Month in Review

September 2020

The Month in Review identifies the latest movements and trends for property markets across Australia.

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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.

A message from our CEO

Welcome to the September edition of Month In Review.

Since our last edition of *Month In Review*, we've seen Victoria's infection rates stabilise but remain high, while community transmissions have approached more manageable levels. Hard boarder closures in Queensland are being hotly debated and Sydney's management of the outbreak has seen new daily infections remain in the low-to-mid double digits.

On the economic front, the federal treasurer reported last week we are now in recession with a seven per cent retraction in the GDP over the June quarter.

Through all of this, property markets have been, on balance, resilient. That said, the value of specialist advice has never been more crucial for anyone making plans around their finances.

For the September issue, we've asked our teams to give a localised of view of whether the traditionally strong Spring Selling Season will see increased activity this year. Some of the more notable stories include:

- Sydney – inner-city family homes prove price resilient, inner-west $1 million to $2.5 million sector performing well and an off-the-plan unit agent in Miranda reported nine out of ten current buyers are first homeowners,
- Lifestyle/coastal centres continue to see good activity and demand,
- The end of JobKeeper will be an important test of market conditions,
- Vacant land and new builds see good across-the-board interest,
- Restrictions on auctions and open in Melbourne are proving challenging,
- Brisbane's market shows signs of resilience and optimism.

Through all of this, property markets have been, on balance, resilient.

For our commercial section, our valuers have identified what drives their retail property markets, and how this sector is coping with present challenges, including:

- Sydney – Further market softening expected across the retail sector,
- Coffs Harbour – 80 per cent of retail tenant claims settled at 50 per cent rent relief,
- Melbourne – Secondary and vacant investments are being hit worst,
- Deniliquin – Local traders reporting Christmas-like demand due to border restrictions,
- Brisbane – Inner urban village precincts are in distress with rents under enormous pressure,
- Sunshine Coast – Hinterland markets reporting very strong weekend trading due to local day trip travellers.

In addition, we've drawn on the experience of two highly respected commercial analysts to reveal their thoughts on what retail property will look like in a post-COVID world.

Finally, the rural team have delivered and excellent market wrap on their sector, identifying what influences drive their property prices and sales activity in their specialist areas.

Please enjoy the September edition of *Month In Review*.

Gary Brinkworth
CEO

Will Spring still spring in 2020?

Around this time each year, folks begin to get excited about the new season.

Around this time each year, folks begin to get excited about the new season.

We are shedding our dour coats of winter and turning towards the sunshine. A chance to warm our bones, breathe the fresh air and imagine the possibilities as the thermometer rises.

This upbeat attitude extends to the property sector as well.

Every September it ripples through the industry... Spring Selling Season is here and it's going to be great!

But of course, this year is like no other. We've been held in a state of tension and anxiety brought on by continually expecting the unexpected. And that means this spring could be like no other in recent memory.

Predictions about residential market performance, price growth (or retraction) and rental security seem to require minute-by-minute scrutiny. Everything keeps turning on a dime, so planning for the coming months is tough work.

If you were relying on a stonking Spring Selling Season in 2020 to fulfil your long-term goals but are now staring down the barrel of doubt, what's the best course of action?

It's time to rely on advice from experienced experts with daily, on-the-ground knowledge of their markets. Fortunately, we have just the team.

This month, we've sent out the call to Herron Todd White valuers around the nation and simply asked "Will Spring spring in 2020?"

As you'll see, from struggling capital-city lockdowns to free-running regional real estate sectors, the nation is serving up a complex collection of responses to the question.

For readers with a foot in the commercial camp, we've taken a long, hard look at the retail sector to discuss what's stimulating market activity. Right across the nation we have experts ready to deliver very nuanced advice on their retail markets and how they're performing.

We've also added a little something extra, with an informative article on the future of retail spaces in the post-COVID world.

Finally, the regional crew has stepped up once more and delivered Australia's best wrap of rural markets. As well as guiding us through all things primary production, our experts have described the localised drivers that are influencing listing numbers and sale prices in their particular patch of Oz.

There it is. The best guide to this nation's property markets, all delivered to your inbox. But, as always, don't just stop at these pages. Make sure you reach out and contact our specialist valuers who can provide unparalleled advice on your areas of interest.

FEATURE

HERRON TODD WHITE

HERRON TODD WHITE COMMERCIAL

Commercial

September 2020

Retail survival: Shopping centres in a post-COVID world

Commercial feature article

ANTHONY DE FRANCESCO
Managing Director
Real Investment Analytics

KEVIN BROGAN
Director of Valuation Policy and Compliance
Herron Todd White

It feels a bit like traditional retail just can't catch a break in the 21st century.

Bricks-and-mortar retail centres were already seeing turnover fall and foot traffic reduce as online trading ramped up.

Then the pandemic arrives and outlets are pretty much told to shut up shop.

We now sit in a time of uncertainty but, as history shows, this is the point where innovation and adaption can meet and prevail.

So, what is the future of retail and, specifically, shopping centres in the wake of the pandemic?

Anthony De Francesco is the managing director of Real Investment Analytics and specialises in commercial property metrics and analysis.

Mr De Francesco said that while the pandemic has been called a retail destroyer by some, his perspective is more positive.

"Even before COVID, retail was going through a transformation. The only thing that COVID did was push fast forward on that," he said.

Mr De Francesco said shopping centres as a concept began in earnest in the 1970s and have been evolving ever since, from the addition of cinemas and entertainment in the 1980s through to food courts and specialist eateries in the 1990s and early 2000s.

But the latest challenges will require an even more strategic approach by centre owners and a reliance on the excellent data now available.

Key among them will be adapting tenancy mix and design to meet the needs of catchment-area demographics and the local community.

Mr De Francesco said the public should see a new type of centre emerge as a result.

"A retail centre that's no longer strictly just a "shopping centre". It becomes a hybrid product, or a quasi-retail shopping centre.

There'll be shopping centres which will have a massive bolt-on (outlets) not just in terms of one or two tenants, but a whole new sector which will sit alongside it.

So, for example, say we've got more retirees in a catchment – like retirement homes and aged care facilities building up around our shopping centre. How should we accommodate them?

Well, you're going to have a retail shopping centre that's a hub for health services where you've got a physio, a dentist, an x-ray facility and other specialty services. It's really a change in the demand, which is now requiring a supply response.

Similarly, if you're in a young family demographic and you're providing services to a mum with two kids, she wants to have educational facilities in that shopping centre. She wants to have maybe a gym she can go to while the kids go and do an education class too."

Mr De Francesco said the traditional centre will evolve even further to become a mixed-use community hub.

"Now we're rethinking what a "shopping centre" actually is," he said.

"The future could be where the shopping centre doesn't simply stand alone in a residential precinct. Part of the shopping centre might be a residential apartment block. There might be student accommodation. There might be an education facility in the shopping centre complex with early learning or preschool or afterschool care. Things like that.

In that same precinct, you might get a health services precinct, like we were talking about before. So, you could actually get amalgamation of all of these services coming together."

Mr De Francesco said there could also be future design relief for those who've felt cloistered by the lockdown.

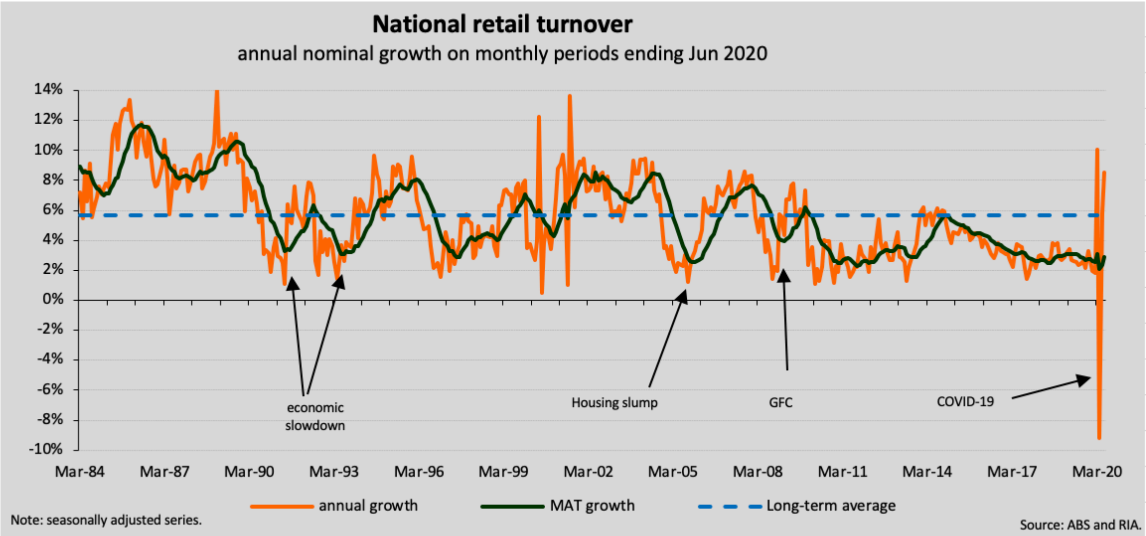
"People want to shop in a centre where there's a bit of air, open air space.

I think this is something that's not just within retail, but it's also embraced by the office sector now – this whole movement towards mixed use and community. People want to be in an environment where they don't feel like they're enclosed and shopping centres in the past have been closed."

But change doesn't come cheap. Shopping centres are big, cumbersome beasts of buildings where altering design, tenancy mix and structure are both expensive and time consuming.

But adaption is necessary, according to Kevin Brogan, director of Valuation Policy and Compliance at Herron Todd White.

"I've seen first-hand that there can be commercial resistance. While in the United States in 2019 – pre-pandemic but with retail still struggling due to online – there were several large shopping centres across the nation that were shutting down because



the cost challenges were deemed too severe," Mr Brogan said.

"We may well see a return to "main street" shopping as people shy away from enclosed shopping spaces. By securing the right tenancy mix organically and creating a community space that caters to its residential catchment, main streets overcome some of those cost and time hurdles that face large, enclosed, single-owner shopping centres."

Mr Brogan said this should extend to a reinvention of city-centre retail.

"Because of COVID, city centre retailers face the challenge of the loss of customers due to less "commuting shoppers", office workers and tourists. They also need to deal with high overheads and customers paying for parking.

But there is now an opportunity to rethink this space as a shopping destination hub," Mr Brogan said.

For those operators who feel it's all too difficult, Mr De Francesco had some sobering advice.

"The transformation process has risks, but the question is, "Is it riskier if you do nothing?"

I think everyone's come to that point. By remaining idle and lethargic, there's more risk because the increasing obsolescence of what you're offering to the community is more apparent.

COVID has made it absolutely black and white that the retail model needs to change now to survive."

Mr De Francesco also sees a door opening for new participants in retail property.

"If you're not in the retail space and you want to get into the retail space, I think this is a great time because you'll find opportunities.

Some current owners will want to get out because they see the sector as too risky or too hard. Others might buy in at this point in the cycle at a relative "bargain". What was someone's constraint or challenge is somebody else's opportunity."

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Retail

September 2020

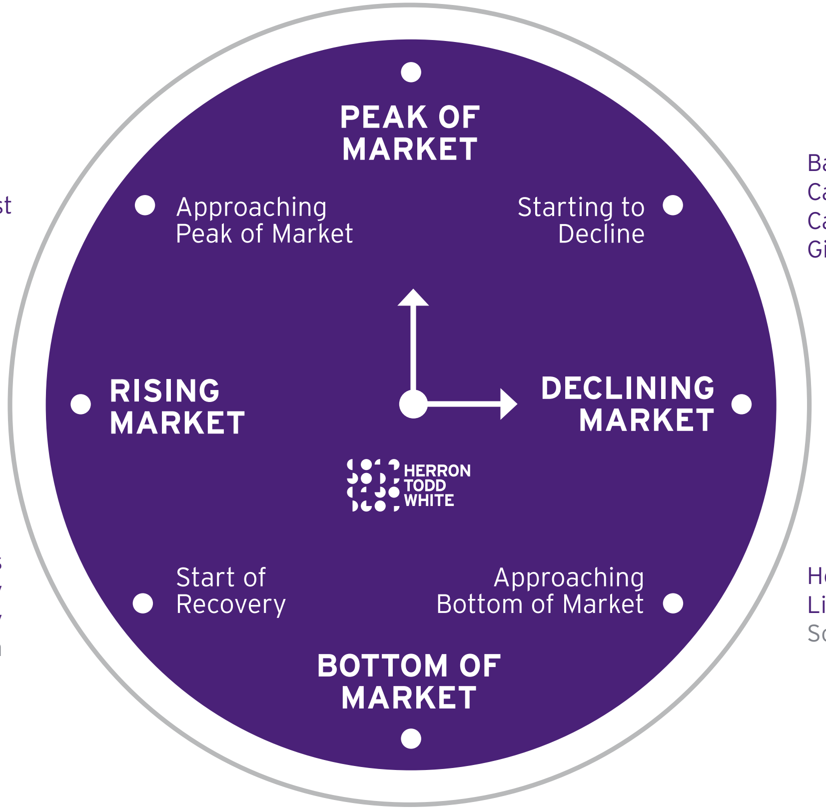
National Property Clock: Retail

Entries coloured purple indicate positional change from last month.

Central Coast
Geelong
South East NSW

Sunshine Coast

Balina/Byron Bay
Cairns
Canberra
Gippsland
Gold Coast
Melbourne
Mid North Coast
Sydney



Ballarat
Bendigo
Burnie-Devonport
Launceston

Brisbane
Coffs Harbour
Echuca
Illawarra
Ipswich
Newcastle
Toowoomba

Adelaide Hills
Barossa Valley
Mackay
Mildura

Hobart
Lismore
South West WA

Adelaide
Alice Springs
Bundaberg
Darwin
Emerald
Gladstone
Hervey Bay
Perth
Rockhampton
Townsville

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New South Wales

The COVID-19 pandemic continues to have implications for the Sydney retail property market. We are currently concerned about smaller retail precincts, particularly inner-city areas that rely heavily on food and beverage sales.

Overview

The retail sector, on the whole, was being challenged to adapt and survive well before the pandemic. Now, COVID-19 has added another layer of complexity for stakeholders.

But not all retail property investments will be affected and the events that stimulate one market into action will differ from those that drive another.

This month, our teams around Australia reveal what makes their retail markets tick and what influences will come into play over the next few months.

Sydney

Like most other assets, transaction volumes for Sydney retail assets can be seasonal, however volumes are more likely to be a response to economic drivers.

Buyer activity for retail assets is typically a result of several factors. These include local businesses looking to purchase their existing tenancies, owner-occupiers wishing to secure their location, investors seeking retail assets with strong, long term lease covenants, and demand from developers wishing to secure and amalgamate sites.

Sales activity for retail is primarily driven by fluctuations in capital values. In a strong market, investors typically look to capitalise on their investment and reinvest in other areas with greater growth prospects. In some instances we have also noted some businesses upsizing or expanding. Conversely, some sellers are motivated by increasing vacancies and it is not uncommon to see a newly leased asset placed on the market for sale. Increases in holding costs and perceived risks can also drive retail assets onto the market. The move to online shopping has forced some retailers to close storefronts thus increasing the sales volumes.

A driving factor of supply and demand for retail in some areas is the surge of residential property values which has coincided with an increase in the redevelopment of mixed use sites. This trend has been ongoing for some 10 years. This surge in redevelopment has seen an increase in the supply of ground floor retail space, which is often required under the planning provisions. A good example of this trend can be seen across South Sydney, which saw a surge in retail supply when developments reached completion. This has led to an oversupply of such stock, which has now been an issue in some areas for some five to ten years.

In other areas, adaptation to changing demands has resulted in renewed tenant demand. Examples of this can be seen in Redfern and Summer Hill. These two local retail precincts have traditionally been dominated by local businesses that service the local population and whilst this remains the case, both of these areas have seen an increase in demand as they become go to locations for small restaurants and bars.

The COVID-19 pandemic continues to have implications for the Sydney retail property market. We are currently concerned about smaller retail precincts, particularly inner-city areas that rely heavily on food and beverage sales. Some areas have seen severe increases in vacancies. In other areas we are witnessing a slow return to normal with increases in trade leading to a revival and the slow reopening of some businesses. Overall, we are predicting rental reductions and an increase in required incentives in some areas, which we anticipate will result in a decline in capital values. Whilst there are currently few sales to demonstrate the impact the pandemic is having, some of those that have occurred have shown a decline in value. We have also noted an increase in properties available for both sale and rent in some areas and some difficulty with off the plan strata retail that is now coming up to settlement in a diminished market.

We maintain the view that investment in retail assets will diminish as they are considered to be highly volatile and, as a result, we anticipate a decline in values. The retail market is facing a long recovery period for which we cannot know the full extent as yet.

Angeline Mann
Commercial Director

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Wollongong

Overall retail trading conditions remain challenging for many local traditional shop front businesses, particularly in the Wollongong CBD which has seen a decline in foot traffic due to the COVID-19 pandemic and associated work from home directives still in place for numerous commercial office tenants. Suburban retailers, particularly in the food and beverage sector, have seemingly benefited from the change in work patterns, reporting improved customer visits since the April lockdown, while many of the large national bulky goods retailers that have an online ordering system have been reporting strong sales figures.

Despite some serious initial concerns, retail leasing activity has not fallen off a cliff with many landlords still coming to terms with tenants albeit with higher incentives that typically include a rent free or rental discount period over the initial six to 12 month period of the lease term. It is our view though that the real test is still to come with many of the government programs and schemes to be wound back over the coming months.

Sales activity remains at a low level with several sales occurring over the past six months in the sub $1 million range to owner-occupiers and only a couple of retail investment sales in the higher price range. Investors during these periods are typically seeking defensive assets with strong long term lease covenants with the market predicting a long period of low inflation.

Scott Russell
Director

Coffs Harbour

There was an oversupply of retail accommodation within the Coffs Harbour locality prior to the influence of COVID-19.

Since the pandemic, there have been broad scale registration and negotiations for rental relief.

Local commercial agents have indicated circa 80 per cent of retail tenant claims have been settled at rent relief based around a 50 per cent discount of monthly rent for an initial period of three months.

Discounting within major shopping centres is reported to be higher, with landlords recognising retention of tenants as the number one priority through the initial phase of the COVID-19 restrictions.

Agents report very few business closures and those that have are mainly linked to businesses that were struggling prior to the pandemic.

Local business is gradually reopening subject to social distancing but there is likely to be ongoing ramifications for retail premises associated with restaurant dining, cafe and entertaining as the economic effects of compliance are recognised within the business expense structure. This may well impact the ability to meet rents struck pre-COVID-19 and also require landlords and tenants to revisit the size requirements for these premises to remain viable through the pandemic compliant period.

The valuation of investment property affected by claims for rent relief or likely to be subject to claims will usually include a below the line adjustment for loss of rent which is deducted from the capitalised value.

There is sales evidence for prime retail assets with sound leases and strong tenants being sold at firm yields based on the low interest rate climate and the relatively low yields available from alternative forms of investment.

Ken Potter
Director

Lismore & Inland Northern Rivers

Like many regional locations, Lismore has a traditional older style strip retail market which is driven by owner-occupiers and long-term investors with generally limited new product. Regional areas tend to have a more modern shopping centre which includes a more shopper friendly precinct with air-conditioning and food court. The more modern retail shopping centres tend to attract larger national tenants and chains, while the traditional CBD and strip localities tend to attract a variety of eclectic shops, small local retailers, banks and are progressively dominated by office, food and coffee shops and employment and health services groups.

The COVID-19 pandemic on top of an already very tough retail market is stretching many businesses to the limit. The extent of any impact over the coming 12 months cannot be predicted. The leasing market particularly for retail is in a state of flux with many tenants under high levels of financial stress and actively taking advantage of the National Code of Conduct (receiving rental abatements or rental reductions) which make cash flow for investors less certain.

Ultimately, the sustainability of many businesses will not be revealed until the National Code of Conduct and JobKeeper are removed or no longer seen to be relevant, at which time we may be in a position to determine the true demand and supply conditions evident in each market. We believe

Despite some serious initial concerns, retail leasing activity has not fallen off a cliff.

While evidence of market transactions is limited, there remains a level of quiet optimism that things will improve and some level of normalcy will return.

that many markets have a false floor as a result of government policies and support.

Some smaller towns have experienced strengthened trading as travel to larger regional centres has been less appealing and locals have worked from home instead of travelling to regional centres. Food and coffee take away shops have also reported improved trading despite COVID-19 as people seek superior takeaway food and coffee as a relief from home isolation or working from home.

As to sales to demonstrate a true market position, they remain elusive and each sale needs to be considered in context rather than broad assumption.

A strata retail space has sold for one-third of the price of a nearby sale in 2017. While at face value this would appear a significant indicator, the most recent sale was by an estate and the vendors had limited motivation to hold or maximise the price. Ultimately the sale was an overwilling vendor selling in a very uncertain market.

The up and coming auction of the old Black Sombrero on 11 September may provide some guidance.

While evidence of market transactions is limited, there remains a level of quiet optimism that things will improve and some level of normalcy will return.

Martin Gooley
Director

Ballina/Byron

At face value, we would have expected these towns, which tend to be more reliant on the tourist markets, to be the most significantly impacted when the social distancing regulations came into place.

Specialist leasing agents reported a significant level of negotiations under the National Code of Conduct (tenants receiving rental abatements or rental reductions), with a high level of concern as to the sustainability of the retail segment given the very high rents, however the improving tourist market and opening of domestic travel appears to have reduced market concerns. It would appear the market considered this to be a shorter term impact and as such some considered the opportunity to enter a normally tightly held market.

Consistent with the inland localities, evidence is very scarce, however two sales in Byron Bay saw a relatively modest correction in the order of five to seven per cent while other sales, including a mixed retail and residential use close to the CBD and semi retail use properties in Byron industrial estate have shown little to no change.

Martin Gooley

Director

Newcastle

The Newcastle and Hunter Region retail market really does appear to be in a holding pattern at the moment in terms of both sales and leasing activity. The retail market is waiting for the COVID-19 pandemic and the government's subsequent stimulus response to play out.

As the government stimulus is wound back there are many questions from investors and tenants alike. Will there be high levels of retail foreclosure and vacancy? Will the rental returns be as strong as they were this time last year? Will a vaccine be available in the first half of next year, returning us to a normal way of life? The questions remain unanswered and financial forecasting to any degree of accuracy is impossible given the potential for flare ups and hot spots - Melbourne is the example at the moment.

If Newcastle was to go into a stage 4 type lock down next year after the federal government stimulus package comes to a close, the floor would simply fall out from under the feet of retailers. While this is towards the worst case scenario for the retail market, it certainly is a credible potentiality. As such and quite rightly, the investor market for retail property in and around Newcastle is having a bit of a breather at the moment, waiting for the storm to pass. We're very much hoping for a return to normal market conditions but when that happens and what damage will happen in the meantime is in the lap of the gods.

Ed Thwaites
Director

Victoria

Melbourne

From 2 August 2020, the Victorian Premier Mr Daniel Andrews introduced Stage 4 restrictions within metropolitan Melbourne and Stage 3 restrictions in regional Victoria due to the ongoing impact of the Coronavirus (COVID-19) pandemic. These restrictions provided a range of measures, including the shutdown of all non-essential retail activity, in order to limit the movement and interaction of people and contain the spread of the virus. The current restrictions are applicable until midnight, 13 September 2020, although this date may be extended.

Within metropolitan Melbourne most retail businesses including all pubs, clubs, restaurants and cafes (with the exception of takeaway services), in addition to gyms, beauty salons, hairdressers and other non-essential services have had to close due to the Stage 4 restrictions. Supermarkets, liquor stores, pharmacies, fresh food retail such as butchers and bakeries, post offices and newsagencies have been identified by the state government as providing essential services and remain open for trade.

There have been limited recent sales or rental transactions of retail property. Since the implementation of Stage 3 restrictions in early July 2020, public on-site auctions in metropolitan Melbourne were banned and forced to move back online. During Stage 4 restrictions, in-person property inspections are also banned. Discussions with a number of selling agents confirm that properties that were due to be auctioned were

Dan Murphy's Chirnside Park Source: commercialrealestate.com.au

converted to expression of interest campaigns whilst others were postponed indefinitely. We understand that in many cases where the vendor does not have to sell the property, it is being held until there is a greater level of market certainty.

The lack of new listings in the market and the removal of properties from the market may be cushioning any impact in the short term. We are expecting to see extended selling periods as vendors hold properties in an attempt to offset any discounting required to secure a purchaser in the short term.

Properties with strong lease covenants to national operators and those with tenants who operate essential services which have demonstrated strong sales volumes during the pandemic period, such as supermarkets and liquor stores, continue to attract demand from purchasers when available for sale and there is some evidence of transactions occurring at or around the vendor's asking price.

The recent sale of a large format liquor store leased to ASX listed Woolworths Group Limited trading as Dan Murphy's, which indicated solid purchaser demand and a strong result, is summarised as follows:

Address:	2 Fletcher Road, Chirnside Park, VIC, 3116
Sale Date:	July 2020
Sale Price:	$12.522 million
Purchaser:	Private investor
Yield:	3.94%
Rate per square metre of GLAR:	$9,028
Site Area:	5,917 square metres
GLAR:	1,387 square metres
Zoning:	Commercial 1 Zone (C1Z) under the Yarra Ranges Shire Planning Scheme
Building:	A single level, freestanding, large format liquor store constructed in 2017
Car Parking Spaces:	69 open car spaces
Tenant:	Woolworths Group Limited trading as Dan Murphy's
Use:	Liquor store
Lease Term:	15 years commencing December 2017 with options totalling 30 years (one term of ten years and four terms of five years each).
Base Rent:	$493,437 per annum plus GST

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Turnover Rent Provision:	Two per cent up to $25 million; plus 1.75 percent between $25 million and $27 million; and 1.50 per cent in excess of $27 million. Turnover rent is not currently payable.
Current Total Net Income:	$493,437 per annum plus GST
WALE:	12.4 years
Comments:	Sold following an Expressions of Interest campaign conducted by commercial real estate agency Dawkins Occhiuto. The selling agent advised that there was a strong level of interest in the property and the sale price was in excess of the initial expectation.

While prime retail properties with secure long-term leases and strong lease covenants continue to be attractive to investors, conversely there has been a decline in demand for secondary or vacant properties. It is expected that there will be a greater divergence between yields for prime and secondary properties over the next 12 months.

It is evident that due to the impact of the Coronavirus (COVID-19) pandemic and ongoing economic uncertainty, there is currently a significantly reduced level of leasing demand from prospective retail tenants. Longer leasing up periods are applicable for vacant tenancies and there is downward pressure on rents. Discussions with leasing agents indicate that since March 2020 there has been a significant decline in the level of enquiries received for vacant retail tenancies.

The limited numbers of new leases that have occurred appear to be generated by operators who are classified as providing essential services. We also understand there has been an increase in new lease enquiries for smaller retail space from food and beverage operators adapting to the increase in demand for takeaway and home delivery services.

Commercial landlords may also be eligible for financial assistance including an increased land tax discount, up to 50 per cent from the previous 25 per cent.

With continued economic downturn and job uncertainty, it is likely that there will be a reduction in discretionary spending during the remainder of 2020. Once the JobKeeper allowance reduces from 28 September 2020 there could be increased unemployment and further reduction in wage levels. Non-discretionary spending such as supermarket and food shopping is likely to remain strong however discretionary spending such as on clothing and footwear and household goods is likely to remain at low levels.

The decline in retail spending, and in particular in store spending, is likely to place an increased burden on retailers' occupancy costs and continued downward pressure on leasing demand and rental levels. If these trends continue, tenants may find it more difficult to sustain current rental levels which may ultimately result in declining retail rents, increased vacancy levels and downward pressure on capital values.

Following the federal government's announcement in April 2020 of the Mandatory Industry Code of Conduct for Commercial and Retail leases across Australia, the COVID-19 Omnibus (Emergency Measures) Bill 2020 passed in the Victorian Parliament on 23 April 2020. It is applicable where the tenant is an eligible business for the purpose of the government's JobKeeper programme and is for small and medium-sized enterprise tenants with an annual turnover of up to $50 million.

The code of conduct includes various principles for landlords and tenants which will apply during the Coronavirus (COVID-19) pandemic period. It specifies that landlords must not terminate the lease or draw on a tenant's security and tenants must honour their lease. It also includes a provision requiring commercial landlords to accept rent reductions in proportion to a tenant's decline in turnover due to the COVID-19 pandemic. This is being achieved through a combination of rent waivers and deferrals. Adjustments for rental abatements and deferrals have been integrated into our valuations to account for the short-term impacts of the pandemic.

On 20 August 2020, the Victorian Government announced an extension of the ban on evictions and rental increases until 31 December 2020. Additional measures will also be introduced, with commercial landlords required to provide rent relief in proportion to the decline in turnover being experienced by eligible tenants going forward. The Victorian Small Business Commission will now also have greater capacity to make an order on rent relief if a landlord refuses to respond to rent relief requests.

Commercial landlords may also be eligible for financial assistance including an increased land tax discount, up to 50 per cent from the previous 25 per cent. A fund of $60 million for eligible small commercial landlords will be available via a hardship scheme, which will provide up to $3,000 per tenancy. The government is also encouraging banks to continue working with customers who are struggling to pay their mortgages as a result of the pandemic.

Nathanial Ramage
Property Valuer

Bendigo

The retail sector within the Bendigo property market has shown highly limited transaction activity in the past six months. New retail leasing activity also remains limited.

