November 2018

Month in Review

HERRON TODD WHITE

Fifty Years of Property Valuation | 1968 - 2018

Contents

Disclaimer

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

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

All rights reserved. This report can not be reproduced or distributed without written permission of Herron Todd White.

How downsizers drive our markets

Remember being a teenager and what a drag the oldies were?

Always telling us what to do, where to be and what to wear. Honestly… kids just had no rights in the house!

Then, as we graduated into young adulthood and began to forge our own path, we thought, "Hoorah! Independence! Time to take on the world and live by our own rules. We are driving this freedom bus to good-time city, and none of those stick-in-the-mud ancients are going rain on our monster festival of life!"

Yep – to be that young, free, and so ultimately unaware, once more.

Despite the outward appearances of independence, I'm afraid I have a little mixed news for Gen X, Gen Y and Millennials… when it comes to real estate at least. In the property stakes, you're still at the mercy of the elders who continue to push the first domino in the long path of housing supply. The good news is that right now, they're creating opportunities for you all.

Did you know the average 'baby boomer' is now around 63 years old? That's right, this huge cohort of 55 to 70 year olds are fast approaching the official retirement age. Best of all for them, advances in medical and health care coupled with our first-world, clean-living society mean many are in excellent shape and ready to embrace existence beyond work.

Many are looking to take advantage of housing design and community support to move away from their oversized, and exhausting-to-maintain family home.

There's a generation shift underway.

But of course, the wants and need of retirees varies greatly across our country's broad geography. Some grey-haired hipsters want inner city apartments, while others are keen on the coast. Some need a bit of land to potter about while others demand lock and leave units for travel.

On the supply side, there's a heap of available traditional housing sitting in their wake – who's there to fill the space?

This month, we make a centre-by-centre assessment of how residential downsizers and retirees are set to drive our markets. From warm Queensland climbs to Apple Isle food trails, the attractions across our country all have something to offer – and housing must adapt to match.

Our teams also study who's filling the void left behind – where are these golden properties located and what opportunities are available for younger buyers?

On the commercial front, it's near year's end so we tackle the Office sector by looking back on 2018 in this space. How did markets track around our nation, and what were some the most significant sales to have occurred? We also look at what the big drivers were and whether there were any major developments or leasings that helped change the face of the sector.

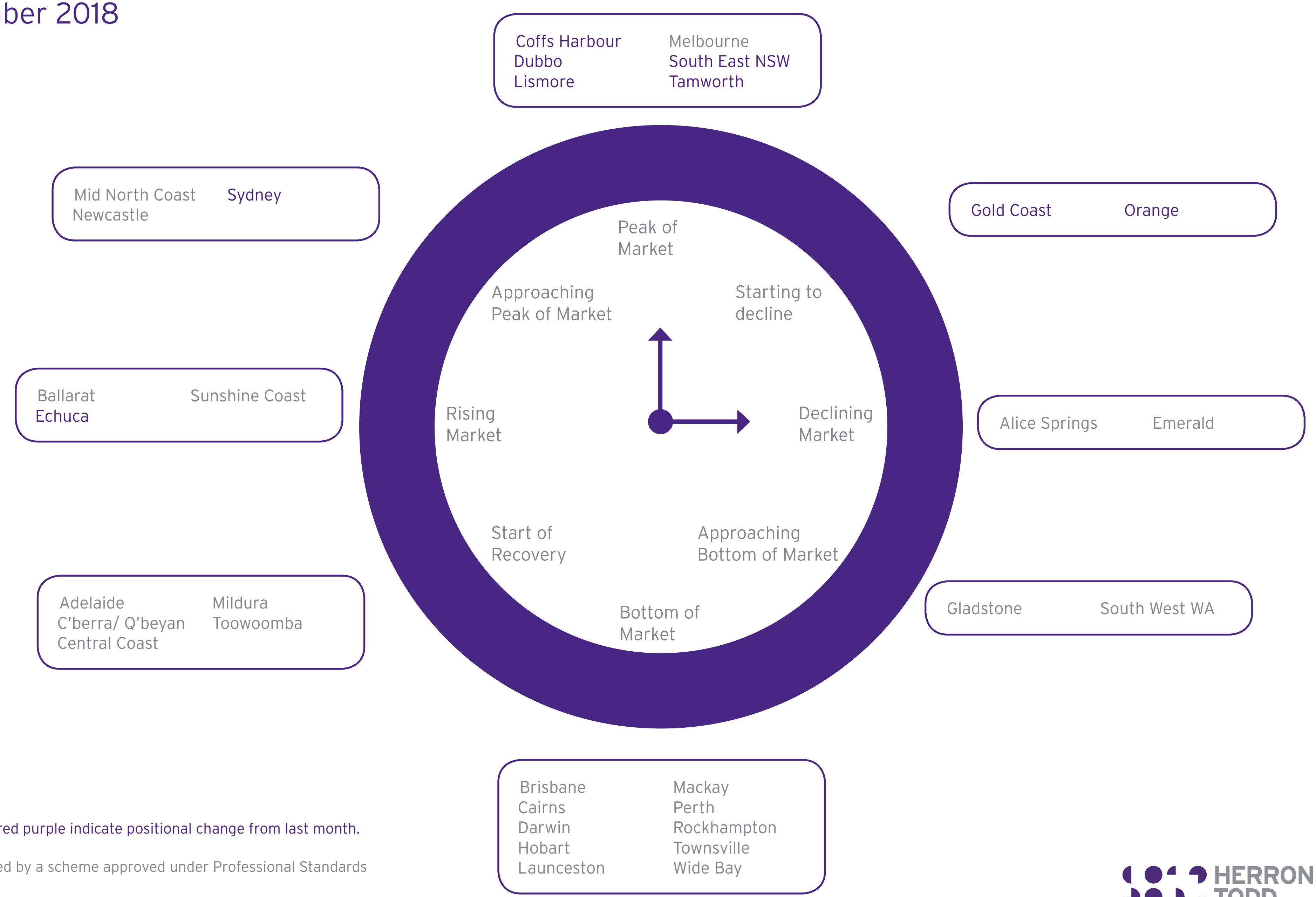
Finally – our Rural team give their always excellent wrap of Australia rural markets along with some pointed commentary of who the most active group of buyers are in this sector at present.

So, sit back, relax and enjoy this month's issue like you've just come off decades of hard yakka and have earned a little downtime. Take some weight off your shoulders by contacting your local Herron Todd White office. We can help you get your property affairs in order so you can make the move to manageable home – before blazing a retirement trail so bright, it'll make the youngsters do a double-take.

Commercial

HERRON
TODD
WHITE
COMMERCIAL

National Property Clock
November 2018
Office



Entries coloured purple indicate positional change from last month.

Liability limited by a scheme approved under Professional Standards Legislation.

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

HERRON TODD WHITE COMMERCIAL

New South Wales

Overview

We are in the final two months of 2018 and have hit the point where it's time to look back and take in how the annum has tracked in the office sector.

Office markets have brought mixed results. This month's submissions show why asset quality and location selection are key to investment success.

Sydney

The market demand for office space in Sydney, both the CBD and in other commercial centres, has continued to strengthen throughout 2018. The CBD in particular has seen strong growth in demand from tenants, investors and owner occupiers. This limited stock and tenancy demand has helped tighten vacancy levels across Sydney CBD, falling to 4.6% in June 2018 (latest available figures) which is the lowest since the GFC and well below the 10 year average of 7.3%.

The growing demand and limited stock has also been the catalyst for the compression of yields and decreasing rental incentives across the prime and secondary market with average net yields in the range of 4.5% to 5.5% (strata). Noonan property also set a CBD commercial strata record of $25,900 per square metre at 187 Macquarie Street.

New office supply is projected to increase over the next few years with some major projects concluding circa 2022. These major developments include the Grimshaw designed 210 George Street, the Hassell designed 60 Martin Place and the John Holland 275 George Street development.

The commercial development of 60 Martin Place is an ambitious addition to the Sydney skyline as it will accommodate diverse workplace requirements, offering city views and roof top gardens. In addition to the innovated design it will hold 'end-of-trip' facilities to accommodate people arriving to work on foot or bike.

he NSW Government has also committed to delivering key infrastructure projects in metro and regional areas by the end of 2024. The development of the Sydney Metro city, Metro Northwest and South West train lines are also driving factors in growing demand and economic growth.

Flexible work spaces are a growing discussion point within the Sydney office market as companies look towards co-working and sub-leasing to account for changing working requirements. Planning and tech companies are the major drivers in this creative workplace area as they look for flexible workspace configurations, hot-desk and satellite working options. Areas within the inner city and along the fringe are adapting to this demand. Particular interest has spiked in Chippendale with the purchase of 29-43 Balfour Street for $30 million with intentions to redevelop into creative office spaces. The suburb will continue to see positive growth with new developments and the $955 million railway transformation.

29-73 Balfour St, Chippendale. (*Source: Financial Review*)

Other growing suburbs centres include Parramatta, Norwest and Macquarie Park as they are adapting to the growing market demand for modern and adaptable work spaces. The strong demand has stemmed from a combination of tenant relocation and organic expansion reflecting solid employment growth.

Parramatta has seen major growth with the 'Parramatta Square' development and the relocation of the NSW Education Department, resulting in Parramatta becoming a strong education centre.

Rental growth from the Sydney CBD has also flowed into the North Shore markets. In conjunction with falling incentives, strong investor demand and foreign investment suburbs such as Crows Nest and St Leonards continues to remains strong.

With the bulk of new supply not due to hit the market unit 2022 and continued declining vacancy rates, projections for the CBD, North Shore and Parramatta office market in 2019 could see vacancy rates continue to tighten and result in healthy rental growth.

South East NSW - Wollongong/Illawarra

While records prices were achieved in the Wollongong CBD office market in 2017 sales volumes are down in 2018. Despite the decline in transactions, local agents are reporting continued strong buyer interest however owners have been unwilling to sell and as such there have been few listings.

The reported level of interest and market conditions will be put to test with 90 Crown Street Wollongong recently being listed for sale through Knight Frank and MMJ via an Expressions of Interest (EOI) campaign that closes on 22 November 2018. The property was purchased by Castlerock Property in 2016 for $43,900,000 ($4,786 per square metre of lettable area) with the agents expecting the asset to sell for more than $50,000,000 given the high concentration of government tenancies and prime

90 Crown Street, Wollongong *(Source: www.realcommercial.com.au)*

position in the Wollongong CBD. Despite the sector still seemingly remaining strong, most participants are of the view yields have reached the low point of the current cycle and at this juncture long term investment strategies and exploring value add opportunities are considered prudent.

2018 saw construction commence on two (2) new office buildings in the Wollongong CBD, five (5) years since completion of the purpose built ATO building. One of the buildings will be fully occupied by IMB Bank and the second will see circa 5,300 square metres of space be brought to the leasing market.

Office leasing conditions in the Illawarra region have continued to improve through 2018 with local agents reporting increased enquiry levels and reduced vacancy periods for well-placed tenancies in good quality buildings. Incentives remain common with discounts of up to 15% of gross annual rent typically required to attract a new tenant although this discount has reduced for Grade A space taken the low vacancy rate. While rents for Grade B and C remained relatively flat throughout the course of the year there is upward pressure being placed on rents for Grade A space with some agents forecasting Grade A rents to push the $500 per square metre of lettable area gross barrier next year.

Lismore

The office market over the entire North Coast has remained relatively stable over the past 12 months performing at stronger levels than the prior four years. Rental levels have predominantly held across the board, with yields and value levels remaining relatively unchanged.

Office markets on the Far North Coast of NSW have not seen any significant changes. The biggest driver is Government leasing.

Another significant proportion of new tenants include non-profit organization's and or employment companies, helping to balance the supply and demand and taking up the spaces vacated by government tenants.

Lismore CBD is becoming increasing more reliant on the office market. The office market and associated café market are becoming the driver for the Lismore CBD this trend is extending to offices occupying previously traditional retail spaces. This process is being intensified by the weakness in the retail sector.

This has been less evident in the stronger coastal market of Byron Bay and Ballina. Byron Bay is driven by retail as a result of the strong tourism industry; while Ballina appears to co-exist within recent times the retail recovery has lessened the trend which is more evident in Lismore.

Coffs Harbour

The office market has remained relatively stable through 2018 with limited leasing enquiry and stable rental levels. The slight oversupply of office space is restricting rental increases. This oversupply is gradually being taken up by the market. Good quality office space is priced at $350 to $400 per square metre per annum. Secondary office accommodation has proven difficult to lease with rentals in vicinity of $200 to $300 per square metre depending on size, quality and location.

There has been limited demand from the Government sector although a recently completed double story office complex has attracted NSW Forestry on a long-term lease. There has been increased demand for office accommodation from participants in the 'National Disability Scheme' with a number of organisations establishing locally.

The reported sale of the MBT Building in Moonee Street at $10.2 Million represents an analysed initial yield of 8.5 percent or $3,065 per square metre for 3,328 square metres of net lettable area plus 42 basement secured car spaces. Tenant mix includes 1,726 square metres of Government tenants with balance local tenancies over 8 levels.

Office development site sales range from $850 to $1,000 per square metre with limited demand, but a number of sales effected in 2018.

Overall the local market is best described as steady with office use now filling vacated secondary retail premises.

Hunter Region

As we look back on office property in Newcastle in 2018, we can look back on a market that is in a state of change.

The changes have been multiple – most notably around the location of office activity. The pre-commitment of the Newcastle Council Administrative Centre to the Gateway Building on Stewart Avenue in Newcastle West was the first major office move to this area, the second being the announcement of the construction of 15,000 square metre of office as part of Doma Group's re-development of The Store building. Circa 10,000 square metres of this space has been pre-leased to a NSW Government tenant.

The NSW Government's cost cutting push for high quality office accommodation outside of Sydney's CBD has benefited markets in regional areas such as Gosford where the recently constructed Taxation Office sold for $43.5 millionat a yield of 6.96%.

To Armidale where the move of Government department Australian Pesticides and Veterinary Medicines Authority to a new 4.5 NABERS rated building will add circa 150 local jobs to the local economy – some of those will be relocating from the department's previous headquarters in Canberra.

Now to Newcastle we see pre-commitments of a large (as yet unnamed) Government tenancy in Newcastle bolstering our market and employment opportunities.

A little further to the East around what is becoming the new Legal Precinct on Hunter Street in the area surrounding the New Law Courts we're seeing retail space being vacated – primarily due to the works associated with the light rail works - legal office tenants moving in. We're anticipating the retail area will become more centralised around the Hunter Street Mall and the East End development, where a Woolworths Metro store pre-commitment has been announced.

The headline vacancy rate figures all tell a similar storey across the board. The Total vacancy rate is at 8.5% - down from 12.4% in July 2016, the A

Grade vacancy rate is at 6.4%, down from 9.7% in July 2016. B Grade vacancy is also down to 10.1%, C Grade is mostly steady and D grade down significantly. Stock withdrawals has helped bolster lower vacancy rates across C & D grade buildings, as many of these buildings have been or are in the process of being converted into residential developments. These figures are as at July 2018, however and the most recent talk from commercial letting agents are that vacancy rates may be creeping up again in certain areas.

In light of the change, we'll keep a good eye on those areas that are benefitting from the current development cycle and to those areas that may be being left behind.

Dubbo

Sales of smaller of office space (<220sqm) in Dubbo has been strong in recent months with sales under $600,000 selling readily to owner-occupiers and SMSF. Analysed yields of circa 6.3% are typical.

Two large office buildings have sold in the 12 month period: 165 Brisbane St for $3,695,000 (analysed 6.4% yield) and 23-29 Hawthorn St for $6,600,000 (analysed 10.10% yield). Hawthorn St is fully leased to an NGO, however is particularly poorly located in an industrial zone.

Victoria

Melbourne

According to the Property Council of Australia's Office Market Report, Melbourne CBD's overall vacancy rate has reduced to 3.6 per cent over the six months to July which puts Melbourne CBD below Sydney CBD at the lowest vacancy rate amongst all of Australia's CBDs. The reduction in the vacancy is mainly due to the high net absorption rate of prime Melbourne CBD office stock.

The North-Eastern and Eastern Cores have the lowest vacancy rates at 0.6 per cent and 1.4 per cent respectively, while vacancy rates are highest in the Western and Spencer precincts reflecting vacancy rates of 6.7 per cent and 4.3 per cent respectively.

There is limited new prime office supply due for completion over the next two years before a large deluge of supply is forecast for 2020. Therefore, it's anticipated that vacancy rates will continue to fall over 2018 and 2019 before rising again in 2020. Correspondingly, we expect to see potential sharp rental growth over the next two years as well as a decline in incentives, before levelling back out again from 2020.

Leasing demand also continues to rise for good quality office stock within city fringe suburbs, particularly in Cremorne and Richmond which have transformed into thriving technology precincts in recent years. Local agents are reporting a shortage of space and strong growth in face rents with reducing incentives. Net rents are in excess of $500 per square metre net for new boutique office space in Cremorne and Richmond with minimal incentives offered.

Investment assets with high underlying land values are still highly sought-after by Self-Managed Super Funds (SMSF), private investors and syndicates. Overseas private investors are also currently prevalent in the market.

Three recent sales demonstrate strong results:

- **210 Kings Way**, a five storey office building, was sold for $32.01 million in October on a tight passing yield of 4.78%. The island site is zoned Mixed Use and offers redevelopment upside with vacant possession available from June 2021.
- **105 York Street**, a circa 2010 five-storey office building, was sold for $49 million in September to a private investor. The sale reflects a capital value rate of $9,606 per square metre and a passing yield of 5.35%.
- **17-21 Harcourt Parade, Cremorne**, an eight storey A-grade office building expected to be completed in 2020, was sold off market to AXA Investment Managers in August for $100.5 million. MYOB has pre-committed to over 8,800 square metres of net lettable area for an initial term of ten years.

105 York St, South Melbourne *(Source: www.commercialrealestate.com.au)*

The sale reflects a record high capital value rate of $10,404 per square metre and a yield of 5.4%.

There has been particularly strong demand in recent years for well-located development sites within the Melbourne CBD and the fringe suburbs. Specific areas that have seen most activity are typically characterised by the presence of older-style, single and low-rise industrial and commercial buildings which are considered to under-utilise the site at present by no longer representing the highest and best use.

Cremorne and Richmond have seen very strong demand for commercial development sites, dominated by creative and technologies type industries, which has driven strong capital growth over the past two years.

Recent development site sales in Cremorne reflect land rates of well above $10,000 per square metre including 102-106 Stephenson Street which sold for $7.1 million representing a land rate of $12,909 per square metre.

Overall, the commercial office market in Melbourne experienced a strong year however we are cautious on the short to medium term outlook as we consider the market has potentially reached its peak. The commercial investment market has experienced notable increases in activity and price levels over recent years. We consider this strong market sentiment has largely been fuelled by the prevailing low interest rate environment. Given the recent slowdown in the local residential market, we caution that any uplift in interest rates or lending tightening in the commercial space may potentially reduce buyer demand which may correspond to a reduction in commercial property value levels.

South Australia

Adelaide

The South Australian Vacancy rate is the third highest in the country and at 14.7 per cent but is down from the 18 year high of 16.2 per cent recorded in January last year (Property Council of Australia Jul 18).

Adelaide CBD Office Market Summary as at Jul 2018:

	Stock (sqm)	Vacancy (sqm)	Vacancy Rate (%)	Net Absorption (sqm)
Core	114,716	17,177	15	5,506 (12 months)
Frame	24,653	6,086	24.7	-2,137 (12 months)

(Source: PCA and Herron Todd White research)

As can be seen in the table above the vacancy rate sits predominantly in lower grades with A Grade space being 12 per cent higher than with the Premium Grade which has reduced from 9.3 in January 2018 to 2.8 in July 18 (PCA July 2018).

Agents are reporting an increase in demand and predications are for a continuing reduction in the vacancy rate as those developments in the pipeline are completed.

Adelaide CBD Office Vacancy Percentage by Grade:

	Jan -14	Jul - 14	Jan - 15	Jul - 15	Jan - 16	Jul - 16	Jan - 17	Jul - 17	Jan - 18	Jul - 18
Premium	6.3	11.6	10.7	9.4	7.7	8.3	8.3	10.2	9.3	2.8
A Grade	12.9	13.1	13.6	14	15.1	17	17.6	15.8	14.7	14.8
B Grade	15.2	16.2	11.7	10.8	11	14.8	16.3	17.8	14.6	14.5
C Grade	12.8	18.6	21.4	21.6	19.9	19.2	21.2	21.4	17.3	15.7
D Grade	18.1	19.5	20.8	20.9	21.9	21.6	21.9	20.3	18.4	16.7

(Source: PCA and Herron Todd White research)

The improved demand over the last six months is in part the significant increase in defence spending and the establishment of the 10 Gigabit City which was a partnership between TPGH Telecom and the City of Adelaide. This is already transferring to rental growth within the CBD with Colliers reporting an increase of 2.7 per cent to gross face rents within the Premium Grades and 1.8 per cent to A Grade Space. There is also a reported reduction in incentives which have been as high as 40 per cent within A Grade space and are now reportedly reduced to the mid-30 per cent range.

Investment market has also begun to show improved strength with a tightening of yields within the higher grades to the improved demand from syndicates and private investor groups. Secondary yields have remained stable but generally numerous property analysts are reporting the general tightening of yields across the CBD market.

Major developments under construction include the following:

Location	Project Address	Project Name	Construction Type	Completion Year	Development Stage	Owner	NLA(sqm)	Floorplate-Size	Car spaces-Total
Adelaide CBD	74 Pirie Street		Full Refurb	Q3, 2018	Construction	Maras Group	1570		0
Adelaide CBD	82 Flinders Street		Full Refurb	Q4, 2018	Construction	Ginos Group	735		
Adelaide CBD	82-98 Wakefield Street	82-98 Wakefield Str	Full Refurb	Q2, 2019	DA Applied		2200		
Adelaide CBD	10 Franklin Street	GPO Tower	New Development	Q3, 2019	Construction	Charter Hall / Telstra	24500	1300	30
Adelaide CBD	1 King William Street	1 King William Stree	Partial Refurb	Q2, 2018	Complete	Prime Super	2521	N/A	N/A
Adelaide CBD	461-465 Pulteney Street		Partial Refurb	Q3, 2018	Construction		595	N/A	N/A
Adelaide Fringe	100 Greenhill Road		Full Refurb	Q3, 2018	Construction		1440		

Commercial

Queensland

Brisbane

CBD Office Markets

Development in the CBD is now ramping up significantly with projects such as Queens Wharf (now a very big hole!), the Howard Smith Wharves (nearing completion), and 80 Ann St (under demolition), and the major infrastructure projects of Cross River Rail and Brisbane Metro shortly to commence. The full breadth of projects proposed will fundamentally reshape the CBD over the next five years with significant impact on office markets. The downside is the likelihood of major disruption to the CBD over this period.

The Brisbane CBD Commercial leasing market has continued to strengthen over the past six months with strong leasing activity pushing vacancy rates from 16.1% in January to their current position at 14.6%. The strongest performer has been the Premium Grade Accommodation where vacancies have fallen from 12% to 9.5% in a six-month period. A Grade has also improved to 11.7% whilst B and C Grade accommodation have improved but still remain very high with vacancies at greater than 20% and 15% respectively. Notable leasing transactions include 80 Ann Street which had 39,600 square metres pre-leased to Suncorp on a ten-year lease term, 266 George Street which had 17,200 square metres leased to QSuper on a 15-year lease term and 480 Queen Street which had 6,400 square metres

The Brisbane Transit Centre...To be demolished for the Cross River Rail Project *(Source: ???)*

leased to The Department of Veteran Affairs on a ten-year lease term.

We also note that the withdrawal of the Brisbane Transit Centre from the market (to be demolished for the Cross River Rail project) is necessitating the relocation of some 17,000 square metres of office tenants from the building.

Incentives for premium grade space are starting to tighten and are expected to do so further as the availability of contiguous floor space diminishes.

Investment markets have been very strong with sales totalling $1.1 billion to date this year. Whilst this figure has dropped slightly from last year, this is due largely to a lack of quality stock in the CBD market.

Notable sales in 2018 include 53 Albert Street which sold for $250 million by JP Morgan at a reported yield of 6.4%, 260 Queen St which sold to Hines (US fund) at a reported yield of 4.46% (only 1 year remaining on the principal lease), and 127 Creek Street which sold to the Singaporean group Firmus for $129.13 million at a reported yield of 6.58%. Strong investment appetite indicates transaction volume will remain high leading into 2019.

Fringe Office Markets

Brisbane's metro and fringe commercial market have remained relatively stagnant throughout 2018. Transaction levels have dropped YOY from 2018 with $383 million in sales to date. This is not reflective of demand however but rather low levels of quality stock in the market. Notable sales in 2018 include 130 Commercial Road Newstead which sold for $20.35 million at a reported yield of 7.73% and 8 Musk Avenue at Kelvin Grove, which sold to Queensland University of Technology for $84 million at a reported yield of 7.30%.

Leasing conditions have not seen much change over the past six months with nominal rental growth and incentives remaining at high levels. Vacancy rates have climbed slightly from 13.8% in January to where they now sit at 14.5%. This is largely a result of Origin Energy's withdrawal from the Milton market.

