HERRON TODD WHITE RESIDENTIAL

Residential

June 2019

National Property Clock: Houses

Entries coloured orange indicate positional change from last month.

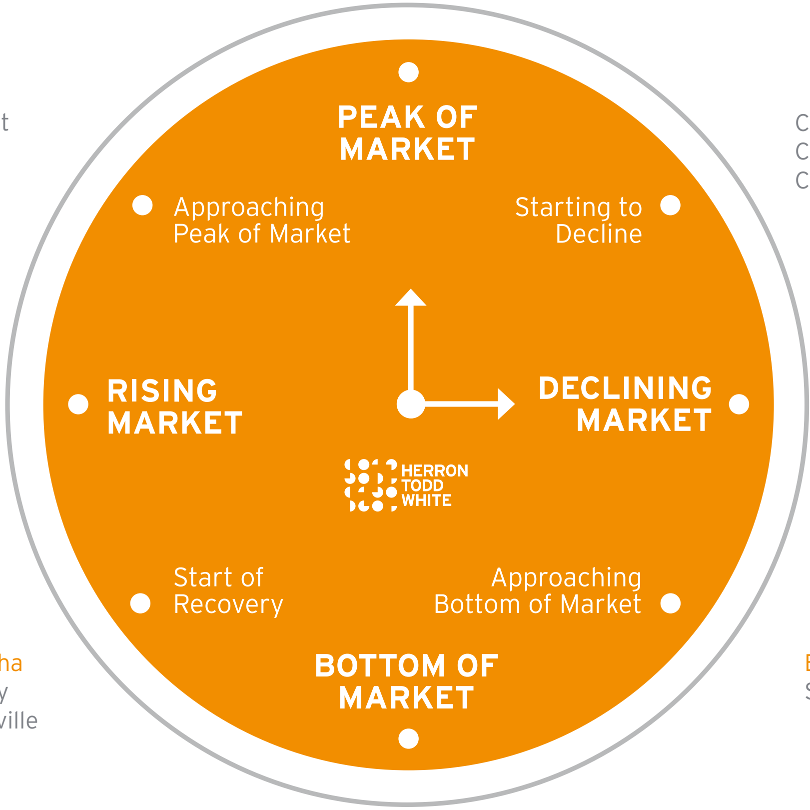
Bathurst
Dubbo
Gippsland

Lismore
Mid North Coast
Sunshine Coast

Hobart

Canberra
Central Coast
Coffs Harbour

Geelong
Tamworth



Adelaide
Adelaide Hills
Albury
Barossa Valley
Burnie-Devonport
Emerald

Hervey Bay
Launceston
Mildura
Port Headland
Shepparton

Gold Coast
Illawarra
Kalgoorlie
Melbourne

Newcastle
South East NSW
Sydney

Brisbane
Cairns
Gladstone
Ipswich

Karratha
Mackay
Townsville

Broome
South West WA

Alice Springs
Bundaberg
Darwin
Geraldton

Perth
Rockhampton
Toowoomba

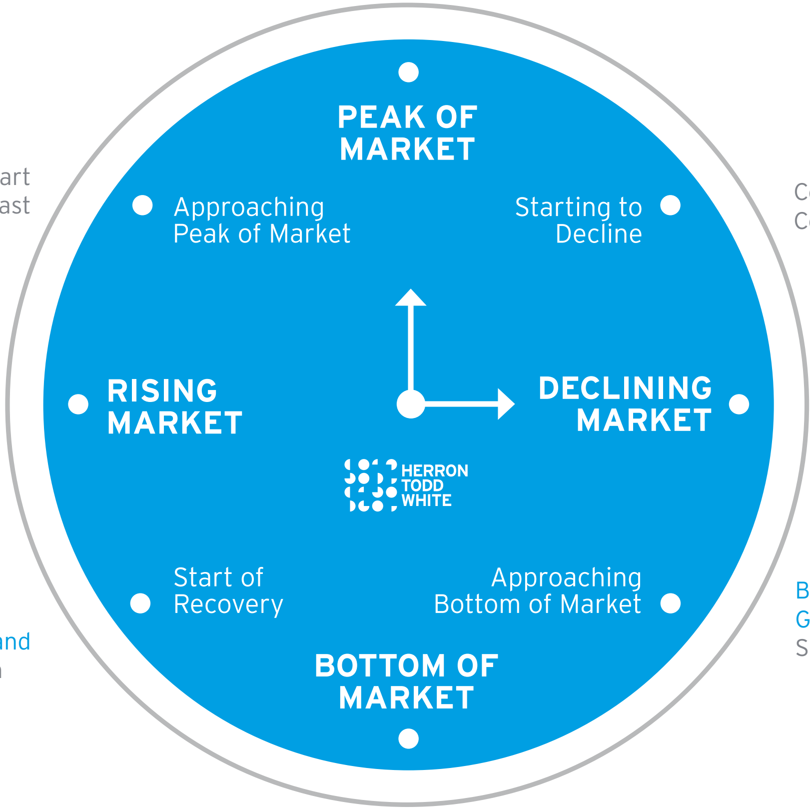
National Property Clock: Units

Entries coloured blue indicate positional change from last month.

Bathurst
Lismore
Mid North Coast

Hobart
Sunshine Coast

Central Coast
Coffs Harbour
Geelong
Tamworth



Albury
Burnie-Devonport
Dubbo
Emerald
Hervey Bay
Karratha
Launceston

Canberra
Gold Coast
Illawarra
Kalgoorlie
Melbourne
Newcastle
Perth
South East NSW
Sydney

Adelaide
Cairns
Gippsland
Gladstone
Ipswich
Mackay
Mildura
Port Headland
Shepparton
Townsville

Broome
Geraldton
South West WA

Adelaide Hills
Alice Springs
Barossa Valley
Brisbane
Bundaberg
Darwin
Rockhampton
Toowoomba
Whitsunday

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New South Wales

Overview

2019 has been a mixed year. Much of the expected softening in larger cities continued, but the resilience of other centres probably surprised more than a few real estate operators.

Federal elections, finance challenges, infrastructure, industry and employment – all have played their part in this month's submissions.

Sydney

As we approach the half way point of 2019, it's interesting to look back at the first half of the year to see how the Sydney market has performed. The first half of 2019 confronted a unique set of circumstances in that both a state and federal election were held. This has provided a further brake on the Sydney property market, particularly in the case of the federal election with property at the forefront of the campaign given the negative gearing and capital gains tax changes proposed.

In general, auction rates have improved on the back of vendor expectations meeting the market, the number of property transactions is down compared to 2018 and price declines have been slowing but are still down 4.3% from the start of the year to mid-May. There has been an 11.2% decline over the past 12 months (source: Corelogic).

There have been mixed results across Sydney however with different areas performing better than others. The tables below show the five best and five worst performing Sydney regions in regard to change in dwelling values. Median prices in the Blue Mountains and upper northern beaches showed greater resilience over the past 12 months while Epping and southern Sydney appear to have experienced the greatest falls.

Capital city SA2 regions with greatest annual change in dwelling values, 12 months to Apr-19

SA2 Region	Capital city region	Change 12 mths to Apr-19
Blue Mountains - North	Sydney	1.1%
Wentworth Falls	Sydney	0.1%
Bayview - Elanora Heights	Sydney	-1.8%
Lawson - Hazelbrook - Linden	Sydney	-2.1%
Newport - Bilgola	Sydney	-2.6%

Capital city SA2 regions with largest annual fall in dwelling values, 12 months to Apr-19

SA2 Region	Capital city region	Change 12 mths to Apr-19
Bass Hill - Georges Hall	Sydney	-19.4%
Epping - North Epping	Sydney	-19.1%
Panania - Milperra - Picnic Point	Sydney	-18.9%
Revesby	Sydney	-18.5%
Miranda - Yowie Bay	Sydney	-17.8%

Source: Corelogic

House prices still appear to be falling at a faster rate than units, with the Sydney median house price down 3.1% in the March quarter to $1,027,962. This compares to the Sydney median unit price which is down 2% in the March quarter to $696,935 (source: Domain).

A likely interest rate cut, an increased appetite for new loans by major lenders and more certainty after the elections are likely to see market conditions continuing to improve in the second half of the year, with prices beginning to stabilise.

Western Sydney

As the half time whistle sounds for 2019 and the oranges are passed around, it provides an opportunity to see how the market is tracking.

In Western Sydney the overall trend for dwellings is still weakening, after a number of years of positive growth. Negative sentiment in the marketplace and tighter lending requirements have played a part in these falling median prices. We predict this trend will continue for the rest of the year.

Houses in Erskine Park are 4% lower than December 2018 according to their median price statistics. Marsden Park had similar figures with a 3.6% drop, whilst Oran Park has seen only a 1% drop in dwelling median values since December 2018 (Source: realestate.com.au).

Our experience with residential units and off the plan sales has found premiums were paid in stronger markets for the then new product. As the wider market weakens, we are continuing to see settlement valuations not meeting the off the plan purchase price. These valuations require recent

$1,027,962

Sydney median **house** price down **3.1%** in the March quarter.

$696,935

Sydney median **unit** price down **2%** in the March quarter.

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resales of similar units to support the value and in many areas the evidence is unable to support the strong off the plan prices.

An example includes a recent resale in Parramatta. Selling for $1.285 million off the plan in May 2015, this three-bedroom unit recently resold for $990,000 representing a 30% drop in value since purchase. This is not an uncommon occurrence with many units sold for a premium off the plan in a stronger market now unable to meet their initial purchase price up to four years later.

There are signs in the marketplace that buyers for new units are harder to attract and a number of incentives are now being offered. A recent example is the Pelican Estate in Schofields, a 270 unit development selling off the plan in western Sydney. The developers Bathla are giving away $1.2 million in prizes to lucky purchasers with a $500,000 first prize, $200,000 second prize and a further $500,000 in prizes. Incentives and giveaways such as this are not typically seen during a booming market and are considered a sign of the times.

View from a Parramatta unit which sold 30% below its 2015 price
Source: PriceFinder

Lower North Shore
The Lower North Shore, often a unique market, can fluctuate either way in a hurry. Last year as the general property market started to weaken, this region was quite resilient and we were still seeing some very positive results. This was especially true in the prestige section of the market with higher value properties outperforming the rest of the market and with a record number of sales. Now almost half way through 2019, we take stock of which direction this market is headed.

The affluent suburb of Mosman, the most well known suburb on the lower north shore, is often the best indicator of where the market currently stands. The most recent statistical data sourced from realestate.com.au, indicates a median house price for April 2019 of $3,782,500. Comparing this price to the median from December 2018, indicated at $3.9 million, we see an obvious weakening trend. It would appear that this time around, Mosman is following the trend of the general market cycle.