Hargreaves Mall continues to struggle with increased retail vacancies. A combination of the Mall being closed to vehicle traffic, competition from the enclosed shopping centre within the CBD and the current COVID-19 restrictions are proving exceedingly challenging for retail traders, particularly in this precinct. However, change is underway with planning approval recently granted for a 110 room 4.5 star hotel development within Hargreaves Mall. The development will form part of the Beehive building and will also incorporate a restaurant, café and function facilities. Once constructed, the hotel could bring much needed foot traffic back to Hargreaves Mall and the broader CBD area. A further hotel development in Mollison Street has also been proposed with planning approval pending. This proposal includes 148 rooms, parking, wine bar, café, function rooms, pool and wellness spa and could provide an additional boost for the CBD. Despite the current challenges, there are a number of developers backing the Bendigo CBD with project proposals and should they come to fruition, CBD retailers could be in for a long-awaited boost.

Trent Goodman
Registered Valuer

Echuca/Deniliquin

Local traders in Deniliquin are reporting Christmas-like demand as a result of COVID-19.

Deniliquin is located in south-west New South Wales with a relatively static population of 7,500 people.

The Christmas-like demand is due to border restrictions, as many locals do a reasonable percentage of their shopping in the nearby Victorian town of Echuca. Furthermore, the JobSeeker and JobKeeper payments have increased the disposable income of many recipients, with an electrical and white goods retailer reporting that he has been one of the real winners during the COVID-19 pandemic.

The local IGA supermarket and bottle shop has reported in the local newspaper that trading is at record levels.

In regard to general levels of value, many of the shops and industrial properties are owner-occupied and the current benefit would not be considered long term in the market place, however it is unlikely that there will be any downward correction in levels of value in this sector in the short term.

John Henderson
Director

Local traders in Deniliquin are reporting Christmas-like demand as a result of COVID-19.

Queensland

Brisbane

Since the outbreak of the Coronavirus (COVID-19) pandemic and its effects on the greater economy, we have seen a significant drop in sales activity across Brisbane for retail assets compared to previous years.

Whilst it is difficult to conclusively ascertain the full impact of the crisis on the market at this time, we consider that, generally, retail markets in Brisbane are reflective of such markets everywhere and possibly the worst affected asset class by the ongoing crisis. The principal characteristic is uncertainty at the present time, as the COVID-19 crisis has accelerated a number of trends which were already particularly impacting retail assets.

The helicopter view indicates that there are increasing vacancies across most retail asset classes and significant downward pressure on rentals accordingly. The hardest hit sector of the market is discretionary retail shops where the move to online retailing has accelerated significantly. This is impacting major shopping centres, CBD retailing and high street fashion precincts and is highlighted by increasing levels of vacancy around most of Brisbane. This will in turn will put downward pressure on rental levels and increase the likelihood of higher tenant incentives.

Additionally, it is evident that a number of Brisbane's inner urban village precincts are now in distress with rents under enormous pressure. Many tenants are on rental relief, with early signs of longer-term rental reductions or renegotiated agreements, particularly for the higher end of the market. Whilst some cafes and restaurants have been able to successfully remix their trade to incorporate strong takeaway operations, the inability to maximise their leased accommodation through COVID-19 restrictions is not a sustainable proposition.

Additionally, it is evident that a number of Brisbane's inner urban village precincts are now in distress with rents under enormous pressure.

There is also an increasing level of conflict in the major centres between owners and tenants as the COVID-19 restrictions continue. The high levels of rent relief provided through the crisis are coming to an end and owners are increasingly unwilling to take a disproportionate share of the pain. Retailers on the other hand are in many cases in a life or death struggle for survival and cannot profitably pay the previous rental levels.

This increasing downward pressure on rental rates has the potential to cause a fall in capital values over the short term due to the loss of net rental income and will ultimately have an individual effect on properties. This may give rise to more volatile conditions and a greater disparity between prime and secondary retail assets. The latter are more affected by current market conditions.

On a positive note, fast food and takeaway operators have seen strong sales growth through the COVID-19 period and have been a major beneficiary of the COVID-19 impacted economy.

For investors, there is very strong demand for any retail properties with strong lease covenants. In particular, single tenant fast food properties or service station properties are in good demand, as long as they have long term secure rental streams.

Well leased convenience centres are saleable, however there is very limited stock at the present time and still some uncertainty about the post COVID-19 rental situation.

Neighbourhood centres are also sought after by investors, however the quantity of available stock is very low and there are few sales accordingly.

At the higher end of the market there is a reasonable degree of off market activity, however the stabilised rental situation will not be clear for a long period of time and potential opportunistic investors are very wary.

At this point in time, with no end in sight for the COVID-19 restrictions and the possibility of future tightening in Queensland as seen in the southern states, it is apparent that the situation for retail is likely to retain a high level of uncertainty for a period of time to come and subdued sales activity as a result. The longer the crisis persists, the longer and more painful the recovery process will be.

Alistair Weir
Director

COMMERCIAL

HERRON TODD WHITE COMMERCIAL


16 Kerry Rd, Acacia Ridge Source: commercialrealesatte.com.au

Address	16 Kerry Rd, Acacia Ridge
Sale Date	04/03/2020
Sale Price	$1,401,000
WALE/LTC	3.82
Lettable Area	250m²
Passing Yield	6.26%
Analysed Market Yield	6.26%
$/m2 Lettable Area	$5,604

Comments: The property sold fully leased to a single tenant Commonwealth Bank of Australia on a 4+2+2 year lease term which expires 31 December 2023; Lease Term Certain: 3.82 years; Passing Net Rent: $87,690 per annum plus GST.


159 Morayfield Rd, Morayfield Source: commercialrealesatte.com.au

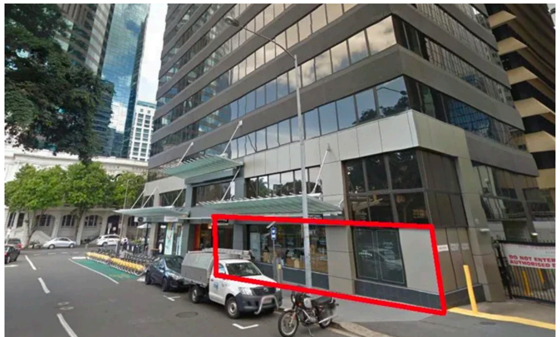
Address	159 Morayfield Rd, Morayfield
Sale Date	01/06/2020
Sale Price	$2,620,000
WALE/LTC	4.84
Lettable Area	352m²
Passing Yield	6.21%
Analysed Market Yield	6.21%
$/m2 Lettable Area	$7,443

Comments: The property sold fully leased to Westpac Banking Corporation which commenced on 29 March 2020 for an initial period of five (5) years with two further option periods of Five (5) years each. The annual rent reviews are fixed at 3% in favour of the Lessor. This reflects a Lease Term Certain (LTC) of 4.84 years.


70 Kedron Brook Rd, Wilston Source: commercialrealesatte.com.au

Address	70 Kedron Brook Rd, Wilston
Sale Date	27/05/2020
Sale Price	$3,650,000
WALE/LTC	1.48
Lettable Area	260m²
Passing Yield	5.95%
Analysed Market Yield	5.67%
$/m2 Lettable Area	$6,272

Comments: The property sold fully leased with a WALE (by income): 1.48 years; Market Net Rent (PVA adjusted): Approximately $207,348 per annum. The sale price reflects $6,272 per square metre over the commercial lettable area after apportioning a capital value ($1,900,000 or $475,000 per unit) over the residential and exclusive use areas ($1,550 per square metre or $119,350)


Lot 1, 10 Market Street, Brisbane City Source: commercialrealesatte.com.au

Address	Lot 1, 10 Market Street, Brisbane City
Sale Date	10/03/2020
Sale Price	$1,104,425
WALE/LTC	3.73
Lettable Area	90m²
Passing Yield	5.71%
Analysed Market Yield	5.71%
$/m2 Lettable Area	$12,271

Comments: The property sold fully leased to a single tenant 'Malt Traders' on a 5+5 year lease term expiring 1 December 2023; Lease Term Certain: 3.73 years; Passing Gross Rent: $82,297 per annum plus GST or $914 per square metre of RSA per annum plus GST; Outgoings: Assessed at approximately $19,271 per annum plus GST or $214 per square metre of RSA per annum plus GST; Passing Net Rent: $63,026 per annum plus GST.

COMMERCIAL

HERRON TODD WHITE COMMERCIAL

Gold Coast

Trying to get a read on the Gold Coast retail market can be tough at the best of times, however now, as we enter the third quarter of 2020, we really have our work cut out for us.

It was only five short months ago that the cracks in the market started to form and whilst we are far from having a steady footing, some confidence is starting to creep back into the market (rightly or wrongly).

As mentioned in our last retail newsletter, the leasing market was the fastest and hardest hit at the onset of the COVID-19 pandemic, with a near overnight surge in vacancies and a total lack of business confidence. However, in relative terms, the panic was short lived, and it was only a matter of time before entrepreneurs began hunting for opportunities from adversity. One local leasing agent revealed inspection numbers dropped as low as two to three per week at one point but are now on par or even higher than the first quarter of 2020.

That being said, leasing transaction numbers are still low, with property owners still coming to grips with the inevitable repositioning of the rental market. At this point, the trend appears to be for shorter term leases to prove up a business model before exercising longer term options. Tenants are also reluctant to make a large upfront investment on fitouts, so generic pre-fitted shops are striking a chord.

Rental rates being achieved have been sporadic, so we will not yet make a call on where that is likely to land, but the chances are many landlords along the coastal strip will have to adjust expectations to entice tenants, particularly within the core tourism hubs.

Unfortunately, however, this can be a double-edged sword. Reduced rental rates will encourage business activity, which is good for the long-term sustainability of a precinct; conversely, this will result in downward pressure on short term value levels.

One local leasing agent revealed inspection numbers dropped as low as two to three per week at one point but are now on par or even higher than the first quarter of 2020.

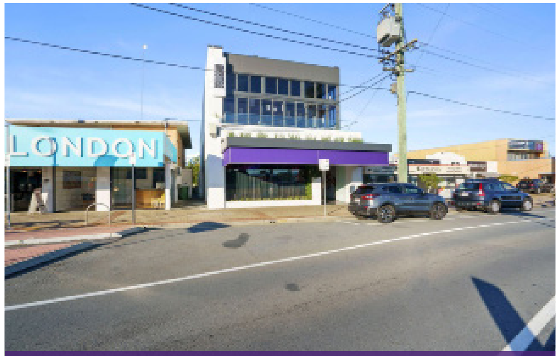
Ultimately each property owner's investment strategy may vary, so there will be winners and losers in this respect.

Moving on to the investment market and similarly, it has been very quiet on the home front; understandably so, as the current climate has brought a high degree of uncertainty to the market.

Property owners working with sitting tenants through trading restrictions or rent reductions have been busy keeping their houses in order and there has been a reluctance to test the market whilst their respective properties would be seen as being in a state of flux. Conversely, property owners with solid, well-performing tenants on long leases know they are sitting on a rare commodity and whilst it would be tempting to cash in whilst there is weight of capital looking for a home in the property market, replacing that return on investment is a challenge in the prevailing low interest rate environment.

To this end, we have seen very few quality retail properties hit the market of late. A search of realcommercial.com reveals some 100 properties available throughout the Gold Coast, however the majority are smaller strata titled opportunities.

The most notable retail property currently on the market is the ex-Hellenika restaurant building at Nobby's Beach.



Nobbys Beach for sale Source: realcommercial.com.au

This location has gone from strength to strength over recent years and with planned upgrades as part of the Light Rail Stage 3 extension, it is only a matter of time before another cash injection is on the cards. The building is underpinned by a new five-year lease to an established Burleigh Heads operator, although as trading has only recently commenced, the market is clearly acting cautiously. In any other market, an asset like this would walk out the door, which highlights the risk averse thinking of investors in this space at the moment.

Ryan Kohler
Director

Sunshine Coast

The retail market has seen some significant ups and downs over the past six months across the Sunshine Coast. Obviously, there was the shutdown, which impacted the market generally during April, however different areas have noted differing responses since.

HERRON TODD WHITE COMMERCIAL

One of the interesting facts has been the increased tourism seen across hinterland style markets over the past three months.

In early May, agents were reporting an increase in enquiry for good locations, though smaller local tenant style shops. Several leases were struck in the sub $30,000 per annum range across Maroochydore, Mooloolaba, Coolum and Caloundra during May as a result of this. It was for a range of local retail shops, small cafes and service operators such as hairdressers and beauty salons.

Larger retail space has proven more difficult to lease over the past four to six months and this is within the typical retail strips as well as in the bulky goods style sector. Agents have reported that once the quantum of rental increases passes $50,000 per annum, the overall level of demand drops considerably.

One of the interesting facts has been the increased tourism seen across hinterland style markets over the past three months. Retailers in areas such as Maleny, Kenilworth, Eumundi, Cooroy and Yandina have reported very strong Saturday and Sunday trading conditions due to local day trip travellers. As a result, there is limited vacancy in these townships.

We have seen very few sales of retail stock over the past six months with sales of investment style holdings in Buderim, Noosa Heads and Maroochydore that have indicated pre COVID-19 yields are being maintained, though with some adjustments for rental abatements.

Owner-occupiers are also active in the sub $750,000 market currently with a number of smaller holdings changing hands over the past six months and values being upheld.

Chris McKillop
Director

Townsville

Activity in the retail sector is currently subdued and remains at the bottom of the market cycle.

The sub-$5-million market for smaller sub-neighbourhood centres remains attractive due to the price point and yields. These centres offer a mix of key retailers and generally offer a less volatile cash flow. Typically they have low vacancy rates as tenancies are less impacted by changes in the greater retail environment. Due to this mix, rental abatements are less likely in these centres due to adverse trading conditions as a result of COVID-19.

The impact of COVID-19 on major retail centres appears to be an acceleration of the transition from traditional retail to online shopping. It is likely that rental abatements in these centres is higher due to the forced shift in retail shopping by consumers to online following shutdown restrictions. This shift has seen traditional retail shoppers embrace the online platform. This will likely further exacerbate the tough retail conditions traditional traders have faced over the past few years.

Jason Searston
Director

Rockhampton & Gladstone

The retail sectors in the greater Rockhampton and Gladstone areas can be best described as a mixed bag, with some retailers benefiting from the changed discretionary spending landscape and a push by locals to support local retailers, whilst others unfortunately have felt the full force of the COVID-19 impact.

While businesses which have seen higher trade volumes may be prompted to purchase properties, as purchasing in the current low interest rate environment can be cheaper than leasing, we consider that there is still a high degree of uncertainty in the retail property market, particularly for vacant space. Investors are still active in the market for properties which are tenanted, but buyers remain selective and have a strong preference for property with good unexpired lease terms or WALEs. There remains limited investor appetite for vacant retail property from speculative investors.

Retail within these areas has typically been based on the fortunes of the main economic drivers of either Rockhampton or Gladstone rather than seasonal spending. With the agriculture, mining and resources sectors more buoyant, there appears to be greater discretionary income in some sectors of the community which may result in greater retail activity for some industries. There certainly appears to be a wide variation in the fortunes of retailers depending on location and industry.

In short, in the current changed retail landscape, some retailers will thrive whilst others may unfortunately exit the industry. Sales and purchases of retail properties will remain reliant on the economic fortunes of their retail tenants, which are likely to remain volatile for the foreseeable future.

Richard Dunbar
Property Valuer

The impact of COVID-19 on major retail centres appears to be an acceleration of the transition from traditional retail to online shopping.

Mackay

The retail sector in Mackay can be categorised into four main sectors: bulky goods retail which is predominantly located at Mount Pleasant and Greenfields; CBD retail; neighbourhood centres; and large shopping centres such as Canelands and Mount Pleasant Plaza.

There has been one recent CBD retail lease at a rental of $20,000 per annum gross, which is fairly typical for older retail tenancies which are taken up by small local businesses. Higher annual rentals are achieved in neighbourhood centres which have better car parking and cross-trading potential. We are aware of a recent neighbourhood centre shop rental of $45,000 per annum gross to a new, local start up retailer. These leases were executed at the beginning of the COVID-19 pandemic.

There are still a number of large vacancies within the bulky goods retail sector.

We are not aware of any new retail investment sales, although we believe that there would be continued strong demand for neighbourhood shopping centres with strong anchor tenants and long average lease expiries. We would expect to see a tightening in yield rates if any new transactions were to occur.

Kristie Shorten
Property Valuer

Cairns

The Cairns retail sector has been hit hard by COVID-19. Much of the retail sector caters to the tourist trade, being cafes, restaurants, duty free stores, tour booking agencies and retail outlets in the central business district. Without the flow of interstate and international tourists, many businesses have simply closed by choice or are opening part time. It is difficult to gauge what percentage of businesses now closed or operating part time will reopen when Jobkeeper ends. Interestingly some restaurateurs are trading well with a mix of Queensland and local clientele.

Commercial agents have reported that up to 70 per cent of retail tenants they manage have requested and received rental reductions of 50 to 100 per cent of normal rent levels.

One of the main concerns is that international tourism plays a large part in the Cairns economy and it is unknown how long it will be before significant numbers of foreign travellers return to Australia and Cairns in particular. It is expected that the retail sector will continue to struggle in the short to medium term.

Commercial agents have reported that up to 70 per cent of retail tenants they manage have requested and received rental reductions of 50 to 100 per cent of normal rent levels, though many continue to pay outgoings. The vast majority of these businesses are directly tourism-driven along The Esplanade and around the central business district. Most of the agreed reductions are due to expire at the end of September.

Agents report very little demand from potential lessees at this time and it is considered too early to identify whether there is any genuine discounting of rents from landlords at this stage, though good incentives are available for potential lessees seeking long term lease agreements. On a positive note, smaller suburban retail outlets that cater to the local market have fared much better than the tourist retail sector.

Shane Quinn
Managing Director

Toowoomba

Retail leasing in Toowoomba has been subdued in 2020, which has been a reflection of both reduced tenant demand and the effects of COVID-19.

Investor demand has remained strong but the lack of quality, fully leased properties has limited the number of investment sales. The most recent retail investment sales of note in Toowoomba include the following:

- Beaumont Tiles & Burson Auto – 52 Clifford Street, Toowoomba City - A modern showroom warehouse complex located to the southern fringe of Toowoomba's CBD. WALE of 3.28 years. Sale price of $2.5 million with a net yield of 7.11%.
- RB Sellars - 11 Annand Street, Toowoomba City – Older, recently refurbished building with a ground floor retail tenancy and first floor office tenancy. WALE of 2.82 years. Sale reflected a passing net yield of 7.62%. Sale price of $3.75 million.

Recent retail development activity in Toowoomba includes the following:

- The refurbishment of Bridge Street Plaza was completed earlier this year. The centre's supermarket tenancy was extended to accommodate Aldi and a number of new specialty tenants have been secured. The centre is now being marketed for sale.
- Construction of the new Coles Supermarket in Glenvale has been completed with the store opening for trade in August. The centre includes the supermarket, a Liquorland and a café.

- Construction of a new Aldi Supermarket in Highfields commenced in June this year. This will be the fourth Aldi in the Toowoomba area.

Ian Douglas
Director

Wide Bay

The retail property market is in a similar boat to the industrial and office markets, which have experienced soft demand for vacant premises or premises with short term unexpired lease terms. Leased retail investment stock where the tenant is not affected significantly by the economic impacts of COVID-19 remain in demand and supply is low. Of concern is the very soft demand from owner-occupiers for retail premises, which has often provided a floor to the property market in the Wide Bay in the entry level price brackets.

Southside Central Shopping Centre sold in February 2020 for $11.8 million, demonstrating a yield of 7.44% and $4473 per square metre of GLAR. The property was purchased with a reportedly strongly trading boutique Foodworks supermarket and a high percentage of medical tenants. Bourbong Street Medical Centre sold for $5.075 million, demonstrating a yield of 6.78% and $5194 per square metre of GLAR with a six year WALE (approximately). These two sales reflect the continuation of strong demand for retail investment property with secure rental income.

Grant Collins
Property Valuer

South Australia

Adelaide

Of all property sectors and markets, retail is the one that could least afford any turbulence coming into 2020, and the ongoing disruptions from the COVID-19 pandemic have further unsettled the retail property market. Looking back at our March edition, we flagged that sales of retail properties were already at low levels and buyers aren't rushing into the market at present.

The easing of the restrictions in South Australia has been most welcomed by the retail sector, allowing retailers to trade, albeit with some restrictions and social distancing measures in place. In our March issue, as we looked at the year ahead for retail property, we flagged the importance of lowering overhead costs at bricks and mortar stores whilst also adapting to take advantage of the online market. In hindsight, these look like sound points and they remain important moving forward in the current COVID-19 world.

The major stimulant for buyers in a retail property market is the availability of finance. With interest rates at record lows, the cost of borrowing is at an all-time low. Having said that, investors purchasing tenanted assets still have to be careful given the rent-free periods and rent reductions that some tenants are requiring at present as well as the increased risk of vacancy.

Looking to the South Australian retail property market, volumes remain low in comparison to 2019. Retail rents have remained stable throughout 2020, with a low number of transactions to indicate any significant changes. Corelogic data indicates a significant decline in Adelaide CBD commercial property sales in the latest quarter compared to the first quarter of 2020.

The major stimulant for buyers in a retail property market is the availability of finance.

Retail sales have recovered in recent months with the ABS indicating that Victoria is the only state to record a monthly fall in July of this year. National retail sales for July 2020 increased by 3.3 per cent, outperforming forecasts and despite the reintroduction of Victorian lockdown and curfew laws. The spike in retail sales was mainly driven by household goods and also influenced by the recovery in most states of cafes, restaurants and food services.

There are set to be some major retail transactions in South Australia in the latter part of 2020, with billionaire property developer Con Makris looking to offload the Rundle Mall City Cross shopping centre, along with the North Adelaide Village shopping complex. The sales of these two centres, along with the sale of the Newton Village shopping centre earlier in 2020, highlight a significant sell-down of large format retail assets.

City Cross Shopping Centre in Rundle Mal   Source: realcommercial.com.au

There are significant planned developments in the large-format retail market, however a number have been put on hold given the current economic climate. The stage 6 Burnside Village development on the corner of Portrush and Greenhill Road has been delayed. Owners and developers, the Cohen Group, are continuing to work through plans for the project, with the potential addition of 130 new specialty stores, cinema and dining options. The development site has been cleared and levelled however will lay dormant until the Cohen Group decides the time is right to proceed.

With the amount of economic stimulus in the current market and economy, determining what stimulates buyer and seller activity in the retail sector is increasingly difficult. At present, the main focus of landlords is tenant retention and providing their tenants with rent relief or rental abatements in the short term to maintain the tenant in the long term. In a market where we expect sales and leasing volumes to remain low, the main stimulant for a buyer in this market is tenant security. Supermarkets, hardware stores and retail stores of a non-discretionary nature that feature a long lease with secure covenants will become more sought after. In the current climate, which features the unique mix of low borrowing costs, reducing funding and poor returns from other forms of investment, the main stimulant for buyers is likely to be the idea of value; obtaining a good return relative to the perceived risk. This, however, is harder than ever as sellers are becoming increasingly reluctant to sell an asset that meets that description.

Chris Winter
Commercial Director

Western Australia

Perth

Prior to the advent of the COVID-19 pandemic, the retail property market in Perth was already facing challenging conditions. Demand for retail space was hampered by restrained consumer spending due to perceived increases in the cost of living, high household debt and slow wage growth coinciding with the state's sluggish economic performance.

Additionally, online retail spending continues to grow rapidly and apply further pressure on the viability of bricks and mortar retail, especially on discretionary retailers operating from suburban strip outlets.

Overall, despite some renewed optimism in the resource sector, confidence in general remains depressed. Unfortunately, the COVID-19 pandemic has only made the situation worse. The impact on the trading ability of businesses across almost all retail property classes has been severe and pronounced.

The notable exception however is demand for investment grade retail property (e.g. neighbourhood shopping centres). These assets remain highly sought after, often meeting key criteria that sophisticated investors are seeking in the current climate such as long remaining lease terms (i.e. WALE), non-discretionary tenancy mix backed by strong lease covenants and sound locational attributes with a growing population catchment.

Investors seem to be taking advantage of the spread between the low cost of debt and retail investment yields. Where all or a majority of these metrics are satisfied, very tight yields are being achieved in the current market despite the general malaise that continues to impact the wider Western Australian economy.

In these uncertain times, prospective investors will likely continue to seek out retail developments possessing a high, non-discretionary tenancy profile and a proven anchor tenant.

The proven resilience of the asset class appears to have actually heightened appetite for such convenience based centres in the wake of the COVID-19 pandemic.

As an example, the Carramar Village shopping centre recently sold for $33.5 million at a passing yield of 6.2%. The property, anchored by a Woolworths Supermarket, was acquired by an interstate fund manager. The property previously transacted in 2012 for $22.75 million at a yield of 8.15%, providing clear evidence of yield compression for this asset class.

However, there remains limited stock available for acquisition. Vendors would appear reticent to sell despite the tight yields being achieved given insufficient levels of return available in alternative investment vehicles.

In these uncertain times, prospective investors will likely continue to seek out retail developments possessing a high, non-discretionary tenancy profile and a proven anchor tenant. Each occupant's financial strength and lease term will be closely examined and weigh heavily above all other fundamentals on any decision making.

Assets which do not possess these key criteria are however less attractive and tend to transact at a much higher yield reflecting the greater tenancy risk.

By way of example, the neighbourhood-sized Halls Head Shopping Centre just outside Mandurah was acquired by AON Investments in March 2020 for $6.3 million at a passing yield of 8.91%. The vendors are approaching their twilight years and for this reason decided to put the property to market.

Contrary to the above however, sites in traditional high street locations also remain keenly sought after despite the level of tenancy risk which is a function of the scarcity of sites offered to the market in these locations and the high underlying land value. Yields for similar sites below 5.5% are not uncommon.

At the time of writing, the state government has extended Phase 4 Coronavirus restrictions until 24 October 2020 (having previously earmarked 29 August to move to Phase 5), citing the resurgence of cases in Victoria and New Zealand.

Nonetheless we see the existing malaise in broader retail property market conditions continuing in at least the short term, as rental values remain under pressure with steady vacancy levels and the risk of tenant delinquency lingers.

Greg Lamborn
Director

Northern Territory

Darwin

Most of the Darwin retail sector has survived 2020 relatively intact. With life having returned to relatively normal across the Territory, we have our fingers crossed that it will stay that way into the future.

The main exception is the hospitality sector. Although interstate tourists are now trickling in, we are approaching the end of the dry season. Many of these operators have missed the majority of their on-season trade this year and will have to wait until April or May 2021 before the next tourist season. Although there has been significant government assistance to help these traders through, many still face a bleak wet over the next six months or so.

The lack of international travel means that many Territorians who would normally holiday in Bali or other parts of south-east Asia are staying at home, so despite the reduced number of interstate tourists, many of the Top End's campgrounds have been as full as ever, populated by locals. As a result, retailers in some categories have reported strong results throughout the pandemic, due to money that would normally go overseas.

Categories for relatively inelastic demand such as supermarkets have also generally performed well. Most retail tenants in suburban areas have been able to maintain their rental payments right throughout the pandemic or with just a short period of rent relief in March and April when there was a high degree of uncertainty.

The major development in retail in Greater Darwin has been the opening of the new Bunnings store at Palmerston. This store opened in late August and is one of the largest in Australia. The property is being purchased by Charter Hall for $41.3 million at a yield of 5.70% subject to a long term Bunnings lease. This is a very low yield in the Darwin market and is indicative of the high regard that the market has for Bunnings properties.

Terry Roth
Director

Retailers in some categories have reported strong results throughout the pandemic, due to money that would normally go overseas.

COMMERCIAL

HERRON TODD WHITE COMMERCIAL

Australian Capital Territory

Canberra

The retail market has faced a challenging year due to the COVID-19 pandemic with many retail businesses seeing reduced trade. With offices supporting employees working from home, there has been less foot traffic in the office precincts of the Canberra CBD, inner north and inner south.

We have seen landlords offering short term COVID-19 relief to existing tenants in the form of short-term rent-free periods and rental deferments. Leasing activity has still been active although we have seen higher incentives required for landlords to secure tenants in the current market.

Limited sales have occurred over the past six months, generally small suburban retail units in the sub $1 million range. Investor interest during this period has primarily been in defensive assets with strong, long term lease covenants with the market predicting a long period of low inflation.

James Feeney
Valuer

We have seen landlords offering short term COVID-19 relief to existing tenants in the form of short-term rent-free periods and rental deferments.

HERRON TODD WHITE RESIDENTIAL

Residential

September 2020

National Property Clock: Houses

Entries coloured orange indicate positional change from last month.