There have been some notable leasing transactions however with Downer EDI taking 7,099 square metres of space at 135 Coronation Drive, Milton on a five year lease term, 358 St Pauls Terrace, Fortitude Valley which has 3,000 square metres leased to Sunwater on a ten year lease term and 61 Petrie Terrace, Petrie Terrace which has renewed a 6,600 square metre lease to Hatch on a five-year term. Whilst there are numerous sites mooted for development, no new activity is anticipated without significant pre-leasing. Incentives remain high at 40%-45%.

Suburban Office Markets

Suburban office markets remain becalmed with limited leasing activity and sales activity primarily confined to well leased assets. Rentals are flat, there is significant vacancy in second tier areas, and incentives remain fairly high.

Gold Coast

This month we are looking at the office sector for 2018, and proffering our thoughts of what conditions may be like in 2019.

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

The Gold Coast office market has remained buoyant over the first three quarters of 2018. Tenant enquiry has remained reasonably good, more so for A and B Grade stock, influenced by the facts that there have been no new office buildings in the market place for several years, and there is no 'shovel ready' construction in the immediate pipeline. The C and D Grade stock sector, and more particularly older buildings or those in secondary/fringe locations, has however, exhibited an increasing level of 'for lease' signs moving through 2018 to date. Property Council of Australia office vacancy data for the Gold Coast for the six-month period to 30 June 2018 was 12%. This was up 1.4% over the level of 10.6% at 31 December 2017, and slightly higher than the level twelve months ago of 11.3% at 30 June 2017.

Rental levels for A and B Grade space have moved up over the course of 2018, to more commonly fall within the range $400 to $550 per square metre PA gross. For C and D Grade categories it remained steady, although more recently appears to be experiencing downward pressure, due to tenants being prepared to move to and pay higher rental for better quality space. Rentals for this floor space category more commonly fall within the range $300 to $400 per square metre gross. The level of incentives across the board has remained fairly static, at circa 10% of the first terms rental.

Notable sales of larger office buildings concluded over the course of 2018 to date include Icon Energy at 4 Miami Key, Broadbeach in February for $7.81M (reflecting an analysed yield of 6.2% and $5416/m^2 on lettable area), Southport Chambers at 56 Nerang St, Southport in April for $6.973M (reflecting an analysed yield of 6.7% and $3,467/m^2 on lettable area) and 140 Bundall Rd, Bundall in August for $7.05M (reflecting an analysed yield of 7.5% and $2,243/m^2 on lettable area - however circa 44% vacant).

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

- **154 Varsity Pd, Varsity Lakes** - 3994m^2 lettable area.
- **50 Cavill Av, Surfers Paradise** - 16,625m^2 lettable area.
- **1 Bellvue Dr, Varsity Lakes** - 3764m^2 lettable area.
- **169 Varsity Pd, Varsity Lakes** - 3364m^2 lettable area.

50 Cavill Avenue in particular will be a litmus test for market sentiment. This A-grade office building was purchased in early 2016, at which time it had a reported vacancy of circa 45%. Following significant refurbishment and a leasing campaign, the building is now reported as 97% leased reflecting a WALE of 4.21 years and an income stream of circa $7.6M per annum net (fully leased).

50 Cavill Avenue (*Source: www.commercialrealestate.com.au)*

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

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

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

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

Toowoomba

Leasing demand for commercial office accommodation in Toowoomba was subdued in 2018 which continued the trend from the previous couple of years. As a result there has not been a significant growth in rentals and evidence that some lease incentives may be required to secure tenants.

Owner occupier demand has continued to be strong, particularly for premises with floor areas of up to 300 square metres. There has been a reduced supply in this market segment, which has resulted in some sales achieving premium prices.

The inclusion of good on-site car-parking is a major feature sought by buyers & tenants, with under serviced properties often struggling to sell or lease.

Following years of limited new office development in Toowoomba, construction has commenced on a new building located on the corner of Campbell and Raff Streets in the northern fringes of Toowoomba's CBD. The building is to be multi-levelled and will contain a food/café tenancy on the ground level. This project appears to be driven by multiple owner occupiers.

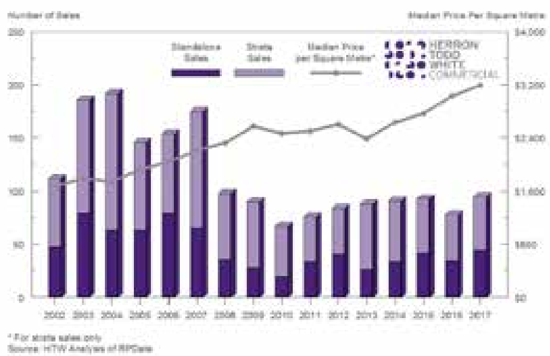
Major office buildings in Toowoomba have been tightly held over the past five years with very limited investments sales of note. This drought appears likely to end soon with a number of office investments currently being marketed for sale. These opportunities include the following:

- **146 Herries Street, Toowoomba City** – This is a two level building with a net lettable area of 1,615 square metres and 60 on-site car-parks. The building is fully leased to two Government tenants with a reported passing net income of circa $600,000.
- **174 Hume Street, East Toowoomba** – This is a single level building with a net lettable area of 1,070 square metres and 35 on-site car-parks. The building is fully leased to National Australia Bank (Business Banking & Agribusiness) with a reported passing net income of circa $370,000.
- **131a Herries Street, Toowoomba City** – This is a single level building with a net lettable area of 654 square metres and 25 on-site basement car-parks. The building is fully leased to six tenants of mixed quality with a reported passing net income of circa $185,000.
- **'Easternwell Centre' - 10 Russell Street, Toowoomba City** – This is an eight level building with a net lettable area of 7,126 square metres and 101 on-site basement car-parks. The building is leased to a mixed of tenants including Easterwell Group and Southern Cross Austereo.

Cairns

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

Commercial Property Sales in Cairns



Commercial

The level of general commercial property sales in Cairns, inclusive of retail and/or commercial office premises, highlights that activity in the Cairns commercial market remains well below the levels achieved in the 2003 to 2007 period. Sales volumes have been gradually rebuilding over the last nine years, but are still only averaging around 90 to 100 sales per annum. Median prices paid specifically for strata titled premises have increased mildly over the last seven years, but our general impression is that prices per square metre of floor area are mostly stable within the $2500 to $4500 range.

Most new office space leasing demand is for smaller areas and for modern, good quality green star rated premises. However, there is only a handful of such buildings in Cairns. These buildings achieve high levels of occupancy and are experiencing stable rent levels typically of $350 to $450 per square metre per annum. Demand for lesser quality space remains limited, and there is a large oversupply of good quality non-inner CBD and well exposed secondary space in the $200 to $300 per square metre per annum rental range. These conditions have placed downward pressure on secondary rents and seen the emergence of incentives.

The Cairns office market overall has experienced little change thus far during 2018 and is expected to maintain little change moving forward in the short term.

Townsville

Throughout 2018 the Townsville office market has performed as expected and although the market continues to be surrounded by positive sentiment, it's yet to budge from the bottom of the market cycle.

Activity within this sector to date has seen a few sales in the over-$1M price bracket including an office building located along Ross River Road, which sold in March 2018 for $2.45 million along with a $15.5 million sale for an inner city CBD eight-story office building. The later sale reflected a weighted average yield expiry (WALE) of 4.6 years and an analysed yield of 9.15%.

It has been announced that a new $25 million office building will be constructed in the fringing City Centre to accommodate a move by the Australian Taxation Office (ATO). The current ATO lease is due to expire in 2020, which will see them vacant their current office space in Stanley Place. This new office will be a four-level lifted office with the ATO to occupy about 4000 square metres.

Leasing activity throughout the year has resulted in a reduction in the overall CBD office vacancy rate from 32.2 per cent as at January 2018 to 30.2 per cent at July 2018. The CBD office market experienced positive net absorption of rental space over the six months, despite the office rental market experiencing generally slow leasing conditions. We are still seeing a large amount of tenant churn as tenants adjust their space requirements and needs. Office rental rates remain soft with high levels of leasing incentives in order to attract and/or secure tenants.

Sunshine Coast

The Sunshine Coast office market commenced 2018 with a high level of overall stock in the market and ended with a high level of overall stock still available. Overall absorption of stock though generally appeared to be strong with owners generally offering strong incentives to entice tenants to either upgrade space or take long term leases. Historically, incentives have not been strong in our market, typically limited to up to three-months of rent free, however, with such a high level of stock available, we saw general incentives reach up to 25 per cent of face gross rentals for 5+ year lease terms.

Overall effective rentals have generally fallen over the past 12 months, though some strong locations around the Maroochy River, appeared to have generally remained stable.

One of the interesting facts to appear in the market was with the sale of a number of complexes across the coast. Sales that occurred later in 2018 included:

30 Main Drive, Warana *(Source: RP Data)*

An 884 square metre modern complex split into 4 tenancy areas with a WALE of 1.75 years. Sold for $4.3 million indicating a yield of 6.68% and $4,864/sqm.

3 Nicklin Way, Minyama *(Source: RP Data)*

A 1250 square metre modern complex split into 4 tenancy areas with a WALE of 3.68 years. Sold for $5.75 million indicating a yield of 6.99% and $4,600/sqm.

9 Nicklin Way, Minyama *(Source: Valuation)*

A 1222 square metre modern complex split into eight tenancy areas with a WALE of 2.73 years. Sold for $5.5 million indicating a yield of 7.43% and $4500 per square metre.

We have also been confidentially made aware of a sale of a property in Maroochydore for circa $11 million indicating a yield of circa 7.5%.

This shows the overall strength of the local investment market in general, even though some of the fundamentals in terms of high levels of supply are still evident within the office market sector.

Rockhampton

2018 has seen a relatively stable year for the office market in Rockhampton. On the back of some poorer performing years across Central Queensland, we have now started to see an overall increase in market sentiment and confidence. Whilst we have not seen any strong evidence of rental or capital growth, a stable office market has continued through the year, with rentals indicating continued stability.

Some recent leasing transactions through the year show standard CBD office rentals falling within the $200 to $300 per square metre gross range, depending on a variety of factors. In some instances, we are still seeing the presence of incentives, however in other instances we have seen no incentives included in negotiations.

Larger tenancies in excess of 300 square metres appear to still be difficult to lease in the current market.

Most sales activity has been in the sub $1 million price bracket, to a mixture of owner occupiers and investors. Owner occupiers are continuing to take advantage of the low interest rates which is driving most purchases of vacant office properties.

Investors remain cautious about potential letting up periods and are therefore rarely competing for these vacant properties. Investors have remained active for leased office properties with a decent unexpired lease term (at least 2-3 years), however remain sensitive to tenant strength. There have been no known notable sales of office properties above $2 million, however we have been keeping an eye on Stirling Place (152-156 Bolsover Street) which has undergone a substantial marketing campaign by Burgess Rawson. This is a multi-level office building that has undergone a comprehensive refurbishment in recent years, with a reported net income of circa $511,000 per annum.

Gladstone

The office market has remained relatively flat in Gladstone for the 2018 period thus far. There has been limited activity, however overall conditions appear to be stabilising.

Office sales have been thinly traded, however most (if not all) of these have been to owner occupiers who have made it through the last five years of tough local economic conditions, and are taking advantage of the continued relatively weak market conditions and low interest rates. This activity has remained sub-$750,000, however in most instance sub-$500,000 which appears to be the most affordable price bracket for local owner occupiers.

There have been no known passive investment sales of office properties in 2018; investors remain cautious and there have also been few quality investment options available, with existing owners reluctant to sell unless necessary given the current market conditions. Rental rates appear to have stabilised, however incentives continue to remain part of leasing transactions in many cases.

Wide Bay

The office markets throughout the Wide Bay held relatively firm in 2018.

Bundaberg recorded a couple of larger office sales, a new office development was launched in Hervey Bay and Maryborough followed it's ever stable trend. Here is our yearly wrap of the 2018 office market in each major locality.

Bundaberg

Bundaberg was met with cautious optimism in 2018 with a few new leases being established to disability support service businesses under the National Disability Insurance Scheme (NDIS) banner. These rentals were generally established on relatively short, one-to-three year, lease terms and reflected a gross rental range in the order $200 to $250 per square metre. These rental rates appeared to be consistent with the market rental rates for average quality office tenancies around Bundaberg.

32 Crofton Street sold in March subject to a new lease (disability support services tenant) and reflected an analysed yield of circa 8%. This exemplifies the attractive market yields Bundaberg has on offer compared to our larger city markets.

At the top end of town, 70 Barolin Street sold in May subject to a long-term lease and a very well-established tenant. The property sold at a national auction and achieved an analysed yield of circa 7.3%.

This sale demonstrates a good demand for good quality office stock with established tenants and good lease covenants.

Hervey Bay

It was a relatively quiet year for office sales within Hervey Bay. Perhaps one of the more intriguing market movements has been the new community titled office development on Torquay Road called 'The Avenue'. The proposed development is to incorporate 20 community titled offices in a laneway style setting. The listing agent has reported 25% pre-sales with a further 20% of the units under contract. Construction is due to commence in December 2018.

There appears to be a limited number of new office leases established in 2018, with the better quality medical office stock absorbed within the market, there has been little movement at the top end of town.

Maryborough

Maryborough experienced another slow year with a low volume of sales and a low volume of office leases established. It is important to consider that 2018 was a relatively consistent year in terms of activity when compared to previous years.

Some investment activity did occur within the retail and low impact industry market sectors, which did demonstrate that investors are active within the market, albeit at lower levels than owner occupiers.

Mackay

Office rents have settled through 2018 at new lower levels and leasing activity continued to improve throughout the year. This was caused by greater confidence in the local economic outlook which in Mackay s largely driven by regional coal mining. The affects of substantial new office supply in recent years in addition to the extended period of economic downturn from which we are now emerging, has now become fully apparent as new leases and market reviews are now being struck at approximately 20% below the 2012 market peak.

Leasing enquiry is improving and an extensive number of vacant office tenancies are steadily becoming tenanted.

There was very little office sales activity during the year. Most sales occurred at prices below $750,000 and were fairly evenly spread amongst investors and owner occupiers.

An interesting sale which occurred during the year was an office property that was located in the main industrial area of Paget at 14 John Vella Drive which sold at $630,000 ($1,304 / square metre of building area) for a 483 square metre building. This followed another office sale at 89 Connors Road, Paget for $1.1 million in December 2017. Both of these were acquired by owner occupiers and demonstrate that not all office users in the Mackay market require a typical CBD location from which to operate.

Northern Territory

Darwin

The commercial office market in Darwin CBD and indeed across Greater Darwin continues to languish with little new demand evident. Leasings are difficult to come by in the current market.

It has recently been announced that the TIO Building at 24 Mitchell Street is to be put on the market. This is undoubtedly one of Darwin's better commercial office buildings and is well located close to Parliament House. The results of this marketing project will be closely monitored as an indicator of yields for CBD office space in Darwin. We area also aware of the impending sale of another significant office holding in the CBD which should provide further evidence. We hope to provide further advice about this soon.

Some additional details have emerged regarding the NT Government's new CBD Derelict and Vacant Property Levy which commences on 1 July 2019 with the first assessments made in July 2020. The levy will be at a rate of two per cent on vacant land within the CBD area and one per cent on improved properties which have a vacancy rate of 50 per cent or higher.

The area to which the levy applies has now been more clearly defined to the core area of the CBD bounded by the Esplanade, Daly Street and McMinn Street. This excludes peripheral areas which are zoned CB (Central Business) but are outside the core CBD area, such as the old Shell site on the north-eastern side of McMinn Street.

It has also been announced that it will be restricted to commercial buildings within the core area, therefore excluding residential unit buildings.

The tighter geographical area of the levy means that some of the larger disused sites are now excluded, meaning the Government revenue from the levy will be reduced. The levy also encourages activation of affected properties which will avoid or mitigate the imposition of the levy. For example, even if a tenant is found at a nominal rent, this will still count as a reduction of the building's vacancy rate.

The limited tax base of the levy means that the cost of collection will be high and might even outweigh the revenue that is raised. The Government will be hoping that the payout will be in the form of a more vibrant CBD that will attract both tenants and patrons.

TIO Building, 24 Mitchell Street Darwin *(Source: www.realcommercial.com.au)*

Western Australia

Perth

The most recent Property Council of Australia figures for the Perth CBD office market indicate the total vacancy rate decreased marginally from 19.8 per cent to 19.4 per cent in the six months to July 2018. The total vacancy rate in West Perth also dropped slightly from 16.7 per cent to 15.8 per cent for the same period.

Whilst there is some positive news with vacancy rates reducing overall, Perth's CBD still has the second highest vacancy rate of all capital cities in Australia.

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

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

The significant deterioration in the Perth CBD and West Perth office leasing markets during 2016 (mainly as a result of reduced demand from resource sector tenants) coupled with historically low occupancy costs for office space in these traditional office districts, has caused a rise in tenant migration from peripheral office precincts but also in tenants up-scaling to better quality accommodation.

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

Workzone West, Perth *(Source: www.realcommercial.com.au)*

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

Despite the findings from the PCA Office Market Report, discussions with real estate agents active in this sector confirm a generally soft office leasing market with downward pressure still being exerted on asking rental rates with a large volume of space available coinciding with a lack of demand, particularly for secondary premises. In many cases tenancies are being listed for extended periods and with multiple agents.

In terms of capital transactions, demand for office property in the Perth CBD has been felt predominantly from institutions and foreign (south-east Asian) buyers seeking counter-cyclical

Exchange Tower, Perth *(Source: www.realcommercial.com.au)*

acquisitions of secondary assets with good prospects for re-positioning.

Nine (9) major CBD and fringe office buildings have transacted during the 2018 calendar year with one of the more notable being 'Workzone West', 202 Pier Street Perth which was bought by Charter Hall for just over $125 million in June 2018. Furthermore, it has been recently reported that 'Exchange Tower', 2 The Esplanade Perth has been acquired by GIC – the Singaporean Government's sovereign investment fund, at price of around $320 million.

Sales activity has however almost ceased within West Perth over the last 12 months although we are aware of a handful of assets that are currently under contract subject to due diligence. The lack of quality office stock with medium to long term WALEs, combined with subdued economic conditions has affected transaction activity.

The outlook for the Perth office leasing market is to see a stabilisation in rental incentives and rents over the short term and no significant new building activity until at least 2020.

Overall, we anticipate that vacancies in the core Perth CBD will stabilise and that vacancies in West Perth and buildings at the eastern periphery of the Perth CBD, will increase further as tenants look to relocate back to the core Perth CBD area. This will potentially lead to further deterioration in face rents in these locations.

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

Australian Capital Territory

Canberra

The latter half of 2018 has seen a continued stable employment rate and economic environment fostering a growing workforce, both public and private, and driving demand for quality office space. These factors have resulted in a steady office market.

According to the PCA Office Market Insight Report, vacancy rates across the ACT decreased by 0.7% to 12.5% between January and July 2018. Canberra Civic vacancy rates decreased 0.8% to 10.5%. Non Civic vacancy rates decreased 0.8% to 13.2%. A grade vacancy rates continued to decrease by 0.3% to 8.5% as at July 2018. This has been driven by demand from occupants wanting quality office space over secondary space. New office space due for completion over the next 3 years is said to be fully committed by private and public sector tenants. This trend has led to limited demand for the secondary office market particularly with C and D grade stock with July vacancy rates at 19.1% and 18.6% respectively.

In July this year the ACT Government abolished stamp duty on commercial property transfers under $1.5 million to help drive up interest in this market. We expect to see increased demand in this sector driven by owner occupiers and investors taking advantage of this incentive. Office space in this price range is available in most town centres around Canberra as units or smaller properties.

Listed below are Canberra's market indicators for the six months to July 2018. These indicators provide an overview of the current state of the office market as well as where market growth or retraction has occurred:

- Average vacancy rate for the total ACT office market as a whole decreased by 0.7% to 12.5%.
- Lower than average vacancy for A grade office space was at 8.5%, higher than the average vacancy rate for C and D grade office space at 19.1% and 18.6% respectively.
- Gross face rents are between $405 and $480 per square metre per annum for A grade office premises.
- Net absorption of A grade stock was 6,936 sqm for the 6 months to July 2018, secondary stock net absorption of -32,691 sqm was driven mainly by C grade stock net absorption of -33,629 sqm.

Residential

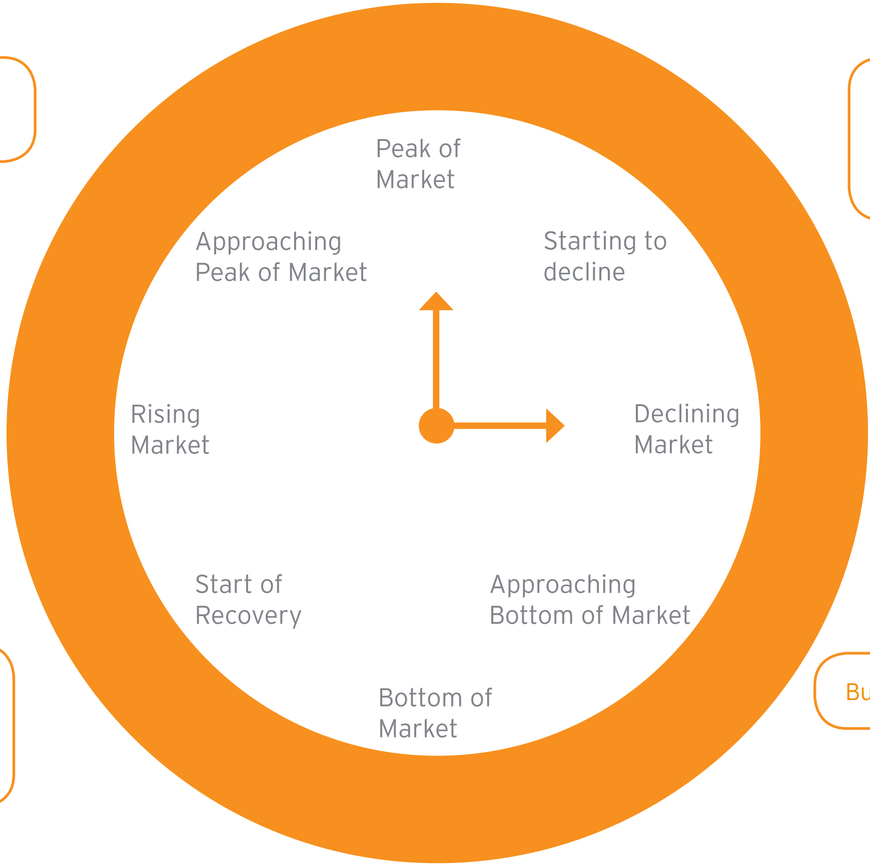
HERRON
TODD
WHITE
RESIDENTIAL

National Property Clock
November 2018
Houses

Gippsland
Mid North Coast

Albury
Hobart
Sunshine Coast

Bendigo
Central Coast
Coffs Harbour
Gold Coast
Melbourne
Newcastle
South East NSW



Adelaide
Adelaide Hills
Ballarat
Barossa Valley
Brisbane
Burnie-Devon-port
Canberra
Dubbo
Echuca
Iron Triangle
Launceston
Lismore
Mildura
Mount Gambier
Tamworth

Illawarra
Sydney

Cairns
Darwin
Emerald
Gladstone
Hervey Bay
Ipswich
Mackay
Townsville

Bundaberg

Alice Springs
Perth
Rockhampton
South West WA
Toowoomba

Entries coloured orange indicate positional change from last month.

Liability limited by a scheme approved under Professional Standards Legislation.

