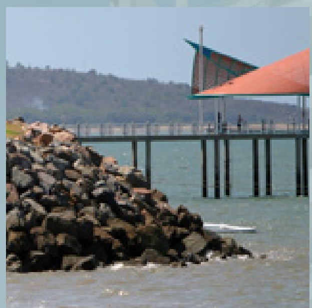
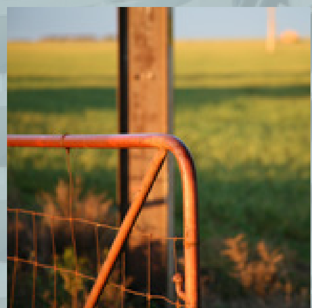
April 2017

Month in Review

HERRON TODD WHITE

Contents





PROPERTY AND SMSF REPORTING?

Trust us to find your solution.

10% DISCOUNT

on fees if ordered before 10 June 2017

That's because Herron Todd White has been providing property valuations to Australian property owners including those who have a self-managed super fund (SMSF) for over 48 years. Property owners who use assessments from people without adequate qualifications may risk adverse outcomes in an audit event and may be liable for penalties.

Our property experts know all about the federal government's changes to superannuation which will come into effect from 1 July 2017.

We can help you with these new changes by working together with you or your superannuation advisor to determine the best way to manage the impact of your property assets to ultimately meet your strategic objectives.

Our full reports meet ATO guidelines and we can also provide rental and tax depreciation assessments as part of our broad range of services.

But don't leave it to late. Having your strategy in place by 30 June is critical.

HERRON TODD WHITE

Independent advice.
Trusted solutions.

Contact us on 1300 880 489 or smsf@htw.com.au for more information

Hot! Hot! Hot!

Take your property temperature. Is it burning up? Have you got a real estate fever that you just can't cure?

Perhaps bricks and mortar are the spice of life in your world. Are your investments mild, medium or inferno?

There's always a lot of chatter about the weather too. Your property summertime may have resulted in a scorching portfolio, full of searing capital gains or blistering returns. Or has a cooling autumn breeze hit your holdings as you set in for the deep winter funk.

Like so many other things, real estate is not immune to being set against a hypothetical thermometer.

We all like to think long and hard about whether we've invested in the hot sectors or the lukewarm locations. The idea that markets run hot and cold also allows us to analyse beyond blanket statements that assume all property is performing in the same way. For example, most would argue Sydney has been our "sizzling market" in Australia, but some property types and positions have been more steaming than others. Wouldn't you be keen for a little information on whether the pressure gauge is about to blow and where to take shelter?

Many investors also want to know where the really bubbling performers are in property because they're counter cyclical buyers. They find out where everyone is purchasing so as to avoid the frenzy and, instead, buy the next big mover and shaker which is probably operating at far cooler climbs. It's a great Warren Buffet approach to making dough – "Be fearful when others are greedy, and greedy when others are fearful."

And then there are those who are just looking for great dinner party conversation by studying the boom markets. It's engaging chatter when you can either muse on how smart you were to get on board at the right time, or commiserate about a lost opportunity (no doubt vowing it'll never happen again.)

We at Herron Todd White believe the study of what's hot in the market makes for great analysis.

The funny thing is that within the same geographic area, one property type can be firing like a furnace while another fizzles like a wet match. The best way to fully understand what's happening in the Australian real estate rollercoaster is to study each location under the microscope – and of course that's where we step in.

This month, we've asked our doyens to talk about what's firing hardest in their service areas. We want them to point out not only the suburbs where you need a Kevlar suit to withstand the ambient heat of property purchasing, but also exactly what sort of properties are raising the temperature.

We've also asked for a rundown on which price points are gathering the most degrees on the gauge. In addition, we discuss who is driving demand in these very, very steamy markets and whether they're insatiable appetite is sustainable.

Finally, more than a few of our team have let slip where they feel the fire front is moving so you can stay well ahead of the pack.

For commercial property fans, it's time to tackle the office sector and see what's in store for the rest of 2017. Our office experts are about to cast their well-informed rune stone and let you know how things are likely to play out over the rest of the year. As well as highlighting what's running hot in office markets around the country on a service-area-by-service-area basis, our experts are keen to let you know what markets you should avoid, as well as any major events that will have flow-ons to the office market generally. If you're excited by office property, don't miss their take.

So there it is – a temperate gauge look at our real estate markets. But please don't attempt an amateur diagnosis of your condition. Make sure you jump on the phone and call your property specialists at Herron Todd White so they can look at the symptoms of your feverish portfolio and advise on the correct course of action.

Commercial

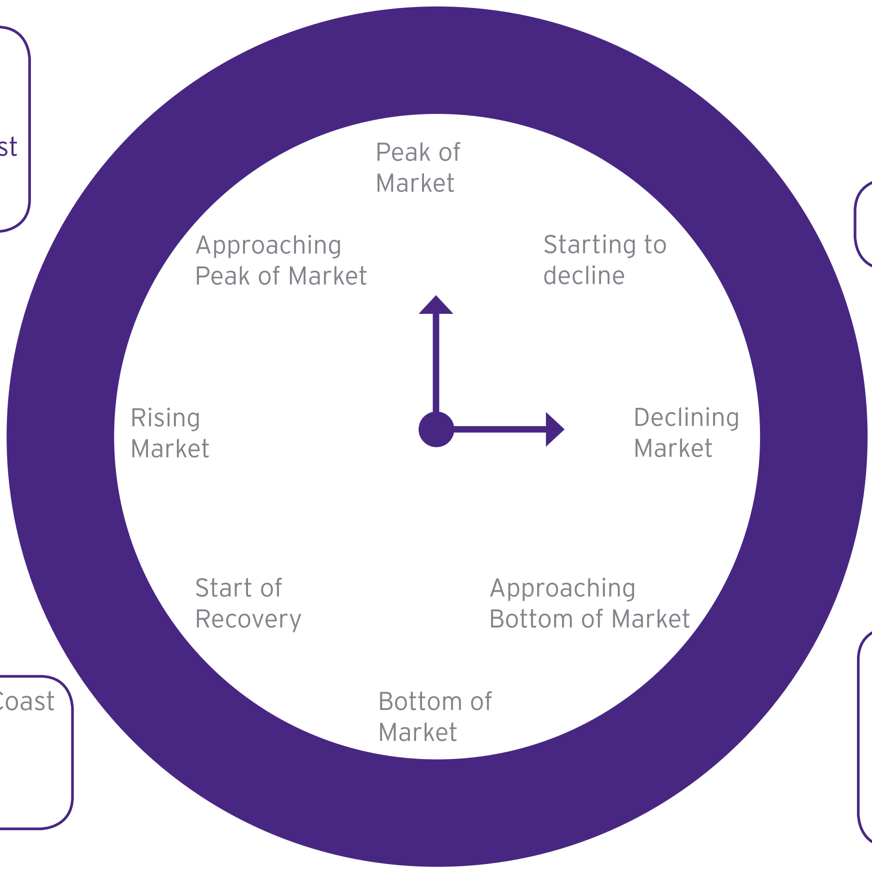
HERRON TODD WHITE COMMERCIAL

National Property Clock
April 2017
Office

Melbourne
Coffs Harbour
Gold Coast
NSW Far North Coast
Newcastle

Gippsland

Sydney
Ballarat
Bendigo
Echuca
South East NSW
Sunshine Coast



Alice Springs
Emerald

Canberra
Horsham
Mildura
NSW Central Coast
NSW Mid North Coast
Rockhampton
Tamworth
Toowoomba

Brisbane
Perth
Gladstone
Mackay
South West WA

Adelaide
Darwin
Hobart
Burnie
Cairns
Devonport
Launceston
Townsville
Wide Bay

Entries coloured purple indicate positional change from last month.

HERRON
TODD
WHITE
COMMERCIAL

New South Wales

Overview

Commercial property investors are keenly observing office markets as we venture further into 2017.

Given our extraordinary coverage of this continent, Herron Todd White experts are willing and able to provide their take on how the office sector will play out in each of their service areas over the rest of the year.

And their thoughts are, frankly, second to none...

Sydney

Since the start of 2017, the Sydney CBD office market has continued its market movement trend of 2016, with a decrease in both vacancy rates and incentives and an increase in average market rental rates.

Due to the results of strong employment growth, especially in the office jobs created throughout 2016, which drives the absorption of office space, combined with additional ongoing absorption of office stock, under supply and rising rentals, we expect to see demand for commercial offices remaining strong, yields continuing to trend lower and steady vacancy rates throughout 2017.

The Sydney metro office market vacancy rate currently stands at 6.2%, remaining the lowest of all capital cities according to Property Council research paper dated 2 February 2017, thus reflecting the inherent strength in the Sydney market.

An attributing factor to the compression in vacancy rates and growth in associated market rates is the commencement of the Sydney Metro Project, developing 31 new metro stations linking to Rouse Hill in the north-west through to the CBD and extending to Bankstown in the south-west. Further to this, the acquisition of secondary commercial office buildings by large scale developers for residential or hotel conversion has further pressured the marketplace.

We note these acquisitions have led to the displacement of owner occupiers and tenants alike, now all in the market for available commercial office space, thus further pressuring the secondary office markets of North Sydney, Chatswood, St Leonards, Macquarie Park and Parramatta.

We consider the Sydney office market to remain relatively stable in the short to mid-term, with the Property Council of Australia forecasting stable vacancy rates over the six months from January 2017.

Across the board, Sydney is continuing to experience yield compression in the commercial domain. We note a heated residential market along with an inherently low cost of borrowing have seen yield compression across the office sector over the past 12 to 24 months, with a strong appetite on a micro and macro level for A grade Sydney offices on long term lease covenants to blue chip tenants. We would consider this trend to continue whilst supply remains relatively low.

With limited stock on the market for sale or lease, demand has pushed further out to fringe locations such as North Sydney, South Sydney, Chatswood and areas in the inner west. Notwithstanding this, we consider rental growth to continue in line with demand and limited supply.

With the recent surge in purchases by owner-occupiers throughout the Sydney CBD office market, investors are cautioned that competition from this segment is forcing a tightening of yields. Investors should be wary of this market force when purchasing and avoid paying over market rates to compete with owner-occupiers who tend to be less reliant on yields.

Further opportunities in emerging office markets may be present as the government focuses on increasing economic activity and development in outer Sydney suburbs. For example, the commercial centre of Liverpool is considered to benefit from the continued residential development in the south-west, proposed construction of the Badgerys Creek Airport and the possible extension of the Sydney Metro with a direct line from Bankstown to Liverpool, all of which will in time increase economic activity, employment viability and demand for commercial office assets. However, caution is drawn to the ability for emerging markets to withstand an economic or market downturn compared to established locales and other significant commercial hubs.

Further opportunities within the commercial office market may be present in assets which are feasible for further subdivision. The rise of creative office suites, prevalent within the Southern Sydney office markets for example, has been driven by the demand for smaller assets catering to start-up companies with less capital that require lower priced assets or shorter or more flexible leasing terms. The increased focus on smaller companies has seen the rise of small scale business parks, sub-leasing sections of larger offices and the serviced office business model. Although smaller tenancy areas can derive greater returns due to the economies of scale principle, smaller offices tend to have increased risk due to the high turnover of tenants given shorter leasing terms. Caution may be drawn to the ability of an asset manager to derive adequate returns via minimising vacancy in addition to the aptitude to sustain a competitive asset within a market that could be easily saturated.

While the outlook for Sydney's office market is positive, as ever, caution as to the sustainability of current and projected office trends is recommended with road blocks to growth possible, including the very real and significant potential for a downturn in the local and wider residential market which will have a major impact on the wider economy, potential stock market volatility after recent record gains and political instability (both national and international).

Newcastle

There have been a number of positive factors at play in the Newcastle office market heading into 2017. The January PCA Office Market Report has recorded an audited net absorption in the 12 months to January of 12,183 square metres. This is the highest rate since 2009. The additional stock of 11,140 square metres in this time comes primarily in the form of 168 Parry Street and 18 Honeysuckle Drive. The developer at 18 Honeysuckle Drive is prepared to double down on the success of this mixed use development on the harbour front site across the road. The Newcastle Herald reports that the Hunter Development Corporation's acting General Manager Valentina Misevska said the concept for the 21 Honeysuckle Drive site was designed by Sydney firm SJB Architects and comprises three buildings with a mix of one, two and three-bedroom apartments, individual townhouses and some retail activation on the ground floor. It is understood the NLA provided in the Lee Wharf Stage 4 and 5 will be circa 22,000 square metres.

Office rents are in a relatively stable environment, with new stock and demand generally on par. We're still seeing very strong owner-occupier interest from self managed super funds on the small to mid sized strata office market in the inner city and inner suburbs. Interest around the new Wickham transport interchange is particularly hot and values along the new light rail or where a retail outlet may be able to open out into the Honeysuckle Precinct from Hunter Street are also on a strong upward surge.

We have now entered a stage in the local office market where we are seeing very low yields and while interest rates remain low, the market may be able to sustain these. However when we see interest rates rise, so too will the yield expectations of the market. Rental growth has not kept up with capital growth in the CBD and while direct vacancy rates across the total market sit at 8.5%, with a mooted 22,000 square metres potentially hitting the market in the short term, we may see macro and micro factors combine shortly to push office values down once the market peak has been breached.

Lismore

The increasing vacancies and uncertainty surrounding the retail market for inland centres are less evident in the commercial market. The commercial market in Lismore, being the main commercial precinct, has been relatively stable with steady to modest increases in rental levels (generally in line with CPI) over the past two to three years.

Supply has traditionally been stable with development normally only occurring on a built for a user basis. However, the near complete 214 Molesworth Street has resulted in an additional 3,500 square metres of space of a high standard. We understand 50% of the building is leased with negotiations well advanced for space to take the building close to 70%. It has achieved very strong gross rents in the vicinity of $400 per square metre. The majority of tenants will be vacating established nearby space. This will create a significant vacancy which is likely to put downward pressure on rates and take some time to absorb. As such, we expect at best no change in rental levels over the next 12 to 18 months and some segments of the market will experience downward pressure. This may initially result in lease incentives in the form of lease-up allowances or contribution to fit-out for landlords to secure a new tenant. Other smaller inland centres are likely to experience modest demand, limited supply and generally stable rents.

As to value levels, yields have firmed slightly in Lismore over the past 18 months although would be limited to within 100 basis points for owner occupiers and investors alike. There remains 20% plus variation in value levels between the investor and owner-occupier market and as such, product suited to owner-occupiers can experience a significant fall in value if a long term lease is put in place (i.e. the property is no longer available to the owner-occupier). The exception to this is where the tenant is a large national or government tenant in which case we are likely to show yields more in line with the owner-occupier market.

The next 12 months is likely to see broadly stable yields. Should market rents fall a modest reduction in value levels could occur depending on the product.

Larger, secondary space is likely to be the highest risk component in Lismore on rental and value levels, given the increase in supply of better quality space and the possible upward movement of tenants. We would expect long lease-up periods and strong lease incentives with limited demand from investors on a vacant possession basis. The number of owner-occupiers looking for larger secondary space would be very limited.

Regarding the recent Ex Tropical Cyclone Debbie: The current flood events will create a significant level of uncertainty within the market. This will be more pronounced for components. The majority of the office and commercial areas are first floor space and predominantly flood free. It is likely there will be limited impacts on the commercial components of the market. The retail sector is the most significantly impacted with the speed of the flood and the altered height predictions catching most businesses underprepared. Many businesses have lost all their stock and fit out. Some businesses are likely not to recover from this impact of the flood with limited or no insurance cover.

Coffs Harbour

The office market in Coffs Harbour features an oversupply with limited enquiry for leasing at stable or slightly softer rental levels.

There are a number of office project developments on hold until pre-sales or leasing is effected. These projects range from smaller strata title office projects to larger developments. The eastern precinct of the CBD remains prime with rental levels of $330 per square metre to $400 per square metre.

Secondary or dated offices remain difficult to let. The impacts of reduced government spending, limited availability of grants and the retractionist policies are clearly evident in the Coffs Harbour regional office market.

There is a lack of sales and leasing transactions within the office sphere of the market. Generally yields within Coffs Harbour remain firm based on the prevailing low interest rate climate.

Leasing activity is restricted with serious owners having to offer lease up incentives or rent free periods to attract quality tenants.

Illawarra

The Illawarra office market is expected to continue its strong performance over the past 12 to 24 months with buyer demand remaining high for assets in the region. There are signs that the market is becoming overheated as yields continue to decline and we feel 2017 will be the year the market reaches its peak.

The low cost of borrowing is the main driver in the local market and values are likely to be adversely affected if interest rates increase, although most economists are currently not forecasting this to occur in 2017. Local economic conditions are strong and sentiment is positive, in line with the broader NSW economy of which Sydney is a significant driver, particularly for the Wollongong market.

Price point has become less of a factor with good demand for higher valued assets (circa $5 million plus) as evident by the benchmark sale of 90 Crown Street, Wollongong at a record price of $43.9 million, reflecting a passing yield of 8% to 8.25% and a rate of $4,786 per square metre of lettable area. In addition to local buyers, the region is attracting investors (private and syndicates) from Sydney, interstate and overseas, as well as second tier funds. Owner-occupiers also remain active in the sub circa $2 million price range.

Commercial leasing conditions in the Illawarra region have improved after a prolonged period of static conditions post the GFC with government tenants continuing to be a major driver of the leasing market.

There is growing evidence of a market split between A grade space which has low vacancy rates and good demand, and lower quality B and C grade space which has higher vacancy rates and modest demand. Most tenants however are driven by affordability and therefore we see limited upward pressure on rents although some leasing agents are of the opinion of that there is appetite for A grade rents in the $500 per square metre gross range which would set a new benchmark if achieved and may justify new construction. Incentives remain common with discounts between 5% and 15% of gross annual rent usually required to attract a new tenant. This incentive is usually in the form of a rent-free period.

Victoria

Melbourne

According to the Property Council of Australia's Office Market Report, Melbourne CBD's office overall vacancy rate has improved from 7% to 6.4% over the six months to January 2017. Melbourne continues to host the second lowest vacancy rate amongst all of Australia's CBDs. A net absorption of 109,612 square metres in the CBD was recorded in the six months to January 2017 and a total of 40,246 square metres of new stock is due to enter the market in 2017. The decline in vacancy rate is mainly due to the second highest net demand figure on record (excess of three times the historical average) with positive demand particularly concentrated in the A grade segment. Eastern Core, Docklands and Flagstaff precincts have the lowest vacancy rates at 3.1%, 3.3% and 3.7% respectively while negative demand was concentrated in the Civic and North Eastern precincts where vacancy rates both rose.

With strong tenant demand and restricted supply, we are witnessing improving effective rents with CBD incentives beginning to shift down in certain sub markets. However, leasing incentives continue to be relatively high with 25% to 30% net incentives being offered for longer lease terms across larger tenancies.

Due to the statutory valuation in 2016, the 2017 Land Tax Assessments have come as a shock for many CBD and city fringe landlords. A large number of 2017 land tax assessments have increased substantially compared to 2016 which could have a significant impact on value, particularly when the tenancy profile is on a gross rent basis or when tenancies are subject to the Retail Leases Act, in which case land tax is non-recoverable. We have witnessed land tax for some CBD sites more than double or even triple last year's land tax. The increases in land tax have significantly impacted landlords' projected cash flow, especially if properties are tied up with long term gross or retail leases. The effect of this increase is only now being felt as 2017 assessments were only released in January. There are very few transactions in 2017 and in any case, buyers may be going off 2016 assessments.

For the St Kilda Road precinct, there have been significant withdrawals of office accommodation over the past couple of years as many developers are buying existing older style office buildings with the view to converting or redeveloping them for residential purposes. This reduction in stock and displacement of tenants has given a slightly false take on the market, as tenant demand is still way off historically high levels pre GFC. The market has also seen a flight to quality, with A grade buildings performing better than their B grade counterparts. Owners investing in the building services and end of trip facilities are being rewarded by a reduction in the letting up periods and stronger rents. In the past 12 months, incentives peaked at 32% however are now moving back down. Due to the Melbourne Metro rail project, traffic along St Kilda Road will be severely restricted for the coming two to three years. Discussions with local leasing agents reveal that some existing tenants are attempting to take advantage of this situation by using it as a lever for better deals on renewals, particularly around negotiating shorter lease terms. St Kilda Road will potentially always be a strong market for smaller tenants, but for the larger tenants (1,000 square metres plus) the market may be more challenging and must remain a cost effective option to overcome the threat of the CBD, Docklands and Southbank markets. This may put a ceiling on rental growth for the foreseeable future and at least for the duration of the major tunnel works.

On the buy side, strong demand is continuing for good quality office properties within the Melbourne CBD, Metro and St Kilda Road office markets. This is primarily due to the lack of suitable stock and sheer weight of capital seeking limited investment opportunities in this segment of the market. Assets in the $10 million to $40 million price point are expected to continue to appeal to a broad range of private investors, syndicates and self-managed super funds. Institutional buyers typically start at circa $50 million. The CBD office market was off for a hot start in 2017 with the record breaking sale of Bourke

House, 179-183 Bourke Street, which was sold to a mainland Chinese investment corporation for $33 million in March, representing a low yield of 4.3% and a capital value rate of approximately $20,000 per square metre. The sale also reflects a 287% capital gain since its last sale of $11.53 million in 2014. Deep pocket buyers are less focused on leasing risk, WALES and capex risk because they are more focused on location and securing assets in a limited opportunity market. Leasing risk and capex risk are considered transient risks which can be mitigated.

On the other hand, demand is very strong for strata office floors in the CBD. This is seen as a way to gain a foothold in the CBD as some buyers struggle to afford freehold CBD properties. We are also witnessing some buyers are accumulating multiple floors within the same building.

Echuca
The market is delicately poised at the moment. While there was good demand in 2016 for investment grade holdings, a property occupied by Cheap as Chips failed to sell at a Burgess Rawson auction with bids not supporting the historically low yields previously achieved for buildings tenanted by Beaurepaires (4.25%) and Reece (5.33%). With speculation of rate rising juxtapositioned with sluggish wage growth, it will be interesting to see where yields move in 2017.

South Australia

Adelaide

Over the past 12 to 24 months, the downturn in business activity throughout South Australia has created vacancies with the likes of Santos, BHP and Telstra all contracting their tenancies into smaller, compact areas.

Contraction has been the underlying theme in Adelaide's office market in the past 12 months and the large vacancies created by multi-national tenants have caused a ripple effect down into the below $10 million market.

Investment activity within prime assets that provide secure lease covenants and long WALEs is expected to remain strong over the next 12 months.

Similarly, we don't anticipate there being a significant change to the risk averse pricing of lesser quality assets being 30% to 40% below prime assets.

However, the construction phase in the CBD office market is coming to an end. There are a few major projects due to in the short to medium term:

- Frome Flinders office building is now finished and part occupied by Grant Thornton.
- 113-115 King William Street, Adelaide's sixth tallest building at 25 levels and 5,799 square metres.

The completion of these building has contributed to the increase in Adelaide total vacancy to 16.2% from 15.4% in January 2017.

There are analysts reporting that the contraction of space has slowed and with the limited planned addition of space, that vacancy will contract over the next 12 months.

When you break down the vacancy rate, the majority sits in lower grades.

Adelaide CBD Office Market Summary as at January 2017:

	Stock (sqm)	Vacancy (sqm)	Vacancy Rate (%)	Net Absorption (sqm)
Core	1,112,097	198,727	17.3	-4,483 (12 months)
Fringe	308,725	32,132	10.4	3,376 (12 months)

(Source: PCA and Herron Todd White research)

Adelaide CBD Office Vacancy Percentage by Grade:

	Jan 2014	Jul 2014	Jan 2015	Jul 2015	Jan 2016	Jul 2016	Jan 2017
Premium	6.3	11.6	10.7	9.4	7.7	8.3	8.3
A grade	12.9	13.1	13.6	14	15.1	17	17.6
B grade	15.2	16.2	11.7	10.8	11	14.8	16.3
C grade	12.8	18.6	21.4	21.6	19.9	19.2	21.2
D grade	18.1	19.5	20.8	20.9	21.9	21.6	21.9

(Source: PCA and Herron Todd White research)

We consider that a period of rejuvenation will begin, however this is unlikely to result in significant new office space in the short term. As it starts it will take lower grade buildings off the market and place downward pressure on the vacancy rate.

There also exists the possibility of buildings being converted to residential accommodation. A number of residential developments will soon be competed which will increase the number of units in the market. The depth of this unit market may be tested and likely to delay future conversion of any obsolete office buildings.

There is however a sense that the period of high vacancy may be beginning to end.

