HERRON TODD WHITE RESIDENTIAL

Residential

September 2019

National Property Clock: Houses

Entries coloured orange indicate positional change from last month.

Albury
Bathurst
Canberra

Dubbo
Sunshine Coast
Wodonga

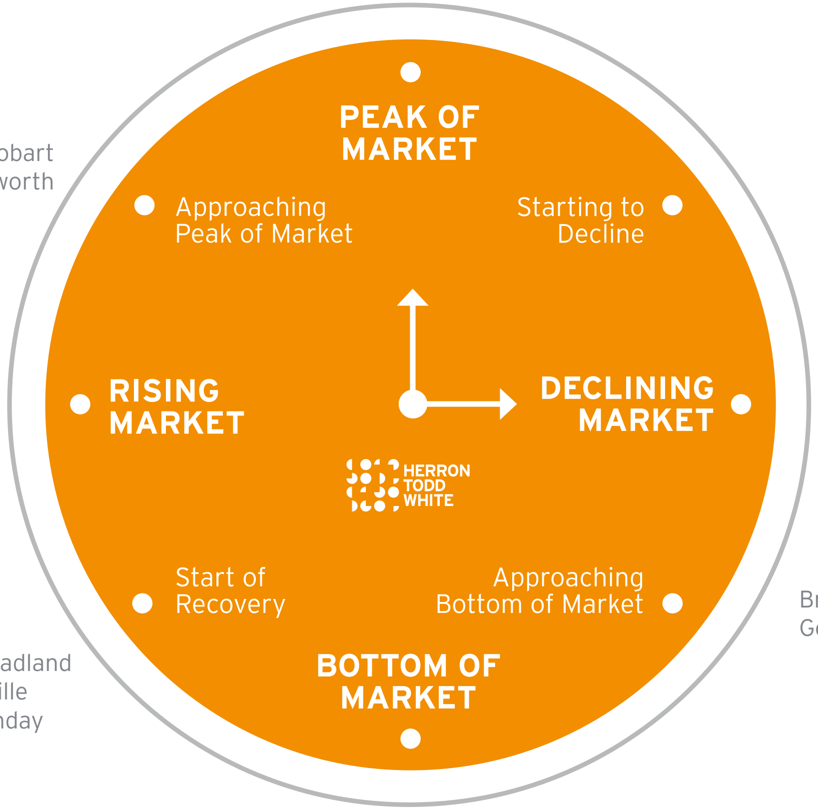
Hobart
Tamworth

Ballina/Byron Bay
Central Coast
Coffs Harbour

Geelong
Lismore

Adelaide
Adelaide Hills
Barossa Valley
Emerald
Hervey Bay

Karratha
Launceston
Mildura
Shepparton



Gold Coast
Kalgoorlie
Newcastle

South West WA
Southern Tablenads

Broome
Geraldton

Illawarra

Cairns
Gladstone
Mackay

Port Headland
Townsville
Whitsunday

Alice Springs
Brisbane
Bundaberg
Darwin
Ipswich
Melbourne

Perth
Rockhampton
Southern Highlands
Sydney
Toowoomba

RESIDENTIAL

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National Property Clock: Units

Entries coloured blue indicate positional change from last month.

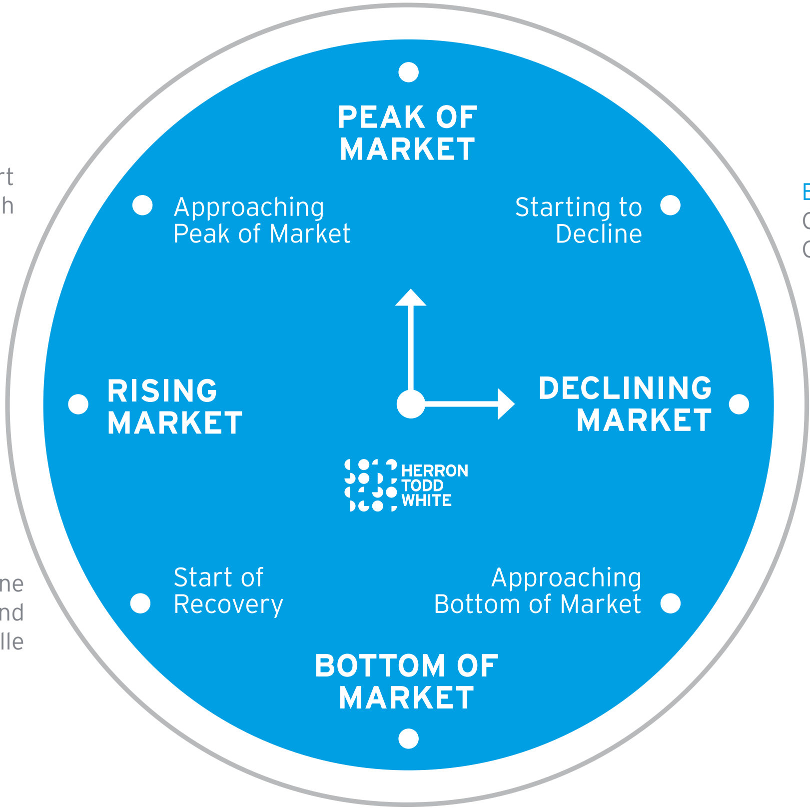
Albury
Bathurst

Sunshine Coast
Wodonga

Hobart
Tamworth

Ballina/Byron Bay
Central Coast
Coffs Harbour

Geelong
Lismore



Dubbo
Hervey Bay
Karratha

Launceston
Mildura

Canberra
Gold Coast
Kalgoorlie
Newcastle

Perth
South West WA
Southern Tablelands

Adelaide
Cairns
Emerald

Gladstone
Port Headland
Townsville

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Geraldton

Illawarra

Adelaide Hills
Alice Springs
Barossa Valley
Brisbane
Bundaberg

Darwin
Ipswich
Mackay
Melbourne
Rockhampton

Shepparton
Southern Highlands
Sydney
Toowoomba
Whitsunday

RESIDENTIAL

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New South Wales

Overview

Population movements are one of the best ways to track the rise and fall of residential markets, but generalised numbers don't always paint the fullest of pictures.

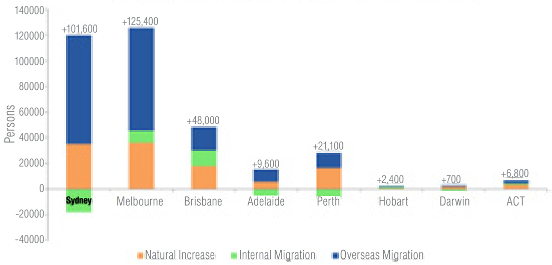
This month, our residential teams are looking at what's bringing new residents to their centres or, conversely, driving them away. They've also studied the effect of these human movements on the demand for real estate in their service areas.

It's a fascinating mixture of quantitative and qualitative analysis sure to pique the interest of every property player.

Sydney

According to the last census, between 2016 and 2017, Sydney's population grew by 101,600 people, an increase of approximately 2%. Of that, an increase of 84,700 came from net overseas migration, 35,000 from natural increase, while net internal migration provided a loss of 18,100 people (source: ABS). Interestingly, that internal migration loss has seen Sydney slip behind Melbourne in terms of overall population growth.

Components of Population Change,
Greater Capital Cities, Australia, 2016-17



Components of Population Change, 2016-17 Source: ABS

262,489

total net overseas migration for Australia between 2016 and 2017.

Source: ABS

Sydney's population growth has therefore predominantly been driven by overseas migration. In fact the overall total net overseas migration for Australia between 2016 and 2017 was 262,489 (source: ABS), meaning that 38.7% of that growth can be attributed to Sydney. Sydney is a desirable location for overseas immigrants due to employment opportunities, education facilities and other services and the opportunity to move into an area with a population of similar nationality or culture.

The majority of people who leave Sydney for other parts of Australia go to other parts of New South Wales and Melbourne (source: ABS). Newcastle, Wollongong and regional New South Wales offer plenty of opportunities for those looking for a sea or tree change, either in retirement or for those looking for a more affordable lifestyle, particularly lower cost housing, or to escape Sydney's bulging transport and road systems.

Those areas of Sydney that have seen the largest increase in net internal migration are the growth centres in the south-west and north-west of the city, which have experienced massive new housing growth over recent years through land releases.

TOP SYDNEY SUBURBS FOR NET INTERNAL MIGRATION

Statistical Area	Net Internal Migration	Overall Population Change
Cobbitty - Leppington	3663	4069
Riverstone - Marsden Park	3288	3790
Rouse Hill - Beaumont Hills	1230	1696
Kellyville	877	1295
Elderslie - Harrington Park	866	1222

Source: ABS

Within greater western Sydney there has been a ripple effect of buyers pushing further west in order to secure more property bang for their buck as urban sprawl continues.

This is evident within the new land release areas on the outer fringes of western Sydney such as Box Hill and Austral, with a number of local young families and upgraders buying affordable house and land packages or building their dream home for a lot less than the equivalent (and also older) products a few kilometres east.

As has been the case over the past few years, infrastructure has been a massive drawcard for many people in north-west Sydney resulting in people moving to the area who may not have considered it before. Suburbs such as Cherrybrook, which was often in the shadows of its more sought after neighbour West Pennant Hills, is now bucking the more stable market trend as seen with a recent result of $2.336 million for a quality built, 25-year-old, original dwelling in Rothbury Place, a short walk to the new metro station. This infrastructure linking the north-west to Chatswood allows for families to send their children to north shore schools without having to pay north shore prices for houses.

A recent sale in Rothbury Place, Cherrybrook Source: realestate.com.au

In the outer west, we've seen a number of Penrith residents moving to the lower mountains area and the lower mountains area moving to the upper mountains area and the upper mountains residents moving over the hill to Hartley and beyond.

We've also completed valuations for families selling up and moving to regional towns such as Bathurst. This is becoming more popular as technology is allowing people to work more remotely or even allowing certain occupations to work full time from home.

Another example of population movement is in Werombi, a small tightly held semi-rural village located on the outskirts of metropolitan Sydney. Local agents have been reporting a trend of buyers shifting further west for rural lifestyle holdings given the more eastern rural fringe areas, such as Rossmore, are part of the Sydney Regional Growth Centres Plan. This has seen a spike in interest and rising values for the better part of the last two to three year period.

Up until 2017, this was popular in the north-west of Sydney with Schofields residents on rural lifestyle holdings being bought out by developers and then moving further out to Oakville and Maraylya to escape the chaos of development and hopefully catch the development wave again decades later.

The great migration of baby boomers is no more apparent than on Sydney's north shore. Baby boomers occupying larger homes on the upper north shore suburbs such as Wahroonga and Turramurra have been selling up and moving to the lower north shore to settle in smaller luxury two and three-bedroom apartments in suburbs such as Mosman.

The existing dwellings the downgraders leave behind are generally purchased by local upgraders or returning expats with younger families wanting to take advantage of the north shore's quality schools and quiet neighborhoods. Over the years these homes are renovated to suit current demands and no doubt when the time comes these owners too will migrate east to the lower north shore to downsize, keeping the tradition alive.

Interestingly the suburb with the largest negative net internal migration, Parramatta-Rosehill, was the area with the largest positive net overseas migration. This would suggest existing residents are moving to other areas, potentially to upgrade from a unit to a house, with new residents from overseas filling the void.

Auburn, Campsie, Lakemba and Kingsford also have a high percentage of unit stock and would indicate that people are looking to upgrade from units to houses but can't necessarily afford to do that in the suburb in which they currently reside.

BOTTOM SYDNEY SUBURBS FOR NET INTERNAL MIGRATION

Statistical Area	Net Internal Migration	Overall Population Change
Auburn - Central	-636	857
Canterbury (South) - Campsie	-640	1286
Lakemba	-742	659
Kingsford	-882	1316
Parramatta - Rosehill	-1460	2926

Source: ABS

It is no surprise to see that those suburbs with the highest net internal migration are those that have also experienced significant unit construction in recent years. This has provided overseas immigrants the opportunity to get more affordable housing in well positioned suburbs, close to major transport links and services. Many of these suburbs are also located close to educational facilities which are also a major pull factor for overseas students into these areas.

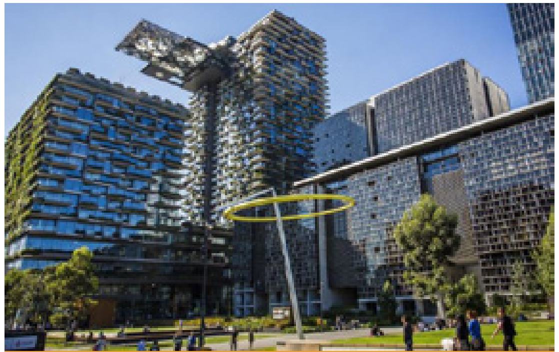
Baby boomers occupying larger homes on the upper north shore suburbs such as Wahroonga and Turramurra have been selling up and moving to the lower north shore to settle in smaller luxury two and three bedroom apartments in suburbs such as Mosman.

TOP SYDNEY SUBURBS FOR NET OVERSEAS MIGRATION

Statistical Area	Net Internal Migration	Overall Population Change
Parramatta - Rosehill	2926	2036
Waterloo - Beaconsfield	1905	2764
Redfern - Chippendale	1671	1418
Sydney - Haymarket - The Rocks	1653	1328
Kingsford	1316	494
Pyrmont - Ultimo	1303	1006
Hurstville	1289	936
Canterbury (South) - Campsie	1286	934
Arncliffe - Bardwell Valley	1260	2007
Kensington (NSW)	1183	625

Source: ABS

Chippendale is a small inner city suburb located at the southern end of the CBD and adjoins Redfern to the south. The suburb was long known for being an older style run down location, however the area has been transformed in recent years, particularly since the opening of the Central Park development by Frasers Property and Sekisui House.



Central Park Sydney Source: centralparksydney.com.au

Chatswood is a prime example of a suburb developed to meet the demands of these residents who desire central high density living with access to public transport.

At the 2016 ABS census, there were 8,617 residents in Chippendale with approximately 27% of people born in China and 21% of people born in Australia. In contrast, at the 2011 census, there were 4,057 residents, approximately 38% of which were born in Australia. During 2016 to 2017 the Chippendale and Redfern area saw a further net overseas migration of 6% (1,418 people) and this trend appears to be continuing.

