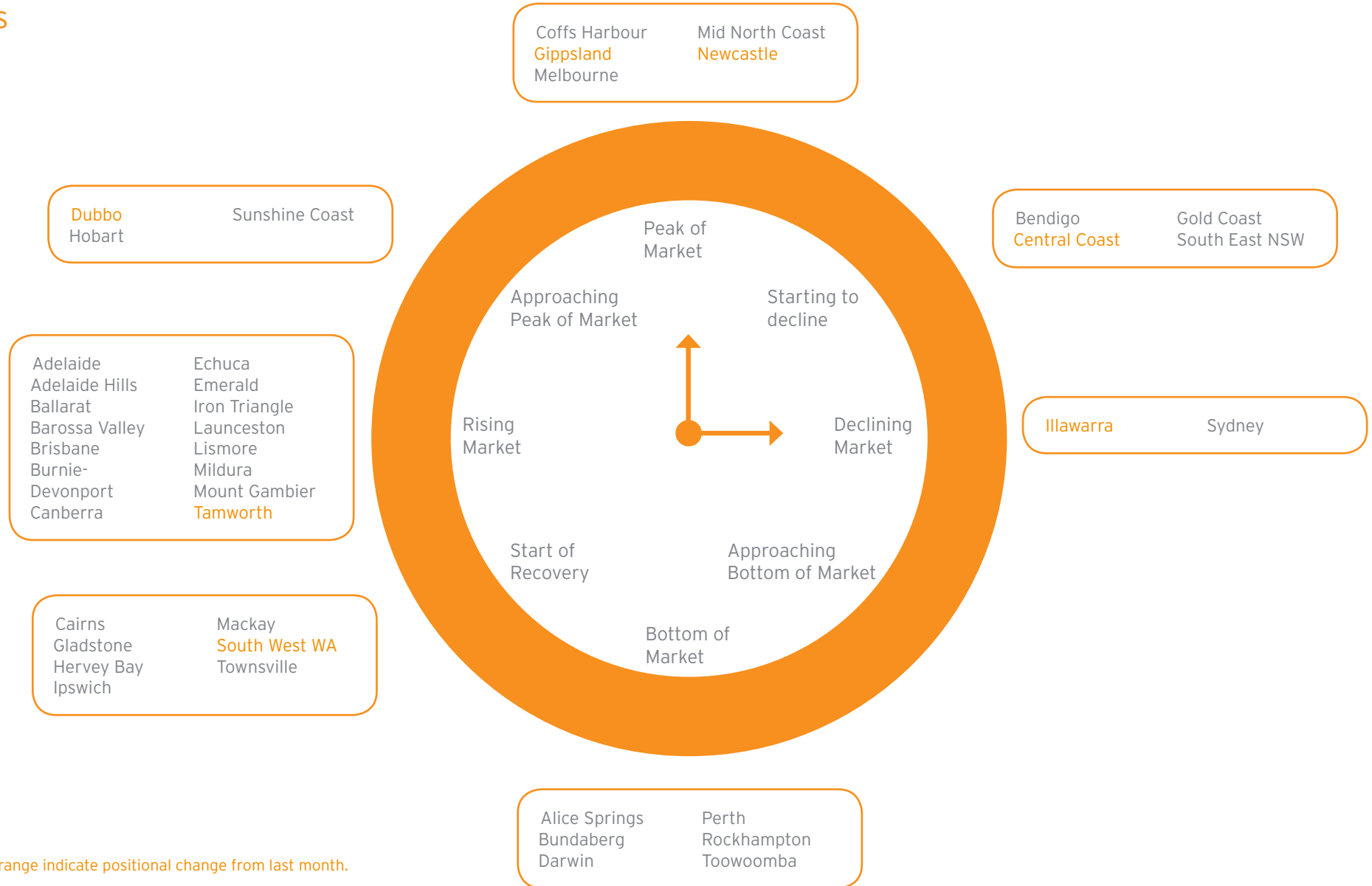


Residential

◐ ● ◑ ◒ HERRON  
◓ ● ◔ ◕ TODD  
◖ ◗ ◘ ◙ WHITE  
◚ ◛ ◜ ◝ RESIDENTIAL

# National Property Clock September 2018 Houses



Entries coloured orange indicate positional change from last month.

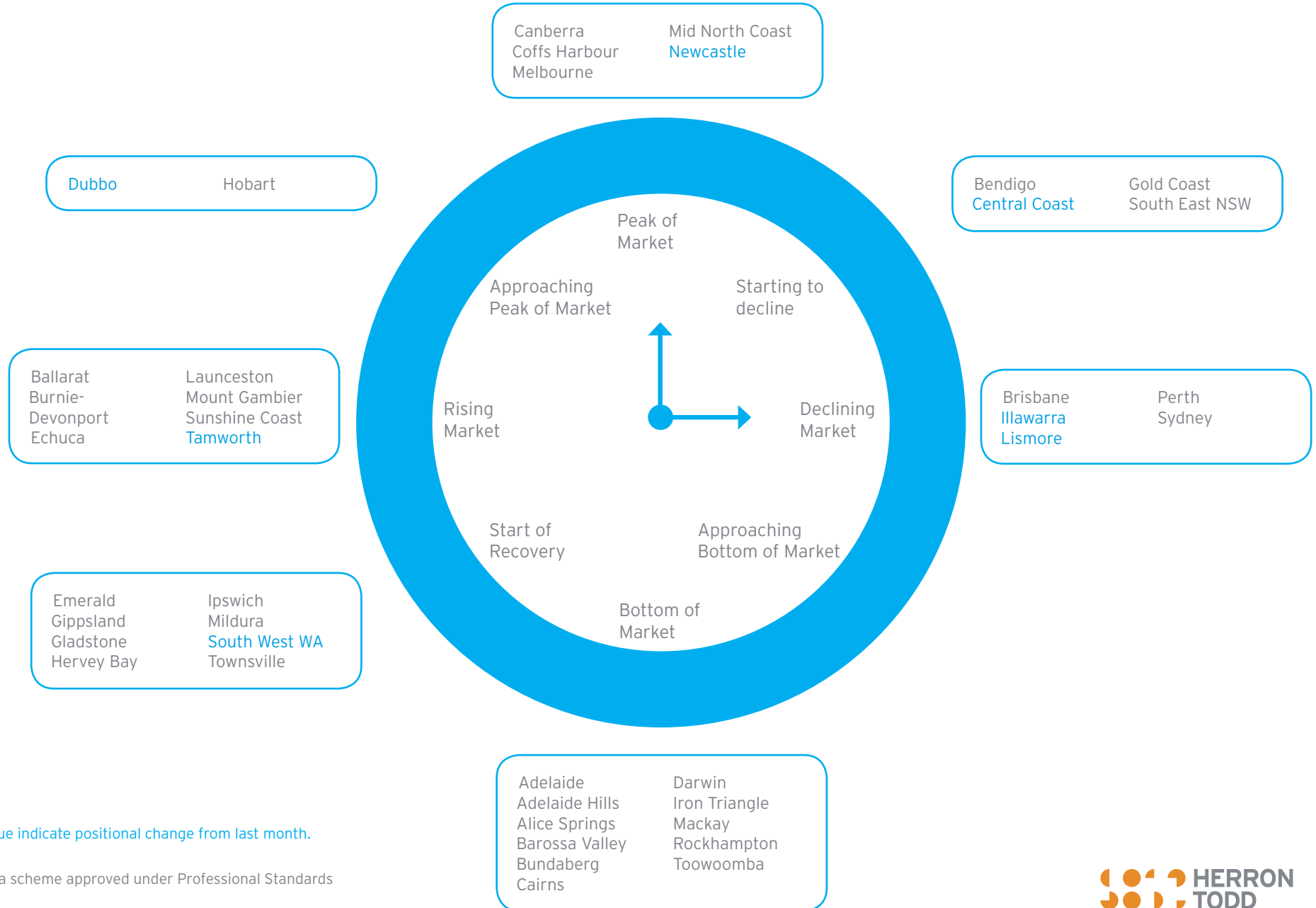
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# National Property Clock

## September 2018

### Units



Entries coloured blue indicate positional change from last month.

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## New South Wales

### Overview

Spring Selling Season has long been held out as the reinvigoration of the real estate sector after the long, cold winter... but is this a fact?

This month, we take a look on an office-by-office basis whether the Spring Selling Season is real or not.

### Sydney

Spring time in Sydney is traditionally a busy time of year in the residential real estate market. Many locations and properties become more appealing during the spring time as the weather warms up and the days become longer.

Apart from general market sentiment and media attention, some of the other reasons that market activity increases around spring can be due to properties presenting nicely with more sunlight, gardens and lawns at their best and potential buyers generally more likely to get out and about after a winter hibernation.

While beach, harbour and river side locations become more attractive at this time of year to both buyers and renters looking to get in before summer, Sydney generally sees increased activity right across the board.

For western Sydney the warmer months present an ideal time to list your house for sale. Houses in western Sydney generally have larger sized parcels



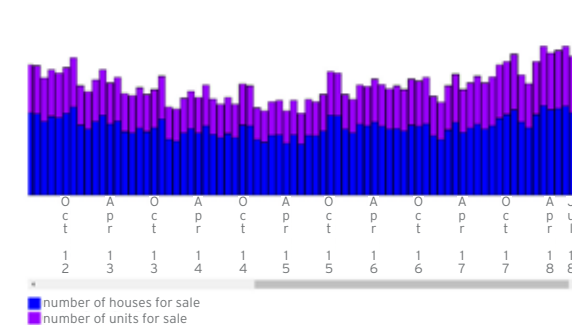
28 Bindo Street, The Ponds (Source: Realestate.com.au)

with considerable gardens and in many cases swimming pools. The warmer months are the best time to sell as the gardens begin to bloom and the weather warms up making swimming pools and outdoor entertaining areas appealing features for Christmas and the summer months.

The graph below shows the total number of listings on the market across Sydney over the past six years, with the spring months often the strongest when it comes to properties available for sale, particularly in October and November.

Whilst the amount of stock on the market remained at high levels throughout winter this year, there are still expectations that this spring will still see an uplift in listings. A recent Domain article outlined how spring is likely to come early this year as vendors look to get

Total Property Listings  
City: Sydney



Source: SQMresearch.com.au

in before prices ease any further, with many hoping to sell prior to the 1 October long weekend.

As at 12 August, CoreLogic was reporting that the number of new listings is down 8.1% on this time last year, however the number of total listings is up 21.1%, with the median time on the market increasing from 32 days to 46 days over that period. With stock levels at close to six-year highs, a further jump in new listings is likely to provide buyers with even more choice in what is already considered a buyer's market.

### Capital city properties listed for sale

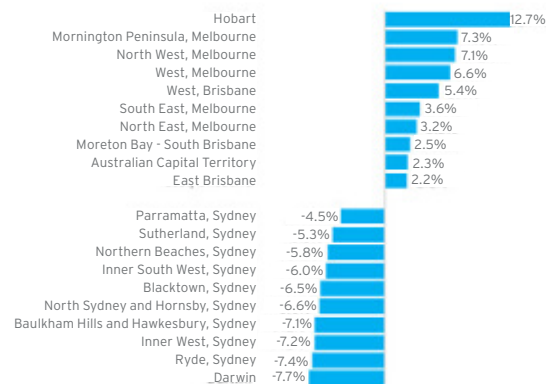
Capital city	No of new listings	12 mth change	No of total listings	12 mth change
Sydney	6,275	-8.1%	26,567	21.1%

Source: CoreLogic



The wider Sydney market reached its peak in 2017 and is now experiencing weakening values, with some areas falling more quickly than others. Sydney regions held nine of the top ten positions for capital city dwelling value falls over the 2017/18 financial year. Auction clearance rates are now in the 50% range whereas 12 months ago they were above 70%. The marketing profile has also changed in many locations as listed properties are now hitting the market with a private treaty price guide rather than an auction price guide.

