, the median is \$567,000, renting for \$410 per week at a yield of 3.8 per cent. The yield achieved in Katoomba is on par with investments in the Sydney metro area.

Houses in Oran Park have a median value of \$758,000 (source: RP Data) with a rental of \$520 per week returning 3.6 per cent. For that money, you can buy a new four-bedroom, two-bathroom house with a double garage on 450 square metres.

The centre of Parramatta has seen a tremendous amount of investment in recent years into infrastructure and both residential and commercial high rise buildings. Despite this, it has not escaped the market downturn with a five per cent drop in median value for units down to



54%
Blacktown median value for dwellings is up over the past five years.


\$618,000 (source: RP Data) by the end of 2018. However the median value for a unit has jumped 23 per cent in the past five years.



12 Hadrian Avenue, Blacktown, a 3-bedroom, 2-bathroom house on 556 square metres, sold in October 2018 for \$702,000 Source: CoreLogic

Inner West/CBD Fringe

Median values throughout the inner west region of Sydney have generally been declining since mid to late 2017 due to various market factors such as tighter lending restrictions, the Banking Royal Commission and overall weaker market sentiment. Considering median prices have come back over the past six to 12 months, there are now properties selling for less than what they achieved in 2017 and in some cases, prices are back to 2016 levels. In light of this, there is potential for good buying opportunities in comparison, however there is the likelihood that prices could continue to weaken depending on how this



23%
Parramatta median value for units has jumped in the past five years.

year plays out, particularly surrounding credit availability and the upcoming state and federal elections.

Sitting just under the Leichhardt median house price of \$1.395 million as at October 2018 (source: RP Data), 65 Rolfe Street sold in November 2018 for \$1.35 million. It had sold earlier in April 2018 for \$1.45 million, showing how this market has come back in 2018. The estimated rental for this property would be around \$800 per week, or approximately a three per cent gross yield.

This type of property will appeal to young families and means getting a renovated property located in close proximity to Norton Street, the light rail and located only seven kilometres from the CBD. It also looks to be good value compared to properties sold at this price in 2016 and 2017.

On the flip side, there is the potential that this price point could come back further and there is also an increasing supply of properties for sale or rent which is likely to put further downward pressure on values and rental levels.



65 Rolfe Street, Leichhardt Source: realestate.com.au

Also sitting just under the suburb median unit price of \$1.0375 million in October 2018 (source: RP Data), was 72/122 Saunders Street, Pyrmont, which



sold for \$1 million in October. The unit was a 1994 built, two-bedroom, two-bathroom unit with one car space, with Anzac Bridge views. The estimated rental for this property would be around \$800 per week, or approximately a four per cent gross yield.

Given its close proximity to the CBD and Darling Harbour, the property is likely to appeal to downsizers and young professionals who work in the CBD. However the risk is that unit prices and rents will fall further in 2019 due to increased supply levels, while common facilities such as indoor swimming pools, gyms, saunas, lifts and concierge services mean higher strata levies in comparison to a smaller scale development without these common facilities.

Northern Beaches

Mona Vale has a median house price of \$1.7 million, which is fairly consistent with the median house price of the Northern Beaches LGA of \$1.75 million as at October 2018. Mona Vale has seen an annual median house price decline of 2.86 per cent while the Northern Beaches LGA has recorded a 4.37 per cent decline (source: RP Data).

Dwellings in this price range will typically be constructed between the 1960s and 1990s, located on the western side of Barrenjoey and Pittwater Road and are reasonably well finished. The entry level into the Mona Vale housing market is around the \$1.2 million mark, while anything beachside (eastern side of Pittwater and Barrenjoey Road) generally starts at \$2 million.

A recent example of a property which sold around the median price is 53 Parkland Road, Mona Vale, which sold for \$1.81 million in December 2018. The sale consists of a circa 1980s, renovated, two-storey, five-bedroom, three-bathroom dwelling on 702 square metres of land, on a slightly busy road.



53 Parkland Road

Source: CoreLogic

Mona Vale has a median unit price of \$937,500, in comparison to the Northern Beaches LGA of \$882,000 as at October 2018. Mona Vale has seen an annual decline of 1.32 per cent in comparison to the Northern Beaches LGA which recorded a 3.63 per cent decline (source: RP Data).

Options at the median price level will typically range from an older (1950s to 1970s) two-bedroom, one-bathroom unit in an east side location to a modern two-bedroom, two-bathroom unit situated in less a desired location. The yields are typically higher for new stock (four to 4.5 per cent in comparison to 3.5 to four per cent for older buildings) and require less maintenance from an investor standpoint, however we have seen greater capital growth in prime beachside locations, as stock levels remain consistent, they are more popular from a buyer standpoint and there is additional scope to create value through renovation works in older buildings.

9/20 Park Street, Mona Vale sold for \$800,000 in November 2018 (leasing for \$670 per week at 4.36 per cent). The sale is a 2007 constructed, two-bedroom, two-bathroom unit located in the heart of Mona Vale Village. The property is larger and more modern compared to other Mona Vale units in

this price range, although these benefits are at the expense of a slightly less desired location.

Lower North Shore

Lane Cove is a well-regarded suburb on Sydney's Lower North Shore, comprising a mix of single detached dwellings and unit developments of varying ages.

The median house price in Lane Cove as at October 2018 was \$2.125 million (source: RP Data). Lane Cove is known predominantly as a family area and the style of property at this median price point is evidence of this. A typical property at this median price point would be a detached family home with four or five bedrooms on around 650 square metres of land. As a good example, 23 Tambourine Bay Road sold in early December 2018 for \$2.13 million (source: RP Data). This was a single level renovated Californian Bungalow comprising four-bedroom, two-bathroom accommodation with a large, near level rear yard and a land area of 607 square metres. This type of property is in strong demand and has seen strong growth over the past five years. It does appear however that this market is weakening, down close to 12 per cent from almost 12 months ago when the median sale price was \$2.4025 million (source: RP Data).



23 Tambourine Bay Road, Lane Cove

Source: CoreLogic





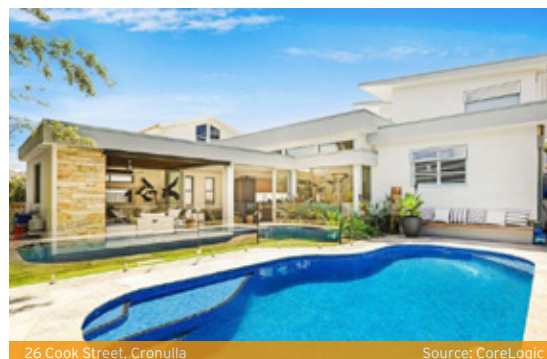
The median unit price in Lane Cove as at October 2018 was \$835,000 (source: RP Data). There has been a large increase in supply of units in Lane Cove over that past five years. A typical unit at this median price point would be a modern style unit around 80 square metres with two-bedroom accommodation and a single car space. As a good example, 505/9-13 Birdwood Avenue sold in December 2018 for \$820,000 (source: RP Data). This was a modern unit comprising two-bedroom, two-bathroom accommodation with a single car space. This sector of the market has a high number of investors, although the median price is only down around four per cent from almost 12 months ago when the median sale price was \$870,000. Interestingly, the unit described above was originally purchased from the developer for \$971,290 in May 2015 (source: RP Data) so is a great example of what the new and modern unit market is doing in Lane Cove.

Sutherland Shire

The median house price in Cronulla as at October 2018 was \$2.2 million while the median house rental price was \$950 per week (source: RP Data). The position within Cronulla will dictate what type of property you can purchase at this price. In the northern part of the suburb, you can purchase a renovated house around the median house price, whilst in the southern part of the suburb you are likely to only be able to afford an unrenovated single level house for this price. The median house price dropped from \$2.294 million in January 2018 to \$2.2 million in October 2018 (source: RP Data).

A renovated four-bedroom, three-bathroom home with double garage, pool and modern alfresco

area, sold just before Christmas for \$2.4 million. The property is suited to a family and is located on the fringe of Woollooware and is relatively close to schools, golf courses, beaches, cafes and public transport, although at about 1.2 kilometres to the nearest beach, it might be a little further than some might envisage when buying in Cronulla.



26 Cook Street, Cronulla

Source: CoreLogic

The median unit price for Cronulla as at October 2018 was \$882,500 (source: RP Data). Whilst this was actually up from \$850,000 in January 2018, there is a broad range of unit types in Cronulla ranging from small, older style one-bedroom units to luxury modern apartments with panoramic ocean views. The composition of unit sales in any month (such as a larger percentage of more modern units selling) can heavily influence the median price and prices have likely fallen during this period despite the median price showing an increase.

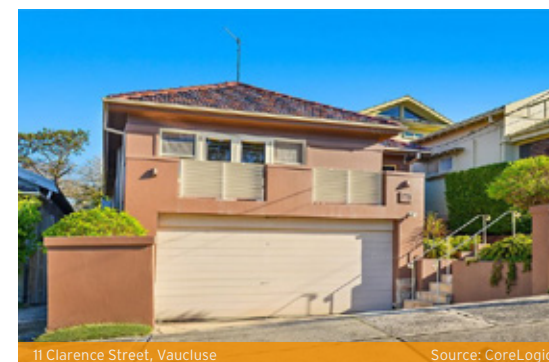
An updated 1970s unit at 12/18 Elizabeth Place, Cronulla sold in November 2018 for \$850,000. The 77 square metre top floor unit has two bedrooms,

one bathroom and a one-car garage with restricted ocean views over neighbouring buildings. Gross rental yields for this type of property are generally around 3.5 per cent.

Eastern Suburbs

The Woollahra local government area provides one of the highest median house prices in the country, at \$3.7325 million in November 2018, down slightly from \$3.775 million in January 2018 (source: RP Data). An updated, single storey, three-bedroom, two-bathroom Vaucluse home with four-car basement garage sold in October for \$3.6 million. The property, on 500 square metres of land, also had a small pool and would capture ocean views from a second storey addition.

The property provides a good entry point to the Vaucluse market however is located on the eastern fringe of the Woollahra council area with a nine kilometre drive into the Sydney CBD.



11 Clarence Street, Vaucluse

Source: CoreLogic

Likewise the unit median price in Woollahra fell slightly in 2018, down from \$1.4275 million in January 2018 to \$1.4 million in November 2018 (source: RP Data). In Double Bay, a 1960s two-bedroom, one-bathroom unit with one covered car space sold for \$1.4 million in November last year. The unit, at 5/19 Guilfoyle Avenue, had been

The median house price in Cronulla dropped from \$2.294 million in January 2018 to \$2.2 million in October 2018.

renovated internally and had a living area of approximately 80 square metres. The property is very well positioned, close to Double Bay shopping strip, ferry wharf and harbour foreshore. The downside is purchasing in an older building with a single bathroom, whereas more modern units in this price range will tend to have a second bathroom. Rental returns for this type of unit sit at around a three per cent gross yield.

Lismore

Housing in the Lismore property market is dominated by freestanding dwellings, with relatively few unit sales in comparison to many other markets. For this reason, we have focused on dwellings in this commentary.

Median prices within the Lismore market range from \$275,000 in South Lismore to \$430,000 in Goonellabah. The reason for such a large variation in price can be attributed to factors including environmental (flood), age of the housing stock and of course access to services.

Lismore currently has a median house price of approximately \$350,000. Housing in this market typically consists of elevated timber homes on timber posts ranging in age from 100 years to 40 years. A large portion of the Lismore housing market is constructed on flood prone land. Dwellings that have the main floor level below the predicted one in 100-year flood level are generally discounted significantly. At the median price point, a purchaser can expect a three-bedroom timber clad cottage in tidy condition, with car accommodation and storage space located under the main living area. Typical dwelling size is 100 to 120 square metres.

Girards Hill is a small residential pocket adjacent to Lismore. This location is sought after for its older

style timber cottages with period features. Girards Hill is generally flood free but located close to the CBD with portions of the suburb listed as having heritage significance under the Lismore LEP. The median house price in this suburb is approximately \$410,000. While still very affordable compared to other markets, it is significantly higher than Lismore proper. At this price point in Girards Hill, you can expect a two- or three-bedroom cottage on a sloping block in good to fair condition. Bathrooms and kitchens would typically be dated and require upgrading, however many of the dwellings have sought after period features.

Goonellabah is a large suburb to the east of Lismore. Goonellabah is elevated and typically flood free. Housing in this suburb is more recent than Lismore and is the growth sector of the Lismore market with housing ranging from 50 years old to modern. At the median house price of \$430,000, a purchaser can expect a well presented 30 to 40 year old three- to four-bedroom brick dwelling, 100 to 140 square metres of living area, with an updated kitchen and bathroom. Goonellabah is well serviced with a large shopping centre and council aquatic centre and gymnasium.

Finally, South Lismore is situated on the other side of the Wilson River from Lismore. Almost entirely flood-prone, South Lismore has a mixture of residential and industrial land uses. Due to the flood-prone nature of the housing, stock is elevated and consists mainly of timber clad cottages with metal roofing. The majority of the housing stock

\$350,000

**Lismore
median house price**

\$275,000

**South Lismore
median house price**

was constructed between 1930 to 1960. The median house price in this suburb is \$275,000. At this price point, you can expect an elevated two- to three-bedroom timber cottage in average condition. Renovated cottages realise sale prices of between \$350,000 and \$390,000. Once again properties whose main floor levels are below the one in 100 year flood level are discounted and there is some market resistance to these properties.

With a median house price of between \$275,000 and \$430,000, Lismore is attractive to both first home buyers and investors alike. With a university and major government employers located in Lismore, rental demand is good and yields achieved on properties are attractive to investors. The expectation for 2019 is that the median house price is likely to stay at similar levels or fall slightly as the relative affordability and predicted stable employment within the market are expected to underpin prices.

Casino / Kyogle

Real estate statistics, in general, can offer some assistance for the property investor, first home buyer and upgrader.

However, it should be noted that the median price statistic does have its limitations within a smaller country or regional town where the variety of housing type is relatively wide and the volume of sales activity is significantly lower than their coastal based cousins and large metropolitan areas.

A case in point are the small, rural townships of Casino and Kyogle.

To date, there are simply no units available for sale in Kyogle....zero.

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Based on Corelogic's (RP data) generated statistics, the median price for houses in Casino is \$288,500 and \$223,000 for units. The median price of houses in Kyogle is \$279,000 and \$244,500 for units.

These towns are relatively similar. However, we must stress that there were only eight sales of units in Kyogle over the 12-month period to date with a wide price variance from \$158,000 to \$295,000 - not exactly a large sample size from which to make a definitive statement! In comparison, Casino had 35 sales over the same period with a price range of \$149,000 to \$410,000, an even wider price range differential.

On this basis, the statistics for units are rather skewed, particularly for Kyogle as the sales types range from a very compact, circa 1970s, two-bedroom, one-bathroom attached brick unit with carport to a modern, detached, three-bedroom, two-bathroom duplex unit with a built-in single garage.

The median price of \$244,500 should be able to secure a very tidy, original, circa 1980s brick unit with single garage within close proximity of the town centre. To date, there are simply no units available for sale in Kyogle....zero.

Similarly, a median price of \$223,000 for a unit in Casino would be represented by either an updated or tidy original two- to three-bedroom, one-bathroom, attached unit or townhouse with a single garage or carport within close proximity of the town centre.

Units located further out, say greater than two kilometres, can expect slightly lower prices (assuming all other features remain equal).

Houses at the median price level of \$279,000 for Kyogle and \$288,500 for Casino are generally

quite similar, with the typical dwelling being somewhat older or original timber or fibro cement clad construction (and the occasional 1970s or 1980s brick home) and comprising two or three bedrooms with garage or carport. However, at that price level, they would tend to be a bit further out from the town centre as well.

There is no real definitive pro or con regarding these median price levels as they tend to be suitable due to their affordability for first home buyers and property investors with the added possibility of further capital gain if responsible renovation work is carried out.

Ballina /Byron Bay

The median house price in the Ballina Shire is \$685,000 and the median unit price is \$475,000. Generally speaking, the most sought-after location within the Ballina Shire is Lennox Head with a median house price of \$930,000 and a median unit price of \$732,500.

\$930,000 would buy you a reasonably good quality and comfortable four-bedroom house behind Lennox in say the Meadows, Epiq or Coastal Grove estates. Within the Lennox village (walking distance to shops and beach) however, this would buy you only a modest dwelling that would likely require renovation works.

As for units, \$732,500 would generally buy you a near new duplex unit behind Lennox or a neat and tidy possibly renovated townhouse or villa within the Lennox village. It should be noted that the median prices within Lennox Head can be skewed

by the irregular transactions of prestige beach front property.

Within Ballina, the median house price is \$560,000 and the median unit price is \$460,000.

\$560,000 would buy you a reasonable quality, neat and tidy three-bedroom house. Any house transacting under \$500,000 within Ballina would be expected to be quite modest. \$460,000 would buy you a comfortable two- bedroom villa or townhouse located within one of the more desirable locations in Ballina or a three-bedroom villa or townhouse within a slightly less desirable location.

Within the hinterland township of Alstonville, the median house price is \$620,000 and the median unit price is \$330,000. \$620,000 would buy you a reasonable quality four-bedroom house. \$330,000 would buy you a two-bedroom villa with nothing to spend or possibly a three-bedroom villa requiring some renovation works. It should be noted that the median unit price within Alstonville appears quite low compared to the median house price and this can be attributed to the significant amount of two-bedroom units, villas and townhouses which transact in Alstonville as opposed to larger three-bedroom duplex units or the like.

In the Byron/Suffolk Park suburb there is a current house price median of \$1 million.

What is available for this medium \$1 million price point in Byron Bay are two to three-bedroom units within the central township or smaller dwellings situated on the outskirts of the township (say three to five kilometres out of town). In Suffolk Park, what



The most sought-after location within Ballina Shire is Lennox Head with a median house price of \$930,000 and a median unit price of \$732,500.

is available for that price are three- to four-bedroom homes on the western side of the coast road.

In the suburb of Ocean Shores there is a current median house price of \$750,000 to \$900,000. What is available in Ocean Shores for that price are older dwellings on larger allotments or modern dwellings or duplex units depending on proximity to services and beach.

Most of these price points are steady, with a slight increase in stock levels since the end of 2018. Time spent on market for these styles of property has increased however there remains no real evidence to indicate a decrease in market value at this stage.

The Clarence Valley

In recent times, the Clarence Valley has seen an increase in median sale prices across the property sectors. However, it remains relatively affordable when compared to its bustling northern and southern counterparts.

In 2018, the coastal township of Yamba saw its median house price fluctuate between \$520,000 and \$540,000. Yamba offers mostly circa 1980s to current brick dwellings in the residential section and older fibro or timber dwellings in the central sought-after beach locations. As is the case in most beachside townships, land value drives up the value of sales occurring in the more desirable sections within close proximity of the CBD and beaches with a definite divide evident between locations.

Further south on the Clarence River in Grafton, the median price recorded in 2018 ranged between \$310,000 and \$330,000 with a steady increase observed throughout the year. Within this range available product might include renovated older style single level dwellings with

traditional features or larger brick homes, often featuring two living levels.

Whilst both Yamba and Grafton are situated within the Clarence Valley, it is clear that the median house prices will remain at different levels.

Coffs Harbour

What does the median house price actually buy within the Coffs Coast area? To start with, it is best to talk about the general geographical areas which make up this lifestyle coast. Coffs Harbour is positioned fairly centrally with the northern beaches extending 35 kilometres north to Woolgoolga and encompassing Korora, Sapphire Beach, Moonee Beach, Emerald Beach and Sandy Beach. All these locations are split by the Pacific Highway with the beach side townships to the east and rural residential to the west. To the south of Coffs Harbour the suburbs extend to North Boambee Valley, Boambee East, Bonville Toormina and the popular Sawtell (ten kilometres). To keep it simple, we will focus on suburban property and what you can expect for the median house and unit price within these areas and how the price differs.

Starting with Coffs Harbour and based on realestate.com.au statistics, we see a median house price of \$495,000. We can further divide Coffs Harbour into east and west using Hogbin Drive as the dividing line. To the east of Hogbin Drive, we have the popular harbour and beachside areas known as The Jetty and Diggers Beach and the poorer second cousin of Park Beach which all vary significantly in property types. In the more sought-after areas such as Diggers Beach and The Jetty, you will struggle to find a home in this price bracket;

if you can it will be 30 to 60 years of age in original condition and representative of land value only.

Park Beach is equally well located to the beach and major shopping facilities, however is characterised by 1970s and 1980s constructed homes of modest designs and traditionally a less desirable, lower socio-economic location where you will pick up a partly updated three- to four-bedroom, one-bathroom home on a 500 to 700 square metre site.

West Coffs Harbour is a more suburban location where you get more bang for your buck with the trade-off of a longer drive time to the beach, although equally well located close to shopping and schools. \$495,000 buys a ten to 40 year old three-bedroom, two-bathroom home on a 500 to 1,000 square metre site.

If we look at the median unit price of \$350,000, again we see a market different in product size and quality depending on proximity to the beach. \$350,000 is the basic entry level into The Jetty precinct, buying a dated 1970s or 1980s two-bedroom, one-bathroom unit in varying condition. Diggers Beach has no product available at this price level and Park Beach again sees the most affordable values close to the beach where \$350,00 would buy a 1980s or 1990s three-bedroom unit with one bathroom in a smaller complex. West Coffs Harbour will get you a similar 1980s or 1990s villa or duplex style property with two to three bedrooms, one or two bathrooms and varying size yard area.

Moving south along the Pacific Highway, we come to North Boambee Valley which is a real mix of commercial property lining the highway

 *Here we see the median house slightly lower than Coffs Harbour at \$487,750 which surprises us.*

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which transitions into modern single residential estates to the west which adjoin established rural residential land. Here we see the median house price slightly lower than Coffs Harbour at \$487,750 which surprises us as it supports some of the more modern estates with good quality homes which start at \$550,000. The median price will buy you a modest 1980s to 2000s, three-bedroom, one-bathroom generally dated home which needs work on 400 to 700 square metres.

Next off the rank is Boambee East which is a suburban area developed in the mid 1990s, slightly further from town (eight kilometres) that has traditionally seen values slightly less than Coffs Harbour. It's no surprise here that the median house price is \$458,500. Again, it's a brick and tile three-bedroom home with two bathrooms and double garage. From here we head east to the traditionally poorer southern suburb of Toormina which has been one of the lower socio-economic suburbs characterised by pockets of ex-Housing Commission estates and generally modest housing constructed in the 1970s and 1980s. We have seen a resurgence of interest and increase in values within Toormina over recent years with the median price sitting at a respectable \$432,000 for a dated three or four-bedroom home on a 400 to 1,000 square metre site.



These areas are seeing more gentrification as prices slowly creep north.

We would put Toormina in the same category as Park Beach, both seen as the poorer areas but which are well located close to beach and shopping facilities, adjoining the more affluent suburbs of The Jetty and Sawtell. These areas are seeing more gentrification as prices slowly creep north and well worth a look for the keen investor. Once we leave Toormina heading east to the beach (two kilometres) you hit arguably the most expensive real estate in the beachside village of Sawtell. No surprise here that we hit \$657,500 as the median and you will not get much in central Sawtell for this - maybe a 1950s or 1960s renovator's delight on 500 to 700 square metres if you are lucky. The outer Sawtell streets (adjoining Toormina) will get you a dated brick home on 700 to 1,000 square metres.

I'm sure these prices will make the city dwellers envious. I know every time I see the media talking about Sydney and Melbourne prices topping \$1 million median value, I realise how lucky we are living where the mountains meet the sea and mortgages are still affordable.

Mid North Coast

The Mid North Coast median has been used for comparing properties from the townships of Port Macquarie, Forster and Taree. It gives an overview of market performance over the 2018 calendar year.

This snapshot instantly informs the reader on which local towns are performing better in regard

to capital growth and let's face it, we all want more bang for our buck these days.

It's important to remember that the median price may not necessarily give you an accurate assumption of market trend, as mentioned previously. The median tool should only be used as an indicative methodology and potential purchasers should always rely on their own due diligence when transacting on property.

Therefore, let's take a look at the Mid North Coast's three main townships of Port Macquarie, Taree and Forster and review their medians over the past calendar year.

Port Macquarie

Port Macquarie is a seaside tourist town which has seen good growth over recent years due to various economic factors, including: upgrading of the Pacific and Oxley Highway; building of the Charles Stuart and Newcastle Universities; upgrade to the hospital; the building of a Bunnings store; three new aged care facilities; and the airport upgrade, which have all caused a flow on effect to residential development and growth in the area.

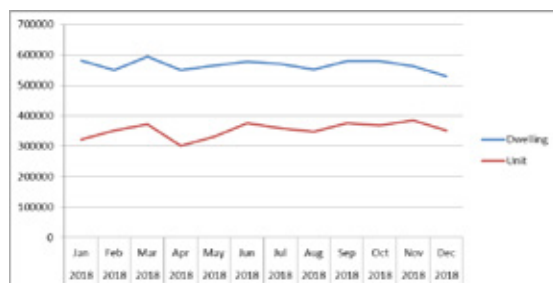
This flow on effect has seen outer fringe subdivisions and townships forming to cater for the growing population, with a new school (Lake Cathie), IGA shopping centre commencing (Thrumster) and the Port Macquarie hospital expansion.

With the recent pending elections and outcomes of the Banking Royal Commission, we have a stabilising market, with property prices and transactions better aligning themselves to these outside influences. You will note these effects within all graphs displayed below, with the Port Macquarie and Forster graphs showing a decline in dwelling median prices at the end of 2018.





PORT MACQUARIE (2444)
Dwelling and Unit Median Sale Prices



From the dwelling and unit median sales graph above, we can pinpoint a yearly median of \$567,500 for dwellings and \$356,000 for units. To look at this further, the median house price will enable you to purchase an older three to four-bedroom dwelling within the township of Port Macquarie or a new four-bedroom dwelling on the outer fringe subdivisions. For units, \$356,000 will buy you a two to three-bedroom villa or an older three-bedroom unit within the township of Port Macquarie or a new two-bedroom villa within the outer fringe estates.