A large portion of residents in Chippendale are also students drawn to the area by surrounding educational establishments such as the University of Technology Sydney, University of Sydney, University of Notre Dame Australia and TAFE campuses.

The essence of the area is changing to supply the demands of the increasing population of students and overseas migrants. This can be seen with the influx of cafés, restaurants and everyday services such as dry cleaning and medical centres.

There are some remaining sections of the suburb that still have original terrace style dwellings, however the majority of the suburb has been developed to provide high density style apartment living which is typically required by this younger demographic. Modern developments such as Central Park usually include common facilities such as swimming pools, gyms, communal areas and concierge services. Infrastructure and transport routes are established around here with Central train station and multiple bus stops being close by, as are educational facilities, the CBD and other services and amenities.

The suburb of Chatswood, on Sydney's lower north shore, has undergone major changes over the past decade. Chatswood is approximately ten kilometres north of the Sydney CBD and comprises a mix of major commercial development, high density residential development and surrounding detached residential housing on relatively large blocks of land.

Chatswood has a high percentage of Chinese residents, creating a prominent Chinese cultural community. This is especially evident around its CBD with a vast amount of Chinese businesses, Chinese restaurants and newly developed high-rise developments predominantly occupied by Chinese residents. Chatswood is a prime example of a suburb developed to meet the demands of these residents who desire central high density living with access to public transport. To meet these demands, we have seen a relatively recent major overhaul of Chatswood train station in conjunction with previously non-existent, high density residential development in and around Chatswood train station. In meeting the

3.1%

The estimated population growth in the **Chatswood (East)-Artarmon** area over 2016 to 2017.

3.6%

The estimated population growth in the **Chatswood (West)-Lane Cove North** area over 2016 to 2017.

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demands of the demographic in Chatswood, we have seen an increase in population, primarily the consequence of a greater supply of residential units. As Chatswood has continued to develop, demand for housing has been driven not only by the improved infrastructure, but also the desire by the Chinese demographic to be within proximity of the familiarities of the Chinese culture, of which Chatswood has an abundance. According to the ABS, as at 31 August 2018, the estimated population growth in the Chatswood (East)-Artarmon area rose by 3.1% over 2016 to 2017. The estimated population growth in the Chatswood (West)-Lane Cove North area rose by 3.6% over 2016 to 2017.

Although we are currently seeing less residential development, infrastructure continues to improve to meet the population growth. In addition to the major overhaul of Chatswood train station as mentioned above, Chatswood has a brand new metro station, part of the Sydney Metro Northwest project, connecting Rouse Hill to Chatswood via Castle Hill and Epping. The completion of this long-awaited project opens up the southern section of Chatswood and we expect to see this area experience major development in the near future, compounding the already evident population growth in the area.

Chatswood Skyline Source: Wikipedia

With Sydney's population expected to increase to around 6.5 million by 2036 (source: ABS), it is likely that net overseas migration will continue to be the major driver in this growth. This population growth will predominantly be in western Sydney but will also see some more established inner suburbs continue to experience urban consolidation through more unit development, as they continue to be the location of choice for those immigrating from overseas. This will continue to put further stress on roads, transport and services in established areas while newer areas will require new infrastructure.

Lismore

The usual resident population of Lismore in 2011 was 42,763 people. By 2016 the population was 43,135 showing a slight increase during the elapsed period. The following table outlines the migration patterns for Lismore from 2011 to 2016.

Migration between Lismore and other states and territories

LISMORE CITY

State / Territory	In migration	Out migration	Net migration
New South Wales	4,620	4,177	443
Victoria	275	444	-169
Queensland	1,281	2,179	-898
South Australia	77	36	41
Western Australia	140	112	28
Tasmania	55	63	-8
Northern Territory	104	84	20
Australian Capital Territory	41	77	-36
From Overseas	574		

Source: Australian Bureau of Statistics, Census of Population and Housing , 2016 (Usual Residence Data).

The following table indicates that the Lismore unemployment rate has decreased in the period from 2011 to 2016.

Lismore City's building approvals are used as a leading indicator of the general level of residential development, economic activity, employment and investment. Residential building activity depends on many factors that vary with the state of the economy including interest rates, availability of mortgage funds, government spending and business investment. The following table and chart indicate a substantial increase in building approvals in the past three years relative to the years prior to 2015.

RESIDENTIAL BUILDING APPROVALS

Lismore City	Number		
Year (ending June 30)	Houses	Other	Total
2018-19 Jun FYTD	112	4	116
2017-18	103	47	150
2016-17	114	241	355
2015-16	62	122	184
2014-15	69	0	69
2013-14	64	8	72
2012-13	78	4	82

The statistics are an indication of a relatively stable local economy in the Lismore area with stable migration patterns, adjoining regions enjoying relatively solid growth and reasonable localised employment prospects.

The Lismore area is increasingly being viewed as a more affordable alternative as the coastal areas of Ballina, Lennox Head and Evans Head reach price points that are beyond the reach of many people.

Demonstrating this is a simple price point comparison of what $500,000 can purchase in Goonellabah, a suburb of Lismore, compared with

EMPLOYMENT STATUS

Lismore City - Persons (Usual residence)	2016			2011			Change
Employment status	Number	%	Regional NSW %	Number	%	Regional NSW %	2011 to 2016
Employed	18,170	92.2	93.4	18,496	91.8	93.9	-326
Employed full-time	9,902	50.3	55.2	10,381	51.5	56.7	-479
Employed part-time	7,929	40.3	36.3	7,754	38.5	35.0	+175
Hours worked not stated	339	1.7	1.9	361	1.8	2.1	-22
Unemployed (Unemployment rate)	1,529	7.8	6.6	1,660	8.2	6.1	-131
Looking for full-time work	832	4.2	3.9	907	4.5	3.8	-75
Looking for part-time work	697	3.5	2.7	753	3.7	2.4	-56
Total labour force	19,699	100.0	100.0	20,156	100.0	100.0	-457

Source: Australian Bureau of Statistics, Census of Population and Housing 2011 and 2016.

Evans Head, a beachside town with a population of only 3,100 people.

30 James Rd, Goonellabah Source: RP Data Corelogic

30 James Road, Goonellabah is a well built, 2002, four- bedroom, three-bathroom, two level modern dwelling that sold very recently for $500,000.

3 Anson Avenue, Evans Head Source: RP Data Corelogic

3 Anson Avenue, Evans Head is an older high set residence consisting of one bedroom plus two enclosed veranda or sleep outs, together with an open plan lounge, dining and kitchen. It has recently gone under contract for $530,000.

This has seen an increase in prices as stocks have remained limited particularly in the broad price bracket of $850,000 to $2 million.

Byron Bay

The Byron Shire has been under a significant increase in population over the past five to seven years, as national businesses over this time have shifted their focus and allowed employees to be able to roam, justify their presence using online working platforms and still be within a short flight back to headquarters, rather than holding all employees within a glass building in a CBD location.

The Byron Shire location provides good services for all of the above. The airports of Ballina and Coolangatta have made an easy transport route for these commuters whilst providing an idealic location for a work life balance. This has seen the coastal resort towns of Byron Bay, Suffolk Park, Lennox Head and the outer quaint townships of Bangalow, Federal and Mullumbimby targeted areas for interstate buyers from Melbourne and Sydney.

As these areas have been under pressure of rapid population growth, councils have been under pressure to provide more availability for building opportunities and therefore we have seen a significant roll out of vacant land to combat the rapid growth. Take up rates in these new developments (particularly the townships of Lennox Head and Skennars Head) has been extremely stong.

Along with new land developments, some localities have been earmarked for future commercial development to aid in meeting the needs of the increasing population. One example would be the Epiq Estate in Lennox Head where construction of a new commercial precinct located approximately two kilometres from the actual town centre has commenced and is due for completion in 2020.

There's no doubt that this population growth from interstate migration has put pressure on the

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price of real estate in these localities. Melbourne and Sydney buyers who have sold in those areas over the past few years (particularly before their downturns) have snapped up limited available stock in the built environment in all the coastal resort locations. This has seen an increase in prices as stocks have remained limited particularly in the broad price bracket of $850,000 to $2 million.

As these interstate markets have seen recent downturns, it is only in recent months (since the commencement of 2019) that the flow on effect into our market has seen a slight change in this price bracket. Time spent on market would be the first observation, while no significant change in price levels has occurred as stock levels have remained relatively low.

Casino/Kyogle

For the country towns of Casino and Kyogle and their surrounding rural localities, the primary reason for the influx (if any) of out of towners into the area is generally for employment or a change in lifestyle or semi-retirement.

The respective population figures for Casino (10,914) and Kyogle (2,751) remain static and any changes resulting from migrating into these areas is relatively small.

The prospect of employment opportunities always provides some cause of interest in the area. The abattoir in Casino has always been a mainstay for employment and the recent infrastructure spend to improve the Casino Saleyards into a modernized facility helps boost the profile of Casino as a rural service town and the associated jobs that may flow from it within the agricultural sector.

The prospect of coal seam gas mining was somewhat lauded and welcomed in the area over 12 years ago as a boon for investment and employment in Casino and the surrounding towns. However, following more research and growing community disquiet about the effects of such mining practices, the mood soon turned sour and such promises of growth in this business took a proverbial tumble off the cliff.

Now there is the promising prospect of a medicinal cannabis facility to be created and developed in the Casino and Richmond Valley region which is touted to bring approximately 300 direct and indirect jobs into the region. Not so much simply a puff of smoke, but a decent shot in the arm for business opportunity and income generation... in a legal way.

In terms of people coming into the area for a lifestyle change, it is the relative affordability offered in Casino and Kyogle compared to other Northern Rivers towns. A quiet and private five acres with creek frontage and a decent three or four bedroom home for under $550,000 and only five to 15 kilometres from Casino or Kyogle can be a draw card. It's the laid back life that a lot of busy and mid-life adults crave. Or, consider the young individual or couple moving into the area thanks to a new job. A reasonable house for under $300,000 is not out of reach, with generally schools and all the usual town services nearby. No, it's not a one-bedroom unit in Manly overlooking the sea...but at least the rent or mortgage payments are not 99% of your take home pay!

The prospect of employment opportunities always provides some cause of interest in the area.

In summary, the influx of out of towners into the regional and rural areas of Casino and Kyogle are unlikely to witness the manic buying and selling activity that can be experienced in the more popular coastal areas of say, Byron Bay, which is generally frequented by high net worth individuals with money to burn and who want the coastal lifestyle vibe.

Here in Casino and Kyogle it's more about the trees and land and the quiet that can be achieved at a reasonable price and minus the rat race hassle. And that sounds pretty cool.

Ballina

The Ballina Shire continues to see an increase in population growth, particularly concentrated within the coastal areas of Ballina, Skennars Head and Lennox Head. The estates of Ferngrove and Riveroaks in Ballina, Ballina Heights and Banyan Hill in Cumbalum, Epiq Estate in Lennox Head and most recently the Aureus Estate opposite Sharpes Beach at Skennars Head are catering to this population growth.

The sought after areas of the North Coast of New South Wales have traditionally attracted buyers from Sydney and Melbourne looking for a sea change or tree change. In more recent times, local agents active within the coastal areas of the Ballina Shire have reported a strong increase in Byron Bay residents looking to relocate south on the back of strong increases in value in Byron Bay.

Infrastructure projects catering for this population increase include upgrade works along the Coast Road between Lennox Head and Ballina which includes a recently completed roundabout at the Skennars Head Road intersection, a proposed roundabout at the Headlands Drive intersection and works have commenced for a footpath between Skennars Head and Lennox Head. It is also proposed that River Street which is the main entry point into Ballina from the west is to be upgraded to four lanes.

Clarence Valley

The Clarence Valley, in particular Yamba, Maclean and Grafton, is seeing a continued increase in workforce due to the Pacific Highway upgrade and new Clarence Correctional Centre. These infrastructure works have drawn a workforce nationally and locally and brought many workers across state lines. However, this influx is likely to cease, or at least lose momentum as these works reach their completion. In saying that, some people who have temporarily worked in the region are looking at permanently relocating due to a new found love of the area and its prime beaches, river system and overall appeal.

Looking at another demographic, the Clarence Valley has long struggled to compete against larger cities, universities and broader travel endeavors to keep its young (school leaver age and young adult) demographic in the region. However, there is much being done to entice these groups to build the economy locally, although it continues to be a curse most rural areas endure.

Long term, these issues will likely remain and the short to medium term is predicted to be a time of change for the Valley, with its shifting workforce and continued beach appeal.

Coffs Harbour

To understand population movements within any region we must look to the census statistics to determine what type and amount of people are moving. Based on the statistics provided by the Coffs Harbour City Council website, population movements between 2011 and 2016 can be broken down as follows:

51.3% of people did not change address during this period, while 37.6% moved from elsewhere in Australia and 3% moved from overseas. A total of 14,142 people, or 54.6% of those who moved within Australia, moved within Coffs Harbour city.

From these basic statistics we can see the greatest population movement is from within Australia with only a small percentage of overseas immigration. We can break down this Australian migration further:

- the highest percentage of movement was from within New South Wales (net migration 1,865);
- net migration from Victoria was 182;
- Queensland's net migration was -849;
- the balance of 3,017 net migration came from all other states and territories.

Other points to consider when discussing migration are the age demographic, family structure and housing tenure (owner-occupied or rented) all of which have different property needs. Younger adults and renters are more likely to move more often, whilst owner-occupiers tend to stay in one place.

The age group with the highest net migration within Coffs Harbour are the 35 to 44 year olds and not surprisingly, the highest percentage leaving is the 18 to 24 years age group. This is a reflection of the younger population leaving for higher education or work opportunities, whilst the 35 to 44 year old are coming for the lifestyle benefits and lower cost of housing.

The next largest group to migrate are retirees (55 to 65 plus). Housing requirements for this sector cannot be stereotyped as this is a diverse market. Traditionally the 50 to 60 year sector were the empty nesters looking to downsize, however increasing property prices, living and education expenses, both the kids and grandma are staying at home with multiple generations living in one property.

What we can derive from the above is that the Coffs Coast region is experiencing a steady population growth although mainly in the 35 to 65 plus age group which has diverse property needs. These ages are generally families or retirees coming for the lifestyle benefits coupled with good availability of education, transport and medical facilities.