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

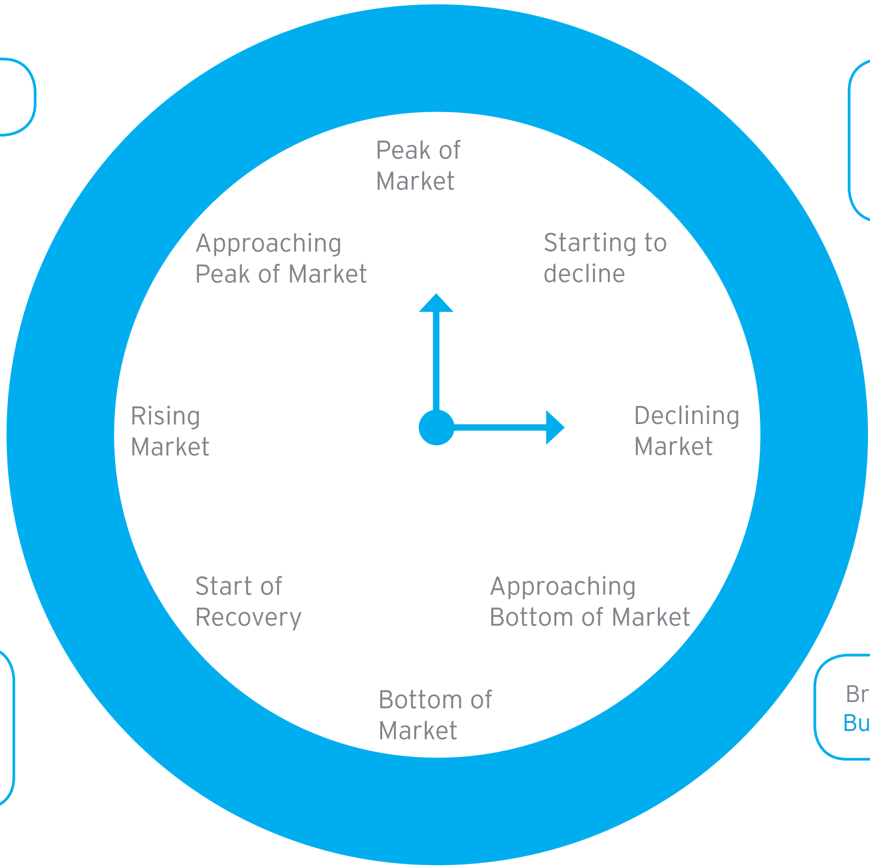
HERRON TODD WHITE RESIDENTIAL

National Property Clock
November 2018
Units

Mid North Coast

Albury
Hobart

Bendigo
Central Coast
Coffs Harbour
Gold Coast
Melbourne
Newcastle
South East NSW



Ballarat
Burnie-Devon-port
Dubbo
Echuca
Launceston
Lismore
Mount Gambier
Sunshine Coast
Tamworth

Canberra
Darwin
Illawarra
Sydney

Emerald
Gippsland
Gladstone
Hervey Bay
Ipswich
Mildura
Townsville

Brisbane
Bundaberg
Perth

Adelaide
Adelaide Hills
Alice Springs
Barossa Valley
Cairns
Iron Triangle
Mackay
Rockhampton
South West WA
Toowoomba

Entries coloured blue indicate positional change from last month.

Liability limited by a scheme approved under Professional Standards Legislation.

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

HERRON TODD WHITE RESIDENTIAL

New South Wales

Overview

Baby Boomers, retirees and downsizers make up a huge cohort in the real estate market. As the Boomer generation heads toward the post-work milestone age, we take a moment to assess their influence in the nation's property markets. Not only are they driving prices in some areas as buyers, they're also moving out contributing to supply in others.

Sydney

An ageing population and a growing number of Baby Boomers moving into retirement have seen a shift in the housing requirements toward this growing demographic. Whilst there are numerous purpose-built developments which have been constructed for this age group, including 'Over 55' complexes and retirement villages, there are other types of housing options which appeal to this market and are becoming more prevalent throughout Sydney.

Generally, purchasers within the downsizer category are moving away from larger traditional homes with large backyards in favour of low maintenance, single level properties, close to amenities and public transport. Often, they will also want accommodation that is suitable for visiting family and friends to stay.

Feedback from local agents indicate that a key driver for the downsizer market is the ability to "lock up and leave", a term becoming more popular meaning downsizers can go on a holiday without the worry of large gardens, pools or other maintenance to be completed whilst they're gone. More common for strata complexes this term can also be applied to houses on smaller blocks and any property with low maintenance yards.

The NSW Medium Density Housing code that was introduced in 2018 is a sign that the NSW State Government is reacting to public demand for medium density housing with the fast tracking of approvals and consistent approach for design. This style of housing is considered the middle ground between highrise units and low density detached houses. As the nation ages, demand for this style of high quality and low maintenance housing will continue to be popular and can allow downsizers the opportunity to remain in the area they love, in a dwelling that is better suited to their current and future needs.

In many areas of Sydney downsizers are underpinning the unit market with developers noting a large proportion of local buyers have sold their houses wanting a modern low maintenance unit or townhouse with quality inclusions allowing them to continue to live locally.

There are many that fit within this demographic who take the opportunity to move away from the hustle and bustle of Sydney when they choose to downsize. This is often referred to as a 'sea change' or 'tree change' and these areas are generally more affordable than most parts of Sydney. Popular destinations for those leaving Sydney include Wollongong and the south coast, the Central Coast, Newcastle and the north coast, along with the Gold and Sunshine Coasts in Queensland.

Many though, choose to remain in Sydney, maybe because they want to stay close to family and friends, or perhaps because if you don't need to battle the traffic every day, it's a great place to live.

In 2016, Sydney topped the list of 25 global cities as the world's best city to retire in according to the Knight Frank's Global Lifestyle Review 2016. Factors which boosted Sydney's ranking included the annual cost of health care, hours of sunshine a year and the cost of a cappuccino.

There are a number of locations within Sydney that attract the downsizer market. Small scale, easy care strata complexes are popular in most areas. In inner Sydney areas such as Jackson's Landing a community development at the northern tip of Pyrmont, or Darling Point, an affluent inner eastern suburb caters well to the needs of this demographic. Lifts, building managers and visitor parking are all high on the list of demands for this type of development.

In the east, suburbs such as Bondi Junction and Edgecliff are popular with downsizers. Bondi

Junction offers a Westfield Shopping Centre, Eastgate Shopping Centre and railway station while Edgecliff offering a shopping Centre, Eastpoint Food Fair and railway station.

Few other suburbs in the east allow the convenience of mixed residential with retail and commercial precincts in such close proximity. The medium-rise towers in these areas generally offer more resort style common facilities than other locations with several of these 1990's built complexes often being more desirable to this age group than a brand new product.

The Northern Beaches is a popular destination for seniors, for both existing residents as well as individuals relocating for a lifestyle change. Balgowlah, Mona Vale, Newport and Palm Beach are key suburbs with a healthy demographic of seniors. On average, 28% of the Northern Beaches population is 55 years or older (2016 Census). This percentage is far greater in individual suburbs such as Palm Beach and Mona Vale, being 53% and 36% of the suburbs demographic respectively.

Popular products include villas, garden apartments, unit complexes with lift access, as well as single-storey housing on level parcels. They are generally low maintenance, finished to a high standard, accessible and must be centrally located. There is a clear premium paid for these attributes, and there

Vaucluse unit purchased "off the plan" for a record $13m *(Source: Domain)*

has been a greater uplift in capital growth due to strengthening demand levels.

Downsizing doesn't always mean moving to something that costs less however. There are many suburbs where prestige unit complexes have been constructed which are highly desirable for this demographic.

Prestige areas in demand include Double Bay and sections of Vaucluse and Rose Bay due to their close walking proximity to amenities, however prices in many of these more boutique unit complexes are in the $3 million plus range.

A two-level penthouse in Nangara, a boutique four unit, "Over 55's" development in Vaucluse recently sold "off the plan" for $13 million, almost triple the previous suburb unit price record (source: Domain). The 5 bedroom, 6 bathroom unit, is 430 square metres in size, with 4 car spaces, and will enjoy views of Sydney harbour and the city skyline. It will also feature an electric car charge point and a ground floor storage locker with refrigeration for deliveries.

In the south, Cronulla is a popular choice for prestige units above $3 million, with access to a railway station, beaches, and cafes and restaurants. Prices for these units often outstrip larger waterfront dwellings in nearby suburbs.

In September, the record unit price for the Sutherland Shire was achieved, where a Sutherland Shire resident looking to downsize paid $7.5 million, "off the plan", for a penthouse apartment in the Ozone Residences (source: St George and Sutherland Shire Leader). The building will comprise 30 apartments over 8 levels with a very high level of finishes, with the 3 bedroom, 3 bathroom penthouse apartment enjoying spectacular ocean views.

Cronulla unit purchased "off the plan" for a record $7.5m
(Source: St George and Sutherland Shire Leader)

Bayside suburbs such as Dolls Point and Ramsgate Beach have also seen increased demand in this prestige unit market, offering a relatively cheaper alternative to Cronulla. A three-bedroom penthouse in the Bayview development at Ramsgate Beach recently sold for $2.3m while a new four-bedroom penthouse in Ora, Dolls Point achieved $4.3m "off the plan" in September.

Panorama - 234 Ocean Street, Narrabeen *(Source: www.realestate.com.au)*

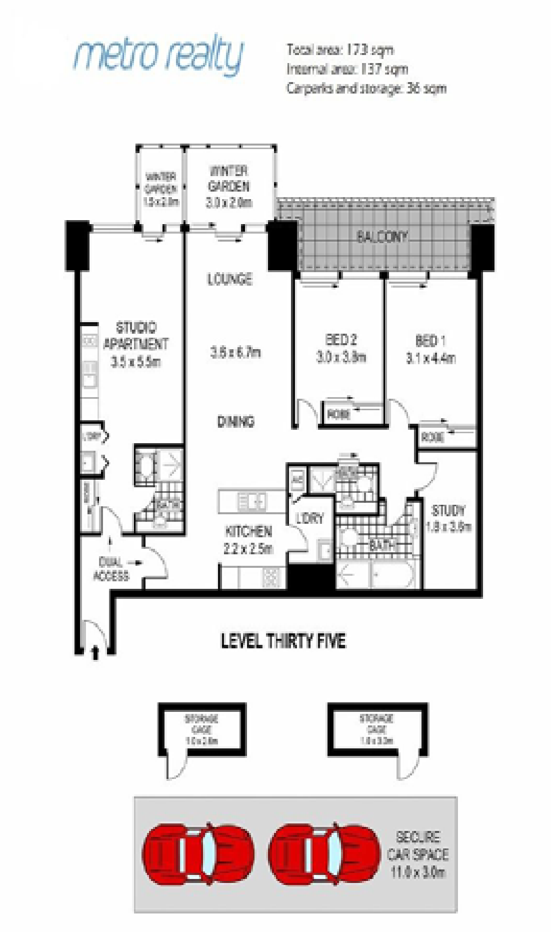
In the north, a luxury waterfront "Over 55" development located in Narrabeen saw all units sold "off the plan" before construction was completed. Some purchasers were younger than the 55-year age limit for occupation, but were eager to secure such a high quality product for future use.

In addition to specifically catering for the senior population through direct development, some families look to take matters into their own hands. Intergenerational living is prevalent in other nations and is becoming increasingly popular in Sydney, particularly in middle and outer ring suburbs. It helps ease the pressures of housing affordability and provides a greater level of care for the older generation. This may be in the form of constructing a new granny flat, knock-down and construction of a duplex pair, or something less distinct, such as reconfiguring an existing house to create a self-contained section.

A growing trend is for Baby Boomers to demolish their existing family home and replace it with a new duplex pair. This allows them to remain in their local area living in one side, while either selling the remaining side to fund their retirement, or splitting the cost with a child and their family which allows them to provide support with grandchildren and also assists them into the property market.

Prominent in the design of many new duplexes is the inclusion of a bedroom and bathroom to the ground floor to make them attractive to those that are less mobile or are concerned that they may be in the future.

Some unit developers have started to make 'dual key' apartments more prominent within their developments, particularly Singaporean developer Frasers. These apartments (whilst also appealing to investors seeking a dual income) can allow parents and their adult children/in-laws to live within close proximity without actually being in the same apartment. These units are on a single allotment, but have a small common foyer between two front doors, with a fully self-contained apartment behind each front door.



3507 and 3507A/91 Liverpool Street, Sydney, sold in March for $1.875m
(Source: www.realestate.com.au)

The great migration of baby boomers is no more apparent than on Sydney's North shore. Those 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 downsizers leave behind are generally purchased by local upgraders or returning expats with younger families wanting to take advantage of the North Shores quality schools and quiet neighborhoods. Over the years these homes are renovated to suit current demands and no doubt when the time comes they too will migrate to the lower north shore to downsize, keeping the tradition alive.

The family home for many baby boomers in middle ring suburbs was traditionally a smaller home on a large block of land. The exodus of this generation from these properties, along with councils looking to rezone many of these areas, has led to these properties becoming prime land for developers to amalgamate sites for townhouse and unit construction. An example of this was the combined sale of ten properties in Miranda in 2016 as a development site approved for 130 units. The site is close to Miranda Westfield, railway station and schools.

13-21 University Road & 1-5 Pinnacle Street Miranda
(Source: www.realcommercial.com.au)

Inner ring suburbs, such as Rosebery, Marrickville and Annandale are all becoming popular for younger buyers as Baby Boomers leave the area. These suburbs are benefiting from improved public transport links, a developing café culture, and their position within easy access to the Sydney CBD.

The next 10 to 20 years is likely to see an increasing shift of Baby Boomers looking to downsize. This will create opportunities for increasing development of housing that suits their need whilst leaving behind housing opportunities for the next generation. Whilst the Royal Commission into Aged Care Quality and Safety will not directly look at all these forms of retirement living, there are likely to be findings which will have an impact on all retirement housing development into the future.

Lismore / Casino / Kyogle

The "Baby Boomer" is an interesting segment of society, particularly within this region, as their perspective on what constitutes retirement is diverse as it is largely determined on the basis of 'where I'm coming from.

For example, the long-term farmer out west is generally interested with staying in the region and is likely to opt for either a smaller farmlet not far from town (to give them something to do) or a comfortable, low maintenance home in a town like Casino, Kyogle or Lismore.

And this does not necessarily mean a small, unassuming brick & tile unit. These days, with arguably more relaxed planning guidelines, new but moderately size low set villas or detached duplexes with manageable gardens have become in vogue, serving as an acceptable compromise between the modern, four-bedroom, two-bathroom, double-garage home on a standard freehold site and a pokey unit in a block of four, or even an attached duplex.

They want a low maintenance home, but the comfortability factor – and high quality is still high on the agenda.

That said, there are some very mobile Baby Boomers that don't necessarily want to slow down and crave a lifestyle to go with it. Hence, coastal beachside towns have also proved popular with the Casino populace viewing Evans Head as a potential retirement spot OR Lismoreans gravitating to Ballina or Byron.

Another movement in the building game is the encouragement via town planning of incorporating granny flats/second dwellings onto existing properties, particularly for those close-knit families that enjoy having the grandparents nearby. Sometimes a cheaper option for all involved and beneficial.

The resulting desires of the Baby Boomer generation wanting to move to newer pastures of low maintenance, high quality property should, in theory, free-up existing housing for the younger generation.

But that's not necessarily the case. The aspirations of the younger generations is for their first home to be decidedly newer/fresher compared to the aspirations of the Baby Boomer generation some 40 years ago. It is not uncommon to see both generations vying for the same modern property thanks, in part, to easier credit compared to yester year.

It is usually within the newer estates of Casino, Kyogle and Goonellabah that hold most appeal for the Baby Boomer rather than established homes near the town centres. We are not talking about infirm and immobile people here. At the age of 68 or more, there are a lot of able bodied people that will simply not tolerate the typical over 55's Residential Village Retirement complexes! And that is why within the last 10 to 15 years, a lot more of these complexes have become 'independent living units to cater to more mobile client.

In summary, the "Baby Boomer" generation is not simple to peg. Some still intend to move upward in the property ladder (even after the kids have vacated) and want that penthouse suite in an apartment block, overlooking the ocean…or… would accept the simple (but good quality), low maintenance detached duplex unit/smaller house in town…or…crash the daughter's/son's place by plonking a granny flat in the backyard and demand well-deserved butler service!

We are only human after all.

Ballina and Byron

Given the older demographic within Ballina the demand for low maintenance units remains high. Interestingly the demand for single level villas is much higher when compared to two-level townhouses.

Low-set residential dwellings with a side access for a boat or caravan remain popular with retiring baby boomers who have chosen not to downsize to a unit, villa or townhouse.

Real Estate agents who are active within Ballina report a significant amount of baby boomers relocating from Byron Bay and surrounds as they look to downsize and cash in on the large increases in value that the Byron Shire has experienced over the past two years. Where some localities might be seeing a demographic shift towards younger residents, residential property remains attractive as a retirement option for the baby boomer generation within Ballina Shire.

The Byron Bay shire market is currently driven by purchasers who are in the age bracket of between 30 and 50 years of age. There are not necessarily 55 to 70 year olds wanting to relocate to coastal resort towns situated in this area. The marginal market of 55-70 years of age within the Byron Shire looking to down size would be predominately looking at medium density unit or duplex developments.

The only locations that would attract buyers in the age bracket of 55-70 years of age are that of the flat level areas of Lennox head, and perhaps Brunswick Heads. These locations have flat level walking to the township. They also cater to this market through newly built units consisting of two-bedrooms, whereas in other parts of these suburbs we are still seeing newly constructed homes of three bedrooms or more. However, the suburb of Byron Bay has such a high buy in price point many 55 to 70 years old choose to stay and not free up housing. Why would they move when we are already a sought-after lifestyle retirement destination by the water?

That said, the older generation are looking to minimise from large single dwellings into medium density units. The local environmental planning within this shire does show signs of catering to this market by allowing the development of two-bedroom, two-bathroom, medium-density units close to the township. There is also thought for this market in the placement of these developments within flat level areas and the changing of dimensions and internal configurations.

There is a rise in intergenerational housing design within the Byron Shire Locality through the use of secondary dwellings. The sole purpose however is not to help accommodate aging parents in their children's homes, but to create a financially driven solution to the high price point of this coastal resort time. Intergenerational housing situations present in many different formations including:

- Mum and Dad in original house, with Child and partner living in the studio to create independence on a manageable repayment.
- Child and Partners family with kids in original house, with Mum and Dad in the Granny Flat to help service the loan.

The moving on of baby boomers may be creating some opportunity for the next generation of buyers. Specifically, within the Byron Shire this is evident in the potential older dwellings on larger allotments have for future re-development or construction of secondary dwellings.

Suburbs within this area a definitely seeing a monumental demographic shift toward younger residents. There are significant changes in Lennox Head, Suffolk Park and Byron Bay shown through interstate purchases of 30-to-50 years of age wanting to move away from the capital cities.

As a result, older suburbs are becoming cool/hip again. Suburbs on the outskirts of Byron Bay such as Clunes, Mooball, Mullumbimby and Burringbar are slowly becoming re-gentrified as the newer generation emerges. growth can be seen in the opening of new shops EG Burringbar now has two coffee shops and an art gallery.

The Clarence Valley

The Clarence Valley continues to attract a broad demographic of owner-occupiers and investors. Although rural living constitutes a large percentage of the Valley's property, Baby Boomers have a plethora of living options available. Due to Yamba's beachside locations and mostly flat topography, single level homes on small manageable lots or units are aplenty. This particular demographic, as well as many others, see the benefit in low maintenance living, proximity shops/amenities and general views/ water frontage. Accordingly, properties that satisfy these aspects are often sought after and have been showing increases in line with the general property market.

On the other hand, the vacating of tightly held farmland by Baby Boomers, is likely opening up opportunities for the next generation of buyers, however the exact nature of this turnover continues to be hard to track. Albeit, positive expansive markets indicate general upwards movement in market value levels.

Overall, while it is likely that the Baby Boomer influence will continue to play a role in future development, it does not look set to change the nature of the Clarence Valley property market dramatically.

Coffs Harbour

Coffs Harbour like a lot of regional coastal towns is often referred to as retirement village due the aging population. This older demographic is not just home bread more so boosted by the influx of baby boomers who have fled the metropolitan areas in search of the sea or tree change. Coffs Harbour and the surrounding districts offer a variety of lifestyle choices with diverse options for the older population from beachside units to the small hobby farm blocks sort by the more adventurous of the aging sector.

The housing requirements for the 50 – 70 year olds cannot be stereo typed as this is a diverse market. Traditionally the 50 -60 year sector were the empty nester's looking to down size, however with increasing property prices, living and education expenses has seen both the kids and grandma staying at home with multiple generations living in one property.

These families are looking to upsize or build the granny flat or secondary accommodation as an extension of the family property. Local planning laws relaxing some of the red tape and cost associated with gaining approval for such structures has definitely helped in the increase in this type of property improvement. There are no specific areas where we can point to as an example for this type development taking place rather property types were the land or building is of a sufficient size to accommodate these secondary structures or has specific characteristics such as dual frontage or higher density zoning. We have also seen local developers constructing new dual accommodation properties within modern estates such as Sandy Beach, Emerald Beach and Coffs Harbour to accommodate this market sector.

The fact we are living longer and healthier has also changed the face of what we need in our aging years in terms of property requirements. We have all heard sayings like '40 is the new 50' which is a reference to our physical ability and more active lifestyles as we age compared to previous generations. So instead of looking for the 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 the lower maintenance property whilst realising some equity from the family home to use travel or extra living money. These buyers are typically looking for centralised property close to services and public transport.

Were we are seeing a real lack of property choice is in the 70 year plus bracket were they no longer can live independently at home and are looking to move to an aged car 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 for a $100 million dollar aged care facility at Park Beach (Coffs Harbour) being built by Bachrach Naumburger Group who also own Park Beach Plaza and Park Beach Home Base. This upmarket facility will provide 120 bed residential care facility and 183 self-contained dwellings which is very much lacking in the local market.

With this generational property movement we are seeing the older established areas close to beaches and services such as Sawtell, The Jetty and Park Beach being revamped as the younger families move in and start to renovate the older properties. Sawtell and The Jetty are popular locations were entry level for a basic home would be $600,000 - $700,000, whilst Park Beach is more affordable entry level of $450,000 to $550,000.

Housing requirements and aging population within the Coffs Harbour and surrounding regions area will be a key issue in years to come. The 2016 census shows there are 41.8% of people aged over 50 in Coffs Harbour compared with NSW at 34.6%, highlights the need for forward thinking in this market sector.

Southern Highlands

The proportion of aging population continues to grow in the Southern Highlands, in particular, townships such as Bowral. As per the 2016 census, the median age for Bowral was recorded as 54 years, increasing four years since the census in 2011. Over the next 10 years, the number of residents in the Wingecarribee Shire over 65 will increase from 22 to 32 percent, making the Shire one of the oldest in NSW.

With an influx of the 'baby boomer' cohort, the Southern Highlands has experienced an increasing level of age appropriate housing for the Sydney retirees migrating down to the Southern Highlands region as an affordable lifestyle change. Bowral in particular has seen an increase of low maintenance, medium density developments in areas such as Kangaloon Road, Purcell Street and Gordon Road with complimentary construction of new dwellings in keeping with the immediate vicinity.

Executive style units and villas within lifestyle estates such as 'Karrara', 'Heritage Park',

Merrigal complex, Bowral *(Source: REIWA)*

'Evergreens' and the over 55's 'Merrigal' complex are particularly sought after offering amenities such as indoor heated pools, gym's and 24-hour security and are located within close proximity to prestigious golf courses, retail, medical and transport infrastructure.

Bundanoon is an increasingly popular affordable country retreat amongst retirees with a median age of 56 years (18 years above the Australian average) as an alternative to the main towns Bowral, Mittagong and Moss Vale. Bundanoon opens up opportunities for the earlier retirees to renovate an older style country dwelling within a town that's retained its village atmosphere and the locals boasting a strong sense of community.

Newcastle

As one of the largest valuation firms in the Hunter area, you might (or might not) be surprised how many valuations we complete on a weekly basis. The number is not insignificant. As a collective we probably inspect more properties in any one week than the combined number of real estate agents of Newcastle would in the same period.

This huge number of inspections allows us to get a comprehensive view of the market from a unique perspective. It allows us to spot trends in the marketplace before they become accepted wisdom. By the time the wider population is aware of a trend or change in market direction, the signs have been there for those looking hard or simply putting in the hard yards at the coal face.

One trend, which has been in the marketplace for quite a while, is the downsizing predicament where many families find themselves.

What's the scenario? It's a large house occupied by a couple in their mid to late 50's. Both have given up the pretence of dying their hair to hide the greying strands that have proliferated. Quite often they have occupied this house since their sons and daughters were toddlers. Soft-focus washed-out photos when short shorts and ginger afros were on point adorn the walls. Childhood bedrooms remain as untouched shrines to fondly cherished memories.

Slightly ripped posters of a young, un-tattooed David Beckham are a favourite of the boys whilst wholesome Britney Spears posters are more to the daughters liking. Much of the time the house hasn't received a good facelift in that same period of time. It looks dated. But it's in a good spot that has improved overtime as new dwelling replace older ones and land values have steadily increased.

As we meet the owner on site, discussion normally ends up in the same spot, the declaration from the owner that, 'It's a bit big for us, we are thinking about moving to something smaller.'

The discussion then moves in one of two directions. The first is whether we know much about the market wherever it is that their children have moved to. The implication is that they want to move closer to them and particularly their grandkids. We can't offer much to this line of conversation unless their kids have moved down the road. Interstate moves, well they are much trickier for us. Luckily we have offices in most locations and point them in the direction of the Month in Review!

If the conversation moves in the other direction, the follow-up question is likely canvassing our opinions on the strength of the unit or townhouse market in and around the city. The trend seems to be that as we get older, we want less maintenance (both ongoing and short term repetitive) and more time spent on our lifestyle experience. It's a trend that seems to mimic society as whole, rather than tie ourselves to an asset and the anchor that an older, larger property can become; we want to focus more on life experiences and the freedom of lifestyle that a modern, easy maintenance unit/townhouse provides.

And on the other side of the property market see-saw is the next young family looking for that larger family home where fresh posters can be hung and dodgy fashion choices are recorded in now stark high-definition for future generations to ridicule. Hair dye optional.

The Illawarra

The Illawarra is no different to the rest of the country in the fact that it has an ageing population. The 2016 census gave the median age for the region as 36, a year older than the previous census. The proportion of residents aged 55 and over also increased from 27 per cent to 30 per cent. What does the ageing population mean for our housing?