$3,782,500

Mosman median house price for April 2019

The prestige sector of Mosman, having experienced a booming few years, also seems to have significantly quietened. Researching the number of transactions that have occurred over $5 million in Mosman so far in 2019, it appears that there have only been three such transactions in the suburb (source: RP Data) and none over $10 million. This is in contrast to 2018 where we saw a total of 85 sales over $5 million for the year, 34 of those between January and May. Local selling agents have indicated that there has certainly been a decline in activity over $5 million, however quality properties are still attracting plenty of interest from genuine buyers.

The unit sector of Mosman usually performs very well and in line with the dwelling market. With all the talk of over-supply in the form of high-density development, Mosman is partly immune from this issue. There has been limited high density unit development in Mosman, with most new strata properties being targeted at downsizers. This product is more likely to be lower density and higher quality, aimed at those looking for a low maintenance lifestyle. The most recent statistical data sourced from realestate.com.au indicates a median unit price for April 2019 of $980,000. Comparing this price to the median from December 2018, indicated at $1.03 million, we again see a weakening trend, generally in line with the dwelling market declines being experienced in Mosman.

The second half of 2019 will be extremely interesting as we see what direction the market on the lower north shore takes.

Inner Sydney
Market activity has generally been subdued within inner Sydney over the past six months. Prices have continued to decline in all but the bluest of blue chip areas.

Within the CBD itself, unit prices have been declining since 2017, largely due to continued supply and decreasing investor demand. Realestate.com.au shows a decline in the median unit sale price for the suburb of Sydney from $950,000 in January 2019 to $925,000 in March 2019, after a peak of $1.1 million in 2017.

The prestige sector of Mosman, having experienced a booming few years, also seems to have significantly quietened.

The perennially oversupplied Green Square area of Sydney (covering parts of Zetland, Alexandria and Waterloo) has also fared badly with median prices falling from $900,000 in January 2019 to $875,000 (according to realestate.com.au) in March 2019 alone, after a 2017 peak of $955,000. Furthermore the strong supply pipeline is set to continue throughout the next eighteen months, with multiple new developments due for settlement, all at a time when investor demand is decreasing.

Median house prices have also been decreasing since the start of the year with inner suburbs on the western side of the CBD such as Forest Lodge declining from a median of $1.5 million in January 2019 to $1.39 million at the end of the first quarter of 2019. Realestate.com.au indicates that the median price there peaked at $1.78 million in 2017.

On the eastern side of the CBD, the diminutions have been less severe, with Paddington decreasing from an overall market cycle peak of $2.34 million at the start of 2019 to $2.27 million in March 2019 according to realestate.com.au.

The inner city has a multitude of property types and price points. The price point seeing the most value retention in the current market appears to be affordable one and two-bedroom units within suburbs along the city's eastern fringe, particularly those more suited to owner-occupiers – those in well finished buildings, boutique or well-regarded complexes, with views and parking being particularly sought after.

According to realestate.com.au, units in Potts Point have remained generally stable in price since the start of 2019, with medians of $785,000 in January 2019 and $778,000 in March 2019.

There have been some weaker results for two bedroom units in trendy Surry Hills. For example 507/437 Bourke Street, a two-bedroom warehouse conversion sold for $1.6 million in April 2019 after being purchased for $1.655 million in April 2016.

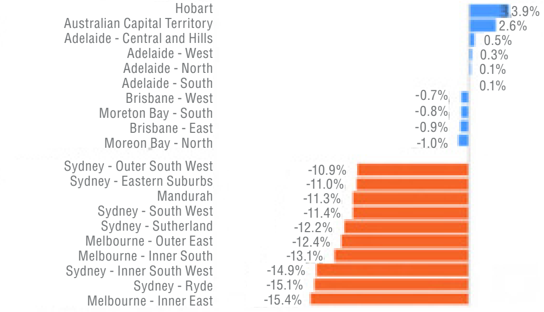
Furthermore, 36/45-49 Holt Street, a semi-modern two-bedroom unit within 500 metres walk of Central Station sold for $1.002 million in March 2019, previously selling for $1.1 million in June 2016.

507/437 Bourke St, Surry Hills   Source: realestate.com.au

Southern Sydney
According to Corelogic, Sydney has six of the ten sub-regions which have shown the largest decline in dwelling values in the year to April. Two of those are in Sydney's south with the Sutherland and inner south-west (St George and Bankstown) areas showing 12.2% and 14.9% decline in dwelling values in the 12 months to April.

The Bass Hill/Georges Hall (-19.4%), Panania/Milperra/Picnic Point (-18.9%) and Revesby (-18.5%) regions appear to have experienced the biggest declines during this period (source: CoreLogic). These suburbs continued to experience declines in their median house prices during the first quarter of 2019 of between 1.2% (Picnic Point) and 5.6% (Revesby), with only Milperra bucking the trend with a slight 0.5% increase in its median house price (source: realestate.com.au).

Top ten and bottom ten sub-regions for annual change in dwelling values, Capital city SA4 regions



Source: Corelogic

In the Sutherland Shire, Miranda/Yowie Bay has been listed as one of the poorer performing regions in Sydney with a median drop of 17.8% in the 12 months to April (source: Corelogic).

Miranda has had a recent increase of units flooding the market with a few large unit developments reaching completion this quarter. Real estate agents have noted that this has also affected the rental market with a larger number of units all available for rent at the same time.

Not all suburbs and property types are seeing a decline however. The Cronulla housing market has remained stable for the March quarter at $2.25 million. The unit market however has dropped from a median price of $900,000 in December 2019 to $875,000 in March 2019 (source: realestate.com.au).

According to Corelogic, Sydney has six of the ten sub-regions which have shown the largest decline in dwelling values in the year to April.

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Eastern Suburbs

The eastern suburbs peaked a little later than the general Sydney market, however declines have now caught up with the greater Sydney market, with an 11% fall in the 12 months to April (source: Corelogic).

At the lower end of the housing market, a recent sale in Botany of a 1900s, three-bedroom, one-bathroom semi-detached dwelling for $900,000 was more than 30% lower than when it sold for $1.3 million in August 2017. The median house price in Botany was down 3.5% in the March quarter to $1.45 million, while the median unit price was down 2.4% over this time to $810,000 (source: realestate.com.au).

A semi in Botany which recently sold — Source: Corelogic

The eastern suburbs prestige residential market was more resilient than the wider market in 2018 although there are definite signs that market has peaked as well. The prestige suburb of Rose Bay experienced a 3.4% decline in its median house price in the March quarter to $3,646,500. Units fell even quicker with the median price down to $1,155,000, a drop of 7.6% over the quarter (source: realestate.com.au).

This doesn't appear to be uniform across all suburbs though, with Bellevue Hill (0.8%) and Vaucluse (7.2%) showing increases in their median house prices during the March quarter. Despite this, activity in these suburbs has definitely eased with only 13 sales above $5 million in Bellevue Hill as at mid-May compared to 64 for all of 2018. Vaucluse has had ten sales compared to 65 for all of 2018 (source: PriceFinder).

With some economic concerns both at home and abroad, the prestige market may be a little more volatile as we head into the second half of the year.

Ballina /Byron Bay

The coastal region spanning Ballina to Ocean Shores is tracking well. As Sydney and Melbourne markets have significantly cooled off, this market has steadied given the lack of interstate buyers entering the market (which has been the case for the past few years). Whilst this market has steadied there is no evidence to suggest that it has fallen. It is evident however that longer time periods are being spent on the market in the current conditions.

Price sectors for entry to mid-level buyers seem to be faring well, as new home buyers enter the market and local purchasers trade up. The prestige market and rural residential market however appear to be slowing with a lack of transactions given interstate money has predominantly exited this price point.

Houses and more importantly houses that include a dual occupancy, appear to be faring better than most given the rental potential of a secondary dwelling and its ability to help service the loan. As land has rolled out in the past 12 months in these areas, it is apparent that a large percentage of new builds are including a secondary dwelling (dual occupancy) for this reason.

Some extra special information to share in this particular region is that Byron Bay is faring better than anywhere else in Australia. People have continued to migrate from capital cities into these coastal resort towns for work and lifestyle balance.

Clarence Valley

Across the Clarence Valley, median prices remain strong. Most localities are still recording median price increases across all property types, however some are beginning to show early signs of stabilising. For instance, Grafton has shown a 6.2% rise in median house price from 2018 to 2019, while Maclean and Yamba remain steady.

Recently, the rate of sales has slowed with some speculation surrounding the election. Rural residential properties have remained popular with considerable interest being recorded, particularly those with multiple dwellings and the possibility for additional income. Similarly, the prestige housing market has proved resilient with market leading sales being recorded in sought after positions in Yamba.

As predicted, the significant majority of sales recorded recently remain in the $300,000 to $500,000 price point and it is likely the second half of 2019 will mirror the first two quarters.

Coffs Harbour

The Coffs Coast saw a fairly subdued start to 2019 with definite buyer negativity creeping into the market. This negativity is a result of a combination of factors including the fallout from the Royal Commission into banking practices and the impact this has had on lending policies and available finance, plus the reduced interest from capital city markets, increased APRA lending restrictions for broader investment loans and continuing media reports of declining market conditions in the capital cities (Sydney and Melbourne). The recent state and federal elections which have seen extensive campaigning with regard to property affordability (first home buyers), potential changes to negative gearing and superannuation tax laws, have all combined to put a very negative or uncertain picture in a potential buyer's mind.

Notwithstanding this, the local market remains generally firm although sale volumes and general activity has softened. Current anecdotal evidence indicates that although most good quality property types are holding value, there is noticeable buyer resistance for property that is either overpriced, lacking in key features or in a secondary location. There is still reasonable demand and some continuing increases in value being experienced for entry-level residential product or blue chip areas where supply is low and demand high. The rural residential market is continuing to remain strong with a noticeable increase in activity with short selling periods. The market most affected by the general softening is the prestige sector ($1 million plus) which is predominantly driven by out of town purchasers.

There are no real surprises in the market to report so far in 2019.

Lismore/Casino/Kyogle

Since the beginning of 2019, it was expected that the residential and rural residential market in Lismore, Casino and Kyogle would soften with reduced sales activity and weakening demand. From a general view point, this has occurred, albeit with some pockets of the market kicking this statement into touch.

Firstly, following on from the ravages of floodwaters inundating parts of North and South Lismore and parts of Lismore Central during April 2017, the volume of sales activity and demand came to a virtual halt, however over the past six months, we began to see some positive movement. With the stringent banking regulations now in place, flood affected areas with an estimated habitable floor height level below the estimated one in 100 year flood event height level will experience a lot of difficulty securing mortgage finance. Nevertheless, those dwellings with a floor height above the estimated one in 100 year flood event height level have fared better and it is not uncommon now to see prices above $300,000 for part renovated dwellings in South Lismore and North Lismore.

Casino and Kyogle have seen a general slowdown in activity with only well-presented properties that have special features garnering more interest.