Adelaide
Adelaide Hills
Albury
Barossa Valley
Bathurst
Burnie/Devenport
Canberra
Dubbo
Geelong
Hobart
Launceston
Tamworth

Newcastle
Wodonga

Brisbane
Central Coast
Ipswich
Melbourne
Sydney

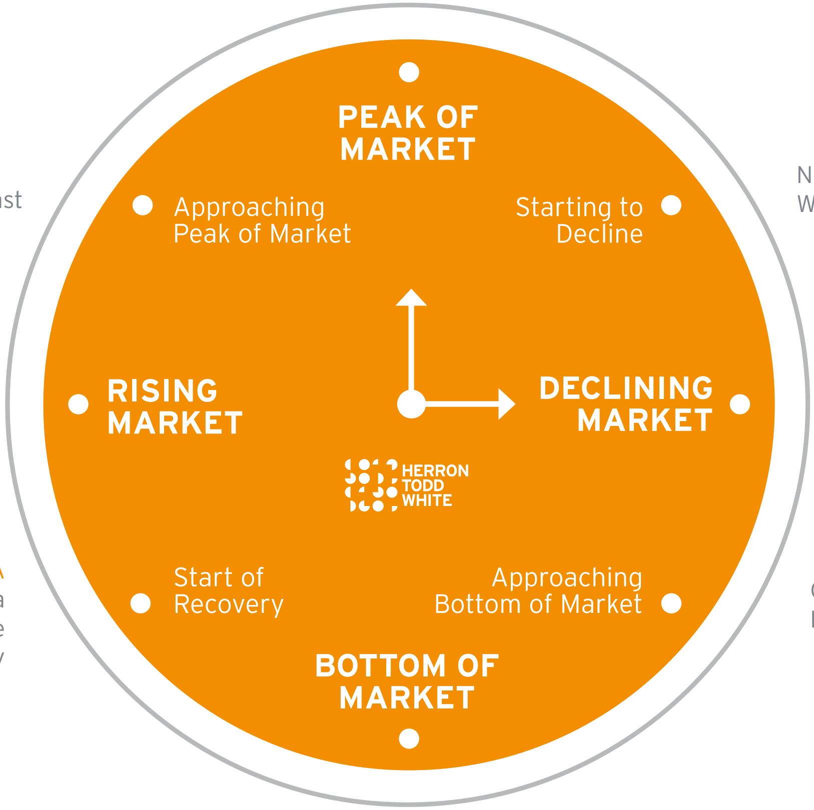
Geraldton
Kalgoorlie

Alice Springs
Broome
Bundaberg
Darwin
Southern Tablenads

Cairns
Illawarra
Mildura
Perth
South West WA
Toowoomba
Townsville
Whitsunday

Ballina/Byron Bay
Coffs Harbour
Emerald
Gladstone
Gold Coast
Hervey Bay
Karratha
Lismore
Mackay
Mount Gambier
Port Hedland
Rockhampton
Shepparton
Southern Highlands

Sunshine Coast



National Property Clock: Units

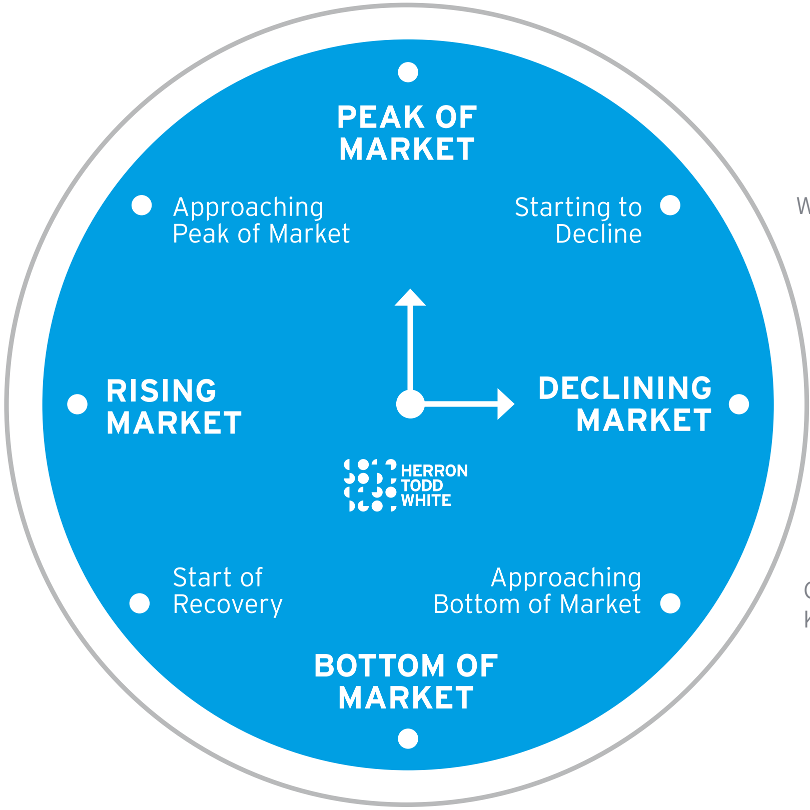
Entries coloured blue indicate positional change from last month.

Adelaide
Adelaide Hills
Albury
Barossa Valley
Bathurst
Burnie/Devenport
Central Coast
Geelong
Hobart
Launceston
Tamworth

Sunshine Coast

Wodonga

Ballina/Byron Bay
Coffs Harbour
Dubbo
Gladstone
Hervey Bay
Karratha
Lismore
Mackay
Mount Gambier
Port Hedland
Rockhampton
Shepparton



Brisbane
Canberra
Gold Coast
Ipswich
Melbourne
Newcastle
Perth
Sydney

Cairns
Emerald
Illawarra
Mildura
South West WA
Southern Highlands
Townsville

Geraldton
Kalgoorlie

Alice Springs
Broome
Bundaberg
Darwin
Southern Tablelands
Toowoomba
Whitsunday

RESIDENTIAL

HERRON TODD WHITE RESIDENTIAL

New South Wales

Overview

Every year, spring brings promise to the residential sector. Vendors flow back into the market, keen to list while the sun is shining, and properties look their very best. It's been an annual staple with increased activity and eager purchasers.

But 2020 has already delivered plenty of uncertainty to the world, so now is the time to quite rightly ask, "Will Spring spring in 2020?"

For the answer, take a look through our excellent submissions.

Sydney

Sydney is a large and diverse property market with multiple submarkets and many suburbs all with their own intricacies. As such, an overall increase or decrease in weekly values doesn't paint the full picture as Sydney's property market runs at different speeds and different timetables.

Spring has always been considered an excellent time to sell, particularly if you have a detached dwelling with a garden; the blooming plants and warmer climate make an attractive prospect for buyers.

With the effects of COVID-19 still playing out, we feel that properties that offer landscaped gardens and study rooms will further attract keen buyers as people continue to spend more time at home, either working or relaxing.

CBD/Inner East

Spring is traditionally a very active time within the inner Sydney market. Typically this is because properties present well in spring with nice gardens, natural light and warmer and dryer presentation of properties. Timing is also important as many families look to move during upcoming summer holidays, although ideally before Christmas.

Other agents within the inner city have told valuers that they are turning down listings, particularly of one-bedroom units, to avoid flooding the market.

Until COVID-19 struck in March 2020, the market was trending upwards, appearing to almost reach peak 2017 price levels in some areas. However since the pandemic took hold, market activity has been subdued and prices have ebbed lower to varying degrees across different market segments, with inner city, one-bedroom units and Company Title apartments appearing to be the hardest hit.

Generally, agents are reporting that listing numbers are down, however a prominent inner-city agency appears to still be generating good volumes, recently publishing that they sold "78 homes in July compared with 44 for the same period last year". Other agents within the inner city have told valuers that they are turning down listings, particularly of one-bedroom units, to avoid flooding the market.

Typically the inner city is an investor-heavy area and it is understandable that there are going to be some investors who need to liquidate, however in other areas of the inner city, such as Zetland and Waterloo, where many recently completed units are now worth similar to (or less than) their off the plan purchase prices, many investors appear to be holding on.

Whilst prices have ebbed lower to varying degrees across different market segments, the most resilient product appears to be family homes in good quality areas such as Paddington and Woollahra. For example, 171A Windsor Street, Paddington (below) transacted for $5.675 million towards the start of the pandemic, surpassing its previous sale amount of $5.15 million on 20 December 2017, despite broader market conditions weakening during this time frame.

171A Windsor Street, Paddington   Source: realestate.com.au

Inner West

Spring generally sees a large amount of stock come on to the market especially in prestige areas of the inner west including Balmain, Annandale, Glebe and Newtown. Discussions with local agents within these suburbs indicate that more listings are in the pipeline for spring 2020.

Both listing and transaction numbers are down from 2019 as the COVID-19 pandemic has had its impact on the market. Due to the historically low levels of stock, the market for dwellings across the inner west has remained heavily unchanged and in some cases has seen some slight increase in sale prices. Transaction numbers have been down and the number of properties withdrawn from the market has increased which may indicate that people are waiting for overall market sentiment to improve.

As previously stated there hasn't been too much of a decline in capital values within the inner west, therefore a rebound is not expected in spring. It has been observed that during mid-July and August, sale results have been slightly weaker in comparison to the beginning of 2020. If the predictions of local real estate agents of more listings in spring are realised, it is more likely that the increased competition could see downward pressure on sale prices, particularly where vendors are determined or motivated to sell.

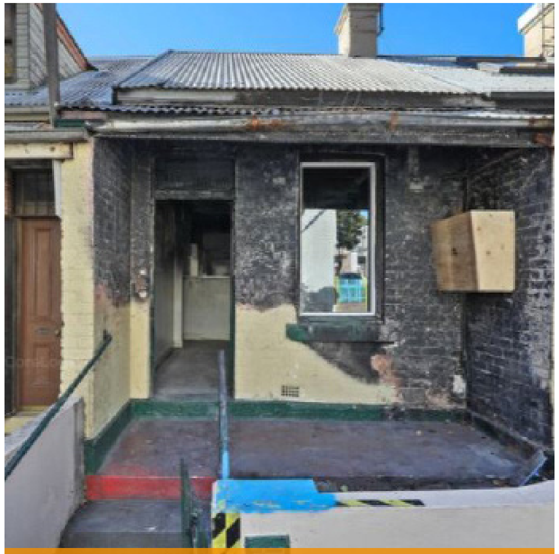
Generally dwellings priced above $2.5 million have seen more listings withdrawn as vendors are more likely to be in the position of not needing to sell. In other cases however, owners may need to sell having committed to another property or needing to relocate. We have seen the final sale price of properties in the inner west in this price range discounted by as much as ten per cent on offers being made at the beginning of March prior to the lockdowns.

On the unit side, there has been pressure on prices in areas with large levels of supply. A unit at 303/65 Shaftesbury Road, Burwood sold in June for $710,000. The selling agent advises that the unit market in Burwood, Strathfield and Homebush has been heavily impacted by the pandemic with large stock levels and flattened buyer demand. A similar unit within the same complex, 210/65 Shaftesbury Road, Burwood, sold for $823,800 in January this year. This anecdote signifies the weakened market conditions for strata units and apartments in higher density areas within the inner west where development in recent years has caused a current oversupply and the threat of weakened capital growth in the short to medium term.

Another example was the developer sale of 601/35B Upward Street, Leichhardt for $1.215 million in July. The sale was significantly lower than the other three-bedroom sales the same developer had completed at the beginning of the year and end of 2019, which ranged from $1.35 million to $1.55 million. The developer reasoned the decrease in price was due to limited demand due to the pandemic and negative sentiment towards brand new or off the plan strata units.

The market which has performed strongest is for dwellings priced above $1 million up to $2.5 million. Areas such as Leichhardt, Lilyfield, Rozelle, Balmain, Marrickville, Five Dock, Concord, Abbotsford and Drummoyne have seen steady value increases over the course of 2020.

A recent example of a strong sales result was an ex-Department of Housing owned property in Glebe (pictured below) which had been extensively fire damaged and was in need of a full refurbishment. We valued this property for a client prior to the auction. They were expecting the property to sell for somewhere around the $700,000 to $750,000 range (and they were not prepared to bid higher than this), due to the condition of the property and the price guide being within close proximity to this range. At our inspection of the property a few days before the auction, we observed several groups of potential buyers inspecting the property and after talking to our client and the selling agent, it was evident that there was likely going to be strong interest come auction day.



3 Campbell Street, Glebe   Source: realestate.com.au

3 Campbell Street, Glebe   Source: realestate.com.au

After carrying out our research and taking into consideration the condition of the property (we were also provided with a building report), we advised our client a value range of $750,000 to $850,000 and explained that the strong interest in the property and lack of similar stock available at this price point were likely to push the sale price to the upper end of this range. Our client contacted us just after the auction on Saturday, 22 August to advise that unfortunately they did not purchase the property as it ended up selling well above everyone's expectations for $916,000 with a crowd "busier than the footy".

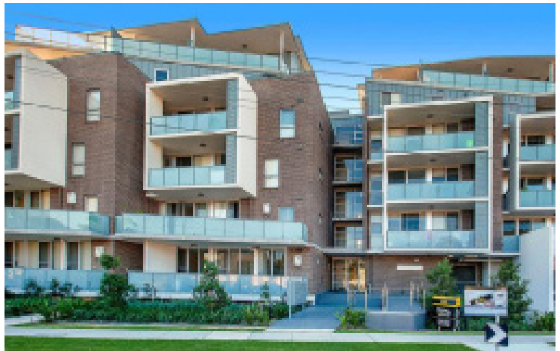
This example illustrates that there is still strong demand for certain property types and price points, particularly when located within close proximity to the CBD, parks, restaurants and cafes, especially when there is a shortage of supply.

Western Sydney

Traditionally, the warmer months in western Sydney have been an ideal time to sell your property. Spring highlights the greener gardens and general appeal of ancillary improvements such as swimming pools. Buyers are usually more motivated in this period and there's usually an uplift in listings.

These are extraordinary times though. With a decrease in consumer confidence due to some expectation of a second wave plus federal government initiatives helping to maintain the market, supply has remained relatively low which has contributed to alleviating the downward pressure on property prices. Heading into spring, this is not expected to improve much with the potential for more downward pressure on prices as the pandemic increases the pressure on paying off mortgages which could increase supply in the short term.

In the current market, some suburbs in western Sydney are now seeing increased levels of supply of new units. This factor coupled with current negative market sentiment towards residential units has resulted in some recent sale prices below the off the plan purchase price. An example is 309/63-67 Veron Street, Wentworthville, NSW, 2145, a two-bedroom, two-bathroom unit which sold off the plan at $565,000 in 2016 and resold this year at $485,000 with even more new supply being introduced to the area.



63-67 Vernon Street, Wentworthville Source: realestate.com.au

Areas that have performed better are in the growth areas and the land around the Western Sydney Aerotropolis at Badgerys Creek. With a transformation from cow paddocks into a new economic hub, those who owned land prior to rezoning saw prices increase significantly from the original purchase price. Suburbs connected to this precinct such as St Marys, which is set to be a major transport intersection connected to the Western Sydney Aerotropolis, could potentially see an increase in activity in spring as investors and home buyers look to invest nearby. Sales activity in the area has shown an increase compared with 12 months ago.

North and North-West

Spring listings equated to approximately 30 per cent and 25 per cent of the overall Northern Beaches listings in the 2018 and 2019 periods (source: sqmresearch.com.au), so whilst it is one of the stronger seasons, the general shortage of property results in stock levels remaining fairly consistent throughout the year.

Listing numbers were down approximately 12 per cent throughout the first half of 2020 (6,590 listings) compared to 2019 (7,452 listings) (source: sqmresearch.com.au), although June and July recorded strong listing numbers of 1009 and 1060 compared to the same period in 2019 of 850 and 743. This is indicative of current market sentiment; vendors and buyers have adjusted to COVID-19 conditions and are gaining confidence transacting

St Mary's May Sales Activity Source: CoreLogic

Sales Per Annum (House)

	St Marys
Period Ending	Number
May 2020	105
May 2019	83

Sales Per Annum (Unit)

	St Marys
Period Ending	Number
May 2020	129
May 2019	98

RESIDENTIAL

HERRON TODD WHITE RESIDENTIAL

in this market. Without another significant COVID-19 outbreak and as capital values begin to stabilise, we are anticipating listing numbers to continue to rebound.

As rental yields have been most impacted by COVID-19, we anticipate investor driven stock to remain one of the weaker sub-markets. Owner-occupier stock has been well sought after across the board. We have seen several scenarios of local buyers upsizing, as well as expats returning home during the pandemic, driving the prestige markets, particularly in Palm Beach and Manly.

In the north and north-west of Sydney, the impact of COVID-19 has been varied. A renovated 1920s Californian Bungalow in Lindfield recently sold for $4.25 million. This was $900,000 above its previous sale in September 2018. Since then, the property has been reconfigured internally with a new kitchen and ensuite bathroom. This is considered a good result and supported by the lack of comparable listings on the market which has been holding up prices.

A recent sale in Lindfield Source: realestate.com.au

Not so far away in Epping, another updated 1925 Californian Bungalow recently sold for $2.375 million. Of particular interest is that it sold for $500,000 less than its previous transaction in May 2017. This highlights that some parts of Sydney have still not recovered from the lofty heights of 2017, whereas others have stabilised or slightly improved.

Further west in Castle Hill, a two-bedroom unit in the Atmosphere development recently sold for $860,000. The unit is located on level four and provides one car space. This represents the same sale price as that paid off the plan in 2015. This is not uncommon for new units being sold off the plan. The premium attached to the new product may not always be absorbed upon settlement, particularly if the market weakens after the deposit is paid.

We consider any price growth to be limited for this asset class given the upcoming supply of new residential units in the local area under construction and proposed.

Southern Sydney

With the region popular for its beaches, rivers and parklands, the spring season is traditionally a very busy time in the Sutherland Shire and St George area. The spring season has always been the most popular time for vendors to list their properties for sale.

Agents have advised that although the market is slightly down for this time of year, it has picked up over the past couple of months and they expect the spring season to be reasonably strong.

Whilst there has been a considerable amount of pessimism around new units in suburbs with large amounts of supply, government stimulus measures for first home buyers look to be hitting the sweet spot for this product in the Sutherland Shire. A local agent in Miranda who specialises in off-the-plan unit sales recently advised one of our valuers that nine out of ten current buyers are first home owners.

In May, a two-bedroom, two-bathroom unit in South Village, Kirrawee sold for $733,000 after being purchased from the developer six months earlier for $715,000. Whilst we haven't seen too many examples of resales of modern units which have sold for more than their 2016 through 2018 off the plan purchase price, an increase in first home buyers into this market will help make up for the drop off in investors who have been hit by falling rents and increasing vacancy rates.

Prestige

Higher value properties on Sydney's North Shore follow the seasonal cycle, just as most other sub-markets do. Spring is usually when we start to hear a buzz about prominent homes coming to the market, but obviously this year is going to be an unprecedented one.

Since March, the prestige sector of the market on the Lower North Shore has experienced reduced listing and transaction numbers. This reduction has actually balanced the market equilibrium, with the reduced supply lining up with reduced demand. With some vendors deciding to sell over the past few months due to various reasons, buyers have been relatively active waiting for a quality property to come to the quiet market. In some circumstances, this has led to excellent results, bucking the trend of what most market observers

A local agent in Miranda who specialises in off-the-plan unit sales recently advised one of our valuers that nine out of ten current buyers are first home owners.

expected to see.

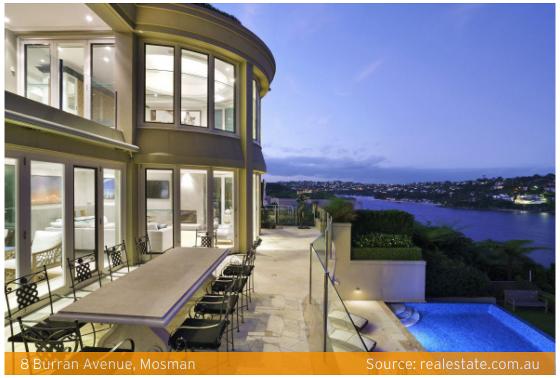
Looking at some recent data, the past three full months (May, June and July) have yielded ten sales in Mosman over $5 million. The same period in 2019 resulted in 19 sales over the $5 million mark, so roughly double the transactions, according to RP Data records. Interestingly, and supporting the notion of a currently balanced market, the median house price in Mosman has increased since the start of the pandemic volatility period in Australia. As at 1 March this year, the median house price in Mosman was $3,525,500. The current median price has now increased to $3.7 million (sourced via Realestate.com.au). Although median house prices paint a very broad picture, it seems that prices are holding up under the current conditions.

In looking to the upcoming spring selling season, you would have to be extremely brave to predict exactly what will occur. In saying that, early signs are showing that the prestige market on the Lower North Shore is continuing to remain resilient. The obvious reason surrounding this would be the lower percentage of households under mortgage stress in this affluent area coupled with the share market having recovered and showing strong results.

One major concern for both prices and rentals is the large reduction in overseas buyers and tenants, and this has been highlighted by multiple selling agents in the area, however it appears that this concern is currently being off-set by a large number of expatriates returning home to the relatively safe haven of Australia during this time of turmoil. An example of this was Domain.com.au reporting the withdrawal of 8 Burran Avenue, Mosman in late March due to issues surrounding the pandemic. In a sign of market confidence in this prestige sector,

As at 1 March this year, the median house price in Mosman was $3,525,500. The current median price has now increased to $3.7 million.

spurred by returning expatriates, this property was re-listed at the end of July.



8 Burran Avenue, Mosman Source: realestate.com.au

All things taken into account, the market is headed into some uncharted territory this spring. There are many factors, some known and others unknown, which could impact the market in coming months. Although we expect the prestige market on the Lower North Shore to remain relatively resilient, only time will really tell.

Activity in the prestige market of the eastern suburbs has remained strong with expectations of this continuing throughout spring. At the time of writing, since the beginning of June, Bellevue Hill had 14 sales above $5 million, the same as it saw over the same period in 2019. Vaucluse has had 12 sales above $5 million since June, double the amount sold in that period last year. Median house prices in these two larger suburbs in the east have increased slightly from March through to July, bucking the trend in the wider Sydney market. Bellevue Hill saw its median price of $5.79 million increase to $6 million from March to July, while Vaucluse went from $4.92 million to $5.2 million (source: Realestate.com.au).

In the south, the prestige market above $5 million has been fairly subdued in activity over the past six months. This has mainly been due to a lack of stock hitting the market, however some recent waterfront sales indicate that strong prices can still be achieved. Three marketed sales above $5 million have occurred since June: a Dolans Bay sale at a tick over $5 million and two Burraneer sales at $7.3 million and $7.1 million. The latter, which sold in late August, was the record auction result for a property in the Sutherland Shire. These strong results, along with the warmer months being more suited to selling waterfront properties, are likely to see some increasing activity in this space throughout spring.

Shaun Thomas
Residential Director

Lismore/Casino/Kyogle

"In our dreams, and our minds continually do this, we create and perceive our worlds simultaneously so well that we don't even know it is happening. And it is at this point where we attempt to interject between these realities to influence the result".

If you think the movie Inception was a mind-bending experience, well, this whole COVID-19 nightmare over the past nine months is both unsettling and alarming. From hard to soft and back to hard state borders, social distancing, business closures and JobKeeper and JobSeeker confusion, one would not be remiss in thinking that this would play havoc with the upcoming spring property market.

Well, the property market has, in part, shown some signs of exhaustion with the COVID-19 saga, particularly for large metro localities... but for some reason, regional based areas have proven rather resilient during this time.

Spring is traditionally a time of increased real estate activity and the Lismore, Casino and Kyogle area is generally no exception. Even in the midst of the early stages of the COVID-19 narrative, a general quietness descended upon the area like a mist for a few months rather than a depression in the property market. Fewer sales were happening and less listings were being secured, but there was no wholesale, cataclysmic fall in sale prices (as some commentators had ventured).

And yet, as we enter the spring market, already we are hearing rumblings of there being an increase in buyer enquiry. Coupled with a scarcity in listings (which is currently being experienced by real estate agencies in the region), the demand for residential stock has been improving and has resulted in some relatively short selling periods once a good quality dwelling or unit has been advertised for sale.

Let's face it, at record low interest rate levels, for anyone who has ticked all the boxes with their preferred lender, has reasonably secure employment and the necessary deposit, what a time to enter the property market as a first home buyer, investor or even an upgrader! And it has been seen across the board. Houses in the $250,000 to $350,000 are becoming increasingly scarce within Lismore City and even the more well established homes in the $450,000 plus price bracket in Goonellabah and Lismore Heights are spending as much time on the market as a tempting full bowl of dog food to a Great Dane!

For example, 8 Andrews Crescent, Goonellabah, a large, circa 1980s, six-bedroom, two-bathroom, double garage home, sold within 21 days for $455,000 after being listed at $465,000.

Well located rural residential property within a 10-to-15-kilometre radius of Casino, Kyogle and Lismore are also receiving keen interest. Possibly, one segment of the property market that is not as resilient as the rest are the more remote rural lifestyle properties; if the advertised asking price is just a little too strong, then they tend to hang around.

To sum up, trying to ascertain where the market is heading this spring and within a COVID-19 context, we must be aware that there will be micro markets, i.e. markets within markets, and some may do better, some may do worse. The trick is trying to decipher and understand which is which and within this confusing COVID-19 storyline, unfortunately there is a sense of a few more twists and turns and chapters to run before the end.

As one apt recent movie quote uttered, "Don't try to understand it. Feel it." (Tenet).

Vaughan Bell
Property Valuer

Byron Bay

The Byron Shire with its flagship centre of Byron Bay has been well supported by both local and absentee buyers for most of the year to date.

Apart from a hiatus in March and April when the market took a breather while both buyers and sellers tried to digest the impact of COVID-19 and what it might mean to our lives, the residential market has since moved onwards and upwards. The current momentum looks like it won't slow down either as we move from winter to spring. Sales activity has been most buoyant in the coastal locations of Byron Bay itself as well as Suffolk Park, Brunswick Heads and to a lesser extent, Ocean Shores. Bangalow and Mullumbimby and their surrounding rural residential localities haven't missed out either with selling agents in most of these locations reporting relatively low levels of stock coupled with good demand from buyers. Many properties' selling periods are currently measured in days rather than weeks or months.

Entry level prices vary from location to location. Mullumbimby and Bangalow require an investment of $700,000 to $900,000 respectively for an entry level house, while Ocean Shores could sneak a buyer in for the mid $600,000s. Brunswick Heads, Suffolk Park and Byron Bay offer slim pickings for houses under $1 million.

There is no denying that the market is currently being driven by buyers from outside the region, many of whom are making the choice to relocate due to the perception that the region is a healthier and safer place to be during this and any future crisis. It is ironic that for years, regionally based local governments and businesses have been spruiking the benefits of decentralisation and now, to some extent at least, their wish has come true, albeit arising from a very unusual set of circumstances.

So, where to from here? On paper at least, the market should continue to perform well given the

It is ironic that for years, regionally based local governments and businesses have been spruiking the benefits of decentralisation .

foundations laid down in recent months, however, there are a few dark clouds on the horizon. Of greatest concern is that travel restrictions from Victoria and Queensland will mean that many buyers from these two states will only be able to purchase sight unseen, and if doing so, will be relying on the say-so of locally based friends, family or buyer's agents. But let's face it, a prudent buyer will not risk $50 on a pair of shoes without trying them on, so who would spend $1 million plus on a property without a prior inspection? Without buyers from these states, the market may lose some of its steam.

Secondly, the economy is currently awash with government stimulus which will eventually peter out. There's only so much JobKeeper money available, only so much superannuation money to draw down on and only a limited time in which mortgage payments can be deferred. Some economists and commentators are predicting a slowing of the economy as stimulus measures are wound back.

So, buckle up. It's going to be an interesting few months.

Mark Lackey
Property Valuer

Ballina

The impact of the COVID-19 virus is yet to be fully realised by the local market, however it is having a major impact on local businesses in the areas of Lennox Head, Ballina and surrounds. Discussions with local agents indicate an increase in interest in listed properties along with a decrease in vendors placing properties on the market in these uncertain times. The North Coast of New South Wales has seen very little infections from the testing, with the majority of the infections recorded in the Byron Bay locality. There is major interest by city residents making the move to the North Coast as businesses realise that home-based work is beneficial to some industries. This coupled with the new Ballina and Byron Gateway Airport has allowed people to work remotely and still have access to travel to the larger cities if needed.

As yet we are still in a fairly strong market with some recent sales in Lennox Head, Ballina and surrounding areas making good prices. Sales of vacant land in Epiq and surrounding areas has stabilised with some local builders indicating that land owners are postponing building till the economy stabilises. The building industry has also been impacted due to the significant number of trades living in the Queensland area not being able to travel to the Mid North Coast for work.

The market drivers within the sought-after coastal areas of the Ballina Shire are typically influenced by the performance of capital city markets - most notably the Sydney and Melbourne markets and to a lesser extent the Brisbane and coastal south-east Queensland markets. Whilst demand resulting from these capital city markets has typically been concentrated in the more desirable areas of Byron Bay and the surrounding localities, in more recent times potential purchasers have expanded their searches into the desirable areas of the Ballina Shire, most notably Lennox Head, Skennars Head and East Ballina, as well as the rural localities of Newrybar, Brooklet, Fernleigh and Tintenbar.

Bernard Walter
Property Valuer

The market drivers within the sought-after coastal areas of the Ballina Shire are typically influenced by the performance of capital city markets.

Clarence Valley

The Clarence Valley comprises both tourist dominated beach localities and more remote and rural localities. Consequently, prime beach locations such as Yamba, Wooli and Minnie Water often see an incline in buyer demand during holiday season and particularly the warmer months. However, this surge in interest is not always met with an equal level of supply, a point that is likely to be exacerbated given the current global climate. Agents are reporting limited stock, reduced selling periods and even multiple offers at or near asking prices, so whilst transaction numbers remain down, there appears to be buyer interest to support more positive market movement over the short term at least.

On the other hand, the Queensland border closure is likely to see a momentary slow down as in Yamba particularly, Queensland buyers make up a notable portion.

More positively, across the Valley general buyer confidence seems to be going through a restorative process. With few cases of COVID-19 reported and the wide geographical spread of the region, there is a sense of protection and normal life continues to prevail.

Caitlin Davies
Property Valuer

Coffs Harbour

Spring is nearing and it is time to throw off the blankets of winter and start preparing for the long awaited warmer months. Traditionally, the market slows in winter which is true of the Coffs

Coast. Generally we see a reduced number of listings and weaker buyer demand during these cooler months. This year seems to have been no exception for sellers, however buyer demand is up which has caused a supply and demand imbalance. This is good news for sellers as prices being achieved are regularly at asking price and more often reaching values above asking price, which is a reflection of the strong demand. This poses the question of why there is such demand. There is never one answer for supply and demand factors, however demand is being fuelled by the COVID-19 pandemic. Selling agents are reporting strong enquiry rates from southern city dwellers in the greater Sydney and Melbourne markets which is a direct effect of the COVID-19 environment in which we now live. The ability or should I say the willingness of employers to allow their staff to work from home is a key driving factor. The work force can now diversify into other locations and anyone who was thinking about a lifestyle move is definitely now motivated to do so. This extra demand on property over the winter months coupled with reduced stock and the continuing low interest rate climate has seen very strong prices being achieved.