Top ten largest increase and decrease in dwelling values, 2017/18 financial year, Capital city SA4 regions



Source: CoreLogic

The inner west and city fringe areas have been interesting to follow over the past six to twelve months. Generally investor stock, new units and secondary properties (e.g. those impacted by very close proximity to busy roads or new infrastructure development) have performed poorly, at least in comparison to previous years, with many of these property types experiencing slight value declines at all value levels.

Many quality properties in desirable areas (e.g. Surry Hills terrace homes or two to three bedroom inner east units with views and good natural light) have seen prices holding steady but buyer interest waning, with many agents noting fewer potential buyers coming through open homes, a single interested party or selling a day prior to auction so as to avoid passing in.

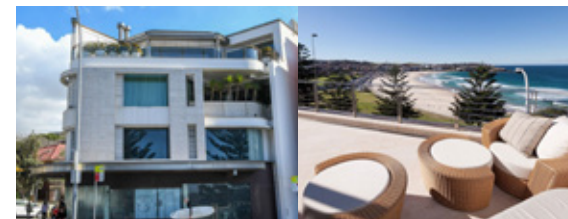
Apartment values in investor driven markets and new unit hot-spots (such as around Green Square, Pyrmont and Chippendale) have also been in decline over the past six months, mainly due to investor lending restrictions and a strong supply pipeline.

Local agents advise that units are the softest sector of the market in the eastern suburbs. In particular the \$900,000 to \$1.5 million range has seen reduced buyer demand and a softening in prices. This is largely as a result of tighter lending restrictions which have impacted on the amount of money people can borrow, particularly investors.

There is also still demand for good quality stock on the northern beaches. Most homes, given the correct pricing, are still selling relatively quickly. According to the Sydney Morning Herald, the northern beaches was the best performing region at auction on the weekend of 11 August with 82% of properties selling under the hammer. This is believed to be a result of vendors lowering reserve prices to meet current market expectations.

Properties above \$5 million in traditional prestige locations have been holding up better than other sub markets over the past 12 months, with a number of record sales in some suburbs and regions, including a sale of almost \$11 million in Kangaroo Point in July in Sydney's south and the \$29 million sale of James Packer's property in Bondi Beach in August.

The latter well-known property of 362 square metres on a corner allotment, comprises a four level luxury home with a ground floor retail/mixed use area, situated on busy Campbell Parade, directly



36 Campbell Parade, Bondi Beach (Source: Domain)



opposite Bondi Beach. The property was previously briefly listed in 2015 with the highest offer at that time being \$21.5 million.

The prestige trophy home market on the Northern Beaches has also bucked the general market trend. Two recent examples indicate the underlying strength of the market, including 44 Bower Street, Manly which sold for more than \$13 million after a four week marketing campaign, while 3 Pavilion Street has recently set the Queenscliff record, selling for \$12 million after just four days on the market.



3 Pavilion Street, Queenscliff (Source: Realestate.com.au)

The prestige market in the affluent suburb of Mosman has continued to show its strength and resilience. So far this year there have been around ten recorded genuine market sales over \$10 million in the suburb (source: Pricfinder.com.au). To reiterate the strength of this prestige market, the suburb record for Mosman

was broken this year with a property on Hopetoun Avenue reportedly having sold for around \$25 million in July (Domain.com.au). The record Mosman unit sale price has also been broken with 1/2e Mosman Street selling for \$10.22 million in April.

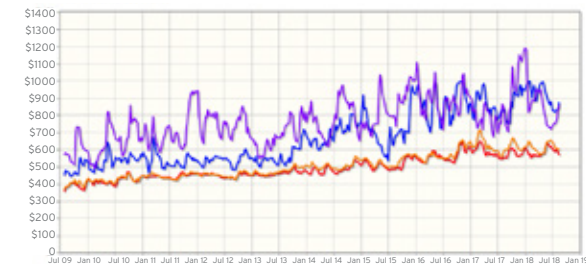
The number of high value sales and broken sales records clearly show that, despite the withdrawal of Chinese buyers, there are quality local buyers in this sector who still have confidence in the market. We expect this trend to stabilise throughout the remainder of the year and don't anticipate any large decrease in values. There are signs however that an increasing level of stock in some prestige markets is beginning to see prices weaken.



1/2e Mosman Street, Mosman (Source: realestate.com.au)

Rental properties in beachside locations are often more highly sought after during spring as tenants look to secure a property before summer. This can be seen in the graph below for the postcode which covers Cronulla, a beachside suburb in Sydney's south. Although rental prices tend to fluctuate throughout the year, there is a clear increase each year between July and January for both houses and units.

#### Weekly Rents Postcode 2230



Month marked represents start of month.

- asking rent for houses
- asking rent for 3 bedroom house
- asking rent for units
- asking rent for 2 bedroom unit

(Source: SQMresearch.com.au)

Manly, a beachside suburb on Sydney's northern beaches, also highlights this seasonal demand from a rental perspective with the spring period of 2017



seeing an average of 430 visits to realestate.com.au per unit listing, in comparison to July of 2018 with an average of 287 visits per listing. With rental vacancy rates starting to rise it will be interesting to see if spring this year provides the usual strong uplift in rental demand in these areas.

Overall, we believe spring will see the wider market correction continue to play out. While in recent years spring has seen the majority of properties snapped up quickly, and at strong prices, the added supply to the market this spring is likely to put further downward pressure on prices. High quality properties are still likely to achieve solid results but secondary properties with defects or less desirable features will continue to struggle with vendors needing to have realistic expectations to meet the market.

On the other side of this, it provides extra opportunity for buyers, which is certainly welcomed after the highly competitive property market of previous years.

### Newcastle

It's spring and the temperature is rising. The Knights have missed September action again, although there was definite improvement and a belief next year will be different. The Jets are just starting their campaign to go one better than last year and Merewether Beach is seeing more than just the surfers and hard core swimmers who visit during the winter months.

But what about the property market?

Traditionally people believe that spring is the best time to sell as gardens are looking greener and days are longer, but being in Australia the winter months still see plenty of sunlight so while the Spring Selling Season perception is there, it's not necessarily reality.

However like a lot of things, perception is important and spring is certainly a time when we begin to see a rise in listings in the region, So it's a buyer's market with more stock and that means more choice.

It is no secret however that over the past few years the Newcastle market has been running hot and it has not really mattered what month or season properties have been listed as the high demand has meant that properties have generally not stayed on the market for long.

### Number of Sales Newcastle LGA



(Source: Herron Todd White research)

So with the traditional perception of spring being the time to sell correlating with a strong market over the past few years, the months of spring have generally been the strongest for sales activity and then drop away over the Christmas period which is nearly always quiet in the Newcastle area.

However the market seems to be slowing as the above graph would indicate so this spring the traditional high supply may not be matched by the high demand of recent years, meaning we could possibly end up with a glut of property on the market.

### Port Macquarie

With the warmer months descending upon us, do property sales really increase in spring or is it just that more people are out and about enjoying the warmer weather, perhaps popping into that open house across the road. Sometimes that's all it takes and next you know you are paying a deposit. I wonder how often that happens; maybe it's not fiction after all!

So down to business. What's happening along the Mid North Coast and the Port Macquarie area for property sales and what's the likelihood of property sales trending upwards during this spring season?

Our area has always been a popular tourist destination for families, making it a desirable area to purchase for lifestyle or investment. We are noticing a slowing in the market, with some selling





periods lengthening back to 90 days or so, which was considered normal about two years ago.

The market is now returning to the norm whereby growth is at a more reasonable pace. Cameron Kusher from Corelogic advises that on the Mid North Coast, "Dwelling values have increased by 0.9% over the past three months and are 2% higher over the past year. This 2% annual rise in values is much lower than the 9.6% increase a year ago and the slowest annual rate of growth since August 2013. Although values are still increasing, the growth trend is clearly softening."

Spring has always been a popular time to place the house on the market, with the belief that sales are more buoyant during this time. We believe that while more housing may come onto the market, sales will continue on the same trend as the past three months.

In the main regional centre of Port Macquarie, we normally see good sales activity from September right through to Easter with the end of the school holidays often being a deadline to be settled into a new or rental home. We see the market continuing at a stabilising trend with values starting to steady and an increase of properties coming onto the market allowing the buyer more choice.

With the building industry still buoyant, especially at the local fringes of Port Macquarie, new houses are

proving to be popular, adding to the influx of spring houses.

So, we don't believe that the market will be blooming out of control but rather a near-level trend is more likely.

#### Central Coast

The New South Wales central region typifies a number of notions of a touristy, holiday location with a generally laid-back approach to life. In years past, the coast was a popular retirement, holiday or weekend destination. Longer term locals can remember well that everything seemed to stop during the cold and dull winter months with life and people re-emerging in the spring and peaking during the longer, warmer and balmy months of summer.

Traditionally, the local real estate market mimics this trend with lots of new listings, fresh paint, blooming gardens and these days, houses staged for selling purposes.

Today though, we are coming out of an extended period of furious real estate activity across the region and indeed, most of the eastern seaboard. It has lasted a few years and along with milder than expected winters, we have experienced less of the slowdown periods.

The region's real estate market seems to have changed to a constantly moving thing, but we don't

think this is purely related to seasonality or the longer than expected peak in the real estate cycle. We think the traditional winter slowdown is really a thing of the past for a number of reasons that include:

- An awareness of the opportunities available on the coast and the need for those recognising this to be part of it,
- Advertising and marketing being so advanced and available around the clock that observers and participants have the ability to view property year round comfortably from home, work, cafes etc without needing to spend days planning, arranging, driving around looking at properties and meeting agents;
- The ability to deal or transact property remotely - how many of us haven't even met a bank manager to arrange a home loan or conveyancer, as our parents had to? We do our stuff online and expect quick, seamless results.

But all of this aside, we still think spring is a special time for the market and very soon we are expecting the agents to commence with their spring sale events to capture and cater for the traditionalists among us.

The statistics prove there is a spike in sale numbers during the warmer months and although a little less obvious these days, it is still the case. Agents we've spoken with report that sales are slowing and buyer





activity is a little weaker, but ever the optimists, most agents agree that while the market will slow and plateau, falls in values will be minimal.

Over the past few years, some of the region's suburbs have seen significant sale volumes occurring. This is particularly the case in the peninsula suburbs of Umina Beach and Woy Woy. Only now are we hearing and seeing these markets slowing down. These suburbs and their close neighbour Booker Bay have proven very popular with buyers forced out of the Sydney market and it will be interesting to see whether the prices paid will be sustained as we move into the next part of the cycle.

We tend to think that the region's markets will be okay overall, but if there is a vulnerable area, it will likely be the peninsula areas due to the level of rises seen here.

It remains to be seen whether the lenders tightening loan criteria will affect the market as we move into the next season and part of the cycle. We think it will and are already seeing the early effects of this on the first and second home and investor market where lenders are actively and overtly looking at their levels of risk on new borrowings.

Less affected though is the higher end of the market. We are seeing more sales in the executive or luxury segments of our local market at the moment and this is not new when we have reached this part

of the cycle. While many buyers (and sellers) are still reliant on finance generally, they are a little less so than others.

### Albury

Spring has sprung, well not quite, however the garden contractors are in full swing for sure, just as the real estate agents are preening their feathers for the annual spring festival frenzy. There is a definite uplift in property presentation, vendor enthusiasm and expectation and buyer behaviour in spring. It is an innate reaction to warmer weather, the desire to spring clean and end hibernation and is not lost on the property market in our region.

