Residential Month in Review

June 2021

A message from our CEO

As we reach the end of FY21, Australians continue to be tested in ways we'd never imagined.

As we close the month of June, five of our states and territories have been in lockdown for a total of 24 days. This is a reminder that Australia is not yet through this period. However, I'm buoyed by the fact we can come together and support one another during the challenges and, overall, remain optimistic about the future.

The concept of being stronger together is something we have always adopted at Herron Todd White, but even more so of late.

In recent weeks I was pleased to announce the merging of our South East Regional Australia and Melbourne entities to create Herron Todd White VIC/TAS. This latest amalgamation follows multiple Western Australian operations consolidating to create the single Herron Todd White Western Australia entity in 2020, along with New South Wales and the ACT in 2019. This exciting merger is set to improve client services, and create further operational efficiencies across the business.

Our program will see more regional offices integrate with capital city operations and create large single state entities. This will significantly improve the company's operation and its appeal to employees, partners, and investors. I look forward to revealing more in the coming months.

In other news, As part of Herron Todd White's commitment to quality, we are proud to announce that we have now received formal ISO9001 certification. This important international standard for quality builds on our existing ISO27001 Information Security certification, placing HTW as one of the most robust, secure, and quality-forward valuation firms in the nation. This commitment to quality cannot be released without the collective effort of our people around the country. Our processes and systems ensure that we continue to provide our clients with market-leading solutions.

It is due to the diligence of our people and our genuine commitment to the business that positions this commitment to quality at the forefront of our service offering. Quality solutions for our clients, quality solutions and processes for our people, and a quality support structure.

It is a priority to ensure that we have rigor within our business to respond and remain at the forefront of quality client lead solutions.

Our June edition Month In Review submissions offer an opportunity to assess the current state of the market, and prepare for what's to come.

The commercial section sees local area specialists discuss unrealised investment opportunities within the industrial sector.

Stories include:

- **Sydney** – lack of industrial stock continues to drive prices;
- **Brisbane** – continued outperformance of industrial compared to other commercial sectors; and
- **QLD regional** – across the board strengthening in industrial markets continues.

In the residential section, our expert teams deliver their half-time scorecard of Australia's diverse real estate markets. Our professionals also reveal some thoughts on how markets might proceed over the remainder of 2021.

Among the excellent stories on offer this month are:

- **Sydney** – North Shore prestige market driven by ex-pat demand;
- **Newcastle** – growth in the median house price outperformed all capital cities;
- **Shepparton** – ex-Commission properties gained approximately 80 per cent in value in the past 12 months.

Our abridged rural submissions have also adopted this mid-year theme and discussed how key primary production property markets have performed so far in 2021.

Please enjoy this latest addition of *Month In Review.*

Gary Brinkworth

CEO

HERRON TODD WHITE

2021's half time score

There's nothing quite like a game of two halves.

The chance to pause during any major endeavour, and spend a few moments assessing and planning, is a gift. When things are in full flight, sometime the midway spot is your only opportunity to recharge, refocus and get primed for the next half.

Even though the concept of 'planning for a certain future' has taken a bit of a hit since early last year, it's still better to try and expect the unexpected, rather than letting it hit you full in the face.

This can be applied to property as well.

So far in 2021 we've seen mostly robust markets across the nation. A sense of confidence flowed through many centres fuelled by low interest rates, bullish returns to economic form and substantial government assistance. Buyers who'd been keeping their powder dry were suddenly given a hurry up, as activity and price growth gained momentum.

In addition, reduced discretionary spending saw many of us with a few extra dollars in the savings account waiting to be utilised for a deposit or renovation.

But, of course, the Australian real estate market is not a simple beast. There are multiple locations driven by varying influences. There are even markets within markets, so you can still buy the wrong property in the right location and be financially worse off than your neighbours.

How to make sense of it all? Well, we have the crew for you.

This month, our residential teams have taken the opportunity to jot down musings about how their markets have tracked so far in 2021. Think of them as delivering the half time oranges while moving magnetic 'players' across their mobile white boards. A play-by-play of what's unfolded so far.

This month's publication will not only convey information on what's happened up to now, but also provide signposts on what's to come as we progress toward year's end. It's a 'must read' for every residential property stakeholder.

For commercial property fans, it's time for some advice on investment opportunities in the industrial sector. Our experts delve deep into what has been a relatively buoyant part of the commercial market over the past twelve months. Our teams have dug deep and unearthed prime opportunities for savvy operators.

And onto rural. We have a concise update from a few teams this month with a selection of submissions on how primary industry markets are tracking.

There it is folks – Herron Todd White is your coach for the big game.

While the mid-year provides a chance to catch your breath, it's also no time to sit back and bask in past successes. Get active and contact your local Herron Todd White office. They stand ready with no-holds-barred advice set to see you through the next half of 2021... and beyond.

A sense of confidence flowed through many centres fuelled by low interest rates, bullish returns to economic form and substantial government assistance.

FEATURE

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National Property Clock: Houses

Entries coloured orange indicate positional change from last month.