The other key factor which has to be considered is the government stimulus packages, especially the renovation and building grant. As the new building subsidy is for property up to $750,000 this price bracket falls nicely within the Coffs Harbour value range. Selling agents are reporting very strong demand for vacant land with very little developed land left for sale and limited stock available in the short term, whilst several estates are in the process of being developed. This demand has seen prices rise by up to 10 per cent in the last month for available stock. The flip side to this is that local builders are extremely busy and we are seeing building prices rise in accordance with this demand and of course, the government subsidy.

The rural residential market has experienced very strong demand from out of town buyers looking to escape the pandemic, especially in the prestige market. There have been several sales of properties in excess of $1 million which were on the market for some time but have now been snapped up. The rural township of Bellingen which traditionally is very popular with greater Sydney area buyers has seen increased activity and a severe shortage of supply in this rural residential sector.

What we are experiencing is the realisation of an adapting society where the work base is decentralising and the wiliness or motivation to relocate for a better lifestyle is now more achievable than ever which sees the Coffs Coast as a prime location given the affordability factor and continuing growth in this low interest rate climate.

Grant Oxenford
Property Valuer

Newcastle

Our region is taking COVID-19 in its stride with CoreLogic reporting an increase in the median house price for a number of our areas for the three months to June 2020. Newcastle LGA (up 2.5 per cent), Lake Macquarie LGA (up 1.1 per cent), Singleton LGA (up 0.7 per cent) and Port Stephens LGA (up 0.9 per cent) are all trending in a positive direction. Maitland LGA remained stable with no increase reported and Cessnock LGA slightly decreased by 1.3 per cent over the same period.

Heading into spring normally means an increase in properties being listed for sale in the region with potential sellers hoping to have listed, sold and settled by Christmas. Agents are reporting a slight increase in listings, but they are still below the stock levels of this time last year. As the year progresses, we are expecting to see an increase in listings with the warmer weather around October and November. Reasons behind the lower stock levels are a result of the uncertainty brought about by COVID-19 with some cautiousness being exhibited by vendors and agents reporting that many people are holding off selling until next year. Buyer numbers are strong and the majority of well-presented and well-priced houses are selling, sometimes in a number of days to up to four weeks and townhouses and units within three months.

MEDIAN HOUSE-PRICE MOVEMENT (LGAS)

JUNE 2020 QUARTER

+2.5%
Newcastle

+1.1%
Lake Macquarie

+0.7%
Singleton

+0.9%
Port Stephens

steady
Maitland

-1.3%
Cessnock

The rental market has tightened further in recent months with the REINSW most recent vacancy rate report (July 2020) showing only 1.3 per cent vacancy in Newcastle and the Hunter region as a whole. Agents in the area have commented that there is strong demand for rental properties with numerous applications per new rental listing and properties are generally leased within the week.

The First Home Buyers and Building Grants have generated more activity in the new land release areas and blocks of land are still selling as strongly as before the pandemic.

7 Foreshore Street Eraring Source: realestate.com.au

Yet again a record has been set in our region this month, with Lake Macquarie the backdrop of this prominent property. Located in Eraring, the six-bedroom, six-bathroom home on 2.73 hectares sold at auction for $6 million through McGrath Toukley. Reportedly, there were six registered bidders with a Sydneysider securing the property for use as a weekender.

Liz McAllister
Property Valuer

Central Coast Region

The New South Wales Central Coast region sits midway between the Sydney and Newcastle and Hunter Regions, both of which are very busy, high volume markets in their own rights. This places the Central Coast region in a somewhat unique position to capture property buyers who want to exit the Sydney market, or those wanting to exit but finding Newcastle a little too far away.

Also worth mentioning here is that the Central Coast Region is equally popular as a holiday home or weekender location for not only those based in Sydney but from other parts of the state and importantly, the retiree market. In years gone by, the Central Coast region exploited these market segments, but with the improved transport corridors now available, the region has become more appealing to first homebuyers and this is where we are at now.

Almost all real estate agents feared drops in activity between dramatic to minor as a result of COVID-19, but most report their surprise that activity actually increased.

This background is good information to have and we now link this to this month's subject of seasonality.

Being a coastal location, real estate activity increases in the summer months. The beginning of spring marks a higher level of market activity. Traditionally, many agents step up their marketing strategies with some holding spring sales themed marketing campaigns - it's nothing new in the world of marketing, but it has a history of working well on the coast.

Records indicate that typically, local market activity increases during the warmer months, but this year has been anything but typical. Backed by research, real estate agents report that since COVID-19 restrictions were introduced, property sales have been above average.

Almost all real estate agents feared drops in activity between dramatic to minor as a result of COVID-19, but most report their surprise that activity actually increased. This aspect has yet to be verified by our data source, but we tend to agree with them at this time.

The main difference reported was that with the restrictions in place, they were essentially seeing less visitors to open homes, but the visitors seen were serious and ready buyers. Furthermore, at a deeper level, we can generally see the ebbs and flows of activity across different market segments during the seasons – think beach and lakeside properties for instance, versus other property types, but almost all segments have been busy this year and this confirms what real estate agents are reporting.

Drawing on this, we have looked at why this is happening and find that sale contracts indicate a higher than usual number of purchasers are coming from the Sydney market. When we put this observation to several of the more prominent real estate agents in the region, it was confirmed that this is the case.

It seems that property owners are favouring the New South Wales Central Coast region as not only an affordable alternative to the Sydney market, but relative to the COVID-19 situation, a safer place to be.

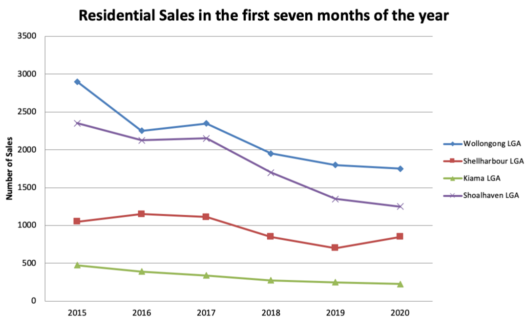
In monitoring real estate activity across the region, we again discussed what is happening with several real estate agents. In terms of this month's spring selling season, most are reporting that listings have been consistent and most are reporting short selling periods. Lower stock levels are their main concern with the focus firmly on building the number of listings. This rings true to us, because we are seeing more sales data with limited meaningful background information provided. This means that real estate agents are selling to their own databases without the need for a normal marketing campaign.

This all leads us to believe that in the current climate of uncertainty, restrictions and government stimulus measures, we will see a lot less obvious spring themed sale campaigns as more sales will be effected off market from the databases of real estate agents.

Syd Triggs
Director

Illawarra

Traditionally, spring is a time that brings change and for some that means tidying up their property and listing it on the market. April and May 2020 brought a halt to the residential property market in the Illawarra, however this now seems to have rebounded to decent levels. Overall volume of sales in the first seven months of 2020 are only slightly down from the same period in 2019 across the Wollongong, Kiama and Shoalhaven LGAs with Shellharbour being the exception having a slight increase, however 2020 transaction levels are still significantly lower than during the boom years with Wollongong approximately down 65 per cent from 2015, Shellharbour down approximately 25 per cent, Kiama down approximately 110 per cent and Shoalhaven down approximately 90 per cent.



Real estate agents are therefore hoping that COVID-19 conditions remain contained in New South Wales to allow the spring market to flourish. Agents are reporting strong buyer demand, with an increase in new stock coming to the market required. Buyer competition has caused strong sale prices in recent months and RPData has advised that the Illawarra region has recorded both the largest rise in housing values as well as the biggest jump in home sales over the past twelve months for all of regional Australia. The Kiama LGA has performed particularly strongly with 27 sales over $1 million since the start of July including an executive style house on Pheasant Point Drive in Kiama for $2.875 million. Other notable sales in the region in the past month include a suburb record sale in Shell Cove on Red Sands Avenue for $1.9 million and a penthouse unit on Harbour Street, Wollongong for $1.825 million.

Chris McKenna
Residential Team Leader

Tamworth

The end of winter in the New England and North West brings a welcome feeling of anticipation and hope. While 2020 has provided many challenges to individuals in both Australia and around the world, our region is embracing a ray of positivity and possibility.

Since 2017, the area has battled a nasty drought of proportions not seen for generations. On top on this, the region encountered bushfires and then COVID-19 reared its ugly head. However, 2020 has also brought beautiful, soaking rains to the region and many areas now enjoy the prospect of having the best spring break in years and renewed vigour in the regional economy. At the time of writing, Tamworth's main water supply, Chaffey Dam, is at 25.4 per cent and rising following good recent rainfall. Many dams are full, creeks and rivers are again flowing, wattle is in full bloom and it seems that the local property market is set to reap the benefits of this change in tide.

Agents in many of the region's larger centres, including Tamworth, are still reporting a lack of available stock to meet market demand. Anecdotal evidence says this is largely being driven by investors, city-based buyers seeking a lifestyle change, first home buyers capitalising on appealing government incentives and local buyers working in essential services who've maintained full employment throughout the COVID-19 crisis.

Spring is usually an active time for the property market in our region. While there are wider challenges in the economy, low interest rates and recent rains continue to drive opportunity for our region. The lack of available stock is holding property prices up in our region with good demand for dwellings in the sub $450,000 investor market.

Demand for owner-occupier stock remains buoyant and an example of this is the demand for $650,000 to $850,000 priced properties in appealing family suburbs in close proximity to town, including Moore Creek. According to local agents, recent buyers of these properties have sought modern residential dwellings with appealing ancillary improvements (workshop, detached studio, pool etc) with the opportunity to garden, grow food and for children to play in the serenity of a private, yet friendly neighbourhood.

Anecdotal evidence is still showing fewer high-value properties listed on the market. Many owner-occupiers have continued to bunker down through the COVID-19 pandemic (or they may simply be content with their quality lifestyle in a wonderful regional location). Whether or not the region's spring selling season entices vendors to capitalise on tight supplies remains to be seen.

Further out of town, there is a sense that the better seasonal conditions may encourage more listings of larger rural lifestyle properties (20 to 100 hectares) onto the market with vendors capitalising on green grass and buyers seeking rural lifestyle retreat properties within 20 minutes of the larger regional centres. There is still good demand for these assets.

At the time of writing, the New England and North West (excluding Newcastle and Lower Hunter) has no active COVID-19 cases according the New South Wales Health. While local businesses begin to wake from their winter slumber and a winter of COVID-19 impacted trading, spring is bringing renewed optimism to our region and the region's farming community is overjoyed by the possibility of experiencing the best spring in years.

Will Gell
Property Valuer

Albury-Wodonga

On 8 July, New South Wales closed its border with Victoria in response to the serious and deteriorating COVID-19 situation in Melbourne and parts of regional Victoria. As a thriving border city, Albury-Wodonga was immediately impacted as residents from both sides of the border were now part of a border zone with various restrictions and permits required for travel to and from Victoria.

Running alongside this disruption, which would see stage 3 restrictions re-introduced in Wodonga, the region received very good rainfall and the criteria for the Australian HomeBuilder Grant and the First Home Owner Grant in both states placed Albury-Wodonga in a good position to take advantage of the incentives despite all the turmoil of the border closure.

The property market has experienced strong market activity in vacant land sales from those with the intent to construct new homes within the time frame to qualify for the HomeBuilder grant and first home owners also able to apply for the First Home Owner Grant, so a potential $35,000 in New South Wales or $45,000 in Victoria if the purchaser ticks all the boxes. It looks likely we will see a shortage in land availability and a large supply of four-bedroom, two-bathroom homes across all suburbs in Albury and Wodonga. We have observed similar trends in Wangaratta, Corowa, Yarrawonga and Mulwala. The existing property market appears to be holding despite the pandemic with agents reporting good interest across all segments of the market and a lack of supply being the only real issue.

Like the rest of the nation, we are ready for winter to be over and more ready for restrictions to ease, so the prospect of warmer weather and the spring property market upon us will be a welcome distraction. The region looks terrific, green and spruced up from all the home improvements keeping the population busy over one or two periods of restrictions. The confidence in the market is linked to affordability and opportunity and the way we work in the future will benefit regional property markets. We are already seeing relocation from the major metro cities. The wholesale working from home requirement has allowed employees and employers alike to rethink where they live and why they need to live in a particular location.

Of course the flip side is that the pandemic continues to create uncertainty, which may continue to limit supply as people decide not to list this spring, however there may be an equal number of vendors deciding to get on with selling whilst our local economy remains stable ahead of harder times in the future when stimulus packages are reduced or removed. That said, our region may prosper still from a predicted boom in local tourism and migration from the major cities. We continue to seek innovation in the property industry and more broadly across all industries and communities and as such, the value and purpose of bricks and mortar continue to be redefined and possibly re-purposed as well.

Rachel Anderson
Property Valuer

Shepparton

The local market is coming out of the dormancy of the double whammy of both COVID-19 and winter and it is the strongest it has been in memory (aside from the boom of the early 2000s with 105 per cent loans on offer). A number of agents are reporting that listings are very scarce and overall the number of sales is down, but buyers are abundant and ready to go, creating strong competition for vendors who take the plunge and put their home on the market during the current economic climate. We are also seeing a flurry of owner-occupiers looking to relocate from major cities as they can now work remotely.

Winter had a rush of activity with the federal government's Builder Boost which saw in the vicinity of 180 blocks of land sold in a six to eight week period, when the usual is around ten to 15 a month. This will inject a huge amount of money into the local building economy for the next 12-18 months.

A few small developers have tried their hand at selling spec homes and have had some good results. This home (pictured) was sold for $465,000 without landscaping after being advertised online and was snapped up in a week. It's close to the hospital and overlooks a park.

Luke Jorgensen
Property Valuer

HERRON TODD WHITE RESIDENTIAL

Victoria

Melbourne

With stage 4 restrictions enforced in metropolitan Melbourne and stage 3 in the remaining regions of Victoria, there is real uncertainty moving into the rest of the year about the immediate and future impacts of these restrictions on all areas of the economy. The property market will see a direct impact due to the restrictions not allowing open houses.

Instead, inspections being held online have seen many vendors hesitant to list, consequently reducing current levels of stock. The latest statistics show that dwelling values in Melbourne dropped by 1.2 per cent in July (Corelogic, 2020). These values were before Stage 4 restrictions which have further restricted the ability of both buyers and sellers.

So, will the upcoming spring sales period provide any signs of improvement? The clearance rate in Victoria for the week ending 16 August was 89 per cent (REIV Market Insights). This is extremely strong for vendors and at a glance could be interpreted as a seller's market, however this was from a reported 114 auctions, down from 188 the previous week and down again from 523 for the same time last year (REIV Market Insights). The lack of stock in the market is creating more competition between buyers and that's why there has been a relatively small drop in Melbourne prices when many expected a greater fall in the market.

Auction Clearance Rate

Week ending 16th august 2020

89%

Number of Auctions

Week ending 16th August 2020 - **114**

Week ending 9th August 2020 - **188**

Week ending 18th August 2019 - **523**

Additionally, due to Melbourne's second lockdown, vendors have been reducing asking prices.

This month we will be looking at whether there will be a spring in the market this spring selling period. Traditionally a busy selling season, we look at whether this trend will continue and whether we will see the rise in numbers of buyers and sellers we are accustomed to seeing, while also taking into account the influence COVID-19 will have on the market.

Inner and Outer East

It is reported that just over 1850 houses in Melbourne were expected to be auctioned over July, up 16 per cent from June and an astounding 161 per cent from May, however due to the ban on public real estate auctions, vendors faced the decision of selling via expressions of interest, private treaty or a virtual auction (domain.com.au). Following the re-implementation of restrictions, the number of auctions withdrawn drastically increased to 35.9 per cent in July, pushing down clearance rates. It is anticipated that withdrawal rates will reduce and auction volume will remains minimal in the coming weeks.

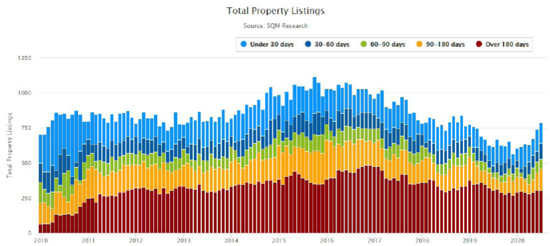
However, some optimism is placed in expectation of an increase in virtual auction numbers, surpassing those experienced in the first lockdown as it becomes a more normal and familiar process.

Clearance rates in Melbourne's inner east currently sit at 50 per cent with a volume of 192 and 33.6 per cent for the outer east suburbs with a volume of 145 (domain.com.au). Additionally, due to Melbourne's second lockdown, vendors have been reducing asking prices. The proportion of discounted listings for most cities remains high but has slightly dropped from recent months. For the whole of Melbourne, the effect of COVID-19 is profoundly apparent as this proportion has increased from 3.1 per cent in July 2019 to 11.5 per cent in July 2020. Specifically, in eastern suburbs in July, the proportion of sale listings with a discount for the inner east is 12 per cent and 12.6 per cent for the outer east (Domain.com.au).

Amid the pandemic, as of August 2020, the State Revenue office has reported that 15,000 Victorians have registered interest in the $25,000 Homebuilder Grant. This grant is available to those who sign a contract to build a new home for up to $750,000 or home renovations between $150,000 and $750,000 for a house valued at less than $1.5 million between 4 June and 31 December 2020.

Melbourne's outer east ranks fifth in the eligible hotspot regions with approximately 130,000 properties valued at less than the threshold (smartpropertyinvestment.com.au) which potentially will see an increase in existing dwellings being either extended, renovated or improved in these testing times.

Melbourne CBD



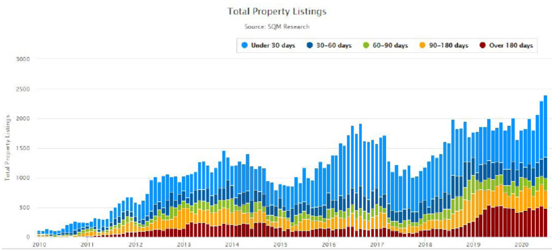
Total property listings and days on market in Melbourne CBD
Source: SQM Research

Spring has traditionally been considered a peak season in the property market. The weather warms up and the flowers are in full bloom, people become more active and get outside more often to search for their dream properties. As there are a large number of home buyers at this time of year, spring is considered the most effective time to sell a home.

In the Melbourne CBD, the number of property listings is relatively higher in spring. In July 2020, about 787 properties were listed on the market in the CBD, an increase of seven per cent from June and 25 per cent higher than the same period last year. Although there were a higher number of listings, about 41 per cent of the stock sold within 90 days in July. Amid the Stage 4 Coronavirus restrictions in Melbourne, we are not expecting to see a V-shaped rebound in market activity. According to the REIV, the current clearance rate in the CBD is approximately 66 per cent.

603/166 Flinders Street, Melbourne, Vic 3000. Two-bedroom, one-bathroom apartment, sold for $805,000 on 12/08/2020 Source: realestate.com.au

Outer South East



Total property listings and days on market in postcode 3978
Source: SQM Research)

Suburbs located within the City of Casey and Cardinia regions have become a popular hotspot for first home buyers in recent years. Along with the start of spring, we have seen the property market in some of the outer south-east suburbs such as Clyde and Clyde North become more active. In July 2020, there were circa 2,396 properties listed on the market, up 16 per cent from May. More than 65 per cent of the listed properties are expected to be sold within 90 days.

Median housing sales price in Clyde Source: CoreLogic

Amid the COVID-19 pandemic, we have seen the housing market in Clyde experience consistent quarterly growth. As of quarter 2, 2020, the median price of a house in Clyde is $560,000, increasing by ten per cent compared to the same period last year. The strong growth rate also reflects the high demand for housing in the area.

According to the REIV, more than 70 per cent of dwellings in the area are occupied by the owner. Due to the current government incentives and low cost of borrowing, we are expecting to see more first home buyers getting into the property market in outer south-east regions.

16 LANCELOT AVENUE, Clyde, Vic 3978. Four bedrooms, two bathrooms, two car parks - House, sold for $800,000 on 16/08/2020 Source: realestate.com.au

Inner North and Outer North

The current stage 4 restrictions on real estate agents will have major implications at the start of the spring selling period. At this stage, the restrictions may be eased on 13 September and agents can begin to list and start their four-week marketing campaigns. This realistically will create a delay of roughly four to six weeks before the first transactions are completed.

Spring traditionally sees a peak in the number of listings across the country and the inner northern suburbs follow this trend with the highest volume during this period. This also occurs to a lesser extent in the outer north, with many young couples, families and first homeowners visiting display homes, although that is highly unlikely to be the case this year with these current restrictions. Market activity has slowly tracked down in both the inner and the outer north. This has been directly linked to the restrictions first implemented in March and now the current stage 4 which sees no auctions, open houses or private inspections, resulting in vendors being reluctant to list.

The uncertainty surrounding the market is largely due to the unknown beyond 13 September. If restrictions are lifted it would be a fair assumption that there would be an inundation of new listings hitting the market and motivated buyers looking to buy. In the outer north, major land developers such as Stockland and Lendlease would likely look at doing spring rebates and discounts to attract new buyers to their products.

The new homeowners $25,000 building grant has made new land or house and land packages increasingly attractive for those looking in the outer suburbs and has helped to keep this segment ticking along. Suburbs such as Donnybrook and Kalkallo have seen increasing popularity with a number of new estates including Platform and Peppercorn Hill now selling land and giving buyers more choice.

Freestanding houses in the range of $1 million to $1.75 million in the inner middle suburbs of Coburg and Brunswick are continually selling well due to the limited stock in the market. 63 Bruce Street, Coburg sold for $1.815 million, $90,000 above the reserve, on 15 August.

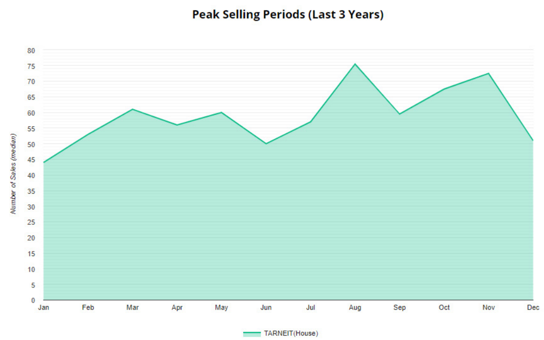
63 Bruce Street, Coburg Vic 3058. Five bedrooms, two bathrooms, three car parks, sold for $1.815 million on 15/08/2020 Source: realestate.com.au

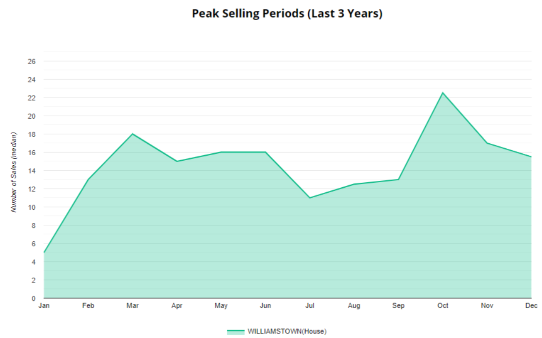
Inner city suburbs saw an increase of three per cent in June for vacant properties (REIV Market Insights) with units having the highest volume of these new vacancies. This trend is likely to continue due to the current restrictions and may see some investors looking to sell their properties as the trend of reducing returns continues. Vacancies increased due to a decrease in demand from students and as a result of young people moving back home or changing living arrangements due to loss of work or income.

The test for the market will come when mortgage freezes are removed and JobKeeper is reduced from $1500 to $1200 per fortnight after September. This may add pressure for individuals or families currently out of work but who are able to get by with the help of the above measures. Fortunately, both of these measures are set to continue throughout the spring period, albeit at reduced rates for JobKeeper.

Western Suburbs

Springtime in the western suburbs is traditionally a seller's market. Judging from the sales per annum in the past three years, we can see an increase in sales in this quarter in the more established inner parts of the west such as Williamstown, Essendon and Altona. In more affordable areas such as Tarneit, Truganina and Melton, trends suggest a peak in the quarter prior to spring.





Tarneit (top) and Williamstown (bottom) house sale periods past three years.
Source: Pricefinder.com.au

The market in the west has been subjective depending on location this year. The volume of sales has been on a slight decrease in more established inner areas such as Williamstown and Altona in the past few months whereas areas such as Truganina, Point Cook and Melton have increased. Areas such as Williamstown are highly sought after and have a higher median price entry compared to Truganina and Point Cook.

With an ongoing recession, people may not be looking to purchase high-end real estate at this point in time. Instead buyers may look for more feasible options, such as further west towards the Wyndham Vale region. The government's incentive of the home builder's grant has also seen development in areas such as Truganina, Tarneit and Point Cook experience an increase in land sales.

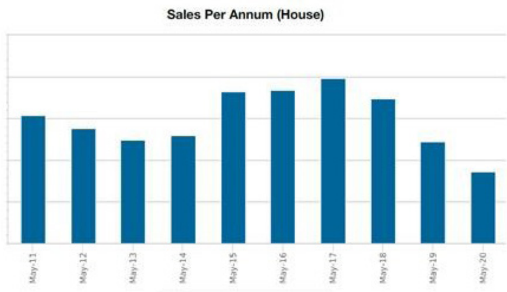
Judging from previous months, we will continue to see a decline in the number of sales in more established areas and numbers in development areas will stabilise. If people are not in a position to purchase and more properties continue to enter these established markets, this will result in a price drop for this area. We consider the Wyndham Vale municipality will be the strongest area of the region given that property is cheaper in this area and vacant land is still in high demand. We can expect the volume of sales to stabilise in this area over the spring period.

Geelong

Usually the busiest time of year, the spring season of 2020 is expected to be a different one for Geelong, but not necessarily negative. Geelong remains a seriously sought-after region as it continues to expand in just about every facet, with affordability compared to Melbourne being the number one driving force, underpinned by strong employment sectors including government, education, health and finance. These industries have been the pillars of the Geelong market over the past four months and will continue to set the tone for the foreseeable future.

While total transaction numbers have been down, Geelong has seen strong growth in its median house price over the past few months. This trend can be attributed to Melbourne and Melbourne fringe residents prioritising lifestyle locations. This trend was already underway prior to the COVID-19 restrictions, however with more residents working remotely and proximity to office locations becoming less of a priority, these numbers are expected to continue tracking forward once restrictions are eased. With employees spending additional time at home and requiring more space to incorporate workstations, many have identified the need to upsize. This factor should help continue the trend as larger family homes with additional living and work space will be highly sought after by buyers.

Land developments such as Armstrong Creek, Charlemont, Mt Duneed, Torquay, Lara, Curlewis, Clifton Springs, Drysdale, Highton and Ocean Grove are still proving popular with first home buyers. With construction still operating and most builders finding ways to work within the restrictions, land sales should remain strong in these areas. The home builder grant will specifically have an immediate effect in regional Victoria with buyers jumping at the chance to take up the $25,000 grant.



Perron King
Director

Mildura

With spring approaching, agents are reporting that they are expecting a continued increase in listings, however the extent of this improvement may depend on how long the current COVID-19 restrictions last. Listings and sales volumes declined throughout April and May, with vendors initially reluctant to sell in a time of great economic uncertainty, but then steadily recovered in June and July. The median sale price has remained steady throughout 2020 at around $315,000, indicating that although sellers initially showed some hesitancy to offer their properties to the market, buyers are still willing to purchase at regular levels.

$315,000

Mildura median sale price

HERRON TODD WHITE RESIDENTIAL

While Mildura has so far been fortunate to escape any significant COVID-19 outbreak, we are currently in the middle of another round of stage 3 travel restrictions and depending on how long these restrictions continue, this could deter some vendors and purchasers. Permits are needed to travel from Victoria into neighbouring New South Wales, making viewing open inspections on different sides of the Murray River a little more challenging.

There is also expected to be a continued period of people not being able to relocate to or from Mildura. This reduced movement of people will impact all price brackets.

The main sales activity continues to involve properties around the median sale price, with minimal higher end listings being presented to the market during recent months. This could indicate that some homeowners are reluctant to test the market in the higher end price range where there is a smaller number of potential buyers and a worry that buyers will be either less prevalent or less willing to commit in these uncertain times.

Dispelling this view is the recent sale of 10 Grandview Way, Mildura, which was advertised with an asking price range of $850,000 to $920,000 and was under contract for $900,000 within two weeks of the initial listing.

This indicates that there is a pool of buyers at the higher end of the market, however the quick sale could also reflect the limited number of listings within this price range, therefore increasing the competition between buyers in this market.

Jake Garraway
Residential Valuation Manager

Mount Gambier

Mount Gambier's property market will soon be heading into spring which typically sees an increase in listing numbers. Vendors typically hold off with the poor weather in winter often decreasing foot traffic at open inspections.

Since COVID-19, agents have advised that listing numbers have decreased however buyer demand has increased. Agents are seeing strong demand for most property types with a number of sales occurring off market or going to highest and best offers. Agents are reporting out of town buyers are looking to Mount Gambier for affordability and to escape the city life.

The government grant of $25,000 has seen a huge uptake of land sales with many subdivisions which had seen extended selling periods sell all their available land in a weekend.

A recent sale occurred off market at 41 Ferrers Street, Mount Gambier. The property achieved a sale price of $610,000 which is up from its previous sale price in 2017 of $565,000. Properties in sought after locations are seeing strong demand with a number being sold before hitting the market.

Since COVID-19 we are yet to see a significant impact in the residential market with demand currently stronger than supply. Agents are reporting that there are a number of properties waiting to be listed in spring so we will be watching closely on how this impacts values.