Albury-Wodonga and north-east Victoria enjoy four true seasons and some of the country's top and emerging rural lifestyle and natural tourism areas, so the excitement about the spring market is tangible. Possibly not so much this year, as solid growth and interest in our region continues year round due to affordability with the region's predominance of single, detached dwellings. Agents report that sales and dwelling construction have soldiered on through a relatively dry winter and right on cue, recent good rain is laying the foundation for a very pretty spring season. Manicured garden estates, tree lined streets with character dwellings, rolling hills, running creeks and green valleys are just the ticket to capture the ever ready home owners and although maybe

not so much, the Sydney or Melbourne investor, however marketability is at its peak in spring in our region and this is usually reflected in higher listing numbers. It is not very technical, but green is good and brown is bad in our patch.

Everything can look quite bleak in winter, although some places, such as Bright (a cycling mecca of north-east Victoria) capture the ski season in winter and the Ovens River as a drawcard in summer, and prices and demand have really responded to such insulation from seasonal changes. The very strong growth and demand have created a very strong ripple effect over the past 18 months, with limited land available close to town and purchasers profiling as retirees, holiday home owners and tree changers. Permanent tenants and first home owners are nearly completely locked out of this very naturally abundant area. This spring will mark the second year of heightened market awareness of the increased values in the entire area, with special mention to Harrierville, Wandiligong, Porepunkah and Myrtleford. Spring will be very interesting to watch in these locations.

The rural lifestyle sector, which has been strong for a couple of years now, seems to have settled down a tad and tends to have its own longer term cycle/turnover, usually related to the commute or workload of a few hectares sinking in, upsizing or downsizing. And in town (Albury-Wodonga) presentation will



continue to play a role, with savvy agents and vendors often achieving the next level purchase price push due to bang on décor and renovation, which we're pretty sure could be attributed to the avalanche of home and property shows. And with a young female valuer featuring on *The Bachelor* this week, maybe investment and divestment valuations might be the new spring property tool!

#### **Dubbo**

The Dubbo residential market has stabilised in recent months after a period of strong growth with values holding steady. Recent sales activity has been subdued due to tightened credit accessibility and more restrictive lending practices essentially slowing the buying and selling process. In addition, the reduction in investment lending and the potential for tax changes for investment lending has seen buyer activity slow in the Dubbo market.

With spring around the corner we expect to see an increase in listings which is typical at this time of year when properties and gardens are looking their best. The increase in listings will also mean more choice for buyers, which is expected to keep prices steady for the short term.

There is still strong demand for small acreage properties and rural lifestyle blocks in close proximity to Dubbo despite the current drought conditions. Well-presented properties with reliable water sources

are still achieving record prices with a handful of sales reaching over \$1 million in the past six to twelve months. The highest sale to date for a rural lifestyle property was achieved in December 2017 at the Angle Estate, a prestigious community of rural lifestyle blocks located on the Macquarie River. The 5-bedroom house achieved a price of almost \$2.4 million after a successful marketing campaign.

#### **Tamworth**

The traditional spring property boom is always a talking point whenever someone asks their friends when to sell their house. However despite this traditional way of thinking it is not entirely true, with several of the local real estate agents making it a strong marketing point that over half of their annual sales occur during the winter and autumn periods.

This point drives home that spring is not always the best time to sell, as the lower numbers of supply reaching the market in winter allow well priced homes to sell with less competition.

Despite the proof that spring is not always best, we still see an influx of properties during the spring months, but this supply is not met with increased demand. This can often result in longer selling periods, however due to Tamworth's strong market does not result in lower selling prices. Owner-occupiers and investors are equally active throughout the year, but with houses often looking

their best with gardens in full bloom, owner-occupiers take the lead during spring as they look for a home, not just a house.

With the ongoing drought on everyone's mind it should be noted that it has not affected the local residential market, with agents reporting no lack of interest and no drop in sales. Although properties are not presenting at their best due to the dry conditions, it is not expected to have any major effect on the local residential market in the coming months.

The current market is showing strong sales across the board however it is the \$350,000 to \$450,000 range that is the most active. This range offers buyers many options from a doer upper in the older more prestige locations, to a modern brick home in the up and coming suburbs of North Tamworth and Calala. We would expect this trend to continue throughout the year as owner-occupiers are the major players within this range.

#### **Lismore / Casino / Kyogle**

Lismore, Casino and Kyogle are no different from other regional areas of Australia. As spring brings forth new life and vigour, so it does with property markets in these regions.

Prospective purchaser enquiries tend to improve and property owners feel energized to have their properties cleaned up and ready for marketing. Why? The stress and busyness of the end of the financial



year has abated and the few quiet winter months following have allowed the batteries to be recharged for the coming season.

It is also a logical time to prepare properties for sale as presentation is more appealing with vibrant gardens and growth as opposed to a dry winter and lack of landscaping maintenance.

Property listings tend to increase and agents generally become more present and persistent in their marketing.

Whilst this sounds all well and good, it does not necessarily translate to improving sales prices in this current economic environment. Other more pertinent issues to consider are the ever-present threat of increasing interest rate levels, which has been on the cards over the past six months and looking more likely further down the track towards the end of this year. There is also the issue of tightening lender criteria which is proving a bit of a stumbling block lately for some first home buyers and even existing mortgage holders. This is likely to continue into the remainder of this year and over to next year.

In summary, within Lismore/Casino/Kyogle, the positive energy of the spring season does present some opportunities for those wanting to sell or buy across the board on most property types and price points....BUT, as always, it will be tempered by those two key points...interest rate levels and tightening

lender criteria...and likely into the following season of summer.

### **Ballina and Byron**

The Ballina Shire residential market is typically more active coming into spring, with the months of July and August typically being the slowest months of the year.

Since the beginning of 2018 the market has slowed after a strong period of growth throughout the 2016 and 2017 calendar years so it will be interesting to see if the spring period does increase activity. Typically, it is the higher-end lifestyle properties that are more prone to cycles. Looking ahead a small increase in activity is to be expected coming out of the traditionally slower winter months however the return to the levels of activity experienced throughout the peak of the market experienced throughout 2017 is unlikely.

In relation to the Byron Shire, we do not believe that there is a traditional uptick in the market in this area during spring. The market peaked within the last three to six months and therefore demand has decreased for properties with a price bracket of over \$1 million. As more traditional property cycles tend to see a boost in spring, the Byron Shire is coming off the back of a strong cycle and we are therefore not seeing this traditional boost in sales activity.

Over the past three to four years within the Byron Shire the market has been at such a strong level

throughout the entirety of each year that we haven't necessarily seen a traditional spring. The property market in this area remains steady and stabilised all year long.

We do not seem to operate in any sort of annual micro-cycle (e.g. - busy spring, slower summer, busy winter, quiet autumn). Throughout the years we have seen a strong market influence from the migration of interstate buyers throughout the entire year. Marketing isn't coupled to seasons and there are no seasons that are better than others. We may settle to a more traditional pattern in years to come, as we do have a high number of holiday accommodation properties within this area, so holiday guests who choose to stay in this area over the spring and summer seasons could be persuaded to buy, but at the moment there is no strong evidence of this.

There are no specific price point, property types or locations tracking in this market at the moment that expect to hit any sort of bump in September. The only prediction we have is that we expect rural residential lifestyle properties located in secondary locations (25 to 30 kilometres away from the coastline) to experience more supply and less demand.

As the market within the Byron Shire Council has peaked after five years of strong growth in the coastal resort towns, we expect to see a slightly



steadier market heading into the summer months. Interstate demand for properties within this locality seems to be decreasing, which suggests a steady period is more likely moving forward.

### Coffs Harbour

Traditionally the residential property market slows after the end of the financial year which coincides with winter and the annual Coffs Cup in August. This year has been no different, however general market sentiment appears to be waning in line with the negative media reports of declining Sydney and Melbourne markets, coupled with the uncertainty over the possible fallout from the Royal Commission into banking practices and future impact on lending policies, interest rates and finance availability. There is no real evidence the sky is about to fall down at this point, only anecdotal evidence suggesting a slight slowing of the market in terms of days on market and reduction in asking prices.

Well-presented properties in traditionally popular locations are still keenly sought, however there is noticeable buyer resistance to property that is either overpriced, lacking in key features or situated in a secondary location.

Low-end investor style properties appear to be experiencing longer selling periods than at the beginning of this year. The higher priced prestige property sales numbers are down with an increased

number of properties remaining for sale for longer periods. This market has predominantly been driven by out of town sea change or tree change buyers and softening market activity in this sector is a direct reflection of Sydney and Melbourne markets. Mid-range \$500,000 to \$750,000 property purchases are dominated by owner-occupiers trading up or down sizing to well-located modern or new homes.

The change of season to spring generally brings new light to the market with increased activity and buyer enthusiasm. Will the negative media and lending practices continue to dampen the spring activity? Only time will tell.

One would assume the market will have to cool off in the near future having been through almost two years of continual growth. Property prices are at an all-time high for the region whilst job creation and wages have not increased substantially to keep pace with the upward spike in values. What has kept pace with increased values are living expenses. While we are truly one of the great lifestyle locations where the mountains meet the sea, the disconnect between high property values and the low wage base, lack of job opportunities and rising living expenses will have to take a toll on the future market. A hint of any future interest rate rises may be the catalyst for the market to be reined in, at least until the next boom.

### Illawarra

Is there such a thing as a Spring Selling Season in the Illawarra? Empirical data shows a small level of support, with data collected for house sales over the past five years through the Illawarra (Wollongong, Shellharbour, Kiama and Shoalhaven LGAs) indicating three peak selling periods: February/March; May; and November.

#### MEDIAN SALES PER MONTH

Month	Sales
January	371
February	644
March	636
April	499
May	604
June	525
July	563
August	540
September	577
October	566
November	608
December	562

(Source Price finder)



There does appear to be a winter slump in house sale numbers with June, July and August being relatively quiet months. An increase starts to be seen with the introduction of spring in September, rising through to the November peak.

The coming spring months will be interesting for the Illawarra residential property market. While the market hasn't stopped (properties are still selling) demand is much softer than it has been in recent years and as such price growth is limited. In some areas we are aware of a slight decline in sale prices, particularly where vendors are very motivated to sell. Vendors and agents will be hoping that spring can spark the market back to life.

#### Southern Highlands

Notwithstanding that spring is the time when vendors who have hit the gardens with fertilizer and garden shears over the winter break commit to listing their properties, and agents and prospective purchasers having more options than at any other time of the year, the fact is that exchanged contracts indicate that May and November are the peak periods in the Southern Highlands for closing out on sales of residential property.

The below table illustrates the median number of sales (exchanged contracts) over the past four years.

#### WINGECARRIBEE SHIRE: MEDIAN #SALES 2014-2018

Month	# Sales
Jan	53
Feb	79
Mar	94
Apr	95
May	107
Jun	79
Jul	89
Aug	85
Sep	92
Oct	87
Nov	102.5
Dec	97.5

(Source: Pricerfinder)

Some of the impetus here may well be the winter chill setting in from late May, purchasers committing after they have settled into the routine of the new year and the tail end of the year, vendors looking to offload their properties prior to the Christmas break in December and the arrival of the summer months, with the increasingly daunting prospect of requisite

additional maintenance to keep their properties looking their best.

For the period to May 2018, a record number of 150 properties exchanged contracts across the Southern Highlands. With the observed slow down in price growth and activity in the Sydney market it will be interesting over the next couple of months to observe whether there is any flow on effect to our local markets, with some concern locally about increasing stock levels of vacant land lots coming to market.



## Victoria

### Melbourne

With the cold snap behind us and a slow winter fading into the distance, we can look forward with renewed vigour. The summer months appear closer than ever, but first a taste of the sunny delight of spring time upon us.