Queensland

Brisbane

The January 2017 PCA figures have shown positive signs for the Brisbane CBD market with vacancy rates falling to 15.3% from 16.9% in July 2016. The market has additionally seen net absorption of 94,601 square metres for the 12 months to January 2017, the highest level of net absorption since January 2012. Vacancy rates for prime and A grade accommodation are considered to have peaked in the cycle with only one significant project presently due for completion in 2017 (310 Ann Street) and the likelihood of a break in the supply cycle, which we believe will start to see a steady decline in current vacancy levels.

B and C grade accommodation has however continued to see a rise in vacancy rates at 19.7% and 19.6% respectively in January 2017. This is an increase from 18.7% and 17.5% respectively in July 2016. This increase in vacancy rates will continue to force landlords to undertake significant refurbishments of existing space in order to offer the quality of accommodation required to attract tenants.

Research suggests that vacancy rates for Brisbane CBD office accommodation will sit at around 14% or 15% over the coming five years.

Gross face rents remained unchanged over 2016 while incentives and outgoings continued to increase which has resulted in a significant reduction in net effective rental rates and overall achievable incomes for CBD commercial properties. We believe incentives, like vacancy rates, have reached their peak and will remain stagnant over 2017. We note that CBD Statutory Site Values also started reducing after significant increases in 2016; nonetheless, statutory outgoings are increasing.

Over 2016, yields based on net face rents for premium grade accommodation ranged between 5.75% and 6.25% reflecting a capital value rate per square metre of $10,500 to $11,500 while A grade accommodation ranges between 6.25% and 7.25% and a capital value rate per square metre of $6,200 to $8,200. Demand and yields for B grade stock were significantly softer at between 7.25% and 8.25% and a capital value rate per square metre of $4,500 to $5,500. We do not anticipate significant further yield compression over 2017.

The most notable commercial office sale for the first quarter of 2017 has been Green Square South Tower, Fortitude Valley (505 St Pauls Terrace) at a purchase price of $205.5 million. This sale price reflected a reported initial yield of 6.4% and a reported analysed yield of 5.77%.

Green Square South Tower

We anticipate an increase in transaction volumes over 2017 with demand likely to come from both offshore and domestic investors continuing to look for well leased, high quality, strong cash flow commercial accommodation, noting that demand continues to exceed supply.

Fringe CBD office market

Vacancy levels have remained stable in fringe CBD locations at 12.6% in January 2017 in comparison to 12.8% and 12.9% in January 2016 and July 2016 respectively. The majority of leasing transactions continues to occur within the locales of the Urban Renewal and inner south precincts due to the provision of high levels of amenity, public transport and proximity to the CBD. The Urban Renewal precinct was the best performer in January 2017 reporting a vacancy rate of 9.9%, the only precinct to report a vacancy rate below 10% in this period.

Milton, whilst recording the highest vacancy rate in the fringe, has impressively reduced its vacancy rate from 21.2% in July 2016 to 18.6% in January 2017. This is the lowest vacancy rate Milton has reported since January 2015 (17.3%). The precinct also reported a net absorption in the 12 months to January 2017 of 4,576 square metres which is the first net absorption since July 2012.

We believe that 2017 will continue to see leasing demand within the Urban Renewal and inner south precincts while the Spring Hill and Milton areas will continue to see further withdrawals of stock as the highest and best use of a number of these assets changes to residential uses.

Demand from owner-occupiers or part owner-occupiers for properties under $10 million increased significantly over 2016 due to the low interest rate environment, availability of vacant stock and potential to purchase properties at a below replacement cost price. We believe this demand will continue through 2017. We believe demand from investors for stock with a secure WALE and strong tenancy profile will continue through 2017 however with the current leasing market, there will continue to be very limited good quality stock coming onto the market.

Suburban office markets

The suburban office markets including the southern suburban corridor remained slow and relatively stagnant throughout 2016 and we do not anticipate any significant changes to these markets over 2017.

It is anticipated that leasing markets will remain stagnant with commercial accommodation remaining vacant for extended periods of time. Rental rates within this market continue to range between $200 and $400 per square metre of NLA gross per annum while incentives generally range between 10% and 20%.

Over 2017, the low interest rate environment will continue to increase buyer demand from owner-occupiers in good locations where interest costs are well under leasing rates. This interest has a major dominance within the sub $1 million market however over 2016 extended to properties under $2 million.

Demand will continue for well leased office accommodation in the office parks of Eight Mile Plains however we do not anticipate this demand to result in any further yield compression.

Toowoomba

Leasing demand for commercial office accommodation in Toowoomba continues to be moderate. This is likely to result in limited growth in rentals, with prime buildings achieving up to $400 per square metre gross. Some lease incentives may be required to secure tenants.

There are several vacant commercial sites in Toowoomba ready to be developed. The reduced leasing demand however has delayed most projects. It is unlikely that any project will proceed in 2017 unless significant lease pre-commitments can be secured. The projects will also likely need to achieve market leading rentals to make projects feasible.

The low interest rates have resulted in strong demand for commercial properties by investors, however with the low supply of quality, fully leased properties available, yields will likely remain strong.

Owner-occupier demand is also currently strong, particularly for premises with floor areas of up to 300 square metres. There currently appears to be a reduced supply in this market segment which may result in some sales reflecting a premium price. It appears that the inclusion of good car parking is a major factor for buyers.

Gold Coast

Moving into 2017, the Gold Coast commercial property has continued to reflect strong market conditions.

Recently released PCA data indicates the across market vacancy level at January 2017 was 12.2%. This is down from 14.3% in July 2016 and 13.2% in January 2016. Continuing the trend over the past several years, we are unaware of any planned new office buildings for 2017 apart from some smaller developments in areas such as Ashmore Road, Benowa targeting the medical sector. On this basis, the vacancy level on the Gold Coast is anticipated to improve (reduce) further moving forward.

Sale transactions to date in 2017 suggest continuing robust interest. An example of this is the now publicly reported sale of 183 Varsity Parade, Varsity Lakes for $11.8 million. This is a 32.5% increase on the previous sale in December 2014 at $8.9 million. The property has been purchased by the Clarence Property Group, a long term participant in the Gold Coast commercial market and in particular the office sector over the past few years. This two level building of 3,153 square metres is reportedly fully leased, although net income and yield have not been disclosed. The sale reflects $3,742 per square metre on lettable area.

At the other end of the spectrum is 19-21 Gardenia Grove, Burleigh Heads, which settled last month for $2.9 million. This is a converted squash centre in a beachside location providing 1,061 square metres of net lettable area. It is also fully leased, but shows a low WALE of two years. The sale reflects $2,733 per square metre and a passing yield of 7.94%.

We note there are several other commercial office buildings currently listed for sale which we anticipate when sold will demonstrate yields at or possibly 25 basis points lower than 2016.

Of particular interest will be how the market place perceives the expansive Bundall Corporate Centre, which has an EOI campaign closing 23 March 2017. This property comprises two existing office building with 21,111 square metres of lettable area, but with a further 15,500 square metres of developable land that could provide an array of opportunities for further office space, retailing, residential apartments or combinations thereof. This is a large, commercial property ticket item for the Gold Coast, having sold in the past a couple of times pre GFC at circa $100 million and then post GFC at circa $60 million.

In respect to the office rental sector, commercial agents are also reporting good conditions with reported uplift in enquiries, uplift in rental levels and stabilisation or reduction in the level of incentives.

Typically, rental rates for A grade stock ranges between $450 and $500 per square metre gross plus car parking; B grade stock between $350 and $450 per square metre gross plus car parking, whilst C and D grade stock ranges between $225 and $300 per square metre plus car parking. Incentives would now be expected to represent circa 7% to 8% of lease term rental.

The Gold Coast strata office market has also continued on its reasonably strong path into 2017, again buoyed by owner-occupiers taking advantage of the low interest rate environment. Value rates exhibited by good quality strata office space on the Gold Coast typically reflect between $3,500 and $4,500 per square metre inclusive of car parking and between $2,000 and $3,500 for secondary stock depending on size, location and physical attributes. These are similar levels to 2015, although the median rate in each category has probably increased circa 5%.

Moving through 2017 we would expect the buoyant conditions to be maintained on the back of sustained low interest rates and ongoing benefit of planned infrastructure associated with the Commonwealth Games in 2018. However, we do have reservations that the market is becoming over heated. Further, we also consider that global conditions, including a change of President in the US and the possibility of diplomatic tensions moving forward could have implications for the Australian property market overall. Only time will tell.

The Corporate Centre

Sunshine Coast

The office market on the Sunshine Coast will go through a period of significant growth in terms of supply over the next 12 months. We are to see approximately 20,000 square metres of space enter the market or approximately 13% of the total current market.

Of the space to enter the market, we are aware that circa 4,000 square metres is pre-committed with the remainder built on spec by two established office property operators on the Sunshine Coast. This significant level of vacancy will see the current vacancy rate rise from just under 10% to circa 20%.

This will significantly impact the rental market over the next 12 months. The last time we saw similar vacancy rates on the Sunshine Coast, we noted significant increases in letting incentives in the market and also the effective rental levels softened. This will likely affect the current market in the same manner.

Value levels will also likely be impacted, primarily for smaller office stratas, due to local businesses able to lease property at lower levels with the increased supply.

The increasing white collar workforce entering the Sunshine Coast on the back of the significant infrastructure projects such as the Sunshine Coast University Hospital, Sunshine Coast Airport expansion and the Suncentral development may limit the overall impact of this increased supply in the office market, however the overall impacts of the above infrastructure projects are unknown at present in terms of increased job numbers.

Rockhampton

We consider that sales activity for tenanted investment property in the sub $2 million price range will continue to increase as a result of current record low interest rates and growing interest in property in regional locations from southern investors. We are aware that there has been strong enquiry for tenanted properties with local real estate agents. The talk around town of tightening yields is being seen to spark some interest for local property owners, who are considering the opportunity to sell while there is strong interest from local and non local investors. This talk of yields however has been driven from some recent sales to national tenants on strong ten year leases which are not necessarily a good representation of the yields achievable for locally tenanted investment properties. Investors are still sensitive to tenant strength and security of cash flow and are only seeking quality properties on these tight yields. We consider that yields for locally tenanted properties are likely to generally fall within the 8% to 10% range depending on a variety of factors, with the potential for some slight tightening. Adding some uncertainty to this environment is the potential for the banks to lift interest rates for all property investors over the next 12 months.

We consider it likely that owner-occupiers will remain active for vacant properties as the appeal of owning as opposed to leasing is quite attractive in the current interest rate environment. Rents are likely to remain stable, with a continued presence of incentives in new lease negotiations, generally either rent free periods or fit out allowances.

Gladstone

The office market in Gladstone for the remainder of 2017 is anticipated to continue to stabilise until there is strong evidence to suggest it has bottomed out. Many leases negotiated during peak market conditions have now come to an end and many tenants are now re-negotiating their leases or looking to other opportunities that exist in the market at significantly reduced rentals from peak times. We have seen rental reductions in excess of 50% for some office tenancies, with CBD office rentals in some cases falling from about $500 per square metre to $250 to $300 per square metre (gross). It is likely that we will see this continue throughout 2017 with new leases negotiated at more affordable levels for tenants. We anticipate limited sales activity, similar to that of 2016, with property owners aware of current market conditions and reluctant to sell unless they are in a position where they are required to. Some opportunities remain for vacant office property which will suit owner-occupiers.

Wide Bay

Predicting the office market in the Wide Bay for 2017 is very difficult considering the limited stock of quality investment property and the low demand. In the lower price brackets where most activity takes place, values, leasing and sales activity are likely to remain stable. Recent office investment property sales are indicating tight analysed market yields on the back of long term leases and support from the owner-occupier market. Broadly speaking, yield rate compression in the Wide Bay hasn't been noticed in the higher price brackets. Office rental growth has been very low to nil and market rental growth is more likely to be from good quality stock. Recently completed medical related developments could impact the demand for office space from medical businesses in Bundaberg and Hervey Bay.

Mackay

There is a high level of vacancy particularly of large floor plates on the eastern city fringe. Demand is moderate and leasing activity remains fairly subdued. In our opinion the leasing market has not yet reached its cyclical trough and is likely to moderately ease through the remainder of 2017.

There have been no transactions of commercial office investment properties in the recent past however several larger properties for sale in Sydney Street, Victoria Street and Wood Street have attracted interest from southern interstate investors. It is likely that we may see one or two major transactions of over $2 million through the remainder of the year at net yields of over 9%.

Townsville

The office market throughout 2016 remained static and is likely to continue on a similar track during 2017.

Over recent months we have seen the completion of CQU Central, a fully leased new purpose built educational building in the CBD. This building is occupied by a single tenant with a 15 year WALE and sold to a southern investor for $12.8 million reflecting a yield of under 6.6%.

Symptomatic of the current market environment, individual sales over the past 12 months in the office market have shown a market spread ranging from 7% to 10%. We are seeing a widening basis point gap reflecting the WALE of properties, with an almost 100 basis point difference emerging between properties with a sub three year WALE compared with a four plus year WALE.

Urban Corner is a transformation currently underway of a former retail shopping centre. This property is over 50% leased and is nearing completion. Overall CBD office vacancy rates remain high with the latest preliminary survey indicating an overall increase in vacancy as tenants relocate outside the CBD and businesses continue to consolidate floor space.

We are seeing overall business confidence continuing to surge, recording its biggest increase for a single quarter in four years according to PwC's Townsville Business Confidence Survey for the March 2017 quarter. Our expectation however is that with vacancy rates remaining high and until such time as this is absorbed, lease terms will remain short, rental growth will remain static, in turn keeping mainstream yields flat.

Cairns

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

Commercial property sales in Cairns, inclusive of retail and commercial office premises, remain well below the peak levels achieved in the 2005 to 2007 period. Nevertheless the market has been slowly rebuilding in sales volume since 2010. Prices paid for strata titled premises have been relatively stable since 2010 at around $2,500 to $3,000 per square metre of floor area.

Most new office space leasing demand is for smaller areas, and for modern, good quality green star rated premises, however there is only a handful of such buildings in Cairns. These buildings achieve high levels of occupancy and are experiencing stable rent levels typically of $350 to $400 per square metre per annum. Demand for lesser quality space remains limited and there is a large oversupply even of good quality non-inner CBD and well exposed secondary space. These conditions have placed downward pressure on secondary rents and have seen the emergence of incentives.

Overall the Cairns office market is expected to experience little change during 2017.

Northern Territory

Darwin

The Property Council of Australia released its Office Market Report last month with Darwin holding the unenviable record as the capital city with the highest CBD office vacancy rate at 22.5%. This vacancy rate is match only by Perth (22.5% if sub-lease vacancies are included) with all other capitals in the range of 6.2% to 16.2%. The national average is 10.9% (including sub-lease vacancies).

The vacancy rate for C and D grade space is even higher with much of this accommodation virtually unlettable, especially for larger buildings where government is realistically the only prospective tenant.

The market for smaller scale office strata units suitable for owner-occupiers or private investors is similarly weak which is a reflection of current economic conditions in Darwin. We do not anticipate market conditions to improve at least until all remaining stock in The Avenue in Parap is cleared.

A good test of the market is Cavenagh House at 38 Cavenagh Street in the core CBD area. This 1,720 square metre site has 6,683 square metres of NLA over nine levels and is being offered to the market on a vacant possession basis. It is difficult to envisage who a suitable tenant might be in the current market. Although the building may possibly lend itself to a residential conversion project, the CBD unit market is also weak at the current time, reducing the viability of this option.

In summary, we see the office market remaining distinctly in the favour of tenants over the next 12 months until demand for space increases from government or some other quarter.

Western Australia

Perth

Almost 25% of Perth's CBD office space is sitting empty. In the premium sector there is 16% vacancy, 20.6% across the A grade band and 30% vacancy in the B grade space.

The Perth CBD office market currently contains approximately 1.75 million square metres of lettable space, approximately 60% of which is made up of premium and A grade space.

In contrast West Perth contains an additional 425,000 square metres of lettable space of which 138,000 square metres is A grade space. The latest Property Council vacancy rate guide by grade in West Perth is as follows: A grade 18.%; B grade 16.%; C grade 18.8% and D grade 23.5%, which equates to an overall vacancy reported of nearly 18%.

In West Perth, as in the Perth CBD there are very few development opportunities.

There are however planned refurbishments in the pipeline in the Perth and West Perth office markets with landlords clambering to retain existing and attract new tenants in an ever increasingly competitive market place.

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

Due to a lack of supply additions, the Perth CBD is expected to stabilise with tenants adopting a flight to quality approach over the medium term. The B grade segment has experienced the largest increase in vacancy from 23.7% to 30% in the 12 months to January 2017.

Agents active in the office leasing market advise that there are approximately 70 formal requests for proposals, totalling approximately 85,000 square metres from tenants looking to relocate offices to the Perth CBD. Agents report a flurry of activity from tenants seeking to capitalise on the incentives on offer from landlords (rent free, cash contributions towards fitout and rebates). Approximately 30% of the enquiry (equal to about 27,000 square metres of space) is from tenants in suburban office locations looking to centralise back to the Perth CBD to afford their staff better linkages to the public transport network hub and superior amenity.

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

In terms of capital transactions there has been approximately $670 million worth of office transactions in the Perth CBD in the 12 months to December 2016. This is close to the five year average of $680 million. 14 properties were recorded as sold over the 12 months to December 2016, up from 11 the previous year. We expect that both domestic and off-shore capital will continue to look to the Perth capital market for counter-cyclical opportunities over the next 12 months.

Sales transactions have however decreased within West Perth over the past 12 months. The lack of quality stock with medium to long term WALEs combined with uncertain economic conditions have affected transaction activity. It is likely the market will see a pick-up in activity from private investors over the next 12 months.

The outlook for the Perth office leasing market is to see a stabilisation in rental incentives and rents over the short term and no significant new building activity until at least 2020. We anticipate that vacancies in the Perth CBD will stabilise and that vacancies in West Perth will increase further as tenants look to relocate back to the Perth CBD.

As tenants make the flight to quality, a two-tier market may eventuate with less attractive, lower grade buildings increasing in vacancy and more attractive premium and A grade assets in good central locations showing a decrease in vacancy.

Residential

HERRON TODD WHITE RESIDENTIAL

National Property Clock
April 2017
Houses

NSW Central Coast
Coffs Harbour
Newcastle

Toowoomba

South West WA

Perth
Alice Springs
Gippsland
Rockhampton

Darwin
Gladstone
Mackay

Brisbane
Bundaberg
Emerald
Hervey Bay
Horsham
Mildura
Townsville
Whitsundays

Adelaide
Canberra
Melbourne
Hobart
Ballarat
Bendigo
Burnie/Devonport
Cairns
Echuca
Launceston
Mount Gambier
Tamworth

Sydney
Gold Coast
Ipswich
NSW Mid North Coast
NSW North Coast
South East NSW
Sunshine Coast

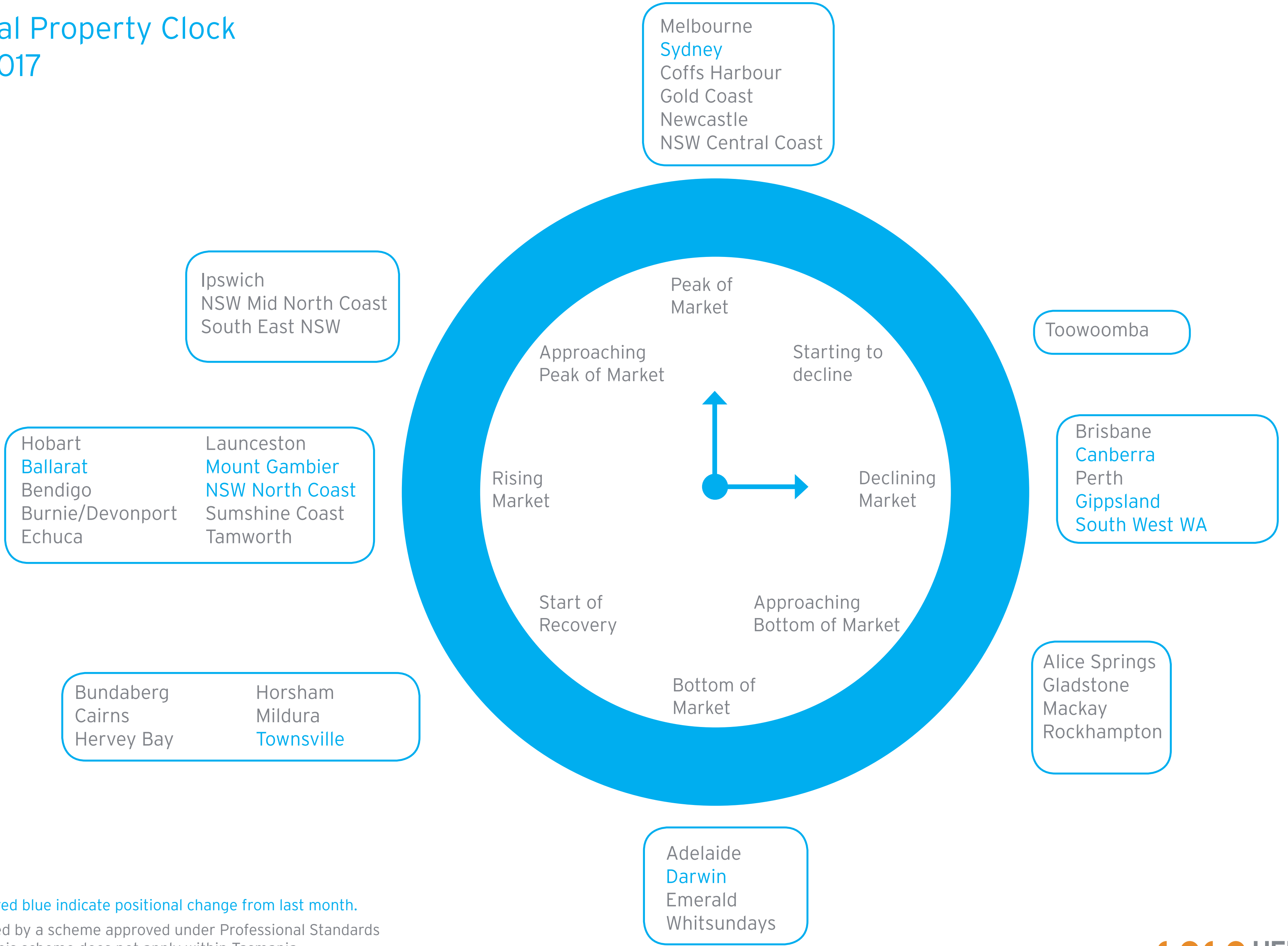
Entries coloured orange indicate positional change from last month.

Liability limited by a scheme approved under Professional Standards Legislation. This scheme does not apply within Tasmania.

This report is not intended to be comprehensive or render advice and neither Herron Todd White nor any persons involved in the preparation of this report, accepts any form of liability for its contents.

HERRON TODD WHITE RESIDENTIAL

National Property Clock
April 2017
Units



Entries coloured blue indicate positional change from last month.

HERRON TODD WHITE RESIDENTIAL

Overview

Most locations throughout our nation have smoking hot markets, cold-fish investment and just about every type of property in between.

This month the team are providing detail on which parts of their markets are outperforming all others. In addition they're sharing the knowledge on how sustainable these freight-train performers are.

It's all very useful information for deciding your next real estate move.

Sydney

Greater Sydney has been a hot market for the past few years, mostly due to a sustained period of low interest rates, demand outstripping supply in most areas, overseas buyers entering the market, tax incentives, media interest and an increase in values in the entry level pushing up the middle and upper level of the market. These issues combined have caused a wave of interest resulting in a market that hasn't been this hot for decades.

Within the geographical centre of Sydney we've noted some very popular suburbs. One of these is Oatlands, a quiet suburb within close proximity of the evolving Parramatta CBD providing large blocks of land, some backing a quality golf course. Substantially renovated dwellings are common in many streets. Don't be fooled by the median house price of $1.37 million (realestate.com); the real action starts from $2 million with substantial knockdown rebuilds being constructed for owner occupation and a recent record sale of $5.65 million. The buyer profile for this area is cashed up families wanting a house to substantially renovate close to quality schools and a growing CBD.

In the northern beaches and surrounds, the suburb of Frenchs Forest has been white hot in the past 12 to 18 months as the construction of the much anticipated Northern Beaches Hospital and surrounding infrastructure is nearing completion. This investment in the area has driven up demand for housing with strong sales occurring. Currently the median value for dwellings is $1.515 million whereas not so long ago in March 2014 it was $966,500 (CoreLogic).

Running off the back of Infrastructure and hot suburbs we note the suburbs along the north west rail link have outperformed surrounding suburbs over the past while mostly down to this infrastructure investment. Suburbs such as Cherrybrook, Castle Hill and out to Rouse Hill have all benefited from the higher level of demand in wanting to locate near solid transport hubs.