PORT MACQUARIE (2444)
Number of dwellings and units sold



We note that a decline in house sale numbers was also seen at the end of 2018.

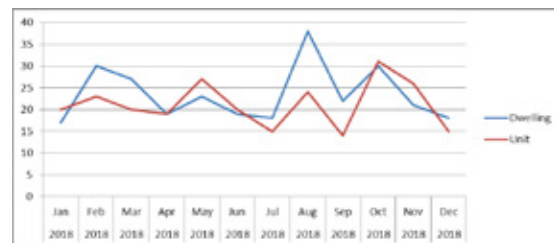
Forster
Forster is a smaller coastal village with similar demographics to that of Port Macquarie, and has also seen good growth over recent years, however the Forster market is more reliant on tourism and retirees than business and industrial development, as indicated by the decline in median sale prices during the winter months.

FORSTER (2428)
Dwelling and Unit Median Sale Prices



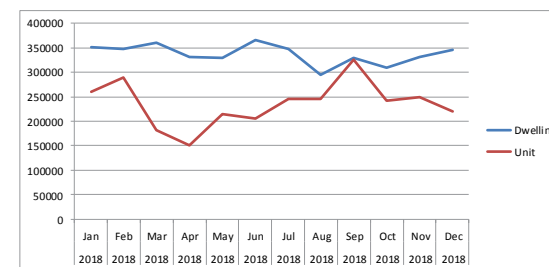
From the dwelling and unit median sales graph above, we can pinpoint a yearly median of \$541,500 for dwellings and \$339,000 for units.

FORSTER (2428)
Number of dwellings and units sold



Taree
Taree, being more of a regional centre with a number of low socio-economic areas, tends to be more subdued with median house prices throughout the year. Limited top end housing or unit stock and an abundance of lower end housing

and unit stock keeps the median prices stable throughout the year. **TAREE (2430)**
Dwelling and Unit Median Sale Prices



From the dwelling and unit median sales graph above, we can pinpoint a yearly median of \$338,625 for dwellings and \$234,250 for units.

TAREE (2430)
Number of dwellings and units sold



In summary, median house and unit prices across the mid north coast vary significantly from town to town.

The above graphs give the purchaser a composition of sales rather than a good indicator of changing property values, therefore data such as sales volumes, comparisons and investigative work should all be included when analysing the property market.



Central Coast

The Central Coast region is located just north of the Sydney metropolitan region and south of Newcastle City - about midway. And that's a good thing according to the locals where we can lean on the influences of both without being drawn in.

In terms of the real estate market, the Central Coast is seen as a viable alternative to the Sydney market due to its relative levels of affordability with easy access back and forth. With this in mind, let's see what can actually be purchased for the median value in a few selected suburbs of the region.

The renowned and ever popular suburb of Terrigal provides a mixture of dwellings of all shapes and sizes with an equal number of units. Generally speaking, values increase the closer you get to the beach. At the moment, the median value for houses is \$947,500 which indicates a rise of around 3.5 per cent over a twelve month period. Samples of properties at this level include:

- ▶ **A current sale** at \$940,000 for a renovated 1970s style dwelling with five bedrooms, three bathrooms and a single garage fronting a busy road without views.
- ▶ **A light and airy**, extended and renovated two-storey dwelling in a popular pocket about three kilometres from the beach sold for \$955,000. It included five bedrooms, two bathrooms and single carport.
- ▶ **An approximate** 2000 built single level brick and tile dwelling with four bedrooms, two bathrooms and double garage in a consistently popular area recently sold for \$960,000.
- ▶ **A modern three-bedroom**, two-bathroom and double garage townhouse on the fringe of the Terrigal town centre recently sold for \$940,000.

Many property owners in this area have taken advantage of the ability to build granny flats (second dwellings) on their properties.

This was considered to represent good value as most units and townhouses so close to the action would generally start above the \$1 million mark.

From what we can see at the moment, most of the properties sold at this level have been sold for owner-occupier purposes - most likely upgraders or purchasers new to the region. Investment wise, we would expect returns of around four to five per cent gross.

Toward the northern end of the region lies Mannering Park, an often overlooked location that offers a lot to those prepared to check it out. It's a smaller suburb on the shores of beautiful Lake Macquarie. Having generally older style development, there are a few recent examples of renovations. The current median value is just \$500,000 which indicates a rise of around 9.5 per cent over the past twelve months. At the median value level, expect to see:

- ▶ **A well-presented**, 1970s style single level dwelling close to local shops. Hardiplank clad with tiled roof, three bedrooms and detached double garage on a level site. Sold for \$470,000.
- ▶ **A circa 1995** cement rendered, tiled roof dwelling with four bedrooms, two bathrooms, double garage, covered outdoor area and detached shed. Sold for \$540,000.

These sales are away from the lake edge areas, but no matter where you are in Mannering Park, the furthest you will be from access to the water is only minutes. Mannering Park is popular with owner-occupiers and investors. A return of five per cent and above (gross) can be expected here.

Towards the middle of the region is Bateau Bay. This is a larger suburb with distinct price variations as you move away from the beach areas. It is an older suburb with much to offer with a selection of beaches, good shopping centre and choice of schools. The current median value is \$685,000 which surprisingly, is a drop of just over one per cent over the past twelve months, but we bear in mind that Bateau Bay is a suburb where values are very much influenced by those selling in East Bateau with a higher price point than the rest of the suburb. At the median value, we have seen the following sales:

- ▶ **A near original** 1990s style, two-storey brick and tile dwelling with four bedrooms plus study, two bathrooms, double garage and in ground pool. The property is located on the western side of the Central Coast Highway and sold for \$695,000.
- ▶ **A circa 1990**, single level brick and tile with four bedrooms, one bathroom, single garage and attached two-space carport. Basic in finish, but close to a neighbourhood shopping centre. Again, located on the western side of the Central Coast Highway, it sold for \$682,000.

There is a reasonably strong rental market in Bateau Bay with returns of 4.5 to five per cent.

Down to the southern end of the region, Umina Beach has seen more action in the market over the past three years than many other of the region's suburbs. At the moment, the median value is \$742,000 which is an increase of near 20 per cent over a twelve month period which is in line with the increases in 2015 and 2017. The area has been very popular with those exiting the Sydney market over

the past several years, but we sense that Umina Beach will be a victim of its own success if market values suffer in the near future as predicted. Nevertheless, at present properties around the current median value include:

- ▶ **A recently renovated** single level cement rendered and tile dwelling with three bedrooms, one bathroom and single garage with in ground pool recently sold at \$715,000.
- ▶ **An unrenovated** but well-presented four-bedroom, two-bathroom home with two carports and small studio has just been sold for \$762,000.
- ▶ **A 1980s style** brick and tile dwelling within the elevated section of Umina Beach and having a bushland outlook recently sold for \$752,000. It came with four bedrooms and one bathroom.

Many property owners in this area have taken advantage of the ability to build granny flats (second dwellings) on their properties. Rental returns for single dwelling properties are around four to 4.5% gross, but this increases to anywhere between 5.5 and seven per cent depending on the quality of the accommodation.

Let's now talk Gosford, long regarded as the main business centre for the southern end of the region. The unit market has and is still seeing considerable activity over the past three years. Many new developments are nearing completion and the take up rates have been very good. The success of these developments has been riding on good marketing, out of area buyers and investors and the expansion of the Gosford Hospital. Many of the units were purchased off the plan as early as December 2016 and as settlements are nearing or are occurring now, there are mixed results on the original purchase prices equalling or exceeding current values or falling short.

With this in mind and noting that many settlements are occurring now or are very close to occurring, the current median for units in Gosford of \$440,000 (and has pretty much been at this level for the past twelve months), is likely to spike in coming months as these new units are settled and the data captured by researchers. We say this as most of the new units that we are being instructed to value are being sold at values well above the current median value level - some are still in the low \$400,000s, but many are closer to the \$600,000 mark.



At the current median value of \$440,000, examples of what we can expect to secure are:

- ▶ **A 2000 built** two-bedroom, two-bathroom unit with two car spaces on the fringe of the CBD and views toward Brisbane Waters has sold for \$435,000.
- ▶ **A circa 1990** two-bedroom, two-bathroom unit situated on the third of seven levels with a single car space and views to the water has sold for \$445,000. This is a large complex with a residents' pool and gym.
- ▶ **A 2001 built** three-bedroom, two-bathroom unit with single car space with corridor water views has sold for \$435,000.

Rental returns on units are sitting around the five per cent mark.

Newcastle

Don't they say location, location, location? The age-old property question... How much are you willing to spend to buy in a certain location?

Median houses prices - what do they reflect in certain markets and how much are properties worth? Especially when you take the time to compare this particular value against different suburbs? But, do median house prices show the full picture behind the numbers?

Newcastle is an attractive beast of its own; within and outside of this glorious city you can find a huge change in median prices depending on which suburb you're referring to, much like various other regional cities.

Let's take a look at the morphing suburb of Wickham, with huge redevelopment and infrastructure within the area including the brand new multi-million-dollar transport interchange. It's transformed this suburb from an almost forgotten west end of the CBD into a thriving development hub. The median price for a house in Wickham is \$632,500, yet interestingly, the unit median price is \$615,000. Now, let's unpick this.

Wickham is mixed use zoning, so you'll find warehouses (some transformed into trendy residential), commercial, residential houses and many new mixed-use commercial and apartment high rise developments. Just across the main access road you can find views across Newcastle city and harbour. Now Wickham is a smaller sized suburb and as such can have limited sales at times, so these high-end sale prices with these magnificent views up the ante and bingo, you have a higher median price.

One recent sale in Wickham of \$670,000 for a brand new two-bedroom unit within a new



apartment complex with sweeping views across Newcastle harbour sold over the median price bracket for the suburb.



303/12 Bishopsgate St Wickham. Sold \$670,000 Source: realestate.com.au

Another recent sale of a two-bedroom townhouse within the heart of Wickham sold for \$585,000, which is under the median price for a house.



2 - 31 Flemming St Wickham. Sold \$585,000 Source: realestate.com.au

Just like the suburb itself, there is a good mix of opportunities to be found in Wickham.

Look west to another interesting suburb called Wallsend. It's had its fair share of stigma, but it's also another one with more to the story behind the median sales figure. If buying in this suburb from out of area, it's somewhat like taking your chances

on Married at First Sight. You could come up with an absolute winner and live happily ever after or you could end up stuck with the dud equivalent of a property.

In Wallsend, you can find houses selling around the median price of \$511,500 and units at around \$458,000. This is a larger sized suburb on the outer fringes of Newcastle. It's close to the M1 freeway for quick escape to either Sydney or the North Coast. Wallsend also sits happily nearby Newcastle University, which may contribute to the higher than average unit median price. The housing situation is rather varied; you can find a pocket of properties selling for over \$1 million against smaller more value for money houses. It's these outliers which always throw a curve ball into the data analytics and final median sale prices.

Let's head up the North Coast to the idyllic coastal waters of Tea Gardens and Hawks Nest, which sit directly across the bay from the more known seaside beauty of Port Stephens. The median price for a house in Hawks Nest is \$517,000 and for a unit is \$460,000. Here you can find absolutely stunning beach front homes on The Boulevard in Winda Whooper. On this particular street, there was a sale in July 2018 of a five-bedroom home with direct access to the beach that sold for \$1.9 million.



69 The Boulevard Hawks Nest. Sold \$1.9 million Source: realestate.com.au

Whilst median price points offer a good overall idea of property values within different suburbs, it always pays to conduct further research. What may be enticing on paper becomes a different story when living in the moment.

We're sure this exact thought is running through some contestants' heads in Married at First Sight as we speak.

*(*All median house pricing data comes from CoreLogic data 2019)*

Southern Highlands

In 2018, the median house price for the Wingecarribee Shire was \$825,000 and the median unit price was \$632,000 (source: RP Data).

The median house price in Bowral is \$1.039 million as at October 2018. Typically for this price point, buyers can expect a circa 2000s, four-bedroom, two-bathroom dwelling on 800 to 1500 square metres of land in East Bowral. Historically, this is the entry point to the highly sought after older style properties close to town. Think Merrigang Street, Boolwey Street, Bendooley Street and Shepherd Street.

The median unit price for Bowral is \$745,000 as at October 2018. Traditionally, at this price point, buyers can expect a circa 1990s, three to four-bedroom townhouse or villa located close to retail, medical, school and transport infrastructure. This market segment is heavily influenced by recent retirees moving down from Sydney as an affordable lifestyle change.

The median house price in Mittagong is \$825,000 as at October 2018. Historically, at this price point, dwelling types are of a mixed age, three to four bedrooms on 1,000 to 2,000 square metres of land. Buyers can expect older style





Darraby is currently experiencing an oversupply of vacant land allotments and new dwellings going to the open market.

properties on the northern side of the Mittagong Township, in the highly sought after Alice Street, Arthur Street and Alfred Street on smaller lots at a similar price point. The older style, character houses typically rent for \$600 to \$700 per week. Mittagong is becoming increasingly popular with Sydney buyers with its easy access to the Hume Motorway.

The median unit price for Mittagong is \$620,000 as at October 2018. There is a limited amount of sales evidence available for units in Mittagong around the median sale price, however the evidence suggests typically a three to four-bedroom villa in Mittagong ranges from \$750,000 to \$810,000 on the eastern side of the township within semi-modern complexes on Wills Place, Evans Street and Colo Street.

The median house price in Moss Vale is \$725,000 as at October 2018. Buyers can expect a new, four-bedroom, two-bathroom brick veneer dwelling typically on 550 to 800 square metres of land within the Darraby Estate which typically rents for \$580 to \$650 per week. These properties have been particularly popular amongst the first home buyer market. Darraby is currently experiencing an oversupply of vacant land allotments and new dwellings going to the open market, which in turn has resulted in prices being reduced in order to sell within a reasonable selling period. This may continue to influence future price movement. Alternatively, slightly more dated dwellings built circa 1970s to 1980s, situated on slightly larger lots ranging from 1,000 to 1,800 square metres are of similar value.

RP Data reports that the median unit price in Moss Vale is \$515,000 as at October 2018. At this price point, buyers can expect a circa 2000, semi-modern, two to three-bedroom villa located relatively close to the Moss Vale township and typically renting for \$400 to \$450 per week.

Tamworth

Tamworth is made up of East, North, West and South Tamworth, Oxley Vale, Westdale, Hillvue and Calala, with each suburb having different characteristics and price points. For this Month in Review, we've focused on Calala (a newer suburb), East Tamworth (an older blue chip area) and South Tamworth (traditionally more affordable) as between them, we cover a large portion of home buyers.

Calala - Median house price of \$390,000.

For the median price a buyer can get a modern (2010 or later) three to four-bedroom, two-bathroom dwelling with a double garage on a 500 to 700 square metre block. The expected gross rental return is between five and 5.5 per cent. The



Calala, Tamworth

Source: realestate.com.au

benefit of buying at this price point is that a buyer is able to get into a moderately new home with an established yard and no maintenance required, however Calala currently has two subdivisions which are made up of similar properties which may restrict capital growth.

East Tamworth - Median house price of \$448,000.

\$448,000 in East Tamworth will buy an older federation style three-bedroom, one-bathroom house that has been renovated throughout. The expected gross rental return is 4.5 to five per cent. East Tamworth is traditionally the more sought after suburb in Tamworth due to its close location to the CBD, established neighbourhoods and federation architecture. The potential for capital growth is high in East Tamworth, however this comes with a drop in rental return and higher maintenance costs.

South Tamworth - Median house price of \$260,000.

The last suburb we are looking allows a buyer to pick up a 1970s to 1990s, three-bedroom, one-bathroom dwelling with an updated interior and an expected gross rental return of 5.5 to six per cent. South Tamworth has traditionally been known as one of the more affordable suburbs, making it attractive to first home owners and investors with its higher rent returns. While the suburb attracts higher rent returns, it experiences lower capital growth and given the age of the properties, may cost more to maintain.

As you can see, there is a broad range of options for both owner-occupiers and investors within the Tamworth market. Each of the suburbs offer their own benefits and downfalls when looking at houses at the median price point.

Victoria

Melbourne

Many potential purchasers consider the median price to be a good indicator when buying into a suburb. The median price point however does not always reflect the typical home one could purchase. There are various factors that influence the median price, as well as personal preferences that play into the decision when buying a home. Here we review

Melbourne median house prices

Region	Dec-18	Sept-18	Dec-17	QoQ	YoY
Inner	\$1,105,000	\$1,100,000	\$1,305,000	0.5%	-15.3%
Inner East	\$1,300,000	\$1,300,000	\$1,551,750	0%	-16.2%
Inner South	\$1,167,000	\$1,225,000	\$1,382,500	-4.7%	-15.6%
North East	\$689,000	\$700,000	\$726,000	-1.6%	-5.1%
North West	\$830,000	\$811,000	\$830,000	3.1%	0%
Outer East	\$750,000	\$750,000	\$815,000	0%	-8%
South East	\$640,000	\$640,000	\$650,000	0%	-1.5%
West	\$600,000	\$595,000	\$600,000	0.8%	0%
Mornington Peninsula	\$670,000	\$655,000	\$703,500	2.3%	-4.8%

Melbourne median unit prices

Region	Dec-18	Sept-18	Dec-17	QoQ	YoY
Inner	\$530,000	\$530,000	\$535,000	0%	-0.9%
Inner East	\$608,088	\$585,500	\$615,000	3.9%	-1.1%
Inner South	\$600,000	\$572,000	\$620,500	4.9%	-3.3%
North East	\$475,000	\$445,000	\$475,150	6.7%	0%
North West	\$460,000	\$456,000	\$430,000	0.9%	7%
Outer East	\$542,000	\$527,500	\$551,000	2.7%	-1.6%
South East	\$431,250	\$420,000	\$435,250	2.7%	-0.9%
West	\$411,250	\$405,000	\$415,000	1.5%	-0.9%
Mornington Peninsula	\$437,500	\$447,500	\$450,000	-2.2%	-2.8%

Source: Domain Group House Price Report, December quarter 2018

what the median price in various suburbs across Victoria will buy you.

Inner City

Inner city is generally considered to be within five kilometres of the Melbourne Central Business District (CBD). Richmond abuts the CBD to the east. Its vibrancy, multicultural character, compactness and distinct architecture attract 762 potential buyers per day on realestate.com.au (February 2019).



Richmond Source: realestate.com.au

As at December 2018, the median price for a dwelling located in Richmond was \$1.3805 million and for units, the median was \$588,500, respectively a 4.6 per cent decrease and 1.1 per cent decrease from September 2018.

Inner	Dec-18 Quarter	Quarterly Change	Sep-18 Quarter	Annual Change
House	\$1,380,500	-4.60%	\$1,447,000	-4.10%
Unit	\$588,500	-1.10%	\$595,000	0.00%

Source: REIV Research, Feb 2019

Sales within the median: A dwelling house with land, circa 1950 three-bedroom, one-bathroom, original condition on land area of 268 square

metres sold for \$1.4 million, reflecting \$5,223 per square metre of improved land. For a unit, a circa 2018 two-bedroom, one-bathroom single car space brand new apartment with living area of 63 square metres, sold for \$585,000, reflecting \$9,285 per square metre of living.

East

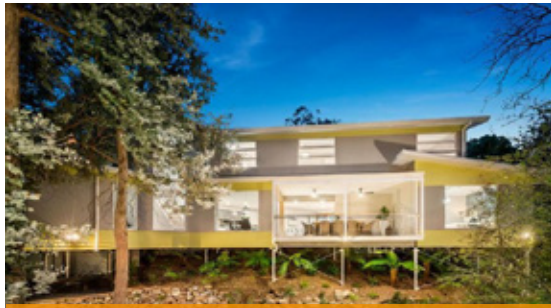
Within the middle ring to the east are suburbs such as Doncaster, Nunawading, Blackburn and Ashburton. These suburbs are mostly comprised of stand-alone dwellings in excess of \$1.2 million due to their land values and development potential, as well as townhouses from said developments being purchased for a minimum of \$950,000 on average.

Last year we gave attention to 38 Karnak Road, Ashburton, a circa 1950 fully renovated double storey dwelling with four bedrooms, two bathrooms and swimming pool which sold in November 2017 for \$2.35 million on a land area of 695 square metres, reflecting \$3,381 per square metre of improved land area. As at 1 February 2019, realestate.com.au recorded a median price of \$1.82 million for four bedrooms and a \$1.21 million median for a three-bedroom unit or townhouse.

Sales within the median: In the current market, a circa 2008, single level dwelling with four bedrooms and two bathrooms sold in November 2018 for \$1.76 million, reflecting \$2,528 per square metre of improved land. For a unit within the median, we found a circa 1990 villa unit on a block of two, with three bedrooms, two bathrooms on a land area of 376 square metres which sold in



October 2018 for \$910,000, reflecting \$2,420 per square metre of improved land.



25 Jeffery Street Blackburn

Source: realestate.com.au



25 Jeffery Street Blackburn kitchen

Source: realestate.com.au

Last year we also reviewed 25 Jeffery Street, Blackburn, a circa 2016 double storey four-bedroom two-bathroom dwelling on land area of 1,252 square metres which sold in September 2017 for \$2.38 million, reflecting \$1,900 per square metre of improved land.

The median price for Blackburn is \$1.395 million for a four-bedroom dwelling and \$905,000 median for a three-bedroom unit or townhouse.

Sales within the median: a circa 1950 original condition four-bedroom, one-bathroom dwelling with a land area of 1,071 square metre sold for \$1.39 million, reflecting \$1,297 per square metre of improved land. For a unit within the median, a

circa 1980 villa unit on a block of two with updated kitchen, three-bedrooms and two-bathrooms on land area of 344 square metres sold in October 2018 for \$910,000, reflecting \$2,645 per square metre of improved land.

Inner and Outer North

Just north of the Melbourne CBD, Fitzroy has a median house price of \$1.305 million, on par with its local council, City of Yarra's median house price of \$1.3 million (source: Corelogic, 2019). This price point can buy a two-bedroom, one-bathroom fully renovated Victorian terrace with car accommodation, or a three-bedroom, one-bathroom unrenovated period home.

159 Argyle Street Fitzroy, Vic 3065 sold for \$1.335 million (two bedrooms, one bathroom, one car space).



159 Argyle Street Fitzroy

Source: realestate.com.au



159 Argyle Street Fitzroy

Source: realestate.com.au

House prices in Fitzroy have decreased by up to 15 per cent year on year (source: Corelogic, 2019), inviting potential new buyers into the Fitzroy market. The predominant demographic in Fitzroy is childless professional couples in their twenties and thirties. The pros about living in Fitzroy are the proximity to cosmopolitan cafes, bars and quirky strip stores. Residents can walk to the CBD or have easy access to the tram network leading north and south. Such factors can influence future price movement, encouraging steady growth alongside the median sale price for the City of Yarra.

Units in Fitzroy have a median price of \$717,500 which is 24 per cent higher than the median unit price of its local government area (source: Corelogic, 2019). A combination of spacious warehouse conversions and contemporary constructions provide buyers with luxury apartment living, offering car accommodation, two bedrooms, one bathroom and city or street views. The average rental income of units in Fitzroy is \$570 per week (source: realestate.com.au), providing opportunity for investors to benefit from buying in this compact and character-filled Melbourne suburb.



Source: Corelogic, 2019

Approximately 13 kilometres north of Melbourne's CBD is the suburb of Glenroy where the median house price is \$720,000, 18 per cent less than the





Recent Median Sale Prices (Unit)

Period	Glenroy Median Price	Moreland Median Price
October 2018	\$520,000	\$517,000
September 2018	\$520,000	\$520,000
August 2018	\$520,000	\$515,500
July 2018	\$525,000	\$515,000
June 2018	\$525,000	\$515,000
May 2018	\$525,000	\$517,000
April 2018	\$516,750	\$512,500
March 2018	\$512,000	\$510,000
February 2018	\$512,000	\$505,000
January 2018	\$500,582	\$507,000
December 2017	\$500,000	\$502,265
November 2017	\$497,500	\$502,500

Source: Corelogic, 2019

Statistics are calculated over a rolling 12 month period



22 Featherwood Crescent Craigieburn

Source: realestate.com.au

Craigieburn offers long term lifestyle factors with an abundance of family friendly facilities: self-sufficient estates, numerous schools, parks, sporting facilities and shopping centres. There is easy access to the freeways and thoroughfares leading into the CBD or further north to unique towns and getaway destinations such as the Macedon Ranges and Daylesford. The sales per annum for houses in Craigieburn for the year 2018 (until 31 October) were 873, in comparison to only 88 units (source: Corelogic, 2019). Evidently, purchasers are willing to spend a little more to invest in a full family home for long term occupation, as opposed to a unit. Similarly, houses are deemed to be a better investment in Craigieburn as the average rental income per week is \$390, whereas the rental income for units is \$350 per week.

West

Melbourne's outer western suburbs have seen some substantial growth since 2017 and even with the correction in the market, are still proving popular with buyers, especially young families and first home buyers who are attracted by the access to public transport, proximity to the CBD, shopping centres and community facilities.

Agents are indicating that even though buyer enquiry has slowed, there is still genuine interest

median price of its local authority, City of Moreland (source: Corelogic, 2019). The median house price of Glenroy can offer a 1970s brick veneer fully detached dwelling, situated on a generous site with three to four bedrooms, two bathrooms and multiple car accommodation. With proximity to parks, sporting facilities and public transport, such dwellings promote long-term family homes with the potential to renovate, or allow for investors to plan for future residential development of multi-unit homes.

Units in Glenroy have a \$520,000 median price (source: Corelogic, 2019), accommodating generous living areas, similar to houses, but with smaller land sizes. Contemporary townhouses with two to three bedrooms, one bathroom and single garages can be purchased at the median unit price, a great opportunity for first home buyers or investors who are looking to downsize. With consistent price points of units over the past twelve months, Glenroy displays no surprise spikes in the local market, allowing potential buyers and sellers to budget effectively in the current property market.