We are increasingly seeing the transformation of established Illawarra suburbs with Baby Boomer property owners moving on from their long held dwellings. In last month's issue of Month In Review, we highlighted Storey Street in Fairy Meadow as an example of an area transforming with a large number of DA approvals for new dwellings or significant renovations. This location, along with other northern suburbs, Figtree, areas around Shellharbour and Kiama are all transforming with empty nesters moving on from their family homes allowing for the next generation to move in and in many cases, upgrade the improvements.

We are seeing a number of trends for those that are downsizing depending on their circumstances, needs and wants. Some are moving into inner city units, usually two-to-three bedroom modern units in a good Wollongong location, think Cliff Road and North Wollongong. Others wanting to stay in the suburbs are moving to villa or townhouse developments. Single level villas being particularly sough after for those not wanting to deal with stairs. Alternatively, we are also noticing a shift further down the South Coast for people who may have ties down that way or are wanting to take advantage of lower house values in the smaller South Coast towns.

The Illawarra offers a number of different style over 55 developments. These range from privately owned strata title villas or townhouses, with occupants restricted to those aged over 55. Others are managed by large aged care providers such as IRT or Warrigal Care or by religious institutions.

NCentral Coast

Due to it being located immediately north of the Greater Sydney Region, the Central Coast has benefits to downsizers. A short drive up the M1

Motorway provides a quick getaway destination with beaches, cafes, shops, natural areas and quiet - something to offer for almost everyone really.

It's no secret that retirees have loved the region for many years. Inevitably, a comment often heard at functions and meetings in Sydney is, "My grandparents retired to the Central Coast".

The region was known for its retirement function.

While evolving and working nowadays for the younger set, the over 50's still make up 40.5% of the regions population compared to the Greater Sydney Regions 31.5%.

The region has numerous retirement or assisted living villages, some are quite large with varying levels of finish.

The Peninsula areas at the southern end of the region that include Woy Woy, Umina Beach, and Ettalong Beach have long been known for the high representation of retirees and this is evident by the number of villas, a popular choice for retirees due to the easy maintenance, adequate levels of accommodation and the closeness of similarly minded people.

From a valuation perspective, for many years when advising developers new to the area of what will and won't work on The Peninsula, we stressed the importance of single level living as this suited the

Central Coast Council Region

	2016		
Service age group (years)	Number	%	Sydney %
Other Groups	194,924	59.5	68.5
Older workers and pre-retirees (50 to 59)	43,931	13.4	12.2
Empty nesters and retirees (60 to 69)	40,357	12.3	9.5
Seniors (70 to 84)	38,252	11.7	7.5
Elderly aged (85 and over)	10,278	3.1	2.0
Total	**327,742**	**100.0**	**100.0**

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

dominant older/retirement market as opposed to two storey townhouses.

These days however, the spread of buyer profile is wider and single level living is not as important.

In the mainstream property market, we see the older set occupying a variety of dwelling types from those starting of relatively young and active living in larger two storey dwellings to others living in single level dwellings still large enough to accommodate many visitors.

Downsizing is an issue faced or decided upon by many and we must say that it is our experience that most are pragmatic about taking this step.

But downsizing has been undertaken in several forms. Perhaps the most popular would be retirees selling up and move into larger retirement villages or smaller dwellings, with others moving to shared (intergenerational) dwellings either in the form of attached or detached "granny flats". The latter is often associated with helping the kids with their mortgages and at the same time becoming onsite child carers while both parents are working.

One of the less popular scenarios recently seen involved the owners of a rural property building a (nice) habitable shed on the land, buying a motor home, traveling around the country and using the shed as base while renting out the main dwelling.

The recycling of homes formerly occupied by older people has fit nicely into the current market cycle. The extended strong market and the transition of the older people to more manageable dwelling has timed equally well with the market being so bullish. Many properties exposed to the market have been snapped up by those forced out of the Sydney and seeing the potential of buying old and renovating with some real success stories seen, both in terms of value adding and the revitalisation of some of the regions older suburbs.

A good example of this in play can be seen at Long Jetty. This is an older suburb which used to be very popular, but suffered during the latter part of last century to result in it becoming a less than desirable place to be. Recently though, new people seeing potential at affordable buy-in prices came to the area and today, it has a new lease on life and is buzzing – a great success story in the making.

Another good example is The Peninsula areas of Umina Beach and Woy Woy. For several years now, we have seen well above average growth in values as the oldies move out and younger people move in. This market is underpinned by purchasers coming out of Sydney and seeing potential here with many homes being extended and renovated with the popularity of the area growing and growing. The results are fabulous and the area has evolved well.

But there is a Caveat here - in our opinion, there is a real risk that the area has been too successful, and the longer-term sustainability of property values is going to make interesting viewing as we move into the next phase of the market.

Far South Coast

The Far South Coast area centred around Bega has become increasingly popular with sea changing retirees. Retired Baby Boomers are attracted to the lifestyle activities and the temperate climate.

As there is a limited supply of units and townhouses in this area, purchasers are forgoing this stock and instead moving from capital cities and buying vacant residential blocks in several new developments in and around Merimbula, running down supply and pushing up values. Increased demand for rural residential properties is also strong as tree changers seek the potential for a self-sufficient lifestyle. This class of property is in short supply due to local planning failures and the strong demand has pushed up values.

The increased sales of vacant land has put pressure on the limited number of builders in the region which has also increased the cost of construction. This situation will become more acute as the rebuilding of the beachside town of Tathra gains momentum. Tathra was devastated by bushfire in March 2018, destroying 69 houses and damaging 39.

The movement of lifestyle purchasers into the area has increased the full time population and let to the establishment of boutique specialty shops, food and beverage establishments increasing the employment opportunities and strengthening the local economy.

Tamworth

When downsizing the two biggest factors we see playing a role in the final decision are location and upkeep.

Nine times out of 10, a downsizer is looking for a smaller block and house, in closer proximity to town, so that there is less time spent on house and landscaping maintenance while also keeping them ‘close to the action’.

For the Tamworth area this is reflected in properties within East, North and Central West Tamworth, where the renovated dwelling on 400 to 700 square metre block reigns king for the downsizer.

However there is a continuing trend towards townhouses or villas, that are of a newer build. These are becoming quite common within Calala, and newer developments within East and North Tamworth. These villas or townhouses are normally three-bedroom, two-bathroom, and strata titled, taking any upkeep of the common areas out of the owners hands which is perfect for those looking to do less maintenance on their property. It should be noted here that the cost of these properties varies as much as the owners, with a nice, renovated house in East or North going for around $370,000 to $430,000, or at the other end, a high-quality townhouse going for $550,000 and up.

We are certainly seeing more properties hit the market in the areas that were once (and many still are) considered the 'top areas' in the 80's. These suburbs are found in the outer fringes of East, and Central Hillvue where the 1980's brick veneer home is one of the most common. These homes aren't the standard three-bedroom, one-bathroom arrive on the market from the Baby Boomers. We are seeing higher quality, four-bedroom-plus, two-bedrooms-plus dwelling which will provide young families the opportunity to move into a good area and into a quality home.

The majority of downsizers are looking for a property that has already been renovated, or if it needs work it is only minor.

The biggest shift that we are seeing is an increased number of young people moving into East Tamworth with a number of contributing factors. The first of these is the increased supply as downsizers move out, as well favourable lending conditions from the bank, though this will change as lending criteria tightens up.

Albury & North East Victoria

The baby boomers are getting on and as the generation most likely to have enjoyed the benefits of home ownership and property investment, they present a fair swagger when it comes to options available to them and the impact they have exiting a property market or entering a new one.

In our area we have observed a variety of scenarios for the potential downsizers. Downsizing from the superfluous family home releases stock into the market for younger or upgrading families whilst unlocking the often substantial equity from the sale to the baby boomers to reinvest into the market. The main decision in our area is whether this next purchase is in the same location or involves relocation. The explosion of grey nomads and the prospects of longer, healthier life expectancy equate to a cohort demanding low maintenance, proximity to services (especially essential services), proximity to family and/or total change of lifestyle.

In Albury, judging from the speed at which the traffic moves, the baby boomers have it all here. Local residents in sought after central locations may opt to stay put or sell up and have substantial capital growth to choose a low maintenance property such as a townhouse development or smaller dwelling that can be easily left for taking the van on the road.

If you are living somewhere that metropolitan baby boomers want to move to you could be in luck if you want out but maybe not if you want in! Albury and surrounds is a popular location for downsizers and cashed up metro baby boomers with the quiet life top of mind, playing a part in higher property prices in the area. Two specific areas of interest have been Bright, Victoria, experiencing an influx of semi-retired or retired purchasers, moving this market significantly over the past three years to the point where first home buyers are locked out. The reverse is happening in Mount Beauty nearby, where young or first home buyers have fled now Bright is so expensive, which has in turn led to an increase in demand and property prices achieved in this pretty little town.

Looking at the number of construction reports completed on four-bed, two-bath homes in comparison to smaller two or three-bed, two-bath homes we seem to be heading towards a shortage of stock for the downsizers. And whilst housing affordability is a key issue for younger generations just grappling to enter the market possibly without the unbridled property growth experienced by the baby boomers, it is evident many in the older generation have harnessed the huge equity in their homes to assist children and even grand children to enter the market as guarantors. This cohort also remain active in the SMSF sector investing in property, having both the time and the funds to investigate property as an investment option.

Needless to say, the property wealth accumulated by the baby boomer generation is significant, commands influence and includes property decisions for many decades to come.

Snowy Mountains

The Snowy Mountains area, centred around

Jindabyne, has become increasingly popular with tree-changing retirees.

Retired Baby Boomers are attracted to the variety of activities including snow skiing, fishing, bush walking, mountain bike riding and water sports. As there is a limited supply of units and townhouses in this area, downsizing purchasers moving from capital cities are buying vacant residential blocks in new developments in and around Jindabyne, which is running down supply and pushing up values.

Increased demand for rural residential properties ranging in area from one hectare to 50 hectares is also strong. This class of property is in short supply due to local planning failures and the strong demand has pushed up values. The increased sales of vacant land has put pressure on the limited number of builders in the region which has also increased the cost of construction.

The movement of lifestyle purchasers into the area has increased the fulltime population of the region and led to the establishment of boutique specialty shops, food and beverage establishments increasing the employment opportunities and strengthening the local economy.

Victoria

Melbourne

CBD and inner suburbs

With just over 15 per cent of Victorians over the age of 65 (ABS, 2016), the residential property market is likely to experience myriad changes in the decades to come. Even now developers have responded to the trend of downsizers demanding smaller, easier to maintain homes in the established suburbs they currently occupy.

The East Melbourne project George + Powlett have marketed their luxury dwellings specifically to the baby boomer downsizer market. This offering has responded to demand for boutique dwellings that are different to the smaller high-density developments. George + Powlett incorporates 12 spacious townhouses within close proximity to the CBD.

(Source: Icon Developments)

(Source: Icon Developments)

Another key factor for the burgeoning downsizer market is the design elements. Architects have responded to the demand for better living spaces that incorporate natural light, courtyards or gardens and elevated spaces that utilise rooftops as seen in George + Powlett.

(Source: Glenvill)

(Source: Glenvill)

Downsizers ideally do not want to move too far from their current location, which equates to well-designed developments incorporated into local settings are desirable.

YarraBend ia a mixed-use setting in the inner suburban suburb of Alphington only 6.5 kilometres North East from the CBD. Having a proximity to parkland and the Yarra River acts as a major draw card for downsizers. The product offering has been tailored to townhouses in addition to larger freehold dwellings with increased living areas but without the large site to maintain on a regular basis. Three-bedroom homes in the development sell for approximately $1.85 million in the Parkview precinct with two bedroom townhouses in the Mills selling approximately for $960,000.

Inner and Outer North

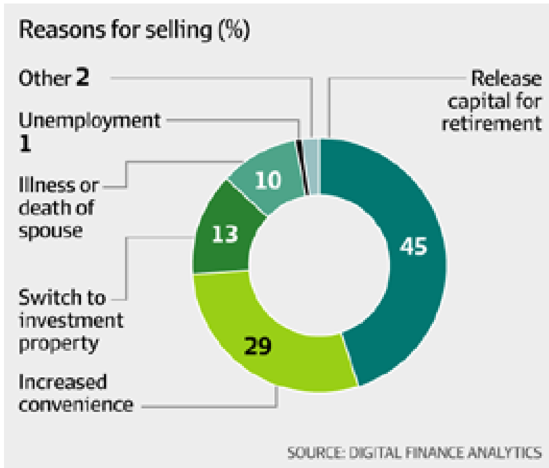
Retirees have utilised the Outer Northern suburbs such as Craigieburn, Mickleham, Wollert and Mernda for retirement as they have the ability to own medium sized dwellings with generous land areas at an affordable price. For married couples entering retirement, townhouses or smaller dwellings with land areas of 300 to 350 square metres is considerable to be desirable as there is less maintenance involved in up-keeping the property.

1 Tribute Road, Craigieburn - 5 Bedroom, 3 Bathroom. *(Source: www.realestate.com.au)*

The outer Northern suburban areas are culturally affiliated, with many former international families shaving settled around the Craigieburn and Mickleham areas. New five to six-bedroom double storey residences which have the master bedroom located on the ground floor are desired floor plans for larger families with in-laws or multiple children that want to live under the one roof.

Many retirees within Collingwood, Richmond, Fitzroy are choosing the downsizing lifestyle to opt for more inner-city leisure time and cash flow (AFR, 2018). When children have left the family home this has allowed retirees to select a one-to-two bedroom townhouse or apartment for more convenience, less maintenance in a desirable inner city location.

Based on data established by Digital Finance Analytics, the main reason behind retirees selling their family home is for the release of capital for retirement. To downsize to smaller dwellings or townhouses. Apartments, grants the opportunity to travel, live with less dwelling maintenance and have increased capital through their retirement.



Inner and Outer East
Cashed-up baby boomers are swapping their large suburban homes for apartments positioned close to public transport, restaurants, and the CBD. New statistics showing one third of older Australians in low income households are 'asset rich' and 'income poor' according to the Property Council of Australia. Data from the Australian Bureau of Statistics concludes one third of older low-income households have less than $5000 in cash and other liquid assets, with nearly their entire wealth locked up in the family home.

The reasons for downsizing can be health related such as wanting homes without steps, smaller backyards to maintain, lower rates and utility costs. Downsizing can make a lot of sense both from a financial and a lifestyle perspective as kids grow up and leave home, house values continue to increase and people think about retiring from full time work. Research from previous surveys indicates around 68 per cent of people aged over 50 are either currently looking to downsize, or expect to downsize in the future, and 90 per cent reported having one or more empty bedrooms in their home.

Boroondara land values have increased by 21.45 per cent since 2016 (Boroondara July 2018), supported by developers looking to take advantage of the market's appetite for townhouses, the affluent nature of the inner-to-middle eastern property market and the downsizers demographic .

Retirees of the east will not move too far due to their established connections to family, friends, medical, and local shops. A recent example, the owner of a property on Morrie Crescent in Blackburn North sold the family home in April 2018 for just over for $1.1M and moved into Applewood Retirement Village in Doncaster, only 3 kilometres away.

Applewood Retirement Village *(Source: Applewood, Oct 2018)*

Inner and Outer West
Although it's apparent that there are several different options available for downsizers, the one main component is affordability. Unlike Gen X and the baby boomer generation didn't have employers contributing towards their superannuation until the latter half of their working careers. Those thinking of retiring may have to either rely more heavily on a pension or sell their family home to fund their retirement.

The recent introduction of the downsizer scheme may help to make things easier with individuals able to make a one off after-tax super contribution of up to $300,000 from the proceeds of a sale in order to increase their allowance.

Downsizers will be seeking locations that are near public transport, quality healthcare and lifestyle aspects. Geelong's coastal suburbs Portarlington, Indented Heads and St Leonards are prime areas that offer affordability with a median 400m2 vacant land allotments for $228,000 (RPM Realestate) and a Median dwelling price of $510,000 (RP Data, 2018).

Lifestyle Seasonal, Tarneit *(Source: ????)*

These suburbs offer a quiet coastal lifestyle with access to quality healthcare and services including availability of freestanding houses with a spacious backyard. In Wyndham Vale and the surrounding area there is a growing trend in the development of 'over 55 communities', or 'lifestyle communities', or 'lifestyle villages'. They offer the resort styled home that suits the leisure and lifestyle of retirees over 55.

Dwellings are generally priced between $300,000 and $375,000 depending on configuration. This type of arrangement is a way of creating an affordable supply housing for those looking to downsize in the future.

Inner and Outer South-East

The Mornington Peninsula has always been a popular spot for retirees with easy access to shops, GP's, public transport, as well as the recently expanded Frankston Hospital. The predominant age group in the town of Mornington is 60 to 69 years (RP Data). As is the case in many suburbs, retirees looking for a sea change are choosing newer single level dwellings with low maintenance gardens.

Long term residents in areas such as Rosebud and Dromana, prefer to live out their dotage in their own homes that many of them built during the 60's and 70's. When they are eventually sold they are usually snapped up by developers or first home buyers who either knockdown or lovingly restore the homes to their former glory. Double-storey dwellings offer a chance for young buyers to get into the market as they are generally less desirable to retirees unless there is an elevator, as the cost to install one is usually around the $50,000 mark.

Hastings and Bittern have seen an increase in over 55's lifestyle villages. The 'Lifestyle Communities' developments include swimming pools, bowling greens, cinemas and gyms. These are often highly sort after as they do not appear on the market often. The communities are made up of single level dwellings in order to cater to the ailing population. There are currently 4 homes available in the Hastings development ranging in price from $375,000 to -$475,000.

Lifestyle Hastings bowling green -240 High Street, Hastings
(Source: www.lifestylecommunities.com.au)

Similar to the outer north, the outer south east is culturally diverse and there are a number of new, large double-storey homes which are being designed to accommodate three generations living under the one roof. This is generally evident on floor plans where each bedroom in the dwelling is accompanied by an ensuite, rather than the traditional shared bathroom. The outer south east has also seen the emerging trend of developers using large parcels in new estates to construct low maintenance townhouses, such as the Worthington Estate in Pakenham constructed by Simonds Homes, with views overlooking the parkland.

There are also new exclusive developments such as the Waterside Estate in Officer. The packages

37 Mary Street, Officer (Waterside Estate)
(Source: www.realestate.com.au)

are turnkey; within close proximity to Officer train station and the future planned town centre. Some townhouses will also have a prime view of the proposed 1.6 million planned park. These are suited to baby boomers looking to downsize without entering the retirement/lifestyle villages where they are exposed to large owners corporation and maintenance fees. They can also be freely sold on the market, making them easy to turnover.

Mildura

The most recent census data indicates that the median age in the Mildura region is 47, which is nearly 10 years older than the median age for Victoria. The data also shows that we have a higher than average number of people in the over-55 age bracket. Our observation is that many retirees move to Mildura from less populated regional towns and farming communities, attracted by comparatively good medical facilities and the good amenities on offer.

We find that our older inhabitants have varied aspirations when it comes to housing. For many, it is to stay living in their family home, influenced by proximity to their friends and the familiarity of their house and garden. We regularly see people who have lived in the same home for over 50 years, however this appears to becoming less common. It's interesting to note however, that often the houses built 50 years ago where small by modern standards, and so still remain well suited to retirees.

For others though, particularly the baby boomers, there appears to be a trend to move to more modern housing, often on smaller lots, with less responsibility for home maintenance and greater flexibility should they wish to travel. Much of this demand was initially met from two-lot townhouse developments in the inner-city area. These townhouses generally have three bedrooms and double garages and have continued to meet strong demand where re-sold.

More recently we have seen a large residential development undertaken on part of the land formerly owned by Mildura Golf Club. This development has been undertaken over stages, with over 70 lots now sold and mostly developed to good standard free-standing homes on lots containing around 500 square metres. This development has been targeted at baby boomers, and has proven very popular, particularly for those who enjoy playing golf. There have been a number of re-sales in the past 18 months, at prices of between $530,000 and $635,000.

While we often use the term 'downsizing, Baby Boomers are still showing a preference for dwellings that have at least three bedrooms and a decent sized outdoor living area. While some are happy to buy two-storey homes, we have always noticed that equivalent sized, single story homes often sell more quickly, due to concerns about using stairs in older age.

As some Baby Boomers move in to new housing, the corresponding sale of their previous homes creates an opportunity for younger buyers. As we pointed out in a recent contribution to this column, the rising cost of land in new subdivisions, which are now becoming quite distant from the centre of Mildura, is making the option of buying established homes built between 1975 and 2000 a good option for some buyers. Houses built in this era are often in good locations, on much larger size lots and therefore well suited to younger families.

Queensland

Brisbane

The thing about our Sunshine State capital and it's surrounds is it's already perfect for retirees!

It's all well and good looking for where the downsizers are going - and while we concede many are attracted to our stunning northern and southern beachside cousins - our city offers much of what many need in their post-work years - great weather, easy living, a low-cost lifestyle and relatively affordable real estate.

So, looking at the fundamentals, what are downsizers looking for when it comes time to reduce their living space?

When you've been used to the family home for a few decades, it can be tough. Taking away some of the 'maintenance responsibilities' (except when pottering in the garden is your pleasure of course) means downsizers are generally looking for an easy-care home - single-level preferred to avoid annoying stair work - with a compact but attractive yard and outdoor space.

Multi-story dwellings need to rely on doing most living on one main level, although lifts are an option that we've noticed is becoming more popular.

Dowsnsizer locations within Brisbane itself are a reasonably mixed bag. For those looking to shift, there are varied attractions at different addresses.

The bayside has always been a keen spot for downsizers with a bit more leisure time on their hands. Easy walking along the coastline, coffee in great café's, views of the water from your lounge. All these are winners.

Some of the suburbs that offer this salt-breeze lifestyle include Wynnum, Manly, Redland Bay, Brighton, Sandgate, Shorncliffe, Redcliffe, Scarborough, Woody Point, Newport, Bribie.

As you can imagine, pricing is mixed, but you can be certain that whatever is on offer, Sydney retiree's mouths are watering at the thought of how much bang there is for their buck.

Then there are the 'hipster retirees' who want to embrace the urban sprit and enjoy all our evolving city has to offer in the ways of great restaurants, art and experiences without the emotional (but much loved) baggage of kids.

These oh-so-cool elders are looking toward areas such as Inner city such as New Farm, Teneriffe, Newstead, Hamilton, St Lucia, South Brisbane, West End, Highgate Hill - typically at units and townhouses from entry level to prestige.

The other cohort is those who want to remain within their community but need something a little more manageable than their oversized home. They desire security and familiarity, but don't want to spend their

Portside Wharf, Hamilton (Source: www.realestate.com.au)

time tending to a huge lawn and constantly cleaning bedrooms that are just gathering dust.

For them, a number of large and interesting options exist in the unit space. Portside Wharf at Hamilton is the perfect example of developers looking to capitalise on this phenomenon. After the retirees offload their very flash house in surrounding Ascot and Hamilton, they head down the hill to take up residence in a flash apartment. Some units come complete with a river outlook and city views. The great thing is if they're into holidays on the high seas, it's a matter of pack, lock, leave and stroll to the cruise ship terminal.

There are other great locations latching on to the upmarket downsizer too. A number of Dornoch

Terrace, West End buildings are forging ahead with designer kitchens, big balconies and a picture-perfect CBD outlook. Redefining a project towards owners has been a useful diversion for developers in and around West End and Southbank who had been dealing with an oversupply issue close to town. There are many who could see the writing on the wall for investor unit stock, but were too far advance to landbank. These projects were re-adapted to create larger apartments in the hope of appealing to a broad range of homeowners, including downsizers.

We've also seen the development of excellent quality high rise projects that appear pitched particularly at downsizers who still want to enjoy their suburbs. High-rise retirement villages are starting to become more prevalent within inner city localities in comparison to what used to be the norm of having them in outer lying localities. For example, the Aveo Newstead Retirement Village located within the very hip Gasworks are of Newstead. Amenities are constructed smartly, with rooftops and podium levels utilised for outdoor amenities and open space.

Stepping away from Brisbane and the popularity of our neighbouring coastal cities goes from strength to strength with retirees. While you can read their section in this issue of Month In Review, we can tell you anecdotally retirees on the move. Net interstate migration numbers show that while many are shifting from southern states to Brisbane, most are looking to eventually set up on the Sunshine and Gold Coasts. The attraction of the sand and surf isn't limited to those coming from across the border either – our own Brisbane retirees are keen on this lifestyle too.

A further influence from the downsizer cohort is the continued evolution of multi-generational housing. For many, housing affordability and cost of living are a major issue. Supportive family will look to offer a solution by offering to adapt an existing home (or seeking a new one) that will allow for support and independence for their older folks. There is an upside for the younger generation too of course - because the cost of childcare is reduced with grandparents available when mum and dad are working fulltime.

So now we're aware of where they're going, what about the stock being left behind?

Fact is, retirees are the first in a domino effect of housing change. Once they vacate their comfortable family home on its huge suburban block, other are waiting to take up the space. There's usually a mix of young professionals and families looking to find their home. These properties also provide the young new owners with an opportunity. Some homes benefit from a renovation, while other post-wars might have to make way for a whole new house.