For units we've found the best performing suburbs to be Mosman and Cremorne. Local agents have identified a sweet spot for 2-bedroom units of between $900,000 and $1.2 million. This will get you a larger, older style unit appealing to a wider market segment. This price bracket is well suited to a professional couple wanting a low maintenance unit within close proximity of the city. The problem is the lack of stock driving up demand (and prices) further.

In the outer western suburbs of Sydney we have seen strong interest in suburbs such as Richmond and Hobartville. With older ex-defence housing, it's an affordable alternative as the median is $602,500 for Hobartville and $660,000 for Richmond according to realestate.com. For that you can get a 550 square metre block with a partly renovated dwelling within close proximity of Western Sydney University's Hawkesbury campus, TAFE, Richmond RAAF airbase and train station. Many buyers have been attracted to this area due to the lower entry point and facilities provided.

In the south west, Harrington Park is seen as the go to place. Large blocks, quality dwellings and sought after common facilities are the main features. The suburb provides a median house price of $855,000 which is above surrounding suburbs such as Gregory Hills at $720,000 (CoreLogic). Whilst the median is $855,000 the really sought after properties start from $1.15 million plus. Buyers in this price bracket are mostly families from the local area wanting an upgrade to a quality modern home and a larger block.

Overall in the last few years greater Sydney has seen huge demand resulting in prices in all areas skyrocketing. This is the result of a perfect storm of variables surrounding the demand and supply of property. The question of sustainability is a valid concern as prices have continued to rise, getting to the point of unaffordability for many people. The reality is that buyers will be priced out further and further resulting in demand rising for suburbs in the middle and outer rings of Sydney. Whilst predictions of a slower rate of growth for 2017 are widely accepted by most property professionals, if demand continues to remain strong and supply is still limited then prices will continue to rise. The only thing that will cause a sharp change to these conditions is outside intervention affecting either the supply or the demand for property.

Eastern Suburbs

The eastern suburbs have continued to define the meaning of a hot, hot, hot property market. Although the east has been hot across the board, we consider the $2 million to $3 million price bracket for houses and $1 million to $1.5 million price bracket for units to be the strongest price points in the current market. Paddington has been a stand out suburb for houses with a 2016 median price of $2.125 million which is up 21.4% from 2015 (source: PriceFinder). Paddington is a highly regarded suburb close to Sydney's CBD and comprises mainly period style terrace homes. The high performing Paddington market has recently been driven by high quality renovations of terrace style housing which is popular with the owner-occupier market, mainly professional couples and small families. An example of such a property is 2 Olive Street, Paddington which sold on 11 March 2017 for $2.46 million. This property is a typical Paddington terrace comprising 3-bedroom and 1-bathroom accommodation with no car accommodation and is situated on 101 square metres of land.

2 Olive Street, Paddington (source: RP Data)

The home at 2 Olive Street is classified as being architect-redesigned and features a high quality renovation, exactly what the market demands, resulting in a very strong sale price. With Paddington being such a highly desirable location and having a limited supply of stock, we expect to see recent strong sales prices sustained and predict continued strong growth in the short to medium term.

Within the eastern suburbs unit market, the suburb of Coogee has been a stand out performer, especially in the $1 million to $1.5 million price bracket. The 2016 median price for Coogee units was $1,037,500 which is up 17.9% from 2015 (source: PriceFinder). As an example of what this median unit price will get you, 7/3-7 Kidman Street, Coogee recently sold for $1.125 million. This property was a near original 1970s unit comprising 2-bedrooms and 1-bathroom with a 1-car lock-up garage and features restricted ocean views. This market is driven by both investors and owner-occupiers which comprise a mixture of singles, couples and down-sizers. The desirable beachside location has always been a main driver for the Coogee unit market and with limited new unit development in the area, we expect to see the trend of strong growth continue into the future.

The prestige market in the eastern suburbs is continuing to see strong sale results. As expected, the main drivers of this prestige market are blue-ribbon suburbs close to the city within popular lifestyle neighbourhoods, close proximity to private schools and with view corridors of the ocean or Sydney Harbour. Demand is still extremely strong for high quality renovated homes and units with cashed up and time poor buyers ready to move on the right property, without wanting to do the hard work themselves. A recent example is 84 Paddington Street, Paddington which recently sold on 8 March 2017 for $7.1 million. This property comprises a 5-bedroom, 3-bathroom Victorian terrace with parking for three vehicles and situated on 191 square metres of land. The property was previously sold on 6 March 2013 for $2.8 million prior to renovation. This continued strong demand and limited supply of prestige property will keep prices strong in the short to medium term.

Inner West

The inner west has continued to defy expectations with the market going from strength to strength across all suburbs. Auction results continue to hover between 85% and 90% with the continued lack of stock now being the main driver. The strongest growth has been for houses in the $2 million to $4 million price bracket and although growth has slowed for units, the $1 million to $1.5 million price bracket has been the strongest. The suburb of Rozelle has seen some of the strongest growth across the inner west with a 2016 median house price of $1.577 million, up 13.5% from 2015 (source: PriceFinder). Rozelle has always been a highly sought after suburb and demand is driven by proximity to the CBD, excellent bus services, the café culture and excellent schools. Rozelle comprises a mixture of property styles, with period style homes traditionally in the highest demand. As with many period style homes in the inner western suburbs, high quality renovations and well-designed extensions tend to achieve premium prices. An example of this is 202 Evans Streets, Rozelle which sold on 10 February 2017 for $3 million.

202 Evans Street, Rozelle (source: RP Data)

This circa 1900s property is situated on a 251 square metre allotment and has been renovated and extended, comprising 4-bedroom, 2-bathroom accommodation with a single lock-up garage. The main demand for this price point in Rozelle is from the owner-occupier market rather than the investor, as owner-occupiers see greater opportunity with dated or dilapidated properties in need of renovation. Although we expect houses in Rozelle to see continued growth, we predict it to be more subdued than the previous three years.

South - St George

The St George area is also continuing its strong growth period with hottest price points for houses generally being $1 million to $2 million and $660,000 to $700,000 for units. For houses, the suburb of Oatley has been a very strong performer, having a 2016 median house price of $1.602 million, up 14.5% from 2015 (source: PriceFinder). This strong growth in Oatley is mainly driven by locality, with its village-like feel and well positioned homes on comparatively large blocks of land, many with good water views. An example of a typical Oatley sale within this strong price point is 3 Gungah Bay Road which sold on 04 January 2017 for $1.7 million. This property comprised a dated but well maintained, two storey, 5-bedroom, 4-bathroom residence with double garage on 765 square metres of land.

3 Gungah Bay Road , Oatley (source: RP Data)

Oatley is also within close proximity of Hurstville which provides a high level of amenities and good public transport infrastructure. The main buyer profiles within the suburb are owner-occupiers, predominantly families, with minimal investor demand. With Oatley being relatively affordable compared to some surrounding suburbs and strong owner-occupier demand, we expect to see sustained and continued growth in this market.

In generalising the St George area, we recognize that there is still strong demand for the fixer upper, however there is a growing trend towards completed contemporary dwellings. Buyers are currently prepared to pay a premium for the privilege of being the first to occupy a residence and will part with their hard earned when they know they are getting the very latest inclusions and high quality finishes. This reflects the time poor position of many families who work long hours and want to come home to a modern home rather than doing it themselves. Generally these houses will provide good levels of accommodation (four to six bedrooms), home automation, high quality finishes and appliances and multi vehicle garaging (four to six cars). The strongest results for this style of property are being found in the $2.5 million to $5 million range. This is mainly being driven by overseas buyers, expats and locally based professionals. There could be a softening in this end of the market depending on interest rates, lending policies and exchange rates and overseas market conditions, however this is seen as unlikely in the short to medium term.

When analysing the unit market, Brighton Le Sands gets a notable mention as a strong performer with a 2016 median unit price of $680,500, up 4.7% from 2015. In a running theme, location has been the main driver of this market being within close proximity of the beach, an increasingly popular restaurant and café scene and good bus services. With many 1970s, walk-up style unit complexes within the suburb, it attracts investors and owner-occupiers alike. A recent sale of a typical unit was 10/32-34 Queens Road which sold on 24 February 2017 for $675,000. This was a mainly original 1970s unit with 2-bedrooms, 1-bathroom and 1-car garage, located on the top floor. Potential for new transport links and hubs within the vicinity of Brighton Le Sands is expected to drive strong growth in the short to medium term.

Canberra

Like most capital cities in Australia, Canberra has seen a significant growth in house sale prices over the past 12 months. This is partly due to low interest rates and a limited supply of houses coming onto the market. Yarralumla has been one of the strongest performing suburbs in Canberra over the past 12 months. Several recent sales have broken the Canberra auction record, the most notable being 12 Hunter Street, Yarralumla, selling at auction for $5.475 million. Other recent sales show high prices in Canberra's inner suburbs have forced buyers to look to the outer suburbs to find a family home. Some other areas that have seen considerable growth over the past year are Woden Valley, Weston Creek and the southern suburbs of Belconnen. This trend is also confirmed by some recent vacant land sales from the Mr Fluffy scheme.

Recent sales have shown houses are proving more popular than apartments. This is probably due to an oversupply of apartments in the Canberra market and a continued number of apartment developments beginning construction. Currently buyers seem to be attracted to 4- or 5-bedroom houses in established suburbs. A 4-bedroom home at 37 Flanagan Street, Garran recently sold for $1.38 million while a 5-bedroom home at 60 Barada Crescent, Aranda recently sold for $1.25 million. The majority of the higher sale prices were for renovated or new dwellings. It could be assumed the buyers are families looking to settle into a long term family home.

This trend looks set to continue as properties in established suburbs remain tightly held and highly sought after. As the Mr Fluffy vacant land blocks are now being brought to market there may be a number of new houses in established suburbs come onto the market. This increased supply may reduce prices but is likely to take effect in the longer term as the blocks are still in the process of being cleared and sold.

Illawarra

With the residential property market in the Illawarra performing at strong levels of sustained growth, it is difficult to pin down exactly where the hottest market is. We know that there is currently strong demand throughout the Wollongong, Shellharbour, Kiama and Shoalhaven LGAs. Auction clearance rates remain high and properties selling by private treaty are typically selling within a month. Sale periods of less than two weeks are common.

The strong demand is being driven by a number of factors including low interest rates, the media and the flow on effect from Sydney, down to Wollongong, down to the Shoalhaven. As buyers miss out on purchasing properties they become more and more desperate and get to the point where they'll pay whatever it takes to get a listing off the market to secure a property. This occurs mostly amongst first and second home buyers, especially where they are competing with cashed up investors.

A property type that appears to be getting a premium is a house in an established area that has nothing to spend on it, for example a relatively new build or a recent full renovation. The property presents really well and the buyer will not have to spend any extra money on it. This market is usually aimed at the second home buyer, typically a couple with children. First home buyers are usually happier to buy at a lower price point and are willing to complete renovations on older dwellings.

It is hard to imagine that the strong price growth can be sustainable. History tells us that the property market is cyclical and strong growth is followed by flatter periods or prices going backwards. Unfortunately we do not have an accurate crystal ball so all we can do is speculate. Our opinion is that growth may slow towards the end of the year if interest rates rise. We don't imagine that prices would go backwards unless there is a dramatic financial crisis.

Southern Highlands

The Southern Highlands residential property market is running hot! Strong price increases and quick selling periods have been evident across the entire region. The main driver is the trend of second and third home buyers and retirees relocating for a tree change from Sydney and for the affordability. The townships of Moss Vale, Bowral and Mittagong have been the stand out performers. Fully renovated or new properties with nothing left to spend are sought after. The strongest activity is under $1.5 million. Price brackets above this level are also increasing.

There has been strong activity from first home buyers seeking affordable housing options across the fringe suburbs in the Southern Highlands, essentially the villages such as Robertson, Bundanoon, Colo Vale, Hill Top and Tahmoor that are removed from the three major towns of Bowral, Mittagong and Moss Vale. Properties still sell under $700,000 in these perimeter suburbs.

If interest rates were to dramatically rise, then pricing levels will decline. If interest rates remain at low levels, then we anticipate that pricing levels will plateau.

Southern Tablelands

There are similar trends evident in the Tablelands, with good land sales and new home construction activity in the new and modern residential estates on the fringe of Goulburn including the Belmore Estate, Merino Country Estate and the Mistful Park Estate. New land releases are trading for $200,000 to $250,000, with house and land packages ranging from $500,000 to $600,000. Likewise some of the villages between Sutton Forest and Goulburn, such as Marulan have seen an uptick in first home owner activity, with new land releases being quickly absorbed by the market in the $160,000 to $190,000 range for 1,000 square metre blocks. The Crookwell village is also seeing good buyer activity and price growth. We see strong buyer activity from first home buyers, second and third home buyers and retirees. We are also seeing strong interest from Sydney investors in Goulburn. Part of the attraction here aside from lower entry price is ease of access to the

Sydney-Canberra freeway. Many buyers will commute to Goulburn, Canberra or back up to Moss Vale and Bowral.

NSW Central Coast

By far, the strongest performing location in the region both now and for the past several years has to be peninsula suburbs at the southern end of the region. This includes Umina Beach, Woy Woy and Ettalong with records being set and broken in very short periods of time. Almost daily, we talk to people and hear the surprise at the prices being paid.

These areas have been around forever. Originally a holiday or retirement destination, this has been evolving over the years to become popular with first home buyers or those looking at a lower cost base. Nowadays, these areas have become a magnet for renovators, value adders with those looking to exit the Sydney market finding these areas particularly attractive due to the comparative level of affordability. It's this exodus from the Sydney market that is seen to be driving the values in these locations.

Regularly, we are seeing prices rocketing past the $700,000 mark when the same property could have been purchased for much less just a few short years ago. Knowing this, established locals are reluctant to pay the asking prices, but for every hesitant local, there is a new resident eager to step in. By the way, $700,000 nowadays will secure a 2-to 3-bedroom fibro dwelling close to the shops and beach or a mid 1970s style, 3-bedroom brick and tile a little further from the shops.

Renovations are aplenty and the builders are happy. The peninsula has always had a love affair with backyard granny flats, mostly in the form of a converted garage and some even being council approved. But recently, they have been popping up everywhere and granny flat builders are flat out. These are particularly popular with investors who in many cases are effectively doubling the income received from a property.

Whether the proliferation of granny flats is good for the area remains to be seen, but we have been saying for some time now that the increasing values have passed the point of being sustained on an ongoing basis and we still believe this to be the case.

The market moves on without waiting and whilst we can worry about the future of the peninsula's values, a flow on effect is being seen in other areas further along the coastal strip and at this stage, we haven't heard any complaints of things getting out of hand. In this regard, we see the older areas on the fringe of the Gosford CBD as being the big winners. This includes areas such as Narara, Niagara Park and Wyoming.

Newcastle

The Newcastle market is the strongest it has been in quite a while. There is an argument to be made that the market has never been stronger - the number of coconut lattes being consumed in Newcastle by real estate types is an overwhelming tidal wave in its favour.

Recently there has been plenty of media attention repeating the mantra that Newcastle is an up-and-coming Sydney, with less population, less gridlock and lower property prices. Agents are fielding plenty of enquiries from out of town buyers and they can definitely compete favourably with the locals at auctions; when you sell your property at Sydney prices, its gives you plenty of dollars to spend at Newcastle prices.

Take for example Mayfield East; houses in this suburb have smashed through the $500,000 barrier and powered up to join neighbouring suburbs in the $600,000 to $700,000 range. This is at a level beyond imagination a few years ago for the once humble home suburb of the former BHP workers. Gentrification of these areas is like a rampaging juggernaut which keeps Bunnings in business and cafes buying as much coconut milk as they can get their callous free organic hands on.

So what's driving this real estate frothiness – media hype has already been mentioned and it is a massive factor, but supply and demand is where it's really at. With dozens of buyers lining up to inspect houses at open days, it's open season for agents, like shooting fish in a barrel. For the most part auction strategy is giving way to a feeding frenzy with suburb records occurring on what seems like a weekly basis.

Even if you are fortunate enough to make a bucket load of cash in the current market when you sell your house, how do you secure a new abode for yourself? The typical house-hunting Novacastrian is tearing their hair out in frustration. What are the options? Stay put and wait for the market to plateau which we have been waiting almost 18 months for OR extend and renovate your current house. It's no surprise that tradies are in hot demand with waiting lists the norm. Some are developing a taste for coconut lattes it appears.

Let's not forget the unit market. If you bought a speculative unit off the plan in and around Honeysuckle back in 2015 then chances are you have already made money. The kicker is that the units are only just being handed over as we write this. It doesn't always work out this way with units; it's just that point in the market where it has. Given the number of new units commencing construction, it remains to be seen whether the next batch of off-the-plan speculators fare as well.

NSW Mid North Coast

This month we will look specifically at the hottest property performers on the mid north coast. We will examine several factors for these properties including strongest location, price point and property type and the factors driving demand.

Strongest location

The strongest locations on the mid north coast are generally the larger regional towns including Port Macquarie, Wauchope, Forster and Tuncurry.

Pockets within the Port Macquarie region include established coastal areas as well as coastal villages immediately south such as Lake Cathie and Bonny Hills. These areas are a mixture of older homes that have been either renovated or not and new homes either constructed or under construction (especially in the southern villages). All of these areas are within close proximity of the beaches and local services.

Price point

Entry points for houses within these areas range from $500,000 for a standard 3-bedroom home to $750,000 for something that may have ocean or golf course views or is above average. This is well above prices in 2014 when the entry point would have been in the low $400,000 range.

Land sales within the new residential subdivisions on the outer fringes of Port Macquarie at Sovereign Hills and surrounding areas are being sold quickly with demand outstripping construction at present. With the current fast paced rate of sale and no further large scale residential developments for release in the immediate future, land and house prices are expected to continue to increase. This domino effect will also fuel demand and most likely increase land prices in other subdivisions in other regional towns as people look to these areas for more reasonable pricing.

Property types

The most keenly sought after properties are family friendly dwellings, either houses or large villas, either renovated or un-renovated in areas throughout the mid north coast. However as house property prices increase we have noticed an increase in unit sales, allowing the investor or first home owner the opportunity of entering the market at the lower end.

Demand

Strong demand, lack of available stock for sale and low interest rates appear to be the major drivers of the local real estate market and are causing rising housing prices throughout most of the mid north coast.

Is it sustainable?

That is the key question at present. As banks increase interest rates for investment property loans we may see a slight slowing in this sector. However it is likely that owner-occupiers will take up any slack in demand, thus keeping the market moving.

Barring any major downturn in the overall economy, the continuing rising demand and increasing prices should allow the mid north coast market to remain strong over the coming months.

NSW North Coast

Lismore/Casino/Kyogle

The Lismore region has seen an increase in sale prices over the past six months. There is a lack of good quality stock with high demand. Agents are reporting well-presented houses being sold within days, sometimes hours, of hitting the market. The top end of the market ($450,000 plus) is considered hot. We are seeing evidence of increases of up to 15% on houses that have resold within 12 months. Four-bedroom, two-bathroom brick and tile houses built after 2010 are proving to be very popular. The majority of purchasers are families looking to upsize or get into a home of their own. The other popular dwelling is the classic, older 1900 to 1940s renovated property, however the renovation needs to be modern and opulent while staying true to the original design. This is a hard combination to pull off, but when done right the market will pay handsomely. There were two sales last year in Girards Hill that managed to get the right mix of modern and classic and were sold for $740,000 and $750,000 respectively. Traditionally this area achieves $300,000 to $375,000 depending on quality.

The level of demand and lack of available stock is pushing prices up with premiums being paid to secure a property. This is not considered sustainable over the long term. We caution that if there were to be an increase in stock or changes in the economic climate, the higher end of the market would be impacted more dramatically than the lower end.

With the pressure on the higher end of the market we are seeing good demand for lower end (sub $300,000), fixer upper, older style properties with good bones that can be readily updated to be flipped or kept as a first home. This is proving popular with the younger demographic as an affordable way to enter the market.

Since the beginning of 2017, both Casino and Kyogle have enjoyed an improving trend of potential buyer enquiries. The type of buyer comprises a mixture of first home buyers, investors and existing homeowners, however what is interesting to note is that there has been an increase in non local interest, i.e. people moving into the area where it has been mentioned that the local area (Kyogle and Richmond Valley Council area) is considerably more affordable than other areas within the Northern Rivers.

Predominantly, the properties of interest within Casino and Kyogle are houses in the $200,000 to $300,000 price bracket and, rather interestingly, the modern, well presented, rural residential estate properties on a typical one to five acres around the $400,000 to $600,000 price mark. These are generally sought by established property owners looking to upgrade.

However, it has been generally remarked that well-presented and maintained residential properties within most price points are in demand and are sold relatively quickly (in less than three months). The demand is somewhat driven by the simple fact of lack of stock as lamented by the poor suffering real estate agents. So, it would appear the adage "have property, will list, will sell" is quite pertinent.

Other reasons point to the limited supply of vacant residential lots (most of the available stock in Casino and Kyogle residential estates are nearing the end of their final stages). Therefore, recently established modern houses become in demand as there is no land available to build on.

With that said, there is a ceiling point at which asking prices become over the top and potential buyers will look further east and closer to the coast.

More inventive or industrious buyers would do well to find renovation projects. There are always some in Casino and Kyogle. Buyers who can improve the overall appeal of a house are likely to benefit financially when placed on the market for sale and achieve a quick turnaround while the market is still improving.

Is the improving market sustainable? For Casino and Kyogle, the majority of the residential properties are considered to be in one of the more affordable regional localities within the Northern Rivers regions, hence, already at a relatively lower base compared to the coastal regions. The improvement in property prices is not drastic (as it is in Sydney and Melbourne) hence there is really no major concern regarding out of control prices. There is always going to be that hand brake of the lower average wage experienced in these regional towns that would remind the local market when a price gets too high.

Most of the demand in Casino and Kyogle is centred on established 3- to 4-bedroom houses with on site garaging with prices between $200,000 to $300,000. Residential units have not really been faring well with limited sale activity of units in Casino and Kyogle over the past 12 months.

Contemporary or Classic? - doesn't really matter. If the house is well presented, tidy and functional, then it's all good brew.

Ballina/Byron Bay

The locations desired most at present continue to be the more sought after coastal areas, however locations which have been traditionally less sought after remain strong, with prospective buyers operating in a heated market prepared to overlook negative attributes.

With significant increases in values over the past 24 months any increase in stock or reduction in demand will likely see a reduction in value. The increases in value would not appear to be sustainable.

Demand appears to be across all price brackets, with the demand for lower priced units in the Ballina area strong, whilst the $1 million plus market in coastal areas such as Lennox Head and East Ballina continues to perform well.

The location in the Byron Shire area that seems to be the most desired at present is Mullumbimby. This demand is being fuelled by interstate buyers looking to find alternatives to the more expensive resort towns of Brunswick Heads and Byron Bay.

The average house price point for the particular suburb of Mullumbimby ranges between $750,000 and $1 million. The product at this price point is varied between either an older style dwelling or newer product. The older dwellings comprise single level houses built about the 1950s located in the flat part of Mullumbimby close to the local township. Alternatively for this amount of money, you can get a newer style home in the recently developed estate of Tuckeroo.

This level of market activity will continue to be sustainable in the near term only if the market forces remain the same. Specifically, if interest rates remain low and the demand for these particular houses remains high, the current sustainability of these houses to the market place will remain unchanged.

The housing types in Mullumbimby are classified in appearance as more traditional, built as far back as the 1950s. People tend to be paying a significant premium for a renovated or revamped classic product in this suburb.

There is both opportunity for renovation in Mullumbimby and for purchase of properties that have already had renovations done. In this area most buyers are actually looking for prime opportunities to renovate with the intent to do up and sell in order to increase the property's value.

The type of accommodation most sought after in this suburb are houses, specifically family friendly accommodation with an emphasis on detached secondary dwellings or studios for an alternative option for a higher rental gain.

The Clarence Valley

The localities that seem to be the most desirable for buyers at present appear to be those located within close proximity of the highway due to an increase in road workers for the highway upgrade as well as traditionally popular beach locations such as Yamba.

Sub $500,000 properties remain the most appealing to investors and owner-occupiers alike.

Of the 17 house sales recorded so far for 2017 in Yamba, 71% were in the sub $500,000 market while of the seven house sales recorded in Maclean for the same period, 85% were in the sub $400,000 range.

In terms of the type of buyer that is most attracted to this locality, we can see that a number of downsizers and retirees are relocating to smaller units or small lot housing in the suburb of Yamba. Investors appear to be buying across all locations due to the hype surrounding the highway upgrade and renovators are particularly active across all markets and price points.

Consumer sentiment is continually firming as the market follows a positive trajectory and this is likely to be sustainable into the short term.

There is a varied range of property types within these markets, however due to increasing house prices, the affordability of units (generally and not inclusive of beach and water front), appears to be sparking an increase in unit sales.

At high price points, the market expects a good level of presentation while the lower end of the market is more willing to renovate.