Albury
Bathurst
Burnie/Devenport
Canberra

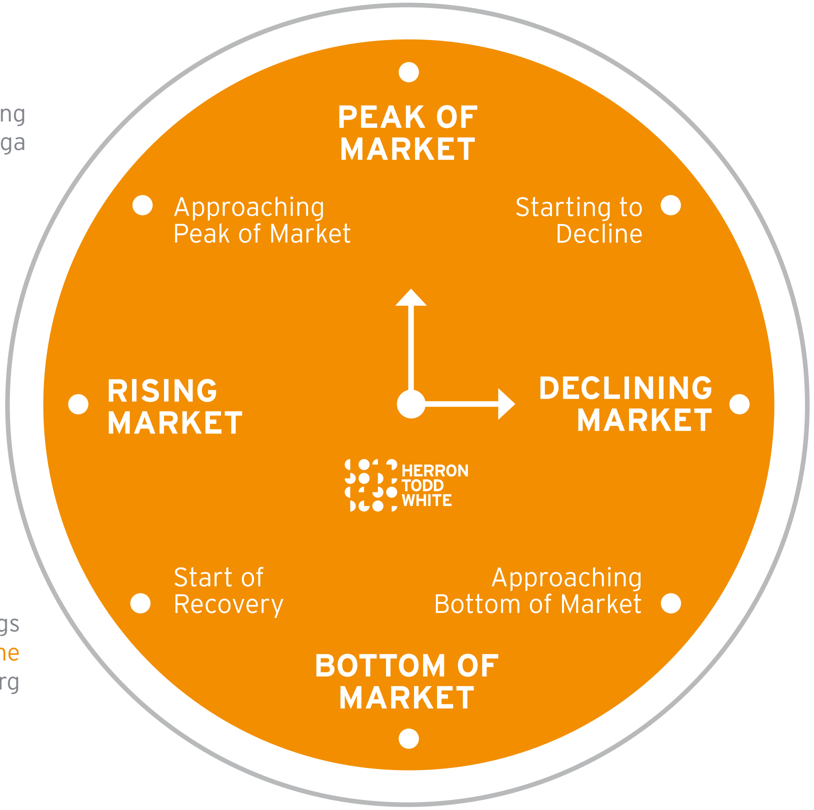
Dubbo
Launceston
Tamworth

Geelong
Wodonga

Adelaide
Adelaide Hills
Albany
Ballina/Byron Bay
Barossa Valley
Brisbane
Cairns
Central Coast
Coffs Harbour
Darwin
Emerald
Geraldton
Gladstone

Gold Coast
Hervey Bay
Hobart
Illawarra
Ipswich
Kalgoorlie
Karratha
Lismore
Mackay
Melbourne
Mildura
Mount Gambier
Newcastle

Perth
Port Hedland
Rockhampton
Shepparton
South West WA
S'thn Highlands
Sunshine Coast
Sydney
Toowoomba
Townsville
Whitsunday



Alice Springs
Broome
Bundaberg

National Property Clock: Units

Entries coloured blue indicate positional change from last month.

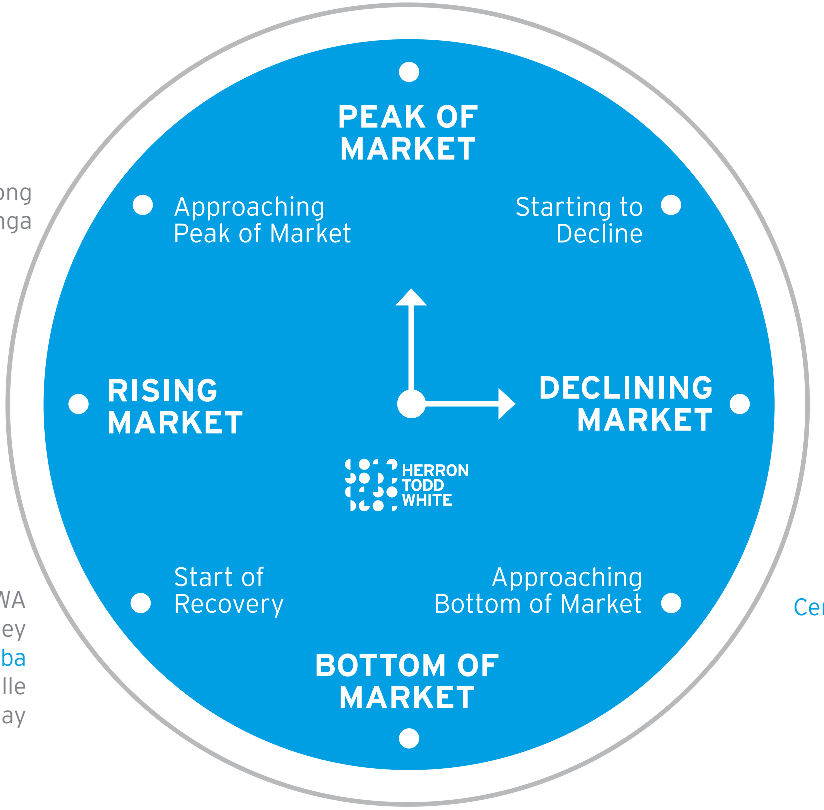
Bathurst
Burnie/Devenport
Launceston
Tamworth

Geelong
Wodonga

Adelaide
Adelaide Hills
Albury
Ballina/Byron Bay
Barossa Valley
Broome
Coffs Harbour
Dubbo
Gladstone

Gold Coast
Hervey Bay
Hobart
Illawarra
Karratha
Lismore
Mackay
Mildura
Mount Gambier

Mt Gambier
Newcastle
Port Hedland
Rockhampton
Shepparton
S'thn Highlands
Sunshine Coast



Canberra

Central Coast

Albany
Alice Springs
Brisbane
Bundaberg
Cairns
Darwin

Emerald
Geraldton
Ipswich
Kalgoorlie
Melbourne
Perth

South West WA
Sydney
Toowoomba
Townsville
Whitsunday

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New South Wales

Overview

No matter the endeavour, pausing to take stock of what's come to pass provides an opportunity to plan for the future.