For a similar price of a unit in Glenroy, buyers can purchase a house in Craigieburn, located approximately 15 kilometres north of Glenroy and 25 kilometres north of the Melbourne CBD. The median house price for Craigieburn is \$551,000 and \$393,500 for a unit (source: Corelogic, 2019). Houses at this price point are contemporary new builds in up and coming estates with an average of four bedrooms, two bathrooms and double garages.

22 Featherwood Crescent Craigieburn, Vic 3064
Sold for \$569,000 (four bedrooms, two bathrooms, two car garage).



22 Featherwood Crescent Craigieburn

Source: realestate.com.au

if a property is priced and marketed correctly. One of the main reasons is its affordability. Most properties are priced well below the metropolitan median of \$840,000 and the \$600,000 cut off for first home buyer incentives.

So what exactly can you purchase for the median within these areas?

Point Cook median is \$630,000

62 Miles Franklin Boulevard, Point Cook - \$630,000 to \$680,000

Four bedrooms, two bathrooms, double lock up garage on a 418 square metre allotment.



62 Miles Franklin Boulevard, Point Cook Source: realestate.com.au



62 Miles Franklin Boulevard, Point Cook Source: realestate.com.au

Tarneit Median \$537,000

17 Cloverdale Road, Tarneit - \$510,000 to \$560,000

Comprising three bedrooms, two bathrooms, double garage on 425 square metres



17 Cloverdale Road, Tarneit Source: realestate.com.au



17 Cloverdale Road, Tarneit Source: realestate.com.au

Werribee has a median of \$532,000

83 Purchase Street, Werribee - \$500,000 to \$550,000

Comprising four bedrooms, two bathrooms, double storey dwelling with double lock up garage and carport on a 686 square metre allotment.



83 Purchase Street, Werribee Source: realestate.com.au



83 Purchase Street, Werribee Source: realestate.com.au

Most properties are priced well below the metropolitan median of \$840,000 and the \$600,000 cut off for first home buyer incentives.



Geelong

Most recently, RP Data figures showed that regional locations such as Geelong were actually defying the downward trend seen in the Melbourne market due to their affordability. This has led to an increase in the median to \$555,000 as at December 2018.

So if this is the new norm for a property, what does the median get you and where?

In the central Geelong CBD, the answer is an apartment only. Currently, the median dwelling value is \$715,000 while the apartment value is \$550,000, therefore, those seeking to purchase within the city will have to choose location over size.

Apartments located within the city are offering good investment returns due to limited supply because of the rise in popularity of AirBnB. A potential supply surplus may reduce demand with the completion of the Mecer Street Tower and Miramar Complex.

101/8-10 McLarty Place - \$549,000 to \$599,000.

The property is a modern two-bedroom, two-bathroom apartment located centrally within Geelong and provides secure undercover parking.



101/8-10 McLarty Place Source: realestate.com.au

On the outer edges of the CBD, properties within the median price range tend to be older original dwellings comprising three bedrooms, single bathrooms with detached garages on smaller allotments. These properties offer value for those who are looking to get their hands dirty and renovate the property to a modern standard of living.

11 Helen Street, East Geelong - \$500,000 to \$550,000.

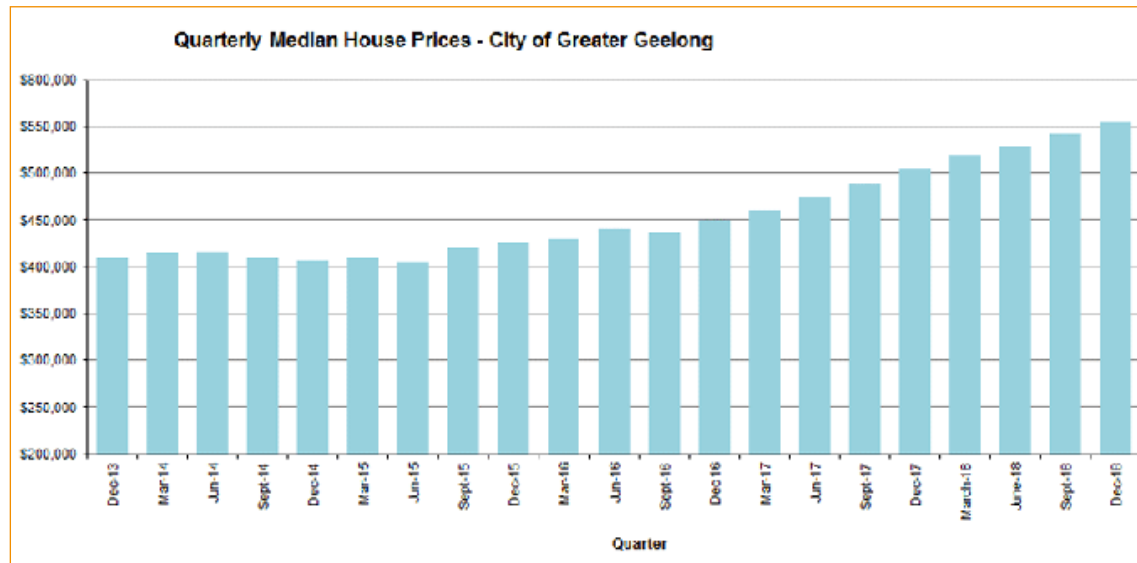
Comprising a single storey, circa 1960s, three-bedroom, brick veneer dwelling situated on a 476 square metre allotment. The property presents in neat original condition.



11 Helen Street, East Geelong Source: realestate.com.au



11 Helen Street, East Geelong Source: realestate.com.au



8 Hector Street, Geelong West -
\$500,000 to \$550,000

Circa 1950s original condition, three-bedroom, single storey, vinyl clad dwelling situated on a 376 square metre allotment with single detached garage.



8 Hector Street, Geelong West

Source: realestate.com.au



8 Hector Street, Geelong West

Source: realestate.com.au

7 Cooma Court, North Geelong -
\$530,000 to \$560,000

Comprising a three-bedroom, single storey brick veneer dwelling that has been partially renovated and updated.



7 Cooma Court, North Geelong

Source: realestate.com.au



7 Cooma Court, North Geelong

Source: realestate.com.au

Moving further away from the city centre, there tends to be a greater value for dollar achieved. Dwellings tend to be larger, comprising three or four bedrooms, two bathrooms, modern or renovated and located on larger allotments.

However future capital growth for these assets is often slower than that of a dwelling located closer to central business areas due to travel times, access to public transport and infrastructure.

17 Ryong Street, Grovedale -
\$529,000 to \$559,000

Four-bedroom, two-bathroom, double storey dwelling that has been modernised with renovated interior on a 698 square metre allotment with double lockup garage and decked alfresco.



17 Ryong Street, Grovedale

Source: realestate.com.au

2 Scarlet Grove, Lara - \$539,000 to \$569,000

Double storey, three-bedroom, two-bathroom dwelling constructed circa 1990 situated on a 744 square metre allotment. Other features include a triple carport and established gardens and alfresco.



2 Scarlet Grove, Lara

Source: realestate.com.au

Apartments located within the city are offering good investment returns due to limited supply because of the rise in popularity of AirBnB.

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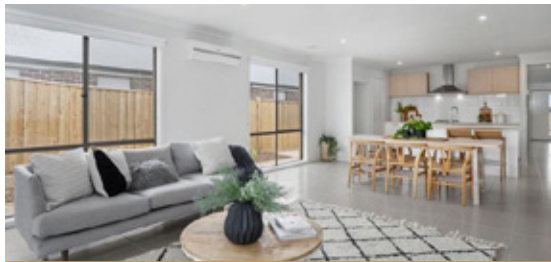
Alternatively, buyers have the option to purchase in developing estates such as Armstrong Creek, Curlewis, Lovely Banks and Lara where on average \$550,000 will purchase a modern four-bedroom, two-bathroom, double garage dwelling on an average 400 square metre allotment.

5 Cootamundra Drive, Armstrong Creek - \$530,000 to \$560,000

Single level, brick veneer dwelling comprising four bedrooms, two bathrooms, double lock up garage and established gardens on a 467 square metre allotment.



5 Cootamundra Drive, Armstrong Creek Source: realestate.com.au



5 Cootamundra Drive, Armstrong Creek Source: realestate.com.au

Inner and Outer South East

In the ever-expanding Casey municipality, the median house price is \$603,000 and median unit price is \$425,000 (source: Corelogic, 2019). The appeal of this area is the many new shopping

centres, parks, schools and child care centres within a close radius, making the area enticing to young families looking to buy or rent. Below is an example of a typical house and unit for sale in the suburb of Cranbourne.

House: 16 Desert Rose Court, Cranbourne
Price Range: \$575,000 to \$615,000

Features: A 2008 single storey dwelling with four bedrooms, two bathrooms, two living areas, double garage and alfresco.

Land area: 615 square metres (source: realestate.com.au, 2019)

Unit: Unit 1/83 Clarendon Street, Cranbourne
Price Range: \$370,000 to \$400,000

Features: A 1985 renovated two-bedroom, one-bathroom unit with a single garage and paved courtyard.

Land area: 317 square metres (source: realestate.com.au, 2019)

Location: Located within walking distance of Cranbourne Park shopping centre.

Further south on the Mornington Peninsula, the median house price is \$765,000 and \$512,000 for a unit respectively (source: Corelogic, 2019). The Mornington Peninsula appeals to retirees, people looking to purchase holiday homes as well as established families looking to upgrade from their first home. Below is an example of a typical house and unit for sale in the suburb of Mornington.

House: 3 Orchid Avenue, Mornington
Price Range: \$750,000 to \$790,000

Features: The property is in its original condition and consists of three bedrooms and one bathroom. The property also has a garage, carport and pergola.

Land area: 567 square metres (source: realestate.com.au, 2019)

Location: The property is within minutes of the popular Fishermans Beach. This kind of property appeals to investors as either a renovation project or to let to people who cannot afford the high price of buying close to the beach.

Unit: Unit 1/2A Marine Avenue, Mornington
Price Range: \$490,000 to \$520,000

Features: A 1965 brick single level unit with two bedrooms and one bathroom. The property has been extensively renovated. The property also contains a single car garage and a small rear garden.

Land area: 75 square metres (source: realestate.com.au, 2019)

Location: Located 300 metres from shops and cafes and within walking distance to the beach. This unit has wide market appeal as it is suitable for downsizers as well as investors looking for rental properties close to amenities.

Further north in the Greater Dandenong locality, the median house price is \$700,000 and \$445,000 for a unit (source: Corelogic, 2019). It is also an area that sees many generations living under the one roof or with granny flats located behind the original dwelling in order to take advantage of ample block sizes. Below are examples of a typical house and unit for sale in the suburb of Noble Park.

House: 1 Logan Court, Noble Park
Price Range: \$690,000 to \$730,000

Features: The property is an unrenovated three-bedroom, one-bathroom house with a small work shed.

Land area: 711 square metres (source: realestate.com.au, 2019)

Location: Pros of this property include its potential to be subdivided due to the large block size and its close proximity to Eastlink and Yarraman Station.



Unit: 1/64 Chandler Road, Noble Park

Price Range: \$420,000 to \$460,000

Features: Three-bedroom, one-bathroom unit. The property has polished floor boards, a single carport and a backyard.

Land area: 315 square metres (source: realestate.com.au, 2019)

Location: Pros include distance to Noble Park Secondary College and short distance to the shopping strip.

In the inner south-eastern locality of Glen Eira, the median house price is \$1.4 million and \$633,000 for a unit respectively (source: Corelogic, 2019). This area consists of a wide mixture of housing types including original homes, duplexes, townhouses, units and apartments. Below are examples of a typical house and a unit for sale in the suburb of Bentleigh.

House: 25 Godfrey Street, Bentleigh

Price range: \$1.38 million to \$1.45 million

Features: A 1970s weatherboard, two storey dwelling with five bedrooms, two bathrooms, alfresco area and shed. The home also features elaborate ceilings, timber floors and picture rails.

Land area: 624 square metres (source: realestate.com.au, 2019)

Location: Within walking distance of Bentleigh station, McKinnon Secondary College and the Centre Road shopping strip.

Unit: 7/15 Eddys Grove, Bentleigh

Price guide: \$629,950

Features: A partially renovated 1970s, two-bedroom, one-bathroom unit with courtyard and two-car garage.

Land area: 128 square metres (source: realestate.com.au, 2019)

Location: Close to the Centre Road shops, Bentleigh West Primary School and Brighton Secondary College and Allnut Park.

Shepparton

The Shepparton property market has thrived over recent times due to the major cities experiencing a period of contraction and regional centres benefiting. Median house prices have steadily risen by 10.7 per cent over the past five years to \$275,000 (source: Corelogic).

The median price represents a 1960s brick veneer in an established residential area with adequate services. Sometimes, a renovated kitchen or bathroom is featured in these properties and are sought after by owner-occupiers as well as being of particular interest to the investor market. The below property sold for \$272,500 and features an updated kitchen.



Source: realestate.com.au

These properties are renting for \$300 to \$330 per week, with some achieving up to \$350 for renovated accommodation. This represents a gross yield of around six per cent, but higher yields can be achieved.

Wodonga

The Wodonga market has remained steady over the past 12 months with only a modest one per cent increase in the median house price, up from \$340,000 to \$343,500. Sales activity within the housing sector decreased slightly by five per cent

on the previous 12 months. The vast majority (65 per cent) of all dwelling sales occurred in the \$200,000 to \$400,000 price bracket.

Unit sales experienced a slight median price increase of around 2.3 per cent from January 2018 (\$208,000) to November 2018 (\$213,000). Sales activity within this market has softened from 64 sales over the past 12 months to 54 sales, down from the peak of 79 sales in 2015.

So what exactly does the median price get you in Wodonga?

Within Whitebox Estate, one of the largest developing residential estates in Wodonga, the median house price of \$343,500 will achieve a three or four year old, three-bedroom, two-bathroom brick veneer dwelling with two-car garage under the main roof, situated on a small 300 to 450 square metre allotment.

Within the older areas of Wodonga, the median price will likely achieve a largely unrenovated three or four-bedroom 1980s brick veneer dwelling with double garage, situated on a 600 to 750 square metre allotment.

In our view, the purchase of the older property at this price point will likely deliver a better return on investment over the long term due to a number of factors, including that the older properties generally are located in well regarded areas, many of the dwellings have been renovated to varying degrees and the dwellings in these localities are less homogenous than in the newer estates.

An investor purchasing in these markets could anticipate returns of five to 5.2 per cent within the newer estates and around 5.4 to 5.6 per cent within the older estates.

In terms of the median unit price of \$213,000, this price point will likely achieve an unrenovated

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two-bedroom late 1980s to early-1990s unit having a single garage under the main roof. These units are generally located in older homogenous estates characterised by modest growth over the long term. An investor can likely expect the median unit to achieve rent of between \$240 and \$260 per week, or around 5.8 to 6.3 per cent.

Echuca-Moama

The most typical price in Echuca-Moama sits in the \$350,000 to \$400,000 price bracket for modern three or four-bedroom homes with two bathrooms on a standard block of 600 to 1,000 square metres.

This segment of the market continues to be relatively well traded but ran into short supply through the tail end of 2018. The start to 2019 appears to have brought on additional supply which will likely alleviate some of the upward price pressure on this market segment, although the gains from 2018 are likely to be consolidated with insufficient new stock coming onto the market to create a position of oversupply.

Mildura

Mildura's median house price is around \$280,000, and for this price a buyer can choose between either an unrenovated, older home within two kilometres of the CBD or a more modern dwelling in a reasonable, but further out location.

The first option will have greater appeal for owner-occupiers, especially those able to complete renovations, while the second option will be more suited to an investor or buyers not wanting the expense or hassle of renovating.

With the increasing cost of buying serviced lots in new subdivisions, some of which are now five kilometres from the CBD, we expect to see buyers continue to show interest in buying median price

homes, either with the intention of renovating for their own use or as investments.

Mildura's median unit price is around \$220,000. At the median price point, it should be possible to buy a well-maintained two-bedroom unit in a small complex in a decent part of town. Units at around the median price will appeal to both investors and owner-occupiers. An investor would find the rental return is lower than if they bought an older and cheaper unit, however there will also be less need for maintenance and upgrading and greater likelihood for future capital gain.



Queensland

Brisbane

There's a checklist of reasons why Brisbane-centric property people feel our city offers some of the best opportunities for investment in the country.

These arguments roll off the tongue effortlessly whenever you engage one of us in conversation - Brisbane provides an easy-going lifestyle, new infrastructure spending, ready coastal access, promising long-term employment outlook... and so on.

All good motives for sure, but top of the list is affordable real estate.

The affordability wave of southern buyers has been threatening to hit us in force since the start of this decade, but has never really delivered the hoped-for drenching. The flow is certainly underway, but it's been more of a slow rising tide than a flash flood.

So, assuming you get the chance to sell your high-priced Sydney unit and can spend a portion of your new-found wealth in our city, what is it you'll land for a median figure?

Establishing our price median depends on who you ask, but for the purposes of this article, let's use the figures supplied by CoreLogic in their most recent national media release which defined the Brisbane median house and unit price as approximately \$550,000 and \$380,000 respectively.

Heading north and you'll be in our mid-ring localities. This is a pretty handy investment and

owner-occupier zone, as there's terrific potential if you can be positioned close to transport options and essential services.

At the \$550,000 house price, check out areas such as Chermside, Nundah, Kedron and Stafford Heights where original-condition, post-war homes through to 1980s era dwellings provide entry level buying. There are options to improve these abodes with a little renovation work too, so that's an attractive equity-add for those handy with a hammer.

For example, 3 Seabrook Street, Kedron is listed for \$549,000 and offers a three-bedroom, one-bathroom, single-car home of circa 1965 construction. It's neat and tidy but could also benefit from a little work.



On the unit front, look for resales of modern apartments. A circa 2010 or later unit offering two-bedroom, two-bathroom, single-car accommodation can be found within the \$380,000

to \$400,000 median figure. Again, transport and essential services are nearby so finding tenants for this style of accommodation shouldn't be difficult if appropriately priced.

Looking south and again, mid-ring is your friend with Holland Park, Annerley, Carina, and Carina Heights providing options.

In a mirror of the north, it's the original condition post-war homes through to the 1980s-constructed properties that will fit the bill. You will need to find a little more cash to open up your options - a touch north of \$550,000 would be handy - but the established market is open to you.

For example, a property at 28 Orana Street, Carina is on the market for offers over \$500,000. It's a tiny cottage this one, on a 450 square metre block. The original finish and two-bedroom, one-bathroom accommodation won't meet everyone's needs, but there will be buyers at this affordable price point.





Again, modern style apartments in the south are the go within these mid-ring positions. Look for two-bedders with two bathrooms, particularly if you're an investor hoping to jag tenants.

18/51 Daniells, Carina is a great example. Asking for offers over \$365,000, it's in a decent location and has a modern finish.



18/51 Daniells Carina

Source: realestate.com.au

If you have your heart set on finding something a bit more contemporary (i.e. you couldn't be bothered with maintenance and renovation), then apply the long-established rules of property economics. The further out from the CBD you travel, the bigger the block and better the quality you can buy for your buck.

Outer-ring localities to the north include North Lakes, Griffin and Mango Hill. These suburbs have great access to transport, services, facilities and lifestyle. They are appealing estates that offer modern project-home options on a range of block sizes - a great family location if the budget is a bit tighter and you're looking for something nice and neat in your \$500,000 bracket. Better yet, look for a property that's only a couple of years old to improve your chances of capital gains.

Attached housing at the unit price median here

is mostly modern style townhouses of three-bedroom, two-bathroom accommodation.

Outer localities in the south include Pallara, Springfield, Springfield Lakes, Redbank Plains and Collingwood Park where project homes are also the go for the Brisbane median. There's been plenty of new construction throughout this corridor and supply of resale property is decent, so look for something that's not too old but has lost its new car price premium.

Overall, if you have the choice, we consider the older detached homes in the middle ring as the best prospects for investment. History shows their potential for capital gain is greater. Also, if you are in the right position, there are plenty of tenants willing and able to take up a rental on your investment.

Gold Coast

Southern Gold Coast/Northern New South Wales

Residential property prices in the southern Gold Coast and northern New South Wales areas have remained subdued with some signs of easing at mid-range and higher price points in the first quarter of 2019. Local selling agents have reported longer marketing periods in most instances with signs pointing towards a buyer's market.

Popular beach front locations such as Burleigh Heads and Casuarina have begun to show signs of easing with median house prices in February 2019 showing a gentle slow down, dipping to \$880,000 and \$1.03 million respectively and units displaying a similar trend at \$517,500 and \$487,000 (source: Hometrack Australia, 2019).

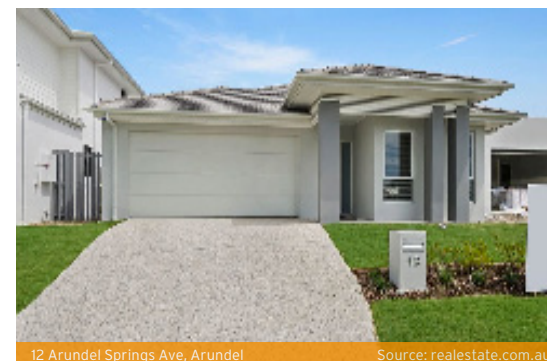
Local agents have reported that there is steady interest in older style walk up units in areas such as Palm Beach, Tugun and Currumbin between \$350,000 and \$450,000 from predominantly owner-occupiers. We have noticed a general shift

towards unit living, particularly in areas of the southern Gold Coast and an increase in transit oriented developments and the future extension of the light rail to Coolangatta.

Central North Coast

The median house value within the northern Gold Coast area is estimated to be between \$600,000 and \$650,000. This price point will secure a good standard of dwelling in well located central Gold Coast suburbs with good public amenities including schools, retail and public transport. These areas, generally speaking, provide for safe investments being in areas that are experiencing stronger demand as the city continues to expand mainly to the north and west and some central locations are being more densely filled. We have noticed a recent slowdown in the overall Gold Coast market as the market appears to be shifting to a buyer's market. Expected rental return within this area is circa \$650 per week. Some recent sales examples within this range are as follows:

12 Arundel Springs Ave, ARUNDEL QLD 4214 sold in November 2018 for \$600,000.



12 Arundel Springs Ave, Arundel

Source: realestate.com.au

A circa 2018 four-bedroom, two-bathroom rendered brick and tile roof single level dwelling with double car garage. Features as new



Surfers Paradise is aimed predominantly at the tourism and letting market and the median unit price reflects the smaller units used for these purposes.

throughout, average standard fitout, ducted air conditioning, vinyl plank flooring, stone bench tops, small patio under main roof and established landscaping. Spec home sold by builder in as new condition. Located within new developing estate. Affords local outlook. Presents as a modest sized dwelling. Land area 380 square metres.

20 Westpark Court HELENSVALE QLD 4212 sold in September 2018 for \$626,000.



20 Westpark Court, Helensvale Source: realestate.com.au

A circa 1996, onground, four-bedroom, two-bathroom conventional dwelling on a concrete slab foundation with brick walls, concrete tiled roof and two car garage. Areas: living - 162 square metres; outdoor - 13 square metres; car - 35 square metres. The dwelling is located on a regular shaped, near level, inside lot with a suitable building site which is naturally contoured and positioned at road level. The property is cleared and faces east with bushland views and has frontage to bushland. Access to the property is easy and direct. Ancillary improvements include exposed aggregate driveway, partially enclosed

yard of timber construction, concrete paths, paved paths, established landscaping, pebblecrete in ground pool with paved surrounds and aluminium pool fencing, garden shed and shade sails. The property has good external condition, good internal condition and good presentation. Land area 1,070 square metres.

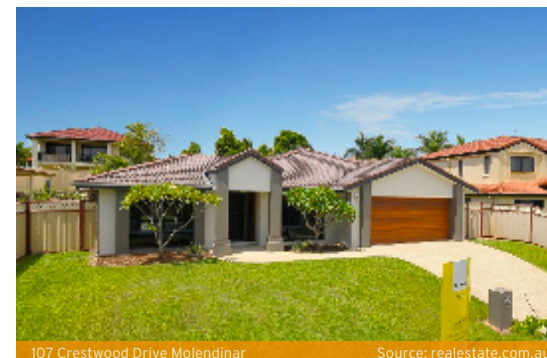
6 Frome Place COOMBABAH QLD 4216 sold in September 2018 for \$630,000.



6 Frome Place Coombabah Source: realestate.com.au

A circa 1987, three-bedroom, two-bathroom single level dwelling with brick walls, tile roof and detached double car garage. Features new kitchen and bathrooms, stone bench tops, modest standard fit-out. Site improvements include in ground swimming pool, large covered patio, fully fenced colorbond fencing with electric gate, moderate landscaping. Land area 1,144 square metres.

107 Crestwood Drive MOLENDINAR QLD 4214 sold in November 2018 for \$650,000.



107 Crestwood Drive Molendinar Source: realestate.com.au

A circa 2003, single level rendered brick, four-bedroom, two-bathroom dwelling with concrete tiled roof and two car accommodation. Areas: living - 223 square metres, outdoor - 31 square metres, garage - 36 square metres. Moderate landscaping. Features ducted air conditioning, fresh paint finishes, laminate kitchen. Inside, above road level allotment. Land area 730 square metres.

Median unit values within the north coast area are estimated to be between \$310,000 and \$350,000. The unit market is very fickle. Developers continue to release new unit stock with a seemingly current oversupply for this property type. New stock is heavily marketed to interstate and foreign investors and seldom holds medium term value. New stock is often popular while still regarded new and fresh, however will typically fall in value as newer buildings are released. The median price range is reflected by the resale of slightly older units

situated in good locations often within close proximity to the Southport CBD or Broadwater. This property segment is far more risk prone than the dwelling market. We are aware of one large unit complex built in 2015 in the area that has a reported 69 current listings with recent resale prices reflecting as much as 15 per cent losses from the original developer's sale prices. Investors need to be vigilant and aware of body corporate fees, with some units becoming difficult to sell when the outgoings are perceived to be excessive. Expected rents would be in the range of \$350 to \$400 per week. Some recent sales examples within the estimated median range are as follows:

5/26 Lather St SOUTHPORT QLD 4215 sold in July 2018 for \$315,000.