The modern residential estates in the suburb of Goonellabah have continued to improve over the past six months with well improved, four-bedroom, two- bathroom dwellings sometimes breaching the $600,000 mark.

Casino and Kyogle on the other hand have seen a general slowdown in activity with only well-presented properties that have special features garnering more interest. Being close to the town centre and providing modern appointments help improve the overall appeal. We note a recent construction of four good quality two-bedroom attached units within close proximity of the Kyogle CBD having no trouble securing tenants at the $350 per week price point.

Central Coast

The half year mark has been reached and a quick review of the year thus far has been ordered.

Contrary to what some foresaw at the beginning of the year, the NSW Central Coast real estate market hasn't stopped functioning – some adjustments have been made, but overall the transition to a slower market has gone well. As with any region with a diverse property range, some suburbs have felt the pressure of price adjustment more than others.

The data coming through is suggesting that the suburbs at the southern end of the region have seen price falls more than others. This includes the suburbs of Umina Beach and Woy Woy where values seem to have fallen by around 10 to 15 per cent. This however, is on the back end of higher than average value increases compared to most other parts of the region.

As we near the half way point of 2019, units within the Gosford CBD are also the subject of conversation. We are hearing (and seeing) a loss in confidence in this market and as settlements on new developments are being called, the evidence suggests a close eye and extra caution needs to be observed by buyers before committing. We are stopping short (just) of saying we are in an oversupply situation right now as we believe that the plans for the expansion of both the public and private hospitals in Gosford will ease this situation.

Towards the northern end of the region, the market has definitely slowed with some price corrections noted in newer and older suburbs. There hasn't been much of a drop in values overall, but the evidence suggests that it is happening.

The northern end of the region is generally more price dependent with a higher reliance on continuity of employment and stablisation of home owners.

Vendor expectations have been a little slower to adapt to the changing market with real estate agents indicating that more time is being spent on the current values. This is then affecting those buyers out there and the meeting of minds. Buyers and their ability to deal are further impacted by changes in lending policies which in a nutshell is making borrowing harder. But that said, the property market appears to have swung in favour of buyers with more choices available.

We are certainly in for an interesting second half of 2019 and if the signs are being read correctly, then we should expect the market to slow further. These signs include a higher level of valuation assessments being queried by lenders and mortgage brokers, slightly higher levels of owners opting for renovations and extensions rather than selling and real estate agents having to work harder to get their deals across the line. The property market work cycle is in the correction phase after solid increases in property prices throughout the past few years.

The higher end of the market range seems to be tracking reasonably well at this stage and we are seeing little change to volumes of transactions and values seem to be less affected.

Newcastle

Can you believe we are half way through 2019? Seems like only yesterday it was January and we were attempting to predict what the year would be for property. Since the start of the year there has been much speculation regarding the real estate market: will prices fall more? Will it stabilise or will the market start to recover? What changes to the industry will arise following the election result? We can only wait and see at this stage.

So, what's been happening within the Newcastle and Hunter Region so far? Interestingly, prices haven't taken a huge tumble as many were initially wary about at the start of the year. The Newcastle property market hasn't seen huge falls in prices as some capital cities have. Typically, the property market works in cycles and via our Herron Todd White property clock, we have indicated that our region is now in decline, but this is off the back of solid increases in property prices throughout the past few years. This type of growth cannot be economically sustained and thus the real estate market can be seen as correcting itself.

We have also noted that many buyers in our local area are finding themselves with more choice and much less pressure to make an offer. There are no longer three people in line ready to make an offer on the same property. You will find the well-priced and quality properties in preferable locations are still selling well despite all the talk of declining prices. These quality properties become the standout in these conditions and the gap widens between primary and secondary properties.

We've also identified that suburbs which were previously out of the budget of buyers are now becoming more attainable. Previously some buyers who were looking at outer suburbs such as Highfields and Kahibah can now expand their search areas without expanding their price bracket much to include suburbs closer to town such as Adamstown, Kotara and some areas of New Lambton. The typical blue-collar suburbs including Merewether, Cooks Hill and Bar Beach are just as popular as ever (that's a given), but prices are softening in these suburbs. The more affordable first home buyer suburbs such as Mayfield, Hamilton North, Waratah and some properties in Tighes Hill are also softening, but here the quality properties are constantly selling quicker than others on the market.

Interestingly, there are still many record-breaking sales happening across Newcastle. Take a look at a recent sale in Adamstown Heights. Renovated with the help of a local architectural firm, this large family home sold for $2.15 million in March 2019. The property has five-bedrooms, three-bathrooms and two car spaces with a large backyard and swimming pool.

Adamstown Heights record breaking sale Source: realestate.com.au

There has been another sale of a renovated Federation home in the much sought after suburb of Hamilton South. The auction sale has become the suburb's second highest recorded sale at $2.25 million. The agents originally stated a price guide of $2 million to $2.2 million. This property is well-known in the area for its beautifully restored Federation features and large corner block location, with four bedrooms, three bathrooms, two car spaces and a large swimming pool and outdoor entertaining area.

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Hamilton South property sold for $2.25 mil   Source: RP Data

So where will the property market head from here to the end of 2019? Dare we say it could be similar to our beloved Newcastle Knights who at time of writing this piece have come away with three back-to-back wins after a slow start to the year? Could Newcastle be ready to re-enter the fight and confidently stride forward from current conditions? Only time will tell for our real estate market (especially following the federal election), but it's looking encouraging for Nathan Brown and our Knights.

Southern Highlands

We are six months into 2019 and the Southern Highlands region exhibiting a weakening trend across the residential market albeit with a feeling that the market is now stabilizing (particularly after the recent Federal Election). Prices in the main townships of Bowral, Mittagong and Moss Vale appear to have been more resilient than some of the perimeter locations. Properties above the $1.5 million mark are experiencing longer selling periods than more recent times due to a combination of decreased buyer demand and vendors yet to adjust to the current market.

It is a tale of two markets in some locations, with Burradoo holding up well overall during the downturn. Properties are still fetching good money and continuing to appeal to the Sydney buyers with relatively quick selling periods when priced correctly. That being said, some properties in the $2-million-plus market have demonstrated volatility in the last 12 months. An example of this sensitivity is an architect designed new executive style residence on the western side of Moss Vale Road which recently sold for $2 million after initially being listed for $2.5 million In July 2018 with two separate agencies.

Mittagong's market activity has definitely showed signs of weakening in the tougher period with the number of recorded sales down approximately 35 per cent on the median of the last three years as per PriceFinder, with the peak selling period being April to May.

Braemar as a fringe location has also felt the effects of the downturn with prices falling approximately five to 10 per cent over the last six months. We are also observing market adjustments and the definition of market value, willing buyer, willing seller coming into play, with a few unrealistic vendors coming to terms with the current market conditions. An example of this is a circa 2017 dwelling within the Nattai Ponds Estate recently sold for $640,000 after initially being listed between $770,000 and $750,000 in October 2018.

The vacant land market is still in oversupply for the major subdivisions across the three major townships with vendors forced to drop their prices in order to be competitive with other listings or an extended selling period is to be expected.

Illawarra

Almost half way through the year and 2019 is delivering a declining residential market.

We note that residential sales activity is below where it was during the peaking 2013 to 2017 years, but has not ground to a complete halt. Transactions are still happening, especially where vendor pricing is realistic in the current market.

Selling periods of three to six weeks are still common when the property is priced correctly, but there are many cases of long listings or multiple agents being used when vendor's hold onto a belief their property can still command a peak price.

Corelogic has reported that over the three months to April 2019, 75.6 per cent of properties across the country sold for less than their original list price and this phenomenon of discounting is clearly evident in the Illawarra. A property in Armagh Parade Thirroul has recently sold for $755,000 after initially being listed for $880,000 to $930,000. Another on Brunderee Road in Flinders sold for $679,000 after initially being listed for $829,000.

A big surprise for 2019 is that rents have remained relatively stable. With recent huge supply of new housing in growth corridors and units in the Wollongong CBD it was expected that rental demand and subsequently prices could drop. This doesn't appear to be the case with property managers reporting decent demand for stock and overall rent prices holding. While this is not great news for tenants hoping for some rent relief, it is encouraging to investors. A decline in selling prices means investors are able to get higher returns than were available at the peak period.

Gross yields as low as 4.25 per cent were being experienced for investment properties at the back end of 2017. A block of five x two bedroom units in West Wollongong sold for $1.1 million recently which shows a gross passing return to the investor of 6.15 per cent with scope for increases in the future. With interest rates still low and rents stable these returns are slowly drawing some investors back to the market.

Victoria

Melbourne

We are already at the halfway point of 2019 and gee hasn't the time flown?

Overall, the market has been weathering a downturn but it hasn't been all doom and gloom as first predicted. Statistics have revealed that fewer auctions are being conducted, there are longer days on market and there is an increase in supply to some suburbs.

This is expected within a softening market thanks to tighter lending criteria and the negativity portrayed in the media about the burst of the property bubble. So now that we are six months into 2019, let's give a wrap up of what's happened so far against our predictions and see how the market is tracking.

North

In our February edition of the Month in Review, we stated that inner northern suburbs would be the hardest hit with declining property prices whereas the outer north would plateau. Economists agreed, stating that property prices for the north-east and north-west were set to decline (as shown below). Six months into the year, it is clear that prices have declined for both the inner and outer north.

HOUSES	2017	2018	2019	2020
Melbourne - North East	17.3%	2.9%	-4%	5.2%
Melbourne - North West	16.3%	5.6%	-4.2%	-0.7%

Source: S. Wright, 2019

Overall, the market has been weathering a downturn but it hasn't been all doom and gloom as first predicted.

The outer northern suburbs of Craigieburn, Mickleham and Kalkallo reached their peak property prices in early to mid-2018 and have slowly been declining ever since. Craigieburn's urban sprawl previously known as providing a good return on investment for off the plan purchase of land is now being reversed. A 448 square metre block of land back in early 2018 would be sold for $400,000 however now in mid-2019 the same product would sell for $340,000 to $350,000.

Purchasing this land off the plan in 2016 and selling in 2018 would provide a solid $70,000 to $100,000 capital gain, whereas purchasing more recently in late 2017 to early 2018, the land would be lucky to break even and is expected to sell at a loss. The oversupply of land releases alongside the lack of land purchases due to tightened lending criteria has been the main charge behind the drop in land value.

Melbourne's inner northern suburbs, for example Carlton, Collingwood, Brunswick and Northcote, have also been hit hard by declining property prices. Median prices have fallen $30,000 to $50,000 for these suburbs since the start of 2019 and are projected to decline further (source: REIV, 2019). Properties holding their prices are A grade, sizeable family oriented homes that have a prime position, superior floor plans and are in prime or renovated condition. Secondary properties that do not have these qualities are struggling to sell and are seeing extended time on the market compared to 2018.