And so it is with Australian residential real estate which has seem some extraordinary performances so far in 2021.

With the half year upon us, our teams from around the nation provide their detailed assessment of how markets are tracking in their service areas.

Sydney

The Sydney residential property market was already in full swing as we moved into 2021, but few could have predicted just how strong the growth would be, particularly over the February to April period. The median value for all dwellings in Sydney, according to CoreLogic, increased 9.3 per cent by the end of April, with 8.8 per cent of that in the February to April period. Median values now sit above the previous highs of July 2017.

Houses have continued to show the strongest growth with an increase of 11.2 per cent during April, compared to 4.6 per cent for units. The top quartile of the market has seen the strongest growth over the February to April period, with an 11.4 per cent increase, compared to a five per cent increase in the bottom quartile, while the middle part of the market experienced a seven per cent increase, according to CoreLogic data.

All Dwellings		Houses		Units	
Month	2.4%	Month	2.8%	Month	1.3%
Quarter	8.8%	Quarter	10.5%	Quarter	4.7%
YTD	9.3%	YTD	11.2%	YTD	4.6%
Annual	7.5%	Annual	10.4%	Annual	0.9%
Total return	10.1%	Total return	12.9%	Total return	4.4%
Gross yield	2.7%	Gross yield	2.4%	Gross yield	3.2%
Median value	$950,457	Median value	$1,147,352	Median value	$771,859

Change in Sydney property values 30 April 2021 Source: CoreLogic

The main reasons for the strong growth in the market have been the continuing historically low interest rates along with increasing confidence in the economy post-COVID seeing demand continue to strengthen. At the same time, supply has not kept pace, with new listings and total listings for Sydney to the end of March down on the equivalent period in 2020.

There is an expectation that vendors are more likely to list given the strong market conditions being experienced and that this should start to even out the current demand and supply imbalance. This is likely to lead to a moderating of growth as the rest of 2021 plays out.

Inner Sydney/Eastern Suburbs

Houses and land within the inner Sydney and eastern suburbs regions seem to be two of the most resilient markets in the country, with strong rebounds from the economic uncertainty caused by COVID-19 able to be traced back to mid-2020.

Since 2021 began, there has been significant heat in the market with Domain consistently reporting 80 per cent plus auction clearance rates each week and prices for some market segments in some areas surpassing previous peaks. This is largely driven by low interest rates and snowballing fear of missing out of purchasers.

Particularly strong results have been seen in the perennially over-achieving inner city suburb of Paddington, such as the recently sold 30 Leinster Street, a three-bedroom, one-bathroom terrace on an 82 square metre block with no parking. This property sold for $2.5 million in May 2021, previously selling (in similar condition) during the COVID-induced market slumber for $1.9 million in June 2020.

In the beachside suburb of Malabar, a dated single level, three-bedroom brick dwelling on 460 square metres of land at 37 Napier Street sold in March for a strong $3.63 million. This compares to a similarly positioned property at 4 Fox Street, which sold in

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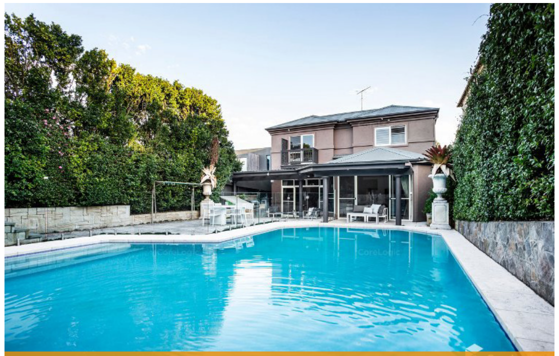
December for $2.565 million, comprising a dated single level three-bedroom clad dwelling on 462 square metres of land.

It is quite common during periods of high price growth for buyers who have been priced out of beachside suburbs further north, such as Coogee and Bondi, to look at more affordable options and this appears to be what is happening in Malabar presently. The suburb also had its sale record broken in March with a golf course fronting home at 147 Prince Edward Street setting the new benchmark at $4.75 million.

Higher price points have also seen strong results such as 71 York Road, Queens Park, a five-bedroom renovated period home with a two-bedroom flat above the garage on a 607 square metre block, which recently set a record for the suburb, selling in May 2021 for $8 million. The property previously transacted in March 2018 for $5.1 million.



71 York Road, Queens Park Source: CoreLogic

Units have seen a more mixed recovery, with better quality buildings and those suited to owner-occupiers more favoured by the market, such as 512/47 Cooper Street, Surry Hills, a neat two-bedroom, two-bathroom split level unit in a smaller scale semi-modern complex. This unit sold in March 2021 for $1.41 million, previously selling during COVID restrictions in June 2020 for $1.32 million.

Investor stock within the inner city typically comprises studio and one-bedroom units in average quality complexes. Properties such as these have seen a far more subdued recovery in the past six months and have been held back largely due to a significant reduction in rental demand driving down rental returns.

Nowhere is this more evident than in the CBD where the tenant profile is commonly overseas contractors or students who are currently few and far between due to international border closures. This has led to increasing numbers of investors looking to sell and has caused an increase in the supply of available one-bedroom units. One such unit is 217/45 Shelley Street, Sydney which sold in March 2021 for $875,000 and appeared to be asking a weekly rental of $490 at the time. This unit previously transacted during the last market peak in February 2017 for $820,000 and appeared to be asking $680 per week at that time.