In addition, larger blocks attract developers keen to split and shift or demolish and build.

If you're looking for great examples of renovation opportunities where downsizers and retirees are vacating, look no further than New Farm, Teneriffe, Newstead, West End, Highgate Hill, South Brisbane, Paddington, Red Hill.

Finally – older suburbs that are a little further out – such as Northgate, Mitchelton and Annerley – are seeing a suburban resurgence of gentrification. Tucked away cafes and restaurants, bespoke butchers, personalised grocery stores are all on the cards. Much of this gentrification growth is fuelled by demand from upsizes looking to fill the space downsizers have left behind.

Southern Gold Coast/Northern New South Wales

The southern Gold Coast and Northern New South Wales areas have become a popular location for 'downsizers/baby boomers' to relocate.

An increase in demand amongst this demographic for smaller townhouses and units with less upkeep and maintenance is evident, particularly throughout the beachfront suburbs such as Burleigh Heads, Currumbin, Coolangatta and Kingscliff. A downsize in home for an upgrade in location is driving 'empty nesters', to spread their wings in search of a sea change. These areas provide numerous options with ample supply of new and existing high-rise, medium-rise and townhouse units available, as well as infrastructure including the future extention of the light rail to Coolangatta.

With the average baby boomer now in their early 60's and approaching retirement, this change has created an increase in older style dwellings in areas from Miami to Kingscliff becoming available to the market, sometimes for the first time, providing renovation and value adding opportunities for younger generations.

Northern Gold Coast

As a person who is also at this stage of life, I have frequent chats with those people who categories as retirees or recent empty nesters.

There are two main things happening in our area being:

1. Downsizing to a smaller home but staying on the Gold Coast.
2. Moving from a large family home to unit complex's usually at beach or more centralised Gold Coast locations.

I note that there are some older investors who talk about moving to more affordable locations. Some frequently mentioned areas are Tasmania and more northern Queensland locations such as Bundaberg or Hervey Bay, however, most of the local older aged investors appear to me to be staying on the Gold Coast.

As a lifestyle location, the Gold Coast also attracts many older investors often from the larger markets of say Brisbane, Melbourne, Sydney and overseas location. Some of the key requirements are smaller accommodation, lower maintenance (i.e. newer properties on smaller parcels) and central locations with good proximity to services such as hospitals/ medical services public transport and retail.

There is a small trend for older investors to secure single titled properties with secondary or multiple areas of accommodation which can provide some future weekly rental return.

There's been a strong shift to multi-generational housing with three generations of family now living under one roof or in one property. Many dwellings are being converted to form secondary living areas or multiple dwellings on one property. Existing floor plans are being converted to form secondary self-contained living, garages converted to form secondary areas and detached 'Studios' or 'Granny' Flats' are being constructed. Some of the modified situations are very cleverly carried out. Generally speaking it's the older members of the family moving into the secondary areas.

Generally speaking opportunities are being created for younger investors as the larger dwellings are being vacated by the older investors. Older investors are less likely to carry out large renovation projects.

Ashmore, Gold Coast: Aerial Image of a three-dwelling property. Main dwelling owned by retiree. Secondary attached 'Granny' Style flat established on northern end providing owner with rental income. Detached 4 bedroom dwelling more recently constructed on southern end of property with owner's son as occupant. *(Photo source: RPData)*

Hope Island, Gold Coast: Large modern four-bedroom dwelling in prestige area recently had double garage converted to form self-contained secondary accommodation. Photo shows new kitchen inside former garage. Main dwelling resided in by empty nesters with mother living in secondary area.

Helensvale, Gold Coast: Large modern recently constructed canal frontage property built with two substantial attached dwellings on single title. One area resided by retiree couple and other occupied by their son and his family.

Labrador, Gold Coast: 2 Bedroom Highset dwelling converted to comprise an additional two-bedroom self-contained flat to sub floor plus a one bedroom flat was constructed above the double garage. (i.e. three areas of accommodation). The owners are empty nesters with mother living in subfloor area and nephew living above the garage.

Labrador, Gold Coast: Small two-bedroom detached Granny Style flat built to rear of property (behind existing dwelling) by retiree. She lives in the secondary accommodation and her son and his family resided in the existing main dwelling.

In recent years they has been a noticeable increase of renovation activity in this locality and mostly the older but better central locations such as Southport through to Paradise Point (Broadwater locations) are proving popular. These areas are seeing improved commercial development with thriving 'Café' restaurant precincts. Younger investors can be either local or migrating families.

North-East Gold Coast/South-East Logan

The northern growth corridor has seen new property types and smaller homes with less land area which requires less maintenance. Downsizers have become a major force in the market, with a combination of an ageing population, peaking property prices leading many buyers looking for better suited low-maintenance life style.

The northern Gold Coast has become a popular choice for baby boomers looking to relocated with entry level prices, new product with smart modern design and new infrastructure within close proximity. The most sought-after properties for baby boomers would be duplex units and single-story villas offering compact open living plans, easier to maintain, small yard for pets and single level makes an ideal transition for the ageing population.

Townhouses also offer a low maintenance lifestyle for downsizers and often found in similar locations but get resistance from the older generation due to rooms being spread over two-three levels which means this property type will not be suitable in the long term. The younger generations have embraced the townhouse lifestyle and find younger people attracted to the townhouse due to the low maintenance, desirable locations close to infrastructure and new modern plan.

Both baby boomers and the younger generations are drawn to the northern corridor due to the price point and situated close to doctors, shops, public transport, schools and you find many first-home buyers and downsizers looking for the same type of property.

Northern West Gold Coast/Southern Logan

Generally, we've seen a significant number of Baby Boomers sell their rural properties and downsized for various reasons.

Mostly, they do not need the burden of maintaining a large property once the kids have moved out. They tend to prefer low-maintenance properties, like townhouses, small lot housing and apartments. In Upper Coomera, we have seen some of the baby boomers move to townhouse complexes with various common improvements that offer more of a lifestyle option and include common barbeque facilities, pool and also an onsite-caretaker.

A less common option is for families to build a granny flat on their acreage and semi-acreage so that parents can still enjoy the lifestyle without having to "downsize".

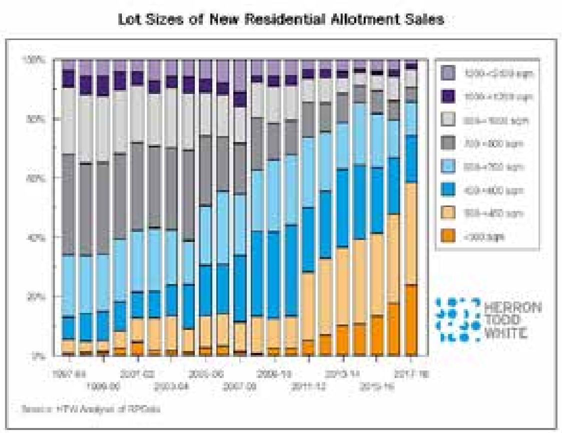
The north-western Gold Coast and Southern Logan areas have not seen a large geographic shift of baby boomers purchasing, moreso this demographic represents the vendors in this market. Rural areas like Jimboomba and Logan Village are still mostly owned baby boomers while some developing areas such as Yarrabilba and Bahrs Scrub are mostly younger residents (first home owners and young families).

Sunshine Coast

It's obvious the population is getting older. Clearly, I am not a demographer but it appears to be a widely held view that Baby Boomers have always had a larger presence compared with other generations. The impact this population segment is having on the market is pretty sizeable. Then throw in the empty nesters and this downsizer market grows even more.

This market is pretty straightforward with what it wants. They don't want the hassle of looking after large homes and yards. They want the flexibility of being able to socialise with friends, play golf, go fishing and travel. To cater for this, we have seen a number changes to property types.

Firstly, in the house and land markets, new vacant residential allotments have reduced significantly over the past 10 years as can be seen from the graph below. Lots have reduced from 788 square metres in 1997-98 to 468 square metres in 2017-18. Small yard areas with artificial grass providing low maintenance – happy days!



In response to these small lots we have seen some real efficient home design. It's surprising how much you can pack onto one of these smaller allotments. Also, in response to this demographic, homes are designed to extend their useful life to a resident. Master bedrooms to the ground floor, provisions for passenger lifts or even installing them have all become serious options for two level homes – or just build a smaller single level.

Moving into the apartment market there is little doubt that one of the biggest demand segments for existing or new units is the larger permanent occupancy style apartments. This permanent occupancy style product has become increasingly popular as they are typically located in close proximity to the coast close to cafes and restaurants with two car basement parking. The graph below shows the average size of new units sold during 2017-18 was 174 square metres, with the most common size category being the 150 to 180 square metre range.

As the coast continues to grow, we will continue to see these demographic forces. What remains to be seen will be whether or not some of the younger generations will be able to 'back fill' the property that they have moved from?

Cairns

The Cairns Residential Property market (as defined by the Cairns Regional Council area) is best described as 'steady' in terms of sales volumes and 'balanced' in terms of supply and demand. There are numerous sub-markets throughout the region however most areas are performing to a satisfactory level.

Value levels in most areas and for most property types are reasonably static when compared to prices achieved over the last 6 to 12 months.

Rental vacancies are limited with properties reasonably easy to rent as long as the landlord is not too ambitious with the asking rent. Good quality houses and units in good suburbs for rent are in short supply.

Residential construction activity for houses is reasonably weak and for units is very weak although we understand a number of small projects may proceed during 2018. In general, builders are not able to increase their prices due to the value of established stock and strong competition.

The local tourism industry is performing well with strong visitor numbers and good accommodation occupancy levels. Investments by the GA Group in acquiring and building/redeveloping a series of projects in the region is a positive sign although it does not seem to be having a big impact on confidence levels in the Cairns Economy or the Residential Property Market at this stage.

Low interest rates are an important factor underpinning current prices and levels of activity and any significant increases in home loan rates may have a negative impact on the property market.

Agents are starting to report more deals falling over due to difficulties in buyers obtaining finance. This is as a result of a reduction in the availability of interest only loans, increase in the level of scrutiny of borrower's actual living expenses reducing borrowing power and APRA's desire to improve lending standards and quality. This issue may result in reduced numbers of buyers or buyers reassessing the price point they are targeting.

Townsville

As our baby boomers move into retirement, what type of housing are they looking for?

Anecdotal evidence suggests that these retirees are generally leaving the local region to be closer to their families, downsizing to smaller homes or having a change in lifestyle and downsizing to unit living.

This sector of the market is typically attracted to small modern low set homes on small low maintenance allotments generally within the modern residential estates that offer the amenity of walking paths, close proximity to public transport hubs and shopping facilities. Others are being attracted to the low maintenance lifestyle unit living offers, allowing them to secure their property and travel for periods of time throughout the year without having to worry about yard maintenance.

Units located in the inner city suburbs of North Ward, Belgian Gardens and the City Centre are appealing locations due to the lifestyle offered by these locations being within close proximity to The Strand.

The downsizing of these retirees is providing opportunities for buyers through a range of property types. We are seeing older style homes, some in very desirable locations becoming available for the first time in over 20 years. These homes are generally in original or near original condition providing buyers with a somewhat open canvas to renovate to a finish they desire. These similar opportunities are also available on larger family homes as empty nesters downsize.

Rockhampton

There has been a definite shift with Baby Boomers selling up and relocating, this has been particularly evident this year with the completion of the high-rise riverfront unit development "The Gallery". While this is certainly not the first riverfront unit complex in the region, it is the first to offer exclusively permanent housing units since about 2013. Other recently completed river front complexes such as Empire offer a mix of both permanent and holiday units on a larger scale which does not suit all owner occupiers.

Unit living has obvious appeal to the baby boomer generation with limited maintenance, security features, lift access and close proximity to major facilities, dining, shopping etc.

There is also a contingent of downsizers looking for a sea change and relocating to the Capricorn Coast, again low maintenance living and proximity to facilities are at the forefront of the decision-making process.

We have also seen an expansion of retirement village living in the region over recent years with complexes such as Oak Tree, Red Hill and Settlers providing accommodation for 'over 55's' which provide a balance between independent living and social interaction with other residents.

Another contributing factor to the recent notable shift of this market sector is the current market conditions. We appear to be at the bottom of the 'property clock' so it's an optimal time to buy.

Another benefit of this recent shift is the opportunities created for younger families looking for a good family home. These buyers are generally at the opposite end of the scale to the Baby Boomers and are looking to upsize as their families grow and require more space, or a more desirable location (closer to schools) etc.

Whilst many first home buyers are looking to buy new homes, this typically restricts their locations, which in our region, remain on the outskirts of town in our growth corridors. Baby boomers are typically selling property in more established areas, in which case some buyers are happy to pay a little less and update fixtures and fittings.

The Rockhampton region is quite diverse and it is difficult to pin point any monumental demographic shift toward younger residents and any particular area. There remains a healthy balance in most established areas although we recognise over time this will start to shift towards younger families in the short term.

Gladstone

Gladstone has limited opportunities for over-55 style accommodation and most modern unit complexes are designed for investors. Those that do leave the region typically head to lifestyle destinations such as Bundaberg/Baragra, Hervey Bay or the Capricorn Coast.

Unit living has obvious appeal to the baby boomer generation with limited maintenance, security features, lift access and close proximity to major facilities. Modern unit complexes in Boyne Island such as "The Promenade" and "Shoreline" have been a popular choice for retirees over the years. Downsizers buying into these complexes also have the benefit of selling and buying in the same market. While the Gladstone region may be at the bottom of the cycle and showing signs of recovery, many downsizers still receive great capital gain as they have been in their existing home for many decades.

A benefit of the baby boomers downsizing are the opportunities presented to the younger generation looking to upgrade the family home as their family grows.

Bundaberg

This month we are looking at Baby Boomers and the opportunities they present with selling up and downsizing. There has not been a definitive shift of Baby Boomers selling up and relocating this year in our patch.

Unit living has obvious appeal to the baby boomer generation with limited maintenance, security features, lift access and close proximity to major facilities, dining, shopping etc.

If there was any propensity for downsizing some of the baby boomers looking for a sea change are relocating to the Bargara/coastal area.

There has been a slow expansion of retirement village living in the region over recent years with complexes such as Palm Lake at Bargara accommodation for 'over 55's' which provide a balance between independent living and social interaction with other residents expanding this year.

Palm Lake, Bagara *(Source: www.realestate.com.au)*

Another contributing factor to the recent notable shift of this market sector is the current market conditions. Whilst we appear to be at the bottom of the 'property clock' many owners still receive great capital gain as they have been in their existing home for many decades.

Mackay

Those who have brought five to ten years ago, may not be in a position to sell up as equity has been eroded, however those who have lived in the same house for many years, generally located in older suburbs, may be able to sell with enough to purchase a more updated house or unit plus still have some money left over for retirement.

Baby Boomers in the Mackay region are downsizing to smaller sized dwellings or units with very little maintenance. These properties tend to be located closer to shopping and medical facilities. While some may opt to stay within the region, there are also an increasing number who move closer to family or better facilities in larger or more equipped towns.

There is modern retirement village, 'Kerrisdale Gardens' located on the northern side of town that provides a mixture of accommodation. There are 26 one to two-bedroom on-ground villas available plus a four-level apartment building offering 23 care suits. It offers all the usual retirement village conveniences; however, some additional conveniences include onsite medical facilities such as 24/7 nurses, physiotherapy and pharmacy.

A large portion of houses once occupied by baby boomers are located in older suburbs. They generally require some renovation work, however due to the low values and flattening of the market they have become more attractive for younger buyers.

Hervey Bay

As at the 2016 Census, the Fraser Coast had a population of 101,504 with a median age of 48. Out of this population, 34.2% were aged 60 or over. The Fraser Coast has been well regarded as a retirement location for many years and over the past five years, industries associated with aged care have expanded significantly.

Hervey Bay now has a designated Medical Precinct with Public and Private Hospitals, medical teaching facilities and other allied health practices. The second stage of the $44m upgrade of Hervey Bay Hospital's emergency department began late 2017 and will include a new three-storey building that will increase beds at the emergency department from 19 to 37, new education and learning facilities and a 24-bed Clinical Decision Unit.

The Baby Boomer is a strong driver of our residential market however doesn't appear to be influencing a specific style of home. Some are looking for a smaller (downsizer) however others still require a large home for the family to stay in when they visit.

Outside of the typical 'retirement home' market, a market that has appeared over the last five years as a result of this aging population is the RV Park. Retirees that are still looking for a place to call home however want to travel as well. Maryborough's RV Homebase and Latitude 25 (currently under construction in Hervey Bay) offer gymnasium, pools, bowling greens, tennis court and recreation centre, plus many more features. These complexes offer retirement living with the flexibility of travel. The homes vary from two to three bedroom with ensuite bathrooms and Latitude 25 garages are designed to fit the RV. There are also a number of other complexes similar to these planned around Hervey Bay however yet to begin construction.

With the improvement in medical related industry in Hervey Bay and the supply of property targeting this market, Hervey Bay is likely to experience growth for many years to come.

Emerald

We see most seniors down sizing and staying in town in most instances as country towns tend to have majority of their families within the town still.

One example a couple just sold their acreage for $702,500 and purchased a modern home in town for $509,000.

We see there a two-phases the Boomers go through as part of retiring.

The first is downsizing which mostly evolves around less maintenance and location of family/grandchildren.

The second is moving into aged care facilities or moving close to health care services which usually entails moving to a coastal area/major city.

Those stepping up and moving into/purchasing these properties are currently the more financially strong purchasers in the market. Most see the current market as a great opportunity to upsize but are stuck in a property which has no equity/profit due to the market sinking from 2013 to 2016. The market is starting to firm now but those upgrading and buying these larger retirees properties are ones that were not affected by the recent down turn.

Whitsunday

Baby Boomer seniors in the Whitsunday area appear to be selling up and moving closer to specialist/hospital facilities and family these locations include Mackay, Townsville Brisbane and interstate.

The unit market in the Whitsunday is mostly investors there doesn't appear to be to many Baby Boomers moving into the unit accommodation.

The exception to the baby boomers moving is the older families located around Proserpine who stay and move in with family or move into the aged care facility in Proserpine.

A benefit of the baby boomers moving on are the opportunities presented to the younger generation looking to upgrade the family home as their family grows.

Toowoomba

Being one of the more affordable regional locations in Australia, Toowoomba and surrounding suburbs provide a popular place to retire with the quality of lifestyle, good health care facilities, diversity of housing choice and availability of affordable homes, attracting retirees from throughout south west Queensland and beyond.

Downsizing to unit/villa living and detached housing on small lots appears to be a popular choice for Toowoomba retirees, however there is also evidence of relocating boomers "downsizing" from large western rural holdings to smaller 10 to 20 acre rural residential properties in the outer areas of Toowoomba.

The smaller urban properties are attractive to empty nesters looking to downsize for maintenance and convenience reasons. Retirement villages are also gaining in popularity, with a large number of modern complexes currently under construction and in planning throughout Toowoomba, including a number multi-level complexes including Seachange at Glenvale, Infinate Aged Care in Mount Lofty and a proposed complex on the Middle Ridge Golf Club. Staying put in the family home also appears to be a popular option for retirees as these are often located in established desirable residential locations.

Although Toowoomba is becoming a popular destination for retirees, many are also fleeing to the more traditional coastal locations in Queensland such as the Sunshine Coast, Gold Coast and Fraser Coast, where housing is still reasonably affordable and a beach lifestyle becomes a major incentive.

Downsizers are creating opportunities for Toowoomba first and second home owners too, with the former being attracted to smaller older dwellings in established areas close to the CBD, including the City, South Toowoomba, North Toowoomba and Newtown and the latter being higher value upgraders in more desirable residential areas such as Rangeville, Middle Ridge, East Toowoomba and

Middle Ridge Golf Club Proposed Retirement Village
(Source: Toowoomba Chronicle)

Seachange Retirement Village - Glenvale
(Source: www.seachangelifestyleresorts.com.au)

Mount Lofty. The fringe CBD areas in particular are gentrifying, and are underpinned by a range of council initiatives, including the Railway Parklands Priority Development Area Development Scheme.

Railway Parklands - The Mills Precinct (Proposed)
(Source: www.themillsprecinct.com.au)

Railway Parklands - The Mills Precinct Accommodation (Proposed)
(Source: www.themillsprecinct.com.au)

South Australia

Adelaide

The kids have moved out. The yards are high maintenance. I can't walk up the stairs.

All these thoughts run through the head of a Baby Boomer as they consider the sale of the family home. With little to no household debt and the backing of superannuation, cashed up boomers are less price sensitive and willing to slug it out to get what they want. With boomers on the move, opportunities present themselves for those looking to upsize and those who can see themselves in a bolding ripe for redevelopment.

With parents that fall into the boomer category I have been able to get into the head space of what a boomer wants in a property. The simple answer is a property within the same suburb they have lived in that provides enough living space and yard to allow the grand kids to run amok. Boomers are seeking out the readymade low maintenance properties and those properties which they can put their own spin on.

Within suburban Adelaide the most in demand properties are those providing up to three bedrooms and two bathrooms on allotments of sub-600 square metres. Above the norm fixtures, fittings and site improvements are highly sought after. Passenger lifts for multi-level dwellings, built in wine fridges and coffee machines, integrated audio, monitored security and built in secure car accommodation are all items being sought out by this buyer profile.

Within the CBD and more recently the inner eastern suburbs we are seeing a shift in the design of multi-level developments catering towards boomers. Developers tackling this market are providing larger living spaces, substantial balconies, multiple secure car parks and onsite services. Whether it is a suburban dwelling or CBD apartment the price point for properties with these attributes can begin in the $700,000's with a ceiling being reached in the low $2,000,000's.

Boomers may be less price sensitive than the remainder of the market however location sensitivity is high. Boomers are drawn towards those suburbs which provide local services and facilities within walking distance. The hot spots can be found radiating from the major retail and dining precincts within suburban Adelaide. These include O'Connell & Melbourne Street North Adelaide, Walkerville Terrace Walkerville, The Parade Norwood, King William Road Hyde Park, Jetty Road Glenelg and the East End of the Adelaide CBD. In addition to retail and dining facilities these locations provide the medical and social services required for those in their twilight years. The many "Esplanades" in the western beachside suburbs are equally considered hot spots for those boomers looking for a sea change.

Pushing into spring we have seen uplift in market activity. Recent listings which fit the profile of a baby boomer include 38 Esmond Street, Hyde south of the city listed at $1.1 million to $1.2 million; 40 Stanley Street North Adelaide listed with an undisclosed asking price and 2/4 North Esplanade Glenelg North west of the city with an asking price of $1.26 million.

38 Esmond Street Hyde Park (Source: www.realestate.com.au)

40 Stanley Street North, Adelaide *(Source - www.realestate.com.au)*

2/4North Esplanade Glenelg North *(Source - www.realestate.com.au)*

A prime example of a property which fits the buyer profile of a boomer is the recent sale of 10 Prosser Avenue Norwood which achieved a sale price of $1.162 million at auction. The sale of this property achieved national headlines after two downsizers battled it out pushing the price $462,000 above its price guide. This property comprised a single level circa 1900's dwelling disposed as 2 bedrooms and 1 bathroom on an allotment of 528sqm. The property was in poor condition and retained many of its character features. What makes this sale more compelling is four weeks later 31 Proseer Avenue, Norwood settled for $930,000. This property comprised a similar character dwelling disposed as three bedrooms and one bathroom on an allotment

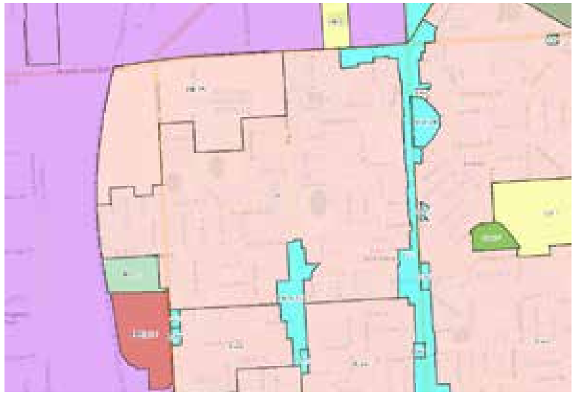
10 Prosser Avenue, Norwood *(Source - www.realestate.com.au)*

31 Prosser Avenue, Norwood *(Source - www.realestate.com.au)*

of approximately 560 squre metres. The major difference between these two properties was who was raising paddles on auction day.

There has been a rise in intergenerational housing design as children look to return the favour to their parents. This can come in the way of an extension to an existing dwelling, addition of a granny flat or separate living spaces within a new build. Properties built for this purpose typically include above average accommodation with additional bedrooms, bathrooms and kitchen facilities. It's noted that properties with these attributes have been constructed for a specific use and may not appeal to the broader market on resale.

Boomers have seen the recent price growth within the Adelaide metropolitan market as an opportunity to sell up as the market performs well. As the boomers move out opportunities arise for those looking to move in. Within the tightly held inner ring young professionals are seeking out the older character homes. Within this segment we are seeing uplift in renovations and extensions with older homes being given a new lease on life. Particularly within the middle ring relaxed zoning constraints have seen developers move in. The development plan changes have seen sharp spikes in prices being paid for original properties with sites in excess of 600 square metres. Not having the motivation to go through the development process, boomers are riding the wave of the spike in prices choosing to sell up allowing the younger generation to go through the development process. Most recently we have seen this occurring north of the city in the suburbs of Blair Athol and Kilburn with the introduction of the Urban Renewal Zone.