There is an evident stock decrease for these suburbs which is contributing to the price decline. In the week of 23 March 2019, there were 674 auctions listed compared to 1,783 for the same week in 2018 (source: Digital Finance Analytics, 2019). With stock levels being low and bank lending criteria tightened, home owners are choosing to stay in their current dwellings and choosing to renovate rather than risk attempting to upgrade to a superior property for which they may not get their finance approved by the bank.

Pascoe Vale has had the most surprising turn since the start of 2019. For a market that has been developer driven for the past two years, it now has completely reversed. Multiple permits granted for three-to-six townhouse developments are unable to proceed as developers struggle for finance.

A prime example is 40 Austin Crescent, Pascoe Vale. Comprising a four-townhouse development with approved permits, it has been on the market for 203 days with little interest due to the inherent risk of finance availability. Pascoe Vale has been development shy this year and if lenders do not reduce their strict criteria, townhouse developments in Pascoe Vale may be very limited going forward.

40 Austin Crescent, Pascoe Vale Source: domain.com.au

South East
Over the past six months, there has been a continuing slow decline in the south-eastern property market. Values have continued to drop and it is likely the market is yet to bottom.

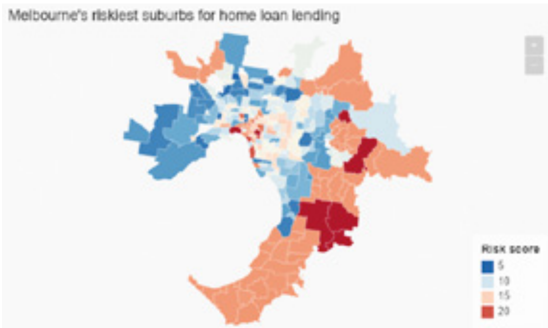
For the inner suburbs such as Bentleigh East and Hampton, there are still a vast amount of townhouse developments popping up despite the large fall in prices over the past year. These higher value suburbs are often hardest hit in declining markets.

On the peninsula, estate agents are getting creative with their sales tactics. This was evident in a sale via auction on 4 May 2019 at 16 Jetty Road, Dromana. The real estate agent employed an unusual tactic to ensure the best result. He announced the owner's reserve price prior to the auction, which resulted in the auction lasting only 60 seconds, with the winning bid being the $1.25 million reserve (source: realestate.com.au). The purchaser was from the eastern suburbs, suggesting a sea-change or perhaps an intention to use the property as a holiday home.

Vacant land has not fared well over the past twelve months as there is an oversupply and purchasers are struggling to obtain finance. Many developers are offering incentives such as offering to pay building deposits. In contrast, the unit market has remained resilient in the outer south-east and the peninsula. This is largely due to units being at the lower end of the market and appealing to investors and first home buyers.

On the peninsula, there are a few properties which are managing to buck the trend. 8 Mills Beach Close, Mornington sold for $200,000 more than its 2017 purchase price and sold within two weeks of being placed on the market for $1.575 million. The purchaser resided in Shepparton and purchased the property for a sea-change (source: www.realestate.com.au).

A recent report named the suburbs that banks consider to be the riskiest in terms of lending (based on unsuccessful loan applications). The majority of high risk suburbs were located in the outer south-east being: Clyde North, Clyde, Cranbourne, Botanic Ridge, Tooradin, Blind Bight and Warneet. This can potentially lead to the banks selling up the properties or vendors being forced to accept a lower offer to avoid becoming bankrupt.



Source: Digital Finance Analytics

East
While the property market started 2019 on a positive note with more interest from buyers, auction clearance rates rising and banks chasing more business, another hurdle has been put in our way. While the current slump in property values resembles those in 2008 during the global financial crisis, this time around, our economy is sound with interest rates at an all-time low.

In terms of the best growth suburbs to invest in Melbourne, real estate agent John Costanzo believes there is still plenty of value to be had in Ringwood and Croydon.

Another pick is Wantirna. While Wantirna South's median entered the $1 million club in 2018, its sister suburb Wantirna is inevitably next in line. With a median house price of $960,600, it offers excellent transport links, schools and proximity to Westfield Knox Shopping Centre, which will undergo a long-awaited major redevelopment from November 2019.

	WANTIRNA	RINGWOOD	CROYDON
House	4 Bedroom 2 Bath 2 car garage Land size 717 m² Approx $850,000	4 Bedroom 2 Bath 2 car garage Land size 733 m² $795,000 - $874,500	4 Bedroom 2 Bath 2 car garage Land size: 886 m² $690,000 - $750,000
Unit	2 Bedroom 1 Bath 1 car garage Land Size 188 m² $440,000 - $484,000	2 Bedroom 1 Bath 1 car garage Land Size 272 m² $500,000 - $550,000	2 Bedroom 1 Bath 1 car garage Land size:171 m² $400,000 - $440,000
Apartment	1 Bedroom 1 Bath 1 carspace Size: 75 m² $385,000	1 Bedroom 1 Bath 1 carspace Size: 70 m² $400,000	1 Bedroom + study 1 bath 1 carspace Size: 61 m² $380,000

Source: Realestate.com.au, May 2019

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Investors should start thinking about suburbs where infrastructure upgrades, particularly with links to transport, could put them at the top of the next boom.

Buyers are still being cautious and with tighter lending conditions still in place, it's likely the eastern Melbourne market will tread water in the latter half of 2019, although this will vary depending on local market conditions and demand. Only time will tell.

Geelong

Looking back over our future predictions for 2019, it's fair to say that Geelong's property market has followed our initial thoughts in comparison to 2017 and 2018.

Geelong has seen some significant growth over recent years and although the growth cycle in most parts has come to an end, we are still not anticipating a significant decline in property prices compared to that seen in Melbourne and Sydney.

Properties initially thought would be snapped up by investors are taking longer to sell, often with vendors having to meet market expectations. The resulting effect is that days on market are now increasing with greater stock available.

It is not all doom and gloom however with a good number of sales occurring throughout the region. Latest CoreLogic data reveals that Geelong had recorded the highest regional clearance rates with 45.5% of properties sold at auction, despite declining auction volumes. Properties that represented good value for money either through affordability, location or recent renovation works and presented in prime condition appear to be selling above vendor expectations with multiple bidders.

45.5%

Geelong has recorded the highest regional clearance rates of properties sold at auction.

One of the key surprises so far for 2019 has been at the top end of the market. A number of high-end properties have been transacting throughout the Geelong region, both on and off the market.

Initially, we predicted that this price point would stabilise and become stagnant due to tightening lending conditions as well as the cooler months slowing buyer enquiry, especially along the Surf Coast. However it appears that the top end is resilient and buyers are purchasing with confidence. Selling agents are reporting strong interest in properties north of one million dollars.

Examples of these include:

91 Orton Street, Ocean Grove - Sold March 2019 for $6,3 millionSource: RPData

A number of high-end properties have been transacting throughout the Geelong region, both on and off the market.

188 Noble Street, Newtown - Sold February 2019 - $3.8 million Source: RPData

Mildura

As the half time siren sounds on 2019, we can report that buyers are still active, with recent sales showing some value growth continuing throughout the first half of 2019.

A search of RPData records indicates the number of sales of houses in the Mildura postcode is running at around 50 to 55 per month, a slight reduction on the average 65 per month during the first part of 2018. Values still appear to be increasing slightly - we think at somewhere around 3% to 4% per annum - and selling periods are generally less than 45 days. Demand remains strongest for modern homes, with buyers showing a preference for homes that are less than 20 years old, although there are still a good number of sales of older homes occurring.

Finding evidence of recent re-sales is always a challenge, however one example is 6 Felix Court, which has just sold for $351,500, after previously selling in late 2017 for $305,500. Presentation was slightly better this time around, however the improvements were largely unchanged. There is also some evidence suggesting re-sales of houses in the $450,000 to $550,000 bracket have recorded lower growth rates over the past


6 Felix Court, Mildura Source: realestate.com.au

six months, suggesting that while buyers are still active, the market is evenly balanced at this level.

There have been noticeably fewer sales of prestige homes during 2019. It is not yet clear whether this is due to fewer properties in the $800,000 to $1.5 million bracket being put to the market, or whether buyers are being more cautious at this upper end of the market. Probably both factors are at work.

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Queensland

Brisbane

We proud south-east Queenslanders are keen sports addicts who know a thing or two about half time scores – and one is that the game isn't over yet (particularly when it comes to the maroons versus the blues!)

As far as property markets go in 2019, it's fair to say we've been less dramatic than our southern cousins – but in a good way.

Brisbane is the due-for-a-rise capital city that may yet have its time in the spotlight, but the first half of this year has been more conservative than progressive.

The general consensus among our valuers is that Brisbane has been a steady performer across the board. There was some minor price softening in our markets, but not enough to give owners the jitters.

In addition, when compared to some of the country's larger markets, we were probably considered a stellar performer by some.

While many of our metrics have looked promising for growth at the start of this year, forces pulled in the other direction too. We are affordable in comparison to southern capitals –so the draw for borderless investors and lifestyle nomads is strong. You only need to check out Queensland's rising net interstate migration numbers to appreciate what's going on.

Another plus is infrastructure projects, both underway and planned, that are set to boost our employment prospects while also improving lifestyle for residents.

That said, the tough lending environment played its part. Top this with a good dose of federal election market paralysis, and you might see why Brisbane – even with all its positives – still couldn't break free and run hard.

Of course, with the election over and APRA starting to relax borrowing guidelines, it could be brighter times in the months to year's end.

So, let's drill down a little.

Our team noticed the credit crunch of tighter lending hit the sub-$2 million market the hardest. While there were still enough buyers with the desire to purchase in this bracket, their aspirations were slowed by loan rejections.

The result has seen properties sitting on the market for longer than in previous years and, in some instances, asking prices are being reduced slightly to achieve a sale.

Another interesting occurrence which reflected on tough finance has been changes to sale conditions. This manifested in the rise of finance clauses that were regularly running at 21 to 30 days. This is fairly lengthy when compared to previous years where seven to 14 days finance was all that was needed.

One of the bright sparks in our market was property priced above $3 million. It seems that many of these purchasers were immune to finance, politics and other economic bad news – sales are still performing well across many suburbs.

Looking at property types and our market continued to tread cautiously in relation to high-rise units – particularly investor stock. It's true that the oversupply fears have eased somewhat. Prescient developers who, a few years back, could see problems looming, decided to mothball projects, sell off sites or reconfigure stock.

That said, there is still a good supply of available apartments in Brisbane and there's also limited to no demand from foreign, local or interstate investors for this stuff. As such, the value softening continued.

Owner-occupier boutique product completed to a high standard was, on the other hand, holding up pretty well, although development sale rates would be considered historically low. If you were purchasing a unit at the start of 2019, hopefully it was one that would appeal as much to owners as it would to investors.