Conventional wisdom would suggest that with the advent of warmer weather and longer days there would be an increase in market activity in this period, with few public holidays and distractions outside of the Melbourne Cup and AFL grand final to keep us from Australia's first love - property.

Generally, the start of the spring season represents a change in attitude and positivity, which would bring welcome upward pressure to a market that has begun to decline somewhat in the major areas. According to CoreLogic's Home Value Index, the year-on-year fall in values is still less than 1% in Melbourne for all dwellings, indicating a rather stable consolidation. In the peak of winter on the first Saturday in August the clearance rate was 55% as noted by Domain, well below 2017's first week of spring results at 71.3% (CoreLogic). The question is, do we foresee a similar level of activity this year?

Total scheduled auctions for the beginning of August have almost halved, with 568 on the first Saturday of the month compared to 911 on the same weekend in the previous year (CoreLogic).

This decline followed two weeks of fluctuation, with 613 and 802 total auctions rounding out the month of July. These numbers were still well below the previous year's result of 956, which had a strong clearance rate of 75.6%.

The slowing numbers of properties put on the market may be an indication of changing conditions rather than a different mindset due to the time of the year.

	Clearance Rate	Total Auctions	Auction Results	Sold Prior to Auctions	Sold at Auctions	Sold after Auction	Passed In	Withdrawn	Median Price
Melbourne									
Total	61.3%	718	605	92	270	5	200	25	\$648,000
Houses	83.0%	454	385	55	182	6	132	11	\$899,500
Units	58.4%	264	219	37	88	2	76	15	\$656,000

(Source: CoreLogic RP Data)

Houses remain the desired property type, with a 63% clearance rate for the second weekend in August across the Melbourne region, compared to 58.4% for units.

A number of specific areas including the Mornington Peninsula can see market activity increase significantly before the summer period given the established beach side properties become more desirable during that time.

The market may be turning towards buyers with greater time spent seeing multiple options - a far cry from the mad rush in the peak of the market a year ago with buyers competing at auctions every weekend. The market may kick off with the advent of Super Saturday with spring weather but can it push the needle enough?



Mornington Peninsula, Victoria (Source: Realestate.com.au)

### CBD and Inner Suburbs

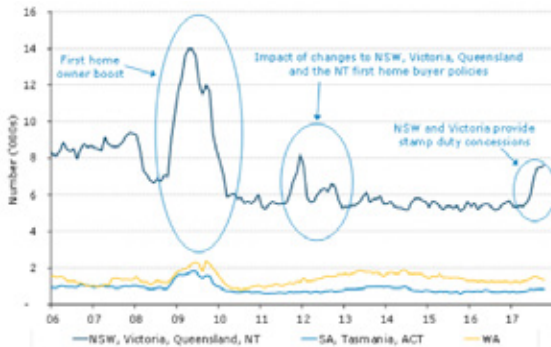
The recent crackdown on lending to property investors has reduced demand but we have not seen significant falls in Melbourne apartment values, although some investors, especially in inner Melbourne, who bought at the peak of the market are being forced to consider selling at a considerable loss.

As the market turns increasingly towards the buyer's advantage, vendors will need to accept the inevitable fall in the real value of their properties, however Melbourne's nation-leading population growth should continue to underpin values preventing any collapse in prices.

First home buyers have filled the hole in the market left by investors to a significant degree and are now taking up a substantial amount of stock, especially in the inner-city apartment market and in the outer suburbs where the price point is \$650,000 or below.



### FIRST HOME BUYERS



(Source: Domain.com.au)

Popular inner-city areas that offer a range of property types comprise a more resilient market segment with high-end apartments in prized locations still showing price growth. The clearance rate in St Kilda, for example, remains in the mid-60% range, and while that may indicate relative price stability and even growth, savvy buyers who do their homework are well-positioned to buy at fair value or at a cheaper price point.

### Eastern Suburbs

Our valuers agree that the mad rush to buy property has dropped. As a rough guide, Melbourne-wide clearance rates as at 12 August 2018 were 64% with 557 auctions; this time last year it was 74% with 861 auctions (REIV), a gradual 35% fall.

As housing affordability has declined, property developers have led the charge to find cheaper and larger parcels of land and more profitable returns, gradually moving outwards from suburbs such as Ringwood to Croydon and then Lilydale in their search.

The median sales price for houses in Lilydale in 2016 was \$632,000 (based on 254 sales) and in 2017 was \$740,000 (based on 257 sales). Compared to the same period five years ago, the median house sales price for houses increased 64.4% which equates to a compound annual growth rate of 10.5% (realestate.com.au)

### MEDIAN HOUSE PRICE IN LILYDALE



(Source: realestate.com.au)

As house prices increased the rental yield in Lilydale fell to 2.8% based on 172 property rentals and 231 property sales over the preceding 12 months.

### RENTAL YIELD IN LILYDALE



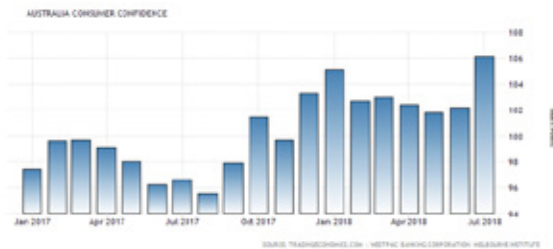
(Source: realestate.com.au)

With the property market entering a new cycle, developers still overseeing construction may have to adjust their profit margins. Market values are unlikely to fall too far in the blue-chip suburbs where buyers generally have greater access to funds, but outer suburbs are more likely to see values fall, however, again, any falls will be tempered by population growth, as well as low interest rates and growing employment numbers.

“As housing affordability has declined, property developers have led the charge to find cheaper and larger parcels of land and more profitable returns.”



While low wage growth has been another constraining factor, the Westpac Melbourne Institute Consumer Sentiment Index for Australia jumped 3.9% month-on-month to 106.1 in July following a 0.3% rise in the previous month - the highest reading since November 2013 - indicating growing optimism about the economy.

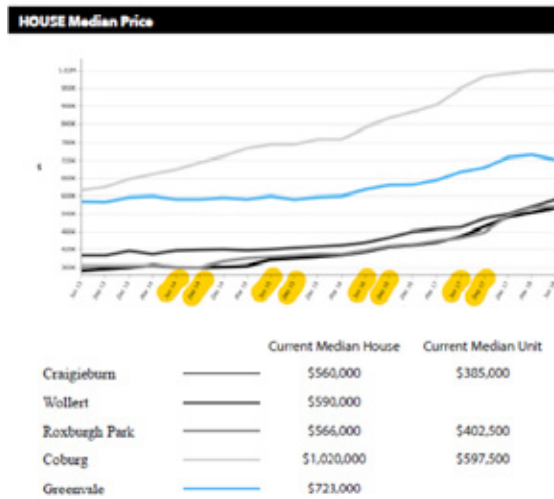


(Source: Tradingeconomics.com)

### Inner and Outer North

Market activity in the northern suburbs has shown that the transition from winter to spring usually sees an increase in median house prices and a decrease in vacancy rates, however this is not the case for the entirety of the northern suburbs.

Since 2015, the median house price has slightly increased \$20,000 to \$30,000 from the June quarter entering the September quarter for suburbs such as Craigieburn, Wollert and Roxburgh Park. Median house prices rose by roughly \$30,000 to \$40,000 for Coburg and has held this trend to the present.



(Source: REIV)

Number of Vacancies			
	January 2018	July 2018	Difference (+/-)
<b>Outer North</b>			
Mernda	50	86	36
Craigieburn	87	96	9
Mickleham	87	96	9
Roxburgh Park	86	96	10
<b>Inner North</b>			
Brunswick	77	120	43
Northcote	66	59	7
Thornbury	48	40	8
Fitzroy North	26	40	14

(Source: SQM Research)

Even though some areas generally increase in median house price, there is no definitive trend of it bringing a more influential property market, as the vacancy rates tend to reflect little change from January 2018 to July 2018.

Vacancy rates in areas such as Mernda, Brunswick and Roxburgh Park tend to prove that the warmer weather, along with school holidays, does influence the market as the number of vacant properties in January was significantly lower. This was not the case for Northcote and Fitzroy North where vacancy numbers decreased by 7 and 14 respectively. This can also be attributed to the softening of the market as a whole since the start of the year.

### The Inner and Outer West

Activity in Melbourne's west generally reflects the softening market we have seen across the Melbourne metropolitan area as a whole with a clearance rate just below the established inner suburban markets at 58.3%.

Melbourne sub-region	Clearance rate	Total auctions	CoreLogic suburbs	Cleared auctions	Uncleared auctions
Inner	61.7%	141	120	74	46
Inner East	62.5%	30	72	45	27
Inner South	57.8%	121	182	59	43
North East	63.1%	75	65	41	24
North West	61.1%	63	54	33	21
Outer East	59.5%	53	40	25	17
South East	69.2%	72	65	45	20
West	58.3%	87	72	42	30
Mornington Peninsula	63.9%	16	13	7	6

(Source: CoreLogic RP Data)





With less activity in the market, established suburbs such as Newport and Altona saw a reduction in median values in the March and June quarters of 6.9% and 2.4% respectively, according to REIV. Both inner-west suburbs' median values remained above the \$1 million mark which indicates that prices remain relatively strong despite the decline.

Further out in Derrimut and Sunshine West the trend remained the same with 3.6% and 6.4% falls in median house prices respectively. Newer, less established suburbs including Truganina and Rockbank saw small increases in median values of between 1.9% and 2%.

Heading into spring it is not expected that the market in the western region will see a significant change in activity. The general trend has been one of consolidation and lowering of prices after the highs of previous quarters. As a measure of activity, the seasons do not usually tend to impact this sector of the market as it is more responsive to general economic conditions and larger drivers of activity.

### Inner and Outer South East

The outer south-east doesn't usually see a substantial increase in prices during spring, due to the fact that most of this area consists of house and land packages with set prices. The market is generally more affordable than the Peninsula

and inner south-east, so tends to rise in steady increments in line with general economic conditions such as inflation, rather than fluctuating in seasonal bursts.

The Mornington Peninsula generally sees an increase in prices during spring as purchasers look to secure holiday homes in time for the summer. Suburbs such as Capel Sound and Dromana which were once made up predominantly of holiday homes have now seen an increase in permanent residents due to their affordability and proximity to pristine beaches, cafes and shopping centres. Interest from investors looking to cash in on the short stay rental trend should keep this market strong.

The table below displays median sale prices in Dromana. It shows that by the last month of spring (November) there has been a substantial increase in prices since the end of winter (August).

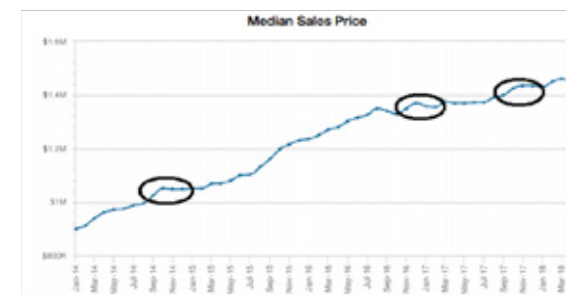
Median Sales Price

Period	Year 2014	Year 2015	Year 2016	Year 2017
	Median Price	Median Price	Median Price	Median Price
January	\$460,000	\$490,000	\$551,000	\$600,000
February	\$461,000	\$490,000	\$552,000	\$605,000
March	\$460,000	\$481,000	\$568,000	\$610,000
April	\$475,000	\$482,000	\$565,000	\$620,000
May	\$466,000	\$490,000	\$565,000	\$630,000
June	\$478,000	\$491,250	\$566,500	\$637,000
July	\$480,000	\$522,500	\$560,000	\$650,000
August	\$484,000	\$527,500	\$565,000	\$667,500
September	\$474,000	\$540,000	\$560,000	\$679,000
October	\$460,000	\$545,000	\$565,000	\$675,000
November	\$488,000	\$550,000	\$590,000	\$679,000

(Source: SQM Research)

The inner south-east generally sees a steady increase in prices during spring, however this area is always a desirable market due to its relatively close proximity to the city. Much like the outer south-east, sales activity is more reflective of general market conditions.