Urban Renewal Zoning (Source: http://maps.sa.gov.au/plb/)

Purchasers operating in these market segments would be expecting a price point of $700,000 to $1.5 million for character houses in the inner ring and $450,000 to $850,000 for development sites in the middle ring.

Agents are advising that boomers are looking to sell off market and pre-auction saving the time and effort in preparing a house for sale. Contract terms and conditions can be left of field with boomers wanting flexibility through the sale process. We are seeing extended settlement periods; lease backs post settlement and a rise in 'walk in – walk out' sales which have historically been reserved for the life style property market.

With a larger proportion of boomers now heading into retirement we should see an increase in supply in those tightly held inner suburbs and continued development in the middle ring. For those looking to sell up in a boomer hot spot a keen eye should be kept on who is attending open inspections. For the lucky ones, a boomer battle should end in a great result.

Mount Gambier

Within the Mount Gambier region, there are not really any specific property types for those aged 55 to 70 years old. However, those within this age group may be looking to downsize from large farms to smaller acreages, couples may be looking to move into a house based on its future saleability, or they may want to downside to a smaller house with low maintenance.

There are a number of areas within Mount Gambier that may appeal to this growing cohort. They may be searching for a property that is centrally located and within a close distance to local amenities, or within close proximity to the hospital. They may also be looking to move into a modern division where properties can be low maintenance.

In Mount Gambier, it's also popular for those within this age group to purchase houses on the golf course, or if they are closer to 70, then retirement villages have been an option too. We have not seen any major evidence to show that those within this age group are fleeing Mount Gambier chasing lifestyle destinations; however, we have seen people moving to the region to retire.

Within Mount Gambier there haven't really been any substantial new innovations in housing design or fitout to cater for the aging population, however we have seen some minor changes. People within this age group may either build or purchase houses with a triple garage for the caravan. Properties with less grass and low maintenance yards may also be preferred, and we have also seen some homes with wider doorways for wheelchairs, or sometimes even lifts in homes that otherwise may not typically have a lift.

We have not really seen a rise in intergenerational housing design; however, we do occasionally see homes with granny flats constructed to the rear to perhaps help accommodate aging parents in their children's homes. Granny flats may be more common in the cities, where land is still more expensive.

Today, it isn't expected the moving on of the people within this age bracket will open up opportunities for the next generation of buyers, although going back five to 10 years ago the circumstances were different. The market was much slower and many older people were looking to sell their homes and move into a retirement village. They found it hard to move out of their homes and into the retirement village because they couldn't sell their properties. This then opened up opportunities for those looking to enter the market, as these houses were being discounted in order to sell them quickly.

Tasmania

Hobart and Launceston

Tasmania, I suspect maybe a little unique with regard the "Baby Boomer" movement. Most mainland centres I presume would see a downsizing of homes and a drift towards inner city living.

In the Apple Isle, we see two more distinct trends.

Firstly… it's time for the upgrade!

With housing still affordable in most areas of the state it is time to trade in that trusty post war family home that the kids grew up in and purchase the brand new dream home with it's second bathroom, fourth bedroom (guests may stay) and extra living room. So, in the south we are seeing a movement from suburbs like Clarendale into nearby Berridale and in the north moving perhaps from West Launceston or post war Newstead into Prospect or 'Eastmans' in Newstead.

The other trend noticeable in our market in the sea change drift.

This is not only locals buying in coastal areas for lifestyle choices but also mainlanders from that big island just across over Bass Straight. These new Tasmanians are coming to live in their paradise. The kids have gone, we can trade in our city property, buy a nice house and enjoy a beach side lifestyle plus have left over dollars in the bank. Thus, townships within an hour of an airport such as Shearwater on the north west, Orford on the east coast and even Bridport in the north are getting a population bump. We have heard it said more than once, 'I used to commute two hours, now it takes less time than that to fly back to the mainland and see the grand kids!'

What have these two trends done to our market? Well, by baby boomers upsizing it opens up the more affordable homes to the first buyers. This in turn brings the kids back to these suburbs and the Bunnings Home Handyman gives a little TLC to those loved post war homes. Simply the suburb gets a reincarnation.

Secondly, these coastal towns get a chance to grow. Extra population puts a few more dollars in the local economy and allows the services to expand. We have seen solid housing capital growth in many of these townships over the last few years.

Northern Territory

Darwin

Darwin is a unique city offering year-round warmth and endless outdoor activities. For those baby boomers that love the warmth and decide to reside in Darwin, we start off by exploring the ideal accommodation. Moreover, it's the stage of their lives where freedom is experienced and travelling is on the schedule. Therefore, it's essential to pick a home with low maintenance and the freedom to lock up and leave in an instant.

There is a great range of units/villas/townhouses available across the Darwin region, but we will specifically look into the inner-city suburbs. Inner city suburbs which afford these types of homes are Parap, Ludmilla, Larrakeyah and Darwin City. In the timelessly popular suburb of Parap we can find two storey townhouses with minimal yard space. However, if stairs and paying body corporate are deal breakers, there are freestanding homes located in the Parap Grove development. Generally positioned on lots from 350sqm to 600sqm.

Looking outside of Parap and in neighbouring inner city suburbs, there are reasonably priced ground level units available in Ludmilla. An example is the Calma Gardens complex at 17 May Street, Ludmilla. A unit here recently went under contract for mid $200,000s. It is an ideal property for Baby Boomers with no stairs, two bedrooms, a paved courtyard, attached parking and a private in ground spa.

If location is a must on the check list, Larrakeyah is your pick. With marinas on one side and the city on the other, there is unlimited choice in terms of daily activities. There are ranges of low maintenance low & high-density unit complexes or for those looking to achieve a quieter, solitude lifestyle, there are townhouses available with private courtyards on leafy streets.

After exploring inner city suburbs and choices for baby boomers, our personal pick of the bunch would be Darwin City. The CBD has on offer a variety of great unit complexes which match all the criteria for retirement such as swimming pool, security and views. More specifically within Darwin City is the 'Arkaba Complex' located at 15 Esplanade. It is in a premium spot, just a moment's walk to the Waterfront Precinct with restaurants, Wavepool, Darwin Convention Centre, CDU Business campus, Darwin City Library, Esplanade fitness trail and the CBD at your doorstep. Additionally, it is a well-built complex with a swimming pool with large decking to relax and the views to match.

Baby Boomers that are in the process of retirement tend to go through the process of selling. Due to the weak state of the market; the old quote 'Your loss is somebody else's gain' holds very true. The new generation of first home buyers have a vast amount of choice from cheap inner-city units, discounted northern suburb homes to very well priced Palmerston homes. The weakened market has given new generation a foot in the door to buy a home. An example is a unit at 44 Lorna Lim Terrace in Driver, a 3 bedroom, 2 bathroom offering which recently underwent contract for mid $200,000. Additionally,

Arkaba Complex *(Source: www.realestate.com.au)*

44 Lorna Lim Terrace, Driver *(Source: www.realestate.com.au)*

after enquiries with the selling agent, the buyers were first home buyers. A great buy with the location being very central in the growing Palmerston location.

There has been a shift towards the outer region of Palmerston for first home buyers, this is due to the cheap land available and incentives on offer from Northern Territory Government to build new homes. For example, $26,000 is granted to first home owners building a new dwelling. We briefly mention Zuccoli which is a developing suburb of Palmerston. A first home buyer can buy a vacant lot of land from as low as $143,000. After enquiries with the local sales agent, the majority of sales in this new development have been first home buyers.

So, depending on which section of the life cycle you may be in there are attractive options within the Darwin property market at present.

Western Australia

Perth

The ever expanding and aging population is an issue that affects the economy on many levels. Town planning has become more prevalent over time and is one of the key components in combatting the challenges that rapidly growing and aging cities are facing. Created by the Department of Planning, Lands and Heritage - 'Directions 2031 and Beyond' predicts the population in Perth to grow from two million residents in 2016 to 3.5 million by 2056. This may seem like a while away, but consider that in less than ten years the population is predicted to be 20 per cent larger than it is now. You could then say that Perth will require 20 per cent more dwellings to house that population. With urban sprawl potentially having already reached its maximum economic viability local Councils and the Western Australian Planning Commission are increasingly invested in the search for in-fill development opportunities that satisfy the existing community's needs whilst simultaneously moving forward and planning for the future.

As a community, we may need to get used to a lifestyle in which we have less and less personal space, and eventually (in the very, very distant future) Perth may look similar to other highly populated cities around the world such as Shanghai, Beijing or Tokyo. This level of hyper-density commands certain housing requirements. Compact apartment complexes, mixed-use zoning and intergenerational living are essential in creating living spaces in populous communities. Perth had begun to utilise these methods over the last decade or so but are now becoming more prominent in many inner-city locations. We are starting to see lifestyle hubs pop up all over Perth in a move to curb the constraint on housing options.

A good example of this recently is the 'Claremont on the Park' development precinct.

Figure 1 - Claremont on the Park, LandCorp *(Source: ?????)*

Located in the heart of Claremont, close to Claremont Quarter and the Claremont Showgrounds, this 9.4 hectare development site is creating over 750 new apartments, and follows the $16 million of state funding for the redevelopment of the Claremont Football Club. The development is situated around Claremont Oval, with numerous apartment complexes plotted on the oval's perimeter. Many of these apartments have direct views of the grounds which will act as the centrepiece for the neighbourhood. Shops and small businesses will also provide for an all-in-one community hub, not to mention the plethora of other amenities surrounding the area such as the Claremont Train Station, a 50m outdoor swimming pool and numerous schools.

This redevelopment was produced partially in a bid to refresh Claremont's housing options and provide more opportunities for long-standing citizens of the "Western Suburbs" to downsize whilst remaining in the beloved area. As the average age of the 'baby boomer' generation is nearing retirement there are many people facing the opportunity for a change in lifestyle. A large percentage of these owners no longer require a large block as they are only living by themselves or with a partner. Maintenance becomes a hassle on larger lots with plenty of landscaping to do and an aging dwelling to update, so having the option of a "lock and leave", low maintenance home can be very appealing to those who want to travel.

There has long been an undersupply of good quality apartment accommodation within the western suburbs. The largest ratio of property owners are considered to be "baby boomers", and there has long been a lack of options for this buyer demographic when it comes to downsizing out of the family home. Hence new developments such as Claremont on the

Park have received a good amount of interest in recent years. Detached from the commercial precinct around Claremont Quarter, Claremont on the Park provides a somewhat more tranquil option whilst maintaining good proximity to local amenities. For anyone who wants to downgrade to a home within a small active community, Claremont on the Park may fit the bill.

The Queenslea by Oryx is just one of the many developments within the precinct. According to the developer, for the 'traditionist' generation The Queenslea will offer "a unique multi-generational approach to assisted living". This 115-apartment complex will include fully serviced assisted living, high care suites, residential aged care, a memory support day centre, respite care, and child care centre, creating an environment in which families can care for their loved ones all in one fully serviced environment. This provides the opportunity for residents of the Claremont on the Park development to age-in-place.

More quality initiatives similar to the Claremont on the Park development will most likely be seen for the next decade as town planners fill the community's needs and plan for population growth. 'Precinct' developments such as Bentley 36' and Connect Joondalup will help to diversify housing options for all. These developments are expected to create more than 5000 homes with options for most income brackets.

Sticking to the sporting theme, The Town of Bassendean seems to have a similar vision at present.

Figure 2 - Proposed Development of Steel Blue Oval, The Town of Bassendean
(Source: ?????)

Shown above is a concept for the redevelopment of Steel Blue Oval as seen in their Concept Planning Report. It outlines the proposal for a 1.65 hectare development which would include the construction of 16 townhouses, 16 single bed units which will sit on top of their own garages, 48 large or 98 small apartments, and a mixed use developmetn. The development could also involve the reorientation of Steel Blue Oval and repositioning of the Swan Districts Football Club's clubhouse.

This redevelopment would be appealing to local residents as it would provide modern apartments at an affordable price point – Something that is somewhat lacking around the Bassendean area. Apartments are plentiful further south in Bayswater, Maylands and Mount Lawley, but prices increase as you approach the CBD. These types of developments will continue to present good opportunities for long-term homeowners who are looking to downgrade the family home but remain in their areas.

For the baby boomers that have paid off their mortgage, subdivision can be a lucrative way of generating some real retirement savings. Owners of large allotments in established areas can potentially squeeze in three, four, or even six units if you benefit from or can achieve the right zoning. It is typical to see 6 unit developments on 750m2+ allotments in areas such as Mount Lawley, Rivervale, Belmont and Bentley.

Intergenerational housing design has been stable in Perth with granny flat style developments continuing to add accommodation for the whole family. These are generally seen in the form of extensions in more established suburbs and are used as a means of affordability/support system for the elderly.

As we can see there will be plenty of opportunities for the older generations to rethink their current living situation, but how about the younger generations? Leederville's demographic has changed over the past decade. 30.3 per cent of Leederville's population were between the ages of 25 to 34 in the 2016 Census compared to 27.3 per cent in 2006. With an eclectic mix of apartments, units, townhouses, dated construction, modern construction, or renovated homes, combined with its inner-city location, Leederville offers attractive rental opportunities for the young workforce. Other suburbs such as Victoria Park, East Victoria Park, and Rivervale are also attracting a younger demographic. Suburbs with bringing in people between the ages of 18 and 30 tend to have some form of attraction in the lifestyle that surrounds it such as Victoria Parks café and restaurant strip along Albany Highway or Leederville's own restaurant precinct along Oxford Street and Vincent Street.

Generation Y are generally within the first home buyer demographic, so much of this generation are choosing to build on small parcels of land - a lot of which are on the outskirts of Greater Perth in suburbs which whilst they have performed poorly over recent years, they offer certain benefits in relation to financing options through first home buyer financiers/builders. Ellenbrook, Aveley, Brabham, Dayton, Bennett Springs, Caversham, Wellard and Baldivis are all suburbs with new housing estates attracting a young demographic. However, the attractiveness of house and land packages in these areas can be offset by the poor performance of the established housing market, given the lack of current demand for such products - hence we recommend that the younger generation employs or seeks out a wise perspective before committing to any purchase.

Overall the market in these areas with such differing demographics face many challenges ahead, and seeking the opinion of an independent expert is always highly recommended.

Australian Capital Territory

Canberra

The focus this month is the 'baby boomer' market and their options in the ACT. In recent years there has been an increase in options for this demographic looking to downsize with a spike in apartment and townhouse constructions.

In an effort to increase density the ACT Government has allocated large sections of new subdivision suitable for townhouse developments. This is especially noticeable in suburbs in Molonglo Valley. The development of Mr Fluffy blocks has also provided options for baby boomers looking to downsize. An advantage of the Fluffy block developments is they allow downsizers to stay in the same established neighbourhoods where they have raised their children. Popular townhouse configurations for downsizers are three-bedroom, two-bathroom, single-level dwellings with a small garden areas and a one or two car garage.

Apartments offer an attractive option for downsizers looking to live in close proximity to amenities such as shops, recreation facilities and public transport routes. They also offer an opportunity to become part of a community. As new apartment developments are being constructed in nearly all town centres there are many options in terms of location and price.

Some buyers in this demographic are drawn to more of a lifestyle option on the NSW south coast. It takes roughly two hours to drive to most population hubs on the coast. This distance makes is easy to come back to Canberra to see family or friends. For this reason, retirees are a strong driver for the residential market there.

As baby boomers down size from a family home in the suburbs, opportunities arise for buyers. Investors could look into buying family houses with a view to renovate and sell. Suburbs in Woden, Weston Creek, Belconnen and North Tuggeranong experienced strong growth recently and are proving to be resilient under tighter lending conditions and other softening markets.

Young families could also take the opportunity to buy an unrenovated dwelling to get into a sought-after area at a lower price. Large family homes in the areas mentioned above are sometimes suitable for housing a granny flat. This can present an option for rental income for long or short stay tenants.

Rural

HERRON
TODD
WHITE
RURAL

Overview

As we move into the last quarter of the year, many people look forward to more relaxing activities.

Discussions around the pending wet season and summer rainfall has increased – not surprisingly given that the consequences of missing out a summer crop or grass growth would place allot of strain in most market segments. This is probably being reflected to some degree in the cattle market for property sales where there has been less transactions in the past six months or so (the NT has had three settled sales for the whole of 2018 thus far), but some solid sales nonetheless.

The CPC sale of Nockatunga and Gunn Agri purchase of Abingdon Downs North of Georgetown in North Qld illustrated that properties of scale are still being transacted and at good money. There has also been some decent but patchy rain in Qld and NSW, nowhere near drought breaking as yet but early activity which hopefully translates into a true northern wet season. If this rain does arrive, expect to see more property come to the market and it will be interesting to see how this increase will be met by demand.

The team this month have been busy completing current work and also providing advisory support and due diligence in some larger acquisitions for potential purchasers and we are gearing up to a strong finish with December 31 reporting work for international clients. Among this activity, the team are getting together for two days of professional development and a chance to connect face-to-face which is not often possible given the work undertaken and the remoteness of some offices. Speakers at the event include insurers, financiers, investment managers and more.

It is also the time to look at next year and planning has commenced for the 2019 national market updates in Melbourne and Brisbane with more detail to be advised next month and date claimers sent out.

Enjoy the rest of the update from the team.

Contact:
Tim Lane - ph: 07 3319 4400
National Director - Rural

NSW Tablelands and Central West

Demand for rural properties remains reasonably strong at present.

On the supply side – the number of listings and properties being offered to the market appears to have eased throughout 2018 to this point, due in part to the extended dry seasonal conditions. As a result, sales volumes have eased. This decreased supply and limited stock available has been generally insufficient to meet the current buyer enquiry and demand, and may however buoy value levels somewhat. This is despite the present poor seasonal conditions.

Though fewer, the sales that have occurred over the last few months indicate the same strong growth in values that occurred during the busier 2017, and are showing the rural market is maintaining that upward trend demonstrated in 2017.

Listings of rural property have now increased significantly over October and the undersupply seen so far in 2018 has now corrected. The current stock of properties contains a reasonably broad mix of rural assets that would appeal to a broad cache of rural buyer types.

The most active buyer group appears to still be local and neighbouring-district farmers seeking nearby land to expand their existing enterprises.

Contact:
Craig Johnston - ph: 0477 800 004

Southern NSW

The southern rural market continues to show its strengths with recent sales indicating continued strong per hectare rates achieved. Examples of this is the property Mirradong on at Adelong. This property is five kilometres south of Adelong and was 674 hectares. It consisted of approximately 30 per cent arable country with the balance open grazing which had been well improved with pastures. Average rainfall was 800 mm per annum. The improvements included a well presented four-bedroom weatherboard Homestead and large modern machinery shed a workshop. The property sold for $6.2 million which equates to $9190 per hectare or $3719 per acre. This is in line with other recent sales and was purchased by a local family looking to expand.

Another sale in the Wagga/Holbrook District has set a district record on a dollar per hectare basis. The property Jandera located 42 kilometres south-east of Wagga Wagga and 50 kilometres north of Holbrook in the well regarded Kyeamba Creek area. This property was 340 hectares in size and had benefited from a long-standing fertiliser improvement program. Rainfall was 625 mm with the improvements consisting of good steel cattle yards, 10-box horse stable, machinery shed and a large four-bedroom home. The property sold at auction for $3.7 million which equates to $9850 per hectare for $3986 per acre.

Recently we have been doing a large volume of valuation work in the central and western areas of New South Wales and it appears that the recent rainfall over much of this area has sparked elevated/renewed levels of expansionary interest. The drought has had its impacting on cash flows however there is a reasonably high level of positive sentiment still regarding future prospects and the rainfall to the areas south west of Nyngan through to Warren have certainly had an impact on people's perception of the future.

The rainfall even catches the valuers out sometimes as evidenced by the photo below.

Contact:
Scott Fuller - ph: 0427 077 566

NSW North Coast

The NSW North Coast has rapidly changed from dry to wet with rainfall recorded of over 350 mm on parts of the North Coast during September & October.

The macadamia nut farm market remains strong with the strong commodity price and limited listings of properties for sale. A recent sale of a farm for more than $2 million with house, sheds and plant equipment indicated about $76,000 per planted macadamia tree hectare excluding structural improvements. This was a farming family to farming family sale which is generally typical of the market.

Chinese based interests purchased a macadamia farm aggregation in the Dunoon locality in late 2015 for over $17 million. This is not an common circumstance on the NSW North Coast for institutional scale purchases.

The sugar cane farm market remains subdued as world sugar prices plummeted recently to around US 9 cents per pound with subsidized Indian sugar impacting the market, but have since recovered in October to just under US 14 cents per pound with expectations of a smaller than anticipated Brazilian crop. A good quality cane farm near Murwillumbah has sold. This sale indicated in the vicinity of $11,000 per sugar cane cultivated hectare excluding structural improvements. This farm is intended to be continued for sugar cane use. This is understood to be a farming family to farming family sale too.

The beef & dairy cattle market is generally dominated by family farm type purchasers. The large-scale sale of ex. managed investment scheme forests during 2017 were mostly purchased by family farm type purchasers for cattle grazing and the operators of the sugar mill power cogeneration plants at Broadwater and Condong to source the timber for burning fuel and then remediate the land for cattle grazing.

The horticultural market is predominantly family scale except for the large Costa blueberry &

raspberry farms at Dirty Creek near Coffs Harbour.

Contact:
Paul O'Keeffe - ph: 0409 763 573

Mildura

The agricultural sector remains quite active in regard to transactions and whilst it may be perceived that foreign interests are dominating the purchase of many larger assets presented to the market, there appears to still be many local farmers and syndicates active and successful in many transactions.

The main demand currently is for larger parcels of land with soil types suited to almonds, citrus or table grapes or indeed already established horticultural properties. Purchasers have been mostly corporate buyers for almonds and a mix of corporates and smaller local family run businesses for citrus and table grape holdings.

Some examples in our immediate region of 'local' investor purchases was the sale of probably the largest farm in Victoria known as Telopea Downs, located 90 minutes north west of Horsham. This large aggregation (47,677 hectares) which Hassad Australia purchased in 2012 was recently sold to the McBride family from South Australia for a reported $70 million for the real estate component.

A further transaction in the Mildura region involved a large greenfield horticultural development site which transacted for in excess of $11.5 million and was purchased by local investors to be initially developed to wine grapes. There was significant interest from foreign investors however the local investor group were ultimately successful.

Three recent sales or smaller greenfield development site in the Koraleigh (NSW) and one in the Nyah region of north west Victoria have been snapped up by local interests for between $4 million to $8 million.

A large-scale citrus, table grape and wine grape holding in the Colignan area (50 kilometres south of Mildura) was purchased in late 2017 by The Fresh Produce Group, which is a vertically integrated Australian grower and marketer.

On the flip side was the recent purchase of a large wine grape vineyard at Lake Cullulleraine – 50 kilometres west of Mildura, which was secured by a Canadian Pension Fund for a reported $16 million. This property was also in strong demand from local investor groups, with the sale price representing a significant premium over levels previously seen for wine grapes.

We are of the opinion that the strong growth in dryland and horticulture values may be approaching peak levels. We consider a contributing factor to this comment for horticultural properties is the spike in the cost of buying both permanent water entitlements and leasing annual water allocation, which reduces the comparative returns of horticultural activities.

The spike in water values is largely attributable to ongoing dry conditions in the Murray River catchment dams, with resulting low allocations to NSW Murray and Murrumbidgee General Security water licences. Strong demand has seen the cost of leasing annual allocation rise to around $380 per megalitre in recent weeks.

It appears growers of local horticultural crops who rely on leased allocation are committed to leasing water, and will not let these prices cause any change to their program this year. The most pain will be felt by wine grape growers, many of whom who will see the entire benefit of rising wine grape prices cancelled out by the extra cost of leasing water.

Meanwhile the cost of buying permanent High Security irrigation entitlements has also risen throughout 2018, and is currently around 40 per cent higher than this time last year. The market appears to have paused in recent weeks, with a number of larger parcels being passed in at auction. It appears that smaller parcels, of between 20 and 30 Megalitres, are currently more saleable than larger parcels, which is in contrast to what has occurred in the past. This suggests some depth of demand from local irrigators wanting to top up their water holding.

Contact:
Shane Noonan - ph: 0427 735 328

North and North-West Queensland

The toughest phase of the decade is confronting the North and North-West Queensland grazing property markets.

In the post GFC market, potential property purchasers sat down, diligently prepared budgets and considered the business fundamentals of potential property acquisitions. Meanwhile, there have been some moderate capital gains, despite the below average seasonal conditions.

Of late, the due diligence dynamic has changed. The market has potential now to change gears.

Up until now, the general market commentary has accepted the motivations as to why a purchaser has paid a certain price for their new property. No matter if a reasonable price or strong: the market has accepted the reasoning, then rationally moved on and taken these sales in its stride. This may change.