To cope with increasing population trends we require land to be developed which is well located to all these facilities. Not surprisingly, Coffs Harbour has experienced very strong capital growth and activity in the vacant land market over the recent boom period. There is never an oversupply in the market at any one time given the natural constraints of supply, however the increased demand over the past two to three years has seen values rise significantly. It has not been uncommon in developing estates such as North Sapphire Beach, Woolgoolga and Sandy Beach for a high proportion of sales to occur off the plan to either spec builders, owner-occupiers or investors, with values rising five to ten per cent as each stage becomes available for sale. Further expansion of large land tracts will be

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required moving forward with several large en globo parcels earmarked for Sandy Beach to the north and Bonville to the south whilst the coastal township of Urunga will also see some major land being developed in coming years.

The other sector which requires development is aged care facilities. As noted in the population statistics a high percentage age group moving is 55 to 65 years and older, plus the fact that we are living longer and healthier has also changed the face of what is needed in our ageing years in terms of property requirements. So instead of looking for retirement homes at age 55, we are looking for property that will benefit the next stage of life. Traditionally this next stage was to downsize and look toward lower maintenance property whilst realising some equity from the family home to use for travel or extra living money. These buyers are typically looking for centralised property close to services and public transport.

Where we are seeing a real lack of property choice is in the 70 year plus bracket for those who can no longer live independently at home and are looking to move to an aged care facility. The waiting list for the available facilities within the region is forever growing with limited product available in comparison to demand. We have seen construction start recently on a $100 million dollar aged care facility at Park Beach (Coffs Harbour) being an upmarket facility which will provide a 120-bed residential care facility and 183 self-contained dwellings which are very much lacking in the local market.

Housing requirements and an ageing population within the Coffs Harbour and surrounding regions area will be key issues in years to come.

Central Coast

The Central Coast is that region just to the north of the Sydney metropolitan area.

For generations, it used to be the place where people went for holidays or a weekend break – you know the place, an easy drive and an even easier place to relax. Seems almost everyone had a grandparent, auntie or uncle somewhere here with a sleepout to bunk down in for the weekend or holiday.

That used to be the case, except over the past 20 or so years the benefits available in the region have seen it become a permanent place to live for many.

Two factors led to this – firstly the Sydney/Newcastle Tollway (later the F3 Freeway and now the M1 Motorway) and secondly the affordability of property.

Today, the Central Coast region is viewed by many as an extension of Sydney's north.

The topic this month is where the people are coming from, and in our daily lives of valuing property, when we go to a property under contract, we ask the selling agent whether the buyer is local or an out of towner. After years of hearing the answers, and in no particular order, it seems buyers are attracted to:

a) New residential unit developments. This is particularly the case in the Gosford CBD and hospital precinct. From the sale contracts we are seeing, there are a few locals buying for investment purposes, but the majority of purchasers are Sydney based looking for investment properties.

At the moment, a close watch is recommended for new units as there is an oversupply situation arising. Prices for new units can be seen in the mid $400,000s and rising to well over the $1 million mark. Most new units were purchased off the plan in 2016 and 2017 with little to no capital gain seen for the most part when valued in the current market and in some instances, losses are being seen.

b) New residential estates. Particular attention is given to the new communities in Hamlyn Terrace, Woongarrah and Wadalba. These are suburbs to the northern end of the region and have been expanding for many years now, but still have a lot of land available for further development. The attraction here is new dwellings that are affordable and functional within easy access of the M1 Motorway and providing entry to the agreeable lifestyle offered by the region.

Although there are a few investor purchasers, the majority are those looking to occupy after leaving the Sydney market where affordability has become a real challenge for many.

House and land packages are popular in these areas and we see pretty good value in this product, in many cases between $450,000 and $600,000 depending on dwelling and land size, although we have seen some inexplicable variances in sale prices, so we do recommend a good level of research be carried out before committing to a purchase.

c) The other property type targeted by out of towners is the weekender property. Again, we

Today, the Central Coast region is viewed by many as an extension of Sydney's north.

see a majority of purchasers of these properties coming from Sydney. These are people in the fortunate position of holding a property in Sydney and the ability to have a weekender on the coast. Most purchasers target the beach or other waterfront areas and this can be anywhere from Patonga, Pearl Beach, MacMasters Beach, Avoca Beach, Terrigal, Toowoon Bay to Blue Bay.

Property types are houses in the plus $2 million range (much higher for beachfronts) or units with prices paid being dependent on location or view, but usually upwards of $700,000. They will usually be older, established properties, although there are several new unit developments in Terrigal which Sydney buyers are finding attractive to either live in or use for investment purposes.

These are the main properties we see out of towners being drawn to. There are other locations and property types seeing some interest from out of towners, but less so than those mentioned above.

As mentioned, the majority of new buyers and residents originate from the Sydney market where affordability levels are such that they are leaving it. Occasionally, we see buyers from other regions and the odd family moving here from overseas, but not in great numbers. Similarly, like many other regions, we saw quite a number of Chinese nationals buying in the region a few years back, but that has almost ceased now.

The not so surprising fact of Sydneysiders buying into the region raises the question of where are the local sellers going? Well, we see two things happening with them. They are moving further north - Queensland or the far north coast of New South Wales seem to be the popular choices - or alternatively, they are upgrading to superior properties within the region, in many cases to the next suburb or just around the corner from where they are.

It's a funny period in the region's growth. We see the locals shaking their heads in disbelief at some of the prices paid by Sydneysiders, while at the same time the Sydneysiders, being used to Sydney prices, struggle to contain their joy at securing a property at such a bargain price.

The region's progression for the next generation of property owners will be inevitable and very interesting. New needs, wants and ideas will dictate the future of the region and while contentious choices by our decision makers are nothing new, the now and future generations are bound to test them even more. We hear of many proposals for new or expanded business districts and anyone familiar with the region will appreciate that proposers of expansion have rarely enjoyed an easy journey to realisation of their proposals by the decision makers, backed by the many interest (and very vocal) groups.

Mid North Coast/Port Macquarie

Port Macquarie has always been an area for population growth and as at 2018, had a population of 46,447, being the ninth most populous place in New South Wales.

Over the past two years, we have seen building development occurring in the retirement age group with two new retirement nursing home expansions and a new retirement village south of Port Macquarie. This in turn has produced an on flow effect and we have seen a rise in older original properties being placed on the market.

The outer fringe suburbs of Port Macquarie have seen extensive residential development with many developers commenting on a 50/50 mix of locals and out of towners purchasing new homes. Port Macquarie having a high unemployment rate has seen an increase in development of educational and medical infrastructure. This in turn has attracted a middle class- out of town population to the area and has assisted with neutralising the downturn that has been felt across other areas, producing a stable property market.

Port Macquarie with a population of 46,447 (2018) is the **ninth** most populous place in New South Wales.

According to census, the main occupations of people living in Port Macquarie are professionals (21.9%),, technicians and trades workers (13.9%), clerical and administrative workers (13.8%), community and personal services workers (13.1%) and sales workers (11.4%).

The main industry people from Port Macquarie work in is hospitals (except psychiatric hospitals) at 5.2%. Other major industries of employment include aged care residential services (3.6%), cafes and restaurants (2.9%), secondary education (2.9%) and electricity distribution (2.7%).

The property market in Port Macquarie has also been affected by national and local politics. The federal and state elections in the first half of 2019 caused a slowing in the property market and the outer fringes subdivisions were the first to be affected by a slowdown in sales and consequently a reduction in some land prices. Since then we have started to see a slow increase in land sales and construction of new residential dwellings.

RESIDENTIAL BUILDING APPROVALS

Port Macquarie-Hastings Council area	Number			Annual change		
Year (ending June 30)	Houses	Other	Total	Houses	Other	Total
2018-19 Jun FYTD	453	232	685	-	-	-
2017-18	551	116	667	+55	-100	-45
2016-17	496	216	712	+20	+60	+80
2015-16	476	156	632	+60	+6	+66

Source: Australian Bureau of Statistics, Building Approvals, Australia (8731.0). Compiled and presented in profile.id by .id , the population experts

Local politics have also affected the property market where pockets of areas have been affected by local council decisions such as the Orbital Road project. This local issue and the unknown designated routes has affected local sales in and around Clifton, Fernhill Road, Lake Innes and Greenmeadows. The possibility of an unknown amount of properties to be compulsorily acquired for the project raises the question of their ability to be sold at a true market value.

Whilst the Port Macquarie market has been somewhat sheltered from the downturn felt in metropolitan areas, other local areas such as Taree and Kempsey have not been as fortunate. with a drop in market values seen in these areas.

Newcastle

Whilst pondering this month's topic about population movements in our respective valuation regions, a news article came across this particular desk speculating on the expected population growth of Newcastle by 2056 as determined by the Regional Population Growth: Are we Ready? This report was completed by the University of South Australia and Southern Cross University so you know it's going to have the stats and the best buzzwords such as "dispersed regional growth" and "future population settlement patterns", but interestingly, the article spoke of Newcastle being conveniently located within close proximity to catch the regional growth overflow from Sydney. The article goes on to explain that large capital cities such as Sydney will become more congested in the future, with even more unaffordable living and housing conditions. As a result people generally start looking at other options away from these highly populated cities.

There's no need to wait for the year 2056 - we have already been seeing many new residents moving to our region in search of the easier lifestyle, more affordable housing and much less time sitting in traffic. There are numerous new Novocastrian residents who have moved from Sydney and we can quote them by saying they aren't ever leaving our region.

So with this new increase of residents to the area – where are the current residents moving to? We've seen much movement around Lake Macquarie with many older residents selling up and moving on to new adventures. Some are buying smaller properties in the same suburbs, others are moving closer to family and some are even buying into the new retirement villages in the area with all the mod-cons nearby for convenience.

On a recent valuation inspection we came across the most delightful retired couple. They were selling out and moving north to enjoy the years to come. Their property had sold fairly quickly and they were packed and ready to move to Tea Gardens (only 50 minutes north of Newcastle).

In this area of Tea Gardens, the predominant age group is 70 to 79 years and the current median house price is $620,000. The close by neighbouring suburb of Hawks Nest has enticed the younger, slightly more rowdy crowd, with the predominant age group at 60 to 69 years and the current median house price is $560,000.

A four-bedroom, two-bathroom and two-car garage house in Tea Gardens sold for $555,000 in June 2019. This property is modern, easy to look after, is within a close distance of the local shopping centre plus there's plenty of great fishing locations nearby.

Tea Gardens house sold for $555,000 in June 2019 Source: RP Data

The suburbs surrounding Lake Macquarie are much sought after by Sydneysiders. One interesting factor we've uncovered recently is that many of these Lake Macquarie properties are selling to Sydney investors who are utilising these properties as weekenders.

Overall, with the new infrastructure developments recently seen in Newcastle including the new Transport Interchange, the shiny new trams cruising up Hunter Street, upgrades to Newcastle Airport to include direct flights to New Zealand as well as plenty of new apartment developments, we can confidently say that Newcastle is well positioned for the future.

Albury

The prosperity of any regional city or area depends heavily on people movement generally and population growth specifically. Regional cities need to work harder than metropolitan cities to attract new residents from other cities, states or countries. The drivers of migration to regional areas are compelling and topical and feature on national news daily: housing affordability and lifestyle.

The deal breaker will always be employment; affordability and lifestyle go out the window if you don't have a job. Figures available from 2016 show the Albury area unemployment rate was 6.5% against a national figure of 6.9%. In the 2016 census, health care and social assistance (14.4%) represented the largest industry of employment, followed by education and training (9.5%), retail trade (10.9%), manufacturing (8.9%) and construction (9%), then public administration (7.1%), accommodation and food services (7.8%) and then transport, postal and warehousing services (4.7%) and professional, scientific and technical services (4.2%).

6.5%

unemployment rate for the Albury area (from figures available from 2016), against a national figure of 6.9%.

In 2018, the population of the Albury area (with a land area of just under 560,000 hectares) was 64,188; in 2013 it was 60,371, so there has been an increase of 6.3% or 3,817 people over five years. This figure equates to an average of 763 per annum, with approximately 40% from internal migration and 60% from overseas migration. Not surprisingly, the construction industry as an employer represents 9% of the work force, which has been required with 2,273 new house approvals in the five years to June 2018 and 328 new units in the same time period. If we were calculating that the new residents were only occupying the new dwellings or units, the average household size would be 1.5 persons, well below the Albury area average house size in 2016 of 2.4 which was lower than the national average of 2.6 in 2016 (ABS Albury SA3 10901).

There is not really one property type or locality that stands alone; the entire area benefits from people moving to the country.

In terms of the property market and the impact of out of towners, we need people to keep moving to regional cities and towns and the Albury area is no different in this regard. The Albury area is fortunate to be able to canvass Sydney, Melbourne and Canberra as potential population growth sources and due to housing affordability and a large stock of different property types, market activity across the area is promising. Albury-Wodonga is a regional city of approximately 105,000 people. With Albury's population in 2018 being 64,188 and Wodonga's 41,429 (source: ABS), it is a comprehensive regional area and Albury is well placed to enjoy the benefits of the burgeoning Victorian population along with the sustained growth seen in Wodonga.

There is not really one property type or locality that stands alone. The entire area benefits from people moving to the country and this holistic approach needs to be fostered so all parts of the property market and the local economy can enjoy a vibrant regional experience. There are few factors stronger than affordability and lifestyle in a property market. These drivers motivate people to act which means people want to live, work and invest in an area offering these choices. People moving internally within an area do so to upgrade, downsize or aspire to owning some land. People moving from capital cities can afford to push the local property market higher and they have been very active in central Albury and also in the high end rural lifestyle markets. The challenge is striking a balance so affordability for newcomers does not completely diminish the affordability for existing residents starting or continuing their property experience.

Tamworth

Over the past five years, Tamworth has seen an average population growth of roughly 1% per annum, with the current population sitting around 62,000. This growth is predominantly locally driven with few residents moving away each year, and those who do are quickly replaced by those looking for a cheaper alternative to the major cities. Tamworth is an attractive option for those who feel priced out of the major cities with a range of housing options, jobs to pay for them and all the niceties offered by many larger cities, with the only downfall being the lack of a beach.

The most noticeably transient demographic for Tamworth is the 20 to 35 year olds. Many of these residents come to Tamworth for work in either the agricultural, industrial, health or professional sectors. However once they have spent a few years in the town, completed training, achieved qualifications or climbed the corporate ladder as they say, we see them start to drift away from Tamworth to chase bigger goals in the larger cities.