A circa part updated 1989, two-bedroom, two-bathroom walk up unit situated on level two of a three level complex known as Walton Court, with rendered masonry walls, concrete tiled roof and one car basement car space. Areas: living - 86 square metres; balcony - 5 square metres; car - 22 square metres. The unit has a northerly aspect. Ancillary improvements include a concrete driveway, partially enclosed yard of brick construction, paved paths and basic landscaping.

408/33 Clarke St BIGGERA WATERS QLD 4216 sold in October 2018 for \$325,000.

A circa 2004, rendered masonry, two-bedroom, two-bathroom with single basement car space. Ground level unit with western aspect within Pavillions by the Broadwater, a large 102 unit security-gated low-rise complex. Areas: living - 78 square metres, patio- 18 square metres. Unit affords no significant views. Ancillary improvements are of a good standard and include partially enclosed yard of mixed construction; paved paths; established

landscaping, pool, gymnasium, spa, on site manager.

20/20 Huth St LABRADOR is currently under contract for \$335,000.

A circa 1993, three-bedroom, one-bathroom conventional townhouse, situated in a 39 unit complex on a concrete footings and slab foundation with brick veneer and Hardiplank walls, tile roof and single car garage. Areas: living - 101 square metres; car park - 18 square metres. The townhouse has a westerly aspect with no significant views. Ancillary improvements include concrete driveway, partially enclosed yard, concrete paths, paved paths, moderate landscaping, garden shed and common improvements include swimming pool. The property has a fair external condition, fair internal condition and fair presentation.

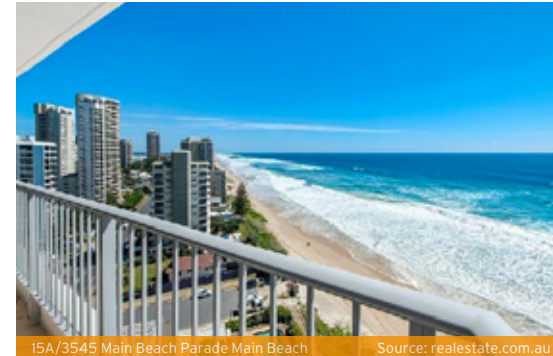
1/4 Waverley St SOUTHPORT QLD 4215 sold in September 2018 for \$345,000.

A single level, circa 1998, semi-modern, brick, two-bedroom, two-bathroom, low rise unit, with concrete tile roof and one basement car space. Unit presents in partially updated internal condition from online photos. Areas: living - 77 square metres, balcony - 19 square metres. Located on the second level of Waverley Terraces, a six-unit, three level low rise unit complex. Ancillary improvements include established landscaping, part fencing and concrete driveway. The property has average external condition and very good internal condition.

Central Gold Coast

The centrally located suburb of Main Beach comprises a mix of property types including units, duplexes and houses. The median house price for

an older style medium to highrise unit typically ranges between \$800,000 and \$900,000. A few examples of a typical unit in this price range is as follows:



15A/3545 Main Beach Parade Main Beach under contract January 2019 \$850,000. This unit is an absolute beach front two-bedroom, two-bathroom unit in a 40 year old medium-rise building with one car space. Whilst having a smaller footprint of only 108 square metres, the unit has undergone various updates over the years and presents in good albeit dated condition. The unit has a prime north-east aspect with good available beach and ocean views. The expected rental return on this unit would be circa \$700 per week. A similar style unit in fully renovated condition on the seventh floor sold in October 2018 for \$910,000.

55 Xanadu East 59 Pacific St Main Beach is currently contracted for \$882,500. Located in a more modern building, the unit provides two-bedroom, two-bathroom accommodation with a single car space and has been partly updated. The unit is situated on the 18th floor with an easterly aspect and good available coastal views north. A larger unit of 124 square metres of living plus a 27

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HERRON
TODD
WHITE
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square metre balcony. The expected rental on this unit would be circa \$820 per week. A similar unit in original condition on the seventh floor with inferior views sold in October 2018 for \$805,000.

When you move to the more modern buildings, the median price climbs to between \$1.1 million and \$1.3 million. These buildings are more boutique in their style and offer good resident amenities. A couple of good sales in these buildings include:

903 Axis 11-13 Hill Pde, Main Beach sold on 6 December 2018 for \$1.12 million. A modern, boutique-style building, circa 2005 built, two level, two bedroom plus study, two bathroom plus powder room sky home style unit with tandem basement car space. Located on the seventh and eighth floors (lift level nine and ten) of the building, the unit has a living area of 168 square metres and outdoor area of 25 square metres. The unit has a southerly aspect with local views and good ocean views between buildings. The rental return on this unit would be circa \$900 per week.

1401/25 Breaker Street sold \$1.3 million in mid 2018. The units is a single level, circa 2009, three-bedroom, three-bathroom, modern, highrise unit with two side-by-side basement car spaces plus storage lock-up. This is a boutique style building with one unit per floor configuration. Areas: living - 192 square metres; outdoor - 48 square metres. The highrise unit is located on level 14 having a north-easterly aspect appreciating local views, hinterland views, river views and ocean views. Expected rental return would be around \$1,100 per week.

Surfers Paradise is aimed predominantly at the tourism and letting market and the median unit price reflects the smaller units used for these purposes. Unit prices average between \$400,000 and \$500,000, with a \$450,000 median price

securing a two-bedroom, two-bathroom unit. Price variations will occur depending on the proximity of the unit to the beach, size of living and outdoor areas, available views, condition and the level of body corporate fees. Rental returns will range between \$450 and \$550 per week for a unit in this price range on a permanent rental basis.

Some recent sale examples include:

605 Solaire, 18 Cypress Avenue sold \$395,000. This is a single level, circa 2006, two-bedroom, two-bathroom, modern medium rise unit situated on level six with one basement car space. Areas: living - 106 square metres; outdoor - 13 square metres; car - 14 square metres. The medium rise unit has an east-south-easterly aspect with local and city views and restricted ocean views. The property has fair external condition, fair internal condition, with modern PC items of average quality.

901/10 Vista Street sold \$458,000. A circa 1986, two-bedroom, two-bathroom conventional unit, situated in a medium-rise complex with concrete walls and single basement car space. Areas: living plus balcony- 102 square metres. The unit has a north-easterly aspect with local, city skyline, beach and ocean views. Largely good original fit out.

51 Silverton, 2940 Gold Coast Highway sold for \$470,000. A single level, two-bedroom, two-bathroom conventional strata unit with one basement car space. The unit has a total area of 152 square metres including balcony and is located on the ninth floor with a north to east aspect. Views include good local and district views, city, river and restricted ocean views. Updated internally with a modern kitchen and bathrooms.

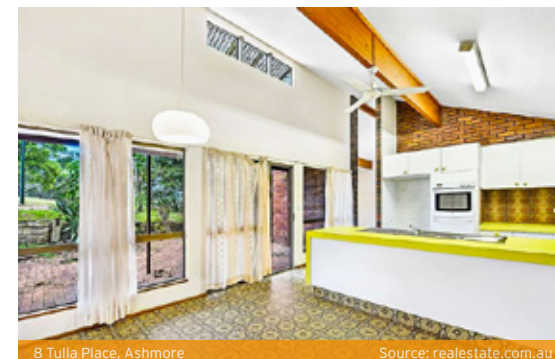
Interestingly, just five kilometres inland from Surfers Paradise beach, you can still find houses within the price band of \$550,000 to \$600,000

within the suburb of Ashmore. These are typically a three or four bedroom, 1980s dwelling with double garage and if you are lucky, a pool. Rental returns for a house in this price bracket range from \$520 to \$600 per week.

Recent sales examples are as follows:



4 Boxthorn Street sold for \$550,000 and is an onground, single level, four-bedroom, two-bathroom semi-modern dwelling with rendered brick walls, concrete tiled roof and two-car detached carport. Ancillary improvements include driveway, fencing and swimming pool located on a 686 square metre lot.



8 Tulla Place sold for \$575,000 and is a circa 1985, single level, three-bedroom, two-bathroom older dwelling on a concrete slab foundation with brick walls, concrete tiled roof and double car garage. Areas: living - 134 square metres; outdoor - 15 square metres; car - 45 square metres. The dwelling is located on an irregular shaped, near level, inside lot with a suitable building site which is naturally contoured and positioned slightly above road level. The property is cleared and faces south with local views. Access to the property is easy and direct. Land area is 857 square metres.

Sunshine Coast

The median house price on the coast is currently \$617,000 which is up from a low of \$450,000 in 2012 and up 7.7 per cent over the past 12 months. The median unit price on the coast is currently \$421,000 which is up from a low of \$345,000 in 2012.

At the median house price, there is the ability to purchase or build a new dwelling within many of the new estates across the coast such as Aura, Harmony, Parklakes or Peregian Springs. Typically you would be able to find a four-bedroom, two-bathroom dwelling with a double lock up garage on 400 to 600 square metres of land with some homes that are slightly older (up to five years old) having pools within the price range.

Within the northern areas of the coast, it is very difficult to find a dwelling around the Sunshine Coast median price of \$617,000 with purchasers having to look slightly further out to areas such as Tewantin or further south to Coolum Beach where the house will be circa 20 years old. When we break down the stats and look specifically at the Noosa Shire, the median price is \$717,000 and this certainly opens up your options.



9 Fuller Street Baringa Source: RP Data

9 Fuller Street, Baringa

Circa 2018, four-bedroom, two-bathroom, two-car 504 square metres - \$620,000



60 Hooper Crescent Tewantin Source: RP Data

60 Hooper Crescent, Tewantin

Circa 1990, four-bedroom, two-bathroom, two-car 737 square metres - \$610,000

Areas close to the beach or good amenities generally find house prices well above the median however there are still options available with the ability to purchase older 1970s or 1980s dwellings that may require renovations. The alternative to this is smaller lot sizes in areas such as Sunshine Cove in Maroochydore close to amenities and the future town centre. You are able to purchase a relatively new dwelling on a much smaller allotment

of between 125 and 250 square metres which will comprise three or four bedrooms, two bathrooms and a double garage.



11 Dunwich Lane Maroochydore Source: RP Data

11 Dunwich Lane, Maroochydore

Circa 2017, three-bedroom, two-bathroom, two-car 229 square metres - \$605,000



26 Saleng Crescent Warana Source: RP Data

26 Saleng Crescent, Warana

Circa 1980, three-bedroom, one-bathroom, one-car 546 square metres - \$632,500

With the median price of units being much lower than dwellings, you are able to find good quality units in highly sought-after tourist locations in Mooloolaba and Caloundra, however in the Noosa area it's more challenging.



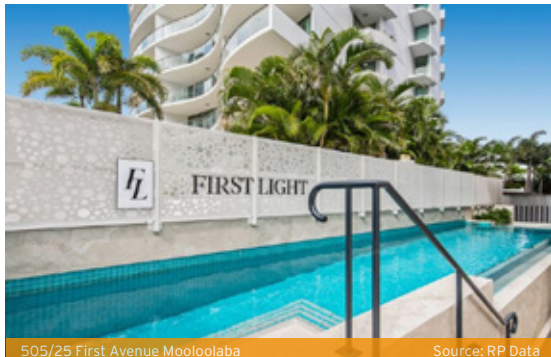
Taking the central Sunshine Coast area for example, for around the median unit price you can purchase a modern two-bedroom, two-bathroom unit in a sought-after location in Mooloolaba or alternatively you are able to purchase a larger three-bedroom townhouse further from the beach in Buderim for around the same price.



2/20 King Street Buderim Source: RP Data

2/20 King Street, Buderim

Circa 1997 three-bedroom, two-bathroom, one-car - \$440,000



505/25 First Avenue Mooloolaba Source: RP Data

505/25 First Avenue, Mooloolaba

Circa 2017 two-bedroom, two-bathroom, one-car - \$415,000



6/19 Wyandra Street Noosa Heads Source: RP Data

6/19 Wyandra Street, Noosa Heads

Circa 1988 two-bedroom, one-bathroom, one-car - \$400,000

The market for housing and units within this price level has continued to see strong demand from both owner-occupiers and investors. The investor market tends to lean towards the new properties with the added benefits of negative gearing and depreciation seen as a draw card. Also, rental demand is still pretty strong with vacancy rates low. Clearly the negative gearing rules may change post the federal election.

The coast has a wide range of housing options to suit individual buyer's needs, from older properties close to the beach to newer properties within modern estates. The choice is yours.

Toowoomba

The median sale price for houses in the Toowoomba region has remained relatively stable over the past twelve months. As at October 2018, it was sitting at approximately \$375,000 with small fluctuations

from November 2017. The median sale price for units in the Toowoomba region has declined over the past twelve months. As at October 2018, it was sitting at \$285,000, a \$10,000 decline from November 2017.

With this month's focus on the median price point for houses and units, we have provided recent examples of property sales in this segment.

Houses

Below is a sale of a home in the western suburb of Harristown. This property sold for \$375,000 and comprised a recently renovated four-bedroom, two-bathroom dwelling with a single garage.



6 Elizabeth Kenny Court, Harristown Source: realestate.com.au

In comparison, \$377,000 in the eastern suburb of Rangeville will get you a 1980s home with original fixtures and fittings comprising four-bedrooms, two-bathrooms and a carport.



79 Boshammer Street, Rangeville Source: realestate.com.au



Units

It's a similar outcome with units (including townhouses and villas). Below is the sale of a villa in the western suburb of Newtown. This property sold for just above the median unit price at \$290,000 and is only two years old with two bedrooms, two bathrooms and a single garage.



In comparison, \$280,000 in the eastern suburb of Rangeville will get you a two-bedroom, one-bathroom, single-garage townhouse with original fixtures and fittings.



The western suburbs of Toowoomba provide a better-quality product at the same price point, however these properties are considered to be in

inferior locations compared to the eastern suburbs of Mount Lofty, East Toowoomba, Rangeville, Centenary Heights and Middle Ridge.

The Toowoomba market may be described as multi-speed at the moment. The eastern suburbs are generally performing better than the suburbs west of Ruthven Street. Higher priced established properties in the eastern suburbs appear to be enjoying strong interest from owner-occupiers (third and fourth home buyers), while interest in the western suburbs, which largely appeals to first home buyers and investors has softened.

Investor wise, a four-bedroom, two-bathroom dwelling in Harristown would typically lease for less than \$400 per week, while a dwelling with similar accommodation in the eastern suburbs would usually lease for anything above \$400 per week. This further highlights the difference in demand between the eastern and western suburbs of Toowoomba.

We are seeing an increase in interest for smaller older dwellings in established areas close to the CBD, including the western suburb of Newtown. The fringe CBD areas are gentrifying and are underpinned by a range of council initiatives, including the Railway Parklands Priority Development Area Development Scheme.

Cairns

The median price in Cairns for houses sits at around \$409,000 and for units around \$221,000. Many Cairns suburbs are far from homogenous, with the median price normally sitting in the middle of a very wide range. Earlville is a good example of this for houses where the median price for 2018 was around \$390,000. The cheapest house sold for \$260,000 and the most expensive house sold for over \$2.35 million. Cairns City is a good



example of this for units. During 2018, the cheapest unit sold for \$91,000 and the most expensive sold for \$2.235 million, with the median coming in at around \$432,500. Due to the small suburb size and their heterogeneous natures, suburb medians tend to be fairly meaningless in Cairns.

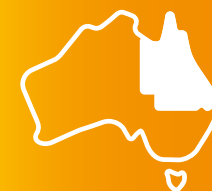
A quick search in realestate.com.au in the 4870 postcode shows 42 houses for sale with an asking price of between \$400,000 and \$425,000 with most being three-to-four bedroom houses, ten to 20 years old in the established suburbs.

For units, realestate.com.au suggests 86 units, apartments and villas for sale in the 4870 postcode with an asking price of \$200,000 to \$250,000 with many being units and townhouses in established complexes from 10 to 20 years old, mostly with two bedrooms.

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When buying or building, it's probably more important to work out the particular sub market within the suburb you are interested in and try to work out the typical or average property for that sub market. If you stick with the typical property you are likely to be in the sweet spot with what buyers and tenant want. If your property is unusual for the area, for example a much higher price level or a two-bedroom house where most other houses are four bedrooms, you risk having difficulties when trying to find a buyer or a tenant.

Townsville

Townsville's residential market is currently cemented at the start of recovery phase with the median house price as at December 2018 currently trending at around \$320,000 and established units at around \$234,500.

So, what do you get if you buy at the Townsville house median?

The inner-city option of North Ward offers limited options at this price point with those properties available typically requiring full renovation. Moving further out to Railway Estate and West End, a \$320,000 price tag will typically afford you an older style timber framed dwelling that has been neatly renovated.

Within the suburbs of Douglas and Annandale you can typically pick up a low set brick or masonry block home with a semi modern appointment. These dwellings generally offer three to four bedrooms, two bathrooms and car accommodation. Kirwan and Mount Louisa will afford you a semi modern low set home typically with four bedrooms, two bathrooms and double lock-up garage on a traditional sized allotment or a smaller modern home on a smaller lot.

Overall, it is currently a buyer's market with the medians for both houses and units offering good buying opportunities.

Moving further afield to the northern beaches corridor of Burdell and Bushland Beach, you can get a modern low set rendered masonry block home generally with four bedrooms, two bathrooms and double garage on a traditional sized lot.

At the current unit median of \$234,500, you can purchase semi modern inner city or North Ward located units that are typically compact in size and comprise one or two bedrooms and two bathrooms. Further afield, the current median will afford you a larger semi modern three bedroom, two bathroom unit in an area such as West End or Douglas.

Overall, it is currently a buyer's market with the medians for both houses and units offering good buying opportunities.

Rockhampton

The median price is often used as a reference point to compare markets. In Rockhampton as at the September 2018 quarter (sales for the December quarter are still filtering through and are therefore not finalised), the median house price was \$255,000, lower than the Livingstone Shire at \$354,500 and Gracemere at \$261,000. Typically, these areas have a limited unit market, therefore accurate data in this sector is difficult to obtain.

Examples of what can be purchased in these regions for the median price vary. In south Rockhampton, \$255,000 will see you purchase a knock down job in a prestige area (typically hard to come by), or a neat, partly renovated Queenslander in an average quality suburb south of the river. In north Rockhampton, \$255,000

will buy you a neat high set three-bedroom home, circa 1960 to 1970 or a 25-year-old, onground, brick, three-bedroom, one-bathroom home, depending on the suburb. The Capricorn Coast median price is reflected in a ten-year-old, onground brick, home of four-bedroom, two-bathroom, double car accommodation without significant views. For the Gracemere median, buyers could acquire an average quality onground four-bedroom, two-bathroom, double car accommodation home, less than 10 years old.

Each of these examples have pros and cons associated with buying a property reflective of the median value. The main pro or con (depending which side of the river you are on) is the amount of work required to improve the property. Homes at the median value on the north side will require less renovation or maintenance than a home of equal value on the south side. On the flip side, the quality of the surrounding development may be superior and underlying land values are considered less volatile due to the limited supply of land in south Rockhampton.

You may have noticed that although Rockhampton is the larger centre of these regions, it has the lowest median value, which may be surprising to some. We believe it is important to note that with any statistical analysis, results can be skewed by a small cross section of the input data. In the case of the median level of value, Rockhampton itself has a significant volume of sub-\$200,000 stock, whereas our immediate neighbours have very limited sales under \$250,000 for the Coast and \$200,000 for Gracemere. This then results in Rockhampton having a lower median, which

does not necessarily accurately reflect the typical residential property in our patch.

As an example, if one was to compare a ten-year-old onground brick home with four-bedroom, two-bathroom, double car accommodation, without significant views on the Capricorn Coast, with an equivalent property in Norman Gardens, the market value is likely to be closely aligned, however there is a variation of nearly \$100,000 in the median value of these localities. So, whilst median values are still a relevant point of reference in some markets, it is important to remember to take a step back from all the number crunching and reflect upon the cause and effect which led to the results.

Gladstone

The graph below shows the number of genuine house sales within the 4680 postcode for the duration of 2018 and as indicated, there has been steady but slight improvement in the median house price which rose from \$243,500 in July 2018 to \$288,000 by the end of the year. Although the data is not yet fully available, we feel that 2019 has kicked on with a similar trend and that there is a good chance we may see a median house price of \$300,000 reached in the first quarter of 2019.

House sales - 2018 Gladstone Region (4680)



Source: Pricerfinder

Buying in the median covers a lot of the suburbs within the Gladstone region. Typically, a four-bedroom, two-bathroom semi modern home built within the last five to 20 years can be acquired in suburbs including New Auckland, Glen Eden, Clinton, Kirkwood and Calliope.

Some of the more sought-after suburbs such as Tannum Sands, Boyne Island or central Gladstone suburbs still provide opportunity in this price range, however the size and age of the house will often have to be compromised in order to stay within the median house price, such as dropping back to a three-bedroom, one-bathroom home. Unfortunately, acreage suburbs such as Burua and Beecher are more often than not out of the question unless you decide to buy a vacant block and wait until you can build later, although financial lending in this scenario can be difficult.

Units on the other hand are a much more affordable option for those on a tighter budget or just happy to find their feet, can be seen in the below graph. Again, since July we have seen a slightly more erratic but significant growth with the median unit price rising from \$105,000 in July to \$140,000 in December. Surprisingly, units within this price range can be better than you think, often ranging from two to three bedrooms with many being relatively modern units less than ten years old which were built in the peak period (2010 to 2012). Many of these can be found in the inner suburbs of West Gladstone, South Gladstone and Gladstone Central although there are still a number of unit complexes built in the more outer residential suburbs. As previously noted, there has been a reduction in the vacancy rates across the Gladstone region during the past 12 to 18 months resulting in increased rental prices and now some agents are reporting interest from a small number of investors returning to the

market. Albeit early days, there are good signs to suggest this will continue to strengthen in the short to medium term.

Unit sales - 2018 Gladstone Region (4680)



Source: Pricerfinder

Bundaberg

The median price for residential houses in the Bundaberg area is \$285,000. For around this money you could buy a fully renovated 1950s style timber three-bedroom, two-bathroom dwelling in the town area with an approximate rent of \$290 to \$310 per week or a 1980s to 1990s three to four-bedroom brick home in original to partly renovated condition that would rent for between \$300 to \$340 per week.

The median price for units is around \$245,000. This would get you a two-bedroom, one-bathroom with single car garage for \$210,000 to \$230,000 that would rent for around \$250 per week.

Buying in this price bracket makes the purchase an affordable proposition as rental income is almost on par with the mortgage repayments.

Mackay

REIQ figures put the median house price at \$340,000 at the end of the December quarter, which shows an annual increase of 5.6 per cent, however when put into context is approximately 20 per cent below the peak of \$423,250 in





September 2013. The good news for Mackay is that the bad days appear to be well behind us, with a far more positive outlook predicted not only for the Mackay economy but for the residential property market.

So, what can you get for \$340,000? It's a mixed bag of results depending where you want to live in Mackay. In the traditional close in suburbs, you can buy neat low set and highest dwellings including 1950s style Queenslanders through to high-set butter boxes. These dwellings are not fully renovated however are in fair to good condition in this price range.

As you head over the river north, the same sort of dwellings can be found in the established suburbs. If the older dwellings are not your style, you can obtain a neat 1990s style brick dwelling in Andergrove, Beaconsfield or Rural View for the median house price. These are traditionally three or four bedroom configuration.

Unfortunately, if new is your go, there are not very many modern houses you can obtain for the median house price. For the investor, you can still easily obtain a four-bedroom modern dwelling (2010 to 2015 build) in Blacks Beach Cove for under the median house price.

All in all, the Mackay market has seen a resurgence over the past 18 months, on the back of large infrastructure projects and increased employment opportunities in the resource sector. We have seen rental vacancy rates fall significantly in this period to currently sit at 0.9 per cent with rental values increasing in line with demand. If the median house price is where you are looking to purchase in Mackay, it's probably best to start looking, as most pundits predict this figure will be higher come this time next year!

Hervey Bay

The median price for residential houses in the Fraser Coast area as at June 2018 was \$318,600 which was a 1.1 per cent increase on the prior year. Properties in Hervey Bay ranging from \$300,000 to \$325,000 are predominantly onground brick dwellings providing three-bedroom, one or two bathroom accommodation with a single garage or detached shed. These homes rent for approximately \$330 to \$370 per week. You could also find a beach cottage a few streets from the esplanade, however these homes will generally require refurbishment.

The median price for units is around \$255,000 which is an increase of 2.2 per cent on the previous year. This would get you a two or three single bedroom villa or townhouse with a single car garage. Rents would range from \$270 to 320 per week depending on location.

Emerald

The median sale price for houses in Emerald has increased approximately 20% over the past 12 months to currently sit at \$305,000. Units currently sit at \$145,000 however, in reality it's more like \$180,000 as the past quarter saw mostly one-bedroom units sell or low quality units near the bottom end of the market which dragged it back. The most active price range is \$150,000 to \$350,000 for houses. The general trend in the market and reports from agents is to push the bottom end houses to a minimum of \$200,000 as values continue to rise and the vacancy rate tightens.

For a median sale price of \$305,000, you can expect to buy a three-bedroom former mining home or project style home either circa 1978 or 1994, mostly renovated in good condition with

pool or shed. Otherwise, it's a neat four-bedroom home subject to flooding. Still a long way off the median house price peak in 2012 of \$460,000 but we are slowly heading back up and are now nearing three years on the rise. The last boom went for approximately ten years. Has the last few years just been a market correction or a reflection of our local economy? We think it's a reflection of the local economy as this area is heavily influenced by the resource sector. Keep a close eye on coal prices and that will give you a fair reflection of how our market will trend.