All property types are sought after at present, however for investors, properties with strong rental returns remain the most popular.

Coffs Harbour

The Coffs Coast is known for its lifestyle benefits with demand traditionally being driven by population growth from retirees and more significantly families moving from the southern regions looking for a more affordable and relaxed lifestyle. The appeal of the area is a reflection of the climate, attractive nature of the locality including its many beaches and diversity of housing product close to the coast with good regional facilities. These features make the area a popular tourist destination with various larger scale resort developments located in the northern section of the town.

Due to the geographical features of the area, supply is generally in the coastal localities and it is no surprise this is where we see the strongest levels of demand. The northern beach localities of Sapphire Beach, Moonee Beach, Emerald Beach, Safety Beach and Woolgoolga have all been strong performers in recent times which is a reflection of the increasing demand brought about due to these lifestyle factors, good level of services available, easy access to the main centre of Coffs Harbour, continuing low interest rates and decreasing supply of product. This has resulted in significant increases in values over the past 12 months and it is becoming increasingly more difficult to find quality property within the affordable sub $500,000 market. As a result, the secondary or cheaper beach side locations of Sandy Beach and Corindi Beach have now also increased in popularity and value accordingly.

Centrally, the sought after beach side suburbs within Coffs Harbour of Diggers Beach, The Jetty and Sawtell are the best performers in terms of strong capital growth. There is a mix of residential properties available appealing to a wide variety of purchasers looking for lower end units in the $275,000 to $350,000 range to the high end prestige properties in excess of $1 million.

The region to the south of Coffs Harbour encompassing Urunga, Valla, Valla Beach, Nambucca Heads and Macksville is experiencing a surge in activity driven by the Pacific Highway upgrade between Warrell Creek and Raleigh seeing strong rental and buyer demand under $500,000.

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

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

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

Tamworth

We are seeing a good demand for North Tamworth, Calala and Hillvue where there is a good mix of new and established homes. These areas are giving buyers the choice to either build, buy a modern home or buy an established home with the intention to live in as is or to renovate.

Demand is being driven by the affordability of the areas and the current low interest rates. As East Tamworth continues to grow in price, buyers who initially were looking in this more prestige area are branching out to growing suburbs where they can get more bang for their buck.

The majority of activity is in the $300,000 to $400,000 range. This range opens up many options for buyers with the availability of either established homes in need of TLC, fully renovated homes or brand new 3- to 4-bedroom homes. It is the established homes that have had some work done, but not all, that we are seeing to be the most popular. This is allowing buyers to purchase the home and live in it comfortably while doing small jobs around the home such as paint, new bathrooms etc to increase the value.

Within these suburbs we are seeing a good mix of both first homeowners and upgraders. While there are certainly investors in these suburbs they are not as prevalent as in other suburbs such as Westdale or Oxley Vale.

The level we are currently seeing is certainly sustainable as further subdivisions are underway in each area. As the subdivisions continue we may see a slight shift towards the newer housing as the most favourable. It may also increase the level of investor activity within the area.

The Tamworth market is certainly more in favour of houses than units with only a small amount of unit developments (one to three) undertaken each year. The style of housing favoured varies from suburb to suburb with the older suburbs (east and west) showing Federation style houses to be the strong performers. The three previously mentioned suburbs show a mix of styles as the age of the dwellings varies greatly (1970 to current) with no clear favourite. The higher price range of $350,000 to $450,000 shows modern houses to be the favourite.

Victoria

Melbourne

Inner city

Middle Park and Albert Park are very desirable locations for owner-occupiers in this current market. Close proximity to the beach, public transport options, city cafes, bars, parks and local schools all help make Middle Park and Albert Park appealing.

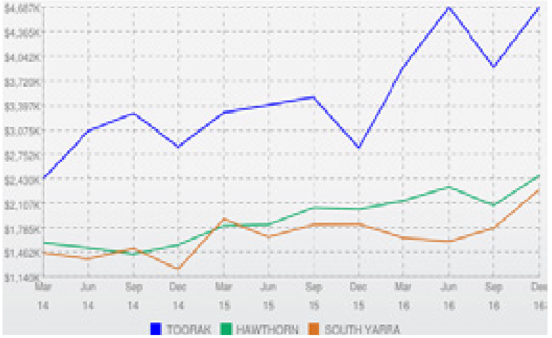
Within Middle Park and Albert Park, houses are considered more desirable due to greater security of value and they are also deemed easier to sell. Period dwellings make up a large portion of the properties located within the inner city suburbs with many having undergone contemporary renovations. Unrenovated properties or properties with dated renovations are achieving premium sale prices to allow purchasers to renovate according to their personal style.

Dwelling prices in Middle Park and Albert Park have risen approximately 32% to $1.885 million and 30% to $2.25 million respectively over the past three years which demonstrates the strong appeal. Being close to the city but still far enough away to retain the area's personality is a big factor in contributing to long term growth. The continual expansion of the city and growing population ensure these suburbs will remain in high demand and maintain capital growth over the long term.

Prestige

Suburbs such as Toorak, Hawthorn and South Yarra are all continuing to perform well. As of December 2016, the median house prices for these suburbs were $4.762 million, $2.47 million and $2.285 million respectively, with a quarterly change of 22.1%, 18.8% and 28.4%. The in demand properties are those with large land holdings or property that can be redeveloped or knocked down without any restrictions.

Median House Prices



Source: REIV

Apartments which have a point of difference are performing well compared to the rest of the apartment market. Off the plan apartments have received much negative publicity in recent times, however apartments which have high end finishes in desirable locations with good views are continuing to fetch good returns for investors.

9 Towers Road in Toorak set a new Victorian record when it sold on 20 December 2016 for $26.25 million. *(Source: PDOL)*

South-east

The popularity of property located within school zones has really become apparent over the past few years. Within the south-eastern region, the McKinnon Secondary College zone has driven property prices up at a steady pace and the market appears to have no apparent signs of slowing any time soon. According to REIV, median property prices for the December 2016 quarter in suburbs such as McKinnon and Bentleigh, both within the coveted zone, have increased an impressive 88% to $1.652 million and 78% to $1.377 million respectively over the past five years.

REIV evidence shows that dwellings situated within the coveted school zone are bringing in on average 25% more than those properties located just outside the zone which demonstrates the popularity the school zone brings to the area.

Source: REIV

Established detached dwellings and townhouses with at least three bedrooms are the most popular housing options for the area. This is evidenced by the ABS statistic that over 25% of the residents of McKinnon and 19% of the residents of Bentleigh are established families that would appreciate the local school zones. The locality of parks, sporting ovals, various public transport options and local shopping facilities are also contributing factors to the popularity of the region.

With the subject of education being a significant factor in families' housing preferences, it is expected the houses located within the coveted McKinnon Secondary College area will continue to bring in strong prices.

Outer north

Whilst there are a number of developing suburbs within Melbourne's outer northern region, Mickleham appears to be the most desirable to buyers at present with high volumes of sale transactions. This is likely driven by the overall limited supply of developed land coupled with immigration levels increasing demand within the area as prospective purchasers look to build new family homes within this developing location.

Vacant allotments within Melbourne's outer north continue to provide a relatively cheap price point for buyers seeking varying lot sizes. Buyers are able to secure larger lots compared to suburbs closer to the city. The median price for 4-bedroom houses within Craigieburn was $429,000 (December 2016) compared with $690,000, $785,000 and $985,000 for Fawkner, Reservoir and Preston respectively.

Demand is primarily focused on detached dwellings. The developing nature of the area is typically producing new housing products with very few renovation prospects. The most keenly sought after housing is large 4-bedroom detached dwellings to accommodate growing families with the strongest price point for new established dwellings being $500,000 to $600,000.

The high level of demand within this price point appears to be driven by families looking to upgrade. Whilst it is not clear whether or not the demand at this price point is sustainable, there does appear to be a strong level of demand, underpinned by population growth.

Outer east

Within the outer eastern suburbs, Mitcham and Nunawading seem to be very desirable at the moment for house buyers. This is due to many factors. Firstly they offer excellent transport links including easy access to train stations and major arterials such as the Eastern Freeway and are within close proximity of schools. They also offer established dwellings on reasonable sized lots which are appealing to buyers.

Families are purchasing in these areas to be close to schools and local amenities. In particular they are appealing to Asian buyers. The median house sale price in February 2017 was $920,000 (RP Data) in Mitcham and $935,000 (RP Data) in Nunawading. For approximately $920,000 buyers can purchase a 3-bedroom house on land of approximately 600 square metres in Mitcham and approximately $935,000 in Nunawading. In comparison to many other eastern suburbs with good transport links these areas provide a more affordable option. We expect this popularity to continue and follow the trends of surrounding suburbs.

In terms of townhouses, Doncaster and Doncaster East have seen large increases in development and demand. This has been due to the large allotment sizes and demand for lower priced family properties. Brand new townhouses are very appealing to Asian buyers. The median house price in Doncaster in February 2017 was $1.27 million (RP Data) and Doncaster East was $1.17 million (RP Data) hence unaffordable for many families. Conversely 4-bedroom townhouses in Doncaster can be purchased from $950,000 and from $900,000 in Doncaster East.

The trend with townhouses in Doncaster and Doncaster East is likely to continue due to the large demand for more affordable properties. Families wanting to live close to schools and amenities such as Westfield Doncaster are driving the demand for townhouses. Due to the increases in population this trend is likely to keep rising in the short term.

Ballarat

March has been a busy month for the property market in Ballarat. A key performer has been period homes in Ballarat Central and Lake Wendouree. Demand is being driven by buyers moving out of the Melbourne market into the Ballarat market to get more perceived value for money as well as seasoned Ballarat investors and owner-occupiers.

The $700,000 plus price bracket appears to be the hottest price point with demand currently exceeding supply. In this price bracket properties attracting the greatest demand are renovated period dwellings on around 600 to 800 square metres in an A grade location.

Notable sales in this price bracket are:

315 Ligar Street, Soldiers Hill - $734,500
A circa 1930 renovated brick veneer dwelling with 3-bedrooms, 1-bathroom and a single garage on 690 square metres.

13 Talbot Street North, Ballarat Central - $810,000

A circa 1930 renovated weatherboard Californian bungalow with 3-bedrooms, 2-bathrooms and a double garage on 680 square metres.

Properties with quality renovations in prime locations are achieving $1 million plus prices. There have been $3 million plus sales recorded in Ballarat Central and Lake Wendouree this month and it is evident that buyers are confident in these central, well regarded locations which are within close proximity of Lake Wendouree and a number of private schools.

With the Ballarat population projected to continue to grow and with the rapidly rising Melbourne property market pushing buyers out of Melbourne and into regional cities it appears that the current market levels are sustainable.

Units are less preferred in the Ballarat market as they do not offer the same relaxed, country lifestyle feel that so many buyers make the move to Ballarat for.

The most sought after accommodation appears to be 3- or 4-bedroom dwellings with the key being 2-bathrooms and off street car accommodation.

Overall, the Ballarat Central and Lake Wendouree residential markets are expected to continue to perform well.

Bendigo

Central Bendigo and expanding suburbs such as Strathfieldsaye seem to be the most desired by buyers at present. Epsom and Huntly remain as the preferred entry level suburbs for house and land packages. This demand is being driven by the expansion of residential development on the outskirts of Bendigo and the strength of the new construction market. A new build (house and land package) in Strathfieldsaye ranges between mid $400,000 and low $600,000 and buyers are generally local people upsizing and outside investors buying or building rental properties. In the near term this level of market activity is quite steady throughout Bendigo.

The majority of the new constructions are of a contemporary design, however many of the inner Bendigo properties attract the renovator looking to update an older home with external period features.

Generally the strongest price points are the historical and period homes in central Bendigo and the low density style lifestyle properties on the outskirts of the township.

Echuca

A couple of key segments locally are the upper end of the market off river (particularly in Moama) along with mortgage belt properties in West Echuca. Starting with Moama recent results for properties have seen several off river properties push in excess of $750,000 with one topping out in excess of 900,000 with excellent landscaping but nothing by way of a pool or shed. These results represent a marked shift upwards and it will be interesting to see if a lack of stock continues to support levels of value for these holdings.

Meanwhile in Echuca West tight supply is resulting in prices for new dwellings in excess of their cost providing small windfalls for the developer or owner. Typically the price bracket sits at $350,000 to $400,000.

Gippsland

The Baw Baw, South Gippsland and Cardinia regions are on the move. Places like Warragul, Drouin, Nyora, Lang Lang, Garfield and Koo Wee Rup are getting closer to Melbourne every day. Melbourne and Peninsula residents are moving to these regions as they are seen as affordable and growing locations. New building and construction is seen as affordable and land prices are increasing in these regions. Picturesque regions such as Nar Nar Goon North, Tynong North, Bunyip North and Tonimbuk are starting to see more $1 million plus sales with incredibly high quality modern design homes on land varying from 4,000 square metres to 25 plus hectares.

Specifically lands in good estates in Warragul are still in the $170,000 to $190,000 bracket. Koo Wee Rup land has increased from $180,000 to $240,000 in less than two years. Nyora rural residential properties on 4,000 square metres plus are in good demand.

Bass Coast and Southern Gippsland have remained steady with minimal changes in market values over the past two years. The most desirable location is Inverloch for coastal localities with vacant land not in close proximity to the town site or the beach selling for approximately $200,000 to $300,000.

Horsham

The Horsham residential market remains relatively balanced between supply and demand for dwellings and units. However with new incentives for first homeowners about to be introduced by the government we should see a rise in demand, leading to a potential increase in residential property prices.

The median house price is currently approximately $245,000 for an average quality 3-bedroom home, mainly sought after by owner-occupiers. A high percentage of sales is occurring in the Horsham West area, both older style properties (circa 1980) and some newer (circa 2000).

The unit property market is experiencing a two-tier market with inferior location and quality ranging from $150,000 to $175,000 and units of a superior quality and location ranging from $250,000 to $300,000. The lower priced units are attractive to potential investors whilst the higher priced units are sought after by retirees looking to downsize.

Land prices have also remained steady with plenty of new subdivisions being developed around the area and attractive house and land packages on offer. Again demand is set to increase with the government's First Home Owners Incentive available.

Mildura

The sector which seems to be ticking along the best at present is modern 3- or 4-bedroom homes with good external improvements such as outdoor living areas, pools or sheds. The most active price point is considered to be between $300,000 and $450,000, however we are still seeing a number of sales of good standard homes at above $500,000, suggesting there is some depth of buyers waiting to buy a prestigious home which suits their needs.

Mildura accounts for the majority of sales above $300,000, however the smaller population centres of Irymple, Nichols Point and Gol Gol are also in favour with buyers, and have median prices which are slightly higher than Mildura. Homes in these locations typically have larger land sizes than in Mildura and are within 8 kilometres of the city centre.

Buyers at this price point appear to almost always be owner-occupiers. Often they are local buyers, who have in many cases traded their way up through cheaper housing. There is also a significant buyer segment made up of people who have moved to Mildura for either work or retirement.

We see no reason why the current level of activity should slow in the short term. Mildura's economy has improved in the past three years, due to improved returns from most of our local agricultural enterprises and this improved confidence is likely to continue working it's way though the local economy.

Queensland

Brisbane

Brisbane is a very easy market to understand from a big picture perspective.

If you were to adopt just one rule about what will be the most likely hotspots in our town, it's that the closer you are to the CBD, the more likely buyers will have desires to own a piece of your dirt.

We are seeing a lot of activity for our abodes close to town – particularly anything of quality. It seems if the property is detached and located in near city addresses such as New Farm, Teneriffe, Camp Hill and West End or similar, there are plenty of suitors ready to front up the dollars.

It's the old driver of short supply. These suburbs only have a limited amount of housing and there's no denying we are a reasonably affordably capital city for investment – particularly compared to Sydney and Melbourne.

And it's not just the ready-to-move-in stock that's making waves. The potential to renovate or demolish and rebuild has investors and homeowners in a frenzy. Suitable property in these inner-city hubs is limited so there's no wonder they're running hot with buyers.

When looking in these locations the obvious first question is what will I get for my money?

In Camp Hill expect to fork out $1.25 million to $1.75 million for a detached home. For this amount you'll land a decent size dwelling of 220 square metres to 270 square metres, and it will be on a 405 square metre allotment.

In West End it's a little trickier to find stock but with $1 million to $1.3 million to spend you can find a 4-bedroom home on a smaller lot of 200 square metres to 300 square metres, or perhaps a smaller home of around 3-bedrooms on 300 square metres to 500 square metres.

If you're considering New Farm or Teneriffe, expect to pay between $900,000 and $1.5 million to get in the door, and then your pride and joy will still need a little work.

So who's driving this inner city demand? For housing it's mostly owner-occupiers or local investors, but there's no denying a few savvy buyers from the southern capitals are making their way into our town and testing the market at the $1 million to $1.5 million price point – and why not?! For that sort of money they're barely getting a garage the same distance from the CBD in Sydney.

While units have taken a beating in the market – you know... looming oversupply and all that – there is still some activity for the right kind of stock. In particular, owner-occupier designed units are doing all right with the locals when they're priced appropriately. Demand from investors, particularly interstate and overseas, is however cooling rapidly for attached housing.

As for future growth, it looks like housing is set to lead the charge. Growth across the board should be slow and steady but if big economic drivers and employers start coming to Brisbane, then expect demand to ramp up for detached homes.

For unit holders we're afraid the story might play out a little differently. The trend looks to be continuing downward in terms of both activity and price – particularly investment product. If you are looking at better quality owner-occupier type product then prices will be more resilient in the right locations.

In our experience, new units are off about 5% from their market highs if they were purchased in the past three years.

Another change in the weather has been detached housing in Bulimba. Where it used to be cool to acquire a large double block with a classic cottage, many are looking to get a post-war and enjoy more flexible options when it comes to a possible demolition and rebuild.

There is strong demand for both renovated Queenslanders as well as modern dwellings completed to a high standard although already completed homes do seem to be what most cashed up buyers want.

Another hot sector is homes with the ability to create additional accommodation for either a family member or for a bit of extra income. Buyers keenly seek blocks with extra space out back for a granny flat.

Overall the hottest ticket in town is in the $700,000 to $1 million price bracket – that's above the city's median price. It's a solid mix of owner-occupiers, investors and upgraders looking around this price point. Finally, in our opinion, as long as the government doesn't change the status quo, the price of housing in Brisbane will continue to increase.

Toowoomba

The Toowoomba market may be described as multi-speed at the moment. Some suburbs are performing better than others but overall, there has been a strong start to 2017. Agents are still reporting slow enquiry from investors with the take up rate of new units slowing considerably from the highs of previous years.

Absentee investors drove the unit market from about 2012 to 2015, however there has been a marked decline in investor demand for this product over the past two years. Notwithstanding, new unit complexes positioned in in-fill areas, namely across the eastern and southern suburbs such as Centenary Heights, Rangeville and Middle Ridge, are still popular with owner-occupiers which is underpinning values.

Conversely, there is some concern that there is a concentration of units and duplexes across the western suburbs including Glenvale and Cranley.

New home construction is still strong with activity in new residential land estates across Middle Ridge and Kearneys Spring. New homes in the sub $650,000 price bracket in Middle Ridge are seeing steady demand with properties priced at or near the market generally selling within one to two months. Homes that are overpriced are taking much longer to sell in this market given the ample supply.

2016 and early 2017 have seen the prestige market perform much better than previous years. Renovated colonial homes in East Toowoomba and modern resort-style homes in Mount Lofty and Middle Ridge have been transacting well. A number of sales in the plus $2 million price point have occurred since the start of 2016.

Original cottages with renovation potential across South Toowoomba, North Toowoomba, Centenary Heights, Newtown and Harristown are sought after given their relatively affordable price point, say $250,000 to $450,000, and their value-add potential.

Satellite suburb markets are also showing mixed signs. While Westbrook to the south of Toowoomba is seeing some reasonable activity in the $400,000 to $550,000 price point, the northern satellite suburb of Kleinton is steady to slow, with the take-up of new land and spec-homes much slower than previously observed. Homes on larger lots of say 2,000 to 6,000 square metres are transacting well at the moment.

Regional towns in the Darling Downs can almost uniformly be described as slow and steady. The markets in Dalby, Chinchilla, Miles and Roma are slow given the post-mining boom environment however there may be some up-side in 2017 as coal seam gas exploration activities ramp up. Caution is still advised when investing in mining markets given their historic price and rental volatility.

Gold Coast

Southern Gold Coast

As is well documented, the residential market on the southern Gold Coast is currently very strong and seems to be stronger than the last peak in 2007 to 2008.

Without the benefit of statistical data, the strongest performers in terms of suburbs are Burleigh Heads, Burleigh Waters, Palm Beach and Tugun. In these suburbs the strongest market segments are housing in the under $850,000 price bracket closest to the beach or on waterfront.

The second strongest market segment is duplex units in the under $500,000 price bracket which are in high demand with limited supply. These duplex units are generally selling within a very short time and often above asking price.

The main factors driving the market include record low interest rates and overall strong local economy with high levels of construction as we head towards the Commonwealth Games. The rental market is also very strong and there has been a strong increase in rental prices, often making it cheaper to buy than to rent.

The majority of sales in these markets seems to be to owner-occupiers. There is a perception that housing and unit prices will continue to rise in the short term, therefore creating urgency to buy. Most agents are reporting that there are no indications of the market weakening in the short term.

Northern Gold Coast
Buyers in northern Gold Coast localities are purchasing within new estates, with the majority of sales to owner- occupiers for new dwellings, house and land packages and vacant lots.

The new housing market is being driven by first home buyers who want to benefit from the elimination of stamp duty and increased incentive programmes offered for new product. This first home owner market is also driven by low interest rates with some new dwellings in this area being more affordable than the rental market.

Anything within these new and near new estates under $500,000 is tracking well with the market improving over the past 12 to 18 months. There are currently low stock levels of new product and sale prices have shown steady growth over this period. The majority of homes comprise lowset, 4-bedroom, 2-bathroom dwellings with double garages of a standard project style construction.

Whilst the good market conditions prevail for vacant lots and housing priced below $500,000 this market should continue to grow steadily. If the new estates were to continually raise the sale price and interest rates were to rise or if economic conditions were to soften, this could result in less demand and a downward correction in sale price levels.

A townhouse unit's value is primarily considered to be affected by investor demand and activity in the northern growth corridor. There is steady buyer activity for townhouse units, however they need to be competitively priced in order to sell to local buyers. Also body corporate fees reduce the return to the investor and are still having a negative impact on price levels.

In the northern Gold Coast corridor, contemporary style homes are more desirable with mostly newer modern designs and latest trends incorporated with clean, simple, open floor plans with indoor/outdoor living spaces. These offer worry free living for the next five to seven years (near new and new) with the most sought after homes being those with open plan living, indoor/outdoor living spaces and a swimming pool.

After looking at both sectors, housing priced below $500,000 is definitely the stronger market in the northern growth corridor and is being driven by both first home buyers and low interest rates.

If prices were to increase in the new housing market and also the established market, first home buyers would be priced out and an increasing demand for duplex and townhouse units would occur. If interest rates were to rise or an oversupply of stock was available and economic conditions changed, the market would no longer keep improving and be sustainable.

Central Gold Coast
Central locations within two kilometres of the beach are currently seeing high demand with shorter marketing periods and limited available stock for sale.

In the outer less expensive suburbs such as Merrimac demand is strong with price levels rising steadily over the previous 12 months.

76 Merridown Circuit, Carrara sold in January 2017 for $557,000 providing 4-bedroom, 2-bathroom, 1-car garage and pool on 768 square metres of land.

A modern style two level townhouse at 2/23 Bourton Road sold in February for $400,000 to an owner-occupier. It comprises 3-bedrooms, 2-bathrooms and single garage. The previous sale was in April 2013 for $310,000 with only minor cosmetic improvements made since.

Closer in, 15 Dame Patti Avenue, Mermaid Waters sold in December 2016 for $791,500 providing 3-bedrooms, 2-bathrooms, double garage and pool in renovated condition.

17/172 Barrier Reef Drive, Mermaid Waters sold in December 2016 for $310,450. This is an older circa 1987 2-bedroom, 2-bathroom two level townhouse with single garage in dated condition. The agent reported it sold prior to auction in less than two weeks.

With interest rates currently at historically low levels and rental levels strong and on the rise we are seeing a trend where existing tenants appear to be making the leap to home ownership.

Short of another global event such as the global financial crisis of 2007 and 2008, current price levels and demand appear sustainable for some time with the Gold Coast having a construction boom and plenty of associated jobs and money flowing through the local economy.

The strongest activity is still the under $500,000 mark where both investors and owner-occupiers are competing. Over $500,000 appears mainly driven by owner-occupiers.

This confidence of locals and investors in the property market is resulting in premiums being paid to secure more well located properties with a higher underlying land value component but may be in need of renovation works.