The graph below displays median sale prices in Bentleigh showing an increase between July and November with a flattening around the Christmas/ New Year period with the exception being the 2015/16 period.



(Source: CoreLogic RP Data)

### Summary

Overall, the Melbourne market continues to experience a slowing in activity which is reflected in a stabilisation of median prices. Lower auction numbers and clearance rates indicate that an upward trend is unlikely in the short term given the current state of the market.



Seasonal locations including the Mornington Peninsula are influenced somewhat by an uptick in activity closer to the beginning of summer with an increase in demand for beachside dwellings. Along with the blue-chip suburbs these areas are expected to remain relatively stable with a pull back in the peripheral suburbs that experienced growth in the last year.

Spring may bring with it more palatable weather but is unlikely to generate the same market interest as the previous year in terms of auction numbers and auction sales.

The established inner suburban areas do not typically see a definitive influential upward trend in the spring period with the current market consolidation expected to be maintained which indicates that vendor expectations may need to be curtailed slightly.

With a possible increase in the number of properties put to market as nervous investors seek to avoid dramatic price falls, buyers might just find a market more to their liking.

#### **Gippsland/Phillip Island**

Throughout the later part of spring we typically see increased listings and increased demand in Phillip Island for more holiday or investor type properties which is driven predominantly by capital city based buyers who holiday in the area.

The market for this type of property tends to ease throughout the winter months and pick up again throughout the warmer periods, particularly during the summer school holiday period more than September due to the area being a holiday destination.

This type of market is typically looking for lower to median priced properties within close proximity of the beach and local shopping rather than owner-occupied properties and newly developed dwellings located within new housing estates.

#### **Mildura**

There a number of factors affecting selling activity in the Mildura area and while spring may have traditionally been the busiest period, we suspect that this trend is reducing. While there is no doubt that gardens and swimming pools look their most inviting in the warmer months, buyers appear to now be just as motivated by other factors such as location and the standard of the dwelling and external improvements.

We still find that December and January are often the busiest time for people relocating either to or from Mildura, with families wanting to coincide moving with the beginning of the school year. This does increase the number of homes listed for sale in late spring and early summer. For people moving from cooler climates, the sight of a swimming pool on a 40 degree day can make a difference.

In summary, if a property has above average landscaping or a good pool, it probably does make sense to show it off in spring or summer, when it looks its best. For other properties, it probably makes little difference.

We expect to see our residential market remain buoyant over the remainder of the year. Vacant lots in new subdivisions continue to sell well at prices that are now 20% above what was being achieved two to three years ago Established housing, particularly in the \$300,000 to \$500,000 bracket, also is in strong demand.

With interest rates appearing to be on hold for the time being and our local economy growing steadily, it is hard to envisage anything causing a down turn over the next six months.

#### **Echuca**

The spring season for Echuca Moama is likely to be significantly impeded by an ongoing lack of stock. Almost all agents are reporting limited listings and generally strong demand with the market still punctuated by off market transactions. This is likely to continue in the spring and has the potential to see several strong results, notwithstanding a softening in sentiment nationally.

#### **Shepparton**

Spring is a special time of the year - the weather is warming up, the days are getting longer and there is



a burst of organic colour around the Goulburn Valley (and with it, the dreaded hay fever cloud).

The mindset of spring has sprung - and so has an abundance of new housing stock on the market is a hard one to buck. Typically it is the time of year that homes are looking their best and the buyers are coming out of hibernation, however the genuine buyers aren't deterred during winter and they can often snap up a good deal. Locally, selling agents are hoping that there will be a rush of new stock to enter the market as strong demand over 2018 has resulted in a lack of appropriately priced homes being offered.

At the moment, homes priced in the sub-\$300,000 bracket are gaining the attention of out of town investors (mainly from the capital cities). Because a number of these properties are already tenanted (and merely just changing landlords), there hasn't been a major influx of additional rental stock. Some agents are reporting that properties are being let to quality tenants before they hit the online portals. Rental demand always has a strong uptick during spring over the winter quarter, which means it's a great time of year to freshen up that investment property between tenants and possibly attract a higher paying tenant.

Construction demand in the area remains strong, however we are seeing a number of new homes where the house and construction cost is in

excess of \$450,000 being representative of an overcapitalisation for certain housing estates.

The market within the Goulburn Valley is continually shaping up to see strong periods of growth for the remainder of 2018 and will most likely carry over into 2019.

#### Wodonga

With spring around the corner after a long cold winter, local real estate agents begin to ready themselves for what traditionally signals the start of increased activity as buyers and sellers shake off the winter blues and look to capitalise on the optimism that comes with the warmer months.

Having said that, the market has performed well over the past 12 months with sales activity increasing around 20% on the previous 12 months, however sales prices experienced only modest uplift over the same period with the median dwelling price increasing around 3.2%. The vast majority (72%) of all dwelling sales occurred in the \$200,000 to \$400,000 price bracket.

Unit sales have experienced a slight median price increase of around 4% from December 2017 (\$211,250) to April, 2018 (\$220,000), however sales activity within this market has remained soft at around 65 sales annually over the past two years, down from around 80 sales in 2015 and 2016.

Construction demand in the area remains strong, however construction costs have increased generally from around \$1,200 to \$1,350 per square metre for a standard project style home to around \$1,350 to \$1,550 per square metre with a large variability between builders large and small. The result of this is an increase in new builds being representative of an overcapitalisation within some housing estates.

Wodonga land sales have experienced a 4% increase over the past 12 months rising from a median sales price of \$139,300 in May 2017 to \$145,000 in April 2018. Sales volumes have fluctuated significantly over the past five years peaking in 2015 at 219 sales to 102 over the 12 months to April 2018. We do anticipate an increase in activity during the drier months and as a result of an increase in the first home buyers market.



## Queensland

### Brisbane

Spring is in the air and Brisbane has the perfect climate for celebrating all things flowering. Sure, mild winters are a hallmark of our river city and diving into the cooling surf at the height of summer is pure joy, but in reality, spring is when Brisbane absolutely glows. It's that magical time between the extremes where we get to dress lighter as days get longer.

All this poetry has a point, of course. In Brisbane, spring brings out the best in our properties too. While we're not worn down by oppressive winter cold that keeps buyers away from listings in the southern states, Brisbane suburbs and their extensive yards take on a more picturesque appearance in full bloom when compared to other seasons in our city. Bushes flower up, leaves bud on trees and the first decent falls of pre-summer rain turn the turf to a bushland green.

All this sparkle plays right into the hands of sellers and their agents. In today's online property portal lifestyle, nothing sells a story quite like pictures of Brisbane homes in the springtime. So, the overall observation is that spring selling season is, in fact a fact!... but the numbers do have a bit of cause and effect about them.

Because properties are looking their best, listings rise as sellers get enthusiastic, so it's to be expected that there will be more sales taking place.

The other seasonal influence we enjoy in our aptly

named Sunshine State is those more-than-welcome interstate migrants who like to prep early for the coming year. If southerners have been toying with the idea of a move north to our city in 2019, many will be gearing up to take care of their accommodation needs in springtime. We have had net interstate migration numbers on the rise over the past couple of years, so the effect of this tide of new residents could be more keenly felt this spring.

There has even been a recent release of CoreLogic numbers which show that spring 2018 might be finally Brisbane's season.

Over the 12 months to July 2018, home values across the greater Brisbane region rose 1.2% which marked us as outperforming Sydney and Melbourne. While we might be coming from a lower base than those two capitals, it does provide a potential spring board (pun intended) for price gains over the medium to long term. And it is playing out to some extent. Activity in general is reportedly increasing from agents throughout Brisbane - listings numbers are starting to rise just prior to spring. Auction clearance rates also appear to be slightly on the up from week to week getting closer to 1 September.

However, what does all this mean for Brisbane over the next six to 12 months?

This year, we expect spring to have a positive effect, but in the overall scheme of things, its longer-term

influence is muted when compared to other more pressing elements.

At the moment, our market shows promise - price movements will be positive but slow and steady. As underwhelming as that sounds, we look better than the vast majority of other capital cities in terms of potential growth.

We continue to believe the affordable end of the market in established locations will be the greenest shoots for this spring. Homes with potential for renovation are always a winner if they're priced competitively too.

In terms of the upper price bracket, the market looks good, but this has less to do with spring than it does with our relative affordability and the interstate migration mentioned earlier.

That's why we believe Brisbane's market is likely to remain relatively stable and to track steadily. Moving further into summer months we may see an increased number of listings and increased buyer demand.

The key is if we can capitalise on all this positive news and create more jobs and infrastructure to help drive our economy. This always translates into positive stuff for Brisbane's property market.

The future looks bright if you're patient, so best pop on your shades and enjoy the sunshine.



### Gold Coast

The Gold Coast is well known for its warm sunny winters, attracting tourists from southern areas as they attempt to escape colder conditions. Traditionally, Melbourne and Sydney buyers have the mentality that Spring is the best time to buy with many agents reporting it's their best market. Although, the Gold Coast has not adopted this market mentality with the number of sales in Spring remaining consistent with those of the previous winter.

The Gold Coast market is very suburb and property specific with different markets behaving in different ways, although, all areas of the Gold Coast have experienced a reduction in interstate and international investment.

### Gold Coast North

The Northern Gold Coast is continuing to expand in response to growing demand, further closing the gap between the Gold Coast and Brisbane. This has resulted in land developers changing their focus and marketing strategies towards owner occupiers/end users, which has resulted in a softening of monthly sales rates in most subdivisions. As Coomera and Pimpama continue to expand, land values within main estates such as Gainsborough Greens continue to strengthen. In Yarrabilba, sellers are continuing to see the gap between resale and new products. Due to the high amount of competition, many properties are suffering large discounts to achieve a sale.

The prestige market within Hope Island and Sanctuary Cove continues to remain stable while many buyers seek the prestige, canal and riverfront living. Although, sale prices for these properties can prove volatile if economic or general market conditions were to soften.

We have found recently many units within the Labrador and Runaway Bay area have been unable to achieve strong resale prices with agents reporting limited buyer enquiries and extended selling periods. As many investors are taking on losses within the newer buildings in an attempt to liquidate their portfolio, opportunities arise for those who have been traditionally unable to enter the market. Low interest rates coupled with these low resales provide traditional renters with the ability to own their own property or investment. However, we are aware the banks have cracked down and tightened their lending policies.

With the northern Gold Coast typically being driven by investors, this area will continue to soften until they return. If the banks and APRA were to review lending policy, this may allow others to enter the market and thus take advantage of this supply of these low resale properties.

### Gold Coast Central

The prestige market is highly segmented and the level of improvement is dependent on property type and

price range, rather than the season. We are finding that if the property is priced correctly and marketed by an experienced agent for that locale, property prices are strong with fewer days on the market.

The majority of interest for prestige property on the central Gold Coast has been within Surfers Paradise, more specifically Isle of Capri and Sorrento in Bundall with a number of higher sales including an older, part-renovated dwelling situated over a double block with 44 metres frontage to the Nerang River on Saint Tropez Terrace which sold in August 2018 for \$3.25 million. This property sold within 5 days of being on the market, and is a prime example of how quick a property can sell should it be listed by an experience agent at an acceptable price point.