The first half of this year has also seen rentals start to bounce back and increase slightly and gradually. This will be a relief for landlords who were trying to sit tight and stay calm during tougher lending times.

As far as property markets go in 2019, it's fair to say we've been less dramatic than our southern cousins – but in a good way.

Finally, the past six months in new house and land, particularly in large outer suburban estates, slowed in terms of sale rates.

So, what surprised us the most in this first six months of the year? Well, the election result seems to have caught many off guard. We know a few in the industry were resigned to the idea that a new government would bring tax changes to the property sphere, but that turned on a dime the Monday after election weekend. In fact, the feeling is pent up demand for investing in real estate will be released as we travel through to the end of the year. This may well result in improved values too, but let's report on that when December rolls around.

Gold Coast

It seems to be a mixed market at the half way score within the Gold Coast, northern New South Wales, Scenic Rim and Southern Logan regions. The feedback from agents and volume of sales paints different pictures depending on the locality and looking at the various regions, it is evident that each locality offers something different. Overall, the underlying theme is that the market was cooling its heels in the lead up to the election and will more than likely continue to do so in the coming months.

Central Gold Coast

Most agents are reporting a softening in buyer enquiry and demand across the board throughout this locality, with all reporting some softening in value levels and longer sale periods often required to achieve a sale. It is definitely a buyer's market and they are more discerning with their choices and in no rush to sign up to buy.

One leading agent has just this week reported a general drop of circa 10% for Bundall and Sorrento from the generally accepted top of the

The foreign investor market slowed as Chinese investors now seem to have disappeared from the market.

market in late 2017. This was evidenced in a top end sale where the purchasers had submitted an offer at $4.5 million less than eight months ago and have just gone to contract at $4.1 million on the same property.

The local market is well aware of the downward trend in the southern cousins of Melbourne and Sydney, however there appears to be a general consensus that local value levels here didn't sky rocket like our southern counterparts and as such any market correction here is likely to be much more gradual and gentle in nature.

The unit investment market in the beach side suburbs of Surfers, Broadbeach, Mermaid Beach and, to a lesser extent, Main Beach was negatively impacted by tighter bank lending restrictions, including the reduction of interest only loans and the banks' requirements to convert to a principal and interest loan upon expiry of the interest only loan term. This resulted in serviceability issues for a number of investors and we saw this translate to vendors accepting contracts below previous sales within the building.

The foreign investor market slowed as Chinese investors now seem to have disappeared from the market.

The prestige residential market up to circa $2 million was still ticking over albeit at a slower pace compared to standard residential housing within the central precincts.

Dry block or non-waterfront houses transacted steadily with some softening in price levels. This market sector was mainly driven by local buyers.

Moving slightly out of the central locality, a recent sale of a proposed vacant lot in Tallai (to be subdivided off an existing larger site) and comprising 4,238 square metres of near level vacant rural residential land sold to a local buyer for the asking price of $600,000. The agent reported the buyer had been looking for circa 12 months and this fitted their needs. Other vacant sites available for sale all had issues either with sloping contour, flood or in close proximity to high voltage power lines. This sale indicates that the market for good quality, well located vacant land is generating good buyer enquiry and strong prices. This sale is one of many occurring on the Gold Coast where local purchasers are seeking specific properties and are willing to pay more for a property that satisfies their requirements.

Southern Gold Coast and Tweed Coast

The southern Gold Coast and Tweed Coast localities held up quite well in the easing or falling market.

As with the central Gold Coast, there is a lack of urgency from buyers and properties must be competitively priced in the current market. Selling agents are reporting that there are a number of unrealistic vendors and that they are considering not taking on listings for these properties.

Properties located close to the coastline and priced under $1.5 million have been less impacted by the current easing market along with duplex units and townhouse and villa units with low body corporate fees. Properties priced above $1.5 million generated significantly less activity with agents who reported decreased interest and less sales compared to 12 months ago.

On the opposite side of the coin, there was very limited demand from investors in the market, predominantly due to uncertainty around the election. Accordingly, units in complexes where buyers are mainly investors were difficult to sell and there has been a significant drop in value levels.

There was a recent sale of a 1-bedroom unit at Varsity Lakes for $252,000. Comparable sales in the previous six months generally ranged between $260,000 and $280,000 and the selling agent advised that there was very limited enquiry. This unit previously sold in June 2015 for $255,000 and the original developer sale was in March 2007 for $349,500.

Gold Coast West

Recent months have seen some uncertainty creep into the market for residential property in the western suburbs of the Gold Coast such as Nerang, Oxenford, Pacific Pines and Gilston. While talk of the market downturn in the southern capitals increased anxiety amongst some buyers and sellers, it was somewhat surprising that value levels and selling periods, whilst softening in these areas, were relatively resilient in spite of the media hype.

The market in these outer urbanized areas is somewhat split between investors and owner-occupiers. In line with the broader market, investor activity has slowed in some of the townhouse and unit developments which has opened the door for first home buyers, however high body corporate costs are a restricting factor for some buyers.

Property values for detached housing across most price points remained stable in the first half of the year. Some vendors' price expectations appear a little unrealistic leading to lengthy selling periods, however a vendor with a reasonable asking price and a properly presented house should be assured

Resales of houses in these estates are lower than the cost of the new house and land package.

of good interest and quick sale. Research is the key and this sentiment is echoed amongst all regions.

Gold Coast Hinterland and Scenic Rim

New house and land packages on suburban lots in developing estates around Beaudesert have been dominated by investors in recent years and this sector of the market on the Scenic Rim has slowed in contrast to the owner-occupier market. Resales of houses in these estates are lower than the cost of the new house and land package indicating a price difference between new and second hand in these localities and a difference between what investors and owner-occupiers are prepared to pay for the same product.

In contrast, locations in the Scenic Rim and Gold Coast hinterland that are dominated by owner-occupiers are proving very resilient in the face of negative media reports about the property market. Rural residential housing and housing in some village locations such as Canungra and Tamborine Mountain remain in good demand from buyers. Selling periods are relatively short and many properties are still selling at or around asking price. Some of these areas are commuting distance from Brisbane and Gold Coast and buyers get more bang for their buck in these areas compared to their city neighbours as well as offering certain lifestyle features.

Overall, buyers, sellers and agents appear to be keeping a cool head and while now is not the time to panic, it would be prudent to fully research the market in these localities prior to committing to a property. Unlike the heated market of previous years, there are no time pressures about making a decision to buy, no fear of missing out eating away at people's thoughts, so as we move toward a buyer's market, purchasers are able to take the time to thoroughly inspect properties, do the research and shop around.

Sunshine Coast

As anticipated, we have seen a general slowing in the market in 2019. A significant number of agents have indicated that general enquiry has fallen which has effectively led to a lack of urgency in the market. On the back of this, stock levels have increased in some areas as well as the number of days on market.

Whilst there has been a general softening in the market, there are still sales being made. Property that is well located with a good offering and is priced at the right level are selling. It's just that instead of selling in the first week or two, it's more like six to ten weeks - what would appear to be more like a normal market.

In our The Year Ahead issue in February, we talked about the negatives and positive for the coast. To be honest, they haven't changed great deal. The continued slowing of the Sydney and Melbourne markets hasn't helped confidence. A big hurdle has been a federal election campaign that dragged on and the uncertainty that created was challenging.

The positives continue to be the massive infrastructure projects underway. The Maroochydore CBD, Sunshine Coast Airport expansion and the Sunshine Coast International Broadband Submarine Cable project are all under construction and all massive for the area.

As always, the beachside areas have been performing well relative to areas further inland. The coast lifestyle is the major driving factor and this is expected to continue albeit at a slower pace. The coastal strip in the sub $800,000 price range is expected to continue to be in demand.

The larger estates of Aura at Caloundra South and Harmony Estate at Palmview are still generating some good interest but it does appear that stock levels are increasing with spec homes hitting the market. These estates still offer the most affordable new homes on the coast with land size being forgone.

This is being mirrored in the hinterland subdivisions in the railway townships, such as Habitat in Palmwoods. Larger land sizes are the big driver in this market with upgraders being active.

The prestige market in the Noosa area as in other areas on the coast has slowed a little. The influence of the Sydney and Melbourne markets you would think is having an impact. However, in discussions with various agents dealing in the prestige markets, there are still people around with plenty in their pockets to spend, its just that they are discerning with personal preferences, presentation and motivation which impacts heavily on the ultimate sale price. The weak Aussie dollar has been good with ex-pat and international buyers helping to fill the void.

There are a number of unit complexes under construction or proposed which see an increase supply particularly within the Maroochydore area. There are good levels of interest in owner-occupier style units within smaller complexes with low body corporates. This swing to permanent living units has been reflected in the popularity of a number of new unit complexes that directly target this market with investment grade product being more challenging.

One thing that is certain is there are a lot more people around the coast. It used to be in holiday periods but now it seems to be all the time. This can't be a bad thing to help support the market.

Darling Downs/Toowoomba

The Toowoomba residential property market remained steady throughout the first half of 2019 following a general decline since the peak of activity at the end of 2013. Although sales activity has been steady across the board, the market has continued to be multispeed and property specific. There has been little consistency with variations in sale prices and buyer interest across the established suburbs. The prestige market however, has been performing strongly, particularly in the eastern suburbs as has the upper end of the rural residential lifestyle market.

The median sale price for houses across the Toowoomba Regional Council LGA has displayed little growth over the past four years, sitting at approximately $380,000 at the end of 2018, up from $375,000 in June 2015. Another key indicator of the steady property market is the volume of property sales. In the six months ending December 2018, there were approximately 1,320 transactions across the Toowoomba Regional Council LGA. This is slightly less than the same period one year earlier, when approximately 1,375 sales were recorded and further highlights the steady residential property market.

The unit market has followed a declining trend, with low sales volumes following the oversupply of unit products that became apparent throughout 2016. Land sale volumes have continued to decline since a peak in mid 2015.

Toowoomba has seen an explosion of retirement village developments in recent years, ranging from medium density multi-level projects to low density detached dwellings. These projects are spread right across the city, from Glenvale in the west to Highfields in the north, with more projects being planned. This retirement living boom could be a driving factor in the low volume of land sales and sluggish level of housing transactions.

Middle Ridge Golf Club Proposed Retirement Village Source: Toowoomba Chronicle

Seachange Retirement Village - Glenvale Source: SeachangeLifestyleResorts.com.au

The surprising factor is that residential vacancy rates continue to decline. In postcode 4350, the vacancy rate was just 2% as at April 2019. This is considered tight and well below the balanced market level of 3%. Should this low level be

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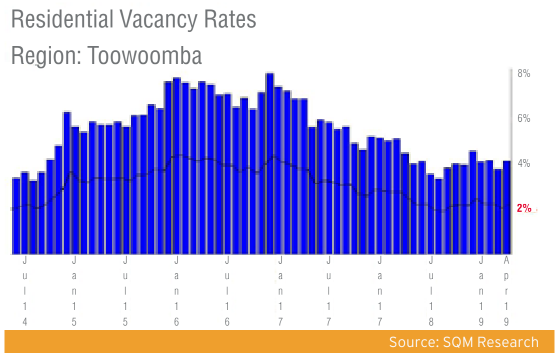
sustained or continue to decline further, rental rates are likely to come under pressure.