Whitsunday

In the Whitsundays, it's the price point as opposed to the middle ring. The Whitsunday middle ring market is considered to be \$400,000 to \$440,000 across the suburbs of Jubilee Pocket, Cannonvale and Cannon Valley. This will get you a high-set circa 1990s house that has had some renovations or a modern, rendered onground style dwelling with three to four bedrooms that is only up to six years old or a lifestyle property that is one to two hectares with an older 1960s or 1970s dwelling.

The market is all stabilising and there are signs of some slight increases. It appears that we have finally put the drama and trauma of Tropical Cyclone Debbie well and truly behind us now and we are back on track.

South Australia

Adelaide

The Adelaide market has continued to show signs of stable growth, bucking the trend of a number of the other major capital cities. During the winter hibernation, the market remained stable only to awaken from its slumber with a two per cent increase in the median dwelling price from the September to December quarter, rounding out 2018 at \$480,000. The median unit price grew steadily throughout 2018, finishing the year at approximately \$325,000. Whether it's new, old, original or renovated, an array of property types can be purchased in all the directions of the compass at this price point throughout the metro area.

Within the inner ring, buying at the median dwelling price can be difficult with many of the suburbs with proximity to the CBD having median sale prices of well above \$480,000. To purchase at the median in the inner ring, properties typically provide basic accommodation and are situated on smaller allotments. Geographically the inner west which is characterised by heritage style dwellings and recent 2000s infill development provides the most availability at this price point. The suburbs of Mile End and Thebarton fall into this geographic location, each being within approximately five kilometres from the CBD. Recent sales at this price point include 9/4 Cowell Place, Mile End (\$475,000) a circa 2000s two-bedroom, one-bathroom townhouse and 63 Maria Street, Thebarton (\$500,000) a circa 1900s two-bedroom, one-bathroom settler's cottage. If one is to look hard enough, bargain

hunters can find median priced gems throughout the inner east's blue ribbon suburbs. Located in proximity to the shopping precinct of The Parade, Norwood was 99 Sydenham Road, Norwood which achieved a sale price of \$500,000 in November 2018. This property comprised an original 1900s character dwelling disposed as two-bedroom, one-bathroom on an allotment of 214 square metres. To purchase a dwelling at this price point in this location is a rarity given Norwood's current median of \$896,000.



4 Cowell Place Mile End

Source: realestate.com.au



99 Sydenham Road, Norwood

Source: realestate.com.au

The \$480,000 median is considered most common within the middle ring with a number of property types being available at this price point. Suburbs within the middle ring are serviced by retail hubs and provide residents easy access to the CBD via major transport routes. A mixture of character dwellings, development sites and newer infill development can be purchased at this price point. Looking at the compass: in the north-east, \$472,000 would have bought you both 35 Patricia Avenue, Hillcrest a circa 1966 cement sheet dwelling on 800 square metres and 28 Treweck Avenue, Hillcrest, a circa 1999, three-bedroom, two-bathroom courtyard dwelling; north-west and \$480,000 would have bought you 2 Calander Place, Woodville West, a circa 1950s renovated four-bedroom, one-bathroom dwelling on 550 square metres of land; south of the city, \$470,000 would have bought you 15 Harlow Street, Mitchell Park, a circa 2016 three-bedroom, two-bathroom townhouse. This market segment provides options aplenty for investors and first home buyers alike and looks to have great prospects for capital growth over the next 12 months.





35 Patricia Avenue, Hillcrest Source: realestate.com.au



2 Calander Place, Woodville Park Source: realestate.com.au



15 Harlow Street, Mitchell Park Source: realestate.com.au

Moving to the outer ring, it's a tale of the north and south with each having significantly different market dynamics. Situated approximately 20 kilometres north of the CBD is the city of Playford.

Suburbs within the city of Playford have the lowest entry price point for all metropolitan councils. As at the December quarter, only three of the 38 suburbs within the council area registered median prices of above \$375,000. These were Virginia, One Tree Hill and Angle Vale, all of which are considered rural living locations. Available at the median in Angle Vale was 10 Chardonnay Court which achieved a price of \$465,000. This property provided a circa 1987 homestead style property on nearly 2,000 square metres of land. Throughout the traditional suburban locations north of the city, a first home buyer can enter the market at a fraction of the metropolitan median whilst an investor can pick up multiple properties for under \$480,000. A savvy investor could have purchased 11 Andrews Road, Elizabeth Downs (\$147,000), 8 Butler Street, Elizabeth Park (\$145,000) and 13 Bagot Road, Elizabeth South (\$150,000) with change in the pocket to cover stamp duty on all three purchases. Each of these properties are free standing three-bedroom dwellings which have the potential to achieve a weekly rental of \$250 which would give gross yields of between eight and nine per cent.



11 Andrews Road, Elizabeth Downs Source: realestate.com.au

Heading 20 kilometres south of the CBD, you will find the heart of the city of Onkaparinga. A large proportion of this council area hugs the coastline as it peters out towards the Fleurieu Peninsula. Having proximity to the coast is one of a number

of key drivers of price levels outperforming the north. Price points throughout this council typically fall around \$400,000. Located one street back from the Christies Beach foreshore is 57 Witton Road, Christies Beach which achieved \$470,000. This humble cement sheet dwelling on 850 square metres provided both an option for those looking for a sea change and those looking to value add as a development site. Whether it be a lifestyle property or something to value add to, there is plenty available at \$480,000 throughout the southern outer ring.



57 Witton Road, Christies Beach Source: realestate.com.au

So, what can \$325,000 get you in the metropolitan unit market? Well the typical metropolitan unit is circa 1960s to 1970s single level, brick construction, comprising two-bedrooms, one-bathroom and a single car space. Examples of this type of property can be seen throughout the inner and middle rings. The sale of 3/22 Gardiner Avenue, St Morris which achieved a sale price of \$320,000 is a representation of this type of property. This was a circa 1974 single level updated unit in a single level group of four, disposed as two bedrooms and one bathroom. The Adelaide metropolitan unit market is its own beast as we continue to see increased levels of apartment settlements. Within the CBD, to buy at the median price means you are typically giving up



a bedroom or car space. Recent examples include 1004/10 Balfours Way, Adelaide (\$315,000), a one-bedroom, one-bathroom, single-car space tenth floor apartment and 505/22 Ifould Street, Adelaide (\$325,000), a two-bedroom, one-bathroom, fifth floor apartment with no off-street parking. In the current market, it's tough to get a read on the CBD apartment market as we continue to see increased levels of off the plan settlements. This market should be monitored closely as resales begin to occur in a number of the recently constructed apartment towers.



22 Gardiner Avenue St, Morris Source: realestate.com.au

Depending on a purchaser's motivations, there are plenty of options available at the median in both the dwelling and unit markets. As the Adelaide market continues to show signs of stability amongst market uncertainty, it's expected that the medians will continue to creep upwards throughout 2019.

Mount Gambier

When it comes to various markets, median house and unit values are supposedly an indication of what you will pay for a typical holding. As shown in the graphs, in Mount Gambier the median price for a house in 2018 was \$250,000 and the median price for a unit was \$187,000.

The median house sale price of \$250,000 in Mount Gambier is considered affordable and



it will generally allow you to purchase a house of average to good quality, including three to four bedrooms, one to two bathrooms, garage or carport and a pergola area, situated on approximately 600 to 1,000 square metres of land. This could be a larger house situated in a good location in average, original condition, or an older style house that has been recently renovated, as shown in the examples below.



14 Bellshire Place, Mount Gambier - \$250,000 Source: RP Data



7 Livingston Street, Mount Gambier - \$250,000 Source: RP Data

The median unit sale price of \$187,000 in Mount Gambier will allow you to purchase a small, original unit of basic quality, including two to three bedrooms, one bathroom and a garage or carport, situated in a small unit complex.



1/1 Thrush Street, Mount Gambier - \$180,000 Source: RP Data

The median sale price of \$250,000 for a house is considered affordable and is popular for owner-occupiers entering the market, those looking to downsize and investors. The median sale price of \$187,000 for a unit is also popular for investors looking at a property that provides a stable rental return.

Investor interest in the Mount Gambier region has been positive in recent years with agents advising increased interest given the good rental returns. For investors, a unit of \$187,000 might rent for \$240 to \$260 per week. A house of \$250,000 might rent for \$290 to \$320 per week. Units and houses within this range will typically have a gross return of five to seven per cent.



In Mount Gambier, one of the main factors that impacts the strength of the property market is employment. Currently, talk around employment in Mount Gambier is generally positive and in addition interest rates are low which has helped lead to a continual increase in the median house price since 2014.

The economy in Mount Gambier is currently well positioned and there is positivity in the market place. Considering the market within the region has been relatively stable in the past five years, we believe that a growth in employment would influence future price movement.



Tasmania

Hobart

Many reading this may not believe it, but Hobart's median house price (as at 1 February 2019) was \$680,500. The property price boom of the past three years has certainly created capital growth in the Apple Isle.

The median unit price in Hobart is \$637,500 as at 1 February 2019.

With median house rents at \$515 per week and units at \$500 per week, the median investor is looking at gross returns of around four per cent. This is a contraction from the six to seven per cent of only a few years ago.

So, what can you buy in the state capital at the median price level?

284 Davey Street, South Hobart is under contract for \$678,000. It is an inner city, mostly brick and tile home with two bedrooms, bathroom, outside laundry, garage and carport. Neat but dating pc items. You are paying for the location here!

Slightly further from the CBD, 30 Giblin Street,



284 Davey Street, South Hobart

Source: realestate.com.au

Lenah Valley is under contract for \$683,000. This comprises a renovated three-bedroom two-bathroom Federation era cottage with modern wiring and plumbing. In comparison to the Davey Street sale, this provides much more comfortable housing while not so far from the city.

Stretch the legs a bit more and for \$675,000 you can get a two-bedroom, one-bathroom dwelling on Osbourne Esplanade at Kingston Beach! Walk on the beach and take a swim before brekkie. There is no parking on site however.

Launceston

To the north of the state in Launceston, this city too has seen a significant uplift in capital values over the past few years. Median house prices now sit at \$421,000 while units are at \$329,000. Median rents are \$370 per week and \$288 per week respectively, reflecting gross yields of around 4.6 per cent for both.

122 Canning Street recently sold for \$420,000. The property is an inner city 1930 weatherboard home with open plan living and dual bathrooms



3/181 George Street, Launceston

Source: realestate.com.au

positioned on a 635 square metre corner lot.

Or you could buy an inner-city townhouse with three bedrooms, one bathroom and garage for \$421,000, such as 3/181 George Street. Just a hop skip and jump to The Mall.

Again, move further from the city and for just \$400,000 you could have purchased 5 Knox Street, Prospect being a modern style low set home with double garage and dual bathrooms, on a flat block and just a short stroll to the Olde Tudor shopping precinct.



Northern Territory

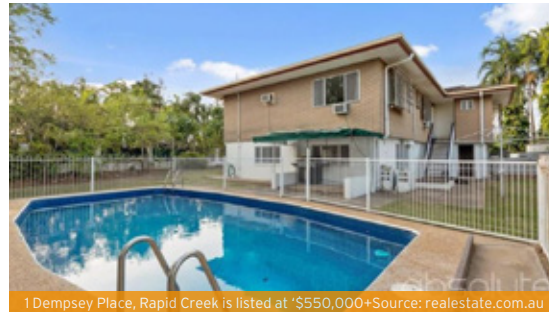
Darwin

What goes up, must come down. This quote holds true for any property market.

We saw Darwin in its peak when the median price was \$625,000 (March 2015, REINT). Fast forward about four years and the median price now sits at \$493,750 (December 2018, REINT), which is a reduction of approximately \$130,000. Although the statistics state the peak median price was in March 2015, we saw prices developing through 2009 to 2010 and 2012 to 2013.

Darwin's median house price is now a touch under half a million and the main driving forces are Darwin Inner, Darwin North and Palmerston. According to REINT December quarter statistics, it is without question that Darwin inner median prices (\$675,000) lead the pack when compared to Darwin North and Palmerston. Darwin North comes in second (\$556,667) followed by Palmerston at (\$447,000).

Although Darwin North prices are leading Palmerston, the number of recorded sales is higher in Palmerston at 111 for the fourth quarter of 2018, (December 2018, REINT). Darwin North recorded sales of 96 for the same period. There should be a greater disparity between the two suburbs given there is a median price difference of \$100,000, however the northern suburbs present many positives in terms of living. Firstly, the proximity to the coast in a tropical climate - the sea breeze is a man's best friend! Given the number of people who fly in and out, the proximity to the airport is a positive. Lastly, easy access to Darwin



1 Dempsey Place, Rapid Creek is listed at '\$550,000+Source: realestate.com.au



13 Snowden Street, Jingili is listed at \$549,000 Source: realestate.com.au

CBD; for many northern suburbs, the travel time is approximately ten to 15 minutes into the city. Given the incentives to live within the northern suburbs, there is currently great value on the market. We look at two listings (pictured), both properties consisting of in ground pools, at least four bedrooms and approximately ranged at the median price.

Our office holds a positive outlook for the Darwin property market and with good reason.

Palmerston

Palmerston is considered the satellite city of Darwin and is located approximately 15 to 20 minutes from the Darwin CBD. In the beginning of its establishment, Palmerston lacked amenities compared to the northern suburbs, however this has changed in recent years to include the recently completed Gateway shopping centre and Palmerston Regional Hospital. There are also plans for a new police complex. The rapid growth in the commercial sector and affordable prices show why Palmerston's number of recorded sales is higher than the northern suburbs. We take a look at two properties currently on the market (pictured), both properties consisting of in ground pools, four bedrooms and approximately ranged at the median price.

Investment wise, taking into consideration that the median price for the northern suburbs is \$100,000 over Palmerston, it makes sense to see rental returns higher in the northern suburbs. According to REINT December quarter figures, rental returns for northern suburbs are on average \$450 for a three-bedroom home and Palmerston is \$400 per week for a three-bedroom home.

At the beginning of this article we stated that what goes up, must come down. We note the contrary to this saying is also true! Our office holds a positive outlook for the Darwin property market and with





77 Notenius Circuit, Gray is listed at \$450,000+ Source: realestate.com.au



39 Sibbald Circuit, Woodroffe is listed at \$430,000 Source: realestate.com.au

good reason. In February 2019, the government announced a new scheme titled Territory Home Owner Bonus. The incentives include up to \$50,601 for a first home owner building or buying a new home to live in and up to \$28,601 to buy an established home. The scheme is designed to draw people to the Territory, lift the property industry and its economic markets.

With the new Government scheme and affordable prices, it is an exciting time to be entering the Darwin property market.



Western Australia

Perth

Recent statistics from the Real Estate Institute of Western Australia show that the median house price for the wider Perth area in January 2019 was \$505,000, down one per cent since December 2018. Suburbs with a similar median include Munster, Currambine, Roleystone, Edgewater, Atwell, Osborn Park, Harrisdale, South Yunderup, Jane Brook and Greenwood. However throughout the entire Perth metropolitan area, and in indeed, throughout the whole state of Western Australia, there are some very good opportunities at all value bands. We've compiled a plethora of examples to demonstrate what the median house price in different locations will achieve.

East Perth has been inundated with apartment supply over the past few years, which coincided with investors leaving the market in favour of the eastern states and as a result, values of established units have taken a solid hit. The median unit price in East



Concept Picture of Vue Towers Adelaide Terrace, East Perth Source: CoreLogic

Perth settled at \$490,000 in the December quarter 2018, down 8.4 per cent from the previous quarter.

Pictured above is a concept image of Vue Towers in East Perth, due for completion in mid-2019. A unit which features two bedrooms, two bathrooms, one car space and 86 square metres of floor area was purchased off-the-plan in November 2018 for \$495,000.

Another unit sold for \$480,000 in October 2018 in the East Bank Apartments by Psaros. It features two bedrooms, one bathroom and one car space, with a floor area of 106 square metres.



2 - 273 Beaufort Street, Perth Source: CoreLogic

Pictured above is a top-floor unit from an apartment complex on Beaufort Street in Perth. It features two bedrooms, two bathrooms and one car space. The property sold for \$699,000 in December 2015 and recently sold in January 2019 for \$465,000. That is a decrease of 33 per cent in just over three years, averaging out to about -11 per cent per annum.

Unfortunately, this scenario has been seen too often recently as the over-supply of apartments coupled with diminished population figures continue to put negative pressure on established apartment values.



3 - Alvah Street, St James Source: CoreLogic

St James is a suburb situated seven kilometres south-east of the Perth CBD. There is a varying mix of property types around St James and within this is a notable amount of older, partially or fully renovated dwellings on varying allotments. St James currently has a median house price of \$525,000, just above Perth's median. The St James median house price has remained unchanged since the September quarter 2018, however it has dipped 2.3 per cent since December 2017.

Pictured above is a property that represents a purchase just above Perth's median house price. This dwelling is a near-fully renovated circa 1952 construction with three bedrooms, one bathroom, and two car spaces, located on a corner allotment of 687 square metres.





5 - Ellem Street, St James

Source: Corelogic

This townhouse (shown above) located at the back of a quadruplex subdivision features three bedrooms, two bathrooms and a double garage on 287 square metres of land. Upon completion of its construction in 2012, the property sold for \$600,000. In May 2018 it sold again for \$498,000, showing a decrease in price of 17 per cent or -2.8 per cent per year.

We are still seeing value decreases in many established suburbs around Perth, however the increments have been generally getting smaller and there are signs of price rebounds in some of these locations.



6 - Willowcreek Mews, Woodvale

Source: Corelogic

Woodvale is a suburb located next to the Mitchell Freeway 18 kilometres north-west of the Perth CBD. The median house price in Woodvale settled at \$610,000 in the December quarter 2018, up 1.7 per cent from December 2017.

There are a lot of factors that go into the thought process of buying a property and sometimes, emotionally driven decisions can make purchasers pay over market value.

The property shown above finished construction in 2018 as part of a subdivision. The new dwelling features three bedrooms, two bathrooms and a double garage, on a 368 square metre allotment. It sold for \$625,000 in January 2019.



Pebblewood Road, Woodvale

Source: Corelogic

This property (shown above) was built in 1994. It has four bedrooms, two bathrooms and a double garage on a 709 square metre allotment. It has been partially renovated in the kitchen and has new flooring to the living areas and new carpet in the bedrooms. It sold in September 2018 for \$611,000. These two properties demonstrate the decision making process for different lifestyles. It is more likely that a family of four were willing to sacrifice a newly built home for the extra space at Pebblewood Road. On the other hand, a couple without children who did not need as much room were more satisfied with having a newer home on a smaller allotment such as the property at Willowcreek Road.

There are a lot of factors that go into the thought process of buying a property and sometimes, emotionally driven decisions can make purchasers

pay over market value. This shows the process of balancing property features in the purchaser's head, sacrificing one thing such as land size for another such as dwelling size, age or quality, to get to their own value figure.

In one of Perth's fringe suburbs, Baldivis' median house price settled at \$390,000 at the end of the December quarter 2018, down 1.3 per cent from September 2018 and down 3.6 per cent since the year previous. We have well and truly covered this suburb's recent history and values are expected to decline further throughout 2019 unless we see a major change in Western Australia's migration figures.



Huxtable Terrace, Baldivis

Source: Corelogic

Pictured above is a circa 1996 built, four bedroom, two bathroom family home on a 704 square metre allotment. It sold in November 2018 for \$382,000. This property is situated within the more desirable area of Baldivis in Settlers Hills Estate. Here you can get a good sized lot and a reasonably sized but old and basic dwelling for close to the median price. Essentially you would be paying for the land and the location.



Beckingham Parkway, Baldvis

Source: Corelogic

This property is located in a less central area of Baldvis, Chimes Estate. It sold for \$405,000 in November 2018. This property has a more than reasonable level of specification and includes four bedrooms, two bathrooms and a double garage on a 567 square metre allotment. In this area you need a decent sized block and a fairly large dwelling with good features to reach the median price, as there is less demand here than in the more central estates.

Even further south in the Mandurah urban area, the median house price settled at \$365,000 for the December quarter 2018. Housing options in Mandurah are very diverse due to unique locational aspects such as waterfront properties along the many canals. In some areas you can find a mix of apartments, development units, subdivisions and detached residential dwellings all within short distances of each other.

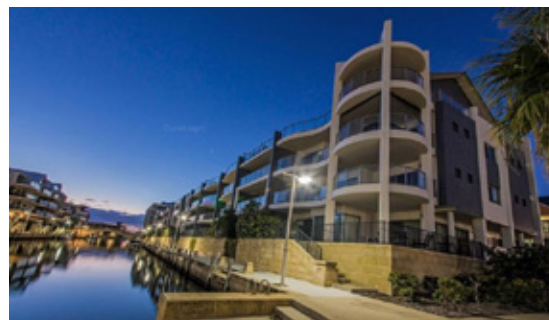


Allnutt Street, Mandurah

Source: Corelogic

This property (pictured above) sold for \$350,000 in June 2018 after three months on the market. Built circa 1982, it has three bedrooms, two bathrooms

and a two-car garage on an 850 square metre lot. Located on a primary road this may have potential for development in the future.



The Palladio Mandurah

Source: Corelogic

This canal-front apartment (pictured above and below) sold for \$373,000 in December 2018 and features two bedrooms, two bathrooms and one dedicated car space. When the development finished in 2008, this same unit sold for \$600,000, a 32% decrease over the ten year period.



Living Area The Palladio Mandurah

Source: Corelogic

Pictured below is a front-lot duplex unit built in 2018. It features three bedrooms, two bathrooms and a double garage. This property sold for \$359,000 in October 2018.



Third Avenue, Mandurah

Source: Corelogic

The Mandurah region's median house price dipped 1.4 per cent since the September quarter 2018 and has decreased by two per cent since December 2017. There are a few suburbs within the Mandurah area that are still experiencing declines in value including Dawesville, Dudley Park, Erskine, Lakelands, Mandurah, North Yunderup, Pinjarra, Ravenswood, San Remo and Wannanup. However there have been signs of improvement in Coodanup, Greenfields, Madora Bay and Bouvard.

Outside of Perth, our regional centres produced broadly mixed results over the December quarter with median house price changes seen in the range of -8.5 per cent (Broome) up to + five per cent (Port Hedland) for the quarter.



Elliott Way, Bulgarra

Source: Corelogic

Karratha's median house price settled at \$329,000 for the December quarter 2018, down 0.3% since September according to figures from the Real Estate Institute of Australia (REIWA). Situated in the Pilbara region of Western



The wider Port Hedland area's median house price settled at \$210,000 in the December quarter 2018, up five per cent from September.

Australia, 1,250 kilometres north of Perth, Karratha holds a population of around 16,000 people and is known for its heavy involvement in the resources sector. Karratha consists of a mix of housing options. Multi-residential units are not unusual as such, but the majority of properties in Karratha are single residential dwellings on lots of between 500 and 1,300 square metres.

The dwelling shown above has three bedrooms and one bathroom and was constructed circa 1974. On 734 square metres of land, this property in Bulgarra sold in November 2018 for \$320,000 and is currently leased for \$420 per week. This represents the typical dwelling type for most older suburbs within the Karratha urban area and is only \$9,000 short of the median house price.



Balyarra Parkway, Baynton

Source: Corelogic

Baynton is located approximately five kilometres west of the Karratha CBD. It is considered to be the newest suburb within the Karratha area as many of its dwellings were constructed from 2008 to 2014 during the last resources boom.

The property pictured above sold for \$350,000 early in 2018. Built in 2012, it has four bedrooms, two bathrooms and a double carport. It also features colorbond and rendered fibrous cement sheeting walls and a colorbond roof on a 416 square metre lot. This type of construction was used for some of the newer houses in the area as it is less expensive than double-brick construction. It is lightweight and easy to transport.

Overall this market has performed fairly well over the past year, with Karratha seeing median values increase by eight per cent due to an increase in net migration from abundant employment opportunities. It is expected that this market will continue to make a steady recovery throughout 2019.

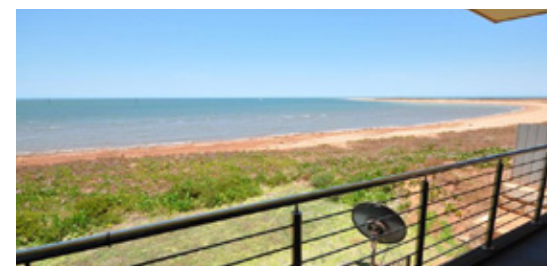
The wider Port Hedland area's median house price settled at \$210,000 in the December quarter 2018, up five per cent from September. This was positive news for the area as Port Hedland saw a -8.7 per cent change year on year. There is a fair difference between median values in Port Hedland and South Hedland as they differ significantly in location. Port Hedland's (suburb) median is \$395,000 and South Hedland is \$195,000.

Port and South Hedland have an abundance of units and townhouses of varying ages.



Kitchen at Kingsmill Street, Port Hedland

Source: Corelogic

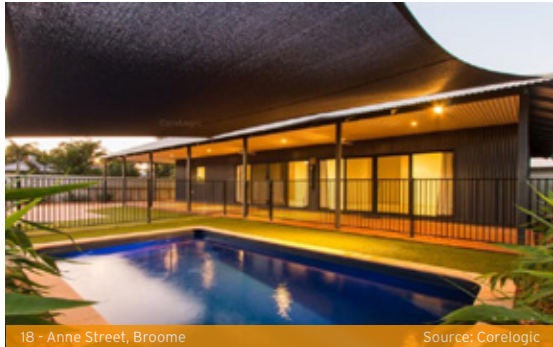


View at Kingsmill Street, Port Hedland

Source: Corelogic

The top storey of this unit development sold for \$389,000 in September 2018. Built in 2011, it hosts three bedrooms and 2.5 bathrooms with 170 square metres of living area and ocean views.

Broome, located 1,700 kilometres north-east of Perth, has a mix of housing options including some older multi-unit developments, however detached single residential dwellings or duplex subdivisions are seen for the most part. Broome's median house price settled at \$430,000 in the December quarter 2018, down 8.5 per cent from September 2018 and down 13.1 per cent since December 2017. Whilst there are some signs of the market beginning to stabilise, downward value pressure still looms over this market and is a reminder that the repercussions of a boom and bust economy can be felt for a number of years.