Sustainability of the current strong market conditions on the Gold Coast is linked to both interest rates and construction activity, (i.e. jobs). With interest rates on hold and the amount of building projects in progress and projected, there appears no reason for conditions to worsen for some time.

M1 West

The central north-western suburbs of Carrara, Nerang, Highland Park and Pacific Pines provide demand for low entry to mid-priced segments of the market. Agents report strong demand from investors (local and interstate) and first home buyers with short marketing periods and lack of stock. The low interest rate environment and affordable price points are driving this demand. This can be seen for dwellings priced between $450,000 and $650,000 and townhouse, villa and duplex units priced between $300,000 and $450,000.

Two typical dwelling neighbouring properties at Pacific Pines show improvements in value. 14 Austral Crescent, Pacific Pines, a semi-modern, part-renovated, 3-bedroom, 2-bathroom, dwelling with 2-car garage sold in January 2016 for $453,000. It is currently under contract for $515,000 which shows an increase of 13.7% in value over the last year. 16 Austral Crescent, Pacific Pines, a semi-modern, 4-bedroom, 2-bathroom dwelling with 2-car garage and inground pool, sold in January 2017 for $552,000. This property previously sold in August 2016 for $528,000, which shows a 4.6% increase in value over a five month period.

Land values within these suburbs have improved. The Valuer-General's 2017 property market movement report shows a 20.4% increase in the median land value (October 2015 at $270,000 to October 2016 at $325,000) for Carrara and 10.3% for Nerang (October 2015 at $217,500 to October 2016 at $240,000).

Conventional detached dwellings are the most keenly sought after accommodation type within these suburbs with duplex, townhouse and villa units close behind. Properties with renovation potential are being sold in suburbs such as Nerang and Carrara. For example 4 Mariposa Court, Nerang, a semi-modern 4-bedroom, 2-bathroom, 2-car garage dwelling with pool sold in January 2015 for $405,000. Some renovation works were completed and the property sold in January 2017 for $520,000, showing a 28% increase in value.

The level of activity for the low entry to mid-priced segment in these suburbs is currently strong with no signs of slowing down. These suburbs are also very close to the 2018 Commonwealth Games, with some of the centres for events in Carrara. The low interest rate environment continues to attract investors and first home buyers, however if interest rates were to dramatically rise, levels of activity will decline.

Sunshine Coast

Being a coastal area, beachside localities are always popular amongst buyers. Demand for these areas along the central and southern parts of the coast is currently being driven by the much anticipated opening of the new Sunshine Coast University Public Hospital. However the major driver of demand in the northern beachside localities is the lack of vacant land. Properties priced under $750,000 are highly sought after at present which will generally buy you a 3- or 4-bedroom mostly original 1990s dwelling within close proximity of the beach. Recent sales activity has shown an increase in the number of sales occurring at or in excess of full asking price as well as more multiple offers being presented which is indicative of a peaking market where demand is greater than supply.

Buyer activity is from both investors and owner-occupiers, however as a result of strong growth over the past two years, this market is becoming out of reach for the majority of first home buyers. Strong price growth is forcing first home buyers into the new estates further west where in the $400,000 to $500,000 range, you can pick up a relatively new dwelling however on a much smaller allotment. The other option which seems to be growing some momentum amongst first home buyers is the hinterland townships where entry level older dwellings on traditional sized allotments start in the low to mid $300,000s and more modern dwellings are priced at $400,000 to $500,000.

Price growth in the housing market has also seen first home buyers opting for older walk up units located along the coastal strip. Prices for this type of unit have improved with the increased demand. Typically we are seeing these older units in original condition selling in the $300,000 to $400,000 price range. Units in larger high-rise tourist resorts with high annual body corporate fees have not experienced the same demand which is a concern for the future, particularly as these complexes start to age.

The most active price point for property on the Sunshine Coast is still the $350,000 to $650,000 price range which can still buy a wide variety of properties including older beachside properties, more modern dwellings in the newer estates, as well as established rural residential properties in the hinterland. Interstate migration will always play an important role, with the Sunshine Coast being a popular retirement area, however it is anticipated that demand for property in general will increase as a result of the new hospital. Demand from working professionals associated with the new hospital is expected to increase demand for higher end properties above $700,000.

As to whether or not the recent growth is sustainable is the million dollar question. This will largely depend on external factor such as changes to interest rates, decline in economic activity or decrease in market sentiment which could see a rapid softening in the market, resulting in downward pressure on values.

Rockhampton

Rockhampton has become one of the most affordable areas to buy in recent times with the Real Estate Institute of Queensland's most recent quarterly update revealing a median house price of $273,000. Affordable prices and low interest rates are making it a good time to buy.

Market activity, while not breaking records, has seen the majority of sales in a more affordable price bracket of sub $350,000. As we have seen in the past, a large number of these sales are in the more popular areas on the north side such as Frenchville, Norman Gardens and Berserker. On the south side, The Range, Allenstown and Wandal continue to be the stronger performers but not at the same level as their north side cousins.

The majority of sales on the south side are of older dwellings. Most of these properties are in an average but comfortable and liveable condition. The north side of Berserker offers similar style accommodation whereas Frenchville and Norman Gardens offer more modern however somewhat dated accommodation.

Buyers in recent times have been a mixture of investors, families and first home buyers. Listings continue to be more popular in the sub $350,000 price bracket. With the prices having coming back we are seeing good buying particularly in some of the northern suburbs. We see this trend continuing in the short term.

Located running through the City of Rockhampton is the Fitzroy River. Its catchment covers an area of 142,665 square kilometres, making it the largest river catchment flowing to the eastern coast of Australia. Cyclone Debbie, and the tropical low the cyclone produced once it reached landfall, dumped large amounts of water within the catchment area. During late March, early April 2017 the Fitzroy River is expected to peak at 9 metres in Rockhampton in the first week of April 2017. At this level flood water may affect up to 3,000 residential properties. Most of these properties are aged highest homes that are located in a known flood area and sit at the lower end of the market.

Rockhampton has experienced similar major flooding in the past, with the most recent being in 2011 (9.2 metres). Smaller flood events occurred in 2012 (7.1 metres) and 2013 (8.61 metres). History dictates that the market in the low lying areas of the city that are affected by flood water does suffer immediately after a major flood event. This is mainly due to limited or no sales activity during the weeks/months of clean up.

Gladstone

There does not appear to be one definite location or suburb that is attracting more activity than any other. All suburbs have there own positives and at the end of the day it comes down to buyer preference. Price point is a big factor as to what is selling. Basically, dwellings priced under $200,000 and units priced under $100,000 are attractive in the current market. Activity has been solid in these sectors for the past few months and available stock is starting to decline. The heightened activity in this price sector is having a flow on effect on higher priced housing sectors and will eventually lead to movement in pricing.

Owner-occupiers are the most active buyers at present however a small number of investors are still entering the market. Gentrification is starting to occur in some fringe suburbs and estates which in the past have typically been investor owned properties.

Bundaberg

The Bundaberg market remains stable. We have seen an increase however in the median house price due to the surge of increased volume of sales in the $300,000 to $400,000 price bracket. This shows the volume of sales increase not necessarily a price value increase.

We have also seen vacancy rates drop.

We have noticed the inner city locations attracting more activity along with suburbs including Kepnock and Svensson Heights recording a noticeable larger volume of sales recorded. In saying this Bargara and coastal suburbs always remain popular choices amongst buyers.

Mackay

This month's topic is what's hot in your area and to all the avid Mackay followers we are going to sound like a broken record because the answer is the same as last month when we talked about first home buyers.

In general terms, no one area is currently considered hot with good enquiry levels over the majority of market sectors.

Currently, there is a strong interest in properties in suburbs close to and surrounding the Mackay CBD including Mackay's northern suburbs. Older, completely renovated dwellings including 1950 cottage style and 1970 butterbox style dwellings are reportedly moving quickly and local agents have stated that buyers are starting to offer higher than the list price in some instances to secure such properties. For these style dwellings the price generally ranges from mid to high $300,000.

Mackay residents are starting to talk more positively about the local property market as greater employment opportunities become available in the region, with major projects such as the Mackay ring road and Eton bypass and the renewed confidence and employment in the mining sector. We believed that the Mackay residential property market has stabilised and that the worst appears to be behind us, however only time will tell.

Hervey Bay

There does not appear to be one particular location that is running hot at present however overall the market is active with agents reporting good sales volumes across all areas. Property priced appropriately is selling within a relatively short time across all price brackets however the higher the price, the more limited the buyer pool. Sales activity for house and land packages in new estates is strong with the local and state government grants on offer helping this market. Eligible purchasers can obtain up to $32,000 for their first new home and this appears to have stimulated first home buyers. Owner-occupiers and investors are also actively purchasing these house package deals. Continued supply of new product is however limiting capital growth in the established home market and until supply starts to decline, values are likely to remain steady.

Emerald

No one area is particularly hot in the Emerald market. It appears to be the right time to be buying in all segments and depending on what one can afford all price ranges are active. The bargain hunters are definitely out there looking for a renovation project that they may be able to flip if the market continues to improve. Properties in poor condition or that require maintenance are definitely discounted in the market and showing no signs of firming yet as supply is still slightly higher than demand.

Jump up to Moranbah and things are very different. Demand is now greater than supply and we are seeing properties sell above list price. It's still a very long way from where the market peaked but some properties have jumped $50,000 in the past five months. Currently properties requiring maintenance are not showing any signs of a discount as supply is low. Investors are active again on units and multi-unit properties with some showing gross yields up to 12%.

Whitsunday

Post Cyclone Debbie, local agents advise that vendors are withdrawing their properties from the market until a full appreciation on the condition of the homes are assessed. Those people that have damaged homes which are unsafe to occupy are looking for short to medium term rental accommodation. This combined with a significant influx of tradespersons to the area who also require some where to stay during the clean up/rebuild has resulted in all of the available rental properties being snapped up. Once clean up has been completed it is considered that the market will return to similar levels pre-cyclone.

Another fact to note is that there are some visible small landslides which have affected parts of the area. Those properties that have been affected will require geotechnical reports to assess suitability for any future potential development.

Post clean up the Whitsunday market is looking positive for the remainder of the year with all real estate agents predicting that properties will be selling.

There doesn't appear to be any particular area that is hotter than the other, with sales moving in all areas from small units; vacant land; mum and dad style suburban homes and residential lifestyle properties. We have also been advised that some of the more luxurious units have been selling off the plan, along with some prestige land sales.

The Whitsunday area is also abuzz with a prestige home selling between $5 million and $10 million in the past month.

While there is increase in activity there has been no noticeable increase in values, however watch this space. Let's hope the supply and demand will see some increase in value.

Townsville

With an improving sentiment in the local residential property market, anecdotal evidence suggests that there is improving interest in the fringe CBD suburbs of North Ward, Belgian Gardens and South Townsville.

Historically, as the property market starts to gain momentum it is these inner city suburbs that feel the first upswing in price movement. This coupled with the interest being generated on the back of the stadium and the Waterfront Precinct are making buyers, both owner-occupiers and investors alike, take notice.

The typical price entry for the inner city suburbs is around $300,000 for a cottage renovator, with the most active price bracket being the $300,000 to $600,000 range. Housing in these areas are typically older style timber framed dwellings, many with some classic features. Condition ranges from original to fully renovated. There are also more modern multi residential developments interspersed throughout. We are currently seeing interest in both housing and units by investors, with owner-occupiers more focused on housing stock.

Overall, while currently these fringe suburbs are not considered hot property, it appears, anecdotally anyway, that interest is building.

Cairns

Hot is not exactly a word used to describe the Cairns market at present; moderate would be a more appropriate adjective. However one of the more vigorous elements of the Cairns market at present is the bellwether suburbs of Edge Hill and Whitfield which are benefiting from strong turnover and moderate price uplift.

Edge Hill is located approximately five kilometres from the Cairns city centre. It contains a wide spectrum of housing styles and ages, ranging from average quality dwellings in its lower reaches, through to executive quality dwellings in its upper areas. The adjoining suburb of Whitfield is located approximately seven kilometres from the Cairns city centre and likewise comprises a mix of average to executive quality and prestige dwellings. Edge Hill in particular is also benefiting from ongoing gentrification as older style homes are upgraded and renovated, as well as some new higher density and modern developments on subdivided sites.

Houses sold in the two suburbs during 2016 ranged widely in price, starting at $245,000 for a basic renovator special and extending through to $1.5 million for an executive quality home. A median 2016 house price for the two suburbs combined of $505,000 is evident, significantly above the Cairns median overall of $400,000. The area's popularity is driven by its perception as a good quality to prestige location within reasonable proximity of the CBD.

South Australia

Adelaide

Clarence Gardens and surrounding suburbs are highly desired by buyers at present. Surrounding suburbs in demand include Cumberland Park and Daw Park.

There is limited supply of detached housing in these areas, in particular in Clarence Gardens. This locality is seen as an affordable alternative to Clarence Park, Millswood and other character style areas closer to the Adelaide CBD. The area is situated approximately eight kilometres from the city and is well serviced by local transport and shopping facilities. The area incorporates mainly detached housing on larger style allotments with wide streets.

Demand has been further fuelled given increasing prices in suburbs close to the CBD. Areas such as Goodwood, Unley and Millswood continue to experience good demand due to their proximity to the city and typically quality character style property offerings. Increasing prices in these areas have forced home buyers to seek properties in neighbouring popular city fringe suburbs.

Detached housing is in demand in the $500,000 to $800,000 range. Properties at the lower end of this range typically offer original, unrenovated dwellings, whilst properties at the higher end are typically renovated or extended dwellings.

An example of the somewhat heated market in this locality is the following property situated in Cumberland Park which was recently sold at auction. The property is a neatly presented 3-bedroom dwelling with scope for future renovation. The property was listed with a price guide of $565,000. We understand there were in excess of 20 registered bidders at auction with the property eventually selling for $720,000.

(source: RP Data)

Buyers in these areas incorporate a mix of first home buyers and those upgrading from smaller style properties in the area. Given properties generally offer larger allotments, this area is appealing to families and those seeking larger gardens and entertaining space.

Current activity appears sustainable in the short term should the lack of supply in this market continue and is likely to continue to push prices upwards.

Detached housing continues to be sought after in the Adelaide market. This is being driven by those seeking housing and also developers in areas experiencing ongoing in-fill development. In some areas, those purchasers are directly competing for properties.

This is largely dictated by location and price point. Typically, character style areas have potential purchasers seeking classic style dwellings whilst older areas (with lower percentages of character style properties) undergoing in-fill development have higher interest in newer, contemporary style dwellings.

This is really dependant on price point and location. Given that many first home buyers are entering the property market at increasingly older ages and in some instances with young families, there can be increased interest in properties that are move in ready.

There has been increasing discussion regarding properties in the eastern states that are being utilised as Air BnB accommodation. We will continue to monitor activity in our market to ascertain if this is an increasing market determinant in Adelaide.

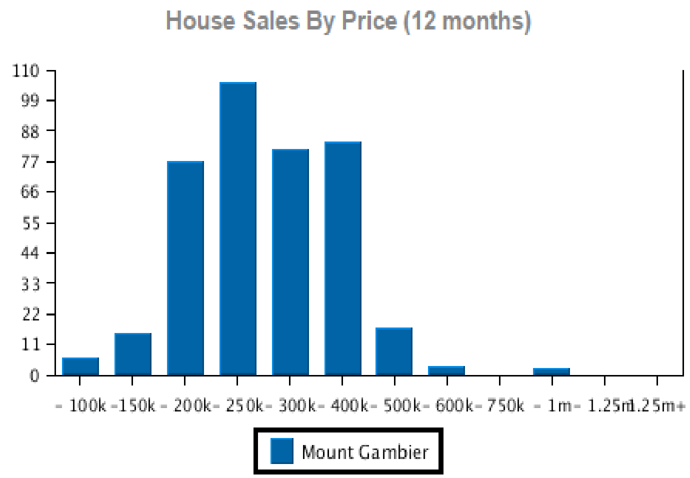
The strongest activity appears to be in the $500,000 to $800,000 range within areas closer to the CBD. This has been the case within the past couple of years.

While owner-occupiers continue to drive this, in some areas there is increasing developer activity which is also fuelling activity at the lower end of this range in particular.

It appears to be sustainable in the short term but we will continue to monitor this, particularly in light of recent lender decisions to increase interest rates for owner-occupiers and investors independent of the Reserve Bank and reduction of loan-to-value ratios for some market participants.

Mount Gambier

Within the past 12 months, the highest number of sales has been occurring in the Mount Gambier property market within the $200,000 to $250,000 price range (refer to the graph below). A house within this range is generally of average or good quality, including 3- to 4-bedrooms, 1- to 2-bathrooms, a garage under the main roof and a pergola area, situated on approximately 600 to 800 square metres of land.



(Source: RPData)

The price range of $200,000 to $250,000 is popular for owner-occupiers entering the market and for investors looking at a property that provides a stable rental return. Properties within this price range will typically have a gross return of 6% to 7%. Below are a number of sales depicting what you can get around this price point.

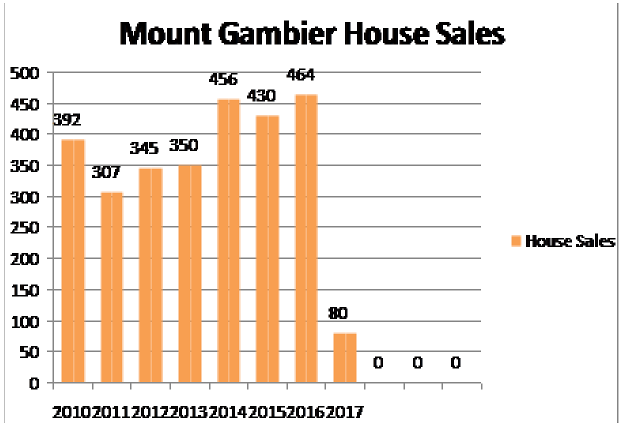
Residential

27 Bellshire Place - $235,000

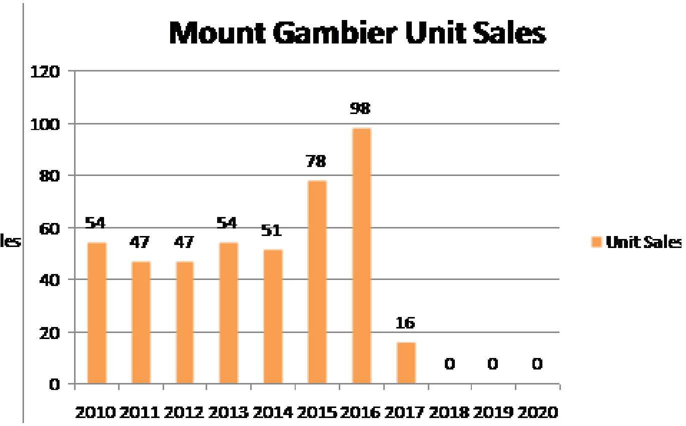
A circa 1991, 3-bedroom, 1-bathroom dwelling with a single garage under the main roof and a pergola area. Land Area: 747 square metres. Good condition.

10 Saint Martins Drive - $245,000

A circa 2002, 3-bedroom, 1-bathroom dwelling with a single garage under the main roof and a pergola area. Land Area: 621 square metres. Good condition.



The graph above shows that sales volumes for houses have been increasing slightly since 2011 and from 2014 to 2016 sales volumes have increased more than they did over the previous three year period. This level of activity still seems sustainable, with agents advising that there has been greater confidence in the market in the past nine to ten months. For the first two months of 2017 there have been 80 sales. If the calendar year continues like this then by the end of the year approximately 480 sales will have occurred, which will be slightly higher than 2016.



The above graph shows that unit sales have been increasing significantly over the past two years, with 2016 sales being nearly double what they were in 2014. It does appear unit sales numbers are above averages of recent years and with low interest rates and good yields we believe this activity will be sustainable whilst these factors are present. For the first two months of 2017 there have been 16 sales. If the calendar year continues like this then by the end of the year approximately 96 sales will have occurred, which will be similar to sales volumes in 2016.

Currently, there is also good demand for well located properties that have renovation potential. On the other hand, neglected properties located in less desirable areas can be difficult to sell and often have extended selling periods.

Tasmania

Moonah, an inner-city suburb located approximately five kilometres from the city, is a highly desired location in the south of the state. The median house price is $310,125 and the median unit price is $218,500. Local real estate agents have reported buyer demand outweighing current property stock in Moonah as the suburb is popular with both investors and owner-occupiers. Vacancy rates are tight at 0.4% and rental yields are high at 5.7% making Moonah an in demand location for investors. Typically older style homes under 150 square metres or units under 100 square metres can be purchased within the $250,000 to $350,000 range which also offer renovation potential to bring them up to date. Currently for $340,000 you can purchase a circa 1930s built 3-bedroom, 1-bathroom weatherboard house which offers renovation potential and sits on a 518 square metre allotment. Local real agents have reported that a mix of both local and interstate investors have shown interest and purchased properties in Moonah. The level of activity is set to rise due to buyer demand outweighing property stock available on the market which most likely will push the price up. Should prices increase and stock levels remain low we could see buyers pushing into the neighbouring suburb of Glenorchy.

In the north of the state located approximately four kilometres from the city, South Launceston is highly desired by buyers at present. The median house price is $260,790 and the median unit price is $204,525. The average house in South Launceston is rented for $300 per week and rental returns are high at 5.87%. The median rental price for units is $265 per week and the rental return is 5.75%. Strong rental yields coupled with low interest rates have increased demand as many first home buyers and investors have shown interest in the area. Currently for $255,000 you can purchase a 2-bedroom, 1-bathroom weatherboard house on 450 square metres of land which offers renovation potential with an expected rental return of $280 per week. Much like Moonah in the south of the state, the stock level in South Launceston is low with buyer demand high which will most likely lead to a price increase in the area should there be no increase in stock released to the market.

Houses throughout Moonah and South Launceston are in higher demand compared to units as most buyers are after the additional land size which can also offer development potential subject to council approval. Older style homes with renovation potential appear to be in high demand at present as many buyers are looking to purchase homes in these locations for a lower price compared to an already renovated home. This allows the owner-occupier the opportunity to customise the home to their taste and for the investor to potentially increase the value in the property along with an increase in the rental price. A standard 3-bedroom, 1-bathroom, weatherboard home on a minimum of 500 square metres of land appears to be the most desirable throughout Moonah and South Launceston as homes with these characteristics fall within the desired price range.

The strongest price point in the south of the state is within the $350,000 to $400,000 range as within this range first home buyers and investors are looking to buy property. In the north of the state the strongest price point is the $250,000 to $300,000 range which again is popular with investors looking for a strong rental return and for first home buyers looking to get into the market with an affordable first home. We may see a slight increase in price due to the low stock levels and high demand however this could lead to buyers moving into neighbouring suburbs which may keep the prices steady.

Northern Territory

Darwin

Darwin's property market has experienced a steady increase in buyer activity in recent months with first home buyers leading the revival. The re-introduction of the first home owner grant (FHOG) in October 2016 across all property types has had a significant effect on the market. The grant is divided between new and established properties, with a $26,000 grant for purchasing or building a new home and up to $23,928.60 stamp duty discount for the purchase of an established home valued at up to $650,000. As a result, both grants have stimulated activity in particular areas of the market especially those suburbs dominated by sub $650,000 median price dwellings and the developing suburbs of Muirhead, Durack Heights and Zuccoli.

For the first time in many years, the once dormant first home buyers have outnumbered investors to become the main drivers of activity in the housing market in Darwin.

Units in the inner fringe suburbs of Stuart Park, Larrakeyah and Parap used to be dominated by investors. Prior to the downturn of the market a few years ago, most of the units were occupied by renters, mainly single professionals or young couples who could only afford to rent as the high property prices had elbowed them out. When the market softened in late 2015, these areas were one of the hardest hit with an average decline of 20% in capital values, especially for properties bought off the plan at the peak of the market. However, market conditions have changed and now these areas have become the new hot spots for first home buyers. In terms of price point, the demand appears to gear towards 3-bedroom units in the price range of $350,000 to $450,000 and $250,000 to $400,000 for 2-bedroom units. The lower end of the range mainly consists of older units of a lesser standard and lacking amenities such as undercover car parks, intercom systems and passenger lifts. Units in other areas such as Nightcliff, Coconut Grove, Millner and Rapid Creek in the northern suburbs have also experienced an increased level of buyer activity in recent months. A large amount of the transactions occurred in the $250,000 to $400,000 bracket for a 2-bedroom unit and $350,000 to $500,000 for a 3-bedroom unit. The lower bracket is predominantly older style units built in the 1980s whilst the upper end is mostly concentrated along the Nightcliff foreshore.