The effect of this steady but constant growth can be seen in the number of new housing developments located around the Tamworth CBD, with the city growing in all directions. For those who move from the much higher priced cities, it becomes a very attractive option to buy land and build a brand new home for as little as $400,000 for a four-bedroom, two-bathroom home, compared to what they can get for similar money elsewhere.

Goulburn

With the new residential developments coming online in the area over the last few years, we have seen an influx of various out of towners moving to the area. Situated between both Canberra and the Southern Highlands, the market has become increasingly popular for commuters seeing the region as an affordable lifestyle alternative due to excellent proximity to the Federal and Hume Highways.

Being located only an hour north-east of Canberra city and Canberra housing becoming further out of reach for young families, the Goulburn region has continued to transform as we see a broadening purchaser cohort comprising first home buyers, investors and more young families moving to the area. Brand new fully detached homes starting from $450,000 and established infrastructure already in place are motivating the shift from the ACT.

Marulan has seen an inflow of Southern Highland residents moving to the area, again appealing to commuters, first home buyers and logistics workers due to excellent proximity to the Hume Highway, the Sydney CBD being under two hours away and new infrastructure such as the opening of the town's first supermarket, IGA.

Southern Highlands

The thriving population of the Southern Highlands demonstrates the diversity of the local economy that is likely to continue as the area continues its transition from a rural, retiree location to a dormitory suburb of Sydney, being an increasingly popular location for young families and first home buyers looking for a real lifestyle alternative to an increasingly congested Sydney.

The more recent influx of families is particularly evident in the northern suburbs of Mittagong due to several large developments in the suburb of Renwick having been completed over the past five years coupled with increasingly flexible work arrangements providing the ability for people to work remotely. The most recent census data showed that the Southern Highlands was the third fastest growing regional area in New South Wales behind Maitland and Port Macquarie, with a 7.8% population increase from the previous census.

This influx in population has also recently seen some evidence of an oversupply of vacant land in the region due to several large scale developments coming online towards the very peak of the market. This has resulted in some declining sale prices within these new estates in the short term.

Overall the longer term outlook for the region remains positive as the population continues to grow and the state sees more large scale infrastructure coming on line for Sydney's ever expanding population, particularly in the south-western corridor spreading down toward the borders of the Southern Highlands.

Wollongong

Out of towners are drawn to Wollongong given its proximity to Sydney and its relative affordability compared to Sydney's property markets, its coastal lifestyle, its transforming employment opportunities and its well-regarded university.

Significant transformation has taken place in the city in the past five to ten years with a shift towards apartment living and improved transport links to the wider region.

The ABS advises that approximately 20% of Wollongong workers commute at least 50 kilometers to work, which is one of the highest rates in the state. First home buyers priced out of the Sydney market have taken to Wollongong and signed up for the commute. At its shortest, Helensburgh is a 50 minute train ride to Central and from Wollongong it is a 90 minute journey. Given that a lot of Sydney's suburbs experience hour long commutes to the CBD, Wollongong's more affordable property prices hold appeal. Similarly, second or third home buyers and downsizers are able to cash in on their large equity gains in their Sydney properties and get more bang for their buck in the Wollongong market.

50km

The ABS advises that approximately 20% of **Wollongong** workers commute at least 50 kilometres to work.

Suburbs north of Wollongong hold most appeal to those moving down from Sydney and local agents will advise that the majority of Wollongong properties with a price tag over $2 million will have a large amount of interest from Sydney based purchasers.

To those who are looking to avoid the commute, Wollongong's employment opportunities have been shifting away from its coal mining heritage with a rise in health and social services, knowledge services and advanced manufacturing. Positions are now available in Wollongong that were previously unheard of during a time when a commute to Sydney for skilled employees was mandatory.

Victoria

Melbourne

Inner and Outer North

Population movement in the outer suburbs has changed drastically over the past five years. In suburbs such as Craigieburn, the population has increased by 53.4% with the total population increasing from 32,634 people to 50,091. Compare this with suburbs in the inner-city such as Fitzroy, where the population has grown by 11.1%, with the total population increasing from 10,101 to 11,255. This massive growth can be attributed to the continual development and en globo land releases in outer suburbs which is helping accommodate young families looking for a cheaper alternative for housing. Looking to the future, experts are expecting the Craigieburn population to grow by another 36.88% from 2019 to 2041, resulting in a total population of 83,913. This expected growth raises the question of where will everyone live?

The predicted forecasts raise more concern within the city of Yarra, which takes in the inner-city suburbs of Princes Hill, Abbotsford, Clifton Hill and Richmond with population in the area expected to rise over 57.13% between 2019 and 2041. Accommodation for the expected 57,302 people is also a concern.

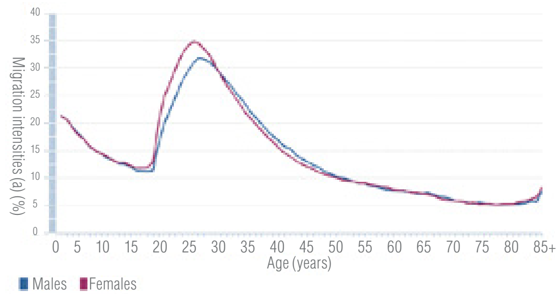
Breaking down the area, the primary resident group in the City of Yarra has recently moved from the modest working-class family (typically with a low household income) to a high-demand lifestyle migrant area attracting young professionals and students. This change is driven by factors such as development growth, migration patterns and housing supply. Whilst the above factors also affect the outer suburbs, estate development has caused greater shockwaves to the city's outer ring.

Looking at these suburbs, the continual growth will inevitably result in more estate development with the main source of these additional dwellings and households coming from greenfield opportunities in areas such as Epping North, Doreen and Mernda. A significant amount of development is also expected to take place near strategic sites such as University Hill in Bundoora and the Plenty Valley Town Centre in South Morang, with more apartment construction expected to take place. This growth will result in an overall increase in the median house price in areas such as Craigieburn ($536,000) as well as the median rental price per week ($400.00). Not only will this raise development competition in the area, but surrounding suburbs further out such as Kalkallo and Donnybrook will see an increase in population size.

East and Outer East

The number of individuals who choose to migrate within Australia ranks in the top 20% in the world. While it is hard to measure with absolute accuracy as many countries measure internal migration slightly differently, Australia has shown to the rest of the world how mobile its population is. This is a testament to the opportunities and freedoms granted to all who choose to seek a better life for themselves or their families, whether it is for lifestyle, job prospects or a combination of the two. Australia regularly has a changing population and the demographics of certain cities and towns are redistributed as individuals cater for their wants and needs. This is especially prevalent for young adults between the ages of 20-35 (source: www.abs.gov.au (2018).

Migration intensity (one year) (a) by age & sex, 2016



Source: www.abs.gov.au (2018)

In 2016, the internal migration intensity of women aged 25 years old was recorded at 35%, while men aged 25 years old was recorded at 32%. This translates to one in three men and women aged 25 moving location domestically in 2016. Whilst this statistic would give hope to parents waiting eagerly for their children to leave home,

Population movement in the outer suburbs has changed drastically over the past five years. In suburbs such as Craigieburn, population growth has increased by 53.4%.

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it highlights opportunity and promise for the next generation looking to seek employment by moving out of their homes to fresh locations whether it be the next suburb, the other side of the city or interstate.

In the City of Maroondah which takes in suburbs such as Ringwood, Croydon, Heathmont and Bayswater North, a higher proportion of people did not change address (59.2%), while a lower (31.1%) moved from elsewhere in Australia and 4.8% moved from overseas. A total of 10,318 people, or 32.2% of those who moved within Australia moved within the City of Maroondah.

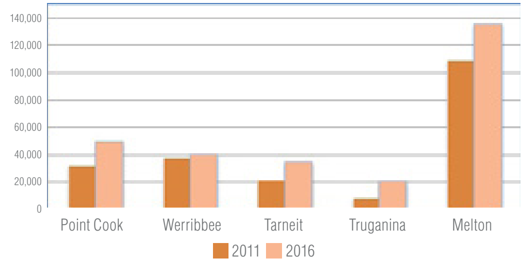
Maroondah covers the outer east region of Melbourne. Ringwood is located 23 kilometres east of the CBD of Melbourne. The largest portion of migration to the area was international residents. The main driver for international migrants to purchase within this area is affordable property, leafy suburbs, access to a major shopping district (Eastland) and direct freeway access leading back to the city and south to the Mornington Peninsula via the Eastlink toll roads.

The municipalities of Boroondara, Manningham and Maroondah had their largest growth in migration between 2011 and 2016 from overseas with 15,045, 8,428 and 4,903 respectively. This is representative of a desire to live in the east as an established family to have access to good schooling options, transport and live a well-rounded lifestyle. International interest in the area shows how borderless our city is and the accepting culture we represent. This encourages domestic and international interest to live in Melbourne, enhancing the rich multi-culture we have as a city and furthermore, a nation.

Western Suburbs

Melbourne's west has been a story of growth in recent years. New greenfield offerings in the cities of Wyndham and Melton stimulated a large population influx, emerging new community centres and population centroids further out of traditional demographic hubs of metropolitan Melbourne.

Population influx by suburb



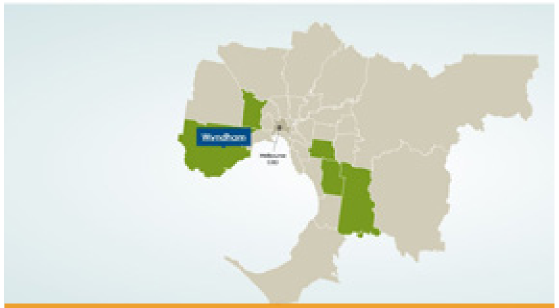
Source: ABS (2019)

Affordability is a key factor attracting home buyers to the developing suburbs of Melbourne. With metropolitan Melbourne's median house price recording $785,000, there are still several suburbs in the west where buyers can get a foot in the door for under $400,000.

New developing areas such as the cities of Brimbank and Wyndham show a large share of emerging cultural communities including those from India, the Philippines, Iraq and Sri-Lanka.

According to census data, Indians show a definite preference for housing projects located in the suburbs of Point Cook, Tarneit, Truganina and Rockbank. The choice of the location is a practical and pragmatic housing decision as the greenfield offerings remain one of the most affordable across Melbourne.

Popular regions for Melbourne's Indian community



Source: Live in Melbourne

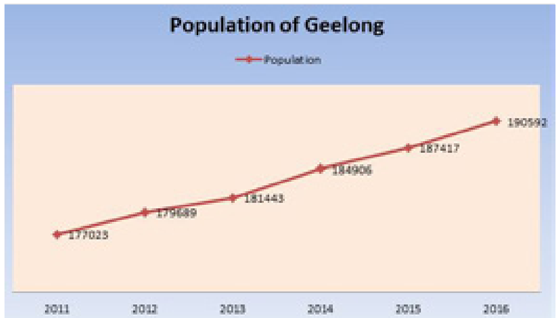
There are specific locations in the developing western suburbs considered desirable for housing, being Ashley Gardens Estate in Hoppers Crossing and Wyndham Waters in Williams Landing. The proximity to transport, easy access to freeways and proximity to shopping, educational and leisure centres attract buyers who look for functional neighborhoods. The high demand has impacted prices, moving prices paid above the median house price for the locality.

Major western region infrastructure upgrades, including transport projects and roads upgrade, construction of pedestrian overpasses and paths for cyclists, are underway and due for completion in 2021. The much-anticipated upgrade of the western road network gives local businesses opportunities for growth and access to places of employment.

The municipalities of Boroondara, Manningham and Maroondah had their largest growth in migration between 2011 and 2016 from overseas, with 15,045, 8428 and 4903 respectively.

Geelong

According to Australian census data, Geelong's population is continually growing in size. Looking back on the last eight years of Geelong's population change to 2016, the growth rate was very strong, ranging annually from 1% to 2%.

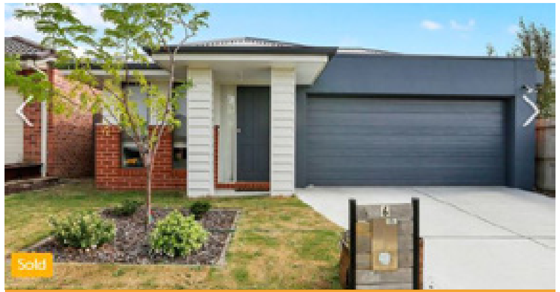


Source: ABS (2019)

Geelong's demographic profile continues to diversify. In 2011, the top five countries of birth for people in Geelong apart from Australia were England, Italy, New Zealand and Croatia. In 2016, the structure of the top five countries of birth had changed with India taking fourth place in the chart and making up almost 1% of the total population of Geelong. Those born in South-East, North-East Asia, Southern and Central Asia have increased significantly in numbers and percentage not only in Geelong but across Melbourne and Victoria as a result of overseas migration.

Geelong is characterised by the recently revitalised Waterfront precinct and newer residential areas of Geelong further out of the city's CBD. Geelong is still affordable for buyers representing strong opportunities for investors and owner-occupiers. Though the median house price for greater Geelong as at June 2019 was between $400,000 and $600,000, buyers could still get a near-new, three or four-bedroom house for close to $400,000.


$406,000, 17 Celesta Rd, Lara Source: Real Estate (2019)



$456,000, 6 Chucklecreek Lane, Armstrong Creek Source: Real Estate (2019)

The recent local infrastructure projects including an extension of railways, continuous improvement of Geelong's activity centres together with Geelong based Deakin University community operations undoubtedly influence the growth of the local economy and stimulate potential property market participants.

South-Eastern Suburbs

The outer south-eastern suburbs (OSES) have been a culturally diverse region of Victoria's rapid population growth for several years now, with newly settling migrant families taking advantage of the affordability of land prices in the area representing approximately 20% of the

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population of the cities of Casey and Cardinia. The population has been steadily growing in the OSES at approximately 6.5% year-on-year for the preceding three years, underpinned by Victoria's robust migration both domestically and internationally. The age group which dominates this area is 25 to 34 year olds. This is generally the period where couples are starting families and are forced further out of the centre of Melbourne due to the affordability issues faced within the inner south-eastern suburbs. The population of the outer south-east corridor is expected to continue to grow, being underpinned by housing affordability and Melbourne's strong migration.