Adrian Castle
Certified Practising Valuer

Warrnambool

The Warrnambool residential market is in a strong position heading towards spring, with increased buyer enquiry reported across a range of price points. Local agents are reporting a growing demand from Melbourne based buyers. While out of town buyers are not uncommon in the


10 Grandview Way, Mildura Source: RPData


41 Ferrers Street, Mount Gambier Source: realestate.com.au


23 Daltons Road, Warrnambool Source: realestate.com.au

Warrnambool market, it is interesting to note that the price points are lower and locations a little less desirable than is typically expected from these buyers. A recent example highlighting this broader interest away from the higher quality inner city dwellings and those with ocean vistas is the sale of 23 Daltons Road, Warrnambool.

This two-year-old dwelling which sold in early August for $649,435 featured four bedrooms and two bathrooms. Four of the first six offers made in the opening week of advertising had reportedly originated from Melbourne based parties. This indicates strong interest for a dwelling which did not offer anything above and beyond the standard fit-out of similar aged properties and was not situated in a blue-chip location.

The state of the COVID-19 situation for Victoria and more specifically metropolitan Melbourne come spring time will have a huge influence on the markets of beachside and tourism-driven communities such as Port Fairy, Port Campbell and Peterborough. The markets of these communities are noted for seasonal surges that arrive with the swarms of holiday makers. Should the COVID-19 situation worsen, these markets could be facing a period of relative dormancy this spring.

Adrian Castle
Certified Practising Valuer

Shepparton

The local market is coming out of the dormancy of the double whammy of both COVID-19 and winter and it is the strongest it has been in memory (aside from the boom of the early 2000s with 105 per cent loans on offer). A number of agents are reporting that listings are very scarce and that overall, the number of sales are down but the buyers are abundant and ready to go, creating strong competition for vendors who do take the plunge and put their home on the market during the current economic climate. We are also seeing a flurry of owner-occupiers looking to relocate from the major cities as they can now work remotely.

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Luke Jorgensen
Property Valuer

Queensland

Brisbane

Our Sunshine State capital is looking even brighter as at the time of writing.

While we've had our challenges during COVID-19 (particularly in recent weeks when a few dubious border crossings have left our population holding its collective breath in anticipation), all-in-all we would dub recent virus prevention efforts successful.

Minor transmission numbers coupled with our lower-density population (compared to Sydney and Melbourne) have combined with our temperate climate to make this an excellent place to be during 2020.

We have restrictions of course, but none as limiting as those being experienced down south. That means our economy is chugging along at a maintainable pace for now and it's bringing confidence with it for the ride.

This also means the business of buying and selling real estate has remained relatively unscathed too. Open homes, auctions and the general operation of real estate trading has continued.

The outcome? There has been an improvement in market conditions and many sources are reporting similar levels of activity to those experienced prior to the commencement of the pandemic, with good levels of enquiry and demand evident. There's even been some price growth experienced due to firm underlying demand and limited stock/listings available.

Of course, it should come as no surprise that the Sunshine State flourishes during spring. We are absolutely built for the season.

So, what does this mean for our pending spring selling season?

Well, the news remains upbeat. Agents have said they're registering solid numbers at open homes and multiple offers on properties isn't an unusual event. The limited listings that do make it to the web portals aren't sticking around for long. If this level of demand keeps up (and indications are that it will), then we may well see spring and summer seasons that are more impressive than may have been expected just a few short months back.

Of course, it should come as no surprise that the Sunshine State flourishes during spring. We are absolutely built for the season. South-east Queensland blooms as the weather warms and homeowners are keen to show off their properties at their best.

Another element to factor in during spring this year is the potential drive from southern buyers looking to elevate their lifestyle (and freedom) by moving to Queensland.

The growth in remote work arrangements coupled with our low infections will potentially bring more residents across the southern border to set up a life here.

This will build upon the pre-COVID-19 increase in Queensland's net interstate migration. We were watching a rise in the number of new Queenslanders moving up here year-on-year until the end of 2019. There was an expectation that Brisbane's market would have seen a jump in pricing on the back of this growing population in 2020 but, of course, the pandemic put a stop to this.

What Brisbane suburbs will be worth watching as spring looms?

For starters, markets with evergreen fundamental drivers should prove strong. Many inner localities have already shown some value gains and have seen shorter selling periods this year due to limited listings and firm underlying demand. Demand for quality homes in good locations will remain excellent and may even ramp up as non-local buyers look to invest here.

But we are also expecting stronger results in traditional mid-ring family locations too - suburbs where blocks are a little larger and homes more spacious, but where there is also easy access to major facilities and transport routes. Think areas such as Chermside, Mitchelton, Nundah, Wooloowin, Morningside and Yeronga.

An example might be this home at 121 Northmore Street, Mitchelton. Sold in July for $620,000, it provides three-bedroom, one-bathroom, two-car accommodation on a 405 square metre site with ready access to retail facilities and train. A very solid real estate option.


121 Northmore Street, Mitchelton Source: realestate.com.au

Good school-zone driven family locations could also fare well. Think suburbs such as Ashgrove, Ascot, Indooroopilly, East Brisbane, Woolloongabba and West End. Home quality is mixed, but if you have ready access to some of our city's top schools, then there are buyers keen to get in.

A good example would be this home at 59 Mirrabooka Road, Ashgrove which sold in June for $1.03 million. It provides five-bedroom, two-bathroom, two-car accommodation with pool and landscaped gardens on a 604 square metre site within an easy walk of both Marist College and Mount Saint Michael's private schools.


59 Mirrabooka Road, Ashgrove Source: realestate.com.au

Another area of the market which can look forward to spring selling season is the vacant land and new home construction sector.

Sales were strong for vacant sites and house-and-land packages throughout June, July and August following the announcement of the Federal HomeBuilder stimulus package, with many developers reporting an increase in sales rates and volumes. Renovations have also become more popular in response to the stimulus.

The one sector we continue to be wary of is new unit construction, particularly those designed to appeal to investors and tenants. This property type experienced overbuilding in the inner-city and was a favourite option for student and short-stay residents. While we were on track to see the oversupply absorbed prior to COVID-19, the virus has now taken a chunk of the potential renter base out of the market, so yields are softening. There is probably still some pain to come for these particular landlords.

David Notley
Director

Gold Coast

Gold Coast South

Spring generally sees more buyer enquiry and also a surplus in listings which in turn produces more activity throughout the property market. People want new property to live in for summer, so there seems to always be a flurry of activity coming out of the cooler winter weather.

The start of the year throughout the southern Gold Coast was steady with supply and demand ticking along and no urgency in the market. Then we had the onset of COVID-19 which put the brakes on the market with reduced listings and a dramatic decline in activity. Since Queensland moved out of restrictions, we have seen the level of activity bounce back. For the first time in over 12 years, most agents are saying they only have between two and five listings left with some not having any and they are going back to the days of doorknocking and targeted transactions. This is resulting in many off-market transactions with numerous houses selling via private databases or as part of a targeted communication.

Whilst listings decreased, the southern Gold Coast market held steady with no apparent decrease in value levels and all current activity is pointing towards a strong spring selling season with shorter selling periods. With a surplus of buyers, the market will continue to be strong in this area.

The single dwelling and duplex market in Robina, Burleigh Waters and Miami are going to be the strongest in the coming months. The Robina market in the $600,000 to $750,000 price bracket for houses has been strong and predominantly underpinned by first home buyers and renovators. The duplex market in both Burleigh Waters and Miami continues to achieve strong sale prices due to location and close proximity to the beach.

As a whole, the southern Gold Coast is still highly sought after and there is no prediction of large market movements throughout the spring period. There is some perception that a price ceiling has been reached, however the market will continue to perform strongly as long as listings are still available. If it remains a seller's market (where demand outweighs supply), potential buyers may look to purchase in suburbs further north where there are more available properties at a lower price point.

Gold Coast West/Scenic Rim

The western M1 corridor from Nerang to Oxenford and the Scenic Rim region has seen improved demand levels over the past three to four months since the sharp decline in enquiry levels during March and April. Local sales agents are all providing the exact same feedback, noting high buyer enquiry for all market segments and price points, however very limited levels of stock while owner-occupiers and investors choose to sit and wait out the economic effects of the Coronavirus pandemic on the local market.

Acreage and larger rural lifestyle properties still seem to be some of the best performing property types as owner-occupiers seek their own private escape from the more usual suburban areas of the coast due to large numbers of the workforce now having changed to a work from home scenario. Agents marketing these properties are reporting strong buyer enquiry with limited stock levels. Examples of this can be seen in the suburb of Kooralbyn in the western Scenic Rim precinct where properties normally sit on the market for lengthy periods of time (six months to up to one year). A recent sale in this area saw time on the market of 45 days – a noticeable decrease from the norm and evidence of improved demand currently prevailing in the area.

68 Stephens Place, Kooralbyn — Source: Corelogic

Spring is generally a busier time in the Gold Coast west and Scenic Rim property markets however this year will be heavily dependent on economic conditions from the effects of the Coronavirus pandemic. It is our belief that we will continue to see a steady to slightly improved level of sale activity heading into the later months of 2020 with a large majority of buyers being from interstate (Sydney and Melbourne) looking for a lifestyle change.

Gold Coast North-East

In the Gold Coast north-east, from Southport to Hope Island and out to the M1, buyer activity has been varied. Overall demand levels have improved in recent months since the initial COVID-19 outbreak and with agents reporting limited supply levels, values have remain reasonably stable in most parts of the north-east.

The majority of demand has come from owner-occupiers and first home buyers, however in recent weeks we have seen a re-emergence of investors, mainly from interstate who are looking to move to south-east Queensland in the short to medium term, reportedly once COVID-19 is over.

Spring has proven in the past to be an active time in the property market and in the tail end of winter, activity has been building with a number of properties being sold with shorter days on the market and in some cases well above asking price. A sale in Helensvale in August for $110,000 over the asking price was due to a number of prospective purchasers bidding up the price, with the winning offer being accepted at $1.335 million.


121 The Peninsular, Helensvale QLD 4212 — Source: HTW

Areas of strong demand with good levels of transaction in the Gold Coast north-east area include Labrador, Paradise Point, Runaway Bay and Biggera Waters, largely due to their access to schools, shopping centres, public transport, canal frontage and Broadwater access. The unit market in areas such as Southport and Hope Island is still performing poorly due to lack of demand.

We do note that there remains an underlying level of uncertainty in the Gold Coast north-east market due to the unknown effects of COVID-19 that have yet to be realised due to the quick government stimulus response in conjunction with deferred bank payments.

As a result, the spring season is going to be reliant on the evolving economic conditions, bank lending policies and COVID-19 restrictions. We expect to continue to see similar activity to recent weeks from owner-occupiers, first home buyers and interstate investors over the spring period and through to the end of the year.

The majority of demand has come from owner-occupiers and first home buyers, however in recent weeks we have seen a re-emergence of investors.

Regardless, property will continue to remain a strong asset class and properties with good elements of owner-occupier appeal, location scarcity and quality improvements will always have a decent level of buyer demand.

Northern Corridor/Southern Logan - Leah

Suburbs within the northern corridor of the Gold Coast and southern Logan areas traditionally present a slightly more active market during springtime. Data from CoreLogic reveals an increase of five per cent in the number of sales in these localities during spring, however feelings of apprehension are beginning to rise for property owners as the economic effects and restrictions of COVID-19 are not easing. Local agents in the area are struggling to find stock as a result of concerned sellers even though demand remains strong from buyers. Many agents are of the opinion that we are experiencing a property bubble which will burst, but perhaps not for another six months.

While sale prices have so far remained steady in this area, we are starting to see an increase in the number of contracts falling over due to finance not coming through for buyers. In many cases, following an unsuccessful contract, vendors are having to accept a lower offer second or even third time around.

For example, a rural residential dwelling in Jimboomba transacted in June 2020 for $805,000 and after a lengthy settlement period along with finance extensions, the contract fell over. The second contract on the property was for $785,000 in August.

Moving into spring, it is likely that sale prices will remain relatively steady as there still seems to be a good level of demand in this area, however the combination of cautious buyers and sellers, strict bank lending policies and the weakening economic climate is likely to present ramifications; perhaps longer listing periods and reduced listing prices in achieving sales towards the end of 2020.

Janine Rockliff
Director

Sunshine Coast

The spring selling season in the property market is promoted as the best time to sell your home. This is a viewpoint that has been inherited from the southern markets of Melbourne and Sydney. You can understand why, given that they begin to defrost after suffering through another winter where the weather is less than ideal. Given its perfect weather all year round on the coast, it's not necessary.

It would appear that, at the moment, the Sunshine Coast has got its head in front.

The Sunshine Coast is one of the fastest growing regions in the country. With the infrastructure, climate and lifestyle on offer, people just want to be here, so it doesn't feel like there are any periods that are significantly busier than any other. After the post-Christmas and New Year slowdown, activity tends to remain fairly consistent from mid-February right up to December.

To say it has been a weird year is an understatement. The escalation of COVID-19 with the restrictions on social interaction, community lockdowns and the closure of the state borders all led to significant uncertainty in the market. Typically, events like the COVID-19 global pandemic would have serious impacts on the property market, however this is simply not the case. With Queensland being on the forefront of containing the spread of the virus, agents confirm that the market remains strong.

As we have previously mentioned, the new world of being able to work more remotely is likely to increase in the future. The new International Broadband Submarine Cable and the expansion of the Sunshine Coast airport may make this region even more attractive and has in effect opened our markets up further. This and people who have thought about moving to the coast and finally making the call has led to these strong levels of demand.

The lack of supply has become an issue generally throughout the market but especially for properties within sought after precincts. Low supply combined with high levels of demand has led to upward pressure on values.

An example of this is a property in Parkedge Road, Sunshine Beach which was purchased in May 2020 for $1.75 million and was resold in July 2020 for $2,145,436. Then when you look at the other end of the spectrum, a property in the Aura estate at Caloundra was constructed mid 2019 at a cost of circa $495,000 and has just sold to an owner-occupier for $550,000. At present, it is not uncommon to sell above list price.

The question around the spring selling season is whether we will see an increased level of supply. From discussions with agency heads from up and down the coast, there are no indications that stock levels will increase above the current low levels. Subsequently we are seeing a significant number of off market transactions. The very nature of off market transactions is that to encourage vendors to sell, a purchaser will have to pay a premium. The level of off market activity is a further indication of the strength and value increases being experienced at present.

The question is whether these market conditions will continue. There is no doubt that there are some clouds on the horizon. What will happen after JobKeeper? How long will the borders remain shut? Can the outbreaks in Victoria and New South Wales be controlled? Will there be a second wave in Queensland? All questions that remain unanswered.

The one thing that is certain is that there will be areas that are winners and losers. It would appear that, at the moment, the Sunshine Coast has got its head in front. The sustainability of this remains unknown.

Stuart Greensill
Director

Rockhampton

To date in 2020, activity has been tracking well across most market sectors in the region. COVID-19 has had no negative impact on the market thus far. At the end of 2019, we had expected 2020 to be a year of modest growth and this expectation has been met (if not exceeded) despite a short period of uncertainty in April. We have seen a transition to a seller's market with limited stock available in selected sectors and some properties which have been listed for quite some time now selling at or near their list prices as they are now reflecting value for money.

Spring has arrived early in Central Queensland with warmer days already here. There has historically been an increase in activity in spring and summer and 2020 is not expected to be any different. Rather than a springtime rebound however, we expect more of a continuation of the moderate price growth and selling activity that has been building throughout the year.

There are a number of sectors performing well in the region. New construction activity is definitely improving, therefore the vacant land market (particularly level and easy to build on lots) has been performing well, with a focus in some estates on first home buyers. There has also been an increase in the number of sloping allotments selling on the Capricorn Coast. This sector has been weak for a number of years previously.

Also performing well has been the mid to upper level of the market. Properties around the $600,000 price point have been selling well.

There are a number of sectors performing well in the region.

The prestige market sector continues to have a smaller number of sales however it is important to note this is due mainly to the limited supply rather than limited demand.

At the opposite end of the scale, we are finally seeing the lower entry level housing (out of flood) starting to transact with investor enquiry on the improve.

Should Central Queensland's COVID-19 situation remain largely unchanged, the expectation is that spring 2020 will be a highlight of the year for the Rockhampton region as there are a number of infrastructure projects either mid construction or ready to begin. This, together with record low interest rates, affordability and the nature of our local industries (health, mining, education and agriculture) being able to continue in the face of COVID-19 are what is driving the market at this point in time.

Cara Pincombe
Property Valuer

Emerald

Activity has remained consistent throughout the year with very little effect from COVID-19. Prices are continuing to firm sharply in Moranbah and softly in Emerald and Blackwater. Vacancy rates are below two per cent and rents have continued to firm in all places.

We see spring as the determining period for the track we take over the next 12 months. Coal prices are currently very low and mining companies are currently in talks about budgets and what the next 12 months entails. The outcomes will be known over the next four to six weeks.

Currently the price range above $450,000 is performing well, with an oversupply of stock in the $300,000 to $400,000 range. We see spring at best having the same volumes as the previous nine months with no spike in activity and a premium paid for modern and good quality properties.

Kerry Harrold
Residential Valuer

Mackay

As reported in earlier editions, the main employment and economic industries in Mackay are mining, mining services, government and infrastructure, all of which were declared essential services and have been pretty much unaffected by the COVID-19 restrictions put in place earlier this year.

What the restrictions did early in the year was to put a pause on an already improving residential market, however after about the first six weeks, it became apparent that the effects to the Mackay economy were not going to be as significant as other areas and the momentum seen prior to the pandemic started again. The main difference

was that nervous sellers were holding off listing, resulting in a shortage of available stock to meet the demand. It was common to see homes selling in well under four-week marketing campaigns with multiple offers presented and this characteristic is still present. On top of this, the rental market also began to tighten as people moved back to Mackay for employment. This saw increased pressure on rents which have been rising over the past three to six months. Vacancy rates currently sit well below two per cent and with a shortage of available rental properties there will continue to be pressure on the rental market.

The big mover (in terms of volumes) has definitely been vacant land and new home construction. The recent government stimulus measures of $25,000 for construction of new homes, plus first home buyer grants and state government grants of $10,000 have really done their job, with vacant land selling at an incredible rate (comparatively speaking) and local builders reporting huge demand for new home construction. Any trip to the multiple display villages across various estates and seeing the carparks full and people everywhere is testament to this increased enquiry. The upcoming construction boom will also have a positive effect on employment in Mackay.

All in all, the market in Mackay is well positioned to continue this positive momentum to the end of the year. The historic low interest rates, good employment across the Mackay region, a shortage of available stock and general optimism that the Mackay economy will continue to power through the pandemic are all positive features, however, there are a few small red flags to keep an eye on.

Firstly, the pandemic is not over, and should it make its way to Mackay or into the Bowen Basin mines, resulting in quarantines and possible shutdowns, it could have a significant short-term effect.

The $500 million Mackay Ring Road project is nearing completion, with the employment relating to this project also decreasing. We do then swing into the Walkerston bypass, plus the northern access upgrade to the Bruce Highway is underway to offset this. Also, the price of metallurgical coal is low and with a rising Australian dollar, this may put pressure on big miners to cut some costs.

Michael Denlay
Director

Gladstone

As reported in earlier editions of the Month in Review, the effects of COVID-19 have really kick-started activity in the market again and it appears as though the spring selling season may have sprung early this year!

All the fundamentals are in place for a bumper spring selling season this year with demand starting to outstrip supply, current vacancy rate of only 1.1 per cent, rising rents, record low interest rates and the new building boost grants. We are starting to see more and more multiple offers being made for properties with the end sale price often being above the asking price. Again, for good quality stock, the number of days on the market has also drastically reduced with many selling in a matter of days or weeks, not months.

The only thing we potentially see slowing the sales rate down over the next few months before Christmas would be the lack of available stock, which essentially benefits the market anyway as values will continue to rise as demand outweighs supply. We have already seen good evidence of this in 2020 and predict further growth over the short to medium term.

Regan Aprile
Associate Director

Any trip to the multiple display villages across various estates and seeing the carparks full and people everywhere is testament to this increased enquiry.

Cairns

September, October and November in Cairns are normally the months where work gets in the way of celebration and socialising with events such as the Cairns Amateurs and local and national sports finals. It is also the end of our peak tourist season. The Cairns Ironman 70.3 and Targa Great Barrier Reef events are still on although with intrastate participants only.

Spring is also the time of year in Cairns where the market tends to be busiest.

Based on Pricefinder statistics, there were 711 houses sold during spring 2019 for the Cairns Regional Council Area. Winter 2019 had 617 sales, autumn 2019 had 531 sales and summer 2019 achieved 413 house sales for an annual total of 2,272 sales. As a check, we have compared the current year to the same period in 2010 (ten years ago) which showed spring 543 sales, winter 511 sales, autumn 494 sales and summer 467 sales for an annual total of 2,015 sales. 2010 was flatter than 2019 in terms of more equal sale numbers throughout the year, although spring was the busiest season. Based on activity we are seeing in the market and the volume of work coming through our office, it seems 2020 will be no different.

With the backdrop of COVID-19 and its impact on many businesses and employment, the strength in the market feels a bit odd. I have just read a news article that notes calls to the National Debt Helpline are 20 per cent lower than normal and that Cash Converters has told their investors that demand for its products is soft. It appears that all of the stimulus measures put in place by the federal and state governments are doing their job. What happens when the stimulus stops?

There has been a spike in residential land sales with reports that most developed land supply has been absorbed. Home builders are busier than they have been for many years. Some developers are racing to bring more stock to the market to meet demand which may disappear when the HomeBuilder Grant ends on 31 December 2020. There is a risk we may end up with extra supply hitting the market at a time when demand is falling.

Craig Myers
Director

Hervey Bay

Spring has traditionally been an active time for the Fraser Coast market with an influx of southern travellers escaping the cold winter to enjoy our sunny beachside climate along with the annual migration of whales resting in the waters of Hervey Bay. This year has posed a challenge for agents with many non-local buyers not able to visit or even personally inspect properties.

Agents are currently reporting limited stock across most asset classes. This is a result of vendors not listing, thinking the market is in decline due to COVID-19 which is not the case. Since the recent announcement of the HomeBuilder grant by the federal government, vacant land supply across Hervey Bay has been rapidly declining to a point where most lots that can be developed and titled this year have sold. Builders are reporting good forward contracts, however, have some concern about meeting government deadlines with the amount of construction planned over the next 12 months. With declining stock and strong demand, we may begin to see capital growth over the short to medium term.

Overall, the Hervey Bay property market is improving and on an upward trend. There continues to be strong demand for property priced below $400,000 which includes established housing and house and land packages within some estates. Buyer demand is improving for higher priced property up to $700,000 either close to the Esplanade or in elevated locations. These properties are however expected to offer larger homes with extensive ancillary improvements or views. The buyer pool for the top end of the market over $700,000 is also improving which is encouraging for the region with some Esplanade properties being demolished and rebuilt with large, contemporary homes.

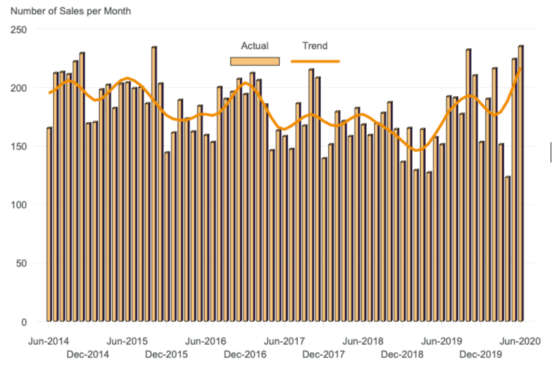
Vacancy rates for investment property are very low which is starting to lead to a gradual increase in rental returns with gross yields typically above five per cent per annum gross.

Doug Chandler
Director

Townsville

The residential market continues to see strong levels of activity with sale volumes trending higher and general market sentiment remaining positive.

House sale volumes started strongly in 2020 before dipping in late March and early April with the onset of COVID-19 restrictions. By May, sale volumes had regained momentum and have continued to consolidate on the strong start to 2020.



Source: HTW analysis of RP Data

We are seeing sales taking place more consistently across all Townsville suburbs, with much less focus than before on the central (4810 postcode) suburbs. Agents are reporting that new listings and stock levels are low.

Anecdotal evidence suggests that the residential land market has seen a surge in activity on the back of the homeowner grants with land in a wide range of locations and price points seeing activity.

The spring selling season will correspond with the support mechanism JobKeeper coming up for renewal, resulting in some businesses again having to stand on their own. What impact this will have on job security and the property market is as yet unknown.

Darren Robins
Director

Whitsunday

The beautiful Whitsundays has been tracking along at a good pace. COVID-19 has had a huge impact on the tourism activity and industry, however this is not showing any downward signs in the residential market.

Agents are advising that their listings are low due to the amount of sales that have occurred over the past three months.

There is not one market that is moving on its own; there are the lifestyle properties, land and we are also seeing some unit sales and of course residential dwellings.

We are very mindful of the fall out COVID-19 will have on the region. The packages the government has made available with JobKeeper and JobSeeker are helping the region given that we rely so heavily on the tourism industry. We would love to see the borders open and more flights into the region.

There appears to be many caravaners who have escaped the southern states and are here travelling north enjoying our winter and injecting some much-needed capital into the region. Most free camping facilities are almost to capacity.

Who knows, with most people working from home, we may see an influx of people moving to the area and working in our paradise. With overseas holidays being on hold for a while, we would love to see everyone in the Whitsundays!

Noelene Spurway
Property Valuer

Toowoomba

Spring has traditionally been a great time to sell a house in Toowoomba. The annual Carnival of Flowers event in September is seen locally as the catalyst for a ramp-up in buyer enquiry as Toowoomba emerges from the cold, frosty winters and the influence of strong westerly winds. This year has a different feel as sales activity and buyer enquiry has been unseasonably strong.

Residential vacancy rates are at a ten-year low and now sit below one per cent. Vacant land stocks have been absorbed and new home construction is set to boom between now and the end of 2020.

Sales activity is expected to remain buoyant over the next few months while the government stimulus packages are in place. There have been some examples of market leading sales which further support the strong market conditions. A custom-designed, resort dwelling in Middle Ridge sold for $1.41 million in May.

Thorley Court Middle Ridge Source: RP Data

A historical homestead in Newtown sold for $1.54 million in May. This sets a new price benchmark for the suburb and reflects the large lot size and historic property attributes.

Tor St Newtown Source: RP Data

The good start to the winter crop season across large areas of the Darling Downs may also have contributed to the strong market conditions. Primary producers are often active in the Toowoomba residential market when seasons are strong. A well-regarded private schooling sector is attractive to primary producers and Toowoomba is often viewed as a suitable location for retirement.

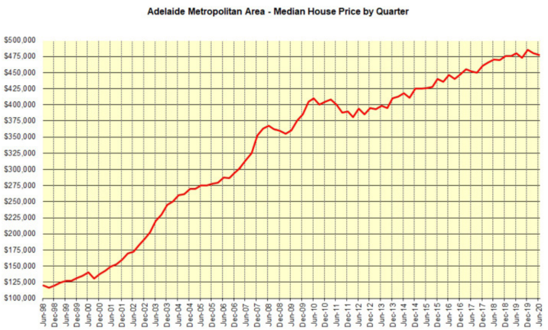
Bradley Neill
Director

The annual Carnival of Flowers event in September is seen locally as the catalyst for a ramp-up in buyer enquiry.

South Australia

Adelaide

Springtime has historically been one of the strongest periods for market activity within metropolitan Adelaide. The market awakens from its slumber with an increase in both the supply of properties as vendors make use of the favourable weather conditions and demand from purchasers with pent up frustration from a lack of winter supply. State government data indicates that the metropolitan median house price has seen gains in the December quarter each year since 2008. It's interesting to note that the decline in the 2008 December quarter coincided with the Global Financial Crisis which can be considered the last major global crisis prior to the COVID-19 pandemic.



Adelaide metropolitan median house price Source: sa.Gov.Au

Market activity has remained subdued in the shadow of COVID-19. Currently the number of new property listings is down 18.7 per cent from the same period in 2019. Buyer activity remains below 2019 levels, however the lack of stock continues to create a competitive market. Agents continue to report that stock is hard to come by but the stock they have is selling quickly. Auction clearance rates have remained steady, hovering around 60 per cent whilst days on market currently sits at 50 and 55 for dwellings and units respectively.

The South Australian market has been one of the only major capital markets to record gains, albeit minor, through the COVID-19 period. Gains of 0.3 per cent and 2.4% have been achieved over the past three months and 12 months respectively.

Capital city properties listed for sale

Capital city	No of new listings	12 month change (%)	No of Total Listings	12 month change (%)
Sydney	5,906	13.2%	20,000	-1.1%
Melbourne	3,526	-40.8%	20,598	-7.1%
Brisbane	3,672	-2.0%	17,280	-18.4%
Adelaide	1,463	-0.1%	5,959	-18.7%
Perth	2,906	9.5%	14,443	-25.4%
Hobart	261	-11.2%	822	-22.0%
Darwin	107	-30.5%	757	-30.7%
Canberra	554	9.5%	1,816	-23.3%
Combined Capitals	**18,395**	**-8.0%**	**81,675**	**-13.8%**

Source: CoreLogic

Both unemployment and underemployment remain a concern in South Australia. With near record highs of both, it remains unclear whether there will be suitable demand to soak up springtime supply.

In the current climate, markets and property types geared towards owner-occupiers are considered to provide the best prospects for market stability through the spring selling period. Buyers active in these spaces are typically seeking properties out of a need to either upsize, downsize or geographically relocate. Considered one of the most hotly contested owner-occupier markets is the $600,000 to $800,000 price bracket within the middle and inner rings. Within this market, the sales method of choice is typically public auction with character dwellings being the most sought after. Popular with these purchasers and providing increased stock levels in this price bracket are the suburbs of Prospect, Norwood, Parkside and Mile End.