For existing residential houses, demand has shifted toward areas dominated by sub $650,000 median price properties. The northern suburbs of Jingili, Wulagi, Anula and Leanyer have become the latest hunting ground for first home buyers since the re-introduction of the FHOG for existing properties. Even more surprisingly, the less sought after suburbs of Malak and Karama which are dominated by ex-housing commission houses have also experienced a surge in sales in recent months. In terms of price point, demand appears to gear towards the 3-bedroom, 1-bathroom ground level dwellings in the $400,000 to $500,000 price range. Most of these properties have fairly basic improvements and require some degree of renovation. In addition to northern suburbs, existing residential houses in Palmerston have also experienced a spike in sales volume particularly in the suburbs of Gunn, Durack, Moulden and Woodroffe. Gunn and Durack are more popular among first home buyers due to their proximity to amenities in the Palmerston CBD with the majority of the transactions occurring in the price range of $400,000 to $500,000 for ground level, 3-bedroom, 2-bathroom dwellings. These properties were mostly built in the late 1990s and many are DHA stock which is being placed back in the hands of the owners in their original condition following lease expiry. Land sizes range from 400 to 600 square metres.

In addition, Moulden and Woodroffe which were among the first suburbs to be built in Palmerston in the 1980s, have also attracted first home buyers' interest with a large volume of transactions occurring in the range of $300,000 to $400,000. In contrast, existing properties in the relatively modern suburbs of Bellamack and Johnston are experiencing lackluster buying activity due to the large release of vacant land in the developing suburbs of Durack Heights and Zuccoli. First home buyers have the option to purchase house and land package in these areas at a relatively cheaper price and this can be as low as $400,000 for entry level homes in Zuccoli and $500,000 in Durack Heights.

The Northern Territory Government plays a significant role in local economic development. The re-introduction of the FHOG for existing properties in October 2016 is certainly a welcome move for first home buyers. Housing affordability has been an issue plaguing the Top End for a long time. Therefore, it is vital that housing affordability is at the forefront of government policy plans to secure a long term future for the Northern Territory and be seen as an affordable place to live.

Western Australia

Perth

The Perth residential property market is commonly perceived to be under performing or stagnant, however in amongst the negativity are pockets of activity indicating pent up demand for some products and locations.

The clear market segment currently most active are buyers in established suburbs seeking well presented homes in good locations. One example is South Fremantle, where well renovated character dwellings are in high demand and are relatively tightly held. Properties within the low to mid $1 million range are attracting very good attendances at home opens and experiencing lower than average selling periods. These properties have often been through a thorough renovation and are often transacting below previous vendor expectations – a sign that the market has corrected to a level that is appealing to purchasers.

Similar activity is being experienced throughout Cottesloe, Applecross and Mount Pleasant, with selling agents reporting higher instances of multiple offers on properties and decreasing selling periods for well priced properties. The market remains very price sensitive, but properties in sought after locations priced at levels expected in the market place don't seem to have any problems securing multiple offers.

Other motivating factors are suburbs within highly desired school catchment areas such as Willetton and Bull Creek. As private school fees continue to rise against the flow of consumer sentiment, we are seeing multiple examples of purchase activity targeting high achieving public school areas. Whilst price reductions in these areas may not have been as significant as less desired areas, the discount is proving to be sufficient to increase activity.

The majority of this activity appears to be upgrade activity, with buyers able to enter suburbs previously out of their price range and concerns that these area may again be out of their reach if the market improves or interest rises considerably.

In more modern localities, properties over five years old and presented in a less than optimal manner have been heavily punished by the market, but this is also increasing demand as properties are often transacting for well below replacement cost, with depreciation rates of up to 25% being applied to the improvements. Examples include Tapping, Ashby and Carramar. The coastal suburbs of Mindarie and Jindalee are also experiencing similar increases in demand created by the market being repriced to more realistic levels. Older style two storey dwellings in Mindarie stand out as experiencing heavy discounts which is starting to translate into a higher level of demand.

Following the state government's tweaks to the First Home Buyers Grant, we have seen an increase in construction applications beginning to flow through, however we caution that there is a significant imbalance in pricing between various builders and in many instances, the premium paid by the market for new builds has dissipated or is simply non existent. Brand new products in the sub $500,000 range in areas such as Jindalee are transacting for less than the land plus build costs in many instances that we have seen. However, several building companies appear to have repriced or are offering discounts that negate this loss and reinstate the premium for new products. We strongly encourage all parties contemplating signing a building contract to rigorously test the proposal again the competition.

All in all, the $1 million to $1.5 million price bracket in premium locations appears to be dominating buyer activity across the Perth metro area. It is likely that activity in this price range is supporting the current median house price across Perth, which we had expected to be lower than currently being reported. We expect this trend to continue, as prospective purchasers who thought they had time up their sleeves prior to making a buying decision realise that the good quality stock is not hanging around for long.

South West WA

The coastal strip along Geographe Bay between Bussell Highway and the ocean continues to be a hot spot in the region.

The proximity to the beach, schools, shopping centres and the CBD are all positive factors driving demand in this area. Given the geographic constraints there is a restricted supply of properties in this location.

Entry level value in this locality is in the $500,000 to $550,000 for basic older style homes on 800 square metre lots ranging up to $1.5 million for executive standard homes with ocean views along Geographe Bay Road.

There is a mix of people included in this demand ranging from families wishing to upgrade for locational purposes, retirees, holiday home buyers and the top end of the market after the expansive ocean views from Geographe Bay Road.

Given the higher than national average population growth in the Busselton region the demand for this locality is expected to continue to rise. The limited supply is expected to have upward pressure on prices.

Rural

HERRON
TODD
WHITE
RURAL

Overview

Autumn has arrived and with it much needed and welcome rain. For some perfect timing, others, a little too late for this year.

The cotton pick has commenced and dryland yields are under original budget plans but hopefully will cover costs.

On the back of a strong 2016, as reflected in our national updates in early March, the broad outlook for land values is positive.

So what does a less than ideal start to 2017 mean from a rural land perspective?

Supply is still tight so one would think positive for values. Outlook for grains from price is not as good and up until the past few weeks of rain, the profiles in eastern Australia were not strong. This has turned around for many now and WA is looking quite solid for another year.

In all what does this mean? Cautious optimism is how we feel the market sentiment is for now.

The reports from the team highlight some of the variability around the nationally.

Contact:
Tim Lane - National Director, Rural
Ph: 07 3319 4400

Southern Queensland

This time it appears to be the south east of Queensland that has received good but patchy rain with parts having received up to 100 millimetres this month. The band of rain has extended as far west as St George and Roma however these areas have only seen grass rain and not the high volume harvesting rain that so many had hoped for.

Most irrigators in the St George region appear to have come up about one watering short, even on reduced plantings. It will therefore be interesting to see what effect this will have on yields. Picking is now underway, so all have their fingers crossed that it will stay dry for the next couple of weeks or so in order to allow picking to be completed.

In recent months we have seen some very solid sales particularly within the Condamine region. Three that spring to mind that we feel are consistent with the market are the holdings of No. 4 approximately 75 kilometres to the west of Condamine and the aggregation of Woodlands and Karreel, approximately 40 kilometres south west of Condamine. Both comprise mixed farming and grazing holdings with the cultivation on each reflecting in the order of $2,200 to $2,250 per hectare. We would view this as broadly consistent with the market today; a market that has seen sound to good quality cultivation strengthen by upwards of $500 per hectare over the past 12 to 18 months.

We also note the mid to late 2016 sale of Cotswold in the same region. It sold for $14.1 million including approximately $500,000 worth of plant. It comprises 7,410 hectares of country including some 640 hectares of centre pivot country underpinned by a 1,600 megalitre storage. Water rights include two unsupplemented entitlements as well as overland flow. The sale reflected approximately $6,175 per hectare for the irrigation country and around $1,750 per hectare for the dryland cultivation. This sale is also viewed to be broadly consistent with the market.

In very recent times, market activity appears to have come right off. We anticipate that this is not because the market is lacking confidence, rather it is more to do with a poor start to the season broadly felt by everyone. We feel that many potential vendors are holding off until more favourable weather conditions arrive. The cattle market is still strong and it will only take a couple of good falls within the farming belt in the next month or two in order for things to turn around.

Let's hope that this occurs and soon.

Contact:
Doug Knight/Stephen Cameron
Ph: (07) 4639 7600

Central Queensland

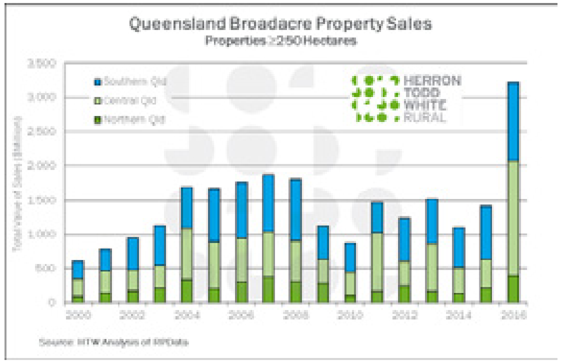
On average more than one quarter of Queensland's beef herd is located within the Central Queensland grazing district. For this reason it is no surprise to see that the Central Queensland property market has shown the highest rural land growth rates over the past three to five years correlating with accelerated increases in beef prices.

Property resales provide the best evidence of the true change in market value and in recent months a number of properties have transacted with total capital uplift generally in the order of 25% to 35% over the past five years.

Property	Region		Date	Price	% Change Adj. for inclusions
Neumayer Valley	North QLD	Resale	May-16	$41,500,000	13%
		Original	Dec-12	$27,000,000	
Mayfield (auction bid)	Central QLD	Resale	Dec-16	$8,100,000	35%
		Original	Sep-13	$5,240,000	
Murraway	Central QLD	Resale	Mar-17	$10,025,000	32%
		Original	May-13	$6,800,000	
OK Station	Central QLD	Resale 2	Jun-16	$13,500,000	26%
		Resale 1	Sep-11	$10,000,000	-11%
		Original	Apr-08	$11,100,000	-
Bar H/Corona	Central QLD	Resale	Jun-15	$9,100,000	5%
		Original	May-10	$8,500,000	
Gowan	Central West QLD	Resale	Oct-16	$7,200,000	34%
		Original	Dec-10	$4,800,000	

While the resale market has demonstrated solid land growth changes, these rates are generally limited to genuine fattening properties in Central Queensland (which are highly sought after and as such transact with greater frequency), with the second and third tier properties experiencing a more moderate level of growth. Recent evidence of the demand in Central Queensland for high end properties includes the Hughes family purchase of Tumbar ($67.5 million) and the competitive auction results of Northampton and Inverness at Blackall ($13.59 million and $13.925 million respectively) and Arcoona and Old Delargim near Moura ($12.85 million and $9.4 million respectively).

In summary, as a result of the limited supply there has been a smaller volume of sales which has been concentrated on larger, higher valued properties which has greatly increased the overall annual transactional value of the Queensland rural market.



The size of the 2016 rural transaction market was over $3.1 billion compared to $1.48 billion in 2015 and $1.9 billion in the 2007 previous market peak.

Mackay

An 86 hectare dress circle, irrigated cane farming aggregation in the locality of Alexandra changed hands in January at a strong price of over $20,000 per hectare for measured freehold cane land and demonstrates continued confidence in the local sugar industry despite last season's milling problems.

Contact:
Will McLay - Ph: (07) 4927 4655

NSW Far North Coast

Strong market conditions for the beef industry continue. There are 34 ex-managed investment scheme timber plantation properties to be put to auction during March to May 2017. These properties will likely see strong interest from beef graziers. Some of these properties have the plantation timber cleared.

Sandilands, a 914.8 hectare ex-timber plantation property located on the Bruxner Highway south of Bonalbo sold for $1.8 million ($1,967 per hectare or $796 per acre). This property was planted to 492 hectares of plantation timber but the timber had been cleared in part. Soils are light sandy loams.

The macadamia harvest has commenced for 2017 with continued excellent prices quoted of $5.20 per kilogram nut in shell at 10% moisture and 33% saleable kernel recovery. Planting of new macadamia plantations is increasing. The historically preferred red basalt soil plateaus have been less sought after for acquisition by macadamia farmers for new plantations than the flood plain sugar cane farms. A significant factor is the land value. A good quality vacant red basalt farm suitable for macadamia tree planting on the Alstonville plateau is under contract for a land value that indicates about $47,500 per plantable hectare. Buyers of sugar cane farms on the flood plains have been able to purchase land for planting macadamias for land values in the general range of $10,000 to $20,000 per hectare. It is noted that the sugar cane price for 2016 was favourable at around $37 per tonne locally for the 2016 season.

Contact:
Paul O'Keeffe - Ph 0409 763 573

Murray Riverina

Allocation water at $30 per megalitre has seen many start irrigating in the first week of March. While the dryland farming areas have seen strong growth it will be interesting to see how the market for irrigation properties responds to temporary water which is at a low point in the cycle. There have been several larger scale properties transact in the Riverina which suggest there is sufficient confidence to spurn some activity at historically high levels of value.

Next will be to see if the market consolidates at the new level which will rely heavily on the 2017 season.

Contact:
David Leeds - Ph: (03) 5480 2601

Mildura

Activity in the rural scene over the past month has finally seen the wine grape and table grape harvest in full swing after an abnormally late start to the picking season. This will result in both harvests extending well into April. The weather throughout recent weeks has been excellent for the grape harvest with warm conditions and no rain or storms.

Reports filtering in advise that quality is high and above average yields are apparent for wine grapes, which on the back of slightly better prices this year is some welcome news for growers. Growers are also reporting another good year in the table grape sector with prices remaining firm particularly for the better market preferred varieties.

The Bureau of Meteorology continue to forecast warm and dry conditions to remain throughout Autumn in the region. This is not overly good news for dryland cropping farmers who are looking to the skies for an early autumn break. The forecast late break will result in a larger area of land being dry sown throughout April and early May, with reports that some farmers have already commenced this practice.

Following on from previous editions, the ongoing interest and demand in the agricultural sector from international and domestic corporate entities investing in the Sunraysia region appears to be resulting in current demand outstripping supply. Prices being paid for good quality properties continue to firm with reports of a number of significant transactions in recent weeks of table grape, citrus and also an aggregation of dryland cropping land being negotiated, all at strong levels.

Contact:
Shane Noonan - Ph (03) 5021 0455

South West Victoria

In general terms the sales activity, albeit limited, is currently primarily for small to medium size farms being purchased by local farmers wishing to expand. There is no easing of the strong interest in grazing holdings suitable for sheep or beef cattle of between 100 and 175 hectares together with some larger holdings of up to around 800 hectares. Agents report the enquiry for outpaddocks around Warrnambool is very strong, listings are down and agents' real estate advertisements are now regularly including a list of wanted property for prospective purchasers. Levels of value are continuing to hold.

The dairy farm sector's mood that an upside is just around the corner continues to prevail. We are aware of a large dairy farm in the Mount Gambier district having just been purchased by a private New Zealand syndicate. An expression of interest marketing closing on 21 April 2017 for a well developed dairy farm of 160 hectares between Cobden and Simpson will provide a pointer to the current dairy farm market.

Contact:
Angus Shaw - Ph: (03) 5332 7181

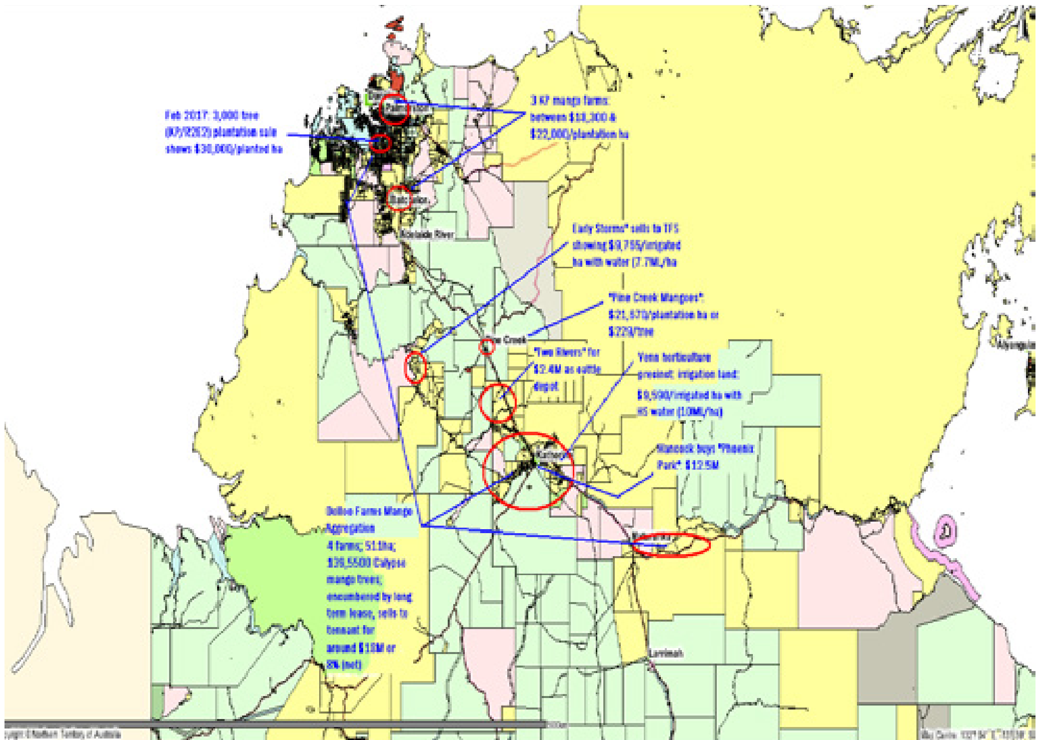
Northern Territory

In the past 12 months, $61 million worth of commercial scale freehold has sold throughout the Top End which was a strong increase on 2015. However, the supply for large areas with cleared land (or clearing approval), water allocation and the right soils is now very tight and we are aware that Indian Sandalwood growers Quintis (formerly TFS) and also local African mahogany growers are finding it difficult to secure any expansion land that fits the bill. This tight supply has potential NT farmers (including foreign buyers) looking at pastoral leasehold land and its potential for landing a diversification permit to develop farm land. With improving profits from record live cattle export prices, local cattlemen have also been more active in acquiring smaller freehold (depot type) blocks.

In our sales map beside - we highlight a couple of key sales over this period:

Looking at the map:

- **Early Storms** (629 hectares) well established melon farm in the Douglas Daly (200 kilometres by road south of Darwin) made $9,765 per irrigated hectare (over 279 hectares with 7.7 megalitres per hectare per annum ground water allocation).
- A 177 hectare irrigation farm in the Venn horticulture precinct 25 kilometres south of Katherine makes $9,590 per irrigated hectare (70 hectares with 10 megalitres per hectare per annum high security ground water allocation).
- **Phoenix Park** on the outskirts of Katherine was a strategic acquisition by a subsidiary of Hancock as a cattle spelling, feeding and processing facility for the company's expanding herd in the NT. This property last sold in 2008 for $5.8 million with relatively little improvement in between. It comprises a good mix of irrigation land (plus land for irrigation expansion), dryland cropping and a spelling yard registered for 20,000 head of 350 kilogram cattle).



Rural

- **Two Rivers** (14,120 hectares) of freehold with Stuart Highway frontage sells to southern cattle family to develop further as live cattle export depot for $2.4 million.

The past 12 months has seen a surge in the sale of mango plantations throughout the Top End, there being more sales over this period than the total over the past five years.

- Five commercial scale mango farms sold to locals or Australian based companies with long term experience in the NT and all control the fruit from tree to market place. Value rates are steady, generally between $20,000 to $30,000 per planted hectare (for mature, old variety trees such as KPs) with a premium for Calypso at around $40,000 plus per planted hectare.
- Noted is the sale of the Oolloo Farms aggregation (four farms: Darwin, Katherine and Mataranka) selling for around $18 million (with an onerous lease in place to the sitting tenant, a local who was in an advantageous position to capitalize). The sale showed a little over 8% (net) return.

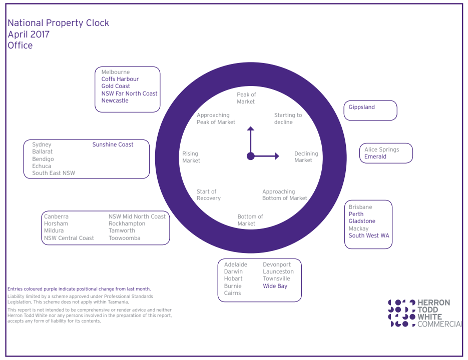
Property Market Indicators

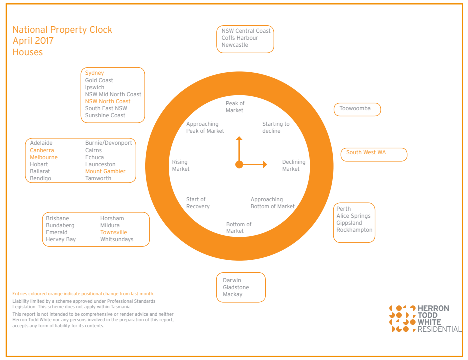
HERRON TODD WHITE

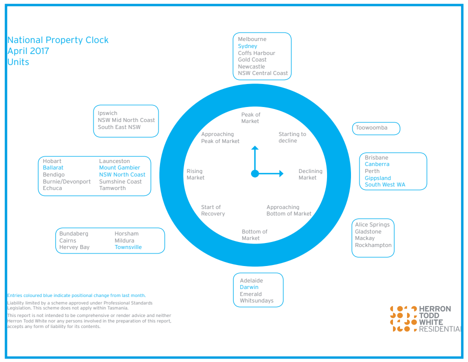
Disclaimer

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

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





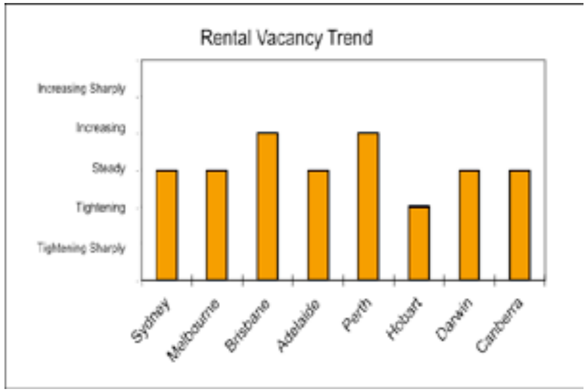


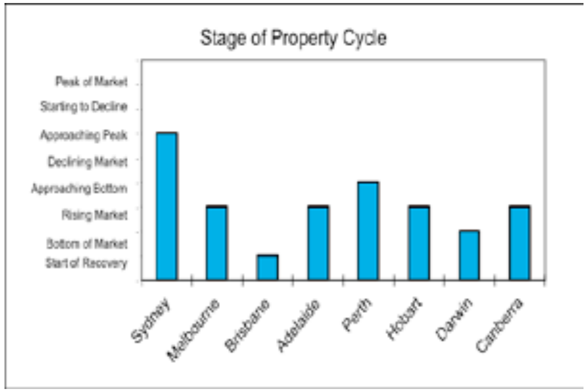
Capital City Property Market Indicators - Houses

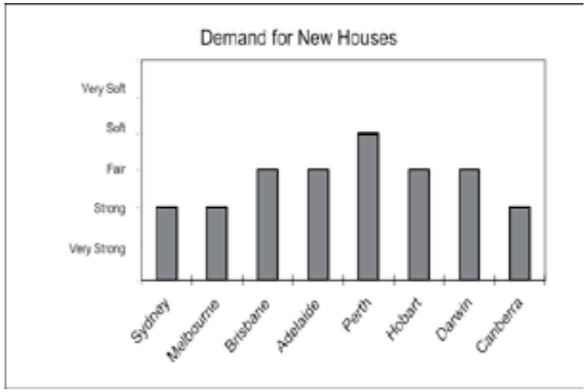
Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	Balanced market	Balanced market	Balanced market	Balanced market	Over-supply of available property relative to demand	Balanced market	Balanced market	Balanced market
Rental Vacancy Trend	Steady	Steady	Increasing	Steady	Increasing	Tightening	Steady	Steady
Demand for New Houses	Strong	Strong	Fair	Fair	Soft	Fair	Fair	Strong
Trend in New House Construction	Increasing	Steady	Increasing	Increasing	Declining	Declining	Declining	Increasing
Volume of House Sales	Steady	Steady	Steady	Steady	Steady	Steady	Increasing	Steady
Stage of Property Cycle	Approaching peak of market	Rising market	Start of recovery	Rising market	Approaching bottom of market	Rising market	Bottom of market	Rising market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Almost never	Occasionally	Occasionally	Occasionally	Occasionally	Almost never	Occasionally	Occasionally