18 - Anne Street, Broome

Source: Corelogic

This duplex subdivision sold for \$400,000 in November 2018. It features a colorbond roof and colorbond walls, three bedrooms and one bathroom on a 517 square metre lot. In 2016 it sold for \$455,000. That is a decline of 12 per cent over two years.

Kalgoorlie-Boulder's median house price settled at \$305,000 for the December quarter 2018, remaining stable since the September quarter 2018 and also the December quarter 2017. Kalgoorlie's housing predominantly consists of single dwellings on over 700 square metre lots or duplex subdivisions.



Hannan Street, Kalgoorlie

Source: Corelogic

This 1950s property (pictured above) has been fully renovated on the inside and sold after 11 days on

the market for \$335,000 in November 2018, ten per cent above the median. It features a pool, three bedrooms and two bathrooms on a 759 square metre lot in the heart of Kalgoorlie.

As you can see, there is a plethora of property types available at close to the median house price in areas throughout the state of Western Australia. Within the Perth metropolitan area, the diversity of opportunity is almost overwhelming and we encourage future participants in the market to cast their eyes as far afield as possible in order to see for themselves the variances in value for money.

Southwest WA

As we head into the year it provides us with an opportunity to step back and ask the question, what can I actually buy for a location's median value?

The South West is a large geographical area that covers many regions and as such the median house price can vary considerably. However, across the board the average median house price is in and around the \$500,000 mark. So, what does \$500,000 get you?

A good option for medium to long term capital growth in the South West is along the coastal strip located on the northern side of Bussell Highway traversing the suburbs of Busselton, West Busselton, Broadwater and Abbey. This coastal strip is approximately 500 metres in width and runs for approximately ten kilometres along the Geographe Bay.

As the City of Busselton continues to grow at an above average rate, this well-located section of land will continue to grow in desirability and affluence as the urban sprawl continues to be pushed further away from the coast line. This consequently will result in good capital growth over the medium to long term as an increase in population will lead

to stronger demand of a product that has limited scope to increase in supply. As such, this well positioned and limited coastal strip would represent a good option for a prospective purchaser looking to invest \$500,000.

\$500,000 is an entry point into this market and would secure a very basic residence, with the vast majority of the value being in the underlying land. While the rental return of the investment would be weak, purchasing within this coastal strip would provide a strong opportunity for capital growth over the medium to long term.

\$500,000 would also get you into the Dunsborough market. Dunsborough is located within Geographe Bay and attracts a higher number of tourists given its beaches and proximity to the world-renowned Margaret River vineyard region. More specifically, we see the coastal strip that runs from north of Caves Road to the beach as being a good area to invest. Generally, residential dwellings in this pocket are positioned on good sized lots ranging from 800 square metres and above and are located in very close proximity to the ocean, stimulating demand. \$500,000 is an entry point into this market and would secure a very basic residence with the vast majority of the value being in the underlying land. If these properties were to be purchased with a view to being held for the long term, good capital growth could be expected as it historically has performed well.

Alternatively, \$500,000 can also get you a modern residence in the Dunsborough Lakes Estate, located a little further back from the ocean and town centre but providing for modern family living. Capital growth predictions would not be as strong for this market, however rental returns would be stronger.



In regard to the unit market, the South West does not generally provide for multi-level apartment blocks, apart from a couple within the Bunbury CBD. The majority of the unit market is made up of green titled properties that have been subdivided into two or three strata lots and provides for free standing units. \$500,000 would achieve a high spec three or four bedroom, two bathroom detached unit located in close proximity to the ocean.

Overall the median house price will secure you a nice piece of real estate in the South West, ranging from entry level basic homes in coastal regions to modern and quality family living in the outlying residential estates.

Month in Review
March 2019



RESIDENTIAL

Australian Capital Territory

Canberra

Each patch in the ACT has a different median value and varies based on location, age and various other factors. The inner city areas hold the highest median values given their distance from the city and often large land parcels. The median house price in the ACT sits at around \$800,000. Listed below are the median for houses for each district as at September 2018:

- ▶ Inner South ~ \$1.25 million
- ▶ Inner North ~ \$950,000
- ▶ Woden Valley ~ \$850,000
- ▶ Gungahlin ~ \$675,000
- ▶ Weston Creek ~ \$670,000
- ▶ Belconnen ~ \$600,000
- ▶ Tuggeranong ~ \$575,000

There are certain suburbs in each area where a standard house costs well above the median value for the district. One example is the suburb of Forrest in the inner south where you could expect to pay upwards of \$2.4 million for a standard dwelling with land, nearly double the district median. Another example is Weetangera and Aranda in Belconnen, where entry level houses with land begin at around \$800,000 which is well above the suburb median.

If you were to take the median price for a house in the inner south and put it into another district, you are able to purchase a newly built property on a large land parcel in a well located suburb. One

example is the sale of a newly constructed five-bedroom, three-bathroom house on a 1,000 square metre allotment in Kaleen for \$1.2 million. Another example is the sale of a four-bedroom, two-bathroom home on a 900 square metre allotment in Curtin for \$1.07 million.

Different sources show different trends in the median unit price across the ACT over the past year, but most sources suggest a decrease in unit values. The Canberra unit market is currently experiencing a period of oversupply, with many new developments being completed in the established and developing areas of Canberra. The median unit price at the end of 2018 was \$440,000 which, in the ACT unit market, could purchase a one or two-bedroom, new unit in most Canberra suburbs.





Rural

March 2019

Overview

The 2019 selling season has had a slow start in most regions due to the various seasonal conditions and both vendors and buyers appear to be a bit more circumspect just now.

The ongoing issue and debate in the water market is also having an impact on sentiment but it is the cost of temporary water in the southern water markets which is a bigger concern for growers with permanent plantings. The impact on returns where there is a reliance on temporary water access coupled with the dry season and potential policy changes on water access and use all suggest that the assets that have been hot in the market place in the past two to three years may slow down in activity at this time.

The other national influence that is still being played out is the environment and conditions applied to access debt capital post the Royal Commission report release. International capital is still around but not at the same scale as two years ago. Domestic non-debt capital sources are continuing to emerge with new and smaller funds running or being launched. It's unclear how that capital will fill any potential gaps created by a fall in traditional debt funding and I will be watching this space with interest over the next six to 12 months.

On a brighter note, the commodity outlook for sheep, wool, cereals, pulses and the majority of horticulture all look positive. Now we just need rain from about an hour north of Longreach to Bairnsdale in Victoria and everywhere in between to help kick some confidence back into the sector more broadly.

Contact:
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NSW CNNV

Tamworth

The drought in the Tamworth region continues which is having a significant impact on the number of rural properties on the market and the level of demand from prospective buyers. The short to medium term seasonal outlook which is looking like the dry conditions may continue into winter is also concerning for buyers.

Since the start of 2018, there have been approximately 25 rural and rural lifestyle sales of property in excess of 200 hectares in the Tamworth region, which is down from approximately 48 rural and rural lifestyle properties sold in 2017/2018. The predominant buyers are in the lifestyle category who have off-farm incomes, with some neighbor-to-neighbor sales also occurring.

With very low on-farm incomes over the past 18 to 24 months, and in some cases over 24 months, sellers are under increased pressure with evidence to suggest they're needing to reduce asking prices to meet the market.

At this stage, with a low turnover of sales transactions, it is harder to gauge how the drought is affecting rural values. There are a handful of properties purchased in 2016 and 2017 that have



Mudgee

Source: Herron Todd White

been re-listed for sale. When or if they sell will give a better idea of how the drought is affecting land values.

From the sales that have occurred, it appears that the median hectare rate has steadied and remains firm. We are yet to see a significant drop in rural land values.

Central Tablelands

The Central Tablelands NSW market appears to be tracking as it did throughout most of 2018, where the number of properties being offered to the market appears to have eased and the volume of sales is less than we were seeing in 2017.

Whilst the supply of properties has eased, demand



Boorowa

Source: Herron Todd White



Michelago

Source: Herron Todd White



for rural holdings remains reasonably strong at present. This demand has been evident at recent auctions where there are still a good number of active bidders contesting.

This balance of supply and demand for rural property has buoyed value levels somewhat, despite the present poor seasonal conditions.

The (fewer) rural holdings that have sold recently indicate that value levels remain strong and the general levels we saw the market climb to in 2017 and 2018 remain in place.

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Mildura

Sales activity appears to have slowed considerably over the past few months. This is not surprising in the dryland cropping and grazing sectors given the impact of the drought in western New South Wales and poor crop yields throughout north-western Victoria. As expected, few properties are being put to the market, with prospective vendors bidding their time until better seasonal conditions arrive before presenting their properties to the market for sale.

In the horticultural space, there has also been little recent sales activity. Late summer is typically a slow period, as many of our local producers are preoccupied with their harvests. Early reports suggest average to slightly above average yields for almond crops as well as table and wine grapes. Good news for wine grape growers are prices of around \$600 per tonne for most red varieties this season, which is 50 per cent higher than what was being offered two years ago and should ensure continued investment by growers. The improved prices are less pronounced for white varieties such as Chardonnay.

Irrigation water availability remains a key concern. The cost of leasing water is currently just under \$500 per megalitre, which is a significant cost for those irrigators reliant on leased water. The risk of ongoing dry conditions in the catchment is affecting confidence and is considered to be contributing to a reduced number of horticultural property sales. Local agents also confirm reduced demand for greenfield sites, due mainly to the spike in water prices.

A large-scale almond orchard in the Renmark region, which has further development potential, is currently being advertised for sale. The outcome will be keenly watched as it will be a good litmus test for corporate investment in the local horticultural space.

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Graeme Whyte Ph: 0427 210466

North and North-West Queensland Grazing

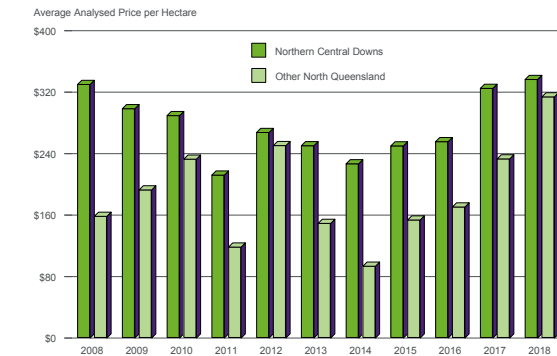
The graph below shows the trend for north and north-west Queensland grazing land values for the last cycle.

Key features:

- ▶ Northern Central Downs is the most efficient market to depict the trend.
- ▶ Other North Queensland areas had greater variance due to the composition of sales occurring. For instance, in the last year, there has been some very good quality basalt sales, yet nothing from the lighter forest areas to balance the data set.
- ▶ Post GFC, the trend initially saw less settled sales activity and a softening of value rates.

- ▶ The effects of the temporary ban on live exports and the drought can be seen as creating the dead cat bounce trend (2011 and 2014).
- ▶ Grazing property market values have been on the rise in recent years.

NQ Grazing Property Prices*



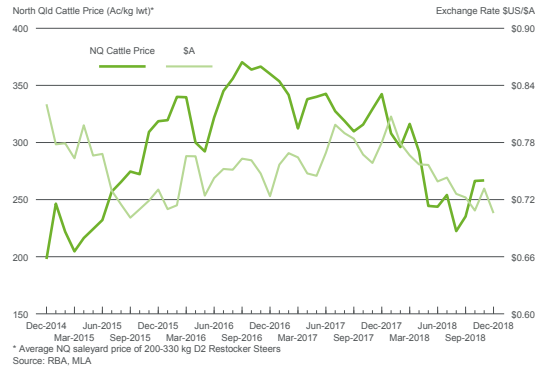
* Properties > 2500ha
Source: HTW Analysed Sales

- ▶ The cattle market peaked in September 2017. Since then, the drought has influenced the market and there has been a 30 per cent softening in the commodity rate.
- ▶ The market has been confident that once a traditional wet season occurs, the cattle market would recover from its drought affected position.
- ▶ Contrary to the commodity trend, the market increased its value rates for the underlying grazing land. Confidence in the industry and its future was showing.
- ▶ There is a phase in this cycle where returns on assets compress to a point of zero economic profit. Based on the drought affected cattle market, this may well have been reached in the last year.



- Depending on the season this summer, land values were generally expected to continue to rise into 2019.

Cattle Prices



So, now that this event has occurred in north and north-west Queensland, where to for value rates?

- Given that it is still dry in Central Queensland, Southern Queensland, New South Wales and the Northern Territory, a unique position has arisen whereby north Queensland and north-west Queensland have at least got some grass. Possibly the only area in Australia with grass!
- Despite the impact on cattle numbers in the north, demand from southern and western graziers for agistment is increasing. Agistment is only one option being discussed. Others include leasing, profit share and delayed payment for the northerners to acquire the cattle. Either way the opportunity for the land to generate income is there.
- The demand for such rental opportunity is not expected to outweigh the economic performance of the land had the event not occurred.

Property market efficiency:

- Market efficiency refers to how quickly (and to what degree) a market reprices an asset based on new information.

The share market is the most efficient market we know. Brisbane unit prices following the flood were efficient in that stakeholders could follow the trend. The sale volume of units in that market affected by the flooding was such that buyers could enter the market at a substantial discount (up to 30 per cent in some areas) and capitalise on the market recovery over time.

North and north-west Queensland grazing property markets have a much lower volume of sales from year to year.

The area affected by the flooding can be cut into two market areas: north of the Flinders Highway and south of the Flinders Highway. The area to the north of the Flinders Highway is tightly held. It has moderate to high levels of grazing productivity. The local market knows this and the investor market knows this.

Should an opportunity arise to acquire a cattle property in this area, if the first person does not pay a prudent asking price then the second will. Current grazing land value rate ranges for small to mid scale stations are from \$308 per hectare to as high as \$495 per hectare for frontage country.

The area to the south of the Flinders Highway does have some good creek systems. Seasonality risk does increase though. There are more settled sales in the area from Winton to Hughenden and Julia Creek than the northern market area.

Mitchell Grass germination has been good in areas. Time will tell the quantum of grass budget and also how much Flinders Grass grows. This mix of grasses

provides opportunity for central Queensland, southern Queensland and Northern Territory graziers until such time as seasonal conditions improve in their home districts.

This area has endured some varied seasonal conditions in recent years and there are graziers who are ready to exit, so the area is likely to see a number of sales occur.

Existing value rates range from \$260 per hectare to \$345 per hectare for country with channels. Again, while grass is in demand from central, southern Queensland and Northern Territory graziers, a diminution in value rates as an immediate result of the recent events will be minimal.

The current market of demand from external districts (unfortunately being so dry) is a unique situation for the affected areas of north and north-west Queensland grazing property markets.

When considering recovery from the catastrophic event, the affect is primarily on the businesses and infrastructure. Yes, infrastructure is part of the property. Even if a vendor throws his hands in the air and sells with no infrastructure, then the market is not efficient enough to say if there is any diminution of value - even five to ten per cent in the short term.

At this point in time, the affected area finds itself in a unique position where the unfortunate seasonal conditions of central, southern Queensland and the Northern Territory and the market inefficiency is expected to provide insulation from a negative impact on north and north-western Queensland grazing land value trends.

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Despite the floods in the north, very little or no rain has been received in the southern part of the state.

Darling Downs

Despite the floods in the north, very little or no rain has been received in the southern part of the state.

For many in the south it has been disappointing not to get any benefit from that extraordinary monsoonal weather event. Some falls of up to 50 mm were recorded north of Quilpie but that band of scattered rainfall generally went north of the Carnarvon Ranges.

The continued dry and hot conditions are just making the season all that much harder to manage, with some western holdings now trucking water. In our travels, there aren't too many properties that aren't supplementing livestock to various degrees either using cotton seed, pellets or liquid supplements.

The Australian Bureau of Meteorology issued its latest forecast for the March to May period, which generally identifies a 60% chance of southern Queensland receiving median rainfall being sub-40%. It also predicts the chance of exceeding the median maximum temperature of higher than 80%.

So, if you were a betting person you would think the odds are favouring continued hot and dry conditions. This is

unfortunately a time where difficult decisions will need to be made given we are on the tail end of the summer storm season. The possibility of rain to relieve producers currently feeding their core herds on the hope of rain is now becoming less likely. The positive that may come from the rain in the north is the likely opportunity to lease or agist country from graziers in the south.

Despite the dry conditions, market demand remains strong, but generally for better quality country. Kevin Graham Consulting on behalf of David Campbell recently took the aggregation of Wongalea, Romona and Topwater to auction on 14 February. The 5,842 hectare aggregation of the three non-contiguous holdings were offered as a whole which was purchased by an Augathella grazier for \$14.5 million. The aggregation was quite diverse with country ranging from superior Brigalow scrub to areas of poorer forests developed to both broadacre cultivation and areas of remnant timber. Wongalea was also developed with a licenced 999SCU feedlot and Topwater was developed with coal seam gas wells with a conduct and compensation agreement annual payment received.

Broadly, agents are stating that enquiry remains strong despite the seasonal condition. Some western Queensland graziers are actively in the market seeking country to spread their herds however there isn't much country available in the south that would fall in the category of a grass buy. Let's hope by the time this goes to publication that Cyclone Oma brings some relief.

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Echuca-Moama

Sales activity in the Goulburn Valley has spiked on the back of strong corporate activity at a couple of levels: one as the hunt for water security heats up with a significant corporate interest making multiple large-scale acquisitions on dairy properties with strong underground water reserves; and another corporate player looking to acquire former dairy assets with a view to re-purposing them for other irrigated pursuits.


It will be interesting to see how this activity affects the local dairy industry given the incredibly high temporary water prices and significantly reduced terms of trade in that particular sector.

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South-East Regional Australia

The rural property market in south-east regional Australia has been providing exceptional investment and growth for many owners over the past 24 to 36 months, however more recent data is beginning to display a patchwork of growth and static activity depending on commodity type, location and buyer profile. In recent years nearly everything brought to market has achieved exceptional money after short marketing periods.

There may be numerous answers for this patchwork activity such as tightening credit conditions from the banking Royal Commission, reduced business confidence, softening commodity prices, sky rocketing inputs such as feed grain at over \$400 per tonne or irrigation water at over \$500 per megalitre or drought conditions, but all indicators suggest that the rural sector has had the hand brake pulled on, albeit if only for a little while or until a major event occurs.



60%
chance of receiving median rainfall for southern Queensland being sub-40% for the March to May period.



We are seeing a lot more secondary type assets now hitting the market and it is a time for buyers to be aware and ensure they undertake sufficient due diligence. The majority of quality rural assets have now been extracted from the market and the remainder of owners will hang on for the next cycle. These secondary assets may have a lot of "development potential", marginal country, no or limited security of water or access or less than ideal improvements or make up. Buyer, beware!

Despite this, the few sales that are occurring continue to maintain strong value levels at the present time.

Assuming only a relatively short period of high input prices, the dairy and viticulture sectors appear to be the sectors to be part of over the coming years.

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Western Australia

A number of above average growing seasons has resulted in strong demand from both local and corporate investors. Values are likely to remain strong as demand surpasses supply. Reduced debt levels have allowed expansion opportunities for local purchasers and driven investment in land development and farm infrastructure. Corporate demand has continued with investors looking to diversify portfolios across the country. Investors will be keen to improve productivity and efficiency as they take a longer term view to sustained success.

A number of large rural landholdings are currently on the market as sellers seek to capitalise on recent high returns and favourable growing conditions. There are currently six broadacre grazing or cropping properties on the market over 4,000 hectares, including Minnie

A number of large rural landholdings are currently on the market as sellers seek to capitalise on recent high returns and favourable growing conditions.

Downs at Varley, Kenandra Farm at Beacon and Ripplemead Farm at Bruce Rock.

In the pastoral regions, the Balladonia aggregation in the Shire of Dundas is currently on the market with an asking price of \$8.5 million. The iconic station includes significant plant and in excess of 5,000 head of cattle.

The dairy industry took another blow this month when Western Australia's largest milk producer, Ross Woodhouse, announced that he was seeking expressions of interest for the sale of his 13 farms covering over 4,000 hectares. Mr Woodhouse's unexpected departure from the industry comes after as many as eight farmers reportedly retired or left the industry in 2018.

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Northern Territory

The first pastoral transaction to settle this year following negotiations over Christmas is Pine Hill Station. The 2,686 square kilometre perpetual pastoral lease is located 180 kilometres north of Alice Springs with Stuart Highway frontage. It sold for over \$11.2 million WIWO with around 5,400 head plus plant and equipment. The vendor, a Filipino property developer who owns other agricultural and grazing assets in New South Wales, sold the property after just under three years ownership to a local pastoralist who first moved to the region back in 2016 and retains fattening country in Keith in South Australia. At this stage and accounting for the improvement to

the property during the vendor's tenure, the sale looks like showing a lift in land value since the April 2016 sale in the order of 20 to 25 per cent which appears to be in line with the general range of pastoral sales over that period. The marketing agent reports good interest from a number of local pastoralists.

The same vendor is also marketing for sale Epenarra Station (2,658 square kilometres) which is reasonably well located midway between Alice Springs and Mount Isa (about 550 kilometres each way). It has reportedly attracted strong interest over the relatively short marketing period (about one month for EOIs) with a deal reportedly now in advanced stages of negotiation. As historically is the case, pastoral country in the Alice Springs region remains tightly held. Despite the occasional dry spells, if stocked sustainably and with appropriate herd genetics, the gross margins per kilogram of beef produced in this region tend to be superior relative to the northern regions of the Northern Territory.

At the date of writing, settlement was still pending on Consolidated Pastoral Company's contract for sale to Vietnamese agricultural and finance company, CAIT, for Auvergne and Newry in the Victoria River District and Argyle Downs across the border in the Kimberley. We are also aware of off-market negotiations for the sale of a small number of pastoral holdings (in aggregation) in the Alice Springs district and also some strong offers on a Top End pastoral lease (details confidential) which we will monitor with interest.

After around five years of fairly consistent strengthening in Northern Territory pastoral land values, confidence to invest appears not to have waned at all despite record high value levels (specifically \$/AE of productive capacity or beast area values). However, our analysis of pastoral sales over this period reveals a clear disparity in the wide range of perceptions buyers have of what constitutes sustainable long term carrying capacity. If a consistent approach is taken to the assessment of productive capacity across the range of country types and climates on pastoral blocks throughout the Northern Territory and Kimberley (as this valuer attempts to do), then significant variance in \$/AE of carrying capacity resulting from a sale becomes clear. For example, we analysed eight typical live export dependant northern breeder blocks that sold over a two year period beginning in February 2017. These properties had some differences relating to access etc, however were generally considered to be broadly comparable and should be expected to show a value range in \$/AE of perhaps 30 per cent (for land fenced and watered). However, the actual range was 87 per cent from \$745/AE to \$1,390/AE (average was \$1,190/AE). We note that these two sales were only one month apart, of similar scale, similar overall access and were located in comparable live export dependant districts. However, our investigations reveal that one property was purchased at a realistic carrying capacity assessment, while the other was purchased at a price reflecting an unsustainable one. The test will come when these properties eventually resurface on the market, potentially some years down the track. Their weaning rates and land condition (monitored by the Pastoral Lands Board) will tell the story and potentially, so will the sale price. Caveat emptor!