More recently, we have been advised by a number of specialist real estate agents who actively market prestige residential apartment product in the coastal suburbs on the Gold Coast and they confirm of steady/cautious levels of demand and enquiry currently prevailing, with limited transactions. They further report that clearly stronger demand is evident for prestige housing and whilst market sentiment for apartments has improved over the past two years, new luxury units must be appropriately priced in order to generate interest and effect a sale transaction.

Local agents are reporting a higher level of demand for beachfront properties, especially in the areas



between Mermaid Beach and Bilinga with a number of record prices being achieved and properties selling to local buyers prior to auction with some properties on the market for less than a month. A recent sale supporting this is a large, three level "Hampton" style residence providing five-bedroom, six-bathroom plus powder room accommodation with an eight car basement situated on a 809sqm double block at Hedges Avenue at Mermaid Beach. This property is currently under contract to a local buyer for \$12 million and was marketed for less than 19 days which is very fast as properties at this price point generally experience an extended selling period of between 12 to 24 months. However, properties in this range are very taste specific, and in limited supply so it is no surprise that it has sold so quickly and also at a premium price to secure the residence.

Furthermore, we have seen a number of prestige houses sold prior to being listed on the market with a recent sale recorded in July 2018 at \$4.48 million for a property on Admiralty Drive. This home had sold just over a year ago in January 2017 for \$3.5 million which is an increase of circa 28%.

#### Gold Coast South

Collectively the sale prices achieved for the southern Gold Coast have risen with larger spikes east of the Gold Coast Highway and especially for absolute beachfront or esplanade front properties. Although the increase has been steady over the past year,

more recently affluent owner occupiers and/or developers have ensured these prices have risen at a more dramatic rate, this can be seen especially along the beachfront at Palm Beach and along the esplanade of Bilinga.

The predominately "Medium Density" zoned locales east of the Gold Coast Highway have encouraged developers to seek even single lot development sites which is now evident within the suburb of Bilinga. As many of the properties at Palm Beach east of the Gold Coast Highway adjoin the beach they are more suited to an affluent buyer as opposed to a developer due to the now substantially high land content whilst the developers are trying to string together larger sites by amalgamating multiple parcels throughout the suburb.

Generally speaking properties for sale on the southern Gold Coast have a decreased time on market in comparison to other areas of the Gold Coast, however, vendor expectation is still high and although properties within close proximity to the beach are achieving high sale prices those properties west of the Gold Coast Highway are not selling as fast nor has there been the uplift in sale prices. Whilst sale prices have increased throughout the southern Gold Coast west of the Gold Coast Highway the most substantial increase has been at Palm Beach, which has been steadily increasing for around two years.

The suburbs west of the M1 have seen increases in sale prices, however, the significance is far smaller than that of the suburbs closer to the coast. The acreage properties west of the M1 are still remaining on the market for longer periods of time than those closer to the Gold Coast Highway, however, the time on market is very suburb specific, with long market times required further west of the coast.

At present the southern Gold Coast market is not operating on a climatic cycle nor any significant economic cycle, the market is being driven by demand which is linked to the lifestyle being different to the central or northern coastal areas of the Gold Coast.

#### Gold Coast West

Signs of a Gold Coast property market slowdown are showing throughout the city. The western Gold Coast market has experienced a relatively steady overall run over the past few months with demand clearly softening and agents reporting a shortage of stock for dwellings in particular within the \$450,000 to \$650,000 market in areas such as Nerang, Highland Park, Maudsland and Pacific Pines. The townhouse, villa and duplex market remains stronger, being the more affordable options for first home owners and investors between \$300,000 and \$450,000.

The rural residential markets and properties with acreage are generally experiencing lengthier times on the market with most buyers being driven by



property specific types and lifestyle. Properties close to schools are still achieving stronger prices as demand is still solid in those market segments particularly in the highly sort-after estates throughout suburbs like Mudgeeraba and Tallai.

The Scenic Rim area including Beaudesert continues to experience relatively stable sale rates with prices not increasing significantly. Farming and grazing land values increased by a minor amount since 2016 however are now showing signs of levelling out. The government owned land formerly known as the proposed Glendower Dam project at Tabragalba of approximately 2600 hectares has been selling at auction over the past few months and achieving strong sales prices in particular for the larger land parcels along the Albert River with good access to water.

The remainder of the year looks to remain stable with interest rates remaining at a record low and not expected to rise dramatically. Demand from interstate and overseas investors is also expected to remain steady.

### Sunshine Coast

As we mentioned in the June Month in Review Half-Time Check-in, the residential property market has been performing quite well across the different property types.

We have noted a fall in the volume of sales but the

reason for this has been the limited stock available. The coast also tends to go into somewhat of a hiatus through winter. Enquiry levels slow with urgency disappearing out of the market. There are less holiday makers and given that it is the middle of the calendar year, most people stay put. Properties and areas that have good market appeal, however, do tend to perform well.

The spring fever in the property market is plugged as the best time to sell your home which is a viewpoint that has been inherited from the southern markets of Melbourne and Sydney. You can understand why given that they begin to defrost after suffering through another winter where the weather is less than ideal.

Given that the Sunshine Coast is a growing region, the busy periods tend to be later in the year moving towards the summer months. People are on the move after the school year and others have that psychological end of year, New Year's resolution view that they are going to make the move. These factors combined with the holiday makers being everywhere experiencing what the Coast has to offer also helps to widen the market place.

There are some elements that could make the market very interesting over the upcoming summer period.

As our team patrolling the coast continues to chat to agents, the feedback is pretty consistent. There is an

expectation that stock levels will rise over the coming months. It appears that a number of vendors have been holding off for this busier period in the market. There is also a perception that as the southern markets continue to slow, they will be able to capitalise on the last moments of the current cycle.

So, it will be interesting to see if the momentum we had last summer links up with this summer. We believe it will given that there have been no major scares in the southern markets and no major changes to interest rates which instils some confidence.

There is one aspect that may impact the market. What will be the effect of the tightening credit policies and procedures brought about by the Banking Royal Commission? Anecdotally some of our lending clients have expressed that it has been tougher to get loans through and some agents have had contracts fall over because of finance.

As we have previously mentioned in other Month In Reviews, the Sunshine Coast is pretty high on people's lists. Infrastructure projects such as the new Maroochydore CBD, Sunshine Coast Airport expansion and works to the Bruce Highway are all great with the big game changer being the Sunshine Coast International Broadband Submarine Cable project which is still to be announced.

The next 12 months, like the last, will be interesting to say the least.



### Toowoomba

With spring fast approaching, Toowoomba traditionally emerges from hibernation after the long autumn and winter periods. Sales activity is typically much slower over the cooler months, most likely due to stable workforces and drier conditions during these periods.

The Carnival of Flowers, the main tourist attraction for Toowoomba, is held once a year in September and is broadly considered the spring board for property sales in the city. The influx of tourists, blooming gardens and warm weather combines to increase listings and moreover, interest from potential buyers.

The lead up to December is often the busiest time of the year in terms of sales activity as those residents with impending transfers in the new year tend to start looking at properties in the lead up to Christmas.

December and January tend to be the quietest months of the year in terms of sales volumes.

2018 sales activity continues to be very slow with volumes in line with those demonstrated in 2011 post the catastrophic flood event that hit the city. A suburb snapshot from the established suburb of Newtown confirms this.



(Source: CoreLogic RP Data)

Dwellings above \$500,000 tend to be more influenced by seasonal variations as sales activity in these higher price brackets can be influenced by transitional workers such as school teachers, medical professionals and defence force personnel who are active buyers and sellers around the end and start of each calendar year.

Sales activity is slow and the median price is stable in Toowoomba with the drought affecting the broader Darling Downs region likely to keep market conditions relatively stable over the next twelve months with a bump in activity expected between September and December.

### Townsville

The residential market remains at the start of the recovery stage with reasonable turnover levels in the sought after mid to inner suburbs, but slow sales

in the outer areas and/or suburbs with perceived social issues.

As we move into spring and the weather warms, are we likely to see increased activity in the traditionally touted Spring Selling Season?

A look at sale volumes for houses over the past ten years suggests that the season of spring generally sees a slightly higher volume of sales than the other seasons, accounting on average for around 27% of the yearly sales. Within spring, October and November typically see the highest volume of sales. This is the period before the full effect of summer hits along with the typical tropical wet season. It is also the period before the end of year school holidays begin and where buyers looking to be in a new home before Christmas become active.

Anecdotal evidence suggests that spring sees more buyers at open houses and active in the local market. With our market at the start of the recovery stage, median prices remaining soft, low interest rates and a tightening rental market, this spring is likely to again see these seasonally increased levels of market activity.

### Rockhampton

Well Rockhampton has officially had its two weeks of winter with minimum overnight temperatures hitting single digits on only a number of occasions, and as we approach the start of spring, temperatures





are forecast to hit close to 30 degrees Celsius this coming weekend.

The question this month is does the rise in temperature and onset of the spring weather also affect our attitudes towards the property market?

In simple terms the answer is yes as we often see an increase in sales activity as both buyers and sellers start thinking about Christmas and what they want to achieve before year's end. Various sporting seasons, both locally and on a national level, are finishing up at this time of the year which in turn gives people more time off the couch or frees up their weekends with less commitments meaning more time to get out and inspect properties listed for sale.

To back this up, the graph below represents a brief overview of genuine residential sales throughout the Rockhampton region for the 2017-2018 financial year. After some examination of the results it clearly indicates that spring and summer (September to February) resulted in about 20% higher sales activity on the overall number of sales (437 sales) compared to autumn and winter (March to August) at 356 sales. Late spring in October and November were stand out months before an expected decline in December as people wind down for Christmas and the new year for a two to three week period.

Finally we anticipate a similar trend to continue as we approach the last quarter of 2018 however the possibility of a looming federal election may put a spanner in the works.



(Source: Herron Todd White research)

### Gladstone

For those who haven't noticed, things are on the move in Gladstone.

There is solid buyer interest, evidence of multiple offers being made as well as agents reporting that vendors are achieving values closer to their first asking price.

We have seen the return of investors as well with cash offers and some buying within self managed super funds. Vacancy rates are tightening and rentals have shown increases. All these positive signs have led to marginal capital value increases across different market sectors. This increased activity is expected to carry on into spring in 2018.

Spring time typically sees an increase in buyer activity in the region as buyers start thinking about the end of the year and wanting to get the buying process completed and be all moved in prior to Christmas. Some vendors in Gladstone are currently holding their properties and waiting until the end of the year to reassess where the market is at. It is the expectation that the market will continue to improve throughout the remainder of 2018 on the back of continued affordability in the region.

### Bundaberg

*"Spring is nature's way of saying let's party"*  
(Robin Williams).

Spring fever is in the air.... The birds are singing, bees are humming, the sun is shining and spring cleaning is underway. Now is the time to get outdoors and get your houses ready for sale....

Houses and units remain affordable in the region with agents reporting house sellers achieving closer to their first asking price despite a slight softening in median price growth for houses. Sellers are encouraged to take advantage of the current market while there is still a strong demand for property in the region.

So as the sun starts to shine stronger ahead into 2018 it is suggested that sellers need to be realistic in order to achieve sales and buyers enjoy the hunt for your affordable home or investment.



### Mackay

The Mackay residential market has continued to strengthen over the past 12 months, with increased sales volumes, reducing time on market and general optimism that the worst is behind us.

A number of factors have contributed, including an improved resource sector leading to greater employment opportunities, large infrastructure projects currently under way and improved construction industry.

This general boost in the Mackay economy has already seen positive impacts on the residential market. Rental vacancies have reduced dramatically and sit just below 2%, the lowest in many years and significantly down from the highs of 9.8% in the downturn.