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

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







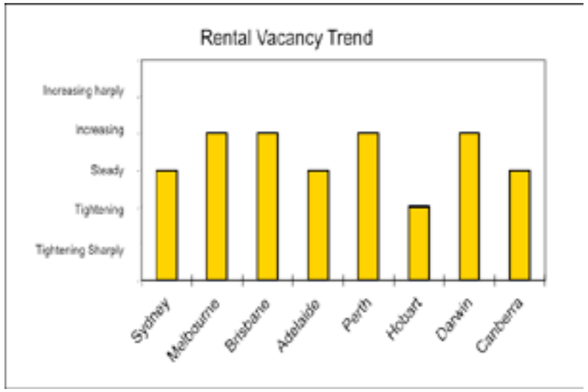
Market Indicators

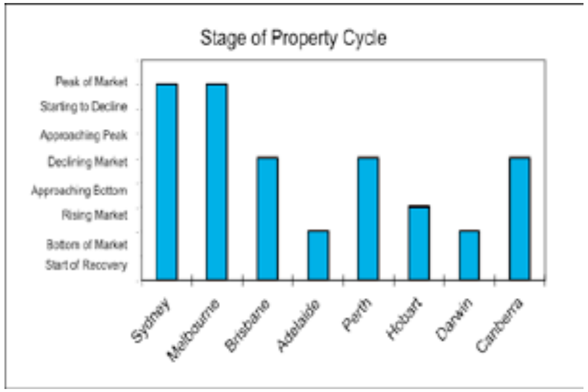
Capital City Property Market Indicators - Units

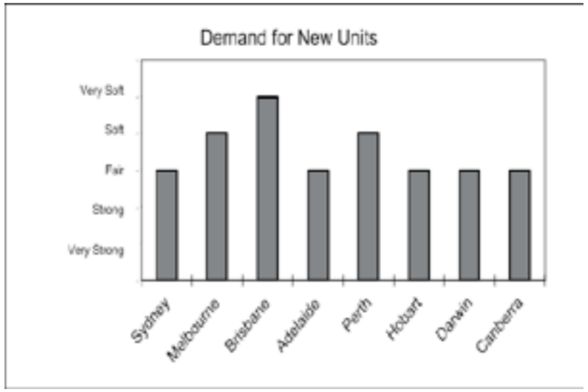
Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	Balanced market	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Balanced market	Over-supply of available property relative to demand	Balanced market	Over-supply of available property relative to demand	Over-supply of available property relative to demand
Rental Vacancy Trend	Steady	Increasing	Increasing	Steady	Increasing	Tightening	Increasing	Steady
Demand for New Units	Fair	Soft	Very soft	Fair	Soft	Fair	Fair	Fair
Trend in New Unit Construction	Increasing	Steady - Increasing	Declining significantly	Increasing	Declining	Declining	Declining significantly	Increasing
Volume of Unit Sales	Steady	Declining	Declining	Steady	Declining	Steady	Increasing	Steady
Stage of Property Cycle	Peak of market	Peak of market	Declining market	Bottom of market	Declining market	Rising market	Bottom of market	Declining market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Almost never	Almost never	Occasionally	Almost never	Frequently	Frequently

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

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







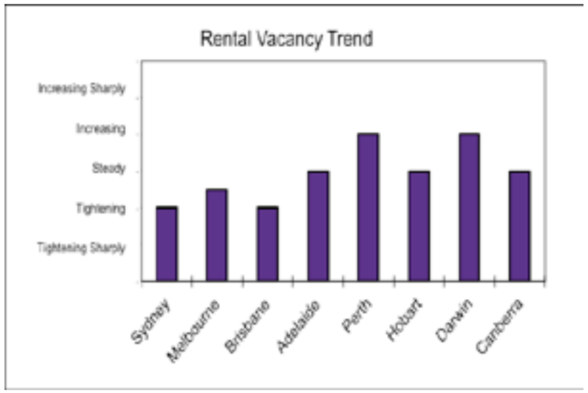
Market Indicators

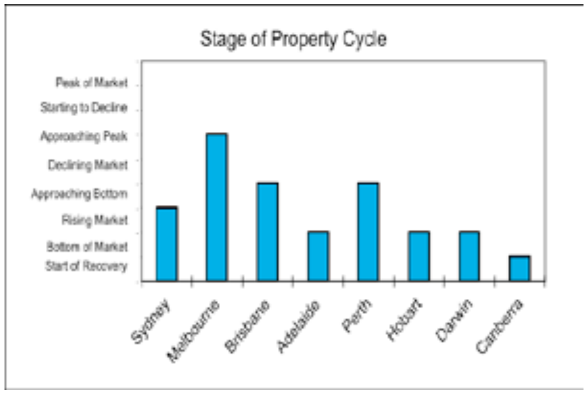
Capital City Property Market Indicators - Office

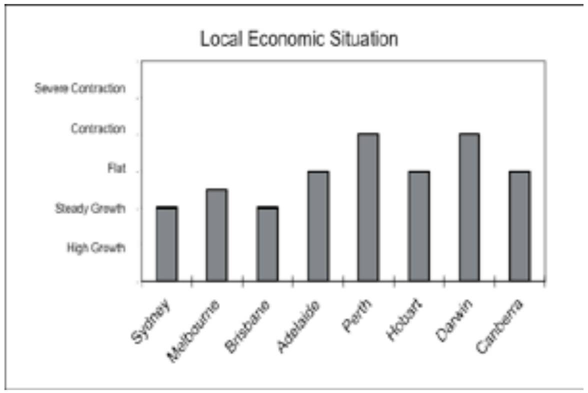
Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	Shortage of available property relative to demand	Balanced market - Over-supply of available property relative to demand	Large over-supply of available property relative to demand	Over-supply of available property relative to demand	Large over-supply of available property relative to demand	Over-supply of available property relative to demand	Large over-supply of available property relative to demand	Large over-supply of available property relative to demand
Rental Vacancy Trend	Tightening	Tightening - Steady	Tightening	Steady	Increasing	Steady	Increasing	Steady
Rental Rate Trend	Increasing	Stable - Increasing	Stable	Stable	Declining	Declining	Declining	Stable
Volume of Property Sales	Steady	Declining	Steady	Steady	Steady	Steady	Steady	Steady
Stage of Property Cycle	Rising market	Approaching peak of market	Approaching bottom of market	Bottom of market	Approaching bottom of market	Bottom of market	Bottom of market	Start of recovery
Local Economic Situation	Steady growth	Steady growth - Flat	Steady growth	Flat	Contraction	Flat	Contraction	Flat
Value Difference between Quality Properties with National Tenants, and Comparable Properties with Local Tenants	Small	Significant	Significant	Large	Large	Significant	Large	Significant

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

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





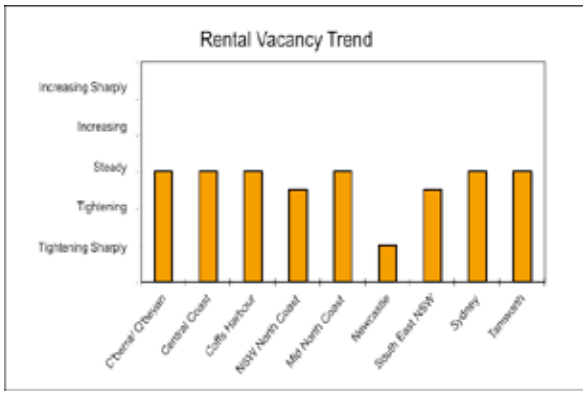


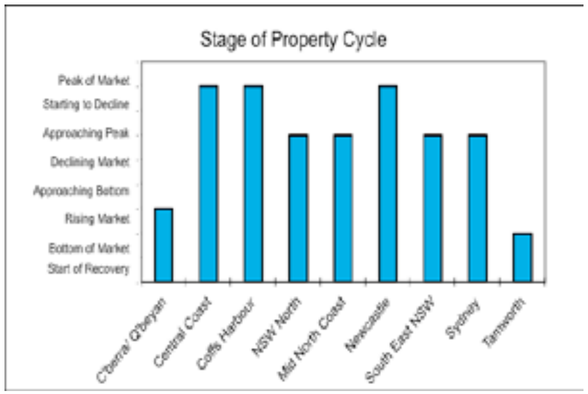
New South Wales Property Market Indicators - Houses

Factor	Canberra	Central Coast	Coffs Harbour	Far North NSW	Mid North Coast	Newcastle	South East NSW	Sydney	Tamworth
Rental Vacancy Situation	Balanced market	Balanced market	Shortage of available property relative to demand	Shortage of available property relative to demand - Balanced market	Shortage of available property relative to demand - Balanced market	Severe shortage of available property relative to demand	Balanced market	Balanced market	Balanced market
Rental Vacancy Trend	Steady	Steady	Steady	Tightening - Steady	Steady	Tightening sharply	Tightening - Steady	Steady	Steady
Demand for New Houses	Strong	Strong	Fair	Fair - Strong	Strong	Very strong	Strong	Strong	Strong
Trend in New House Construction	Increasing	Steady	Increasing	Steady - Increasing	Increasing	Increasing strongly	Increasing	Increasing	Increasing
Volume of House Sales	Steady	Steady	Steady	Increasing - Steady	Declining	Increasing strongly	Steady	Steady	Increasing
Stage of Property Cycle	Rising market	Peak of market	Peak of market	Approaching peak of market	Approaching peak of market	Peak of market	Approaching peak of market	Approaching peak of market	Rising market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Frequently	Almost never	Occasionally - Frequently	Occasionally	Almost always	Occasionally - Frequently	Almost never	Occasionally

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

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

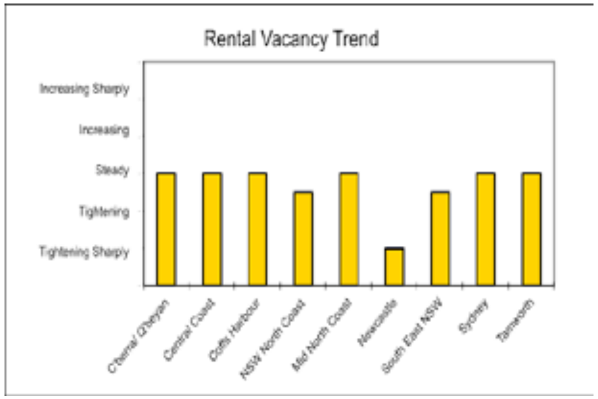


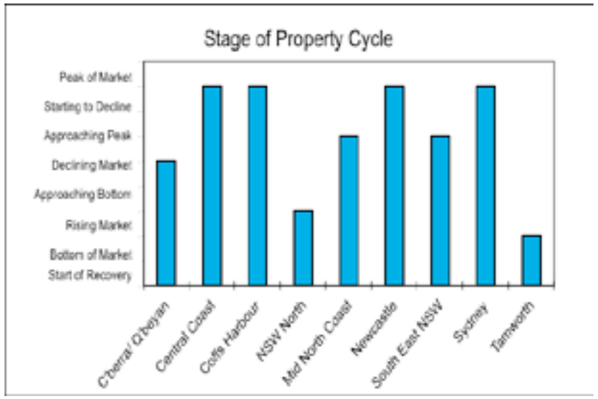


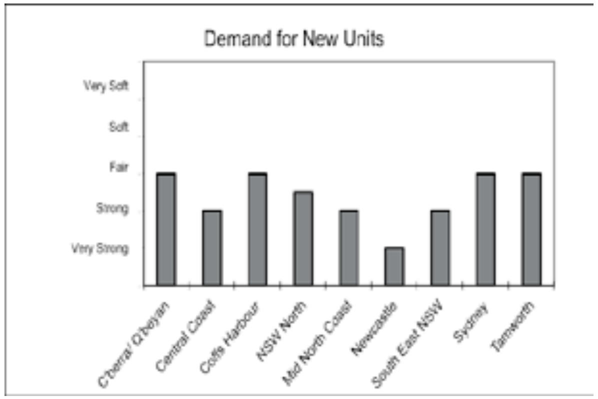
New South Wales Property Market Indicators - Units

Factor	Canberra	Central Coast	Coffs Harbour	Far North NSW	Mid North Coast	Newcastle	South East NSW	Sydney	Tamworth
Rental Vacancy Situation	Over-supply of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand - Balanced market	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Balanced market	Balanced market	Balanced market
Rental Vacancy Trend	Steady	Steady	Steady	Tightening - Steady	Steady	Tightening sharply	Tightening - Steady	Steady	Steady
Demand for New Units	Fair	Very strong	Fair	Fair - Strong	Strong	Very strong	Strong	Fair	Soft
Trend in New Unit Construction	Increasing	Steady	Increasing	Declining - Steady	Increasing	Increasing strongly	Increasing	Increasing	Declining
Volume of Unit Sales	Steady	Increasing	Steady	Increasing - Steady	Declining	Increasing strongly	Steady	Steady	Steady
Stage of Property Cycle	Declining market	Peak of market	Peak of market	Rising market	Approaching peak of market	Peak of market	Approaching peak of market	Peak of market	Rising market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Frequently	Frequently	Occasionally	Occasionally - Frequently	Almost never	Almost always	Occasionally - Frequently	Occasionally	Frequently

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





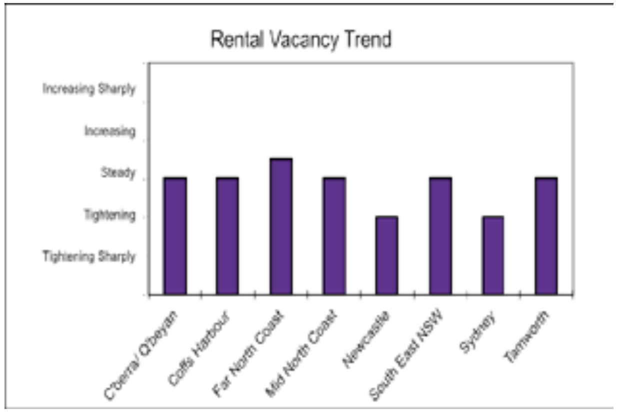


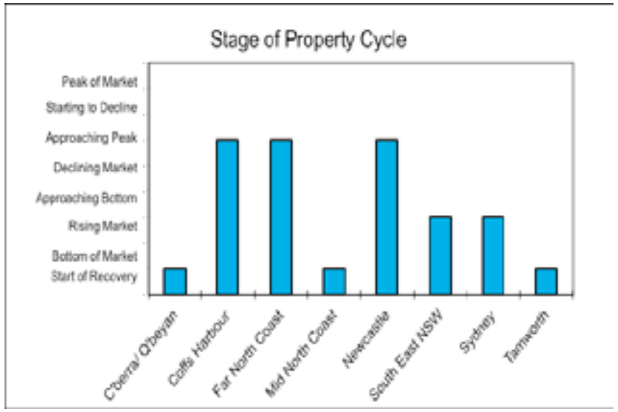
New South Wales Property Market Indicators - Office

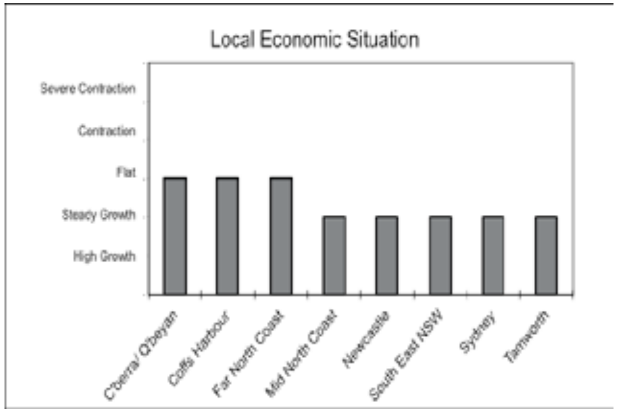
Factor	Canberra	Coffs Harbour	Far North NSW	Mid North Coast	Newcastle	South East NSW	Sydney	Tamworth
Rental Vacancy Situation	Large over-supply of available property relative to demand	Large over-supply of available property relative to demand	Large over-supply of available property relative to demand	Large over-supply of available property relative to demand	Large over-supply of available property relative to demand	Large over-supply of available property relative to demand	Large over-supply of available property relative to demand	Over-supply of available property relative to demand
Rental Vacancy Trend	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady
Rental Rate Trend	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Stable
Volume of Property Sales	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady
Stage of Property Cycle	Start of recovery	Start of recovery	Start of recovery	Start of recovery	Start of recovery	Start of recovery	Start of recovery	Start of recovery
Local Economic Situation	Flat	Flat	Flat	Flat	Flat	Flat	Flat	Steady growth
Value Difference between Quality Properties with National Tenants, and Comparable Properties with Local Tenants	Significant	Significant	Significant	Significant	Significant	Significant	Significant	Significant

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

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





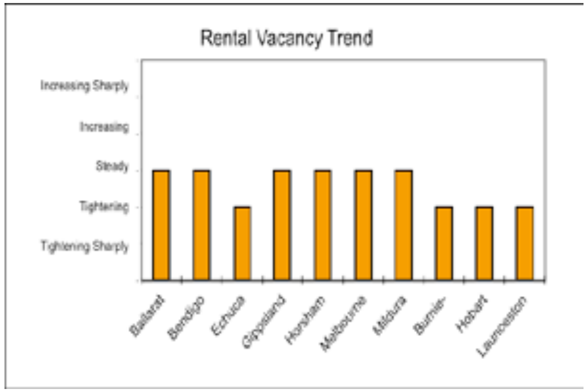


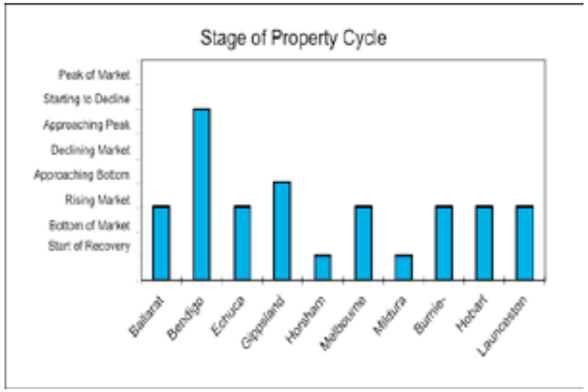
Victoria/Tasmania Property Market Indicators - Houses

Factor	Ballarat	Bendigo	Echuca	Gippsland	Horsham	Melbourne	Mildura	Burnie/ Devonport	Hobart	Launceston
Rental Vacancy Situation	Balanced market	Balanced market	Shortage of available property relative to demand	Balanced market	Balanced market - Over-supply of available property relative to demand	Balanced market	Balanced market	Balanced market	Balanced market	Balanced market
Rental Vacancy Trend	Steady	Steady	Tightening	Steady	Steady	Steady	Steady	Tightening	Tightening	Tightening
Demand for New Houses	Fair	Strong	Strong	Fair	Fair	Strong	Fair	Fair	Fair	Fair
Trend in New House Construction	Steady	Increasing	Increasing	Increasing	Steady - Increasing	Steady	Steady	Declining	Declining	Declining
Volume of House Sales	Increasing	Steady	Steady	Increasing	Increasing - Steady	Steady	Steady	Steady	Steady	Steady
Stage of Property Cycle	Rising market	Rising market	Rising market	Approaching bottom of market	Start of recovery	Rising market	Start of recovery	Rising market	Rising market	Rising market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Frequently	Frequently	Almost never	Occasionally	Almost never	Almost never	Almost never	Almost never

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

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





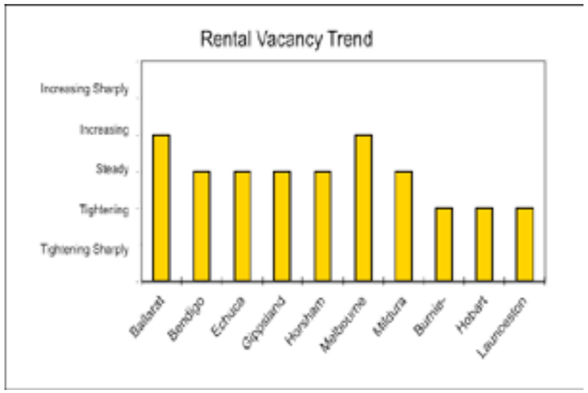
Market Indicators

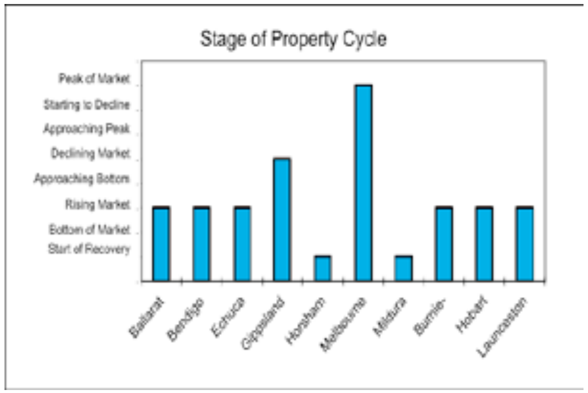
Victoria/Tasmania Property Market Indicators - Units

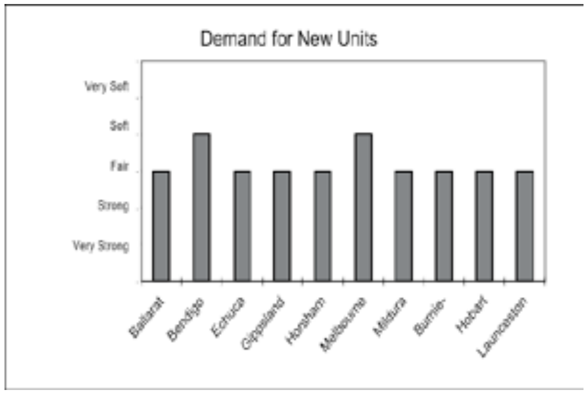
Factor	Ballarat	Bendigo	Echuca	Gippsland	Horsham	Melbourne	Mildura	Burnie/ Devonport	Hobart	Launceston
Rental Vacancy Situation	Over-supply of available property relative to demand	Balanced market	Balanced market	Balanced market	Balanced market - Over-supply of available property relative to demand	Over-supply of available property relative to demand	Balanced market	Balanced market	Balanced market	Balanced market
Rental Vacancy Trend	Increasing	Steady	Steady	Steady	Steady	Increasing	Steady	Tightening	Tightening	Tightening
Demand for New Houses	Fair	Soft	Fair	Fair	Fair	Soft	Fair	Fair	Fair	Fair
Trend in New House Construction	Steady	Steady	Steady	Steady	Steady - Increasing	Steady - Increasing	Steady	Declining	Declining	Declining
Volume of House Sales	Steady	Steady	Steady	Declining	Increasing - Steady	Declining	Steady	Steady	Steady	Steady
Stage of Property Cycle	Rising market	Rising market	Rising market	Declining market	Start of recovery	Peak of market	Start of recovery	Rising market	Rising market	Rising market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Almost never	Occasionally	Almost never	Occasionally	Almost never	Almost never	Almost never	Almost never

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

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







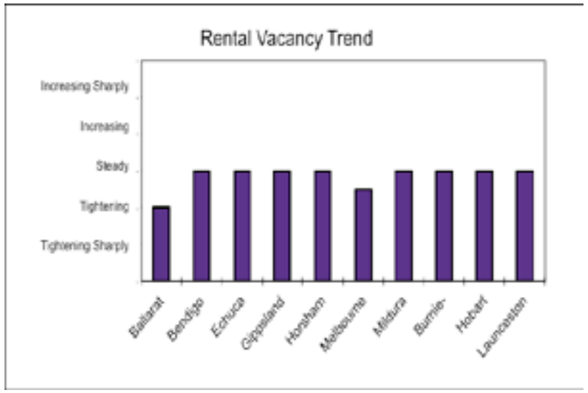
Market Indicators

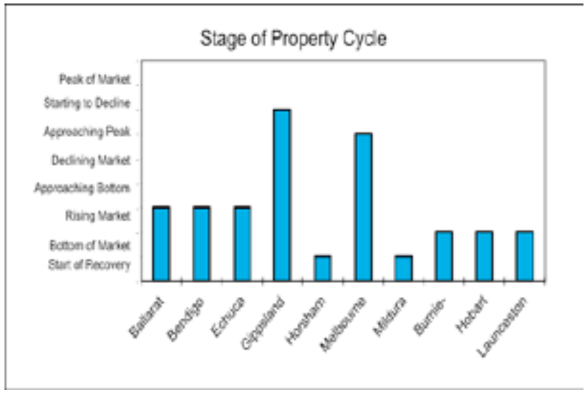
Victoria/Tasmania Property Market Indicators - Office