The prestige unit market is outperforming the rest of the unit market as downsizers, cashed up from the sale of their family homes, continue to drive this market. The most eye-catching prestige unit sale so far this year has been 16/16 Notts Avenue, Bondi Beach, which sold for $20.1 million in March through Ben Collier of The Agency. The renovated four-bedroom, four-bathroom penthouse unit, with parking for three cars, along with a large terrace, captures amazing views of Bondi Beach, Ben Buckler and the ocean beyond.

16/16 Notts Avenue, Bondi Beach Source: CoreLogic

The most surprising aspect of the 2021 inner city and eastern suburbs property markets has been the overall comfort purchasers seem to have in massively exceeding guide prices and offering above recent comparable sales. Entering 2021, there was significant uncertainty surrounding unemployment and upcoming JobKeeper and JobSeeker changes, however these concerns seem to have fallen away in the wake of the fear of missing out which is currently driving the market.

Inner West

The property market in the inner west region of Sydney has seen strong increases in value over

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the course of the first half of 2021. Areas such as Balmain, Annandale, Glebe and Newtown have experienced a strong increase in demand from both homeowners and investors. Areas further towards the western and southern geographical boundaries of the inner west including Five Dock, Concord, Strathfield, Marrickville and Dulwich Hill have also experienced surging increases in demand accompanied by relatively few properties on the market for sale.

As a result, capital growth throughout all areas of the inner west has seen unprecedented increases, in particular relating to dwelling prices. Apartments and strata titled townhouses have also experienced an increase in sale prices, however at a lower growth rate than dwellings. Apartments and townhouses in lower density developments (walk-up buildings, duplexes, etc) have experienced stronger capital growth rates in comparison to strata apartments in higher density developments.

It appears that the strong market conditions are prevalent in all properties including those in the sub $1 million price range as well as properties in the $1 million to $5 million price range. It would appear the decision by the majority of the major lenders to fix home lending rates for a period of three years (on average) has been a catalyst in the unprecedented growth and surge in demand. Additionally, general optimism in relation to the COVID-19 pandemic as well as generally low supply levels appear to be the major drivers of the capital growth experienced in the past six months.

The level of price growth and the ferocity of the housing market has been the most surprising thing to witness in the first half of the year, given the current economic uncertainties created by the Coronavirus pandemic including Australia's lack of international migration (which is a historic driver of price growth). It would appear the general market will track in a similar direction for the remainder of 2021 given the recent federal budget announcements and the unlikelihood of the RBA deciding to increase interest rates in the foreseeable future. However, the market could see a general slowdown if any intervention occurs by APRA in relation to limiting investor or interest only loans, a surge of disgruntled buyers leaving the market with a sense of hopelessness of entering the market at such rampant conditions, or any government policy aimed at curbing the demand side of the market (such as changes to land tax, stamp duty or capital gains tax).

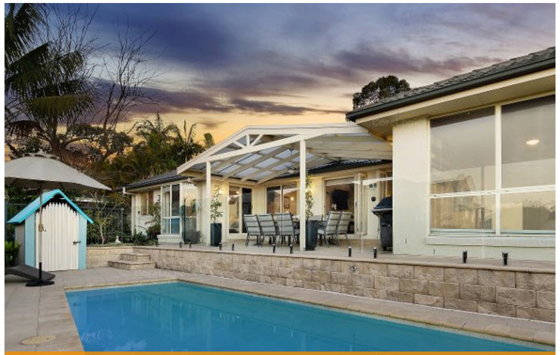
Northern Beaches

The Northern Beaches housing market has performed admirably across the board with varying levels of growth across all markets and property types. The owner-occupier and entry level markets have certainly performed the strongest.

Domain recorded the annual growth of Newport and Avalon at circa 23 per cent and 20 per cent respectively as at March 2021. The majority of that growth was experienced in 2021 and with the market continuing to strengthen over subsequent months, those figures would now be closer to circa 30 per cent growth - an incredible rate in such a short space of time. These figures are not outliers and most suburbs are experiencing similar levels of housing growth this year.

The prestige sector has also performed very well with increased demand from ex-pats and supply constraints driving values. The biggest surprise would be the level of demand the market has experienced, particularly from the inner-west and eastern suburbs markets. The commuting factor clearly had an impact on buyer sentiment and the pandemic has made the Northern Beaches more accessible to the wider market.

A notable sale in 2021 to date is 13 Keith Payne VC Place, Narraweena. The property is a circa 2005 single level, four-bedroom, two-bathroom dwelling with a two-car garage on approximately 833 square metres of land. The property sold in August 2019 for $1.98 million and re-sold in April in very similar condition to the previous sale for $2.8 million.



13 Keith Payne VC Place, Narraweena Source: realestate.com.au

North Shore

Over the past six months, the Lower and Upper North Shore detached housing markets, like most of Sydney, have being performing extremely well. Strong market conditions have been experienced at the entry level price point, but even more so in the prestige sector. Almost all detached housing products across the North Shore have seen substantial growth including large family homes, newly constructed products and renovation or developer projects.