Despite the steady value increases in recent years, of say five per cent to 10 per cent, the perception of a strong price can be anywhere from 10 per cent to 30 per cent higher than existing market parameters.

Earlier this year, local buyers were paying prices in accordance with existing market parameters. Then, for a while there was the odd southern buyer paying the higher price to secure some grass. You might all think that this is elementary market dynamics. Yes, you are right; the southern grass buyer story has been flogged around more than a 1970' vinyl on the record player!

The choice now of the local buyers to pay such a premium is where challenges for the market arise. This is a phase of the property market cycle where the free market can either price in rational growth or make history and enter boom territory.

There are a number of different buyer scenarios emerging at present:

1. Local grazing families that have just spent ten years consolidating their balance sheets and lowering their risk. Some have sold assets to reshape their balance sheets, others have paid down debt.
2. Local graziers seeking replacement stations as a result of one of their stations having been acquired. Negotiations are continuing in the Greenvale area for the Singapore Alliance military training area.
3. Southern graziers seeking lower cost country to breed and more reliable seasonal conditions.
4. Southern graziers who have had country acquired seeking replacement opportunity.
5. Investment vehicles seeking to capture the favourable returns. Now that southern country has increased in value, their percentage yield returns have dropped making the North look attractive until yield compression kicks in again.

For potential sellers, this is a pretty good phase of the market cycle to offload an asset.

This does not mean that its time to be greedy, buyers are not that euphoric or naïve. There is a lack of mid to large-scale cattle stations on the market at present. The ball is in the seller's court to make the decision to sell a station or hold. This can be a tough decision, particularly when there is the potential for achieving a higher price in the year to come.

Contact:
Roger Hill - ph: 0418 200 046

Rural NT/Kimberley

The only pastoral sale to have settled over the last two months in the Northern Territory was "Margaret Downs" (608 square kilometres, Sturt Plateau District) however, we are aware of two other medium scale cattle stations in the Roper District that are currently under contract to two different buyers, and another larger scale lease reportedly in final stages of negotiation (details remain confidential). "Legune

Station" (1789sqkm, northern Victoria River District) was also reported in the press in mid-October as having contracted for sale. There remains an estimated 77,890 square kilometres (or 7.789 million hectares) of pastoral land being actively marketed for sale throughout the Northern Territory/Kimberley. This comprises 21 pastoral lease operations in the NT, two leases and one Aboriginal owned station in the Kimberley region of WA.

The "Margaret Downs" sale showed around $4 million for the property (excluding added value of stock and plant) and was picked up by some experienced young local pastoralists looking to become more permanently established in the live export region. The property has a fairly consistent spread of predominantly red to brown gravelly earth forest country traversed in the west by the seasonally running Dry River and has traditionally carried a mixed Brahman herd of around 5000 head. There is reasonably good groundwater and good potential for lifting productivity.

"Legune": After several months negotiation Brisbane based AAM Investment Group (AMMIG) has reported in the press that they've contracted to purchase the pastoral lease and will sublease part of the property back to the Seafarms Group to develop their huge prawn farm. AAMIG funds, invests and manages a series of agricultural and commercial development assets for its members including livestock supply chain investments, regional saleyards and commercial property developments. In late 2017 Seafarms negotiated with the then station owners for an option to purchase the property on the basis that a 30-year renewable non-pastoral use permit was granted (under the NT Pastoral Land Act - PLA) to permit the development of the first stage of Project Sea Dragon (PSD) aquaculture facility. At this stage, we understand that Seafarms will now sublease from the new owner - AAMIG (subject to settlement) that area of the property dedicated to the PSD development. AAMIG report that they will continue to run the live export dedicated cattle herd on the balance pastoral lands which will also be further developed for pastoral use. Full details of the contract price remain confidential however it's expected to reveal a continued demand for live cattle export dependant pastoral country in the Northern Territory with the exception, however, that this deal did offer a point of difference with the proposed additional in income stream offered by the proposed sublease to Seafarms. We note that the final investment decision by Seafarms for PSD is yet to happen and that the Legune location will be utilised as the land based prawn grow-out facility which will have to operate in conjunction with other ancillary aspects of the PSD project at other locations in the NT and parts of WA including:

- Quarantine, Founder Stock Facility and Back-up Breeding Centre at Exmouth (WA).
- Breeding Program proposed to be located at Point Ceylon at Bynoe Harbour,
- Hatchery Site proposed to be located in Darwin,
- Processing Plant proposed to be located near Kununurra,
- Export Facilities utilising existing port infrastructure by 3rd parties at either or both Wyndham and Darwin

It may be just as well that Seafarms managed to secure their Diversification Permit for the prawn farm when they did because the potential for developing pastoral leasehold land for non-pastoral uses under the PLA may have just become a bit more difficult to achieve with recent changes to the Non-Pastoral Use (NPU) Application Guidelines. This particularly relates to additional reporting now required on the potential impacts of development on regional biodiversity with any environmental issues under the Environmental Assessment Act (NT) or the Environment Protection and Biodiversity Conservation Act (Cth) possibly needing referral to the NT Environment Protection Agency. In addition, public notifications of a proposed changes to the pastoral use will also require Land Councils, registered native title body corporate and registered native title claimants to have 90 days to comment (which is 60 days longer than under the original provisions).

Diversification Permits relate to development of parts of a pastoral lease for uses other than for the pastoral use such as:

- Production of agricultural products that are not going to be utilised on the pastoral lease but used for off-lease consumption.
- Horticulture activities
- Forestry activities

On the Freehold grazing, agriculture and horticultural property front, the market has been quite active with a couple of recent sales, all to local operators. "Edith Springs" (9620ha, 38 kilometres northwest of Katherine) resold after four years for around $4.56 million (last sale was $4 million, however the property was a little run down in the current sale) and we are aware that a 20,000 hectare-plus Crown Leasehold property not far to the west of the latter has also just contracted for sale off the market to a local buyer after reasonable competition from other locals (full details remain confidential at this stage). There appears to be reasonable demand at present from Terratorians looking to secure grazing/farming blocks in the $2 million to $4.5 million price range.

Contact:
Frank Peacocke - ph: 08 8941 4833

Property Market Indicators

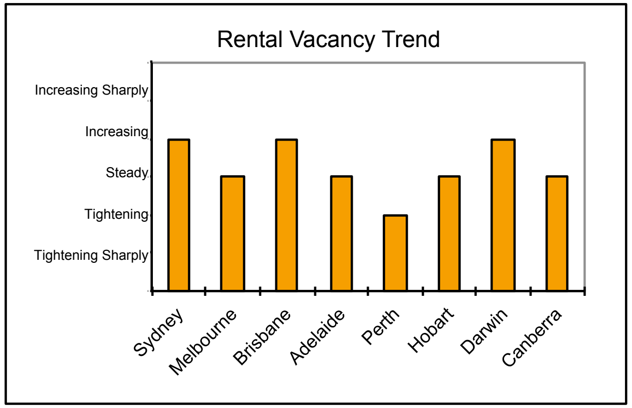
HERRON TODD WHITE

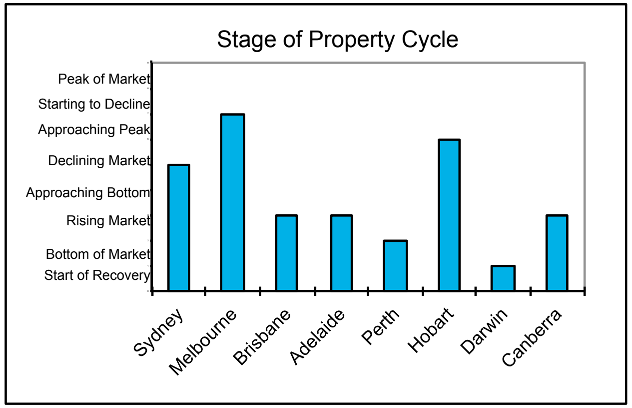
Capital City Property Market Indicators - Houses

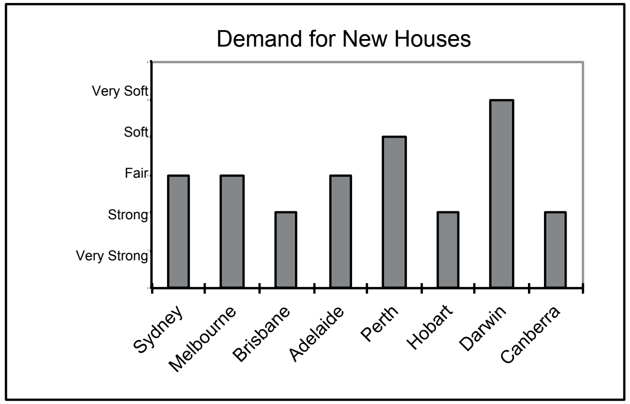
Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	Balanced market	Shortage of available property relative to demand	Over-supply of available property relative to demand	Balanced market	Balanced market	Severe shortage of available property relative to demand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

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

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







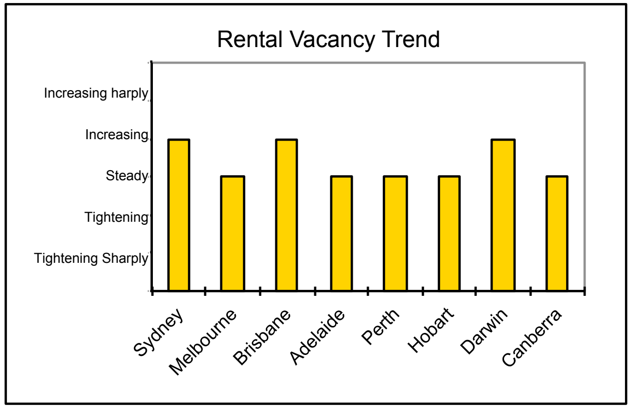
Market Indicators

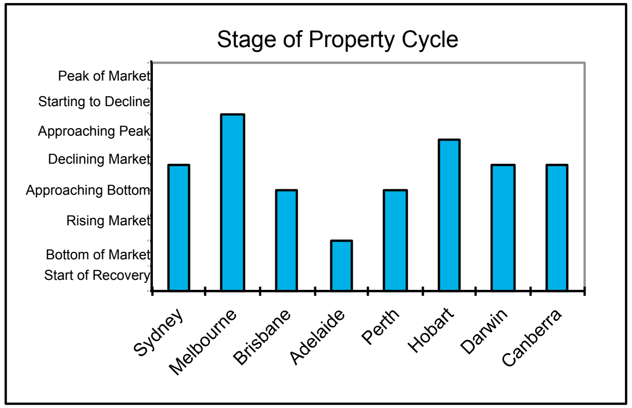
Capital City Property Market Indicators - Units

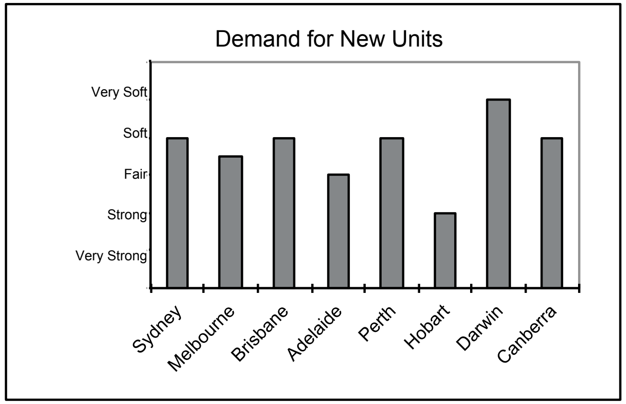
Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	Balanced market	Shortage of available property relative to demand	Over-supply of available property relative to demand	Balanced market	Over-supply of available property relative to demand	Severe shortage of available property relative to demand	Large over-supply of available property relative to demand	Balanced market
Rental Vacancy Trend	Increasing	Steady	Increasing	Steady	Steady	Steady	Increasing	Steady
Demand for New Units	Soft	Soft - Fair	Soft	Fair	Soft	Strong	Very soft	Soft
Trend in New Unit Construction	Steady	Declining	Declining significantly	Increasing	Declining	Increasing	Declining	Steady
Volume of Unit Sales	Declining	Steady	Declining	Steady	Declining	Steady	Increasing	Steady
Stage of Property Cycle	Declining market	Starting to decline	Approaching bottom of market	Bottom of market	Approaching bottom of market	Approaching peak of market	Declining market	Declining market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Frequently	Occasionally	Very frequently	Occasionally	Occasionally	Almost never	Almost never	Occasionally

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

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







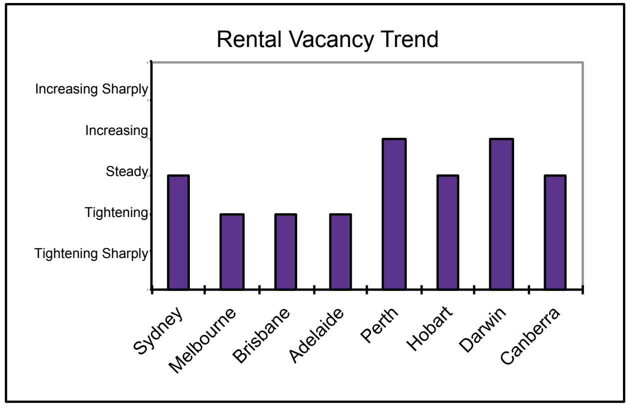
Market Indicators

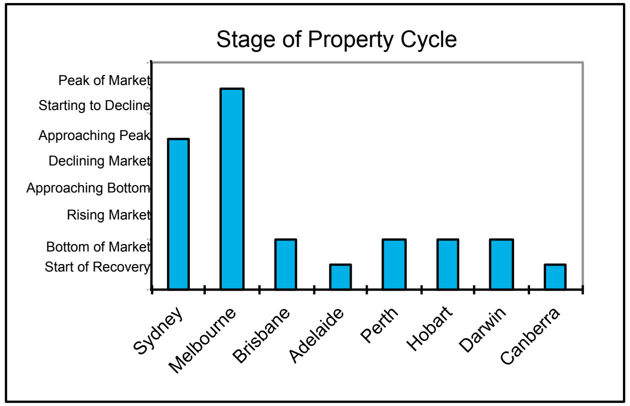
Capital City Property Market Indicators - Office

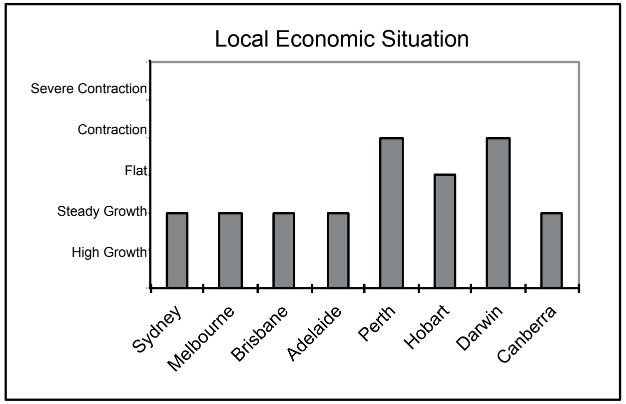
Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	Shortage of available property relative to demand	Shortage of available property relative to demand - Balanced market	Large over-supply of available property relative to demand	Balanced market	Over-supply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

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

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







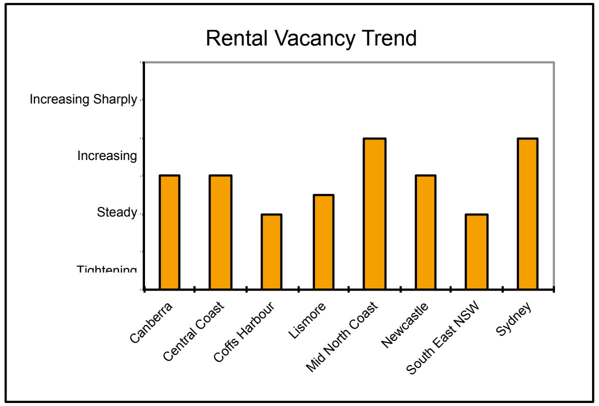
Market Indicators

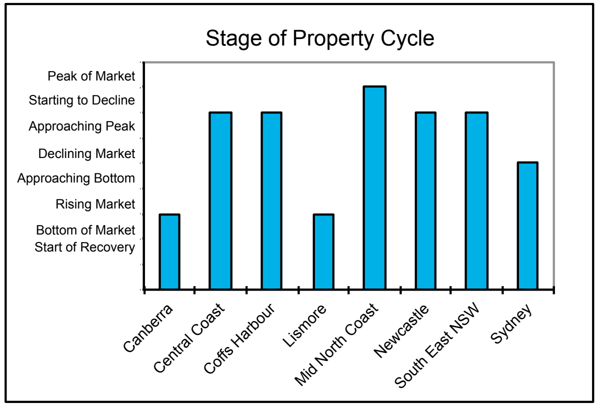
New South Wales Property Market Indicators - Houses

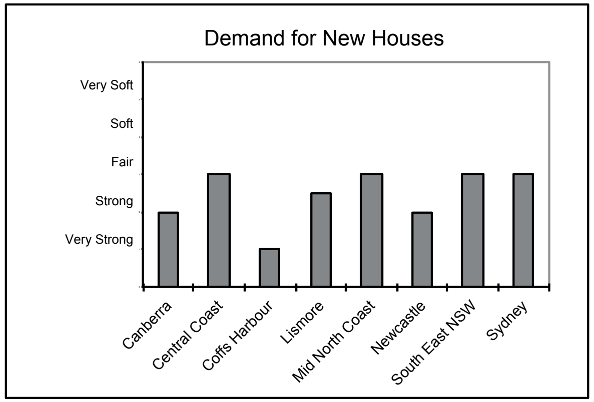
Factor	Canberra	Central Coast	Coffs Harbour	Lismore	Mid North Coast	Newcastle	South East NSW	Sydney
Rental Vacancy Situation	Balanced market	Balanced market	Shortage of available property relative to demand	Shortage of available property relative to demand	Over-supply of available property relative to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

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

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







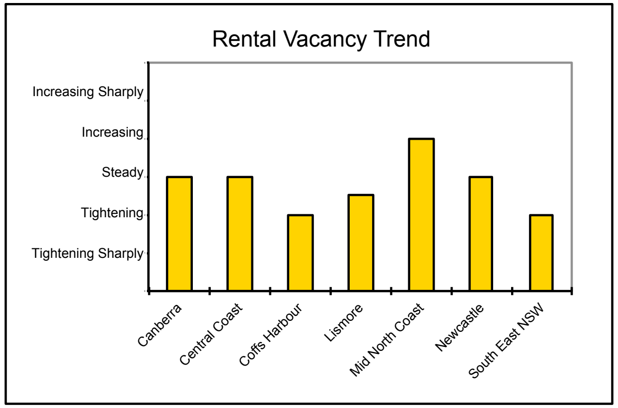
Market Indicators

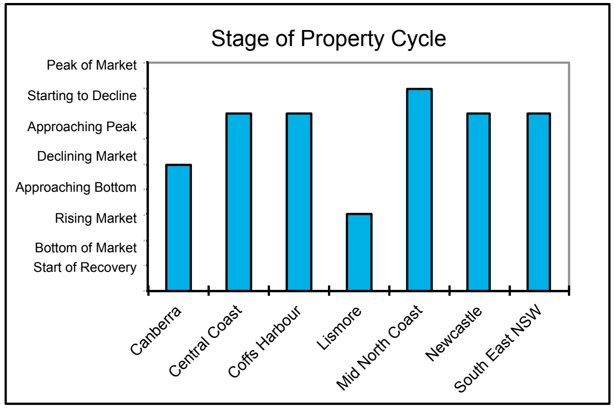
New South Wales Property Market Indicators - Units

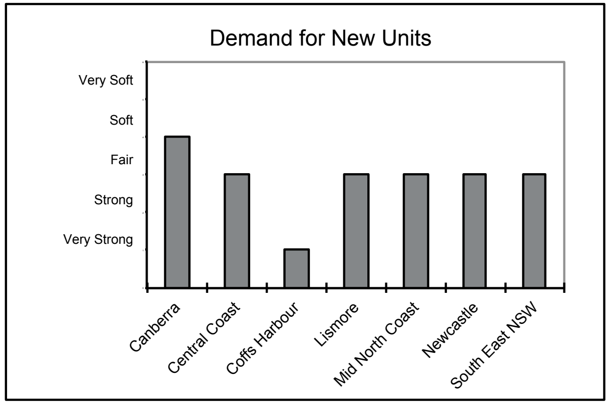
Factor	Canberra	Central Coast	Coffs Harbour	Lismore	Mid North Coast	Newcastle	South East NSW	Sydney
Rental Vacancy Situation	Balanced market	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Over-supply of available property relative to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

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

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







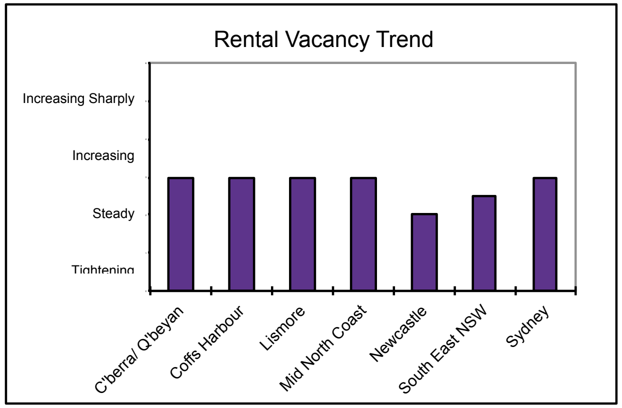
Market Indicators

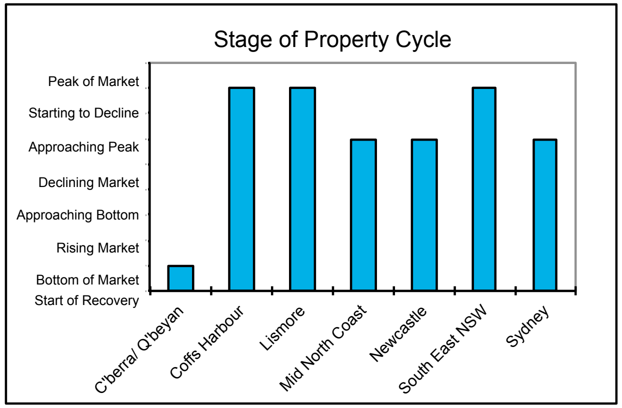
New South Wales Property Market Indicators - Office

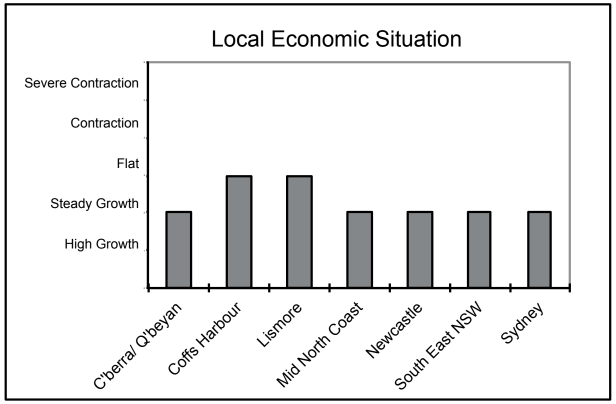
Factor	Canberra	Coffs Harbour	Lismore	Mid North Coast	Newcastle	South East NSW	Sydney
Rental Vacancy Situation	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Balanced market	Over-supply of available property relative to demand	Balanced market	Shortage of available property relative to demand - Balanced market	Shortage of available property relative to demand
Rental Vacancy Trend	Steady	Steady	Steady	Steady	Tightening	Tightening - Steady	Steady
Rental Rate Trend	Stable	Stable	Stable	Stable	Stable	Stable - Increasing	Increasing
Volume of Property Sales	Steady	Steady	Steady	Steady	Declining	Steady - Declining	Steady
Stage of Property Cycle	Start of recovery	Peak of market	Peak of market	Approaching peak of market	Approaching peak of market	Peak of market	Approaching peak of market
Local Economic Situation	Steady growth	Flat	Flat	Steady growth	Steady growth	Steady growth	Steady growth
Value Difference between Quality Properties with National Tenants, and Comparable Properties with Local Tenants	Significant	Significant	Significant	Significant	Large	Small - Significant	Small

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

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





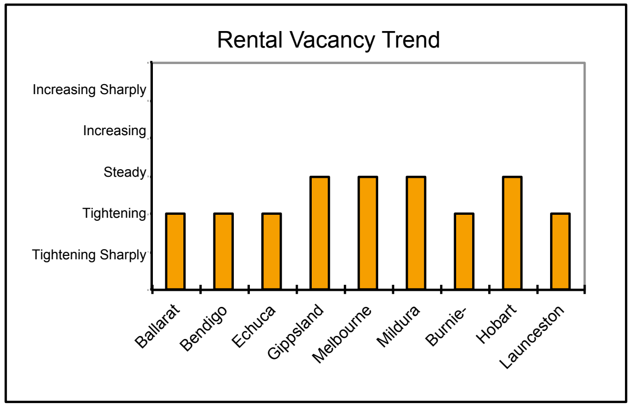


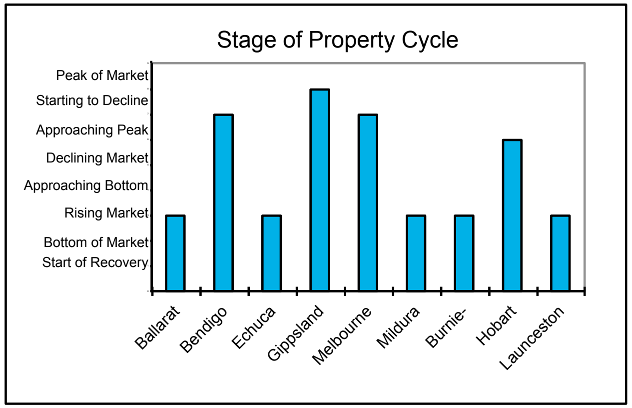
Victorian and Tasmanian Property Market Indicators - Houses