Melbourne's Central Business District (CBD) and inner ring have always attracted interstate and international buyers who have been priced out of their respective markets. This is especially the case with Chinese occupants and purchasers, comprising 25% of the population within Melbourne's CBD as of 2017, whilst only 14.5% of residents living in the CBD were born in Australia. Interest reached a peak in 2017 and somewhat subsided throughout 2018 due to legislative changes in Australia as well as Chinese capital controls and taxes which have restricted demand in the past 12 to 24 months. We expect the population within Melbourne's inner ring to continue to rise.

Mildura

Mildura's population is expected to continue growing at around 1% per annum, with this growth coming from people moving here for either work or retirement. Unfortunately, some of this growth will be at the expense of smaller towns and rural communities within a 300 kilometre radius, with both younger and older people drawn to the better employment, lifestyle and health facilities on offer in Mildura.

We also expect to see some people moving here from capital cities, drawn by the cheaper cost of living and less congestion. The idea of spending less than ten minutes commuting to work and being able to buy a good standard home for less than $500,000 is an attractive proposition, and while many of our young folk head to a city to attend university or seek alternative employment opportunities, a reasonable percentage eventually return, often with young families, in order to be closer to family or attracted by the regional lifestyle.

The recent growth in the area planted to horticultural crops, in particular table grapes, has created a need for additional seasonal labour, which we expect to be largely met from overseas workers and recently arrived migrants. Mildura has a proud history of settling migrants, with many people from Mediterranean countries arriving here in the 1950s. More recently we have seen an influx of people from Pacific islands, India, Iraq and Afghanistan, knowing they can obtain work for most of the year. Finding suitable accommodation is a challenge for these workers and there is a growing need to build affordable accommodation, either on farms or in town. There is virtually no cheap housing now available for rent at present.

This shortage of affordable accommodation has been evident for well over a decade in the nearby town of Robinvale, located approximately 85 kilometres south-east of Mildura, where a large percentage of Australia's table grapes are grown. Robinvale has been in the news lately, following the release of an independent population review commissioned by Swan Hill Council in order to help lobby for appropriate funding for health and other services in the town.

This review, undertaken by Geografia, relied primarily on eftpos records to match the number of regular financial transactions at local businesses. They also cross-checked their population estimate by comparing domestic water consumption figures. Geografia's data suggests the real population of Robinvale is between 7,205 and 7,725, which is more than double the 2016 ABS census figure of 3,316. This highlights the difficulty in accurately measuring the population in some locations.

Shepparton

The Goulburn Valley Health redevelopment is well underway as the major infrastructure upgrade for the region. The hospital upgrade is said to require an additional 600 jobs in the near future and there is a fair amount of buzz amongst the surrounding estates. The jobs require a range in skill sets and pay scales, as will the properties that these people and their families require. There is no doubt that this will draw people and families from across the state and possibly the country.

600

jobs in the near future with the hospital upgrade.

As it currently stands, the rental market is very tight with a number of large real estate agencies quoting vacancy rates close to 1%. Houses in Shepparton are in relatively short supply as it is and that is before the jobs are advertised for the hospital. There are enough new land subdivisions on offer from developers for our city to continue to grow, however we are already in a building boom and building companies will most likely require additional trades to keep up with demand.

Many out of town investors are still being drawn to the Shepparton region because of the strong rental yields exhibited by the sub-$300,000 market, of which most appear to be investment properties merely changing hands, rather than an influx of rental stock. There are still a number of former housing commission properties that are being sold with yields up around 7.5% to 8% with tenants in place. Typically, these properties don't last more than a fortnight on the market.

The rental market is very tight with a number of large real estate agencies quoting vacancy rates close to 1%.

Queensland

Brisbane

First, a bit of a history lesson with help from the ABS's Net Interstate Migration (NIM) statistics.

Brisbane and its surrounds have traditionally seen property price movements sync to the number of interstate residents looking to make our little piece of Australia their new home.

A great example was in the early 2000s. During hot price growth runs throughout 2002 and 2003, we became a very cool destination for a number of impressive industries. Driven by a rise in mining activity, our city was the go-to capital for major operators who could set up head offices within an easy FIFO-style commute of their new operations.

This period also saw other big-time businesses set up in Queensland. For example, Virgin Australia's operations were a major boon for the political forces in south-east Queensland around this period.

All this meant there were jobs for new Queenslanders willing to don the maroon jersey come State Of Origin or pledge allegiance to support the Lions in winning a fourth straight premiership.

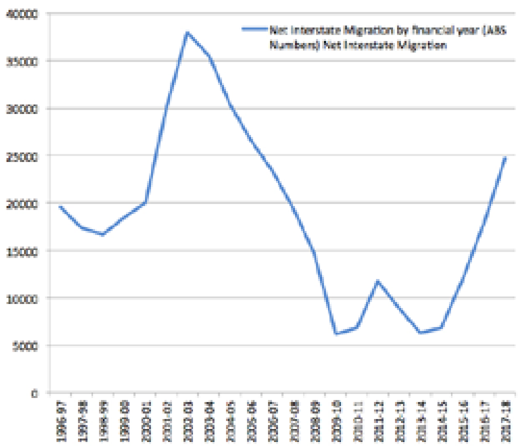
During this period, we were enjoying NIM figures of around 37,000 people per year.

Come price growth around 2007 and things were a little less convincing. Certainly, the mining boom was still in full swing but underlying employment opportunities for those who followed were a little tighter. Yes, property prices rose, but in a less convincing fashion and NIM was tracking at around 22,000 persons per year.

This tide of new residents heading coastward is turning somewhat as more choose to stay in Brisbane and enjoy it's growing cosmopolitan lifestyle attractions.

Post the financial horrors of the 2008 GFC, along with the natural disaster that was the 2011 flood event, Brisbane took a hit. Many of the financial and support service industry jobs were now Sydney or Melbourne centric. Our NIM figures from 2009 to 2015 ranged between 5,000 and 10,000 persons each year... and property prices were floundering a bit.

Net Interstate Migration by financial year (ABS Numbers) Net Interstate Migration



This long-winded lesson on the past is all to say, things are now on the up.

The NIM has been steadily rising from 15,000 in 2016 to just under 24,000 in 2018. The next lot of results in 2019 are expected to be even higher.

What we hope this time around is that those out of towners attracted to the region by affordability and lifestyle benefits, will be supported by jobs growth and infrastructure projects. While there are certainly a number of exciting projects on the books in terms of infrastructure, a pick up in employment would go a long way to building economic confidence.

What was noticed throughout 2017 and 2018 was the number of new residents coming from New South Wales and Victoria to Brisbane and then choosing to shift away to the Sunshine Coast and Gold Coast. Many of these across-the-border migrants were cashed up after selling their properties during the southern price boom and could now choose to buy a home near the beach for an excellent price.

A rise in the ability of professionals to work remotely has also played its part. Those white-collar workers and business owners who simply need access to a decent internet connection, and perhaps airport facilities for quick interstate

HERRON TODD WHITE RESIDENTIAL

trips, to service their clients were on a high. This demographic could choose a location based on lifestyle rather than employment opportunities.

This tide of new residents heading coastward is turning somewhat as more choose to stay in Brisbane and enjoy its growing cosmopolitan lifestyle attractions.

Of late, we've experienced some strengthening in the upper price sector from these new residents. The price point for ultra-prestige homes in Brisbane is a long way under those in Sydney, so the price of our very best housing is a temptation many can't refuse.

Of late, however, has been a more broad-based appeal for Brisbane housing. Many of those Sydney and Melbourne residents who just can't stand the costs associated with living in these population hot spots are joining us in the north. Best of all, they are pocketing a little extra equity after selling their modest homes (or, alternatively, saving on rent) and coming to Queensland.

So, what's the upside?

Well... it looks good for Brisbane. While we continue to have a quietly confident outlook for our city, with steady growth that will provide excellent long-term results for property owners, we also expect our NIM numbers to continue rising. Couple that with more work opportunities and a (hopefully) overall strengthening state economy, and it'd be fair to say that those who purchase in 2019 will look back in ten years and thank their stars they acted.

Gold Coast

Gold Coast West and Hinterland

To the west of the glitter strip of high rise units, canal estates and beaches is the hinterland of the Gold Coast and the Scenic Rim. For many years these areas have contained large greenfied sites ripe for subdivision into housing for the economically displaced. As housing costs on the Gold Coast and in Brisbane have been driving upward, those on a limited budget were forced away from increasingly expensive home ground and had to look at options further afield in order to take their first step on the property ladder.

Of note is the growing trend in these new acreage estates of extended families taking up residence in purpose-built dual living houses.

A brief history lesson is required for some context. In the early 1990s, the offerings of housing in the southern extremities of Brisbane around localities such as Jimboomba and Logan Village consisted of new acreage estates (too expensive for developers to build in sewer and water infrastructure for such remote locations back then) which set buyers back a cool $50,000 to $60,000 for 4,000 square metres or so of land. (The current price for similar land is now getting awfully close to $300,000). Toss in a relaxed covenant allowing modest sized houses and your desperate first home buyer could be all in on a new house for around $140,000 to $160,000. Sounds too good to be true right? Well, in the early 1990s, Jiimboomba and Logan Village had very little to offer In the way of schools, shops, or services. Acreage estates were the norm back then.

Fast forward to 2019 and with population and price pressure continuing to grow apace, the market for housing in the Jimboomba and Logan Village area has split in two directions. Where you read Jimboomba and Logan Village, include the now developing areas of Flagstone, Yarrabilba and Gleneagle. With increasing population in the area, infrastructure has followed in the form of large supermarkets, P-12 schooling including private schools and some good local employment opportunities.

How has the housing market split in two directions? First home buyers and now investors are being catered for in new, master planned estates such as Yarrabilba which look, more or less, like any other new estate on the outer fringe of any large city in Australia. What is interesting though is how the acreage market has evolved. Formerly the domain of desperate first home buyers, acreage land has morphed into an up market destination for the more well heeled and established second, third or fourth home buyer who wants the quiet life or room for the boats, bikes and vans. Typically a new house on acreage wiil cost $600,000 to $700,000, whilst one recent sale on Peppertree Drive, Jimboomba was over $1 million for a former display home.

Of note is the growing trend in these new acreage estates of extended families taking up residence in purpose-built dual living houses. Such is their growing popularity that many mainstream builders are offering project style floor plans ready made for multi-generational households. This small but growing part of the market may be driven by the previously mentioned affordability issues but may also be driven by issues around our ageing population. One only has to look at the revelations coming from the aged care Royal Commission to appreciate the concern that some people have over the future care of their loved ones.

By combining financial resources across two generations, a dual living acreage home gives the younger generation a better standard of housing and lifestyle than they might otherwise have afforded while giving the older generation more certainty around their future care.

The rapid development of the Scenic Rim south from Brisbane and west from the Gold Coast has, however, outstripped the demand for employment in the area meaning many working age residents are faced with a daily commute along transport corridors that were never designed for the increasing traffic load. In the longer term, upgrading roads or the establishment of more businesses in the area will benefit present and future residents.

North West Gold Coast/Lower Logan Region

This region has a mix of out of towners, those who are moving for work and those who are trying to escape the hustle and bustle of the city. Locations such as Ormeau, Pimpama and Beenleigh have always been popular with families or couples where one of them may work in Brisbane and the other the Gold Coast, or one partner works locally and the other is required to commute.

"Three bedrooms, living room, dining room, and a little room to negotiate."

This region has a mix of 'Out of Towners' those who are moving for work and those who are trying to escape the hustle and bustle of the city.

The large number of developing estates in this region would have to be part of the broader plans of government to spread the population growth and combine with the ability for developers to create cohesive estates that offer higher density living close to amenities such as transport, larger shopping centres and neighbourhood facilities.

There are some definite benefits for different types of buyers to these localities. First home buyers will see increased affordability from more affordable land prices the further they travel from major transport routes or regional centres. These markets also allow some people to enter the property market where, if they continue to live in the cities, they may not reach the point where they can afford a property big enough to suit their specific needs.

The developers in these estates are identifying this need and have responded with cheaper offerings. For example you can get a brand-new, three-bedroom, two-bathroom, detached house with a one-car garage from around $300,000 within one hour of the city. In the city you would be looking at a one or two-bedroom unit which may not include a car space.

Due to the supply of land, infrastructure and master planning of regional areas including the development of satellite cities, the north-west will continue to be a growth area for many years to come.

Southern Gold Coast and Northern New South Wales

Residential property located in the coastal suburbs of the southern Gold Coast and northern New South Wales have increasingly become an attractive option for those searching for a more relaxed coastal lifestyle without forgoing employment opportunity. The area is seeing population growth and new development (including the redevelopment of sites for more intensive uses), particularly in suburbs such as Burleigh Heads, Palm Beach, Coolangatta and Casuarina. The area is attracting new residents - local and interstate as well as international. With increasing population, the area has seen a growth period in the past five years, easing throughout the final half of 2018 and first half of 2019.

Casuarina and Kingscliff have seen large numbers of new homes and land subdivisions, resulting in new local commercial hubs including shopping precincts and cafes. Longer term we are looking at the southern Gold Coast and northern New South Wales areas being a growth area for many years to come.

Casuarina Source: realestate.com.au

Buyers within these localities are typically not first home buyers, more so those who are well established financially and are looking at lifestyle options rather than the affordability first home buyers seek. These areas are well located for commuting, both interstate and internationally from the Gold Coast Airport at Coolangatta with a number of buyers using their properties as weekenders from their busy lifestyles in Melbourne or Sydney.

Gold Coast Central

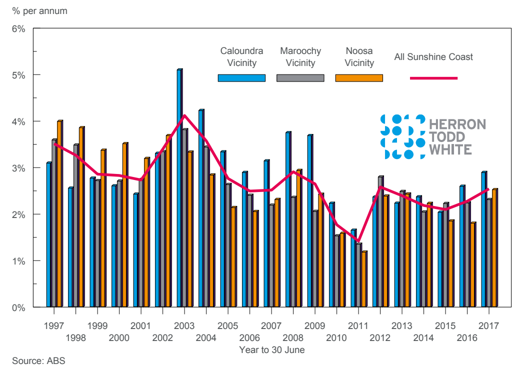
The central area of the Gold Coast offers a wide array of attractive lifestyle options for out of towners. We have definitely seen a healthy level of construction activity across the central region in the past couple of years, however more recently it appears the local economy has been somewhat subdued. The Gold Coast is heavily reliant on the tourism and construction industries and it is assumed that population growth will steadily increase in this area provided there are still good job opportunities available, particularly in these industries. We have noticed over recent years that people are willing to move away from the area to find greater employment opportunities if necessary when new jobs become scarce.