As mentioned, the prestige sector has really flourished after what were very volatile times in April last year when the volatility of the pandemic took its toll. In late October, evidence of market confidence returning was consolidated with the sale of 17 Mackenzie Street, Lindfield for $11.51 million after being on the market for only 16 days (as per RP Data records). Although this was a one-off sale, it was very well publicised in the media and appeared to have the consequential impact of helping restore market confidence.


17 Mackenzie Street, Lindfield Source: realestate.com.au

In recent months, we have seen the North Shore prestige market go from strength to strength with limited stock, high demand and record low interest rates fueling the market. Prestige properties are now not only selling for premium prices, but also within extremely short selling periods in most cases.

The number of international buyers in this prestige market, as expected, has dramatically declined for obvious reasons. Initially this was of great concern to the North Shore prestige market as these buyers traditionally make up a high percentage of transactions. However, this appears to have been balanced out with the high number of expatriates returning to Australia. In fact, it appears that expatriate demand on the North Shore has been extremely strong across all price points, due to Australia providing a safe haven during this pandemic period. Many expatriates have either been forced to return to Australia or have taken the opportunity to return home during this period of uncertainty. This has definitely been one of the dominating factors in increased demand for property on the North Shore over the past six months and one we didn't necessarily see coming.

Two notable suburbs with strong statistical market growth over the past six months include Cremorne on the Lower North Shore with a median house price in November 2020 of $2,962,500, increasing to a current median price of $3.35 million (as per realestate.com.au). On the Upper North Shore, Killara had a median house price of $3.06 million in November 2020, increasing to a current median of $3.5 million (as per realestate.com.au). Although not all suburbs have seen quite such strong growth, it does show a real life example of the incredible growth we have seen in the past six months in the detached housing market.

The unit market on the North Shore has not been such a promising story. We saw supply levels increase in the early part of 2020 with some major development projects coming online about the same time that market volatility surrounding the pandemic took full effect. This resulted in high volume withdrawal from investors and overseas purchasers, traditionally strong drivers of this market sector. In the past three months however, we have started to see some positive indicators in the unit market as investors look to capitalise on what many now perceive to be bargain prices at record low interest rates. It will be very interesting to monitor the performance of the unit market on the North Shore over the next few months.

Western Sydney

Western Sydney has seen strong price growth over the first half of 2021. The areas doing the heavy lifting have been the Hills District and the Blue Mountains.

Modern homes in sought after western Sydney suburbs continue to achieve strong results with records breaking what seems like every week. This can be attributed to a number of factors, including the new wave of working from home buyers, who are now looking further west for more bang for their buck, with dedicated workspaces, landscaped yards and room for a pool.

Some strong recent sales include a single level house in The Ponds selling for $1.625 million after just 15 days on the market. This property is a single level 2008 build, providing four bedrooms, 2 two bathrooms, double garage, a dedicated study, media room, landscaped grounds with an inground pool on 580 square metres of land.

A recent sale in The Ponds Source: realestate.com.au

One aspect that has surprised us has been the strength of vacant land sales in new subdivisions. The strength of the land market is primarily the ability for owners to build their own dream home and not have to renovate someone else's.

A 467 square metre vacant block in Marsden Park recently sold for $820,000, representing $1755 per square metre and a 61 per cent uplift since purchased by the developer for $509,000 some 20 months beforehand. This sale is considered a huge result for the area given that more land will continue to be released over the next few years.

3 Braeburn Crescent in the Bella Vista Waters area of Bella Vista recently sold for $2.315 million. This is just the land only! This reflects $3,298 per square metre and is a record land sale for the suburb, highlighting the strength of this pocket for people wanting to build their own dream home.

To highlight the strength of the vacant land market, have a look at the sale of 14 Braeburn Crescent for $2.355 million in March 2021, providing a similar size 717 square metre block but also including a circa 2011, five-bedroom two-bathroom dwelling with a triple garage. This property is on the same street with a similar block size and sold in the same month.

As the saying goes, one sale does not make a market. The challenge will be waiting for the follow up sales at similar price points to provide valuers further confidence in supporting these record sales.

Further west in Katoomba, the market has been steaming ahead like a locomotive. Two sales next door to each other highlight how far the market has moved.

Compare the pair - 73 Seventh Avenue, Katoomba sold for $860,000 in October 2020. This is a nicely renovated four-bedroom home approximately 190 square metres in size. Fast forward to this year and the house next door at 71 Seventh Avenue, Katoomba sold for $890,000 in May 2021. This property is an updated three-bedroom house approximately 90 square metres in size and vastly inferior to the neighbouring one. Both properties have the same block size, topography and views.

71 Seventh Avenue, Katoomba Source: realestate.com.au

73 Seventh Avenue, Katoomba Source: realestate.com.au

This highlights strong market movement; the four-bedroom house would be worth much more now. In the past six months, the Blue Mountains region has seen the continuation of a surge in prices from Sydney buyers and local upgraders wanting a lifestyle change, particularly if they no longer need to commute to the CBD every day. Aside from the lifestyle tree change many people desire, this region offers a much more affordable price point than the wider Sydney metro as well as a diverse range of property.

For units, the market has not been as rosy as the dwelling or land markets. An example of the market movement is a recent sale in Wentworth Point.

The 2018 built unit provides two bedrooms and two bathrooms with one car space and offers a quality fit out and expansive views of the Parramatta River. This unit recently sold for $838,000 which is only $5,000 more than what the vendors paid to purchase off the plan in 2018.

In more recent years, resales and purchasing after completion have become more prominent, giving the buyer a better understanding of the finished product and surrounding area after construction has been completed. The above example highlights that buyers have been able to do this without the concern of prices increasing throughout construction.