Prospect is located 5.5 kilometres north of the Adelaide CBD and is characterised by turn of the century homes providing a mixture of allotment sizes. This suburb is serviced by the Prospect Road dining and retail precinct which has recently undergone a significant redevelopment. In the past 12 months, Prospect has had 56 sales settle in the $600,000 to $800,000 price range with 8 Pulsford Road being one of these. This property comprises a semi-detached character cottage disposed as two bedrooms and one bathroom on a 267 square metre allotment. This property achieved a sale price of $605,000.

8 Pulsford Road Prospect Source: realestate.com.au

RESIDENTIAL

HERRON TODD WHITE RESIDENTIAL

Norwood is located 3.5 kilometres east of the Adelaide CBD and is characterised by a mixture of character homes and 1970s high density unit groups. This suburb is serviced by The Parade dining and retail precinct and provides direct access to the CBD via Kensington Road, The Parade and Magill Road. In the past 12 months, Norwood has had 23 sales settle in the $600,000 to $800,000 price range. Just listed for sale in this price bracket is 13 Margaret Street, a circa 1900s double fronted cottage disposed as three bedrooms and one bathroom on 330 square metres of land. Margaret Street is tightly held and popular with purchasers given its proximity to the hustle and bustle of The Parade.

13 Margaret Street Norwood Source: realestate.com.au

Parkside is located approximately 2.5 kilometres south of the Adelaide CBD and is popular for its proximity to the CBD and its heritage appeal. The suburb is supported by the Frewville and Arkaba shopping centres and has access to the CBD via both Greenhill and Fullarton Roads. In the past 12 months, Parkside has had 19 sales settle in the $600,000 to $800,000 price range. The sale of 50 Wallis Street is a classic representation of typical Parkside stock. This property provides a detached, well-presented cottage disposed as three bedrooms and one bathroom on a 465 square metre allotment. This property achieved a sale price of $774,500.

50 Wallis Street Parkside Source: realestate.com.au

Mile End is located approximately four kilometres west of the Adelaide CBD and is characterised by character homes on a mixture of allotment sizes. Price levels can fluctuate within the suburb as the western section is located only 1.8 kilometres south-west of the airfield's main runway. This suburb is serviced by the Henley Beach Road shopping precinct and has direct access to the CBD via Henley Beach Road and Sir Donald Bradman Drive. In the past 12 months, Mile End has had 17 sales settle in the $600,000 to $800,000 price range. The recent sale of 79 Kintore Street provides a renovated and extended sandstone villa disposed as three bedrooms and one bathroom on

79 Kintore Street Mile End Source: realestate.com.au

an allotment of 442 square metres. This property achieved a price of $710,000.

In addition to these historically buoyant spring markets, the homebuilders grant has provided a rocket to the building industry which has resulted in a significant increase in the broader market's appetite for vacant land. CoreLogic data as at 31 July indicates that construction loans are up 18 per cent month on month and 35 per cent on the same period last year. With an abundance of available land and suburbs moving through varying stages of urban renewal, the middle ring has been the greatest beneficiary of this boost. Throughout the middle ring, available allotments vary in size from 300 to 450 square metres and range in price from $180,000 to $350,000. The suburb of Ingle Farm, located 14 kilometres north-east of the Adelaide CBD, had ten vacant land transactions in the month of July compared to only three during the same period in 2019. Similarly, Flinders Park located seven kilometres west of Adelaide had six vacant land transactions in the month of July compared to none in the same period in 2019.

This spring selling period will be like no other. The COVID-19 situation remains fluid which is creating obvious uncertainty in the market. Uncertainty is not a favourable fundamental to build a thriving spring market around. The market's resilience has been proven over the past six months with reduced stock volumes. Both stock levels and days on market will be crucial statistics in the December quarter to see whether demand is matching typical spring supply. If we remain community transmission free of COVID-19 and avoid any further significant job losses, the market should remain stable through to the back end of 2020.

Nick Smerdon
Property Valuer

Western Australia

Perth

The spring period in Western Australia is usually filled with a flurry of optimism. The sun begins to rise earlier and fall later, our bodies thaw out from the harsh winter chills (not that we get very much of that throughout much of the state) and residents think about making housing decisions to settle in before the heat of summer arrives. For these reasons and many more, activity on both the purchaser and vendor side can increase significantly. Since there are more homebuyers about, many vendors take the opportunity to sell as increased buyer activity creates higher demand, a competition for property and makes for a swift marketing campaign.

This has been statistically proven. In our spring edition of the 2018 Month in Review, we gathered raw data from The Real Estate Institute of Western Australia (REIWA) and found that, indeed, the

Vacant land is selling at an astounding rate – July saw an increase of 121 per cent for vacant land sales compared to the month of April.

average number of selling days does decrease in the late spring season. The data is skewed due to quarterly data not aligning perfectly with the four seasons (the December quarter includes October, November and December, whereas the spring season includes September, October and November), however it is still statistically significant.

As seen in the Average Listings and Selling Days graph, total listings declines throughout the year, generally reaching the floor late in November. Average listings peak in the March quarter, coinciding with the holiday period.

The COVID-19 pandemic has thrown the proverbial spanner in the works and it will be interesting to see what happens with listings, sales volumes and selling periods over the next year and beyond. Less people will be travelling due to border restrictions so we may see a flattening of statistics across the board, i.e there could be less change than usual between the quarters and seasons.

The other pertinant factor for activity levels in Western Australia is the current government stimulus. Vacant land is selling at an astounding rate – July saw an increase of 121 per cent for vacant land sales compared to the month of April. If land sales continue at this rate, we will experience a shortage of vacant lots by the end of the year. In some established localities, we are already seeing the prices paid for land being higher than improved properties where the dwelling is considered to still offer functional utility. We are also seeing vacant lots that have been listed for sale for some time be removed from the market, only to re-appear with a higher listing price.

We do still expect to see a further uptick in activity during spring throughout the wider market. Even though phase 5 restrictions have been delayed until at least 24 October, we are still in a far better situation compared to our eastern state counterparts and this will bode well for the property market as a whole. The volume of sandgropers returning home over the past few months has created an unexpected surge in demand which has seen a market that was starting to improve pre-COVID-19 start to surge during the pandemic.

The established market located within a 20 kilometre radius of the Perth CBD generally experienced a decrease in listings over the winter period due to the uncertainty caused by the COVID-19 pandemic, however demand remained at a healthy level and has increased dramatically recently. Properties that are well presented and fairly priced are selling in a number of days compared to weeks or months previously. Owner-occupiers are more prevalent in the current market and demand is starting to have a visible effect on values in many sought after localities.

The coastal pocket located 17 kilometres north-west of Perth is typically a sought after area given its proximity to popular beaches and amenities whilst offering affordable housing options. Listings remained very low over the winter period, with the existing stock being cleared quickly and supply lacking. We expect this trend to continue during the spring period however it is difficult to predict what will occur once the government income support for businesses concludes. Typical homeowner properties within this area which consist mainly of four-bedroom, two-bathroom dwellings situated on spacious blocks are expected to perform very strongly. These properties typically range between the prices of $500,000 and $1 million and include suburbs such as Duncraig, Carine, Karrinyup, Trigg, North Beach and Hillarys. We are seeing the early stages of value increases in these areas. 9 Ambridge Street, Hamersley sold for $545,000 in June after only being on the market for eight days. The previous owners purchased the property for $480,000 in 2016, which represents approximately a 13 per cent price increase in selling price over the four year period. Whilst this doesn't sound much, it's actually quite significant given the oversupply issues affecting Perth for many years. The first home open received six offers. Six months ago, the property was estimated to be worth less than $500,000 which shows the drastic change in current market conditions.

9 Ambridge Street Source: realestate.com.au

9 Ambridge Street Source: realestate.com.au

Similar conditions are present south of the Perth CBD. Melville and Fremantle regions in particular are suffering from low levels of supply and growing demand. This is currently leading to strong purchase prices and the market showing signs of strengthening. Spring traditionally becomes a more active market in this area given it has good accessibility, popular amenities and luscious parks. Over the past six months, the established market of this region has been performing strongly, in particular green titled and survey strata lots. These properties are expected to continue their performance into the spring period and listings are likely to remain tight. A valuer reported that a property in East Fremantle sold in December 2019 for $1.1 million and was then purchased for $1.2 million in July 2020. The purchase was conducted through a real estate agency and the buyer wanted to secure the property prior to it entering the market given the current levels of competition.

117 Darley Circle, Bull Creek was listed for sale in June with a starting price of $849,000. The house is a circa 1974 renovated five-bedroom, two-bathroom dwelling with a double garage situated on a 683 square metre lot. It was only on the market for five days and sold for $855,000, which is a stark contrast when the same property was listed for sale in March 2018 for $885,000 and was on the market for 72 days with no recorded sale. Properties similar to this example are expected to perform strongly over the spring period as demand for these asset types in similar established suburbs remains healthy.

117 Darley Circle, Bull Creek Source: realestate.com.au

117 Darley Circle, Bull Creek Source: realestate.com.au

The Mandurah region is located 71 kilometres south of Perth and is also traditionally more active during the spring. As a large proportion of the marketplace is within close proximity to a beach, estuary or canals, people look to be settled in their new house before summer. Over the past couple of months, listings have reduced and purchaser activity through June and July remained strong. We expect listings to increase over the spring period with potential sellers being encouraged by the number of sold stickers labeled on for sale signs. With improved weather conditions, low interest rates and holiday travel being restricted to the state, canal properties are expected to perform well. Modern dwellings built post 2015 are currently attracting strong interest throughout the Mandurah suburbs and this is expected to continue throughout spring. Demand appears to be vastly weaker in comparison to the older style dwellings with extended selling periods currently being witnessed.

Demand and sale rates for vacant lots have grown astronomically within the Peel and Mandurah regions thanks to the government incentives. In some cases, we have also witnessed a rise in prices for these products. For example, a vacant lot in the suburb of Golden Bay sold for $225,000 in March after being on the market for 467 days. Another lot of similar size and shape on the same street was under offer for $280,000 in August after two days on the market. This represents a 24 per cent rise in the listed price for near identical lots in the space of five months. The suburb of Madora Bay has another similar example. 23 Abeona Parade, Madora Bay is a beach front 422 square metre vacant lot that sold for $362,000 at the end of June, having been on the market for 51 days. In contrast, 57 Abeona Parade, Madora Bay is another beach front 423 square metre vacant lot that sold for $348,000 in May after being on the market for a total of 239 days. This represents a four per cent increase in sale price in the space of one month for two similar products on the same street.

23 Abeona Parade, Madora Bay Source: realestate.com.au


57 Abeona Parade, Madora Bay Source: realestate.com.au

The winter period and COVID-19 have affected Perth's prestigious western suburbs with recorded listings currently down in comparison to previous years. Purchase demand within the area has remained buoyant, however this has not translated to an increase in prices in some areas yet.

Activity within the upper prestige market (above $3 million) has been subdued over the past few months. Entry level properties in these areas would represent the strongest performers currently which includes properties below $1.5 million and to some extent sub-$2 million. For example, this property in Senate Street, Claremont sold for $1.53 million in June after being on the market for 43 days. The dwelling is a circa 2011 three-bedroom, two-bathroom dwelling with a double garage situated on a 561 square metre lot. Internally the property is constructed to a modern and elegant style that attracted a high level of purchaser interest with four other buyers missing out.


Senate Street, Claremont Source: realestate.com.au


Senate Street, Claremont Source: realestate.com.au

Looking at regional Western Australia, Kalgoorlie is located 595 kilometers north-east of Perth with a population of more than 30,000 people. Regional

Demand and sale rates for vacant lots have grown astronomically within the Peel and Mandurah regions thanks to the government incentives.

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areas such as Kalgoorlie are affected mainly by local economic factors as opposed to seasonal influences. Local agents have reported that current listings are at their lowest point recorded over the previous five years, with transactions improving significantly. Additionally, the rental vacancy rates are similarly at their lowest levels recorded over the previous five years. It is difficult to predict if the number of listings and transactions will increase anytime soon as most of the previous stock has been cleared.

Dated properties that are incorrectly priced and have poor presentation currently are experiencing weak buyer demand. This is in contrast to dwellings built from 2005 onwards, which have been the strongest performing product within the market recently. For example, this property on Nganka Way, Hannans which is located five kilometres north of the Kalgoorlie CBD, sold for $455,000 in June having only been on the market for 23 days and sold $10,000 below the original asking price. Improved on site is a circa 2007 four-bedroom, two-bathroom house with a double garage situated on a spacious 712 square metre block. Internally the property is presented in a neat modern style and additionally has a large undercover area for entertaining as well as a powered workshop.

Nganka Way, Hannans Source: realestate.com.au

Nganka Way, Hannans Source: realestate.com.au

Geraldton is another regional city in Western Australia located 424 kilometres north of Perth and has established itself as a contemporary costal hub. As the spring season sets into this region, there is expected to be an increase in people attending home opens as the weather drastically improves. Recently the market in Geraltdon has been slowly improving with local agents reporting more attendances in home opens and subsequently more offers being presented. Compared to this time last year, there have been more transactions occurring recently within the area.

Properties listed towards the lower end of the market are well priced for first home buyers with an abundance of affordable options available. Suburbs such as Mount Tarcoola, Wandina and Sunset Beach are more recently established suburbs with dwellings ranging from circa 2010 onwards which we anticipate to see an increase in interest. For example, 21 Mandalay Loop, Wandina sold for $340,000 at the beginning of July having only been on the market for seven days. The property improved is a circa 2010 four-bedroom, two-bathroom dwelling with a double garage located on a 684 square metre block. Additionally, the beach is a five-minute drive from the house which was another strong selling point.

21 Mandalay Loop, Wandina Source: realestate.com.au

21 Mandalay Loop, Wandina Source: realestate.com.au

Continuing further north, the Pilbara region experienced a slow start to the year due to COVID-19 and the effects of a tropical cyclone in February. Over the past two months however, transactions have increased which has resulted in a current shortage of stock available in the market. Winter typically is more productive compared to the spring and summer periods, given the weather is more comfortable at around the mid 20 degrees. Entry level properties for local residents and land sales for potential new builds are expected to perform strongly. Our valuer reported that there was a property in the suburb of Baynton that was under contract in the first week of June for $555,000, however the sale subsequently fell through. The property is now under offer for $575,000 which is approximately a four per cent increase in the offer price over the space of two months.

Western Australia's south-western region is a very popular tourist hotspot that offers a variety of spectacular holiday experiences. From magnificent beaches, lush farmlands to having some of the world's finest wineries, there are plenty of options available for holidaymakers to enjoy once the weather starts to warm up. Popular tourist areas such as Augusta and Margret River are areas influenced by tourism and seasonal factors.

September in past years has seen an increase in tourism flowing into the holiday region with improved weather conditions as well as school holidays being towards the end of the month. With the increase in foot traffic, the idea of a holiday home in the south-western region begins to form which leads to an increase in demand and therefore more market activity. With COVID-19 forcing the Western Australian government to close the state borders, Western Australians have been traveling to their own tourism hotspots.

Market activity within the area has been strong since June after the announcement of the government stimulus packages. Previously, the supply of vacant land was limited and given the increase in demand for these lots, they were all snapped up within the first few weeks. Purchasers who missed out on the vacant blocks turned their attention to the established market with the mentality that they did not want to miss out on a block of land. Purchasers who were also looking at properties during the uncertain period of April and May are now active in the current market so competition is fierce. There has also been an increase in Perth buyers looking for an ideal holiday home as well.

Agents are now working hard to make new stock available in response to the growing demand for properties within the area.

The remaining stock received plenty of interest and sales activity increased due to the increase in demand. Agents are now working hard to make new stock available in response to the growing demand for properties within the area. In addition, people took their homes off the market during the height of the COVID-19 uncertainty period so they will be looking to re-list their dwellings. Agents have also been advising that this currently is a great time to sell given the healthy demand and with this information we expect the number of listings to increase in spring.

Dunsborough is a coastal town in the south-west of Western Australia, located 254 kilometres south of Perth. It is considered a popular holiday spot due to its location in close proximity to other major hotspots as well as having some of the best cafes, bakeries and restaurants within the south-western region of the state. The area has been subject to some of the highest level of demand within the area for prospective buyers. There was already an undersupply of stock and purchase prices in some cases have exceeded original listing prices.

21 Oakmont Crescent, Dunsborough Source: realestate.com.au)

21 Oakmont Crescent, Dunsborough Source: realestate.com.au)

21 Oakmont Crescent, Dunsborough is a circa 2007 four-bedroom, two-bathroom home with a double garage situated on a 635 square metre block located within a popular section of Dunsborough. The property sold in July for $499,000 after just 17 days on the market. The property was also listed for sale in May 2018 for a similar price, however it did not sell during the 171 days it was listed for sale. This is an example of how the market has changed in this region recently and how competition has increased.

Chris Hinchliffe
Director

Northern Territory

Darwin

From what seemed like a fantasy some months ago, COVID-19 is now the new normal and providing an update on this is now commonplace. The Territory continues to be one of the safest places, a comment regularly made by the Chief Minister, Michael Gunner.
With close to a month since our last reported new infection, case, over a week since our last active case and still no community transmission (source: https://covidlive.com.au/), the Territory continues to prove that from a COVID-19 standpoint, we are the safest place in the country.

On 17 July, the Northern Territory opened its borders, with limitations that can change regularly to notable COVID-19 hotspot areas. There is currently restrictions on any travellers from Victoria or Sydney areas. Following last month's comments, the easing of the borders brought a much needed boost to our struggling tourism, retail and food sectors.

21 Aralia Street, Nightcliff Source: realestate.com.au

Traditionally, a spring market for the Northern Territory is one that would not be as typical or as noticeable as the eastern and southern states.

Traditionally, a spring market for the Northern Territory is one that would not be as typical or as noticeable as the eastern and southern states. Peak seasons, particularly in Darwin, are in the winter months with transactions occurring steadily throughout the year.

Activity this year in the market has been steady with the June 2020 quarter showing green shoots from a three year downturn in the property sector for the Northern Territory. The Darwin north coastal region, which features the popular suburbs of Nightcliff and Rapid Creek, recorded 73 dwelling sales for the quarter. This is up 26 per cent on the quarter and 12.3 per cent on the year (source: REINT Magazine, June 2020.)

21 Aralia Street, Nightcliff, positioned only a few streets back from the picturesque Nightcliff foreshore, sold prior to auction for the price of $700,000 after less than six weeks on the market and is an example of a well-kept two-storey home (source: https://www.realestate.com.au/sold/property-house-nt-nightcliff-133191674). Agents are reporting that properties of this nature for example are well sought after, particularly more than ground level homes. These homes, as well as classic elevated homes, are popular in Darwin and continue to be a focus for local buyers.

While we are not yet seeing dramatic rises across the market at this stage, typically speaking the first signs of a recovery are the rise in transaction numbers. COVID-19 appears to have had little effect on the Darwin market and the days on market are dropping dramatically. Using the Darwin north coastal region, dwelling values in the quarter for this area have risen 11.7 per cent for the quarter (source: REINT Magazine, June 2020). Agents report that listing numbers are also down. While it is difficult to forecast during the pandemic, the next quarter results will prove interesting to see whether this quarter was just a one off. They are also reporting that while listing numbers are down, buyer enquiry remains steady with some urgency now creeping back into buyers' minds.

Darwin north coast region

June 2020 Quarter

No. of sales - **73**

Quarterly increase in sales - **26%**

Yearly increase in sales - **12.3%**

Another factor attributing to the increase in sales is due to the relatively transient nature of the Darwin population. Now that the pandemic dust has settled and the initial shock factor has

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passed, when people may have looked to move on from Darwin or travel, they now are settling and purchasing homes and agents are reporting a large percentage of local buyers.

Pricing is still key with values remaining static across most sectors. We are yet to see any significant rise in values in conjunction with the lower days on market.

Unit sales continue to struggle with both volumes and values remaining stagnant. The inner Darwin unit market, where a large percentage of units exist, shows a reduction in values over the quarter of 7.9 per cent and no change year on year. While we saw a slight increase in sales volumes of 6.9 per cent for the quarter, the annual sales numbers dropped 14.4 per cent year on year with 85 per cent of those sales occurring in the price bracket under $600,000.

Forecasting in the short to medium term for the Darwin market, much like the rest of the country, will continue to prove difficult as we navigate the pandemic, however, using the past three months as a guide gives us some optimism that for the remainder of 2020, bar any major outbreak, major policy or government reform, the market will continue to operate much the same with some renewed buyer confidence and with any luck, some signs of capital growth on the horizon.\

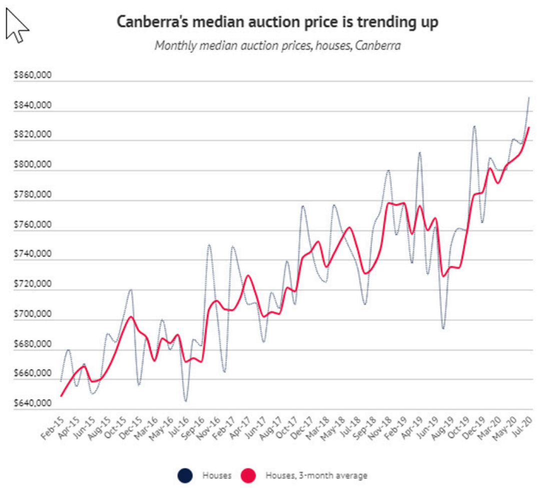
Jeremy Callan
Property valuer

Australian Capital Territory

Canberra

Spring in Canberra is welcomed by all as the cold days gradually reduce and the temperature increases to assist the flowers to bloom. The warmer temperatures also see an increase in outdoor activity and rise in demand for properties as some locals prepare for upcoming transfers interstate and university students look for accommodation opportunities for the new year. These traditions influence the Canberra market on an annual basis and as such, spring is known as the peak time to buy and sell.

Given the impact of COVID-19 on the ability for people to inspect and view property, the effect on the market has been minimal. Transactions appear to be at pre-COVID-19 levels and agents report that stock has been improving as restrictions are lifted. Sale levels are good and stock is being purchased as fast as it reaches the market. At present, market sentiment indicates listings will increase and the market will continue to improve. Recent sales results have been stable with some records being achieved in a few suburbs. According to Domain data, the ACT had a 75.5 per cent clearance rate and a median auction price for houses of $829,167 for the month of July, being a record high. Refer to the graph below which indicates the gradual increase in house prices over the past three months.



The month of January has been excluded from time series analysis due to low volumes.

Canberra's median auction price for houses hits record high: 13 August 2020
Source: Domain

Demand for dwellings has resulted in a record-high of $819,090 median house price. According to the Domain House Price Report, banks had the cheapest median house price of $520,000, up 5.1 per cent year-on-year (source: Allhomes, 21 August 2020).

The strongest sectors are single dwellings and townhouses. Units are selling, but as an increased number come onto the market, some areas such as Belconnen are reaching saturation levels resulting in reduced sale prices for older stock. The level of construction has reached a point of saturation for the short term.

Reports are that the market is currently dominated by local purchasers who are exceeding current stock levels even without overseas investors, who have left the market due to COVID-19 travel restrictions.

As prices increase, there are still some suburbs in Canberra where homes are readily affordable and available as noted in a recent Allhomes report covering the ten affordable suburbs in Canberra. The table below shows the most affordable housing in the ACT at present; Tuggeranong is the dominant region with six of the most affordable suburbs.

p 10 most affordable suburbs to buy a house

Suburb	Region	Median	YOY Change
Banks	Tuggeranong	$520,000	5.1%
Macgregor	Belconnen	$545,000	0.9%
Ngunnawal	Gungahlin	$550,000	5.8%
Gordon	Tuggeranong	$560,000	2.7%
Holt	Belconnen	$562,500	5.1%
Theodore	Tuggeranong	$573,000	2.3%
Isabella Plains	Tuggeranong	$585,000	7.3%
Calwell	Tuggeranong	$587,000	-3.8%
Chisholm	Tuggeranong	$603,000	1.8%
Dunlop	Belconnen	$604,000	1.9%

Source: Top 10 most affordable suburbs in Canberra to buy a house, Allhomes, 21 August 2020

Top 10 most affordable suburbs in Canberra to buy a house, Allhomes, 21 August 2020
Source: Domain

Belconnen has three affordable suburbs: Holt; Dunlop; and Macgregor. Gungahlin is only represented by Ngunnawal, reflecting the growth in demand for house and land packages in the newer estates located in the outer northern suburbs of Canberra.

Given low interest rates, continuing JobKeeper payments and the stable market, indications are for a strong platform for potential sellers approaching spring.

Sandra Howells
Property Valuer

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Tasmania

Hobart

As soon as the daffodils and lilies start to bloom, the buyers and sellers traditionally come out of their winter hibernation with the intent of buying and selling. In recent months due to COVID-19, listings have generally been thin on the ground, maintaining property values due to the lack of stock available for sale.

Conversations with local selling agents have indicated levels of enquiry from prospective sellers is on the increase with multiple buyers chomping at the bit trying to get into the investment market, primarily due to the low interest rate environment. There was some hesitation from sellers in the early days of COVID-19 due to economic uncertainty. It will be interesting to see what the future brings with the reduction of the JobKeeper and JobSeeker initiatives applied by the federal government.

Units and dwellings in the sub-$600,000 price bracket within 15 kilometres of the CBD are still attracting high levels of interest with returns still in excess of five per cent which makes a good investment decision in anyone's eyes. The market over $1.5 million remains relatively quiet; there are still prospective purchasers at this price point but they are becoming more savvy with their offers and expectations.

Border restrictions are allowing locals some long awaited breathing space when making offers on properties. Multiple offers on well-priced properties are still being experienced.

All in all, the Hobart market remains stable with no real evidence of the market falling below pre COVID-19 times.

Mark Davies
Residential valuations manager

Conversations with local selling agents have indicated levels of enquiry from prospective sellers is on the increase with multiple buyers chomping at the bit trying to get into the investment market.

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Rural

September 2020

Gippsland

As we move towards spring, we expect to see an increase in the number of listings hitting the market, despite the challenges around inspections due to COVID-19 restrictions. The supply of property on the market has been steady in 2020 and mainly limited to smaller add on type properties often in poor condition, following a number of consecutive poor seasons until this year in the Gippsland region. Parts of the region have battled drought, then bushfires and now COVID-19 which is wearing thin in some parts of the community and resulting in only moderate growth in land prices in comparison to the remainder of Victoria. Despite this turmoil, irrigation areas such as the Macalister Irrigation District have continued to show their strength with relatively balanced supply and a continued strengthening in demand from both dairy and vegetable growers.

Recent sales such as Roonsleigh at Tinamba (pictured below) display this strengthening market with a price in excess of $25,000 per hectare inclusive of water for the 160 hectare irrigated dairy property.

Roonsleigh Source: Gippsland Real Estate

Further analysis of this sale displays strengthening land values at circa $15,000 per hectare ex-structures and water and slightly softer water values at $2,000 per megalitre for Macalister high reliability water in comparison to peaks of $2,800 per megalitre resulting from extended drought conditions towards the end of 2019. Other recent sales evidence continuing to display this improving trend include the two recent sales of grazing country suitable for vegetable production at Boisdale which both sold at auction for in excess of $30,000 per hectare improved, noting that one of the buyers was a dairy operator outbidding a local vegetable grower. The decreasing input costs of hay and grain, improved seasonal conditions and relatively strong milk prices this season have led to significantly improved confidence in the local dairy sector. Circa 70 per cent of dairy operators in this region are expecting a profitable and above five year average return this season in addition to improved production according to Dairy Australia's latest report. All evidence suggests that the COVID-19 pandemic is having little to no impact on the majority of rural markets, although drought and bushfire have softened the farm cash flow and demand for some grazing properties in this area.

Figure 2 Increasing production vs. expansion 2019–20

Figure 3 Profitability expectations 2019–20

Dairy figures Source: NDFS

Angus Shaw
Valuer

Mildura

Confidence around future financial returns is what traditionally influences most rural property markets. When buyers are confident that commodity prices, export markets and forthcoming favourable season outlooks align, they tend to spend up.

We now have a situation where both seasons and commodity prices are mostly at an above average point, however there are a number of other influences which could currently cause buyers to hesitate. While Australian agriculture appears to be weathering the COVID-19 period, the main concern is how quickly the global and national economies will recover from the pandemic. In other words, will our usual domestic and export markets operate at the same level as before?

The decision by China to conduct an investigation

While Australian agriculture appears to be weathering the COVID-19 period, the main concern is how quickly the global and national economies will recover from the pandemic.

into whether Australia has been dumping wine into China is an example of this. China buys over 35 per cent of Australian wine and is our biggest single market. On the surface, we can see that the fundamentals for wine produced in our region remain okay, but there is now a possibility that the Chinese market could be disrupted.

Similarly, there is uncertainty about what border closures and travel restrictions more generally will mean. Will this affect the ability to obtain seasonal workers and contractors? The success of all our rural industries is tied to the ability to move shearers, contract harvesters, fruit pickers etc. around and between states. Any long term continuation of restrictions may have some detrimental impact on sale activity and value levels. A recent example includes a Wimmera region (Victoria) farming family's purchase of a significant cropping and grazing holding just over the border in South Australia, which has now hit a major hurdle in that the purchaser is refused entry into South Australia and is now unable to access their new property. This scenario is very familiar in most border communities, particularly for land holders with farms on both sides of the border.

In the horticultural sector, the availability of water and associated costs remains ever present in investors' minds. Since January, temporary allocation water prices have fallen by a very welcome 74 per cent, however industry sources feel that the long term outlook for permanent entitlement markets remains strong, but short term factors including the emergence of any economic ramifications due to COVID-19, along with ongoing regulatory uncertainty, remain the major concerns.

The positive seasonal conditions and forecasts in the Murray Darling Basin and improved water storage capacity are likely to see the temporary water market remain around current levels in the short term which is money in the bank for irrigators who rely on leased water.