The big shift started around mid-2017 and gained momentum through to the spring. It is anticipated that as the colder months leave us, the Mackay market will continue its momentum through spring and into the end of the year. All agents are reporting increased demand, with less time on market.

With rental vacancies being tight, we are starting to see an increase in rental values across the board. It is considered that the once elusive investor will start to re enter the Mackay market, with not only solid rental returns on increasing rents available, but the possibility of capital growth now a real attraction.

### Emerald

The Emerald market, and in general the Central Highlands region, is on the bounce.

The resource sector, including solar farms, is strong as construction and production are being ramped up. A labour shortage is evident already and it's just the beginning of what appears to be our next boom.

For Emerald, some sellers have taken their properties off the market and are waiting until the end of the year to reassess.

We have the Gregory Mine planned to reopen in 2019 under new ownership with speculation that 300 workers will be needed. All news currently leads to nothing but positivity for our markets. The last boom went for eight years and you could have jumped on at any stage and sold in the peak. How long will this firming last is anybody's guess but it looks onward and upwards in the foreseeable future at this stage.

We are heavily reliant on strong coal prices and with local mines now making profits again and feeling secure this has increased production targets which in turn has increased jobs which is flowing through to property demand. Our vacancy rate has tightened considerably, there are multiple offers on sale properties and properties are selling at listing prices suggesting that the spring season will see values continue to firm.

### Hervey Bay

Spring time on the Fraser Coast is whale season and is the busiest time for tourists. This year in particular we have seen caravan parks at capacity with mostly visitors from the southern states escaping the cold.

Agents typically report that enquiry for property is ongoing at this time, however the rate of sales has been reported to be consistent with no stand out increase based on previous years. The supply of lower priced stock has been subdued for a while now and most agents note that they never seem to have enough listings in the sub \$350,000 price bracket.

A good indication of the high demand from tourists (many being grey nomads) for this area can be seen from the recent opening of a new caravan park in Urangan. This caravan park has been full since opening the gates which has delivered some economic benefits for Urangan.

Demand is expected to remain fairly similar leading into summer, as the medical and construction sectors continue to provide valuable employment for the area.



## South Australia

### Adelaide

The sun's coming out of hibernation, footy finals are here and the smell of cut grass fills the air.

It's September and spring has sprung.

Historically the South Australian property market slows during the second and third quarters. Buying or selling property should be fun and exciting, but the dreary mid-year months don't lend themselves to this type of atmosphere.

The state government has mapped the quarterly metropolitan house price from June 1998 which, with the exception of notable peaks and troughs, shows slight dips in the median price through the September quarter of the year with an uplift towards December.



(Source sa.gov.au)

It's noted that the effects of the banking royal commission have begun to be felt through the mid-portion of the year. The ability to borrow money has tightened. Agents report that purchasers are being priced out of properties that may have fallen into their price bracket 12 months ago. This could cause a doubling down on the September quarter results given the out-of-cycle market pressure. The tightening in lending will not be fully quantified until the results of the December 2018 and March 2019 metropolitan median price growth are revealed.

Agents have reported a slowing in a number of key market indicators leading up to September. Buyer enquiry has reduced while available stock is limited. Discussions with agents in the field indicate the slowing in these key indicators is a seasonal occurrence which forms part of the annual property cycle. For properties going to auction, the winter months can pose a serious threat to the hammer falling. Fence sitting purchasers who are thinking of bidding can be spooked by a simple rain shower or the threat of looming dark clouds. The agent who thought they had ten registered bidders now has five.

Braving the wintry conditions were the vendors of 45 Gray Street, Norwood who began advertising their 3-bedroom, 1-bathroom symmetrical cottage in July with an auction to be held in August. A large crowd braved the cool weather to see the property sell under the hammer for \$790,000. Norwood

is located approximately 3.5 kilometres east of the Adelaide CBD and consistently rated as South Australia's most searched suburb.



45 Gray Street Norwood (Source: realestate.com.au)

Suburbs located within the inner and middle rings have been the best performers over the past 12 months. Suburbs located in these rings are considered to be the best prospects for price growth in the December quarter too. This sector provides options aplenty for first home buyers, downsizers, families and developers. Within the inner ring, price pressure can be expected in the \$600,000 to \$900,000 range whilst the middle ring can expect pressure in the \$300,000 to \$600,000 range.

Recently advertised in the inner ring is 4 Marian Road, Payneham which comprises a character



4 Marian Road Payneham (Source: realestate.com.au)

4-bedroom, 1-bathroom dwelling on a 1,100 square metre allotment. This property has been listed for sale by auction with an asking price of \$800,000. Whilst in the middle ring, 12 Aberfeldy Avenue, Edwardstown comprises a 3-bedroom, 1-bathroom updated 1950s home on a 660 square metre allotment. This property has been listed for sale by auction with an asking price of \$439,000. The outer ring continues to struggle with extended days on market with stagnant and in some cases negative growth.

Post-September and moving into the summer months we begin to see an increase in the listings surrounding beach side suburbs and coastal holiday destinations. Coastal tourist towns of Victor Harbor, Pt Elliot and Goolwa south of the city on the Fleurieu



12 Aberfeldy Avenue Edwardstown (Source: realestate.com.au)

Peninsula and Wallaroo, Moonta, Stansbury and Black Point north-west of the city on the Yorke Peninsula swell with holiday makers. This provides the perfect opportunity to promote new listings as the market pool increases. Properties which lend themselves to holiday makers and don't achieve sale through the spring or summer months can be removed from the market during the middle portion of the year to avoid any perceived over exposure.

Recently sold in the beachside suburb of Hayborough approximately 80 kilometres south of the Adelaide CBD is 8 Olivers Parade. The property provides 6-bedrooms and 3-bathrooms over two levels of living. The dwelling provides unrestricted ocean and beach views and is situated on an allotment of approximately 1,200 square metres. This property



8 Olivers Parade Hayborough (Source: realestate.com.au)

was advertised through the winter months before selling for \$1.7 million.

Listed for sale approximately 170 kilometres north-west of the Adelaide CBD is 124 Black Point Drive,



Black Point. This property comprises a 3-bedroom shack with absolute beach frontage. The property has been listed for sale with an asking price of \$785,000. Black Point is considered a blue-ribbon location with those properties situated on the northern side of Black Point Drive being some of the most sought after real estate on the peninsula. This location has historically been tightly held with only a handful of transactions occurring annually. This has changed in recent times with large areas of former reserve land being divided and sold as residential allotments.



124 Black Point Drive Black Point (Source: realestate.com.au)

Market conditions within these semi-regional and regional coastal townships remain stagnant. The remote nature of the Yorke Peninsula creates a more volatile market with increased fluctuations. The increased demand for property on the Fleurieu Peninsula through the summer months results in an increase in settlements at the end of the March quarter as those properties contracted over summer begin to settle.

The data does not lie. The winter months cause the property market to fall into hibernation. As the sun begins to come out and the birds start chirping, vendors, purchasers and agents crawl out of their burrows, give each other a nod and know it's time. Is spring fever fact or fiction?

I am calling Spring Selling Season a fact.



## Tasmania

### Hobart and Launceston

*"Spring has sprung  
The grass has ris  
Wonder where the houses is"*  
- anonymous

Apologies to the original author of that ditty. As we head into the death throes of winter, agents in both Hobart and Launceston are crossing their collective fingers and toes that there is a seasonal spring rush to market. Put simply, listings through most price segments and most metro suburbs are tight.

The strong (especially) first half of 2018 not only saw solid and at times surprising capital growth, it also removed much of the more desirable stock from the market.

Typically, spring is a good time to list in our southern-most state. The frost has thawed and the garden comes out of hibernation. People start to move around more given the Antarctic breeze has gone. The days start to stretch out again from the gloom of June. Simply put, everything is just brighter!

That said, this winter did see some surprises in many coastal holiday townships. The drift back to having that seaside beach house is certainly in full swing and we saw many purchasers active in the market.

Bridport, St Helens and Orford were stand outs with a few stories of agents knocking on prospective seller's doors and negotiating sales without the buyer even inspecting the property!

This spring may well be a test of our market. As media is reporting on the slowdown in Melbourne and Sydney (and for some unexplained reason Domain ran these stories in the local weekly real estate guide as representative of the Tasmanian market), we have seen a cooling of what was a feverish market in Hobart. A solid spring selling period could lay the base as we enter into 2019. However, if this expected extra supply is not absorbed then it could well be the indicator that the peak of the market is near.



## Northern Territory

### Darwin

The top end dry season has been one to remember - crisp cool mornings and dry evenings to see in the sunsets across the Mindil Markets and the Darwin Festival. Unfortunately the magnificent conditions on the social scene aren't being replicated in a strong residential property market at present. The start of spring in September will see the curtains drawn on the dry season and the start of the build-up. Unbelievably we start to look towards the end of the year (and, dare I mention it this early, Christmas). The second half of the year quite often brings with it a level of urgency to the market. Owners looking to have sold or bought a property in 2018 will need to heighten that level of activity if it hasn't occurred already and with Sydney and Melbourne starting to cool, interstate investors are looking for opportunities around the country. Hobart and Darwin are definitely on the agenda now.

Agents will start to develop auction and marketing campaigns in order to have the deal done before the year is completed and with a 30 to 45 day settlement period to contend with, that means we need to hit contracts by mid-November.

So while it isn't the fresh flowers, footy finals and birds tweeting of spring in the southern states, we certainly have our own unique end to the calendar year.

So, what are we expecting in the market for the back end of the year? It is the age old crystal ball question surrounding property markets. With the construction phase of the Ichthys Gas Project coming to an end, there will be some bumpy points in the road as long term tenancies are ended. The June quarter vacancy rates are testament to this already. Overall vacancy for the greater Darwin area is 6.4%. At a high level scan that stays consistent from the previous quarter, however when having a deeper dive, it shows that Darwin (city and northern suburbs) sits at 5.6% and Palmerston has softened out to 8.5%. This tells us that as more rental properties are coming to market there will be a move back towards the city and inner suburbs. Tenants chasing the amenity of the Darwin CBD will place pressure on the outer suburbs with less amenity, entertainment, public transport and employment.

The push to get sold before Christmas will see an increased volume of dwelling sales through the market. Locally, Ray White and Real Estate Central are experiencing success on the back of auction campaigns. Traditionally auctions have not been as successful in Darwin as say the Sydney and Melbourne markets which are almost exclusively auction based. What we've seen from the auctions thus far is a modest clearance rate, however what it has shown is an urgency to market, good quality

advertising and some pressure on purchasers to get organised and participate.

Over the past weeks, the Northern Territory government has put forward an aggressive campaign to relocate people to the Territory, with very healthy incentives to move north (starting at \$3,000 for singles and up to \$15,000 for families). With great job opportunities and a relatively weak and far lower median house price in Darwin, it's a great time to head north and participate in this market. #boundless #possible.

**THE  
TERRITORY  
BOUNDLESS POSSIBLE**

### Alice Springs

The Alice Springs market traditionally enjoys a livelier period during the spring months and heading into December with sales numbers generally well up on the previous quarter, including over recent years when the market has been declining.



Being a transient location, this is in part due to the comings and goings as people relocate towards the end of the year however as the chilly mornings and frosts leave us, the presentation of well-kept gardens shines through and spring proves the best time to sell.

The market has shown mixed results in recent months which is likely to continue. Recent shining lights include the rural residential market with more sales above the \$1 million mark and the Old East Side area continuing to be popular.

Units continue to be generally soft, more so for older 1980s 2-bedroom townhouses which have continued to decline in value however more are starting to sell which is a positive sign. New and modern units have proved more resilient with good demand and stable price levels.