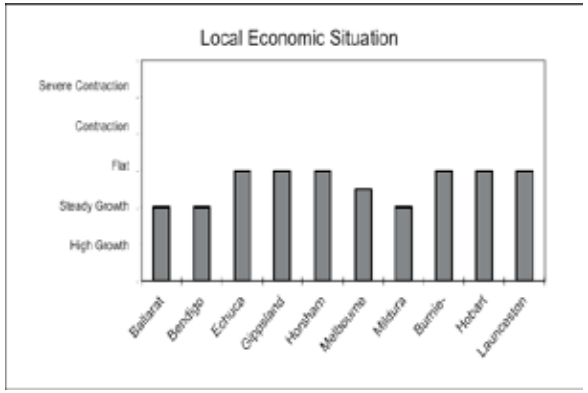
Factor	Ballarat	Bendigo	Echuca	Gippsland	Horsham	Melbourne	Mildura	Burnie/ Devonport	Hobart	Launceston
Rental Vacancy Situation	Shortage of available property relative to demand	Balanced market	Balanced market	Balanced market	Balanced market	Balanced market - Over-supply of available property relative to demand	Balanced market	Shortage of available property relative to demand	Balanced market	Balanced market
Rental Vacancy Trend	Tightening	Steady	Steady	Steady	Steady	Tightening - Steady	Steady	Tightening	Steady	Steady
Rental Rate Trend	Increasing	Increasing	Stable	Declining	Stable	Stable - Increasing	Stable	Increasing	Increasing	Stable
Volume of Property Sales	Steady	Steady	Steady	Declining	Steady	Declining	Steady	Steady	Steady	Steady
Stage of Property Cycle	Rising market	Rising market	Rising market	Starting to decline	Start of recovery	Approaching peak of market	Start of recovery	Rising market	Rising market	Rising market
Local Economic Situation	Steady growth	Steady growth	Flat	Flat	Flat	Steady growth - Flat	Steady growth	Steady growth	Steady growth	Flat
Value Difference between Quality Properties with National Tenants, and Comparable Properties with Local Tenants	Significant	Significant	Small	Significant	Significant	Significant	Significant	Significant	Significant	Small

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

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





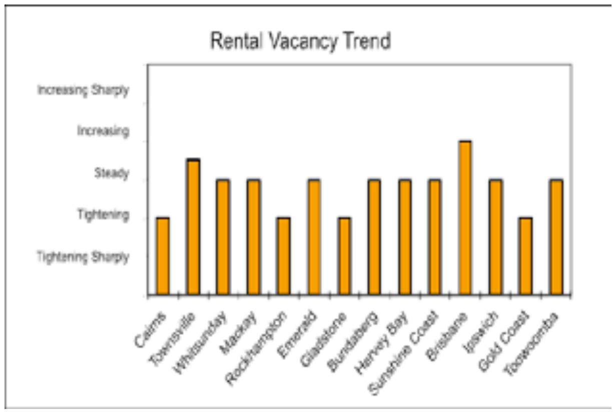


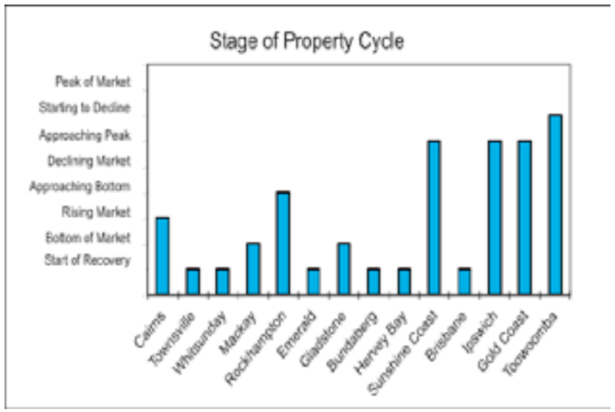
Queensland Property Market Indicators - Houses

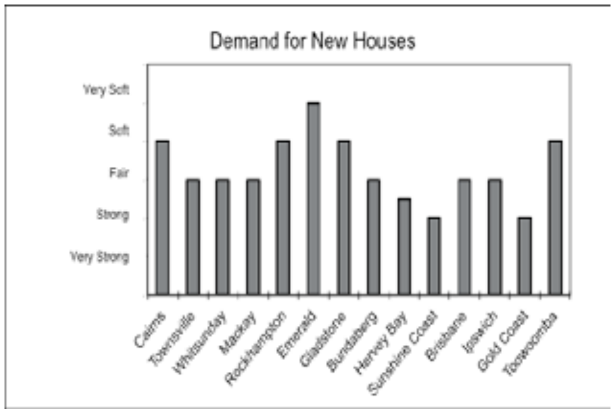
Factor	Cairns	Townsville	Whitsunday	Mackay	Rockhampton	Emerald	Gladstone	Bundaberg	Hervey Bay	Sunshine Coast	Brisbane	Ipswich	Gold Coast	Toowoomba
Rental Vacancy Situation	Shortage of available property relative to demand	Balanced market - Over-supply of available property relative to demand	Balanced market	Balanced market - Over-supply of available property relative to demand	Over-supply of available property relative to demand	Balanced market	Over-supply of available property relative to demand	Balanced market	Balanced market	Balanced market	Balanced market	Balanced market	Shortage of available property relative to demand	Balanced market
Rental Vacancy Trend	Tightening	Steady - Increasing	Steady	Steady	Tightening	Steady	Tightening	Steady	Steady	Steady	Increasing	Steady	Tightening	Steady
Demand for New Houses	Soft	Fair	Fair	Fair	Soft	Very soft	Soft	Fair	Fair - Strong	Strong	Fair	Fair	Strong	Soft
Trend in New House Construction	Declining	Steady	Steady	Steady	Declining	Declining	Declining	Steady	Increasing	Increasing	Increasing	Increasing	Increasing	Steady
Volume of House Sales	Declining	Increasing - Steady	Steady	Increasing	Declining	Increasing	Increasing	Steady	Increasing	Steady	Steady	Steady	Steady	Declining
Stage of Property Cycle	Rising market	Start of recovery	Start of recovery	Bottom of market	Approaching bottom of market	Start of recovery	Bottom of market	Start of recovery	Start of recovery	Approaching peak of market	Start of recovery	Approaching peak of market	Approaching peak of market	Starting to decline
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Almost never	Almost never	Occasionally	Occasionally	Occasionally	Occasionally	Almost never	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Frequently

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

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







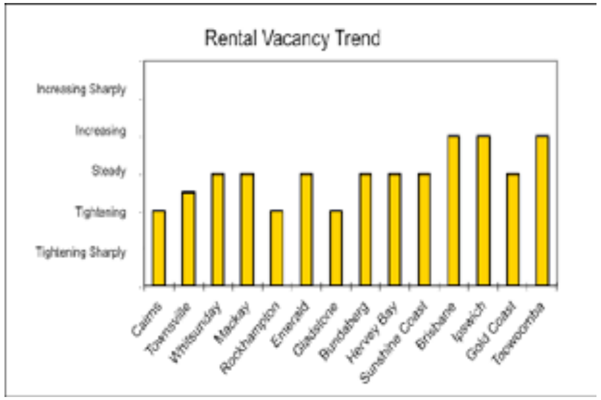
Market Indicators

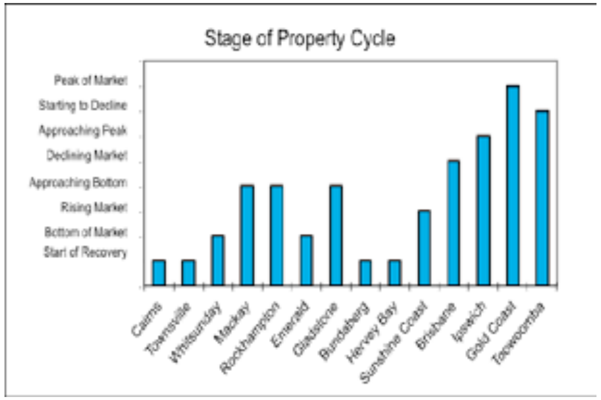
Queensland Property Market Indicators - Units

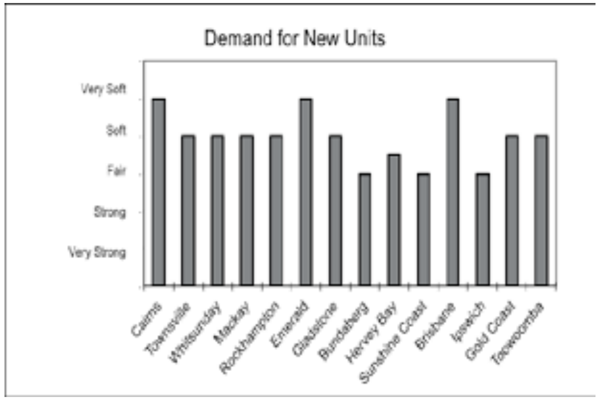
Factor	Cairns	Townsville	Whit-sunday	Mackay	Rock-hampton	Emerald	Gladstone	Bunda-berg	Hervey Bay	Sunshine Coast	Brisbane	Ipswich	Gold Coast	Too-woomba
Rental Vacancy Situation	Shortage of available property relative to demand	Over-supply of available property relative to demand	Balanced market	Over-supply of available property relative to demand	Balanced market	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Balanced market	Balanced market	Balanced market	Over-supply of available property relative to demand	Balanced market	Balanced market	Over-supply of available property relative to demand
Rental Vacancy Trend	Tightening	Tightening - Steady	Steady	Steady	Tightening	Steady	Tightening	Steady	Steady	Steady	Increasing	Increasing	Steady	Increasing
Demand for New Units	Very soft	Soft	Soft	Soft	Soft	Very soft	Soft	Fair	Soft - Fair	Fair	Very soft	Fair	Soft	Soft
Trend in New Unit Construction	Declining	Steady	Steady	Declining	Steady	Declining significantly	Declining	Steady	Steady	Increasing	Declining significantly	Increasing	Increasing	Declining
Volume of Unit Sales	Declining	Declining	Steady	Steady	Declining	Steady	Increasing	Steady	Steady - Declining	Steady	Declining	Declining	Steady	Declining
Stage of Property Cycle	Start of recovery	Start of recovery	Bottom of market	Approachin g bottom of market	Approachin g bottom of market	Bottom of market	Approachin g bottom of market	Start of recovery	Start of recovery	Rising market	Declining market	Approachin g peak of market	Peak of market	Starting to decline
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasion-ally	Almost never	Almost never	Occasion-ally	Almost never	Occasion-ally	Occasion-ally	Almost never	Occasion-ally	Occasion-ally	Almost never	Occasion-ally	Frequently	Occasion-ally

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

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







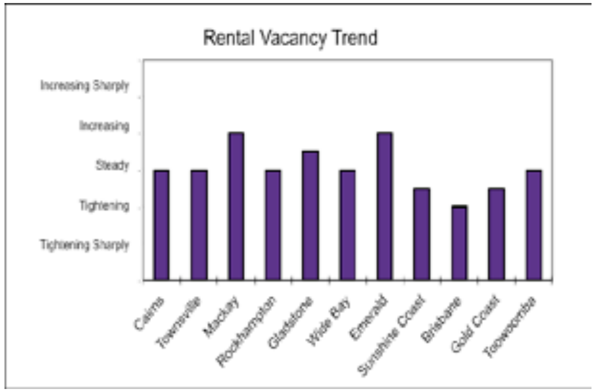
Market Indicators

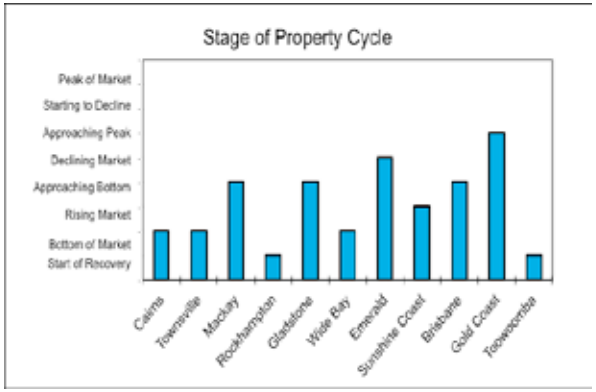
Queensland Property Market Indicators - Office

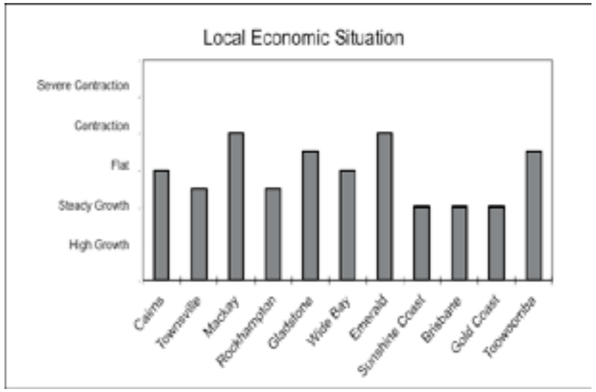
Factor	Cairns	Townsville	Mackay	Rock-hampton	Gladstone	Emerald	Wide Bay	Sunshine Coast	Brisbane	Gold Coast	Toowoomba
Rental Vacancy Situation	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Large over-supply of available property relative to demand	Balanced market	Over-supply of available property relative to demand	Balanced market	Over-supply of available property relative to demand	Balanced market	Large over-supply of available property relative to demand	Over-supply of available property relative to demand	Balanced marke - Over-supply of available property relative to demand
Rental Vacancy Trend	Steady	Steady	Increasing	Steady	Steady - Increasing	Steady	Increasing	Tightening - Steady	Tightening	Tightening - Steady	Steady
Rental Rate Trend	Declining - Stable	Declining	Declining	Stable	Stable	Stable	Declining	Stable	Stable	Stable - Increasing	Declining - Stable
Volume of Property Sales	Steady	Steady	Declining	Increasing - Steady	Steady	Steady	Declining	Increasing - Steady	Steady	Increasing	Steady - Declining
Stage of Property Cycle	Bottom of market	Bottom of market	Approaching bottom of market	Start of recovery	Approaching bottom of market	Bottom of market	Declining market	Rising market	Approaching bottom of market	Approaching peak of market	Start of recovery
Local Economic Situation	Flat	Steady growth - Flat	Contraction	Steady growth - Flat	Flat - Contraction	Flat	Contraction	Steady growth	Steady growth	Steady growth	Flat - Contraction
Value Difference between Quality Properties with National Tenants, and Comparable Properties with Local Tenants	Small	Small - Significant	Large	Small - Significant	Significant - Large	Significant	Small	Small - Significant	Significant	Small	Significant - Large

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

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







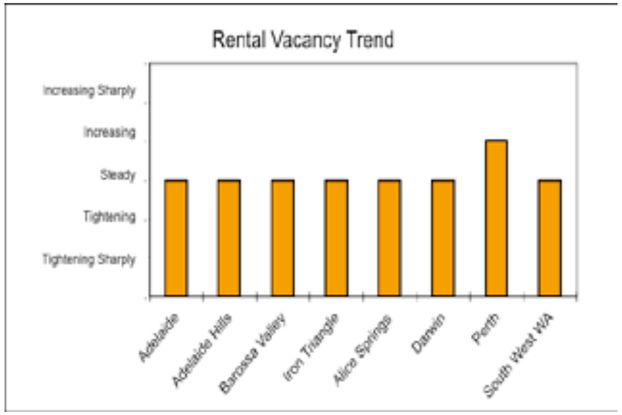
Market Indicators

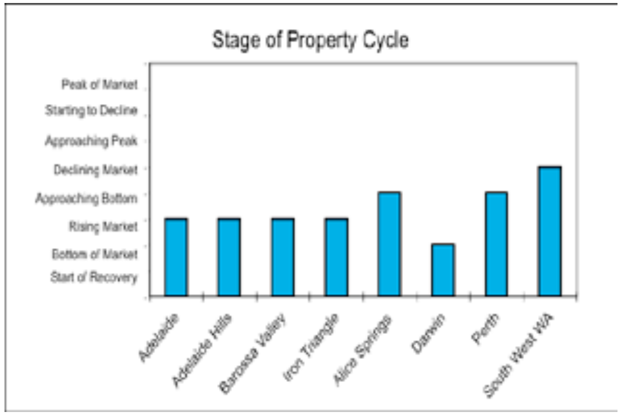
Northern Territory, South Australia & Western Australia Property Market Indicators - Houses

Factor	Adelaide	Adelaide Hills	Barossa Valley	Iron Triangle	Mount Gambier	Alice Springs	Darwin	Perth	South West WA
Rental Vacancy Situation	Balanced market	Balanced market	Balanced market	Balanced market	Shortage of available property relative to demand	Balanced market	Balanced market	Balanced market	Balanced market
Rental Vacancy Trend	Steady	Steady	Steady	Steady	Tightening	Steady	Steady	Steady	Steady
Demand for New Houses	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair
Trend in New House Construction	Increasing	Increasing	Increasing	Increasing	Steady	Increasing	Increasing	Increasing	Increasing
Volume of House Sales	Steady	Steady	Steady	Steady	Increasing	Steady	Steady	Steady	Steady
Stage of Property Cycle	Rising market	Rising market	Rising market	Rising market	Rising market	Rising market	Rising market	Rising market	Rising market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally

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

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





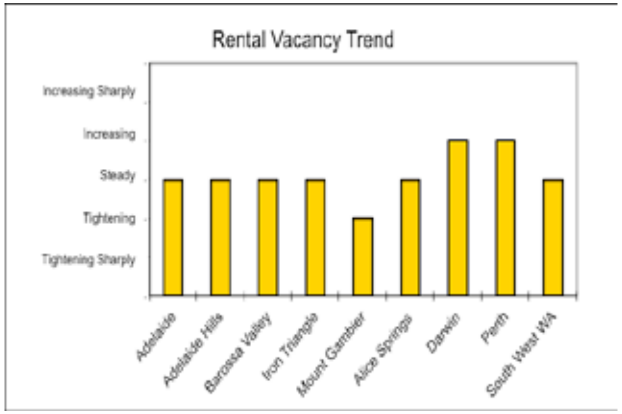
Market Indicators

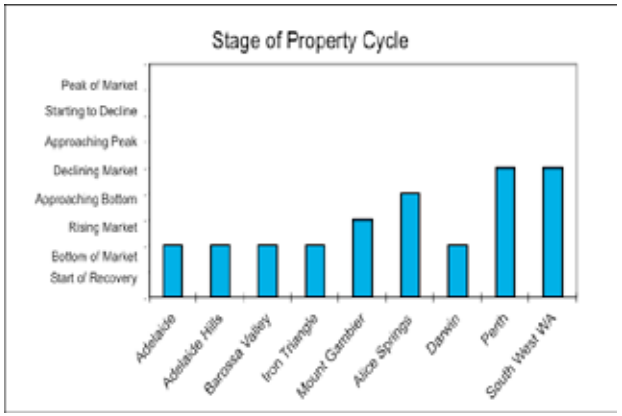
Northern Territory, South Australia & Western Australia Property Market Indicators - Units

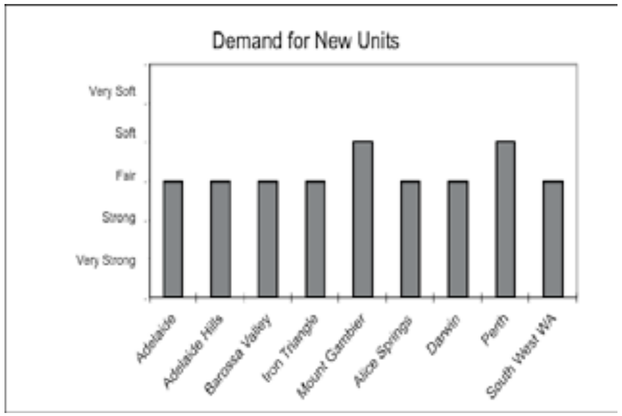
Factor	Adelaide	Adelaide Hills	Barossa Valley	Iron Triangle	Mount Gambier	Alice Springs	Darwin	Perth	South West WA
Rental Vacancy Situation	Balanced market	Balanced market	Balanced market	Balanced market	Shortage of available property relative to demand	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Balanced market	Over-supply of available property relative to demand
Rental Vacancy Trend	Steady	Steady	Steady	Steady	Tightening	Increasing	Increasing	Steady	Increasing
Demand for New Units	Fair	Fair	Fair	Fair	Soft	Fair	Soft	Fair	Fair
Trend in New Unit Construction	Increasing	Increasing	Increasing	Increasing	Steady	Declining significantly	Declining	Declining	Declining significantly
Volume of Unit Sales	Steady	Steady	Steady	Steady	Increasing	Increasing	Declining	Increasing	Increasing
Stage of Property Cycle	Bottom of market	Bottom of market	Bottom of market	Bottom of market	Rising market	Bottom of market	Declining market	Declining market	Bottom of market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Almost never	Almost never	Almost never	Almost never	Occasionally	Frequently	Occasionally	Almost never	Frequently

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

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







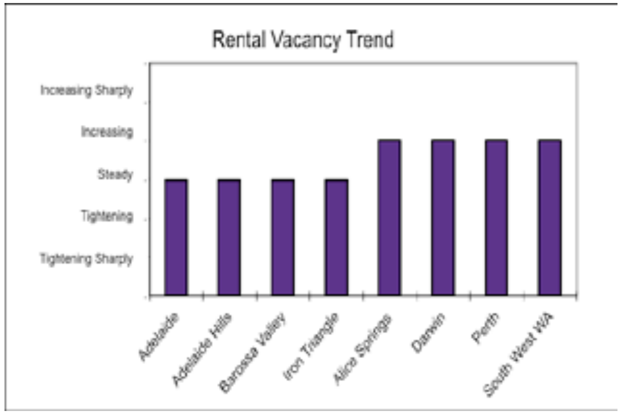
Market Indicators

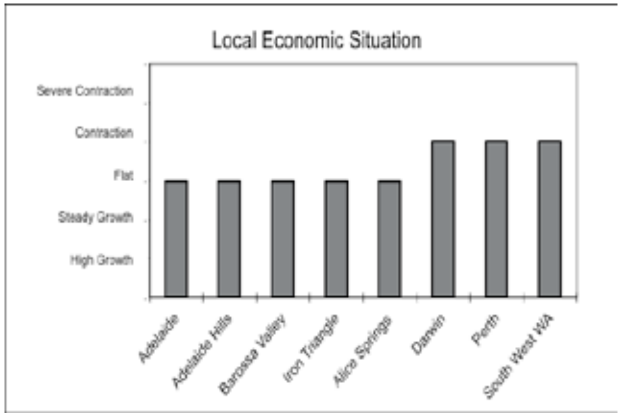
Northern Territory, South Australia & Western Australia Property Market Indicators - Office

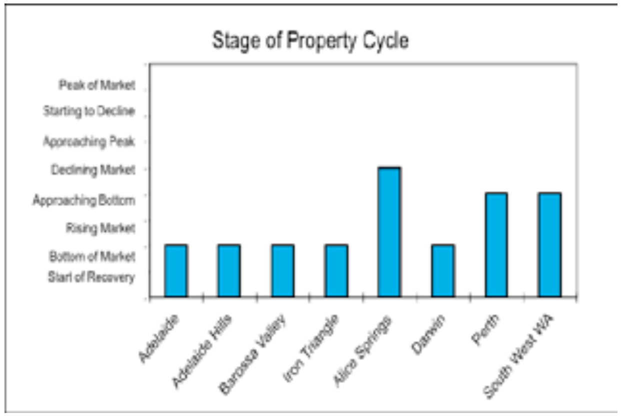
Factor	Adelaide	Adelaide Hills	Barossa Valley	Iron Triangle	Alice Springs	Darwin	Perth	South West WA
Rental Vacancy Situation	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Large over-supply of available property relative to demand	Large over-supply of available property relative to demand	Over-supply of available property relative to demand
Rental Vacancy Trend	Steady	Steady	Steady	Steady	Steady	Increasing	Increasing	Increasing
Rental Rate Trend	Stable	Stable	Stable	Stable	Declining	Declining	Declining	Declining
Volume of Property Sales	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Declining
Stage of Property Cycle	Bottom of market	Bottom of market	Bottom of market	Bottom of market	Declining market	Bottom of market	Approaching bottom of market	Approaching bottom of market
Local Economic Situation	Flat	Flat	Flat	Flat	Flat	Contraction	Contraction	Contraction
Value Difference between Quality Properties with National Tenants, and Comparable Properties with Local Tenants	Large	Large	Large	Large	Small	Large	Large	Small

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

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







Market Indicators

Local expertise.
National strength.
Trusted solutions.

Herron Todd White is Australia's leading independent property valuation and advisory group. For more than 45 years, we've helped our customers make the most of their property assets by providing sound valuations and insightful analytical advice.

With offices in every capital city, most regional centres and right across rural Australia, we are where you are. Our valuers work in the property market every day, providing professional services for all classes of property including commercial, industrial, retail, rural and residential.

Herron Todd White is Australian owned and operated. With directors who are owners in the business, our team has a personal stake in providing you with the best service possible.

Liability limited by a scheme approved under Professional Standards Legislation. This scheme does not apply within Tasmania.

HERRON TODD WHITE

Telephone 1300 880 489
admin@htw.com.au
htw.com.au