Property Market Indicators

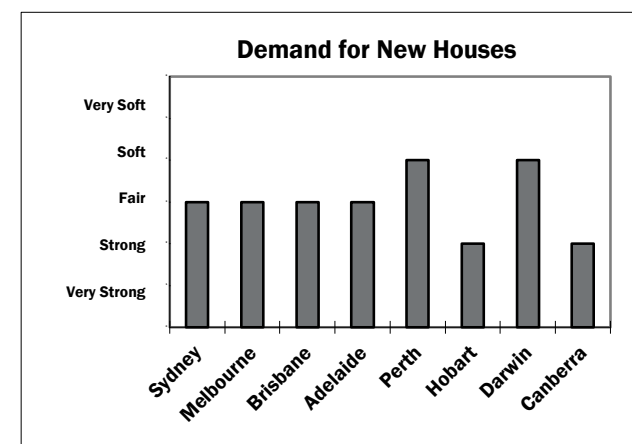
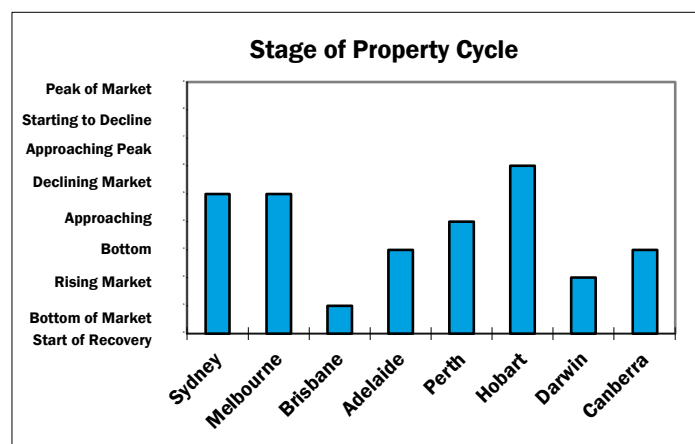
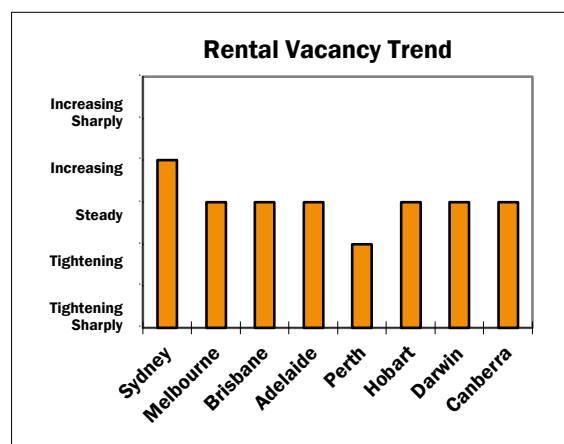
March 2019

Capital City Property Market Indicators – Houses

Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	Balanced market	Shortage of available property relative to demand	Balanced market	Balanced market	Balanced market	Severe shortage of available property relative to demand	Over-supply of available property relative to demand	Balanced market
Rental Vacancy Trend	Increasing	Steady	Steady	Steady	Tightening	Steady	Steady	Steady
Demand for New Houses	Fair	Fair	Fair	Fair	Soft	Strong	Soft	Strong
Trend in New House Construction	Declining	Steady	Declining	Steady	Steady	Steady	Declining	Increasing
Volume of House Sales	Declining	Steady	Steady	Steady	Steady	Steady	Declining	Increasing
Stage of Property Cycle	Declining market	Declining market	Start of recovery	Rising market	Approaching bottom of market	Approaching peak of market	Bottom of market	Rising market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally

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

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

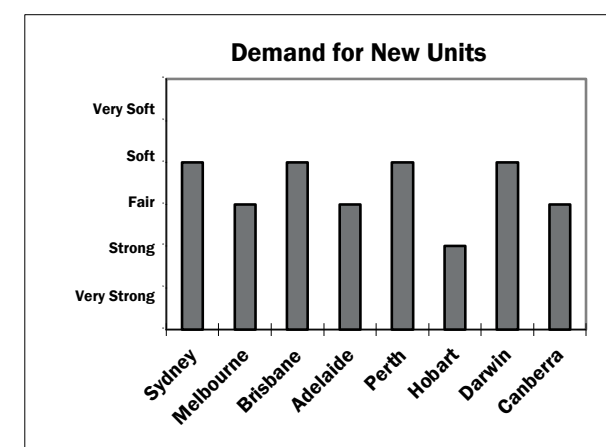
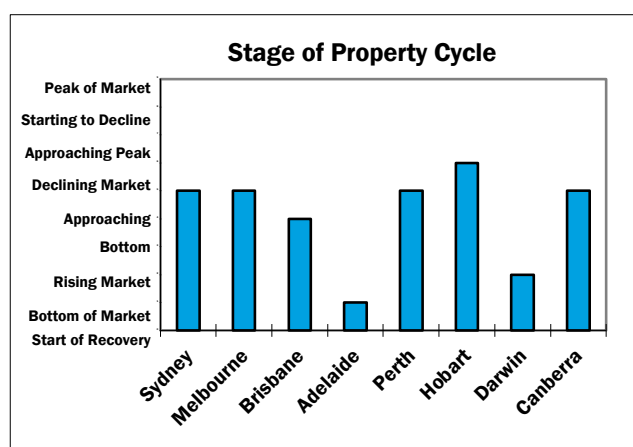
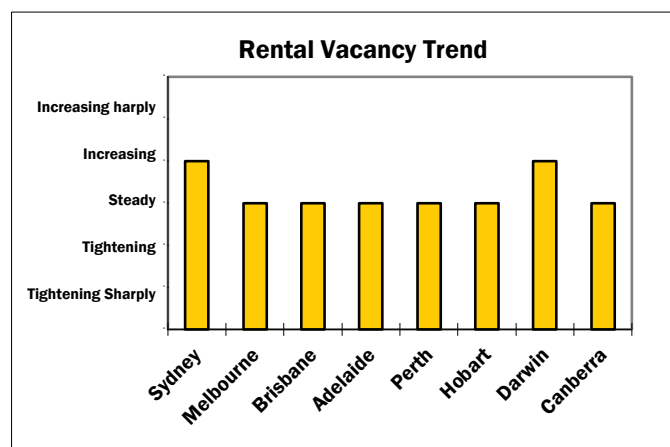


Capital City Property Market Indicators – Units

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

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

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

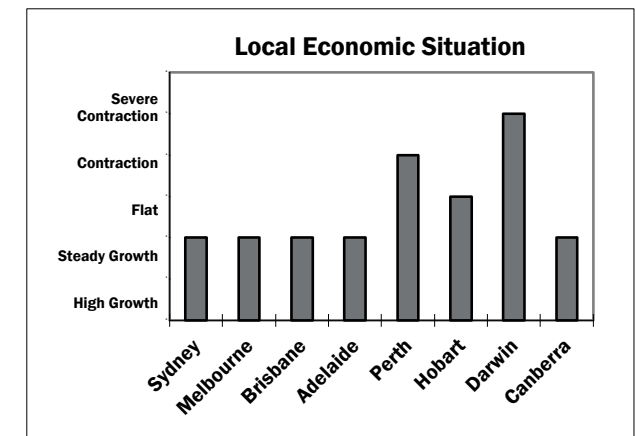
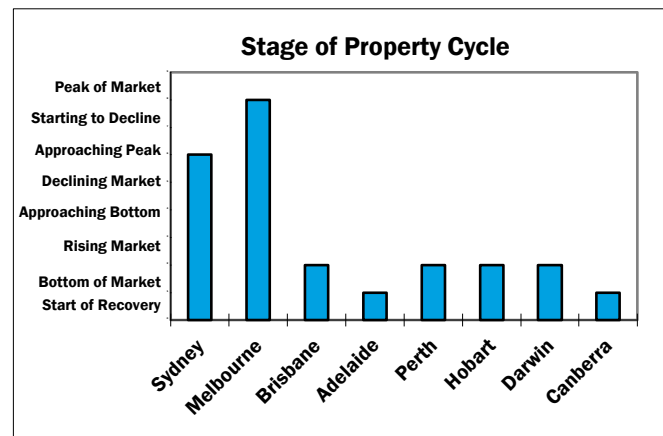
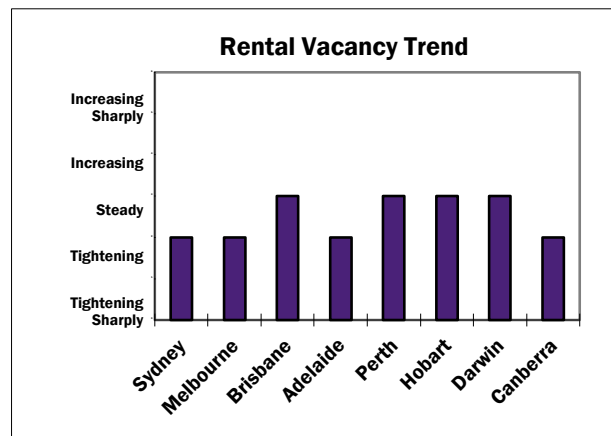


Capital City Property Market Indicators – Offices

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

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

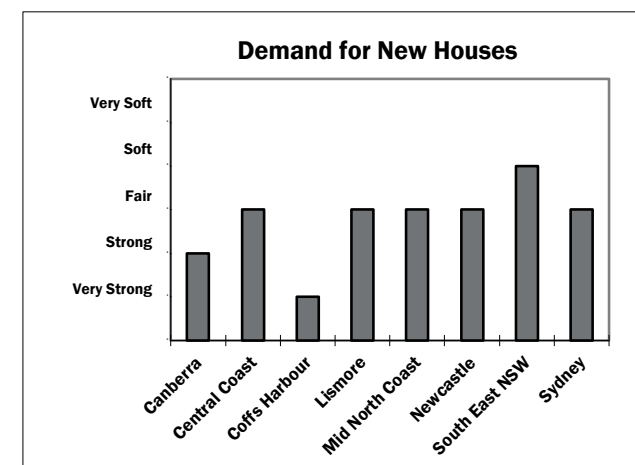
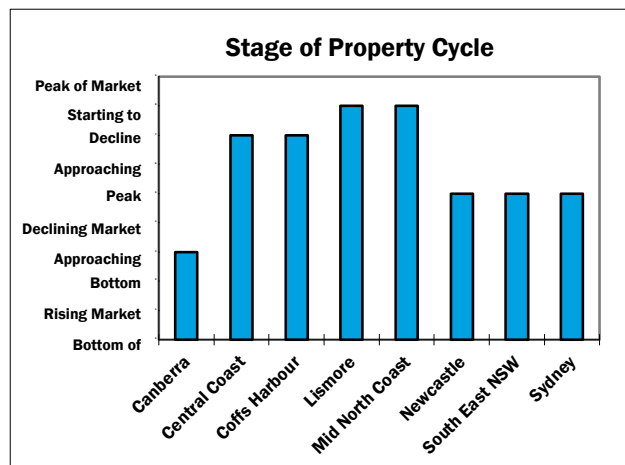
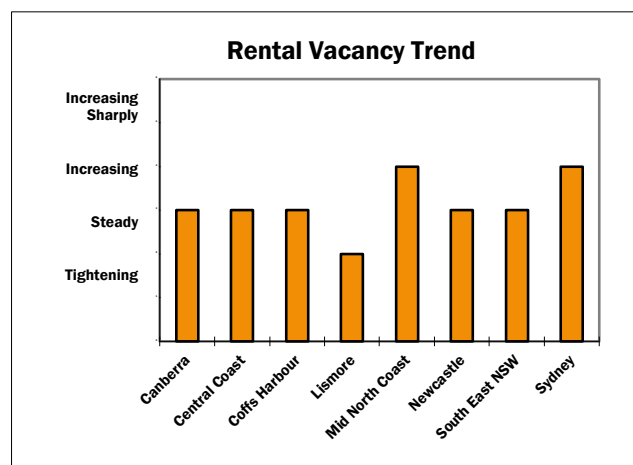


East Coast New South Wales Property Market Indicators – Houses

Factor	Canberra/ Q'beyan	Central Coast	Coffs Harbour	Far North NSW	Mid North Coast	Newcastle	South East NSW	Sydney
Rental Vacancy Situation	Balanced market	Balanced market	Balanced market	Shortage of available property relative to demand	Over-supply of available property relative to demand	Balanced market	Balanced market	Balanced market
Rental Vacancy Trend	Steady	Steady	Steady	Tightening	Increasing	Steady	Steady	Increasing
Demand for New Houses	Strong	Fair	Very strong	Fair	Fair	Fair	Soft	Fair
Trend in New House Construction	Increasing	Steady	Increasing	Steady	Steady	Steady	Increasing strongly	Declining
Volume of House Sales	Increasing	Declining	Steady	Steady	Declining	Declining	Declining	Declining
Stage of Property Cycle	Rising market	Starting to decline	Starting to decline	Peak of market	Peak of market	Declining market	Declining market	Declining market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Frequently	Almost never	Almost never	Occasionally	Occasionally	Occasionally	Occasionally

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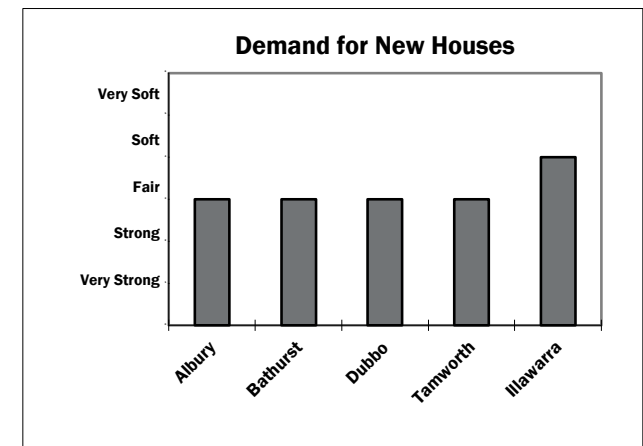
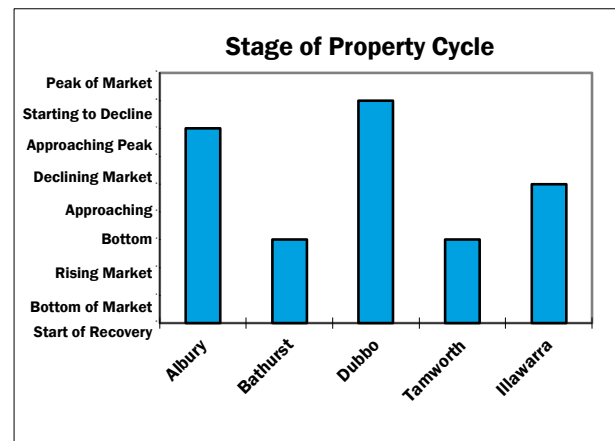
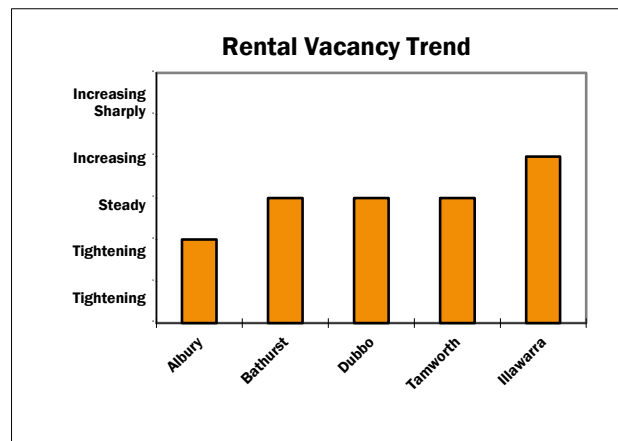
Country New South Wales Property Market Indicators – Houses

Month in Review | March 2019

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

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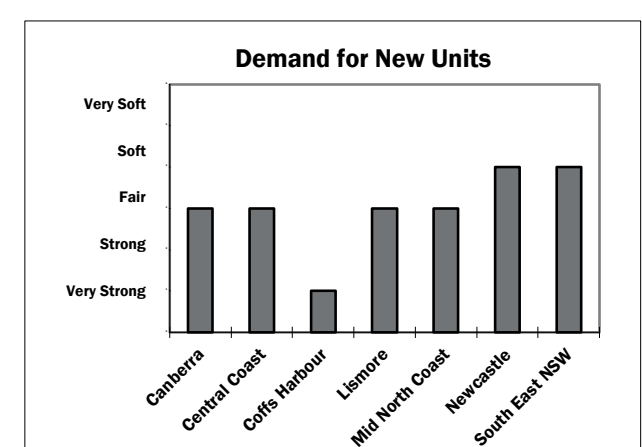
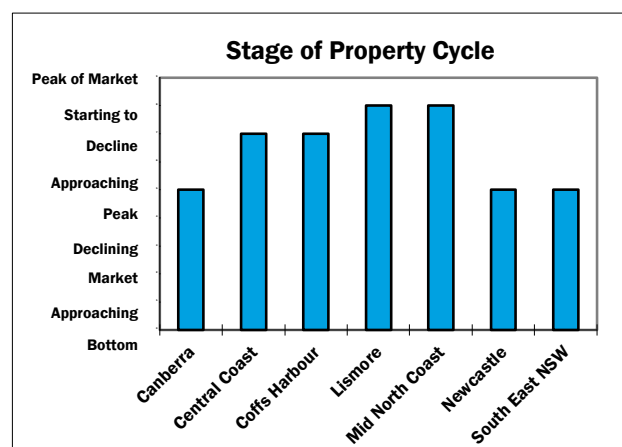
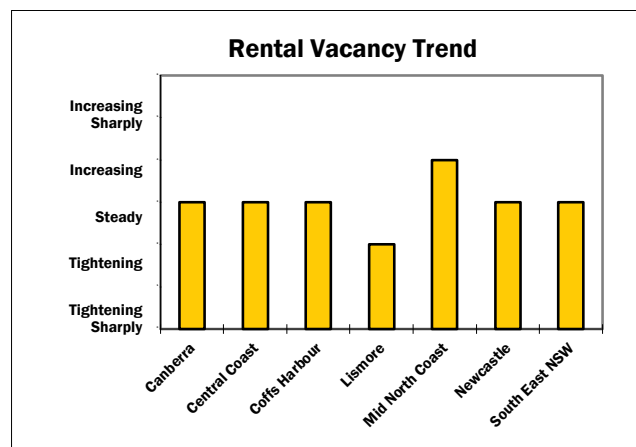


East Coast New South Wales Property Market Indicators - Units

Factor	Canberra/ Q'beyan	Central Coast	Coffs Harbour	Far North NSW	Mid North Coast	Newcastle	South East NSW	Sydney
Rental Vacancy Situation	Balanced market	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Over-supply of available property relative to demand	Balanced market	Balanced market	Balanced market
Rental Vacancy Trend	Steady	Steady	Steady	Tightening	Increasing	Steady	Steady	Increasing
Demand for New Units	Fair	Strong	Very strong	Fair	Fair	Soft	Soft	Soft
Trend in New Unit Construction	Increasing	Steady	Declining	Steady	Steady	Steady	Increasing strongly	Declining
Volume of Unit Sales	Declining	Steady	Steady	Steady	Declining	Declining	Declining	Declining
Stage of Property Cycle	Declining market	Starting to decline	Starting to decline	Peak of market	Peak of market	Declining market	Declining market	Declining market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Frequently	Occasionally	Almost never	Almost never	Almost never	Occasionally	Occasionally	Frequently

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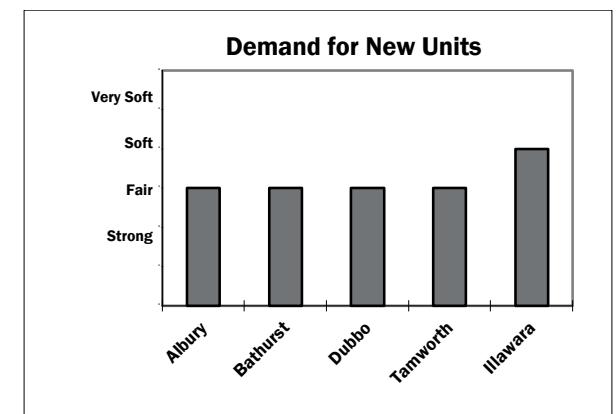
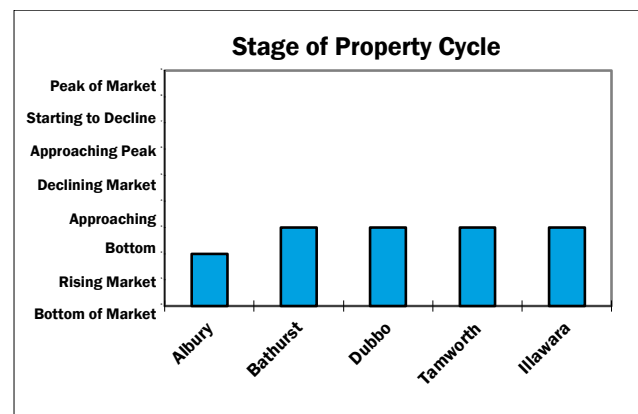
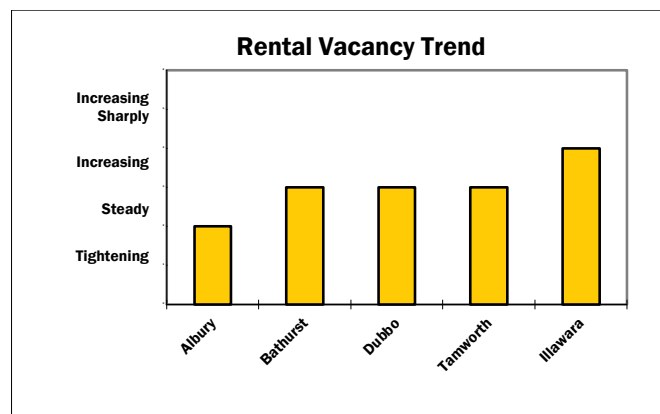


Country New South Wales Property Market Indicators - Units

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

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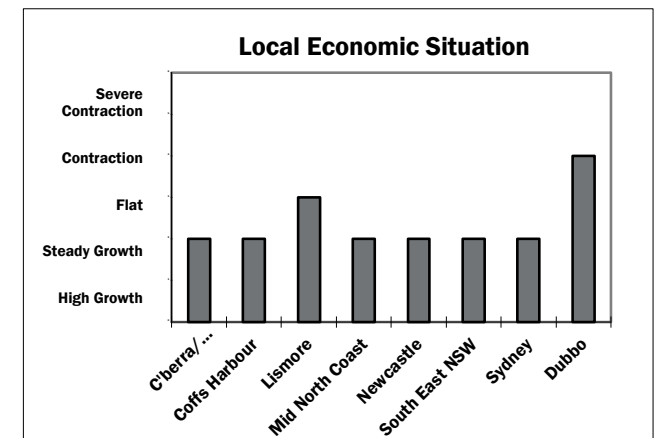
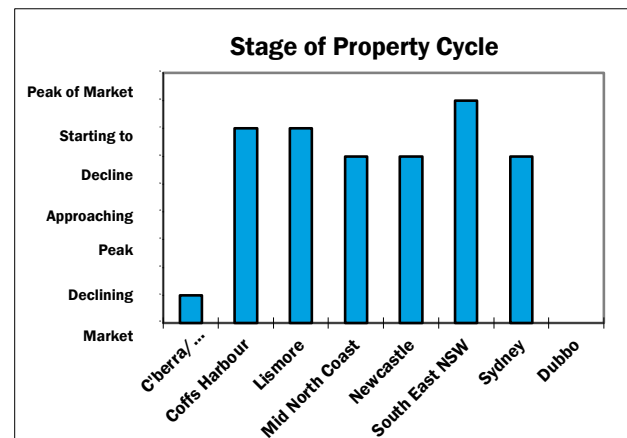
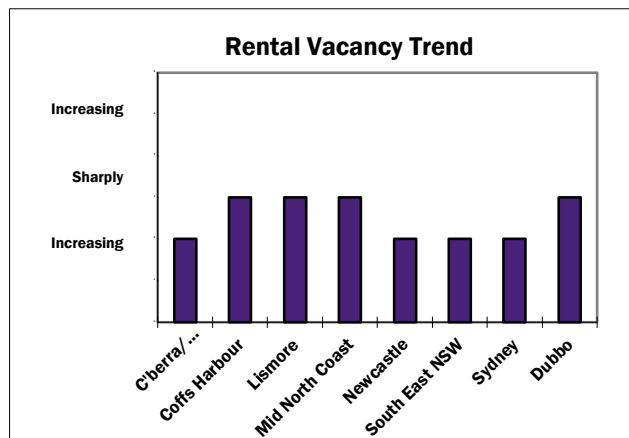
East Coast & Country New South Wales Property Market Indicators – Offices

Month in Review | March 2019

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

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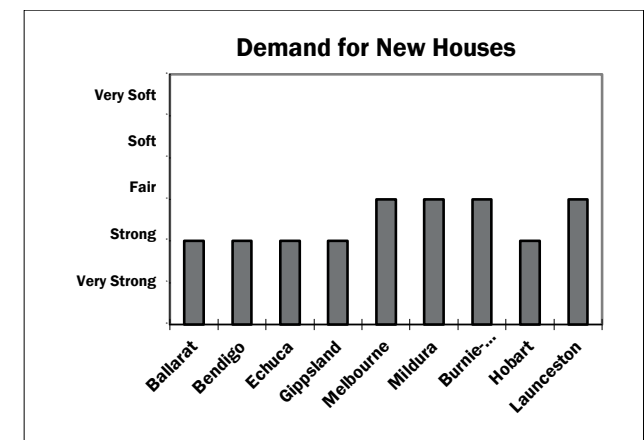
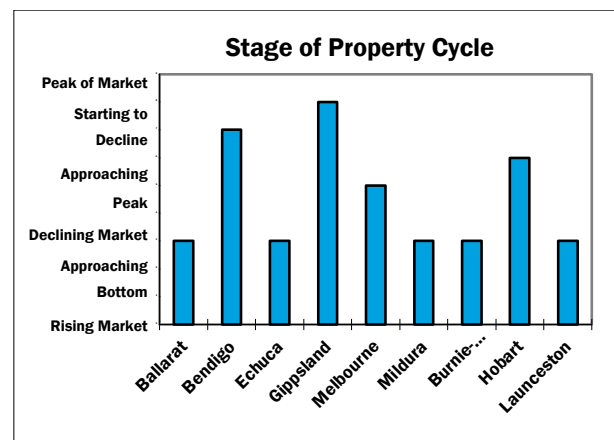
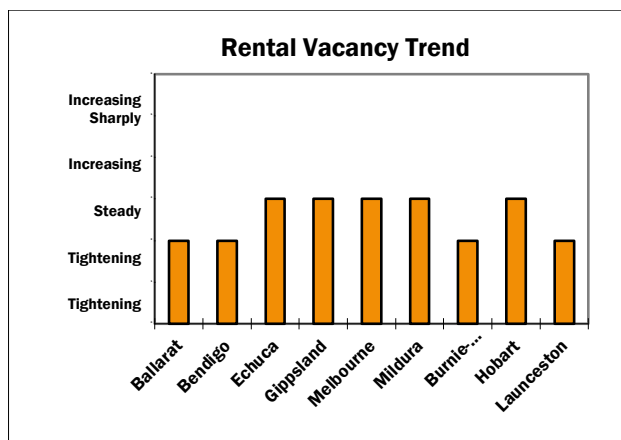