South-Western Sydney

If we wind back the clock to 1 January 2021, most of us started the year with some optimism. Western Sydney appeared to be gaining some buoyancy off the back of a strong finish to 2020 and whilst the pandemic was still lingering, there was fresh confidence that better times were ahead for the property market. No one could have predicted what was to play out in the following months.

Prices have increased rapidly in a short period of time. Agents report strong interest from first homeowners, investors and downsizers. Houses

In fact, it appears that expatriate demand on the North Shore has been extremely strong across all price points, due to Australia providing a safe haven during this pandemic period.

are selling within hours, buyers are camping out for land and properties going to auction are so hotly contested that reserves have not been a barrier to the final selling price. A perfect storm had been created and we consider this was attributed to low interest rates, broader affordability in the south-west, housing grants, cashed up buyers and confidence gained from the multiple infrastructure projects occurring in and around the south west.

One example of the incredible results we have seen in the first half of 2021 is 14 Christie Street, Prairiewood, which sold in April for $1.04 million. The property is a single level brick dwelling, comprising three bedrooms, one bathroom and a single garage on 628 square metres of land. Six months ago, a property of this nature would have struggled to achieve $900,000, yet there were 33 registered bidders on the day of auction with three bidders competing above the $950,000 price range.

14 Christie Street, Prairiewood Source: CoreLogic

A vacant land sale at 28 Twenty Eight Street, Austral sold in May for $1.36 million. The 1000 square metre block of land previously sold in August 2019 for $750,000, an increase of 81 per cent in less than two years.

Houses are selling within hours, buyers are camping out for land and properties going to auction are so hotly contested that reserves have not been a barrier to the final selling price.

Southern Sydney

Throughout 2021, we have experienced an extremely high demand for property, particularly freestanding dwellings, which has resulted in high auction clearance rates at premium prices. With historically low interest rates available, consumer confidence (combined with less restrictive lending) is high, and we are quite often analysing property sales that exceed expectations.

We have noticed premiums being paid for development sites (duplex or detached dual occupancy) across the St George region. It appears that many of these buyers are expecting that the market will continue to remain strong and rise further, otherwise it would appear they are working off very small profit margins.

4 Poulton Avenue, Beverley Park is a potential duplex site and sold for basically land value in May 2021 for $2.21 million (below).

4 Poulton Avenue, Beverley Park Source: realestate.com.au

The market and sales activity for units is strengthening, although the price point is quite stable. The growth experienced in houses has not filtered across to units (besides prestige downsizer units). In fact, within unit-dense locations such as Wolli Creek, Rockdale and Hurstville, we have seen the general unit product stagnate (which may be a sign of over-supply and multiple listings per complex).

Some of the standout suburbs this year have been Earlwood and Monterey. Something that has surprised us is properties selling in Monterey that are positioned within close proximity to an SP2 Infrastructure corridor which has been earmarked for the proposed F6 motorway extension. Properties selling in this location don't appear to be negatively impacted in terms of marketability or value.

85 Culver Street, Monterey is located within approximately 100 metres of this proposed corridor, however sold after 27 days on the market for $1.945 million which appears to be on par with similar properties in Monterey.

In the Sutherland Shire, for detached dwellings, duplexes and villas or townhouses, we have seen significant price growth in 2021 and it feels like we are seeing new records set on a weekly basis.

A modern semi-detached duplex in Kirrawee recently sold for $2.215 million after previously being purchased in February 2020 for $1.578 million, an increase of 40 per cent in 15 months. The property at 5A Bligh Street on 537 square

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metres of land, which is large for a duplex in this area, comprises five bedrooms, three bathrooms, an oversized single garage, swimming pool, covered alfresco and cabana.

5A Bligh Street, Kirrawee — Source: CoreLogic

Like other areas of Sydney, we are still seeing units struggling to sell in some areas, particularly those that have had a large amount of supply in recent months between Caringbah and Sutherland. Prestige units in Cronulla are seeing good demand as downsizers from other parts of the Sutherland Shire and beyond are attracted to the lifestyle the suburb provides.

Shaun Thomas
Director

Southern Highlands

2021 has continued on as 2020 ended for the Southern Highlands residential and rural residential markets, with unabated growth evident across the three major townships of Mittagong, Bowral and Moss Vale as well as the ripple effect resulting in strong price growth across the Southern Highlands villages.

Initially the best performers across the region included Central Bowral as well as the more prestigious villages of Burrawang, Berrima and Exeter. Central Bowral saw three sales at $4 million plus on sub 2000 square metre parcels. These all offered short, flat walks to the main town, with good access to local amenities and infrastructure front of mind for discerning purchasers. The main driver for these sales, as well as a large portion of the main market across the Southern Highlands, has been Sydney buyers opting for a lifestyle change now, swapping the urban environment for a more relaxed and open rural residential environment. Factors fanning this surge have been the hybrid working from home arrangements available to a large portion of people as well as international travel restrictions.

The Southern Highlands, particularly around the three main townships, is now in reality an extension of Sydney.

It should be noted that the villages to the north of Mittagong (Hill Top, Colo Vale and Tahmoor) also experienced strong growth in the first half of the year, with the suburb of Renwick standing out due to access to the freeway, newer homes and good size lots within a new residential development. This precinct has particularly appealed to young families coming from apartments as well as individuals moving from predominantly south-west Sydney.