The steady market conditions currently being experienced in the residential property market across Toowoomba are expected to continue throughout the remainder of 2019.



Townsville

The unprecedented monsoonal event of February 2019 and subsequent floods have led to an upheaval in the market as it undergoes a period of adjustment, with some property transactions being driven as much by emotional factors as market fundamentals.

The rental market has tightened significantly following this event, with a reported 3,300 properties suffering water inundation of varying levels. This displacement of home owners and renters along with the arrival of assessors and builders has resulted in huge demand for rental stock, with vacancy rates falling to a very tight overall trend vacancy of 1% as at April 2019.

Overall, local agents are reporting good levels of interest and sales over the past few months, with anecdotal evidence suggesting some tenants are entering the home owner market following the floods after receiving a payout on contents insurance which provides them the deposit required.

To date the suburbs hardest hit by the flooding have seen limited activity as the rebuilding process continues and therefore the impact on value levels remains undetermined.

Cairns

The Cairns residential property market has continued along a fairly steady path for the first half of the year with no noticeable changes. Values are fairly steady, volumes remain flat and there is no obvious oversupply in any residential market sector. Vacancy rates remain tight with limited quality stock available and little new supply coming online.

The GA Group projects are progressing well and it is starting to look like there won't be any follow up projects such as Nova City ready to go, so we may see a dip in construction activity once they are complete.

The announcement from Cathy Pacific that they will pull out of Cairns after flying in for 25 years is an unwelcome dent on confidence and adds further to the feeling that the gains in tourism in recent years might be levelling off.

Overall it is difficult to be particularly optimistic about the next six months and a continuation of existing conditions may be considered a good result by the time we get to December.

Rockhampton

It feels like Christmas was only last week however we are now only a few weeks away from the end of the financial year.

This month we take a look at the half time score and reflect on how the year is progressing. 2019 to date has seen some improvement across the Rockhampton and surrounding residential markets. Of note, the rental market has improved with a significant decline in vacancy rates resulting in a slight increase in median rents across most sectors.

In terms of sales activity the top end of the market ($700,000 and above) has been on fire in recent months with a new record price for a residential house coming in at a touch under $1.8 million. In addition to this there has also been a larger than average number of sales occur between $900,000 and $1.3 million which is well above average for the number of sales in this sector, having only averaged about two to three sales per annum in recent years.

The mid-range sector of the market ($250,000 to $400,000) is tracking reasonably well, especially owner-occupier homes which have been well maintained and well presented. Rental properties on the other hand are often much more difficult to sell as they generally take longer and are often sold at a higher discount.

The lower end of the market (sub-$200,000) still appears to be under duress, with a high number of listings of inferior quality stock. This has continued to keep prices down and recovery in this sector still seems to be some way off however

Also of note is that new housing construction seems to have been somewhat buoyant in the first half of 2019.

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on a brighter note it does appear as though the number of bank re-possession sales is on the decline.

Also of note is that new housing construction seems to have been somewhat buoyant in the first half of 2019, with Norman Gardens in particular seeing an increase in new homes compared to the same periods in 2017 and 2018.

In summary, we feel the local property market has hit the bottom and is in the process of recovery. In terms of performance, we think the first half of 2019 would rate as a six out of ten and hopefully this continues to improve throughout the back half of 2019.

Gladstone

Over the first half of 2019, we have continued to see positive signs for the Gladstone residential property market. We have seen minor capital growth of 5% to 10% in some market sectors and some locations in the region. This growth is certainly not across the entire market however it definitely continues the momentum from 2018 in a positive way. The market is still being driven by its affordability with limited new employment opportunities in the region. We expect affordability to be the driving factor of our market for the foreseeable future. Rental levels have continued to rise across 2019. In most cases rents are jumping 10% per week each time a six-month lease is renewed or commences. Vacancy rates are hovering around the 3% mark and have remained relatively stable so far this year.

Mackay

So far, so good is the phrase that comes to mind when looking at the half time score for the Mackay market. The momentum generated throughout 2018 continued in 2019, with most agents reporting good demand, shorter selling periods and increasing sale volumes. This trend has been evident across almost all market sectors except for units which are continuing to struggle. There is a general optimism in the Mackay economy and the resource sector. Large infrastructure projects (such as the Mackay Ring Road) are well underway, increased employment opportunities in the resource sector and servicing industries in Mackay, as well as a building industry that is slowly bouncing back, are some of the factors underpinning this momentum.

The vacancy rate has fallen to lows not seen in half a decade and sit well below 2%, which has resulted in some significant increases in rental values, between $20 and $50 per week for standard dwellings. This tightening of the rental market and increased rental value pressure has had a flow on effect in the owner-occupier and investment housing sale market and contributed to increased demand. However, on the back of this momentum, we have not seen any significant rises in median house prices yet, with small gains of around 3% to 5% only in some areas.

One issue reported by local agents is the effect of the uncertainty prior to the election and possible changes to taxation around property. They report that there has definitely been a wait and see attitude, especially from investors, which resulted in a drop in enquiry and sales volumes over the past month.

The momentum generated throughout 2018 has continued in 2019, with most agents reporting good demand.

Hervey Bay

The Hervey Bay market is still improving with continued activity across most asset classes.

House and land packages in the estates generally priced below $450,000 are appealing to a mix of owner-occupiers and investors. The relativity of prices within some estates is becoming a concern with a broad range of cost for a similar product.

Vacant land prices appear to have improved, especially along the Esplanade with a number of sales now over $500,000 for quarter acre lots with views.

The rental vacancy rate remains tight which is appealing to investors in the mid-range asset class. Gross returns in the order of 5% are achievable.

Dundowran Beach and Craignish continue to be the most active for property priced above $700,000. These areas appeal to buyers due to the larger lots, good size homes and generally extensive ancillary improvements. Since November 2018, there have been seven sales of property over $700,000 in these areas.

There have also been two sales at $1.1 million and $1.2 million along the Esplanade following three earlier sales from January 2018 including a penthouse unit for $1.29 million. These sales are encouraging for the area, indicating that buyers are willing to spend the money if property is priced right, no matter what the price level. Looking forward to the next six months and hopefully continued growth in all asset classes.

Emerald

At the halfway point of the year, the market is still trending upwards but buyers do appear to be showing caution with sale volumes below what we had expected.

The bottom end of the market has lifted to around $200,000 for houses. For the right product, we have seen values come back to within around 10% to 15% of the peak experienced in 2011 and 2012. The space to watch currently is vacant land sales with the top end reaching new highs in recent times.

The wow factor this year to date has been the top end and two sales over the $1 million mark. One of the sales is a resale from $890,000 only six months prior. This same property sold at the bottom of the market for $635,000.

So you can see that for the right product - modern, good location, good ancillary improvements, multiple buyers - values are pushing up. The market appears slow to steady across the region at present with no increase in sales volumes which is typical before an election and end of a financial year. If some of the new proposed coal mines in the area start physical construction or production then we will surely see demand higher than supply.

South Australia

Adelaide

In February, we discussed the prospects of the South Australian metropolitan housing market for 2019. In the shadows of the banking royal commission and the downward spiralling east coast markets, the claim was made that the Adelaide housing market would buck the trend with sustained growth. Positive market sentiment is being driven within the media with a constant flow of articles spruiking the Adelaide market. Watching from the bleachers, things appear positive... but those with front row seats are seeing things a little differently.

The inner and middle-rings are growing weary of carrying the median house price to its lofty heights. These market segments were the best performing over the first six months of 2019 as the outer ring remained stable. Focusing on some of Adelaide metropolitan's smaller suburbs, Nailsworth, Evandale, Black Forest and Allenby Gardens have all been high achievers over 2019's first half. Each of these suburbs comprise an area of less than one square kilometre and are characterised by turn of the century dwellings on modest allotments and considered the next best thing in regard to location.

Nailsworth is an inner northern suburb located approximately 5.2 kilometres from the CBD. Nailsworth has had a number of transactions in the first half of the year with a median of $655,000. At the top end of the pile is the suburb's record sale of 51 Balfour Street which achieved a sale price $1.21 million in January. This sale eclipsed the previous record of $1.07 million set in 2017. This property comprises a fully renovated and extended bungalow disposed as four bedrooms and two bathrooms on a 698 square metre allotment.

51 Balfour Street Nailsworth Source: realestate.com.au

In the second half of 2018, the small north-eastern suburb of Evandale located some 5.5 kilometres from the CBD had eight dwelling sales settle with a median of $690,000. In the six months post, Evandale has had five transactions at a median of $880,000 showing an increase of approximately 27%.

Recent sales include 44 Elizabeth Street ($844,000), a four-bedroom, two-bathroom blue stone villa on a 534 square metre allotment and 10 Leslie Street ($885,000), a four-bedroom, two-bathroom circa 1990s reproduction dwelling on a 552 square metre allotment.

10 Leslie Street Evandale Source: realestate.com.au

Black Forest is situated 4.7 kilometres south west of the CBD and is serviced by both the Brighton train line and Glenelg tram line. Fifteen transactions have been recorded within the past 12 months with prices ranging between $430,000 and $1 million.

The first half of 2019 has seen a 7% increase in dwelling values with Black Forest having a current median dwelling price of $745,000. Purchased at the median in April was 4 Forest Avenue for $755,000. This is a circa 1930s, four-bedroom, two-bathroom Tudor style dwelling on an allotment of approximately 603 square metres.

Watching from the bleachers, things appears positive... but those with front row seats are seeing things a little differently.

RESIDENTIAL

HERRON TODD WHITE RESIDENTIAL

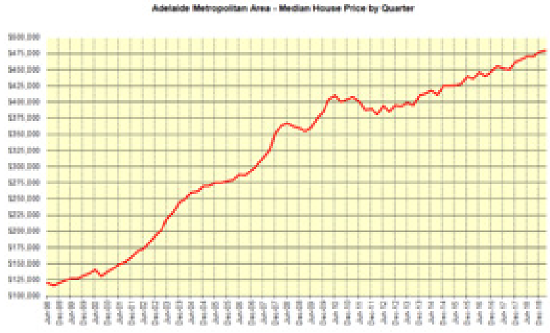
4 Forest Avenue Black Forest   Source: realestate.com.au

Allenby Gardens is located 6.1 kilometres north-west of the CBD and six kilometres east of Grange Beach. The suburb comprises a mixture of early and mid 1900s dwellings with a significant amount of 1990s and 2000s infill development. The first half of 2019 saw a 24% increase in the median dwelling price from the back end of 2018 to currently sit at $685,000. Of the 2019 sales, 27B Barham Street for $470,000 represents the entry price point for the suburb. This property comprises a circa 2018 community titled brick veneer dwelling disposed as three bedrooms and two bathrooms on an allotment of 266 square metres.