While we haven't to date seen any reduction in local buyer appetite, sales volumes are expected to stay low for the next few months as our rural industries wait to see what the medium-term outlook will be.

Significant sales of note which have recently settled include a table grape property in the Euston area comprising 82 hectares developed to predominantly Crimson Seedless grapes and a large dryland cropping holding north-east of Mildura in New South Wales which has approximately 3,600 hectares of arable cropping land. Each of these sales show rates per hectare above pre-COVID-19 levels.

Shane Noonan /Graeme Whyte

Echuca/Deniliquin

A good autumn break with most of the area receiving around 100 millimetres of rain throughout this period, plus good follow up winter rainfall have instilled a high degree of confidence in the area for a well above average season in regard to crop and fodder production.

There is some degree of uncertainty about the outlook for commodity prices in the short term.

The overall result of this confidence in the seasonal outlook in the area has translated to a rising market.

A batch of well-developed irrigation properties in the Finley district of south-west New South Wales sold in the December 2018 to February 2019 period for $4,570 to $5,065 per hectare.

A batch of similar type properties in regard to location, development and soil types has just sold in the vicinity of $5,435 to $6175 per hectare.

Essentially, these sales are showing a $1,000 per hectare rise throughout this period, noting the rise has essentially occurred during 2020 with COVID-19 appearing to have little impact at this stage.

The rising market is a feature of most of south-west New South Wales and northern Victoria, with agents reporting strong enquiry in the region.

The bounce back after a dry 2018 and 2019 with low water allocations and a high price of temporary water restricting summer cropping programs is quite remarkable.

The general outlook for the area is for rural values to continue to rise, albeit that the uncertainty around key commodity prices may start to influence decision-making in the near future.

John Henderson
Director

Darling Downs

Winter rainfall across areas of the Darling Downs, Maranoa and far western Queensland regions has provided confidence for a good winter crop and strong herd numbers leading into the summer months. In 2018 and 2019, severe drought saw cattle and sheep numbers drop and, in many areas, no winter crops planted. 2020 has provided far better farming conditions and with that has come strong appetites for rural property.

The market is being driven by private farming families seeking additional areas for scale and interstate cattle and sheep producers looking to diversify into western Queensland as country is considered cheap in comparison. With the unseasonably large bodies of feed on the ground at present, sellers are able to present their properties to market in conditions not seen for a number of years.

Sale prices continue to exceed pre-sale expectations with numerous transactions showing significant price premiums over district averages. An example is the sale of an approximately 22,000 hectare holding in the Adavale Quilpie district. While the full property details are confidential at this time, the recent transaction shows a 19 per cent increase in value over a 14-month period. It is highlighted that no improvements were undertaken to the property during this time.

The aggregation of Wyuna and Neverfail in the Eulo district west of Cunnamulla recently sold for $2.42 million ($76 per hectare), which represents a 120 per cent increase in value over the previous sale in 2015. Significant fencing, water and internal road improvements had been made to the property.


Wyuna Source: Queensland Country Life

Sale prices continue to exceed pre-sale expectations with numerous transactions showing significant price premiums over district averages.

An off-market transaction in the Goondiwindi district also shows strong value growth. The broadacre farming property, Manus, recently changed hands for approximately $10 million or $3,960 per hectare. This sets a new benchmark value for Brigalow and Belah dryland farming country in the area.


Manus Source: HTW

The market appears to be favouring sellers at the moment, however there is an emergence of increased listings in some areas, in particular the Maranoa region. This may stymie current levels of value growth until this supply is absorbed.

Bradley Neill
Director

Gold Coast

An iconic property in the Scenic Rim was taken to auction by receivers at the end of July and once again broke a record in the region. Known as Wirraway, the 565.7 hectare grazing property was once improved with a fully renovated, high quality, Queenslander and also boasted the largest private swimming pool in the southern hemisphere. The property was listed for sale at $20 million in 2014, however was gutted by fire in 2016 whilst still being marketed. Danny Bukowski from C1 Realty reported very good interest in the lead up to the auction this year with 65 enquiries, 26 inspections and 13 registered bidders. The final price was knocked down to $8.05 million with strong bidding between an adjoining land owner and a couple from western Queensland. The sale analyses to a gross rate of $14,230 per hectare. It is reported that the purchaser also owns the adjoining 777.92 hectares which they purchased from the Queensland government for a total of $15.6 million ($20,053 per hectare), bringing their total spend to $23.65 million or $17,602 per hectare gross.

The property is located within close proximity of a number of other large holdings that have transacted in the past three years, including The Gorge Farm for $6.15 million (864.85 hectares) or $7,111 per hectare and Broadlands for $19.4 million (1,344.8 hectares) or $14,426 per hectare. The comparative rate per hectare for larger land holdings in the region has been improving with purchasers seeking these larger holdings and sales have crept up on a rate per hectare with little discount applied for economies of scale.


Before Source: Beaudesert Times

After Source: Qld Country Life

Janine Rockliff
Director

Cairns

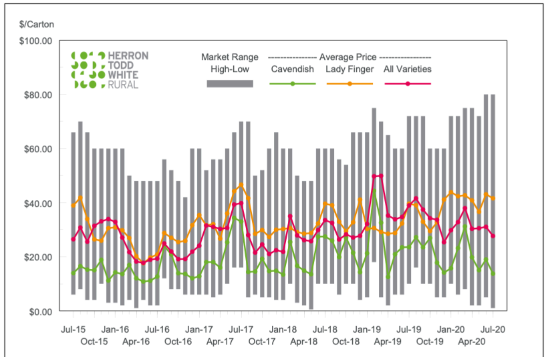
Bananas

The resurgence of the banana farm market continues in the Cassowary Coast Regional Council area. Approximately 12 sales or 20 per cent of total rural sales over 20 hectares since 1 July 2019 comprise sales purchased for conversion to banana production or of going concern banana farms. This is in contrast to less than 10 per cent of total rural sales in 2016 and 2017 when the Panama TR4 banana disease threat was at its peak and market prices for banana fruit were at a very low point in the cycle. Prices have gradually improved over the past few years, however have eased again in recent months, possibly due to lower demand due to COVID-19.

We have compiled a number of graphs to illustrate recent trends in banana prices in the Brisbane and Melbourne markets. Prices seem to follow a similar trend, however higher prices are generally achieved in the Melbourne markets.

Figure 1 shows wholesale Brisbane market price ranges and monthly average prices received per

Figure 1: Brisbane Market Banana Prices by Variety

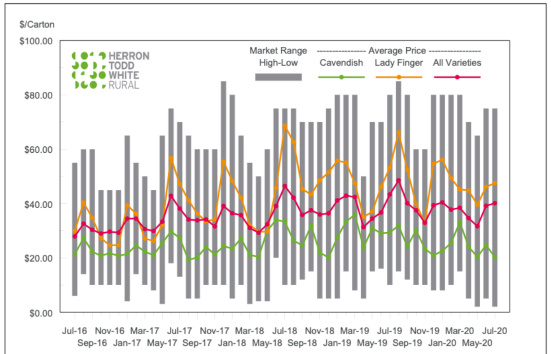


Source: Ausmarket Consultants

carton across all varieties, as well as prices for the main varieties of Cavendish and Lady Finger. It reinforces the seasonality of prices received for each variety, as well as the consistent price premium received for Lady Finger bananas compared to Cavendish. Refer Figure 1.

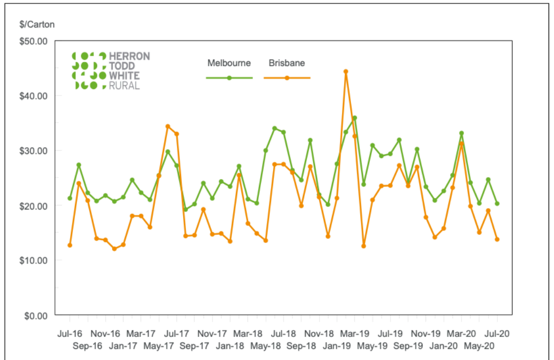
Figure 2 shows corresponding market price ranges and monthly average prices received per carton in the Melbourne market. It indicates that although there is a high degree of price correlation between

Figure 2: Melbourne Market Banana Prices by Variety



Source: Ausmarket Consultants

Figure 3: Market Prices for Cavendish Bananas



Source: Ausmarket Consultants

the two markets, the Melbourne market commands higher average prices. These differences also reflect the greater distances and hence higher freight costs involved in servicing the Melbourne market from North Queensland banana production locations. Refer Figure 2.

Figure 3 provides a direct comparison of prices received for Cavendish bananas at the Brisbane and Melbourne markets. It indicates that Cavendish bananas normally (but not always) receive higher prices in the Melbourne market compared to the Brisbane market. Across the period shown, the price differential received averaged $4.77 per carton, equivalent to a price premium of 23.2 per cent in the Melbourne market relative to Brisbane. Refer Figure 3.

Danny Glasson
Director

Wheatbelt/Mid-West

Well, that was close! After decent rainfall to start the season, winter was relatively dry throughout the Western Australian wheatbelt and mid-west regions. Cue two large storm systems in the first two weeks of August which has flipped the harvest prediction on its head. An average finish to the season should still see a decent harvest from here.

Source: HTW

Source: HTW

Value trends have been difficult to define over the 632,862 square kilometers that comprise the wheatbelt and mid-west regions. This is largely due to a low volume of transactions and limited properties being brought to the market over the previous 24 months.

As an example, the adjacent shires of Dowerin and Wyalkatchem have seen a combined sales volume (over 200 hectares) of three in 2018 and five in 2019. Only one property is currently on the market having entered by tender in the past two months and ending in late August. The selling agent advises they are anticipating a price that could exceed a rise of 30 per cent over the previous sales within the Shire of Wyalkatchem for this well-managed wheat cropping enterprise.

It will be interesting to see just what kind of impact low supply has on prices in the locality.

Luke Russell
Valuer

Property Market Indicators

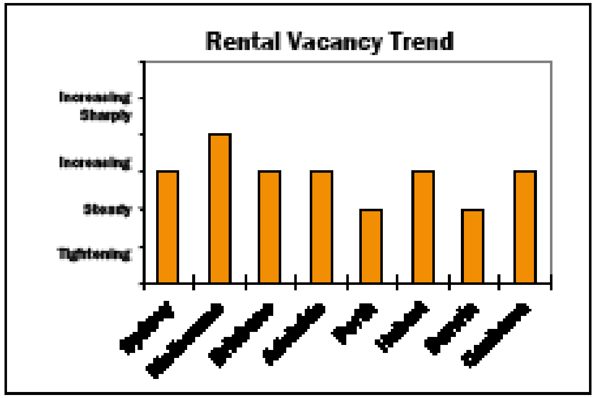
September 2020

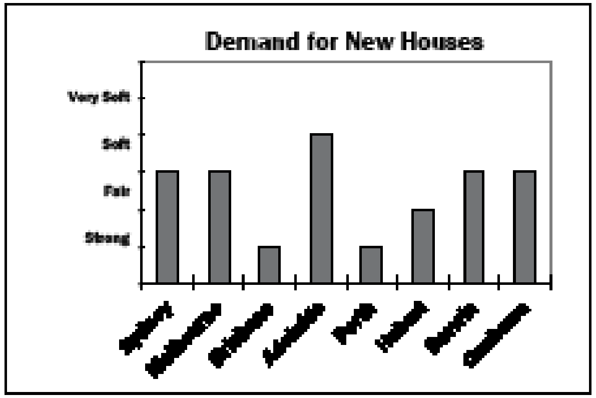
Capital City Property Market Indicators – Houses

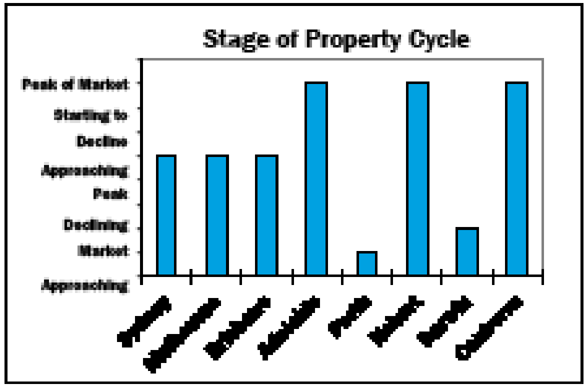
Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Balanced market	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Balanced market
Rental Vacancy Trend	Steady	Increasing	Steady	Steady	Tightening	Steady	Tightening	Steady
Demand for New Houses	Fair	Fair	Very strong	Soft	Very strong	Strong	Fair	Fair
Trend in New House Construction	Increasing	Increasing	Declining significantly	Declining	Declining significantly	Declining	Steady	Steady
Volume of House Sales	Steady	Declining significantly	Increasing	Declining	Increasing	Increasing	Steady	Declining
Stage of Property Cycle	Declining market	Declining market	Declining market	Peak of market	Start of recovery	Peak of market	Bottom of market	Peak of market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	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







Capital City Property Market Indicators – Units

Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	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	Balanced market	Balanced market	Balanced market	Balanced market
Rental Vacancy Trend	Steady	Increasing	Steady	Steady	Steady	Steady	Steady	Steady
Demand for New Units	Soft	Soft	Fair	Fair	Soft	Strong	Fair	Soft
Trend in New Unit Construction	Increasing	Increasing	Steady	Increasing	Steady	Declining	Steady	Increasing
Volume of Unit Sales	Steady	Declining	Steady	Declining	Steady	Steady	Declining	Declining
Stage of Property Cycle	Declining market	Declining market	Declining market	Peak of market	Declining market	Peak of market	Bottom of market	Declining market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Frequently	Almost never	Frequently	Occasionally	Very frequently	Occasionally	Almost never	Occasionally

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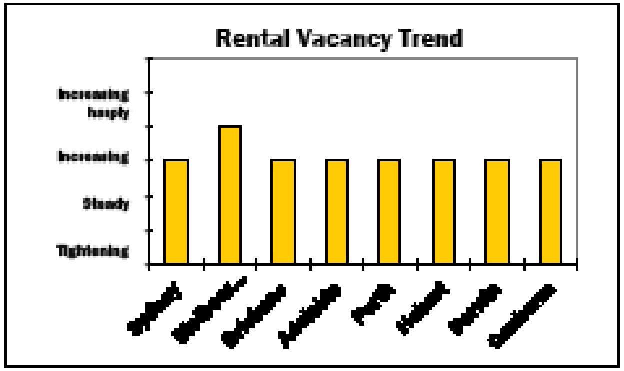

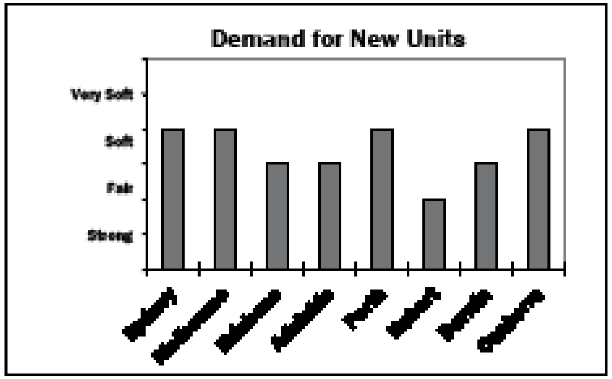

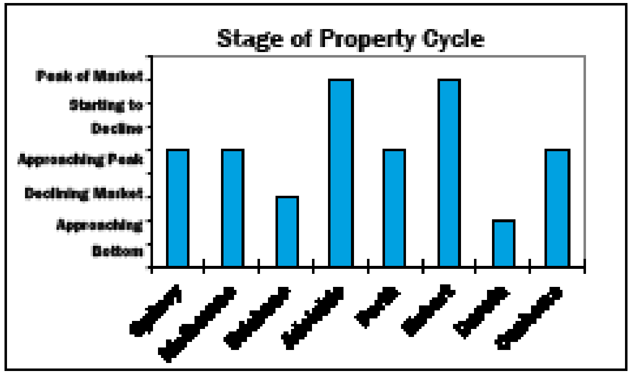

Capital City Property Market Indicators – Retail

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

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

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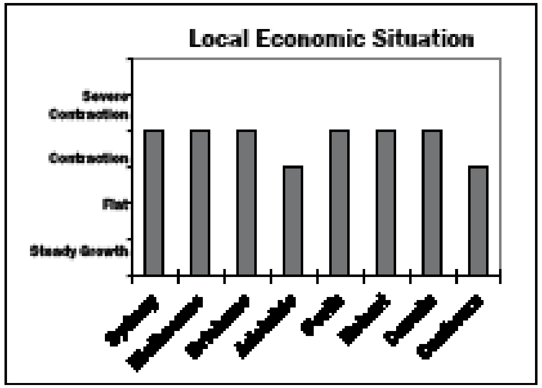
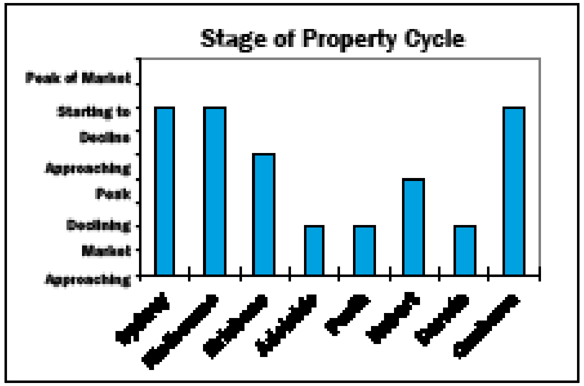
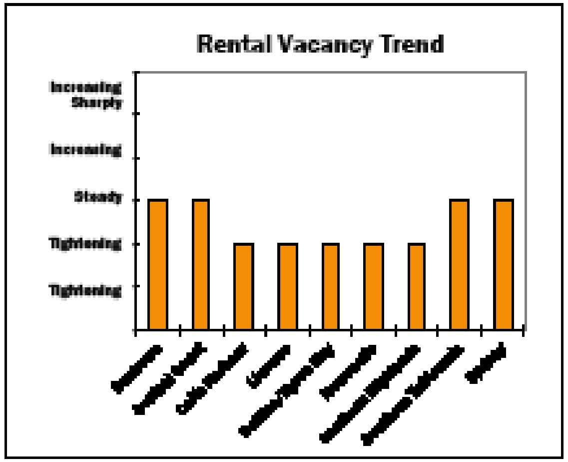


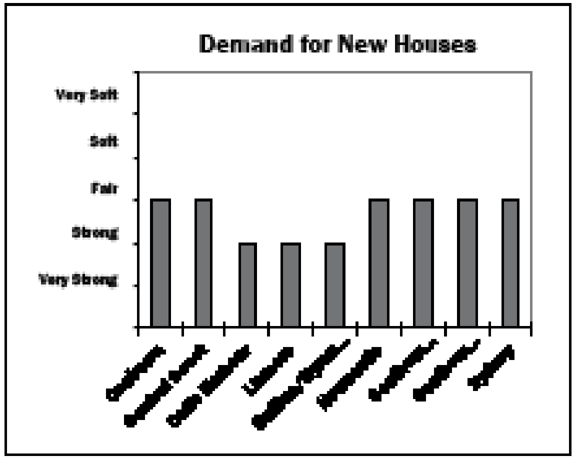


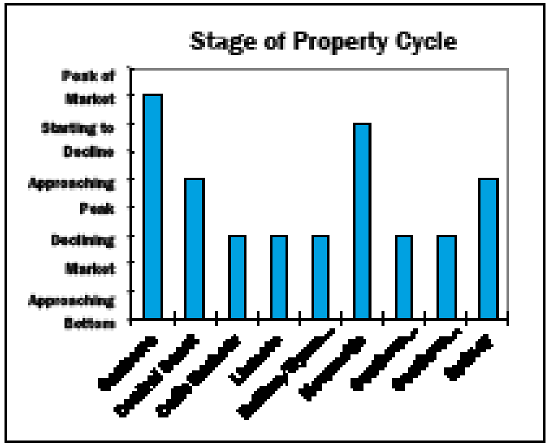
East Coast New South Wales Property Market Indicators – Houses

Factor	Canberra	Central Coast	Coffs Harbour	Lismore	Byron Bay/Ballina	Newcastle	Southern Highlands	Southern Tablelands	Sydney
Rental Vacancy Situation	Balanced market	Balanced market	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Balanced market	Over-supply of available property relative to demand
Rental Vacancy Trend	Steady	Steady	Tightening	Tightening	Tightening	Tightening	Tightening	Steady	Steady
Demand for New Houses	Fair	Fair	Strong	Strong	Strong	Fair	Fair	Fair	Fair
Trend in New House Construction	Steady	Steady	Declining	Declining	Steady	Steady	Steady	Declining	Increasing
Volume of House Sales	Declining	Steady	Declining	Steady	Steady	Declining	Increasing	Increasing	Steady
Stage of Property Cycle	Peak of market	Declining market	Rising market	Rising market	Rising market	Starting to decline	Rising market	Bottom of market	Declining market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Almost never	Almost never	Almost never	Occasionally	Frequently	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*







Country New South Wales Property Market Indicators – Houses

Factor	Albury	Bathurst	Wodonga	Dubbo	Tamworth	Illawarra
Rental Vacancy Situation	Balanced market	Balanced market	Balanced market	Balanced market	Balanced market	Balanced market
Rental Vacancy Trend	Steady	Steady	Steady	Steady	Steady	Steady
Demand for New Houses	Fair	Fair	Fair	Fair	Fair	Fair
Trend in New House Construction	Increasing	Steady	Steady	Steady	Increasing	Steady
Volume of House Sales	Steady	Increasing	Steady	Increasing	Steady	Declining
Stage of Property Cycle	Peak of market	Peak of market	Starting to decline	Peak of market	Peak of market	Start of recovery
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Almost never	Occasionally	Very frequently	Occasionally	Frequently

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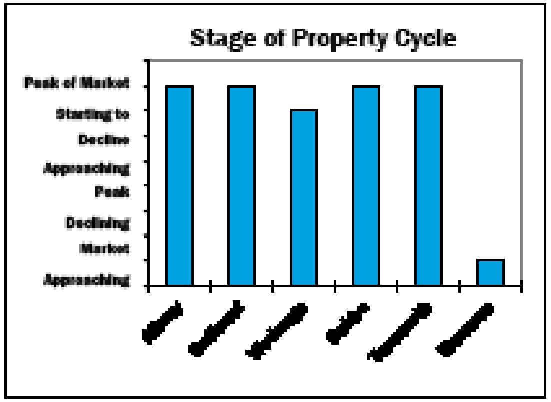

East Coast New South Wales Property Market Indicators - Units

Factor	Canberra	Central Coast	Coffs Harbour	Lismore	Byron Bay/Ballina	Newcastle	Southern Highlands	Southern Tablelands	Sydney
Rental Vacancy Situation	Balanced market	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Over-supply of available property relative to demand	Balanced market	Balanced market	Over-supply of available property relative to demand
Rental Vacancy Trend	Steady	Steady	Tightening	Tightening	Tightening	Increasing	Steady	Steady	Steady
Demand for New Units	Soft	Strong	Strong	Strong	Very strong	Soft	Fair	Fair	Soft
Trend in New Unit Construction	Increasing	Declining	Increasing	Increasing	Declining	Increasing strongly	Steady	Steady	Increasing
Volume of Unit Sales	Declining	Increasing	Declining	Steady	Increasing	Declining	Steady	Steady	Steady
Stage of Property Cycle	Declining market	Peak of market	Rising market	Rising market	Rising market	Declining market	Start of recovery	Bottom of market	Declining market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Almost never	Almost never	Almost never	Very frequently	Occasionally	Occasionally	Frequently

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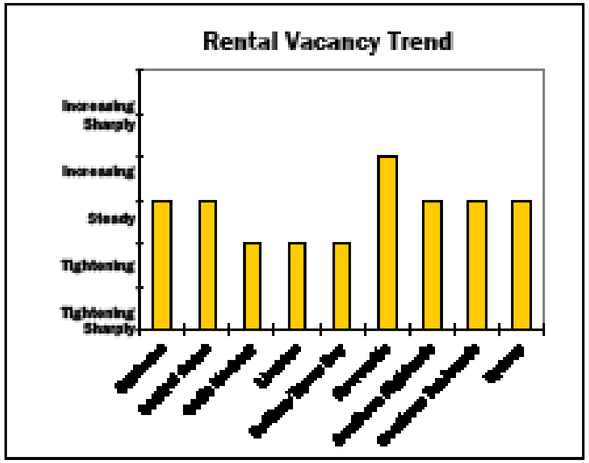

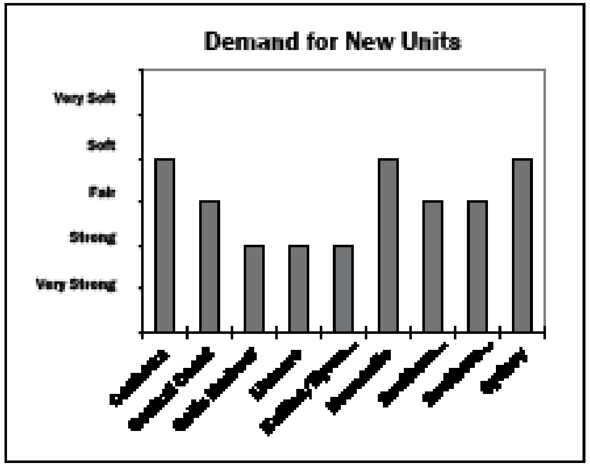

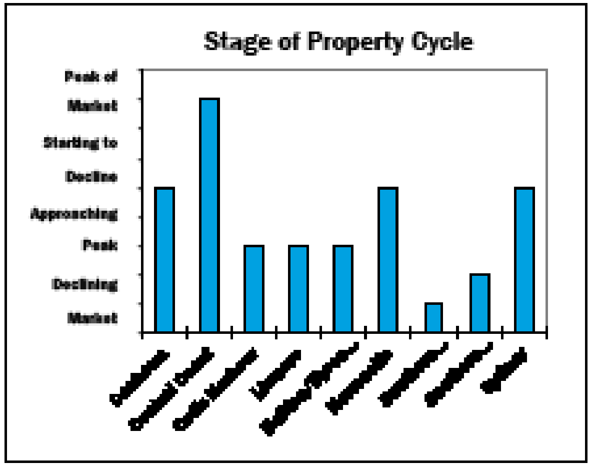

Country New South Wales Property Market Indicators - Units

Factor	Albury	Wodonga	Bathurst	Dubbo	Tamworth	Illawarra
Rental Vacancy Situation	Balanced market	Balanced market	Balanced market	Balanced market	Balanced market	Balanced market
Rental Vacancy Trend	Steady	Steady	Steady	Steady	Steady	Steady
Demand for New Units	Fair	Fair	Fair	Fair	Fair	Fair
Trend in New Unit Construction	Steady	Steady	Declining	Declining	Increasing	Steady
Volume of Unit Sales	Steady	Increasing	Increasing	Steady	Steady	Declining
Stage of Property Cycle	Peak of market	Starting to decline	Peak of market	Rising market	Peak of market	Start of recovery
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Almost never	Occasionally	Occasionally	Frequently

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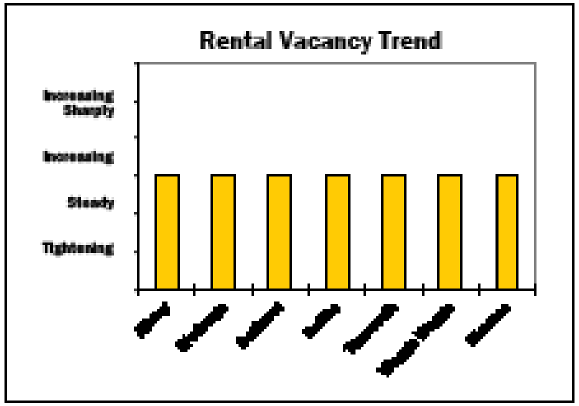

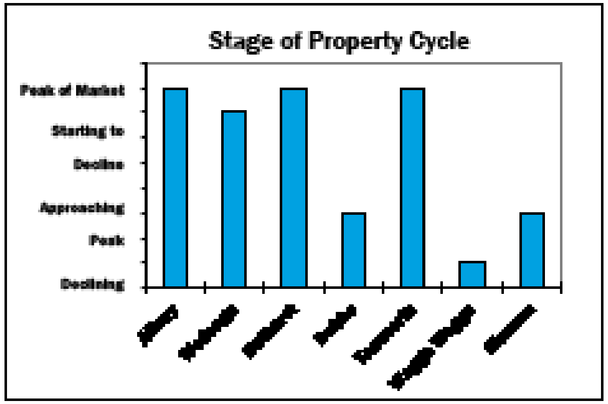

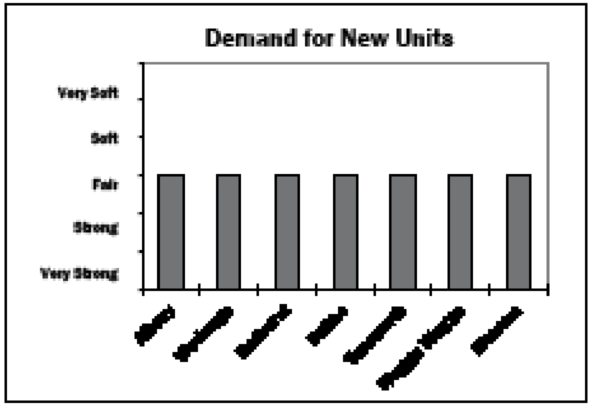

East Coast & Country New South Wales Property Market Indicators – Retail

Factor	Canberra	Central Coast	Coffs Harbour	Balina/Byron Bay	Lismore	Mid North Coast	Illawarra	Newcastle	South East NSW	Sydney
Rental Vacancy Situation	Balanced market	Balanced market	Large over-supply of available property relative to demand	Over-supply of available property relative to demand	Large over-supply of available property relative to demand	Over-supply of available property relative to demand	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	Over-supply of available property relative to demand
Rental Vacancy Trend	Steady	Steady	Increasing	Increasing	Increasing sharply	Steady	Increasing	Increasing	Steady	Increasing
Rental Rate Trend	Declining	Stable	Declining	Declining	Declining	Stable	Declining	Stable	Stable	Declining
Volume of Property Sales	Steady	Steady	Declining	Steady	Declining	Steady	Steady	Declining	Steady	Declining
Stage of Property Cycle	Starting to decline	Peak of market	Declining market	Starting to decline	Approaching bottom of market	Starting to decline	Declining market	Declining market	Peak of market	Starting to decline
Local Economic Situation	Balanced market	Balanced market	Large over-supply of available property relative to demand	Over-supply of available property relative to demand	Large over-supply of available property relative to demand	Over-supply of available property relative to demand	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	Over-supply of available property relative to demand
Value Difference between Quality Properties with National Tenants, and Comparable Properties with Local Tenants	Steady	Steady	Increasing	Increasing	Increasing sharply	Steady	Increasing	Increasing	Steady	Increasing