From an entry-level perspective, the northern villages of Hill Top and Colo Vale, albeit slower off the mark in terms of market movement and volumes of transactions, have also now shown good growth for the first homebuyer. The more established suburb of Moss Vale has shown strong price growth due to retaining some affordability in comparison to Mittagong and Bowral. Darraby Estate has seen numerous sales in the mid $900,000s for brand new project homes on 600 square metres plus and recently saw the $1 million barrier broken in April.

Overall, the biggest surprise within the Southern Highlands market we have noticed over the past six months is the continued rate and volumes of sales and demand for stock. The Southern Highlands, particularly around the three main townships, is now in reality an extension of Sydney.

Infrastructure, particularly the road networks, have been the casualty due to years of neglect of upgrades and maintenance by a dysfunctional Wingecarribee Shire Council. The council has finally been removed and an administrator put in place to prioritise much needed infrastructure upgrades in the region.

Kurt Bismire/Tim Stevens
Property valuers

Lismore/Casino/Kyogle

As the two stalwarts of their respective fields, the soothsayer and the analyst, sat across from each other at a stainless steel bench in a quiet, smoke filled and sophisticated wine bar, it was the soothsayer, a specialist in the predictive behaviour of the 2021 property market, who first delivered these words:

"Well...here we are like regular folk. You do what you do...I do what I do. But I warn you, if you get in my way and critique my predictions without due diligence, I will not hesitate".

In reply, the analyst leant forward and uttered,

"Not hesitate? What if I read your spiel and I don't like it? What happens if I get in your way and review your predictions and find them, shall I say... unsatisfactory?...Brother, you are gonna go down".

Well, not only has the property market proven to be resilient in the Lismore, Casino and Kyogle regions in these past six months, it has been relatively buoyant...and then some!

In response, the soothsayer leans back and surmises in a classic De Niro-esque smirk "ok, then let us see where the cards fall".

Analyst: "Hoo-ah!!"

So, where have the cards fallen? At the beginning of 2021, it was predicted that the property market would continue to breathe vigorously on the back of low interest rates, interstate relocation and a general uptick in confidence from the local community following a traumatic 2020 blighted by COVID-19.

Well, not only has the property market proven to be resilient in the Lismore, Casino and Kyogle regions in these past six months, it has been relatively buoyant...and then some! It has become a regular occurrence for asking prices to be exceeded and selling periods to be expeditious.

It has also led to the trend for properties being advertised as by negotiation rather than with a fully disclosed asking price.

Traditionally, in a buoyant market, sale by auction has been the go to tactic, however, the by negotiation option has proven to be an increasingly popular one, particularly with big numbers in action.

However, there has also been an unfortunate by-product of the property market success – the resurgence of the nasty practice of gazumping (when an agent or seller accepts an offer you make to buy a property at an agreed price, but the property is sold to someone else. This usually happens when the vendor sells the property for a higher amount).

Whilst not illegal in New South Wales if contracts are not exchanged between the two parties, it is regarded as generally immoral or repugnant by most prospective property purchasers.

Within the suburb of Goonellabah (Lismore City) itself, there have been a growing number of single residential dwelling sales over $700,000 – at least 20 in the first six months of 2021, something unheard of only 12 months ago!

Well established and improved rural residential properties north of Casino and near Kyogle have also breached the $700,000 price mark with rural areas near Lismore City punching above $1 million.

A real eye opener has been the larger (10 to 40 hectare) rural residential improved property or farmlet market in and around Kyogle. Well presented, rural lifestyle properties within 20 kilometres of Kyogle are breaching the $1 million mark, particularly those with attractive features of having creek or river frontage, rural or mountain views and a combination of cleared, easy undulating grazing topography with areas of native timbered steeper areas, possibly with a pocket of rainforest and a waterfall or two.

Discussions with local real estate agents in the Lismore, Casino and Kyogle areas have indicated that general sales activity and enquiry have remained strong. Local buyers are having to compete with interstate rivals in order to get in on the game and with record low interest rates still in play, the game appears to be entering extra time for the short to medium term outlook....but that's looking into the future, not the past (the analyst reminds us).

And there is still the ongoing complication of lack of property listings – a fact not lost on real estate agents.

Lack or scarcity of supply, increased demand.... prices increase (Fundamental Economics 101).

Rental accommodation queries remain relatively strong as rental rates improve across the board for houses and units.

In summary, the property market within Lismore, Kyogle and Casino is alive and well and continues to chug along with the rest of the country. Who knows what the next six months of 2021 will show? Maybe the soothsayer has an angle on that?

Vaughan Bell
Property Valuer

Byron

One could be forgiven for wondering where the past six months have gone. Blink and you will have missed it. The pace of the property market in the Byron Shire has been frenetic to say the least.

Sellers, for the most part, have held the high ground with continued limited stock levels across most price points keeping buyers on their toes. Most properties have been selling within a month of listing and many before official listing on the market to buyers already known to agents. In order to secure a property, buyers have had to act decisively and knowledgeably while avoiding the pitfalls of being emotional (fear of missing out) and impetuous.

Many properties are being offered for sale by auction on an offers accepted prior basis, contact agent, offers over or with wide price guides, all designed to provide the opportunity for sellers to maximise their sale price by increasing the competition and urgency amongst buyers.