27B Barham Street Allenby Gardens   Source: realestate.com.au

The outer ring remained relatively flat over the first six months of 2019. Good reference points for this market segment are Golden Grove north-east, Morphett Vale south and Paralowie north of the city. Each of these suburbs is geographically large and has a high turnover of stock with the two latter each constantly achieving 200-plus transactions annually. Sales data shows both Paralowie and Morphett Vale have remained stable with median prices hovering between $300,000 and $315,000 since late 2016. Golden Grove saw a reduction in the median dwelling price from $475,000 in the second half of 2018 to $435,000 in the first half of 2019. The outer ring is considered more susceptible to slowing market conditions. These suburbs will be important reference points over the next 12 months to provide an indication of how the broader outer ring is tracking.

Taking a broader look at the market, the March quarter is one of the most active and provides an important insight into how the market tracked over the busy summer months. The median house price grew in the March quarter by 0.625% to be at a record high of $480,000. This sparked significant media and deservedly so on face value. When you dig a little deeper, the 2018 and 2017 March quarters each had growth of 1.1% and 1.7% respectively. So, we had growth in the March quarter but at the slowest rate since 2016 which saw a reduction in the median house price. On the auction front, for the four weeks post Easter, clearance rates faded to below 50%. For the same four-week period in 2018, clearance rates varied between 59% and 70%. These numbers are backed up by agents in the field who are reporting a slowing in buyer activity with an increased amount of stock on the market. The numbers are suggesting that the market is slowing.



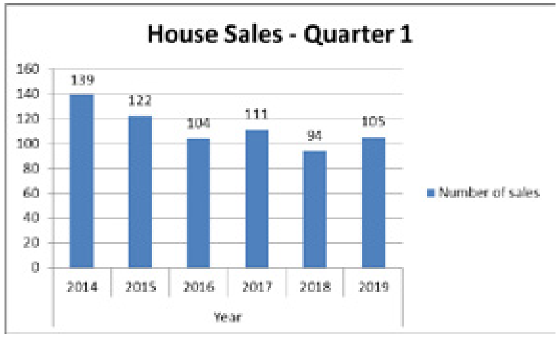
Source: sa.gov.au

Things have been looking rosy for 12 to 24 months. The expectation is that property prices will remain stable over the second half of 2019.

The hope is that those who stop to smell the roses don't start detecting a stench.

Mount Gambier

The property market within Mount Gambier was relatively stable for the first quarter. As shown in the graph below, for the past six years the number of house sales occurring in the first quarter has been steady. In 2014 house sales were slightly higher, however there has not been a significant drop in sales numbers and sales numbers are still much higher than in 2011 when the market dropped back.

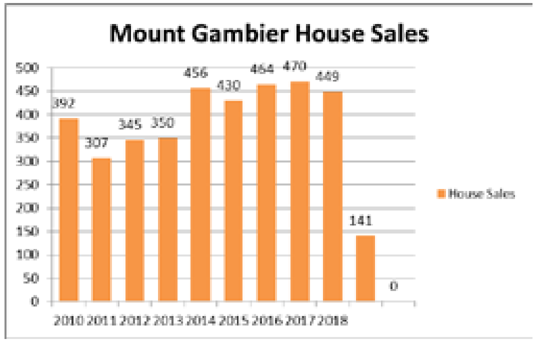


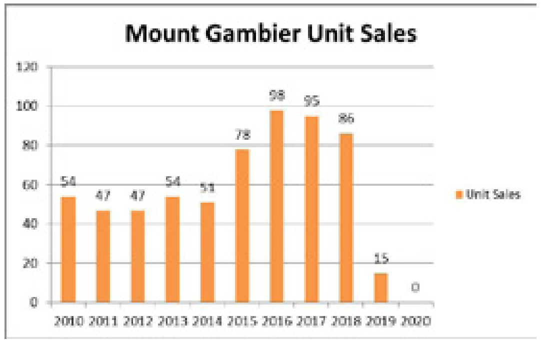
RESIDENTIAL

HERRON TODD WHITE RESIDENTIAL

RESIDENTIAL

The most purchased dwelling price range within the last twelve months is $200,000 to $250,000. There are few dwellings purchased over $500,000 or under $150,000. The $200,000 to $250,000 price range is affordable for people entering the market and for investors looking at a property which provides a stable rental return. Dwellings over $500,000 are at the top end of the market and have limited market activity. Dwellings under $150,000 are generally in less sought-after locations and have limited market activity.





Detached housing and unit sales throughout the region are on track with previous years and are expected to remain stable throughout the remainder of the year. Detached housing is the most popular amongst buyers, with 141 house sales for the first quarter of this year, compared to 15 unit sales and 28 land sales.

Properties located within the Lakes location and centrally around the town centre have shorter listing times than most other areas, as they are tightly held locations. The median house sale price has been slightly increasing over the past five years and property prices have remained stable.

The overall feel of the market at the moment is that it will remain relatively steady throughout the remainder of the year.

HERRON TODD WHITE RESIDENTIAL

Western Australia

Perth

The residential market in Perth has tracked closely in line with our February predictions for the year (so far). Our assumptions were that the rental market would continue to be a strong point for Western Australia and that sales volumes and house price growth would remain subdued until 2020. There has been a lot of speculation about when the Perth market will finally turn and it doesn't seem like we are much closer to knowing, mostly due to our split property cycles and diminishing sales volumes.

Thankfully, the wider Perth area has seen some stability in its median price. The median house price settled at $500,000 for the March quarter, 0.6% higher than the previous quarter. The unit median price also remained steady, holding at $380,000. REIWA data shows that there were 6,636 properties sold in the March quarter, proving Perth's state of subdued activity. REIWA reports that "although overall sales are down, 10% of suburbs experienced stable or increased volumes". This is a positive sign as there are improvements in some sub markets, and it shows the differences between Perth's inner and outer suburbs.

Listings have increased 6% since the December 2018 quarter to 16,957 which isn't helping selling periods.

Figure 1 shows the distribution of wider Perth area house sales by price bracket. In the December 2018 quarter, 64% of homes sold below $600,000. This figure jumped to 70% in the recent March quarter, indicating that affordability is continually improving, but it is also a symptom of a decline in prestige activity. President of REIWA Damian Collins states that this affordability "presents excellent opportunities for first home buyers, trade-up buyers, downsizers and investors to secure a good deal".

HOUSES SALES BY PRICE RANGE

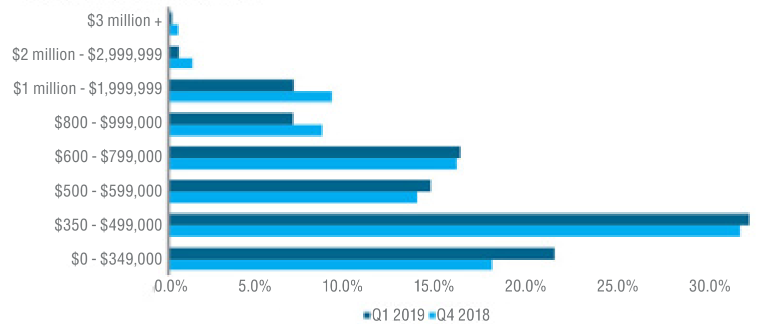


Figure 1 - House Sales by Price Range Source: REIWA

78 DAYS

It took an average for vendors to sell their properties last quarter.

Listings have increased 6% since the December 2018 quarter to 16,957 which isn't helping selling periods. It took an average of 78 days for vendors to sell their properties last quarter. This is a significant jump from the 68 days to sell in the December 2018 quarter. It can be attributed to new land releases as well as a softening in demand across the board. Mr Collins recently said "it's also worth noting that a significant portion (43%) of Perth sellers are achieving sales prices at or above their original asking price, which suggests that many vendors are heeding the advice of their real estate agent and pricing their properties in line with market expectations". This is key to avoid the extended selling periods that we have been seeing far too often. Our valuers are seeing frequent evidence of properties becoming stale in the market place due to the initial asking price being out of kilter with the market and the eventual sale price of these properties is often below what market evidence suggests they should achieve.

The rental sphere was once again increasingly active in the March 2019 quarter, favouring investors and shortening the Perth vacancy rate to 2.5%. The median rental price remained stable at $350 per week for a ninth consecutive quarter. REIWA data shows that 29% of suburbs in Perth had an increase in rents during the quarter, and 36% of suburbs increased over the past year. If the

House Price Growth +/-			
Quarter on Quarter		*Year on Year*	
Burswood	18.3%	Kensington	19.6%
Peppermint Grove	10.3%	Peppermint Grove	16.7%
Greenmount	9.0%	Mount Pleasant	15.0%
North Lake	8.5%	Glen Forrest	15.0%
Serpentine	8.5%	South Guildford	14.9%
Midland	-10%	North Beach	-19.1%
Madora Bay	-12.1%	North Yunderup	-19.1%
Jane Brook	-14.0%	Leda	-19.3%
North Yunderup	-14.6%	Serpentine	-20.0%
Boddington	-16.0%	North Beach	-23.8%

Figure 2 - Median House Price Growth Source: REIWA

Unit Price Growth +/-			
Quarter on Quarter		*Year on Year*	
St James	26.7%	Shoalwater	37.3%
Mosman Park	16.9%	Crawley	34.5%
Shoalwater	11.7%	Rockingham	34.1%
Nedlands	9.3%	Nedlands	31.2%
Glendalough	8.3%	Shenton Park	31.0%
Wembley	-14.7%	Morley	-27.8%
Halls Head	-15.1%	Mandurah	-28.7%
Dudley Park	-16.0%	Mount Pleasant	-33.3%
Baldivis	-25.8%	Erskine	-37.7%
Erskine	-37.7%	Baldivis	-37.7%

Figure 3 - Median Unit Price Growth Source: REIWA

rental market continues in this direction we should inevitably see an increase in Perth's median rent over the coming seasons.

In terms of activity, 14,003 properties were leased during the March 2019 quarter, almost 9% more than the December 2018 quarter. There were 6,738 properties listed for rent at the end of the March quarter 2019, which was 2% lower than the December quarter figure and 25% lower than the same time last year, showing that competition amongst tenants is ramping up. It took two days less to find a tenant during the March quarter, decreasing to 42 days. This figure has crept downwards since the peak of 57 days in June 2017 and shows that tenants need to be decisive and act fast to secure their preferred property.