We look forward to the traditional uplift over the next couple of months particularly after an extended period of stabilisation and with some new developments starting construction it will be another interesting quarter.







## Western Australia

### Perth

September in Perth is synonymous with cool, sunny days. Gardens start to flourish and consumer sentiment usually improves as people get over their winter blues, though over the past few years the timeline seems to have shifted slightly, bringing a later start to all four seasons. The beginning of the 2017 summer in Perth was uncharacteristically mild which boded well for the property market even though activity was slow.

There is no denying that the time of year can have an effect on the number of listings, average selling days, consumer sentiment and sales volumes. There are a multitude of cycles that markets go through

**Figure 1 - Perth Listings & Selling Days 2011-Present**



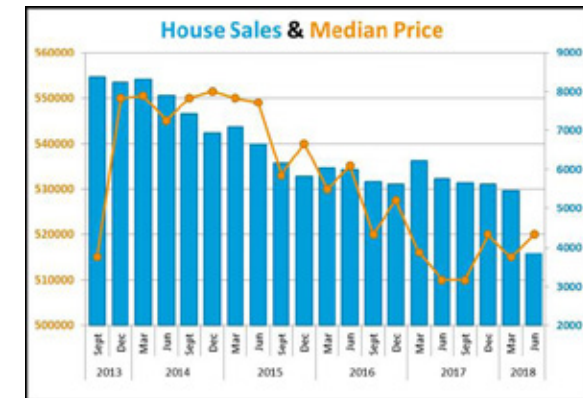
(Source: REIWA)

for various reasons, be that due to weather or current national or local economic conditions. This makes pinpointing exact reasons for a change in the market challenging at times, and further, accurately predicting the future can quickly become a risky venture.

Let's look at some statistics created with the Real Estate Industry of WA's (REIWA) raw data. The first point to make about the data above is that this is quarterly data. The seasons do not align perfectly with the four quarters as the spring months are September, October and November, but statistical September quarter data includes July, August and September. In the chart above we can clearly see that listings usually decline in June and often pick up in September - with the aberration of 2012 reflecting the peak of activity in the previous market cycle, and 2017 simply reflecting a lack of consumer confidence throughout the year.

2013 brought peak sales volumes for Perth that hadn't been seen since before the global financial crisis. The resource sector was booming, net interstate migration was at a high putting pressure on supply at the time and there was enough affluence in Perth to fuel demand for all types of dwellings. This demand transferred into a sharp increase in the median house price as we can see from Figure 2. The median price remained stable until the effects of the end of the mining construction phase began to

**Figure 2 - Perth House Sales & Median Price**



(Source: REIWA)

really hit the metropolitan area. Activity since that point has reflected a significant shift in migration as tens of thousands of workers returned to the eastern states or their native homelands.

Presently, Perth has reached unprecedented levels of affordability compared to cities such as Sydney and Melbourne. According to the Housing Industry Association (HIA) over the past 12 months affordability in Perth has improved by 5.6%. This is attributed to the continuing fall in the median house price as well as modest wage growth. REIWA have stated that the Perth median house price will sit around \$520,000 for the June quarter after all sales settle. To put that in context, in 2013 Perth had



**Figure 3 - Average Quarterly Listings & Selling Days**

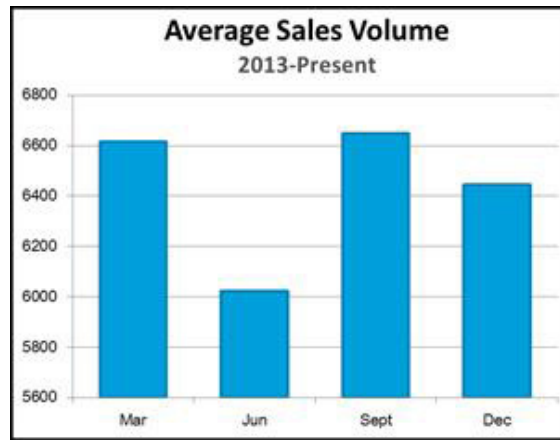


(Source: REIWA)

a similar median house price to Sydney. As the next phase of mining construction begins to ramp up in Western Australia, it will be an interesting activity to monitor the current disparity in median house prices.

Looking more closely at quarterly data in Figures 3 and 4 above, REIWA's statistics over the past seven years show that listings have been highest in the March quarter and progressively decrease throughout the year. Figure 4 shows that the June quarter experiences the lowest volume of sales activity, with an average of just over 6,000 sales.

**Figure 4 - Average Sales Volume**



(Source: REIWA)

The clear winner in terms of selling days is the December quarter with an average of 57 selling days. This does show that in the spring months, there are more buyers out actively looking for housing before making a buying decision.

So, what typically happens in each season in Perth? Remember that these seasonal characteristics are only generalisations. If a potential purchaser finds their dream house listed in the middle of winter, they won't turn down the purchase opportunity just because it's raining outside.

Summer includes the festive season when most people are busy during the Christmas and New Year period. School holidays always affect sales activity, both with buyers focusing on family time and travel and an associated increase in delays in the bureaucracy involved in any property transaction. However, the increase in activity in outdoor living lends itself to be a good time to sell homes that benefit from a sea breeze, natural light or outdoor living. If you own a coastal home or holiday house, consumers can often want to purchase these at the beginning of summer so that they can move in and enjoy the warm weather in the coming months.

In autumn, the holidays are now over and the kids have settled into school. Owners can start to think about big purchase decisions such as upgrading to a new location or investigating renovations or extensions. Buyers can still be active in the first half of the season, but often wane in the latter.

Winter definitely has the reputation as a buyer's market and is said to be the least ideal time to sell with less people attending viewings. North facing properties that can get the full benefit of the available sunshine often come to the fore. Fireplaces replace swimming pools as a prime selling feature, as do sheltered or enclosed alfresco areas.

Spring generally does see the most listings as well as the most activity. The season usually starts as



a buyer's market but can often become a seller's market towards the end of the season. Presentation is the key early on due to the increased competition on the market, and outdoor living can dominate buyers' wish lists.

Looking at how Perth has been tracking in some of its submarkets, activity has not changed much over the past six to 12 months in Perth's outer, north-eastern corridor. Things are still slow as the endless supply of stock gives little chance for quick selling periods unless the seller is necessitous. Vendor discounting is still quite high in this area as competition remains fierce, and new lows seem to be common. Given the current supply on market combined with pending supply under construction, suburbs such as Ellenbrook, Aveley and Brabham are likely to continue to be challenged for some time to come. Negative equity is a concern as it is with many outlying Perth suburbs.

Our valuers expect to see a brief spike in purchase activity for the beginning of spring in Perth's outer, south-eastern corridor as prices continue to be lowered to meet the market. We have been advised that many low offers are occurring and most properties are selling below the asking price. Activity in some suburbs has been extremely subdued.

An example of this is the suburb of Haynes. Homeowners are fearful that a house is worth less

than what they paid to build it and are therefore reluctant to put it to market. Byford is also in a similar state. There have been positive signs in Hilbert with prices remaining fairly stable and in line with the land and build cost. We expect the market to remain cautious over the coming months, but there is a lot of value in buying established homes at present. With affordability being so favourable, established dwellings in suburbs such as Armadale and Camillo present opportunities at the moment. Older dwellings on circa 700 square metre allotments are available for less than \$200,000, which appears compelling for a capital city, regardless of the challenges experienced in such areas.

Closer to the CBD in suburbs such as Perth, East Perth, South Perth, Victoria Park, Como, Waterford and Burswood there have been early signs of growth for properties over \$1 million. Activity for properties under \$600,000 remains very slow and values are continuing to decrease in some sectors. It is uncertain what will happen in the near future for these areas as there was a spike earlier in the year before activity declined again. We would expect such micro bursts of activity to continue for the coming 12 months.

Some feedback from local agents in the prestige market indicates that properties representing near land value between \$1.5 million and \$3 million are experiencing strong demand. Demolish and builds are the in thing, particularly in suburbs such as

Floreat, Swanbourne, Cottesloe, Claremont, Mount Claremont, Mosman Park, Dalkeith and Nedlands.

The amount of days properties are on the market does not necessarily decrease in spring as many sellers who have been waiting out the winter months add supply to the market throughout spring and into summer. One opinion from a local real estate agent in the prestige area is that "as less stock compensates for less buyers over the colder months and increased stock compensates for more buyers in the warmer months, the end result is a fairly constant market throughout the year."

There are so many factors that go into market activity levels that purchase or selling decisions should really be made on a case-by-case basis and depend on your own property's characteristics as well as the position in the seasonal cycle and the position in Western Australia's property market cycle. Many segments of the greater Perth region are still struggling at the moment. We have seen great things in terms of affordability, and activity in the prestige sector, but low levels of activity continue to hinder the rest of the market. It seems that if there is a traditional spike in buyer activity over the spring months, it will be very segmented. The more sought-after localities closer to the CBD are likely to be the ones to benefit from this surge in demand, although established dwellings in many outer lying suburbs still appear to represent good value at present.



### South West WA

The residential sector of the South West of WA property market is emerging from the winter with cautious optimism for a strengthening economy.

The number of sales has reduced over the past six months, however the value of average property transactions appears to be stabilizing. Specific increased economic activity at the lithium mine at Greenbushes is resulting in an increasing number of enquiries and a number of quality homes have attracted robust enquiries which have marginally improved values. Real estate agencies are chasing stock but report that the key element to successful sales is ensuring that vendors have realistic expectations and are prepared to meet the market.

Over supply of land in many of the expanding subdivision suburbs around Bunbury, including Dalyellup, Millbridge and Australiand, is subduing value with pockets of decline in some areas. However, with the arrival of the warmer spring weather it's possible to assess that the poor performing markets in these areas may be bottoming out. Older stock of housing in historic parts of Bunbury and South Bunbury are holding their values and returning confidence to the market which is resulting in some quality renovations which are adding value.

Sales of rural lifestyle properties in the region up to 40 hectares are stable but with limited transactions

being recorded. Properties with generous dams are certainly more appealing as the recently rebranded Southern Forests region around Manjimup and Pemberton is witnessing a resurgence of fruit and vegetable planting as the market for fresh produce continues to strengthen.

The popular seasonal tourist towns of Margaret River, Dunsborough and Busselton all look forward to improved economic activity as the summer arrives, which gives the region an opportunity to showcase the appealing lifestyle which has historically improved the performance of the residential property sector.

Here's hoping with the perceived improving optimism in the region that the summer of 2018/19 will continue to strengthen the residential housing market.



## Australian Capital Territory

### Canberra

#### Houses

Spring fever in the ACT residential housing market is very much fact.

The housing market in the ACT is somewhat driven by seasons as the winters are historically harsh. When winter begins, cold temperatures cause buyers to lose inspection motivation and as a result, sellers feel less inclined to list their properties.

The transition from winter to spring always occurs quickly in the ACT, with temperatures going from cold to warm in a short period of time.

Once spring begins and the weather becomes warmer, buyers are motivated to inspect properties and the cycle picks up. The warm weather and blossoming of plants increases the marketability of properties. Houses generally look more spectacular and inviting to buyers.

The spring cycle is typically short and usually begins in late August and stretches to November/early December. Given the employment profile of the ACT, December and January are quiet in the property market given that many employees choose this as the best time to take time off work, which results in lower market activity.

Overall housing market activity throughout winter 2018 has been steady to strong, which is expected to continue into the spring and summer.

#### Units

Units in Canberra generally follow a different pattern to the housing market. Units usually don't have as many marketable features that have an advantage in spring over winter.

The ACT still has an underlying problem with unit supply, so it is hard to judge the market activity increase from winter to spring.

Overall market activity over winter has been on a slight decline owing to the construction of multiple new residential complexes, which is expected to continue into the spring and summer.