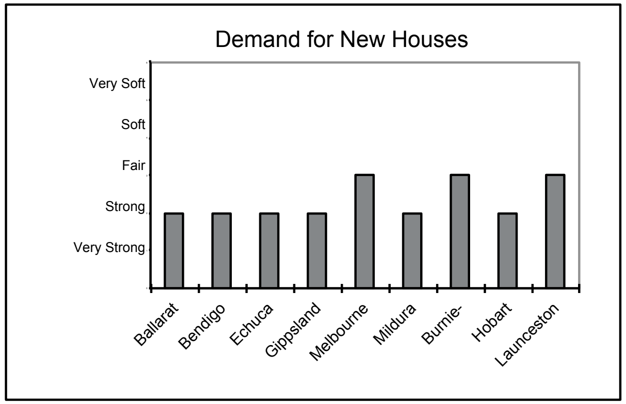
Factor	Ballarat	Bendigo	Echuca	Gippsland	Melbourne	Mildura	Burnie/ Devonport	Hobart	Launceston
Rental Vacancy Situation	Balanced market	Balanced market	Balanced market	Balanced market	Shortage of available property relative to demand	Balanced market	Balanced market	Severe shortage of available property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

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

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





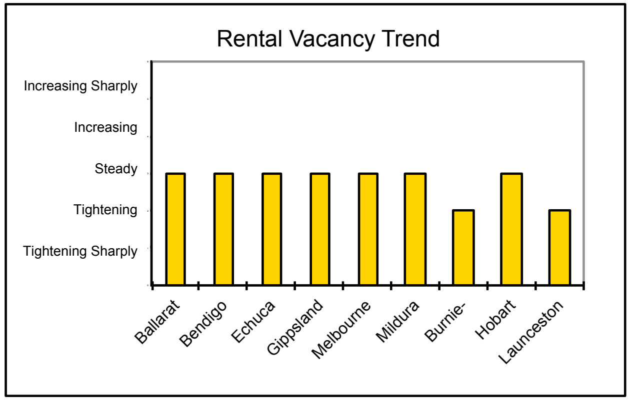


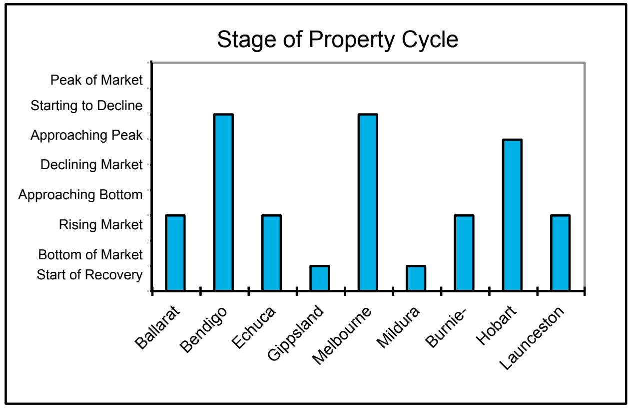
Victorian and Tasmanian Property Market Indicators - Units

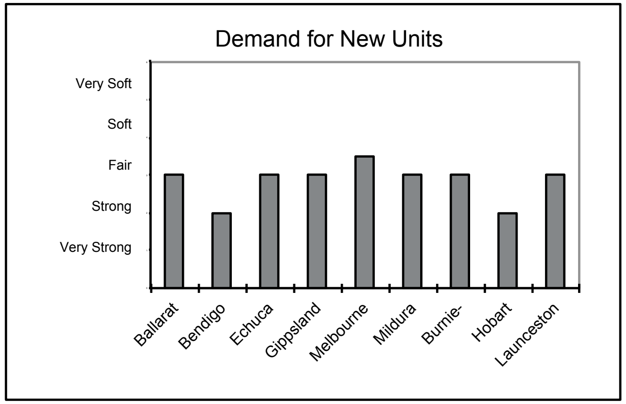
Factor	Ballarat	Bendigo	Echuca	Gippsland	Melbourne	Mildura	Burnie/ Devonport	Hobart	Launceston
Rental Vacancy Situation	Balanced market	Over-supply of available property relative to demand	Balanced market	Balanced market	Shortage of available property relative to demand	Balanced market	Balanced market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

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

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





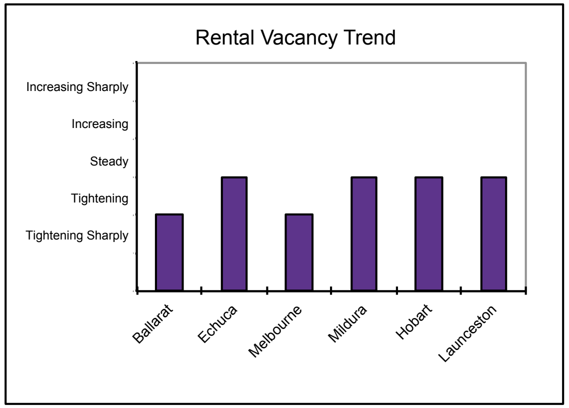


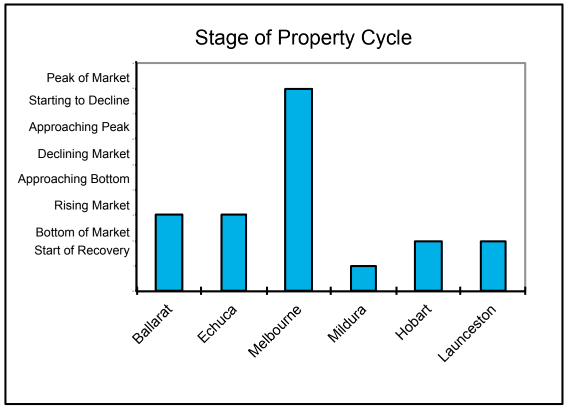
Victorian and Tasmanian Property Market Indicators - Office

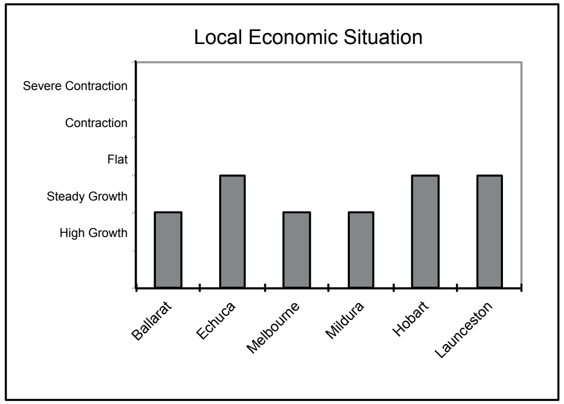
Factor	Ballarat	Echuca	Melbourne	Mildura	Hobart	Launceston
Rental Vacancy Situation	Balanced market	Balanced market	Shortage of available property relative to demand - Balanced market	Balanced market	Over-supply of available property relative to demand	Over-supply of available property relative to demand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

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

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







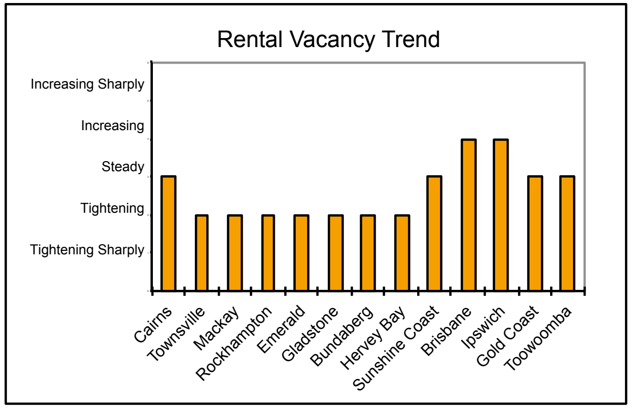
Market Indicators

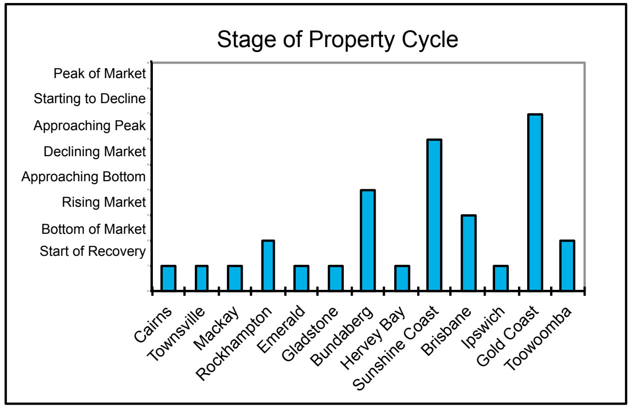
Queensland Property Market Indicators - Houses

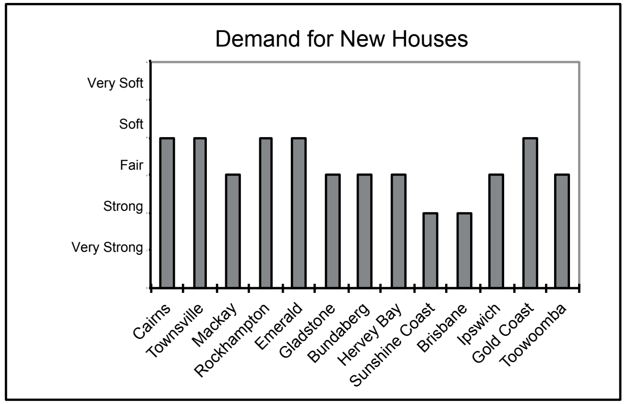
Factor	Cairns	Townsville	Mackay	Rockhampton	Emerald	Gladstone	Bundaberg	Hervey Bay	Sunshine Coast	Brisbane	Ipswich	Gold Coast	Toowoomba
Rental Vacancy Situation	Severe shortage - Shortage of available property relative to demand	Shortage of available property relative to demand - Balanced market	Shortage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

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

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







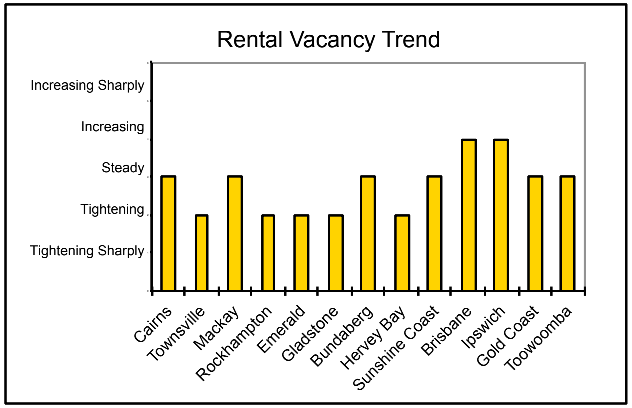
Market Indicators

Queensland Property Market Indicators - Units

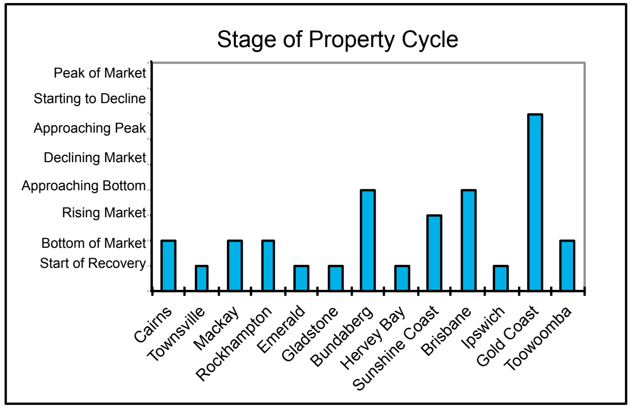
Factor	Cairns	Townsville	Mackay	Rockhampton	Emerald	Gladstone	Bundaberg	Hervey Bay	Sunshine Coast	Brisbane	Ipswich	Gold Coast	Toowoomba
Rental Vacancy Situation	Severe shortage - Shortage of available property relative to demand	Balanced market	Balanced market	Over-supply of available property relative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

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

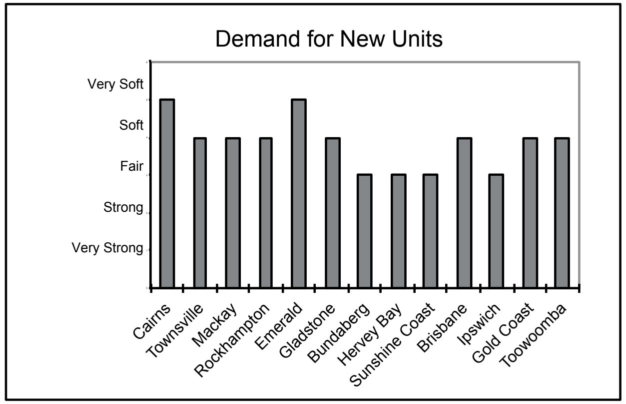
Blue entries indicate change from previous month to a lower risk-rating



Rental Vacancy Trend



Stage of Property Cycle



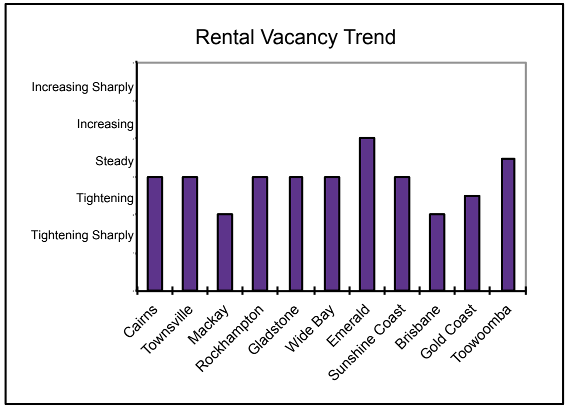
Demand for New Units

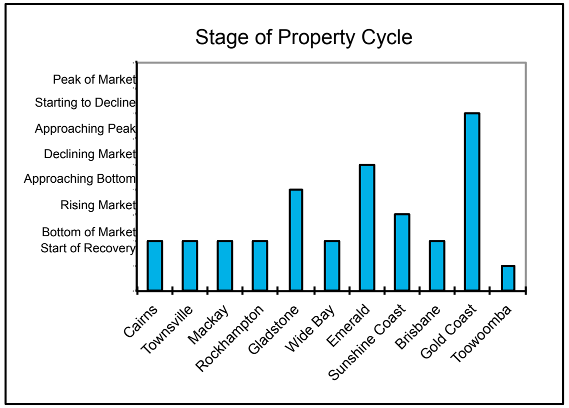
Queensland Property Market Indicators - Office

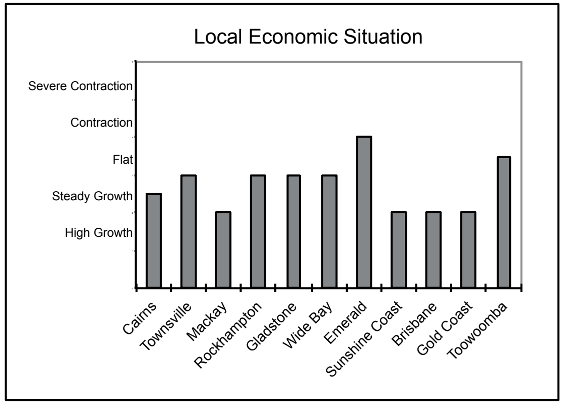
Factor	Cairns	Townsville	Mackay	Rockhampton	Gladstone	Wide Bay	Emerald	Sunshine Coast	Brisbane	Gold Coast	Toowoomba
Rental Vacancy Situation	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Balanced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

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

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





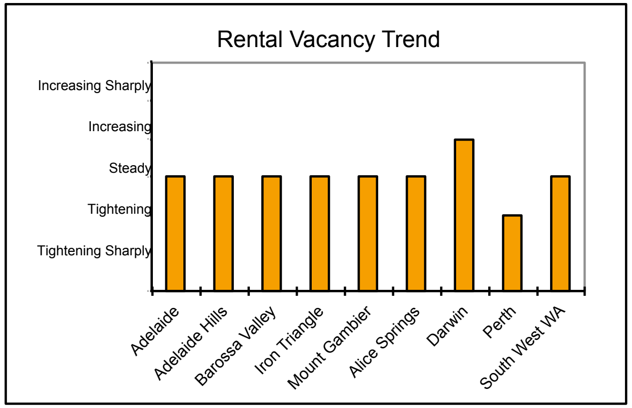


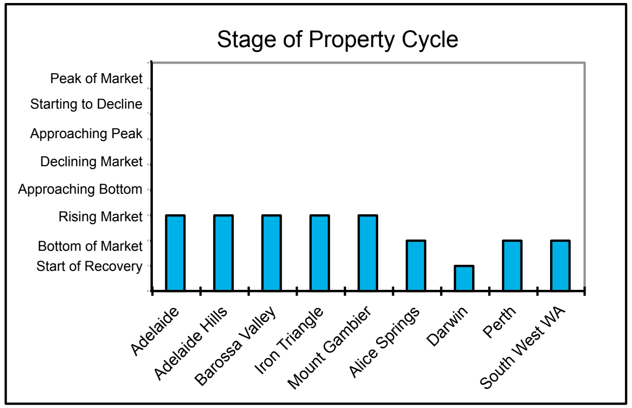
SA, NT and WA Property Market Indicators - Houses

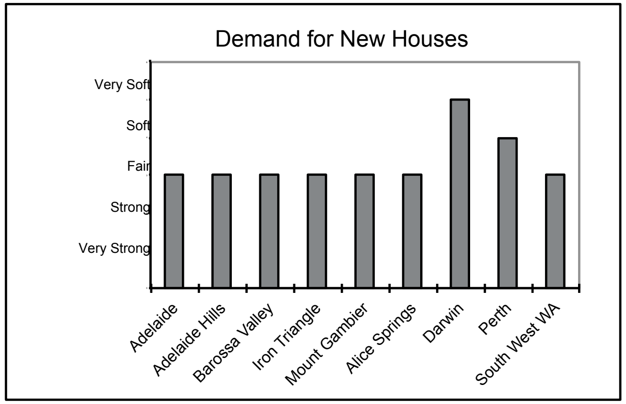
Factor	Adelaide	Adelaide Hills	Barossa Valley	Iron Triangle	Mount Gambier	Alice Springs	Darwin	Perth	South West WA
Rental Vacancy Situation	Balanced market	Balanced market	Balanced market	Balanced market	Balanced market	Balanced market	Over-supply of available property relative to demand	Balanced market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

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

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







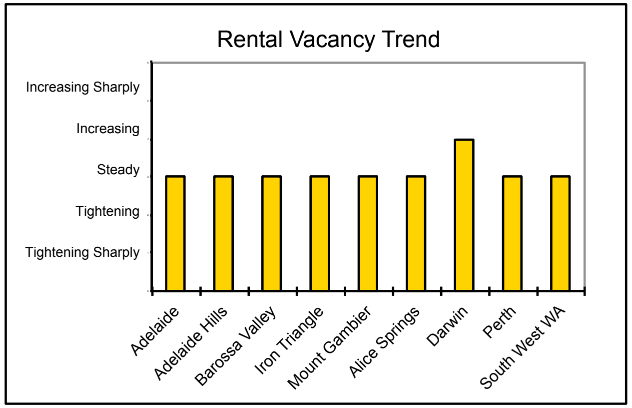
Market Indicators

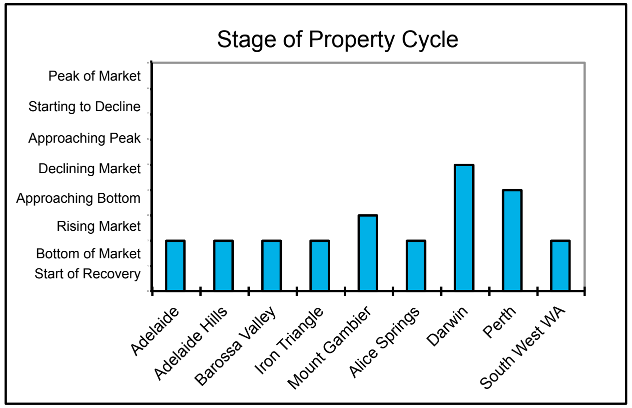
SA, NT and WA Property Market Indicators - Units

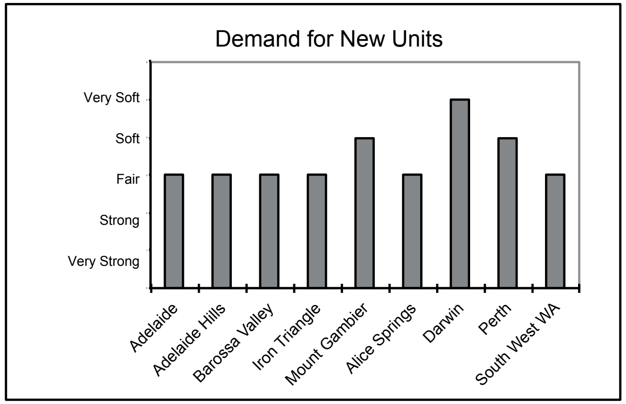
Factor	Adelaide	Adelaide Hills	Barossa Valley	Iron Triangle	Mount Gambier	Alice Springs	Darwin	Perth	South West WA
Rental Vacancy Situation	Balanced market	Balanced market	Balanced market	Balanced market	Balanced market	Balanced market	Large over-supply of available property relative to demand	Over-supply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

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

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







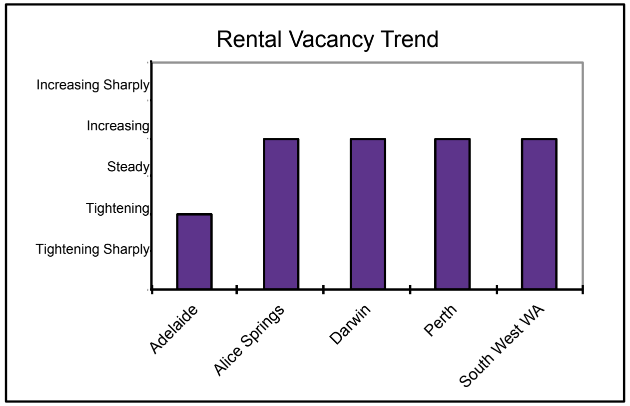
Market Indicators

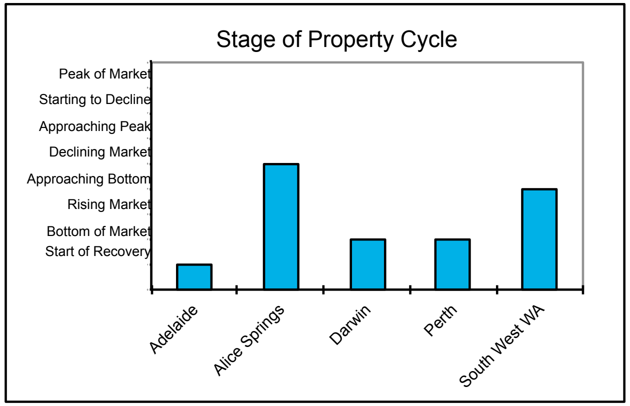
SA, NT and WA Property Market Indicators - Office

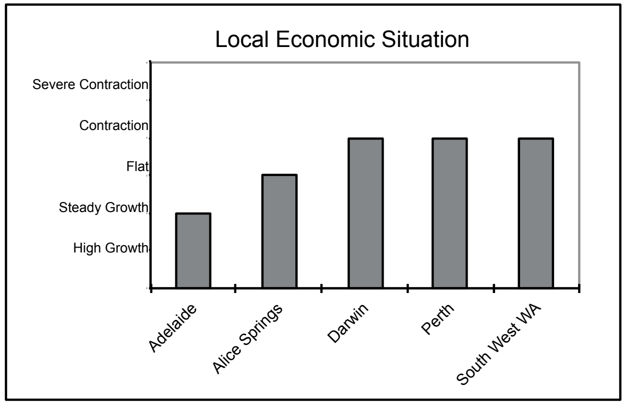
Factor	Adelaide	Alice Springs	Darwin	Perth	South West WA
Rental Vacancy Situation	Balanced market	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Over-supply of available property relative to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

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

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







Market Indicators

Local expertise. National strength. Trusted solutions.

Herron Todd White is Australia's leading independent property valuation and advisory group. For more than 50 years, we've helped our customers make the most of their property assets by providing sound valuations and insightful analytical advice.

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

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

Liability limited by a scheme approved under Professional Standards Legislation.

HERRON TODD WHITE

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