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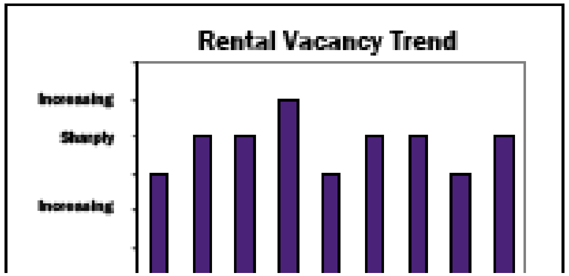

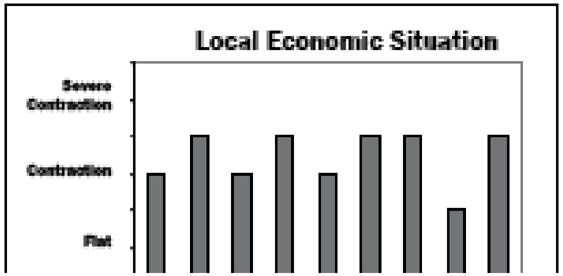

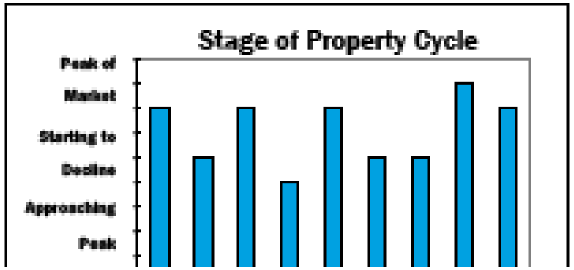

Victorian and Tasmanian Property Market Indicators – Houses

Factor	Geelong	Melbourne	Shepparton	Mildura	Mount Gambier	Hobart	Burnie/ Devenport	Launceston
Rental Vacancy Situation	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Shortage of available property relative to demand	Balanced market	Balanced market	Balanced market	Balanced market	Balanced market
Rental Vacancy Trend	Increasing	Increasing	Tightening	Tightening	Increasing	Steady	Steady	Steady
Demand for New Houses	Strong	Fair	Strong	Fair	Strong	Strong	Strong	Strong
Trend in New House Construction	Declining	Increasing	Declining	Declining	Declining	Declining	Declining	Declining significantly
Volume of House Sales	Steady	Declining significantly	Increasing	Steady	Increasing	Increasing	Declining	Declining
Stage of Property Cycle	Peak of market	Declining market	Rising market	Start of recovery	Rising market	Peak of market	Peak of market	Peak of market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Almost never	Almost never	Occasionally	Occasionally	Occasionally	Occasionally

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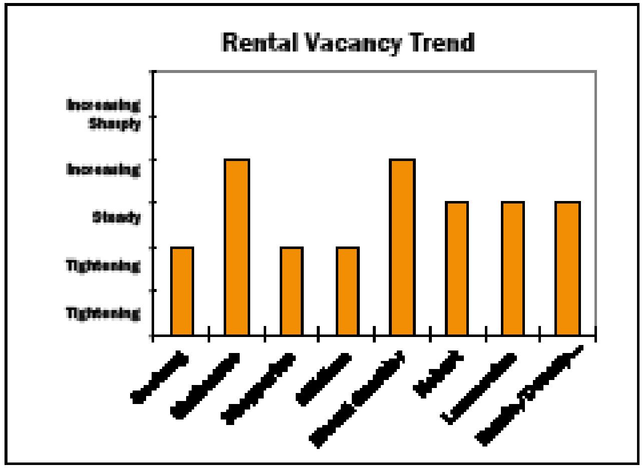
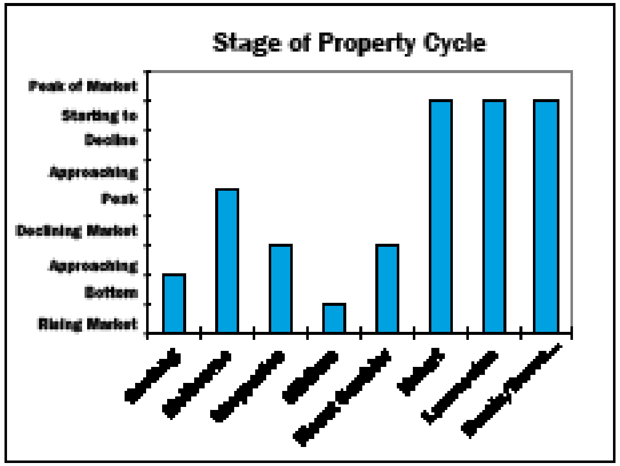
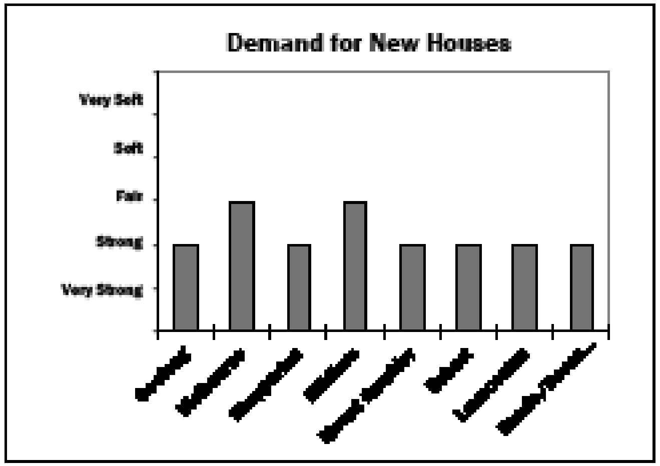




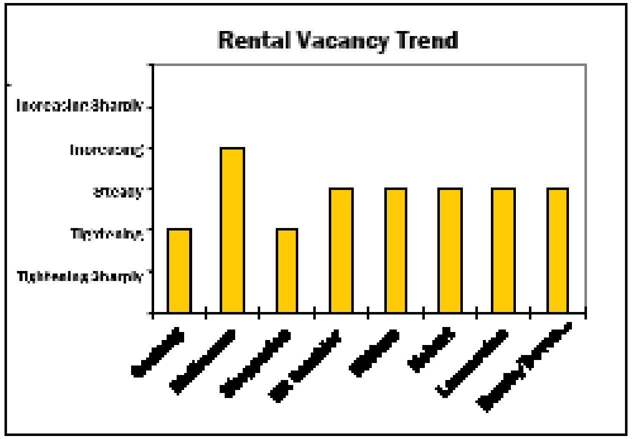


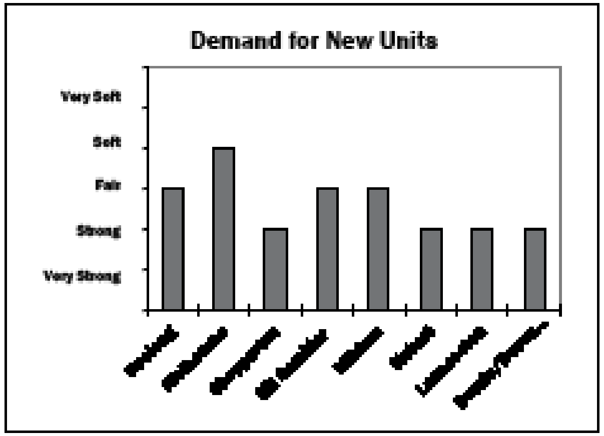
Victorian and Tasmanian Property Market Indicators – Units

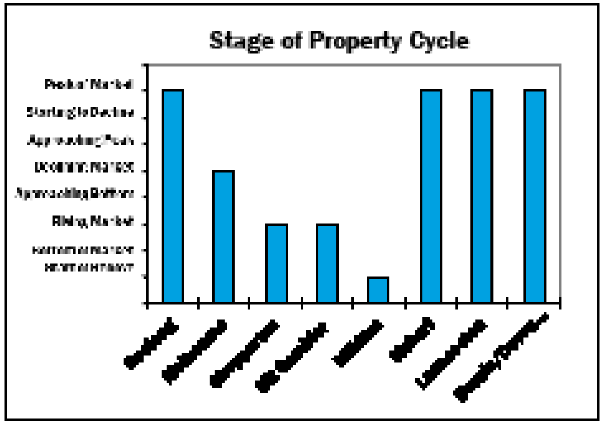
Factor	Geelong	Melbourne	Shepparton	Mt Gambier	Mildura	Hobart	Launceston	Burnie/Develport
Rental Vacancy Situation	Over-supply of available property relative to demand	Large over-supply of available property relative to demand	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Balanced market	Balanced market	Balanced market
Rental Vacancy Trend	Increasing	Increasing	Tightening	Steady	Steady	Steady	Steady	Steady
Demand for New Units	Fair	Soft	Strong	Fair	Fair	Strong	Strong	Strong
Trend in New Unit Construction	Steady	Increasing	Steady	Steady	Steady	Declining	Declining significantly	Declining
Volume of Unit Sales	Steady	Declining	Increasing	Steady	Steady	Steady	Declining	Declining
Stage of Property Cycle	Peak of market	Declining market	Rising market	Rising market	Start of recovery	Peak of market	Peak of market	Peak of market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Almost never	Almost never	Almost never	Occasionally	Almost never	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





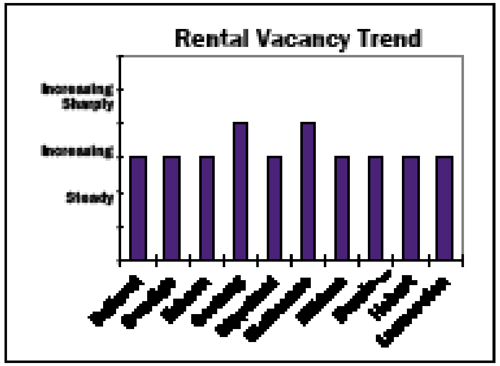


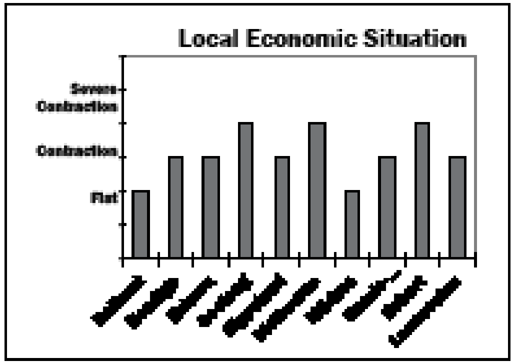
Victorian and Tasmanian Property Market Indicators – Retail

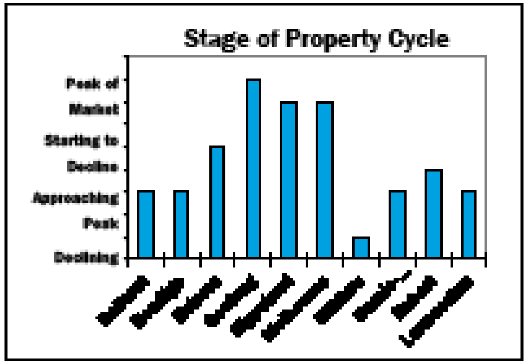
Factor	Ballarat	Bendigo	Echuca	Geelong	Gippsland	Melbourne	Mildura	Burnie-Devonport	Hobart	Launceston
Rental Vacancy Situation	Balanced market	Balanced market	Balanced market	Over-supply of available property relative to demand	Balanced market	Large over-supply of available property relative to demand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





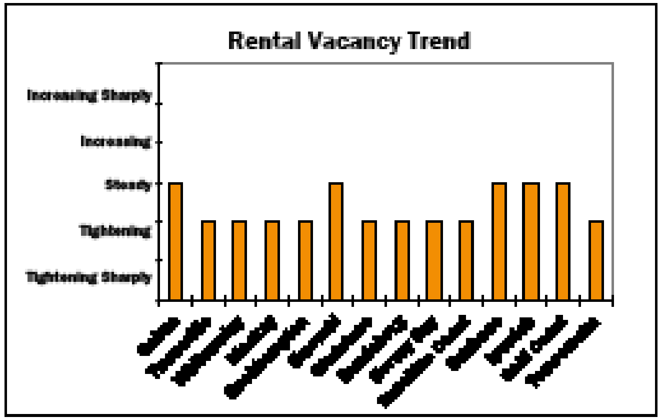


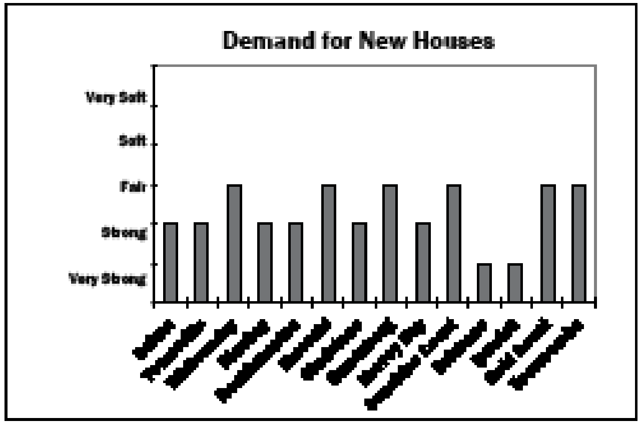
Queensland Property Market Indicators – Houses

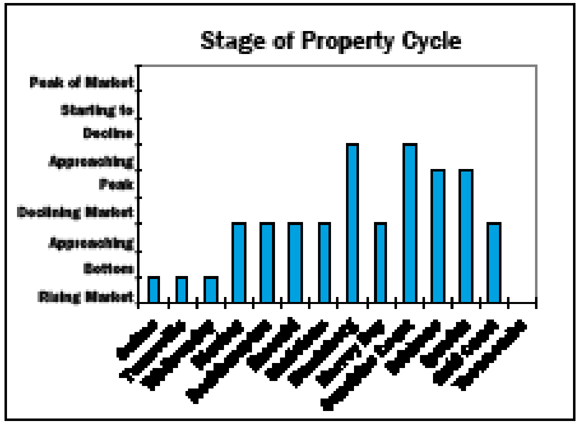
Factor	Cairns	Townsville	Whitsunday	Mackay	Rockhampton	Emerald	Gladstone	Bundaberg	Hervey Bay	Sunshine Coast	Brisbane	Ipswich	Gold Coast	Toowoomba
Rental Vacancy Situation	Balanced market	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available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





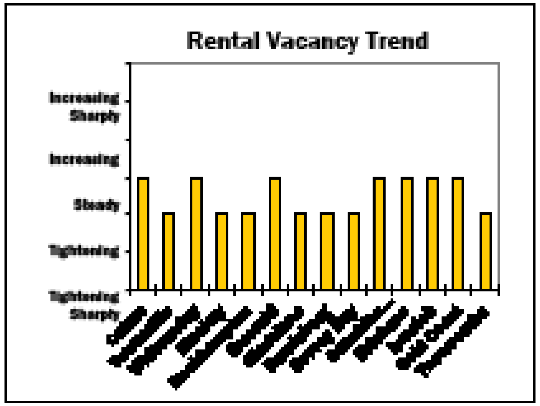


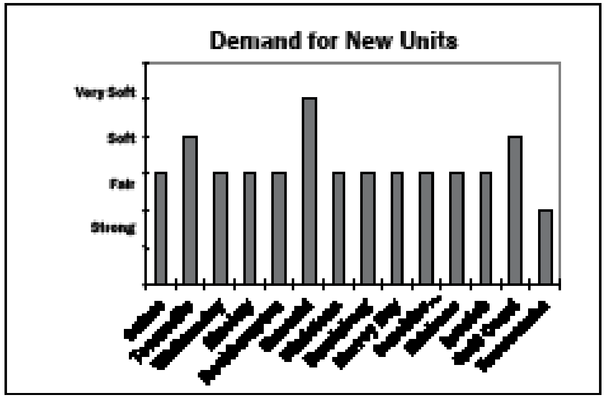
Queensland Property Market Indicators – Units

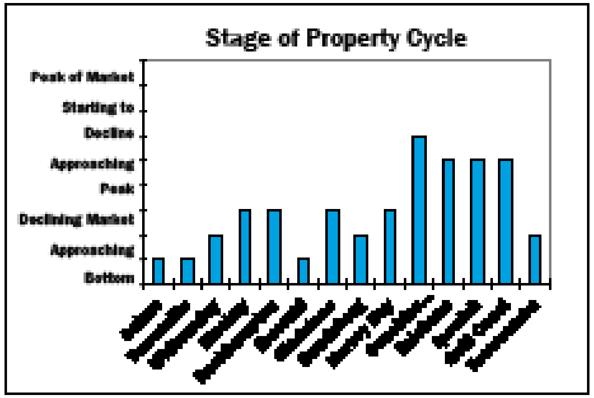
Factor	Cairns	Townsville	Whitsunday	Mackay	Rock-hampton	Emerald	Gladstone	Bundaberg	Hervey Bay	Sunshine Coast	Brisbane	Ipswich	Gold Coast	Toowoomba
Rental Vacancy Situation	Balanced market	Shortage of available property relative to demand	Over-supply of available property relative to demand	Shortage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



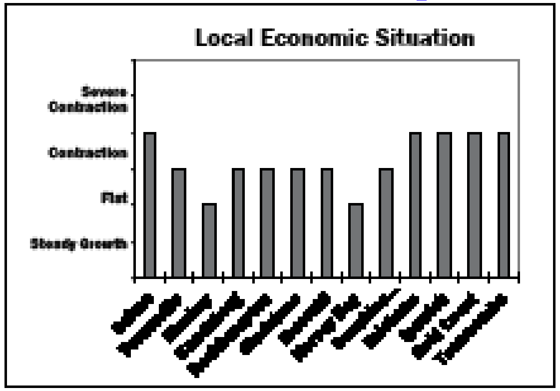


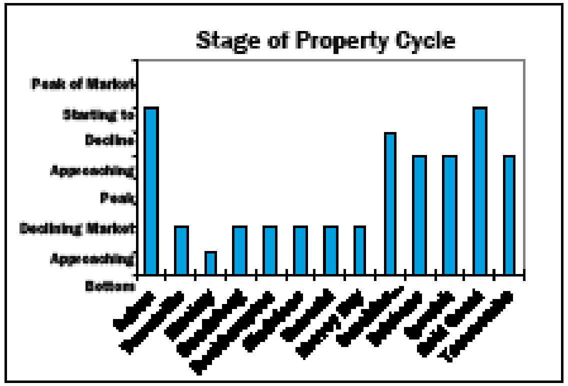


Queensland Property Market Indicators – Retail

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



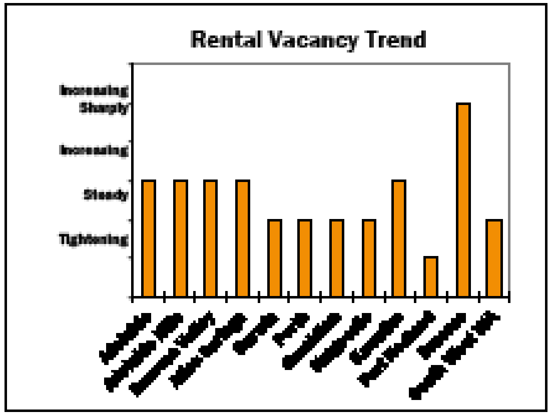


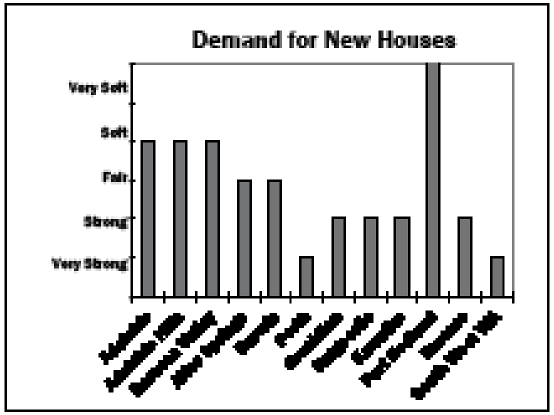
SA, NT and WA Property Market Indicators - Houses

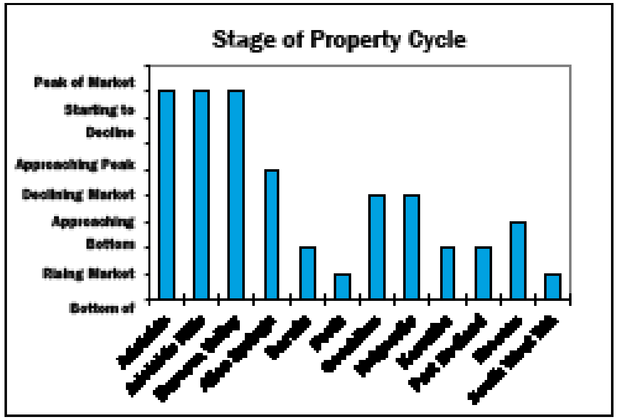
Factor	Adelaide	Adelaide Hills	Barossa Valley	Alice Springs	Darwin	Perth	Geraldton	Kalgoorlie	Karratha	Port Hedland	Broome	South West WA
Rental Vacancy Situation	Balanced market	Balanced market	Balanced market	Balanced market	Shortage of available property relative to demand	Shortage of available property relative to demand	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Shortage of available property relative to demand	Balanced market	Balanced market	Shortage of available property relative to demand
Rental Vacancy Trend	Steady	Steady	Steady	Steady	Tightening	Tightening	Tightening	Increasing	Tightening	Tightening	Steady	Tightening
Demand for New Houses	Soft	Soft	Soft	Fair	Fair	Very strong	Strong	Strong	Strong	Strong	Fair	Very strong
Trend in New House Construction	Declining	Declining	Declining	Steady	Steady	Declining significantly	Declining	Declining	Declining	Declining	Declining	Declining significantly
Volume of House Sales	Declining	Declining	Declining	Steady	Steady	Increasing	Steady	Increasing	Steady	Increasing	Increasing	Increasing
Stage of Property Cycle	Peak of market	Peak of market	Peak of market	Bottom of market	Bottom of market	Start of recovery	Approaching bottom of market	Approaching bottom of market	Rising market	Rising market	Bottom of market	Start of recovery
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Occasionally	Almost never	Almost never	Occasionally	Occasion-ally	Occasion-ally	Occasionally	Almost never	Occasionally	Occasionally

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

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





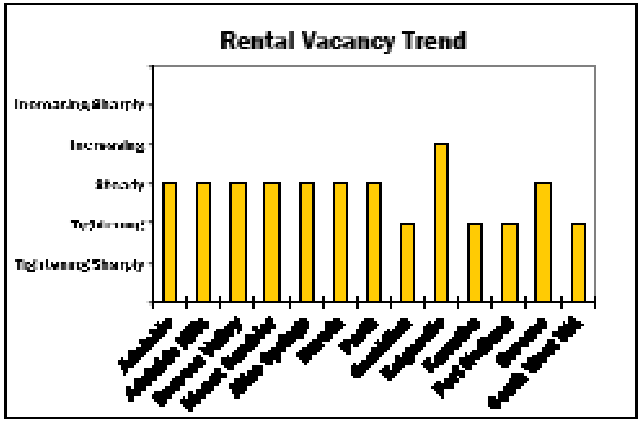


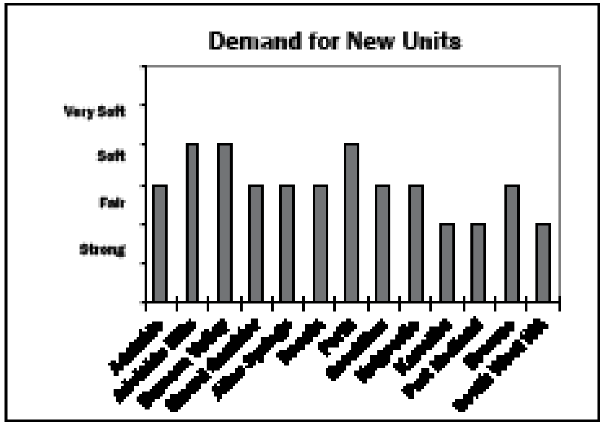
SA, NT and WA Property Market Indicators – Units

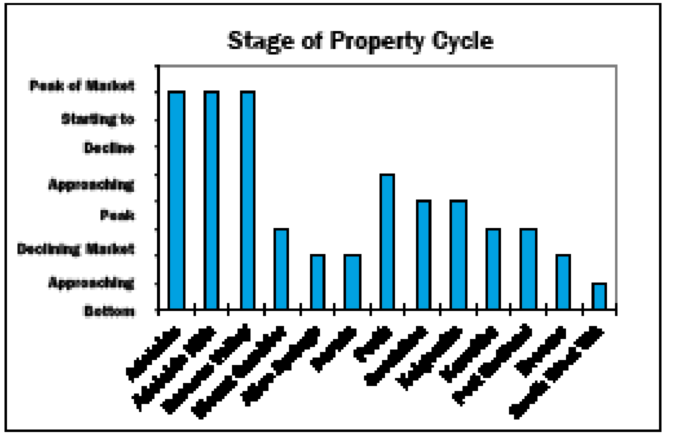
Factor	Adelaide	Adelaide Hills	Barossa Valley	Mount Gambier	Alice Springs	Darwin	Perth	Geraldton	Kalgoorlie	Karratha	Port Hedland	Broome	South West WA
Rental Vacancy Situation	Balanced market	Balanced market	Balanced market	Balanced market	Balanced market	Balanced market	Balanced market	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand
Rental Vacancy Trend	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Tightening	Increasing	Tightening	Tightening	Steady	Tightening
Demand for New Units	Fair	Soft	Soft	Fair	Fair	Fair	Soft	Fair	Fair	Strong	Strong	Fair	Strong
Trend in New Unit Construction	Increasing	Increasing	Increasing	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Declining
Volume of Unit Sales	Declining	Steady	Declining	Steady	Steady	Declining	Steady	Increasing	Increasing	Steady	Increasing	Increasing	Increasing
Stage of Property Cycle	Peak of market	Peak of market	Peak of market	Rising market	Bottom of market	Bottom of market	Declining market	Approaching bottom of market	Approaching bottom of market	Rising market	Rising market	Bottom of market	Start of recovery
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Occasionally	Occasionally	Almost never	Almost never	Very frequently	Occasion-ally	Occasion-ally	Occasionally	Almost never	Occasionally	Occasionally

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

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





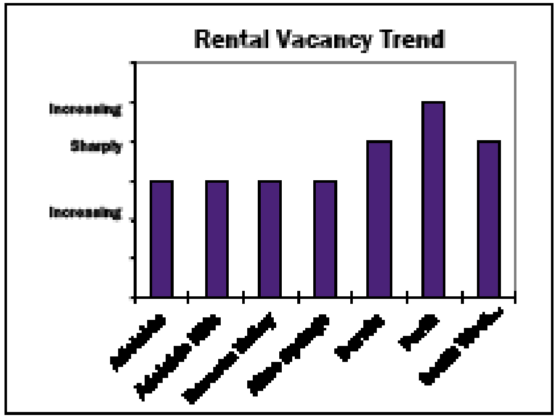


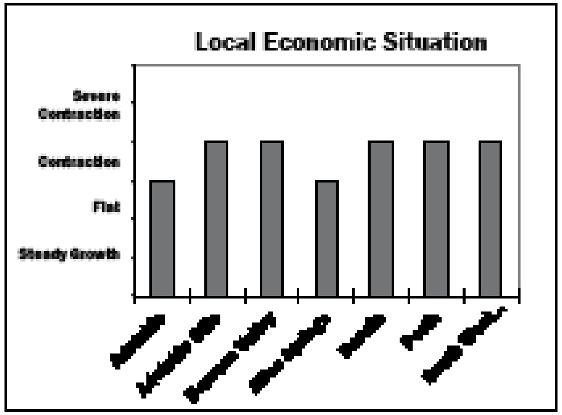
SA, NT and WA Property Market Indicators – Retail

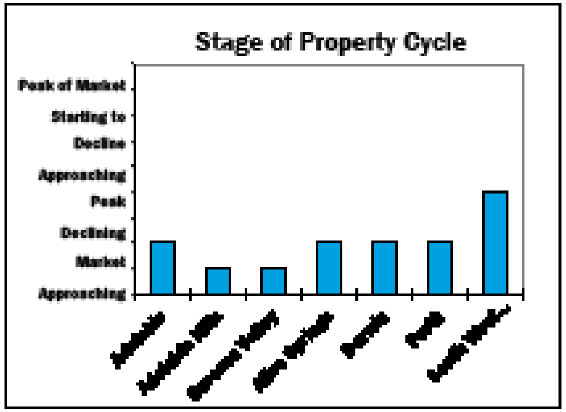
Factor	Adelaide	Adelaide Hills	Barossa Valley	Alice Springs	Darwin	Perth	South West WA
Rental Vacancy Situation	Balanced market	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Balanced market	Over-supply of available property relative to demand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







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