It appears that out of towners have had a greater preference for the southern end of the Gold Coast in the past twelve months as noted previously. It has been reported that new residential projects are still receiving good levels of buyer interest from this sector of the market compared to projects further north, but given the proximity to the beach, infrastructure and amenities and the lifestyle choices available, the suburbs which encompass the central Gold Coast will always be a strong growth area in south-east Queensland.

Sunshine Coast

As is common in most regional areas, the Sunshine Coast property market is heavily reliant on population increases. This is good news as the Sunshine Coast has traditionally been one of the fastest growing regions in Australia. The graph below shows the population growth history of the Sunshine Coast in recent years.

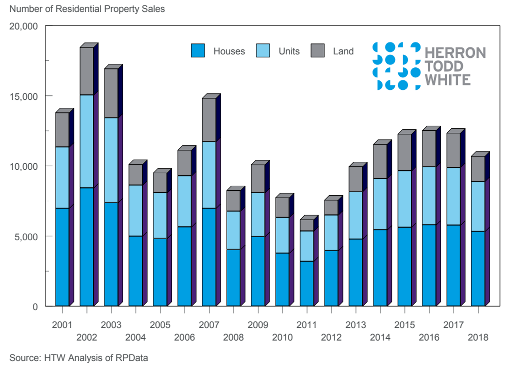
Population Growth on the Sunshine Coast



When we then look at the volume of residential property sales taking place on the Sunshine Coast in recent years, the correlation between population growth and sale volumes can be seen. This graph shows that in 2003 when the population spiked, sale volumes were highest, then in 2011 when the growth rate bottomed out, sale volumes followed accordingly.

It's pretty hard to say if any one area is attracting more out of towners than others. Most of our locations on the Coast seem to be having their fair share of new arrivals into their communities though it would be fair to say that suburbs along the coastline would be top of the list.

Given the increased demand for housing, we



mainly the upgrade to the Bruce Highway. Travel times have been lessened and the affordability in the area has made it very popular. The inner rural residential ring around the township has increased in demand as have some of the character houses in town. As a result, some new businesses have been opening up in a number of industries.

The increase in population of the Sunshine Coast assists in underpinning property values. The issue then lies in jobs and infrastructure. It is good that the University Hospital is not at full capacity, the new airport runway is yet to be finished and we have a new town centre, however just driving around the Coast, you do feel that there are more and more people on the roads. It used to be in holiday periods but now feels like it's all the time. The question is whether those roads and other services will keep up with the growth.

Rockhampton

Rockhampton has long been a hub for the mining and agricultural industries, providing opportunity for both the labour and skilled workforce to relocate. Unfortunately, during the past decade, population growth has stagnated in this region due to a number of factors, with fly-in fly-out (FIFO) being one of the notable ones.

In more recent times however, an increase in large scale infrastructure projects being approved by state and federal government has contributed to some medium to longer term job opportunities where FIFO becomes difficult for family orientated workers and the prospect of relocating the family on a more permanent basis is now a real alternative for some.

It appears that the majority of this migration will choose to rent for a period before considering buying and in the past 12 months, we have seen the vacancy rate across Rockhampton and the Capricorn Coast reduce significantly, with many managing agents reporting non-local tenants moving for new work opportunities.

Other factors that come into play for people making these decisions include the affordability factor which is generally more appealing than in the major cities combined with the Central Queensland lifestyle on offer with warmer weather, slower paced lifestyle, minimal traffic issues and an expansive outdoor playground providing a huge variety of recreational and sporting opportunities.

So, with this in mind, those opting for a sea change should definitely give the Rockhampton and Capricorn Coast some consideration - you will not regret it.

Gladstone

The Gladstone market has always been particularly susceptible to population movements. We draw attention to history, where the commencement of large projects within the Gladstone region resulted in population surges, resulting in high demand during construction, followed by periods of lower demand, resulting in volatility in the residential market.

The Gladstone market is slowly starting to recover after the last boom and bust period.

The Gladstone market is slowly starting to recover after the last boom and bust period. Affordability is currently driving the market with values having dropped to figures last seen in the early 2000s. We have noticed an influx of interstate purchasers over the past 12 months. Many have the ability to sell their Sydney or Melbourne home and purchase a substantial home here with the added benefit of being able to enjoy the sunny Queensland coastal lifestyle.

Mackay

This month, we take a look at out of towners and the role of population movements on the Mackay market.

Mackay had a significant period of growth on the back of the resource sector, from 2003 to the height of the period which ended around 2013. In this period, the population of Mackay increased from around 90,000 to just under 119,000 people. This increase in population resulted in large increases in property values, tightening of rental vacancies and general prosperity of the Mackay economy. As well as the increase in population, we saw a large influx of out of town investors purchasing house and land packages to help meet the demand. After 2013, we saw a downturn in the resource sector which had a major impact on the Mackay economy. This downturn led to significant job losses, the advent of fly-in, fly-out employment and the flow on effects to the whole Mackay economy. This flow on effect saw residential vacancy rates climb from below 1% to a high of 9.4%; residential values fell between 20% and 30% and the population of Mackay fell for the first time in over ten years.

Fast forward to today and the bounce back of the resource sector, large infrastructure projects such as the Mackay Ring Road, Eton Range Bypass and Peak Downs Highway upgrade has seen increased employment opportunities across the region.

Figures show that the population stabilised during 2017 and has started to increase since. This increase in population, employment opportunities and general optimism in the Mackay economy is already being felt in the Mackay residential market. Vacancy rates have been steadily falling since 2017 and currently sit just below 2%. Rental values have also started to increase on the back of this increased demand. This increase has seen Mackay as one of only a few regions that was listed as cheaper to buy than rent. This in turn has seen demand for purchase of residential dwellings increase. Most agents have reported increased buyer demand for almost 12 months, with shorter times listed on the market.

The Mackay market is still affordable, relatively speaking, with only minor increases in market values seen over this period, however with record low interest rates and continued employment opportunities in the region, it is considered that population growth will continue into the short and medium-term future, putting greater upward pressure on rental and market values across the region.

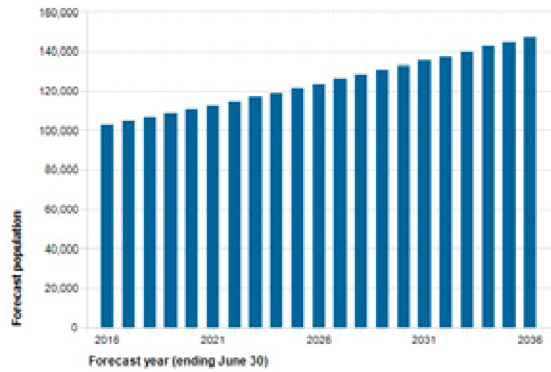
Hervey Bay

The Fraser Coast population continues to increase at a slow, steady pace with the years between 2015 and 2018 fluctuating at between 1.16% and 2.03%. Growth projections for the Fraser Coast population have been forecast to increase from 108,543 in 2019 to 147,099 in 2036, equating to an overall 35.52% rise and an additional 22,800 dwellings.

Recent migration trends have been led by retirees, as well as families of both young and older parents. These new residents have largely migrated from other south-east Queensland municipalities, including Gympie and South Burnett areas. Affordability is seen as a major driver for population growth with particular focus on the coastal lifestyle. There is also demand for dual occupancy properties for older parents or young adults residing with combined incomes that improves affordability for housing.

The Fraser Coast Regional Council considers the area to have a large supply of future residential land with targeted areas such as Hervey Bay – South West and the Nikenbah-Dundowran Future Growth Area, located on the fringes. Burrum Heads, Toogoom, Craignish and Dundowran Beach have also been identified. Closer to Maryborough, modest growth is expected for the western and southern hinterland for rural residential estates and areas near the Bruce Highway.

Forecast Population: Fraser Coast Region



Source: .Id The Population Experts

Emerald

Emerald had a relatively stable population during the mining downturn from 2013 to 2017. As the market has strengthened again since 2018, we are not noticing a large influx of out of town purchasers in the property market.

A large proportion have entered the rental market first. The majority of purchasers are local or from nearby towns moving around for work. We have definitely not seen the work migration from the south buying and living locally yet.

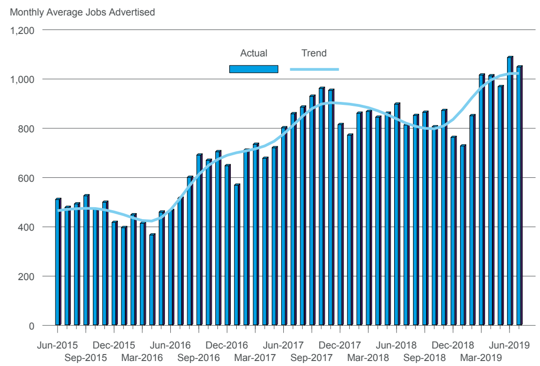
Some who are renting have decided that mortgage rates versus renting has swung in favour of a mortgage and have purchased but this is by far not the norm yet. Sales turnover remains steady as fly in, fly out work continues to put a handbrake on any rapid market uptake.

Townsville

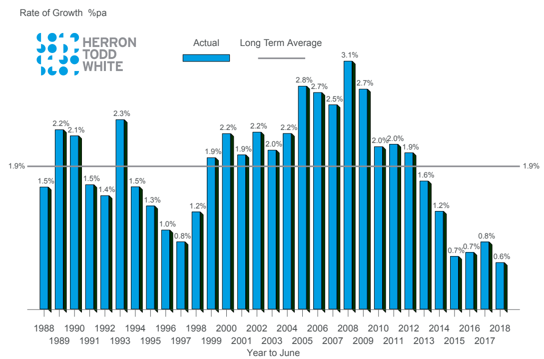
Population growth is a major driver of the property market with jobs and job security underpinning this growth.

Over the period 2015 to 2018, we saw population growth occurring at a rate significantly below the long-term average of 1.9%. Over the same period, we saw unemployment rates in the Townsville region trending well above the state unemployment rate.

During 2019, we have seen a strong pick-up in the number of jobs being advertised on employment websites for the Townsville region with the unemployment rate reducing. This increasing trend in the number of jobs being advertised bodes well for net employment creation during the coming months.



Source: HTW Analysis of Employment Websites



Source: ABS

Currently our residential market is being driven by local dynamics, however a tight rental market coupled with affordable median house prices means we are seeing anecdotally some increased interest from investors.

The Townsville region has a large pipeline of major projects proposed or under construction including Stage 2 of the Haughton Water Pipeline Duplication, Port of Townsville channel widening project and the proposed lithium-ion battery facility. These current and proposed projects will consolidate economic recovery, with real job creation that will offer long term employment and job security needed to retain and encourage population growth more in line with our long-term average growth rate and in turn drive the property market.

Darling Downs/Toowoomba

In the 1981 census, the Toowoomba region had a population of 94,605. The population has been steadily increasing since then, with the latest census (2016) recording the population of the Toowoomba region at 160,779 and a growth rate of 0.9% per annum in the past five years. This trend however, is well below the Queensland growth rate of 1.5%.

Toowoomba has proven to be a popular location attracting retirees from the broader south-west Queensland area. At the last census, the proportion of 60-plus year olds in Toowoomba was 23.6% versus 18.8% for Queensland and 19.6% for Australia. This demographic mix supports the health sector which, along with the education sector, is forecast to enjoy continued strong growth in the region.

With Toowoomba being an hour and a half from Brisbane, the desire to move out of home and study in the larger universities is apparent. This has seen a decline in the population of young adults (20 to 39 year olds) within the region as they often continue residing outside of Toowoomba post their studies to start their careers. It's not until their peak professional career age (45 to 59) that we see an increase in population, as many former locals return home with an established family and steady income, seeking lifestyle and quality schooling.

This exodus of young people and influx of established families is reflected in the composition and performance of the Toowoomba residential property market.

This exodus of young people and influx of established families is reflected in the composition and performance of the Toowoomba residential property market. Toowoomba has a low level of unit and townhouse development and only a moderate level of affordable first home owner estates in comparison to other major regional centres. The prestige market however, has been performing strongly, particularly in the eastern suburbs where

Age	Toowoomba	%	Queensland	%	Australia	%
Median age	37	--	37	--	38	--
0-4 years	9,596	6.4	296,466	6.3	1,464,779	6.3
5-9 years	10,483	7.0	317,138	6.7	1,502,646	6.4
10-14 years	10,196	6.8	299,097	6.4	1,397,183	6.0
15-19 years	10,243	6.9	296,287	6.3	1,421,595	6.1
20-24 years	10,112	6.8	316,860	6.7	1,566,793	6.7
25-29 years	9,939	6.6	320,753	6.8	1,664,602	7.1
30-34 years	9,499	6.4	325,943	6.9	1,703,847	7.3
35-39 years	8,656	5.8	305,218	6.5	1,561,679	6.7
40-44 years	9,257	6.2	322,901	6.9	1,583,257	6.8
45-49 years	9,664	6.5	322,982	6.9	1,581,455	6.8
50-54 years	9,227	6.2	308,727	6.6	1,523,551	6.5
55-59 years	9,299	6.2	292,198	6.2	1,454,332	6.2
60-64 years	8,161	5.5	260,685	5.5	1,299,397	5.6
65-69 years	7,753	5.2	242,192	5.1	1,188,999	5.1
70-74 years	6,122	4.1	180,406	3.8	887,716	3.8
75-79 years	4,535	3.0	126,084	2.7	652,657	2.8
80-84 years	3,339	2.2	83,731	1.8	460,549	2.0
85 years and over	3,431	2.3	85,528	1.8	486,842	2.1

many established families reside, being close to schools and public infrastructure.

The higher proportion of older residents is also reflected in the current high level of retirement and aged care product being developed. Population and demographics are certainly playing a role in the performance and shape of the Toowoomba residential property market.