The suburbs that recorded the best and worst median price growth over the March 2019 quarter are in Figure 2. Note that both Burswood and South Guildford are benefiting from the sale of properties in new developments. The Peninsula development by Mirvac would be significantly affecting Burswood's median as some of the properties are selling for over $1.7 million. A few lifestyle living areas have been active over the past six months including Mundaring, Glen Forrest, and Serpentine. Suburban North Lake has tracked well, jumping 8.5% quarter-on-quarter. This was surprising to see as North Lake's surroundings have been disrupted lately by the development of the Murdoch Drive Connection – adding extensions from the Kwinana Freeway and Roe Highway to the Murdoch Activity Centre and Health Precinct.

Peppermint Grove has surged over the past quarter taking its median house price from $3.45 million up to $4.025 million. There has been a fair amount of activity in this region which is nice to see, as the prestige market (previously helping to stabilise the Perth median) faltered over the March 2019 quarter, showing signs of volatility.

Cottesloe, Swanbourne, Mosman Park, North Fremantle, Attadale, Bicton and Dalkeith all experienced decreases in their annual median house prices. This is understandable however, as the March quarter usually experiences an increase in listings. On top of this, consumer confidence has been low; the fallout from the Banking Royal Commission has created a challenging financial market, and with the distraction of a federal election, homeowners and investors would be hesitant to make any big moves. There has been a lot of media coverage around the declining Australian property market (mainly surrounding Sydney and Melbourne) and this isn't helping confidence in the Western Australian market even though our property market is in a different stage of the cycle to the eastern states. All of this has forced sales volumes to drop, selling periods to extend and top-end prices have fallen as a result.

In the upgrader market, our valuers are still seeing a fair amount of activity, however home buyers are generally seeking to purchase at a discounted rate. This is pushing out selling periods and it seems that prices may continue to soften as a result, further improving affordability.

Perth's fringe is still being suffocated by chronic oversupply. Baldivis is continuing its decline due to consistent land releases putting downward pressure on established dwelling sale prices. As an example, a property on Avoca Chase had a summated cost of $285,000 in April 2018, being one of the cheapest we had seen at the time. It was sold in March 2019 on completion for $225,000, declining 21% throughout its construction period. This sales figure is actually considered to be fairly cheap, however it's part of the unfortunate truth in the current market.

Peppermint Grove has surged over the last quarter taking its median house price from **$3.45 million** up to **$4.025 million**

Properties in oversupplied regions need to be priced very keenly in order to achieve a quick selling period and avoid them going stale on the market, so listen to the advice of agents about what is realistic and appropriate. Developing suburbs in the south-east are in a similar situation. Whitby and Byford have softened over the past six months and it is expected that these areas will stay flat for the remainder of 2019.

Our predictions for the rest of the year are fairly simple for Perth's outer regions. We expect to see no rebound in 2019 and assume that medians in these areas will continue their slow descent to wherever the median price floor holds, but we expect the overall median house price to remain relatively steady for the wider Perth area as upgraders take advantage of the buying opportunities that are available in many sought after areas.

South West WA

After a period of declining values, the residential property market around Australind and Eaton received a potential boost with the commencement of construction of the new $1 billion lithium processing plant at Kemerton, with in excess of 600 new jobs to be created and the doubling of production at the Greenbushes lithium mine which has already seen 200 new employees.

The respective companies behind these significant regional enterprises are specifying that the workforce must live within 50 kilometres. Where previously property values in this catchment have been steadily falling over a number of years, there is now cautious optimism, with new sub-divisions emerging in Donnybrook, Eaton and Glen Iris. Real estate agents are seeking new stock to sell as investors begin to purchase the properties that have been on the market for a noticeable period of time. It is realistic to say that the region remains a buyer's market for the time being, however it is anticipated that stability will be introduced in coming months.

One related observation has been the recent sale of a number of executive dwellings in Bridgetown and Manjimup with prices over $700,000 being achieved for three properties which is setting a new upper price bracket for these quality houses as mining executives are looking to re-locate to the South West.

The overall review of the South West land division residential property market, however, is best described as weakening with downward pressure on values particularly in the outlying localities such as Dalyellup in Bunbury, Provence and Kealy in Busselton, and Brookfield in Margaret River.

It is realistic to say that the region remains a buyer's market for the time being.

Northern Territory

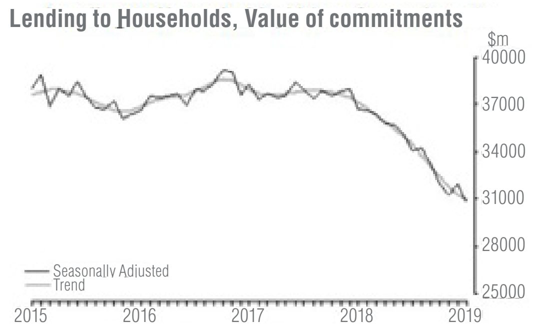
Darwin

Darwin has experienced a few tough years and the weakening trend continued into 2019. The peak of the market (2013-2014) which was mainly inflated by the Ichthys gas project was going to end at some point and we are now experiencing the aftermath.

Since the start of the year, we have seen declines in both sales and median price for all suburbs across Darwin (REINT). All markets have been hit, from residential to commercial, dwellings to units and the suburbs of Parap to Darwin River. The weak market has been foreseen for some time now and it is now believed that home owners are coming to the realisation that their homes are not worth what they perceive. This has been a difficult process and caused stress throughout the market and wider economy.

We have seen some big reductions, especially in the Darwin CBD. There has been a 40% fall in the median unit and townhouse price from $565,500 in March 2015 to $330,000 in March 2019 (REINT). Also looking Palmerston way, the suburb Moulden has experienced some big reductions; recent analysed sales of dwellings show a drop in the order of 30% or more from 2013/2014.

Be that as it may, we should not be discouraged by the current state of the market. Unfortunately, it is a reality that we are seeing some heavy reductions



Source: www.abs.gov.au

but to put things into perspective, we need to take a look at Australia as a whole.

According to the Australian Bureau of Statistics (ABS), the latest release shows new lending for investment dwelling in Australia is at its lowest since 2011. Additionally, lending for purchase or construction of a new home in Australia has fallen to its lowest level since 2013. Lending to households has decreased year on year by 17.8% in the Northern Territory (ABS). This is a heavy drop but again, we need to look at it comparatively to other states. Victoria and New South Wales have also both dropped year on year, 15.4% and 18.9% respectively. There has been a downturn in all states with the only exception being Tasmania.

We are not alone up here. The silver lining is that we are now in a period of market affordability; the dream of owning a home or unit is now realistic for Territorians.

As mentioned earlier, we are seeing home owners slowly accepting the very weak property market. This is reinforced by looking at the recent statistics for the northern suburbs. Although sales are decreasing, we are seeing prices stabilising to only minimal decreases (REINT, March 2019). It is only our opinion and we can only speculate that it means people will only sell if it is their last option, if not, they are holding onto their properties for a better market and thus price. The rental market has steadied in recent times and popular locations are still easily rented.

We need to remember during these tough times the old saying "you only lose if you sell". However if you must sell, we are seeing well-presented properties still high in demand, so be sure to present your home in good condition, have neat and tidy landscaping and make sure there are no small works required by the potential buyer.

Since the start of 2019, there have been plenty of things done to pave the way to a more positive market. The government has introduced new inventive schemes (Territory Home Owner Bonus) and construction of new buildings in Darwin (new four-level below ground car Park) and Palmerston (police station). We also note the interstate relocation schemes (Welcome to the Territory incentives) introduced in August 2018 will also make a positive impact in 2019.

To end things off, we have seen land prices increase

All markets have been hit, from residential to commercial, dwellings to units and the suburbs of Parap to Darwin River.


Source: www.nt.gov.au

in the Palmerston suburb of Zuccoli (specifically the Aspire development). This increase came as a surprise to us but it is showing that the supply of land is not meeting demand and ultimately this can be seen as evidence that the government incentive program is playing its role. There is a lot happening to kick start the economy and our office remains positive that there will be a brighter market; it will just take time for the government schemes to take full effect.

Source: zuccoliaspire.com.au

Australian Capital Territory

Canberra

The ACT housing market has not changed much over the past six months.

The value of houses and land has likely seen little growth, owing to an overall lower demand for property arising from various external factors such as the difficulty in obtaining finance. Demand is still reasonably strong for entry level houses in the $450,000 to $600,000 range and we would consider this property type to be performing the best. Demand has remained steady for the mid-point priced houses in the $600,000 to $1 million range. The prestige market ($2 million plus) remains steady. Prestige dwellings are changing hands, but not at an extraordinary rate.

The supply of units remains high and demand remains steady. Unit and apartment values have retracted or remained steady over the past six months due to the quantity being offered to the market, especially in the outer suburban areas where demand is generally lower. Supply is highest for the one-bedroom product that is being offered at a very high rate in new complexes, while the market for two, three and four-bedroom units is more steady and secure.

The price point for most one-bedroom units is between $275,000 and $400,000 depending on location, size and quality of inclusions. Most two-bedroom units are selling for between $300,000 and $550,000, again depending on location size and quality of inclusions. Units with more than three bedrooms are often sold for above $550,000, with some units selling over the $1 million mark in well located, reputable complexes.

Demand is still reasonably strong for entry level houses in the $450,000 to $600,000 range.

Tasmania

Hobart

Where has the year gone? Here we are approaching the half way point already... next thing we know Santa will be back clogging the chimney up again.

So, what has happened in the Apple Isle this year?

The Hobart market is starting to show signs it is approaching or has reached its current cycle price peak. Corelogic suggests that the median price actually slipped a touch in March.

On the ground, we are seeing a flattening of prices in the inner ring, however demand for prestige remains historically firm. In the middle to outer ring however we continue to see positive pricing and competition for housing. This is true for the 50-kilometre commuter radius.

Vacancy rates remain tight with little evidence of the housing shortage easing.

Launceston

Launceston is continuing to record positive price movement, albeit at a more subdued rate than 2018. We would suggest it is unlikely double-digit growth will be recorded this year, however it may not be far under.

Interestingly, the activities of a Queensland based buying advocate firm acquiring residential property on behalf of SMSFs have resulted in a number of rentals being available. The vacancy rate has lifted a few points as a result and we are seeing a stabilisation of rental growth.

Regional

The north-west coast is a bit steady as you go. Devonport, Ulverstone and Penguin have some confidence. Burnie is steady to slightly positive but still could use a few more people.

Holiday townships such as Bridport, St Helens and Orford are continuing their strong march from 2018 as people continue to seek that beach side holiday home.

The town to be careful of is George Town as Temco has just announced a review of the ongoing operations of their smelter at Bell Bay. The result of the review won't be released until October. There are 300 jobs on the line and it is one of two industrial plants the town has been historically dependent upon.

The Hobart market is starting to show signs it is approaching, or has reached, its current cycle price peak.