Victorian and Tasmanian Property Market Indicators – Houses

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

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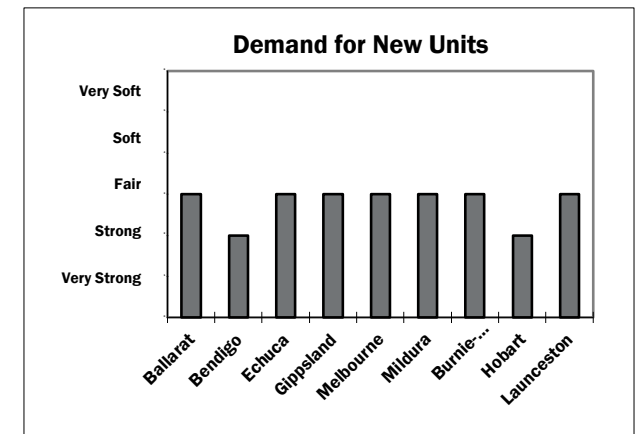
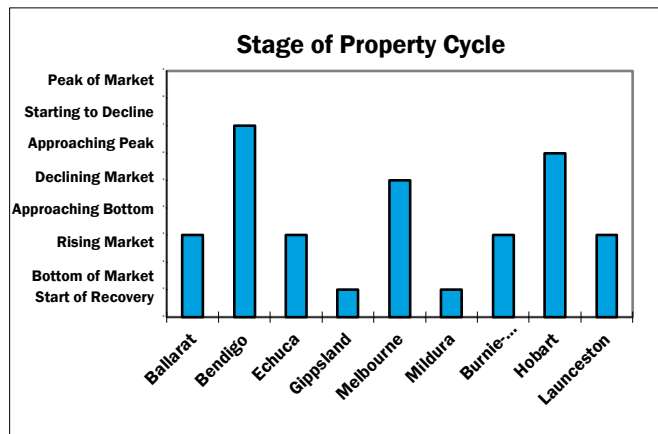
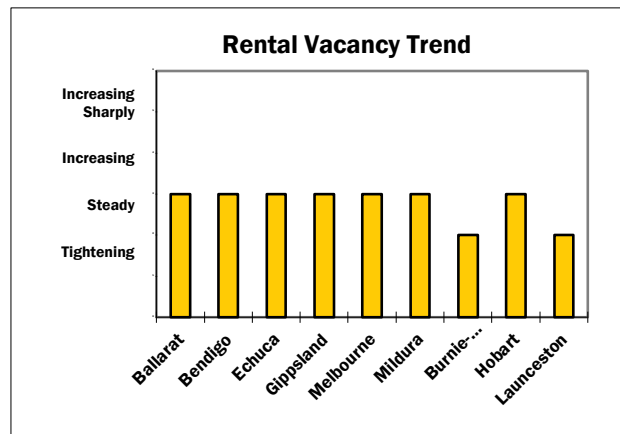
Victorian and Tasmanian Property Market Indicators – Units

Month in Review | March 2019

Factor	Ballarat	Bendigo	Echuca	Gippsland	Melbourne	Mildura	Burnie/ Devonport	Hobart	Launceston
Rental Vacancy Situation	Balanced market	Over-supply of available property relative to demand	Balanced market	Balanced market	Shortage of available property relative to demand	Balanced market	Balanced market	Severe shortage of available property relative to demand	Balanced market
Rental Vacancy Trend	Steady	Steady	Steady	Steady	Steady	Steady	Tightening	Steady	Tightening
Demand for New Units	Fair	Strong	Fair	Fair	Fair	Fair	Fair	Strong	Fair
Trend in New Unit Construction	Steady	Steady	Steady	Steady	Declining	Steady	Declining	Steady	Declining
Volume of Unit Sales	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady
Stage of Property Cycle	Rising market	Starting to decline	Rising market	Start of recovery	Declining market	Start of recovery	Rising market	Approaching peak of market	Rising market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Almost never	Almost never	Occasionally	Almost never	Almost never	Occasionally	Almost never

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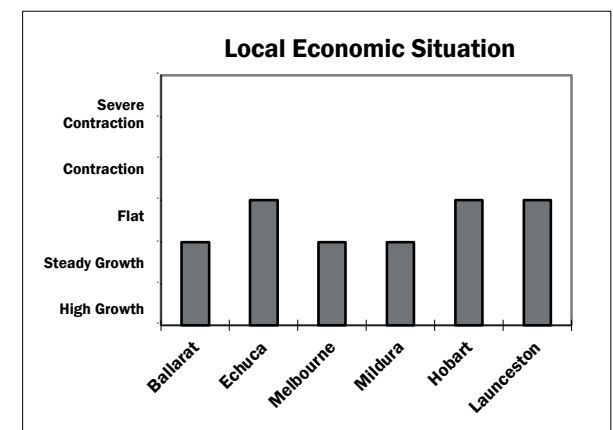
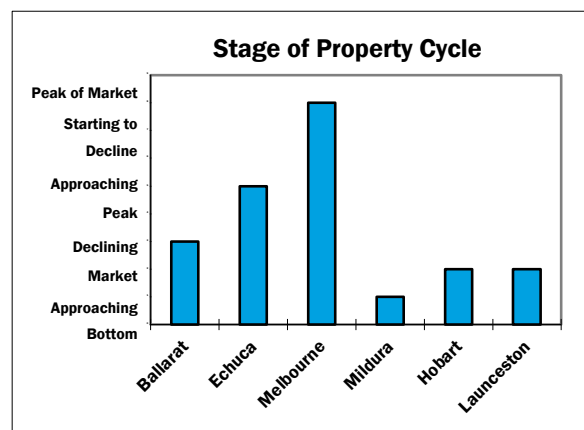
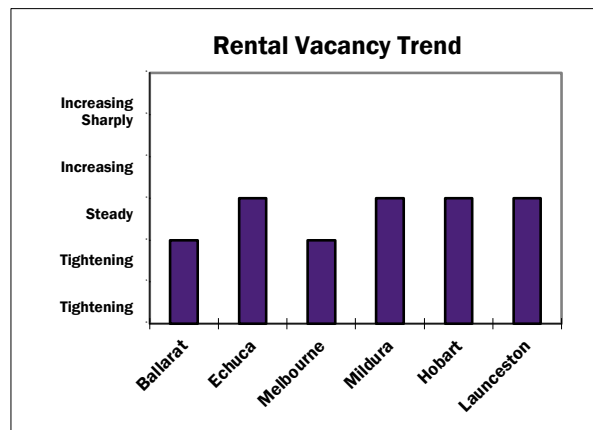


Victorian and Tasmanian Property Market Indicators – Offices

Factor	Ballarat	Echuca	Melbourne	Mildura	Hobart	Launceston
Rental Vacancy Situation	Balanced market	Over-supply of available property relative to demand	Shortage of available property relative to demand	Balanced market	Over-supply of available property relative to demand	Over-supply of available property relative to demand
Rental Vacancy Trend	Tightening	Steady	Tightening	Steady	Steady	Steady
Rental Rate Trend	Increasing	Declining	Increasing	Stable	Declining	Declining
Volume of Property Sales	Increasing	Steady	Steady	Steady	Steady	Steady
Stage of Property Cycle	Rising market	Declining market	Peak of market	Start of recovery	Bottom of market	Bottom of market
Local Economic Situation	Steady growth	Flat	Steady growth	Steady growth	Flat	Flat
Value Difference between Quality Properties with National Tenants, and Comparable Properties with Local Tenants	Small	Small	Small	Significant	Significant	Significant

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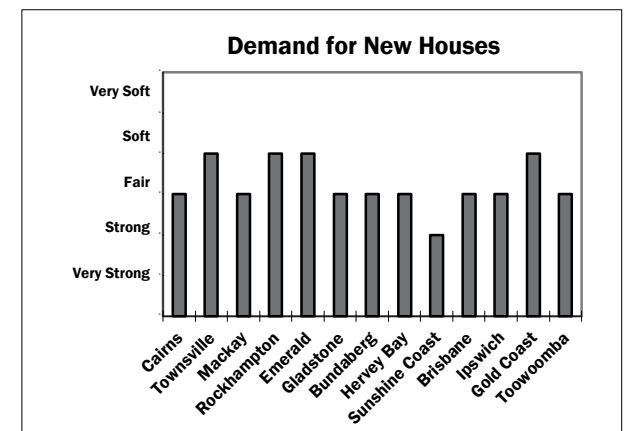
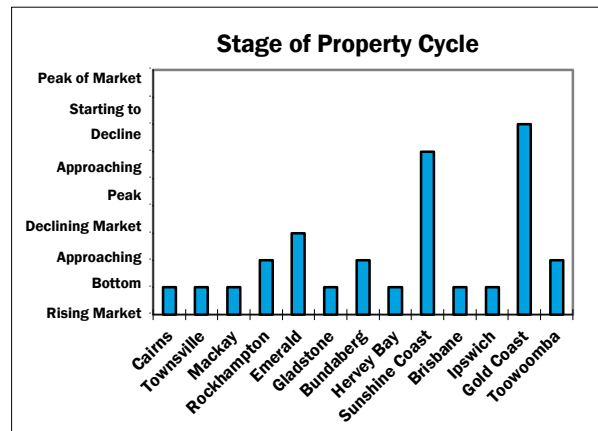
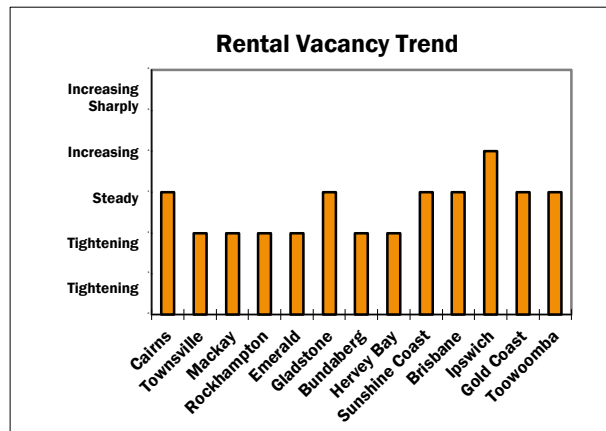


Queensland Property Market Indicators – Houses

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

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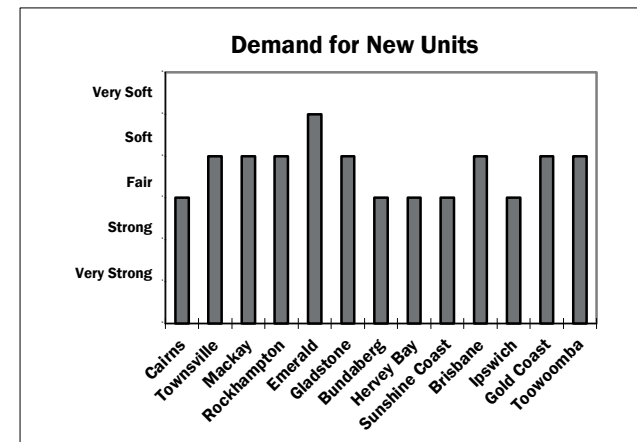
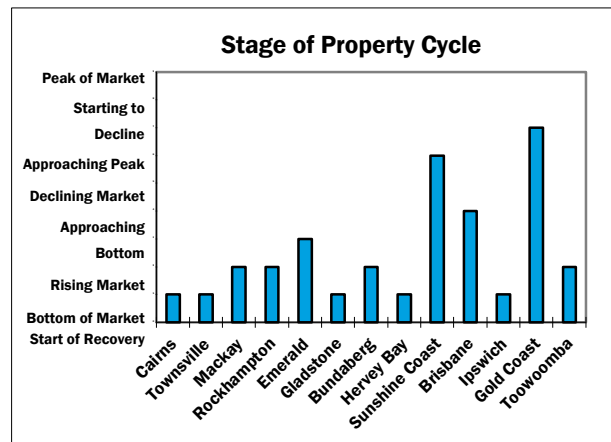
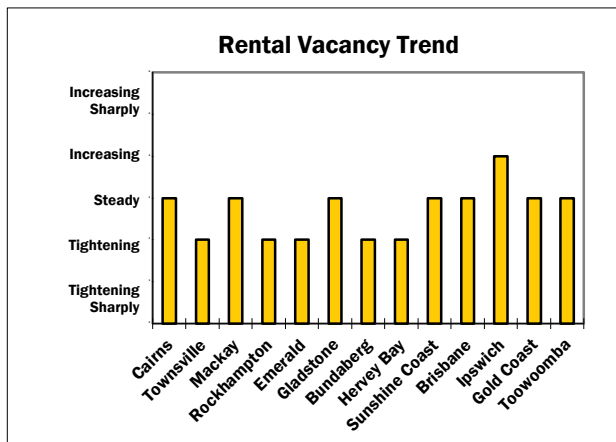
Queensland Property Market Indicators - Units

Month in Review | March 2019

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

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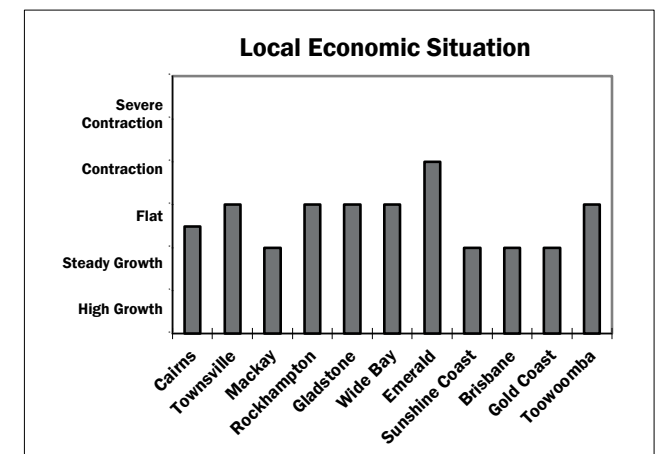
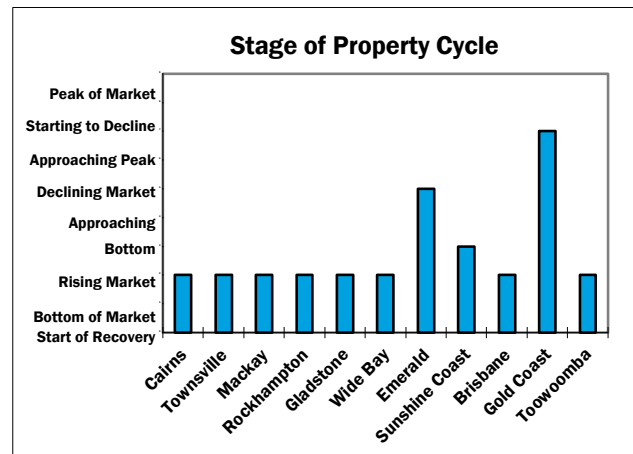
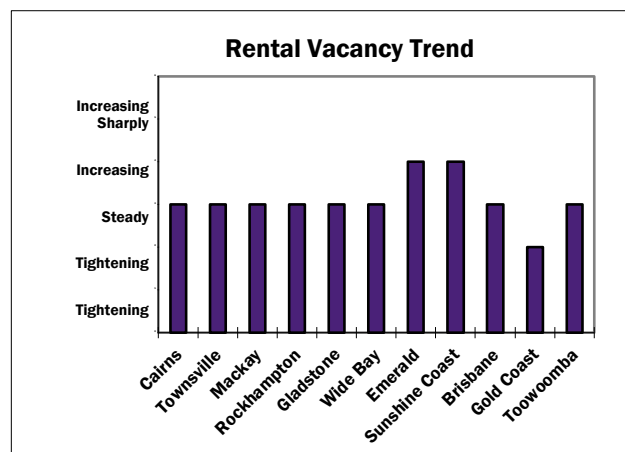
Queensland Property Market Indicators – Offices

Month in Review | March 2019

Factor	Cairns	Townsville	Mackay	Rockhampton	Gladstone	Wide Bay	Emerald	Sunshine Coast	Brisbane	Gold Coast	Toowoomba
Rental Vacancy Situation	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Balanced market	Over-supply of available property relative to demand	Balanced market	Over-supply of available property relative to demand	Over-supply of available property relative to demand - Large over-supply of available property relative to demand	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Balanced market
Rental Vacancy Trend	Steady	Steady	Steady	Steady	Steady	Steady	Increasing	Increasing	Steady	Tightening	Steady
Rental Rate Trend	Stable	Declining	Stable	Stable	Stable	Stable	Declining	Declining - Stable	Stable	Stable	Stable
Volume of Property Sales	Steady	Steady	Steady	Steady	Steady	Steady	Declining	Steady	Declining	Steady	Steady
Stage of Property Cycle	Bottom of market	Bottom of market	Bottom of market	Bottom of market	Bottom of market	Bottom of market	Declining market	Rising market	Bottom of market	Starting to decline	Bottom of market
Local Economic Situation	Steady growth - Flat	Flat	Steady growth	Flat	Flat	Flat	Contraction	Steady growth	Steady growth	Steady growth	Flat
Value Difference between Quality Properties with National Tenants, and Comparable Properties with Local Tenants	Small	Small	Significant	Small	Large	Significant	Small	Small - Significant	Large	Small	Significant

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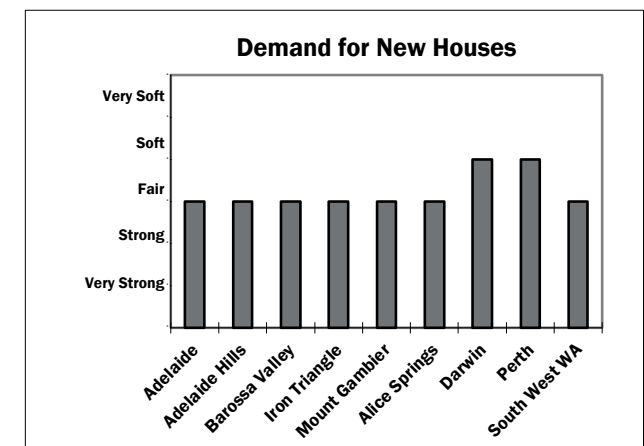
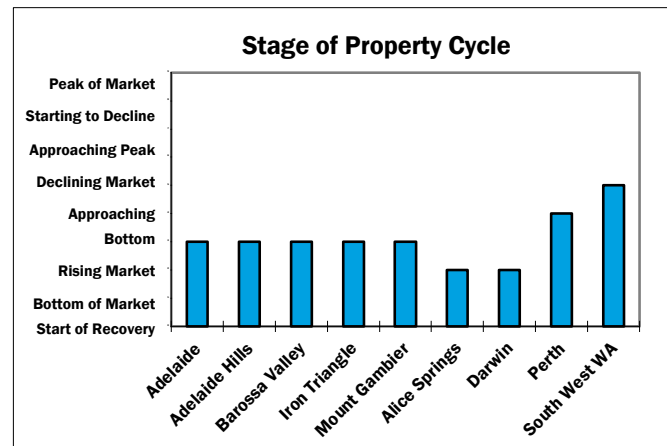
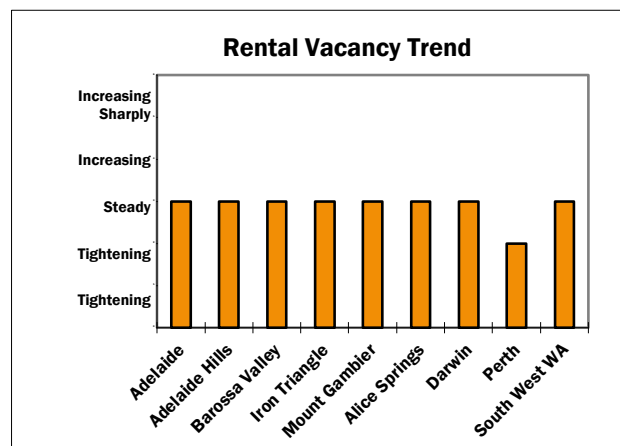


SA, NT and WA Property Market Indicators - Houses

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

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

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

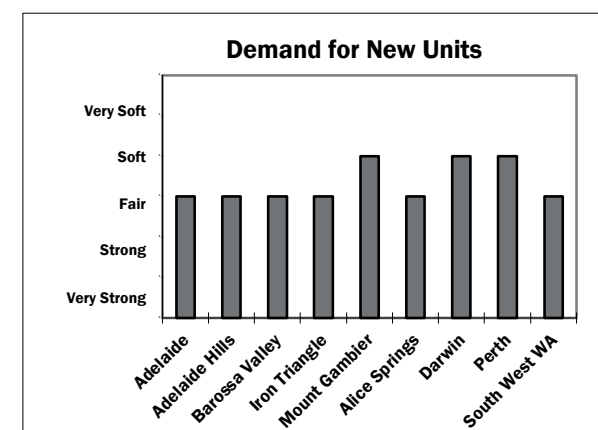
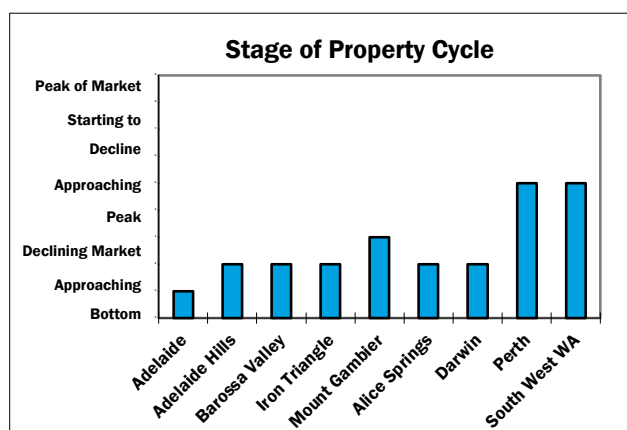
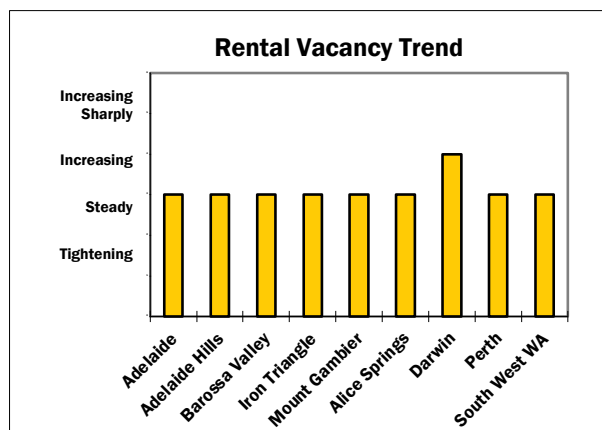


SA, NT and WA Property Market Indicators – Units

Factor	Adelaide	Adelaide Hills	Barossa Valley	Iron Triangle	Mount Gambier	Alice Springs	Darwin	Perth	South West WA
Rental Vacancy Situation	Balanced market	Balanced market	Balanced market	Balanced market	Balanced market	Balanced market	Large over-supply of available property relative to demand	Over-supply of available property relative to demand	Balanced market
Rental Vacancy Trend	Steady	Steady	Steady	Steady	Steady	Steady	Increasing	Steady	Steady
Demand for New Units	Fair	Fair	Fair	Fair	Soft	Fair	Soft	Soft	Fair
Trend in New Unit Construction	Steady	Increasing	Steady	Increasing	Steady	Steady	Declining	Declining	Steady
Volume of Unit Sales	Steady	Steady	Steady	Steady	Increasing	Steady	Declining	Declining	Declining
Stage of Property Cycle	Start of recovery	Bottom of market	Bottom of market	Bottom of market	Rising market	Bottom of market	Bottom of market	Declining market	Declining market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Almost never	Almost never	Occasionally	Almost never

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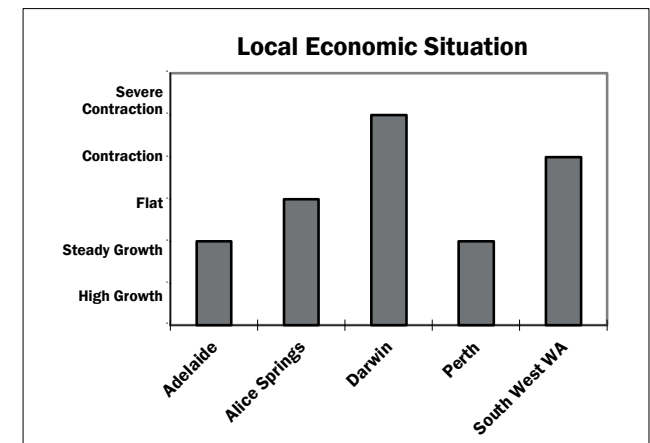
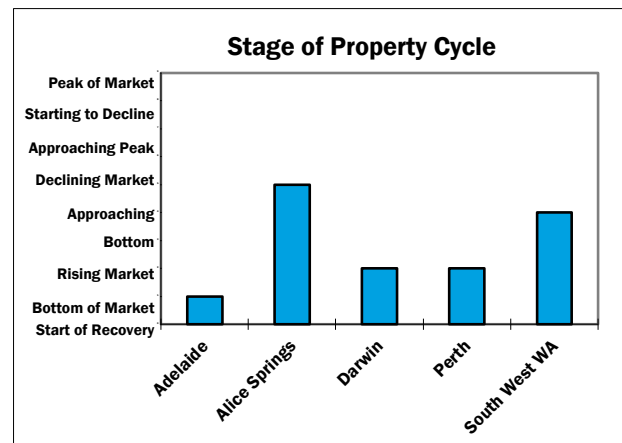
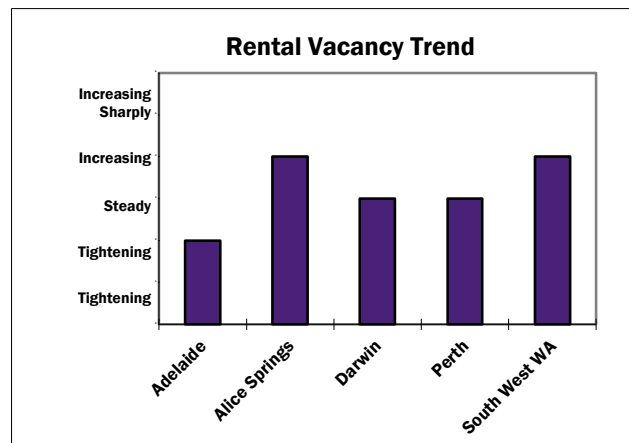


SA, NT and WA Property Market Indicators – Offices

Factor	Adelaide	Alice Springs	Darwin	Perth	South West WA
Rental Vacancy Situation	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Large over-supply of available property relative to demand	Over-supply of available property relative to demand
Rental Vacancy Trend	Tightening	Steady	Steady	Steady	Increasing
Rental Rate Trend	Stable	Declining	Stable	Stable	Declining
Volume of Property Sales	Increasing	Steady	Steady	Increasing	Declining
Stage of Property Cycle	Start of recovery	Declining market	Bottom of market	Bottom of market	Approaching bottom of market
Local Economic Situation	Steady growth	Flat	Severe contraction	Steady growth	Contraction
Value Difference between Quality Properties with National Tenants, and Comparable Properties with Local Tenants	Significant	Small	Large	Large	Small

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