South Australia

Adelaide

From 2017 to 2018, Adelaide recorded a population growth rate of 0.8%. This rate is the second lowest of all major capitals and below the national average of 1.9%. The major driver of South Australia's population increase is overseas migration which accounted for 60% of the population growth from 2017 to 2018. South Australia has historically had negative interstate migration, referred to locally as the brain drain. This phrase refers to higher educated millennials leaving the state to seek out increased opportunities. The brain drain has become a prominent talking point with both sides of government actively pursuing ways to retain young talent.

POPULATION GROWTH GRAPHIC

Source https://www.saplanningportal.sa.gov.au/data_and_research/population#collapseQ564077

For overseas migrants, Adelaide offers affordability, security and a unique lifestyle with beaches, bushland and wine regions at their doorsteps. Specifically, the CBD has been popular with Chinese migrants with 17.5% of Adelaide's population being born in China at the 2016 census. The changing demographics of metropolitan Adelaide is best represented in the inner northern suburb of Blair Athol. Historically a working-class suburb, Blair Athol is now a multi-cultural hub with more than 50% of the residents being born outside of Australia. A drive down the northern section of Prospect Road provides a visual representation of the changing demographic of the area. If you are looking for a bowl of Vietnamese pho or a rich Afghani goat curry, this is the place to go. Blair Athol has a median house price of $465,000.

Country of birth	Blair Athol (SA)	%	South Australia	%	Australia	%
Australia	2,228	48.1	1,192,546	71.1	15,614,835	66.7
Other top responses						
Afghanistan	505	10.9	6,313	0.4	46,799	0.2
India	281	6.1	27,594	1.6	455,389	1.9
Vietnam	207	4.5	14,337	0.9	219,355	0.9
Pakistan	91	2.0	3,445	0.2	61,913	0.3
Philippines	87	1.9	12,465	0.7	232,386	1.0

(https://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/SSC40118)

On a local level, population movement has been most significant in those regions providing affordability or a specific lifestyle. According to the Australian Bureau of Statistics, in 2016 to 2017, the top five suburbs for population growth in South Australia were the outer northern suburbs of Munno Para West and Angle Vale, the north-eastern pocket of Northgate, Oakden and Gilles Plains, the outer southern suburb of Seaford, the Adelaide CBD and the outer south-eastern suburb of Mount Barker.

The area of Munno Para West and Angle Vale is located approximately 35 kilometres north of the Adelaide CBD. Historically a rural living and agricultural region, this area has undergone significant residential development over the past decade. Munno Para West provides higher density living with allotment sizes typically ranging between 200 and 500 square metres. Angle Vale has been developed to a lower density, providing larger allotments ranging from 1,500 to 2,500 square metres. Recently a number of new subdivisions have popped up surrounding Angle Vale with land offerings of sub-800 square metres. Development within this region has been spurred on by the approaching completion of the North South Corridor, making the region far more accessible. Affordability has historically been a driver of growth in Munno Para West whilst Angle Vale has been a mixture of both lifestyle and affordability. These suburbs have a median house price of $257,500 and $465,000 respectively.

Located approximately 11 kilometres north-east of the Adelaide CBD are the suburbs of Northgate, Oakden and Gilles Plains. These suburbs each provide differing property types being developed in 2000, 1993 and 1950 respectively. Gilles Plains is going through a period of urban renewal with many of the original homes being demolished making way for newer infill development. The population driver in Northgate has been the lifestyle offering

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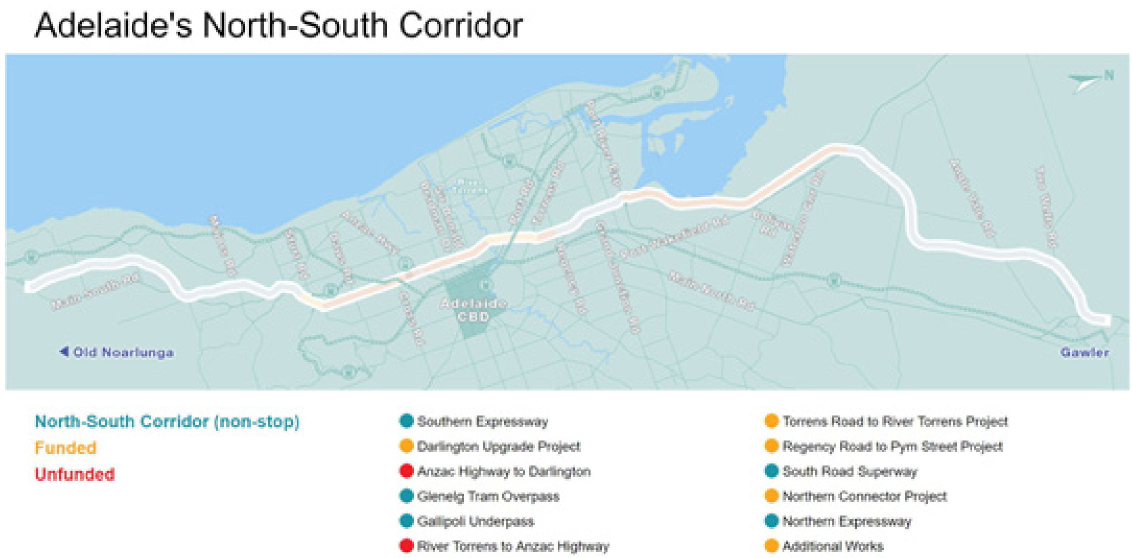


(source https://www.dpti.sa.gov.au/nsc/northsouthcorridor)

of the Lightsview development which encompasses 103 hectares and is due for completion in 2020. Price levels for detached dwellings within Gilles Plains and Oakden range between $300,000 and $600,000 whilst Lightsview and Northgate range between $300,000 and $1 milllion.


Lightsview Source: realestate.com.au

The suburb of Seaford is located 35 kilometres south of the Adelaide CBD. Developed in the 1960s, this suburb is popular with those looking for a sea change with all the comforts of a typical suburban location. The suburb shares its western boundary with the coastline and is serviced by the Seaford Railway Line and the Southern Expressway. The suburb is situated on the doorstep of the McLaren Vale wine region and Fleurieu Peninsula. The establishment of Seaford Rise and Seaford Meadows in the 1990s and Seaford Heights in 2014 has helped ease the pressure of the popularity of the area. Seaford has a current median house price of $373,500.

The rise in population of the Adelaide CBD can be attributed to the continually expanding apartment market. From May 2014 to May 2019, there were 2,305 unit transactions in the CBD which is an increase of 557 transactions from the previous five-year period. Many of these transactions can be attributed to the settlements of off the plan apartments. With a multitude of offerings, the apartment market appeals to purchasers with all types of motivation. The median sale price within the CBD is $552,000 and more specifically, the median unit price is $440,000.


Adelaide CBD skyline Source: realestate.com.au

Originally established in the mid 1800s as an agricultural hub, Mount Barker has become one of the fastest growing suburbs in Australia. Located 35 kilometres south-east of the Adelaide CBD and accessed via the South Eastern Freeway, this suburb has all the creature comforts of the inner metro area. Spurred on by the favourable re zoning of agricultural land, the population rose 17.2% from 2011 to 2016 with the predominant age group being 0-9 years, indicating its popularity with young families. The suburb offers a range of differing property types from terrace houses to rural lifestyle properties. Mount Barker has a current median house price of $370,000.

Changing populations play a significant role in the broader property market. A change in population size can cause price level fluctuations whilst a change in population demographic visibly alters a suburb's taste, smell and appearance. With an aim to halt the brain drain and increase international migration, South Australia has high hopes of becoming a creative multicultural hub.

Western Australia

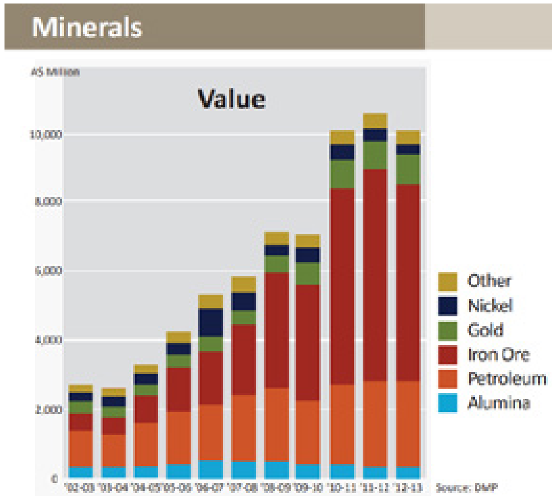
Perth

Western Australia's economy has had a tumultuous past 10 to 15 years and given the topic of this month's review, we think it's a good time to revisit history for a second as a pre-cursor to the current discussion.

Some key economic indicators have seen large peaks and troughs, often over relatively short periods of time. Consumer sentiment, population growth, migration figures, business investment, employment, wage growth, the cash rate, etc are all interconnected and each plays its part in influencing demand and supply. From a macro standpoint, the end product of this fluctuating demand and supply is a rising or falling median house price. The valuation figure stamped on each of our reports is influenced by many of these macro-economic indicators as well as countless micro economic and property specific characteristics such as location, land size, dwelling size and quality.

The median house price for the greater Perth region is expected to settle at $490,000 for the June 2019 quarter, remaining unchanged from the previous quarter but down 3% since the June 2018 quarter. Between 2001 and 2006, Perth's median house price doubled from $180,000 to just under $400,000 on the back of the resources boom (source: REIWA, 2017). In 2006, increased resource investment influenced the mining sector across the whole state. Mineral exports were ramping up as the amount of iron ore Western Australia was capable of exporting quadrupled in value from 2006 to the peak in 2012 (Figure 1).

Figure 1 - Mineral Export Value (source: Department of Mines and Petroleum 2019)

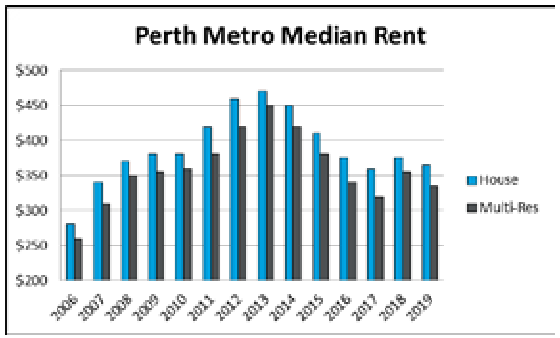


Source: xgxgxgx

This led enabled businesses across Perth and regional Western Australia to find space for a number of new job vacancies and in 2006 we saw 31,000 migrants flock to the state, including both net interstate (3,100 persons) and overseas migration (28,070 persons).

Many people from overseas were attracted by the large salary and incentives packages on offer for both skilled trades workers and other positions that required little prior experience. On top of this, residents from the eastern states found good opportunity to come and work in Western Australia on a temporary basis. This influx boosted the population in a relatively short amount of time. Usually at the start of any significant population increase, the median rental will rise long before any movement in the median sale price because new residents generally look for a home to rent first instead of buying from the get-go. This caused a sharp increase in demand for rental properties, decreasing the number of days to lease as tenants found that they had to act quickly to secure their ideal property.

Figure 2 - Perth Metro Median Weekly Rent (source: REIWA)

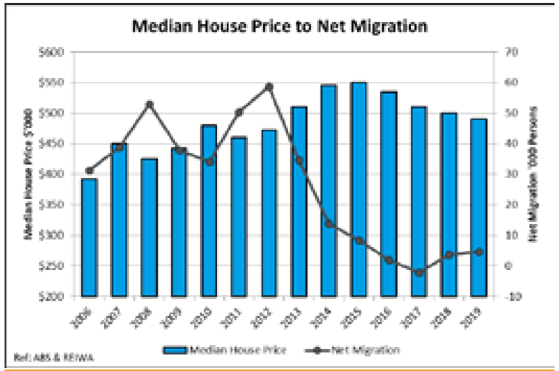


Source: xgxgxgx

Between 2001 and 2006, Perth's median house price doubled from $180,000 to just under $400,000 on the back of the resources boom.

In the twelve months from 2006 to 2007 Perth's median rental price increased by about 20% from $280 to $340 for houses and $260 to $310 for units (Figure 2). It didn't stop there though. Migration figures increased again, then had a lull and eventually peaked in 2012 when we saw a total of 58,600 people travel to Western Australia to get their share of the revenue from the resources boom.

Figure 3 - Greater Perth Median House Price & WA Net Migration (source: ABS & REIWA, 2019)



Source: xgxgxgx

Figure 3 demonstrates the relationship between greater Perth's median house price and Western Australia's net migration figures. This relationship isn't plainly obvious by looking at the graph, but it becomes apparent once we understand that there is a lag between the net migration figures and the median house price. Isolating the peaks of each statistic, net migration peaked in 2012, the median rental price peaked in 2013 and then the median house price peaked in 2015. This represents a one year delay between increased migration and rental prices and then a two-year delay between increased median rental and median sale price.

There are a few reasons for this lag. At the beginning of the mining boom when we experienced increasing net migration, demand started closing in on the amount of supply that was available. As tenants soaked up this rental stock, leasing prices increased due to the competitive environment. As rents continued to increase, purchasing a property slowly became a more attractive proposition and increasing wages bolstered consumer sentiment which gave home buyers the peace of mind to make their purchase decisions. Since median house prices were now rising on top of rents, investors flooded the market in the hope of both capital gains and a solid rental income, furthering the shortage of accommodation for new arrivals. In turn, this only increased the median house price further due to more competition.

In 2017, 14,000 people left Western Australia for other Australian states, however since then, both interstate and overseas migration has improved slightly.

Once the state government was reaping the benefits of the mining revenue, it was able to invest some of this back into infrastructure which created more job vacancies. Developers were seeing this housing shortage as an opportunity to maintain strong supply to the market. A number of office buildings, apartments and land developments started up, but they would not come to completion for several years.

Commodity prices had been on the rise for a while and in 2012 mining investment had reached its peak at just under 8% of the Australian GDP, compared with its average of 2% prior to the boom. The resource sector responded to the commodity price boom by continuing to expand productive capacity, but this soon came to a head as our supply of resources met declining international demand.

As mining investment declined, so did the availability of jobs. Some mining projects came to completion and this started the increase in unemployment rates. The construction phase had ended, temporary contracts did not get extended and we started to see a lot of redundancies. Wages were decreasing so migrants who had come from the eastern states and overseas moved back home. Suddenly businesses were consolidating their work spaces as they employed less and less people. The office buildings, apartments and land developments that were under construction were now coming to completion, however there were no tenants or home buyers to lease or purchase these spaces. The CBD office vacancy rate skyrocketed to over 20% and now supply severely overshadowed demand, reversing the economic cycle. From here consumer sentiment began to slip and less access to finance stopped any interest from investors and owner-occupiers. Residential rents, office rents and house prices started their slow descent down to their current position.

Net interstate migration has been in the negative since 2014. In 2017, 14,000 people left Western Australia for other Australian states, however since then, both interstate and overseas migration has improved slightly.

An analysis of several different localities assists to provide an insight into lead indicators which enable us to gauge where the market is at.

Port Hedland continued to have a positive 2019 seeing a 3.4% increase in the median house price over the June 2019 quarter to $225,000. Karratha

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appears to be slightly more advanced in the cycle, having experienced an average of 10.2% growth in the previous 12 months, with a median house price of $345,000. Notably, the rental vacancy rate in both areas has plummeted in 2019, with demand remaining strong and a lack of investor activity over the previous five years restricting supply. We know that these areas are often the first to indicate changes to net migration associated with mining industry cycles.

Within Perth itself, the June 2019 quarter saw increases in activity from the extreme ends of the market as the sub $350,000 and above $3 million price brackets improved the most. The overall median rent rose to $350 per week in the June 2019 quarter. This equates to a $10 increase in both the median house and median unit rent, now $360 and $330 respectively. The rental sphere has continued to be a strong performer over the past two years. The number of days to lease decreased by one day to 41 days in the June 2019 quarter. According to the REIWA, 54% of greater Perth suburbs saw an increase in leasing activity in July.

RENT

$350

The overall median rent rose to $350 per week in the June quarter 2019.

Remembering the lag between rental increases and median house prices, we expect that Perth may experience a similar, albeit smaller property market cycle in the coming years. Australia wide, a $75 billion resources construction boom is underway. Within Western Australia, several new iron ore mines are either currently in the early stages of construction or have recently been announced to commence construction and the activity in the lithium industry is still top of mind. On top of this the Western Australian Government has apportioned a significant budget to the Metronet infrastructure project over the coming years with nearly $8 billion of funding allocated to road and rail expansions, level crossings and inclusions for the Morley-Ellenbrook line and the Byford Extension on the Armadale line. Job vacancies are starting to rise again, and we expect wage growth may slowly increase as a result.

REIWA's President Damien Collins recently said that "while the market has been declining for some time, the economic conditions in Western Australia are looking far more positive than 12 months ago. I would advise those who are thinking about purchasing their first home, trading up or investing, to act soon and take advantage of current conditions before the market starts to recover and prices inevitably rise." Our thoughts and predictions definitely align with Mr Collins as affordability is arguably the best it has been for a long time.

South-west Western Australia

The south-west region of Western Australia is one of the key population growth hotspots in the country and:

- has a **population of 178,406** and is set to grow by a further 17% by 2026;
- In 2018, **1,366 building approvals** were issued with 74% being residential approvals with a value of $456 million;
- Busselton has experienced an **annual population growth of 2.3%** since 2013.

Source: SWDC & Australian Bureau of Statistics

Busselton continues to underline its status as a population and commercial development node in the south-west, with a growth factor in the state second only to Perth metro. The majority of the population increase is a share of overseas migrants and relocating Western Australians, particularly from Perth. The foreshore is undergoing a major $75 million redevelopment with leisure facilities, a new surf lifesaving club and youth activity precinct. Work has recently commenced on the new foreshore family micro-brewery and is set to commence imminently on the five-star Hilton Hotel.

Vasse, Kealey and Yalyalup are all popular residential subdivisions that are rapidly expanding and schools and shopping facilities are also developing to accommodate the expanding population. Vasse has recently seen a new Coles supermarket open with associated community shops, cafes and health facilities.

The growth in population in the region is having a positive effect on the development of new residential subdivisions but property prices remain subdued with little sign of any capital growth in the short to medium term and the cautious position of the overall state economy is seeing established housing stock facing a softening market with few buyers in this sector.

Dunsborough was once a relaxed summer seaside resort but the population has doubled in the past ten years and last month saw the announcement of the first five-storey, town-

The growth in population in the region is having a positive effect on the development of new residential subdivisions.

centred, multi-use development which has received mixed local reviews.

Bunbury Port is one of the country's fastest growing commercial ports with million-dollar investment being planned in the next 18 months.

Busselton airport has seen over $50 million of development on the expanded runway and associated infrastructure over the past two years and is poised to receive direct flights from Melbourne and Sydney in the foreseeable future. Busselton is also a growing hub for international cruise ships with 15 visitations planned for 2020. Each arrival will generate significant revenue for the local economy as patrons are ferried ashore to enjoy the local hospitality.

The ongoing development of the local regional agricultural and aquacultural industries continues to expand employment opportunities, especially with the Southern Forests brand for apples, strawberries and truffles, to name a few, and Augusta abalone.

Northern Territory

Darwin

No doubt many southerners and locals too are avid followers of the NT News and are familiar with the punchy one liner about some rogue croc eating a pig, another epic Cahills Crossing fail or the half-naked tourist on a balcony, but Darwin is attracting headlines for more concerning reasons of late – population decline.

These days, a conversation with a local isn't too far away from being about the state of the NT economy, politics and jobs, which leads to the inevitable question "are you going to stick around?"

It is reported by the ABS that Darwin was the only capital city that experienced a population decline in 2017/18 – apparently the first time in 15 years. Yes, it was a small drop of less than 1%, but in a critical time for the Top End when we need the inverse, it's a bit of kick in the guts.

Rusted on locals will never leave this place, but Darwin has always been transient and the same reasons that bring people here also take them away again – adventure. Unfortunately, this transient trend seems to be heading in only one direction – south, both numerically and geographically.

I'm no demographer, but it seems to be that commentary around the wind down of the Inpex gas project, which saw about 9,000 workers during peak construction, has had the biggest impact on the population and likely the economy too. Perhaps around half of those workers were the fly in fly outs, and the other half were locals (a term loosely thrown around for anyone with an NT address). But whichever way you look at it, 9,000 jobs accounts for around 8% of the Darwin population at the peak construction. Take away those jobs and it's just not possible for a place like Darwin to absorb that number of workers back into the market.

Gunlom Falls, Kakadu National Park Source: wildswimmingaustralia.com

The effect this has had on the property market is no secret. It's been widely reported on and we have seen market contractions in the order of 40% in the unit market and fairly consistently anything from 10% to 30% across other residential markets from the northern suburbs through to outer rural areas. But the thing about Darwin is, because the market is so small, any significant change in Government policy, industry development or a resources boom could see things turn quickly for the Territory. It's a fickle market. It's just a matter of when and what will drive the change.

As I said, Darwin is a transient place and the issues around why people leave seem to have been the same forever: displacement from family; the next adventure; it's too hot; or the next opportunity knocks. What we need to be able to do is attract people back the other way, with first and foremost – jobs (and a promise of a superior lifestyle). Without jobs, it's very difficult to attract people, despite how good a time we have on the weekends up here.

Without jobs, it's very difficult to attract people, despite how good a time we have on the weekends up here.

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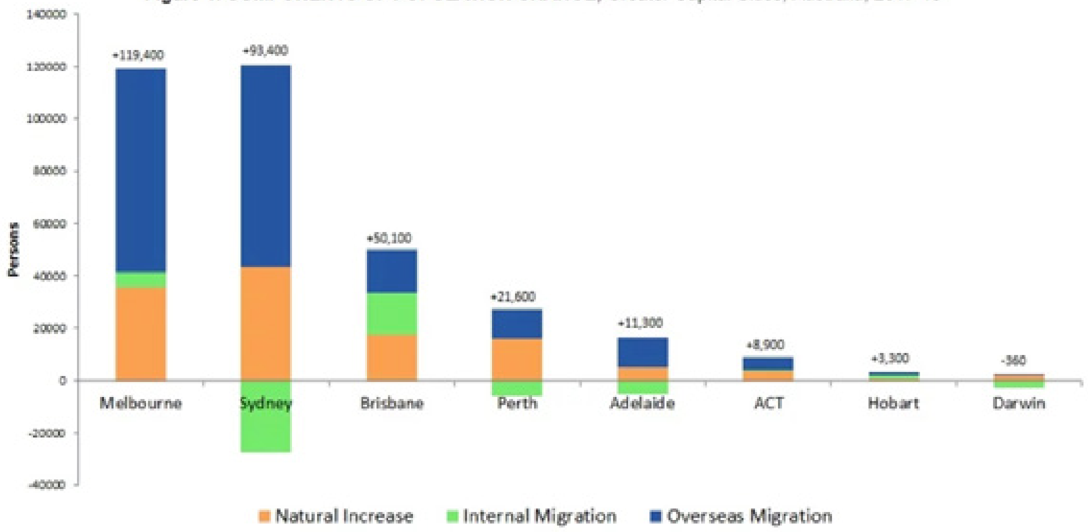
Politics is beyond me and I'm not going to get into discussing the finer details of the Boundless Possible campaign and whether or not that's working to bring people up here...but is it politics? Is it the cost of doing business up here putting the brakes on? Is this just the reactions of a small market following the boom and bust nature of a resources boom or is it something embedded in the Australian psyche about its perceptions of the NT – probably a bit of everything. And it will take time to recover.

For now, we are likely to bump along the bottom for a bit, looking for those subtle market changes - consistent increase in market activity from month to month, a decrease in time that properties are on the market, a reduction in properties advertised for sale and the return of equilibrium between demand and supply. Perhaps then we will see the positive shift in median values and a more positive long-term outlook.

Figure 1. COMPONENTS OF POPULATION CHANGE, Greater Capital Cities, Australia, 2017-18



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Australian Capital Territory

Canberra

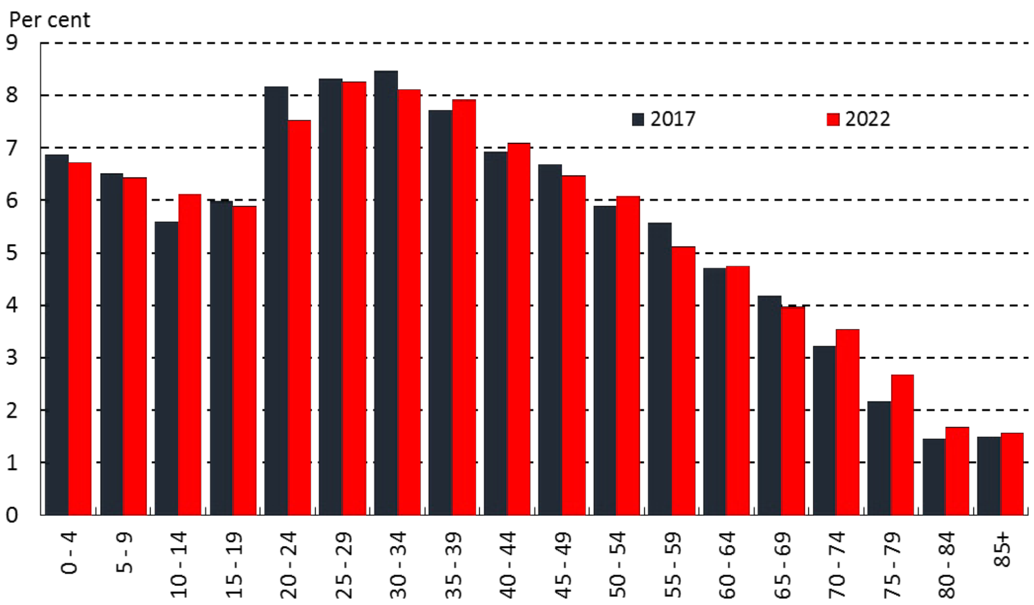
The ACT population has continued to grow from 2018 to 2019 with growth of 1.23% to 419,200 as at 31 March 2019. The ACT has one of the fastest growing populations in Australia and is expected to hit 500,000 by 2030.

If we study the graph which shows current population (2017) and projected population (2022), we can see that the most prominent age bracket is those between 20 and 39 (2017). The high population in this age bracket could explain the high demand for entry level products in the ACT market, which are popular among this age bracket given the generally lower budgets.

The population of those aged 20 to 35 is expected to drop from 2017 to 2022, which means we may see a slight drop in demand for entry level products.

We can also observe an expected large population growth from 2017 to 2022 for the population aged 70 plus. This growth in population will likely increase demand for property types marketed at the ageing population, such as retirement units, retirement villages and properties marketed at downsizers.

Figure 3.5 Population by key age group as a proportion of total population, 2017 and 2022



Source: ABS Cat. No. 3101.0 and ACT Government, Chief Minister, Treasury and Economic Development Directorate.

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Tasmania

Hobart/Launceston

Tasmania is enjoying steady, albiet not outstanding, population growth of 1.24%. A far cry from 2012 when the population actually shrank by 0.57%

So, what are the pull factors driving this?

Firstly, a stronger economy. Tasmania is now ranked third in the Commsec State of the States. Good tourism numbers, building activity, real estate activity and general confidence have created an environment in which businesses are having the confidence to invest and expand. A statistic that might be surprising to some is that of all the employment classifications, professionals at 18.5% make up the largest employment group in the state, well in advance of technicians and trades workers, next best at 14.8%.

Secondly, the state is seeing population migration due to real or imagined climate change effects. People are simply relocating from Queensland and Western Australia because it is too hot! Net inflow for the December 2018 quarter was 568 persons. In this category are also placed former residents returning to the state now that there are employment opportunities available.

Thirdly, overseas migration. The green, clean perception of Tasmania together with a stronger economy are attracting overseas residents. Net inflow was 686 persons in the December 2018 quarter.

So where are these people going? Hobart (including the cities of Glenorchy and Clarence) together with Launceston in the north are attracting virtually all the newcomers. This has placed housing pressure on these markets, especially Hobart. The end result is the double-digit growth the regions have enjoyed over more recent years.

Housing affordability is becoming more of an issue. Inner city Hobart is priced out of many potential purchasers means with its median house price now above Adelaide. The median and outer ring suburbs however still provide affordable housing and are still enjoying solid capital growth.

People are simply relocating from Queensland and Western Australia because it is "too hot"!