The natural result of this competition amongst buyers has been the continued rise in property values in the first half of 2021. As the price of housing in Byron Bay is growing out of reach of most buyers, the focus for many buyers has shifted to alternative locations such as Suffolk Park, Brunswick Heads and Lennox Head. Brunswick Heads has seen two recent sales of houses at the $2 million plus mark, one at $2 million and another at $2.5 million. Similarly, there have been two recent sales of houses in Ocean Shores over $2 million. These sales, while the exception rather than the rule, show there is a growing recognition of markets in the Byron Shire other than Byron Bay itself.

Mark Lackey
Property Valuer

Clarence Valley

The Clarence Valley keeps moving, up and up! Despite an uneasy start to the year given the prolonged and unnerving pandemic conditions, the Valley has seen unprecedented growth across all sectors.

The residential market has seen an exceptional rise across all beachside localities, particularly Yamba. The median price in Yamba has risen from $550,000 to $675,000 over the past 12 months, with no signs of regression. Marketing periods are short and reserves or asking prices are effortlessly surpassed. Once again, demand far exceeds supply.

As for their inland counterparts, Maclean and Grafton have also seen increases in prices albeit not quite to the same extraordinary levels. However, we have seen some record-breaking sale prices with a number of recent sales exceeding $1 million, a feat that seemed fantastical a mere twelve months ago.

More notable surprises so far this year include: a rapid increase of 30 to 40 per cent in Gulmarrad land prices; record breaking high sale prices of dwellings and units in Iluka surpassing $1 million; nearly no market slowing due to significant flooding in the region; and continuing market confidence despite most major infrastructure works being finalised in the region and their associated workforces relocating.

Caitlin Davies
Property Valuer

Coffs Harbour

What can we say about the market other than it has been a fast race to the top. New price levels are constantly being set in many locations with baseline affordability rising sharply over the past six months. We are experiencing a severe shortage of supply across most market sectors with ever present demand which is resulting in the current prices being achieved.

It is common if not the norm for properties to sell above asking price, however we are seeing values in excess of 10 per cent above asking being regularly achieved. Some examples of this are Farrell Close, Bonville with an asking price of $590,000 to $640,000 for a 2009 built three-bedroom, two-bathroom, double garage which sold in excess of $710,000. In the adjoining suburb of Boambee East at Newport Drive a 198's highset three-bedroom, one-bathroom home with single garage hit the market at $529,000 with the end result being $605,000. Further afield, the prestige rural residential location of Bakker Road, Bonville saw a four-bedroom, three-bathroom dwelling with double garage on a 4000 square metre site with an asking price of $1.15 million achieve $1.4 million.

This list could go on and it is not specific to any particular location, rather we are seeing the property type being more the reason the higher prices are being achieved. Rural residential properties have definitely been at the top of the list for buyer demand as part of this COVID-19 market. Not only are buyers looking to get away from the capital cities, they are also looking to secure a bit more land under their feet – the true tree change experience. This sector is also experiencing strong results in the prestige market ($1 million to $2 million) in the sought after locations of Bellingen, Urunga, Korora, Sapphire Beach, Upper Orara, Coramba and Bucca to name a few.

The other market sector definitely experiencing strong demand and values in excess of asking prices is the good family home, being four to five bedrooms, two bathrooms and double garage on larger 700 square metre plus sites. This seems to be the result of migration to the area and second or third home buyers upsizing as the family is growing. The investor and entry level markets seem to be ticking over, however we are not seeing the same ferocity in demand or value levels above asking prices.

What has been surprising over the past six months is the rate at which prices have risen, which has given rise to the fear of missing out attitude with blue sky thinking.

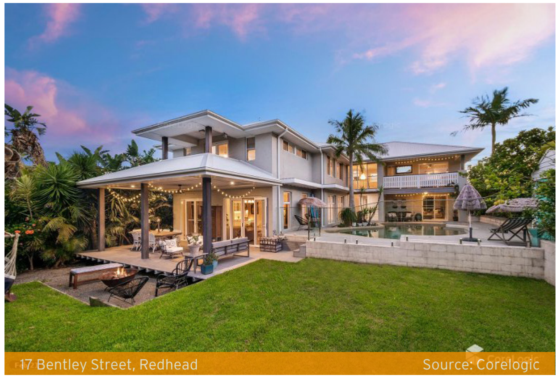
What has been surprising over the past six months is the rate at which prices have risen, which has given rise to the fear of missing out attitude with blue sky thinking. What we mean by blue sky thinking is the idea that the market will never retract or correct; pay what you have to in order to secure that property as it is blue skies all the way. People who have been around long enough have seen times like these before, especially prior to the GFC. During 2006 to 2008, prices were on a similar trajectory only to come to halt from 2009 to 2013. No one has a crystal ball and the market should remain strong for some time given the limited supply, however it may be prudent to remember that skies are not always blue.

Grant Oxenford
Property Valuer

Newcastle

We've reached the halfway mark for the year and what a six months it has been.

We have seen suburb sale records fall left and right and price guides smashed out of the park. This performance has not been limited to any one market, but across the board with record sales being seen in both prestige and middle value areas. Two noticeable sales that represent this perfectly are the six bedroom home on 17 Bentley Street which sold in the highly popular Redhead for $2.725 million at auction in March – the price guide was $1.9 million. This toppled the previous Redhead record of $2.438 million. The second sale is 24 Barton Street in Mayfield that sold under the hammer for $1.53 million with a price guide set at $950,000, breaking the previous non development site record of $1.4 million.


17 Bentley Street, Redhead Source: Corelogic

These sales have been seen across the Newcastle and Lake Macquarie regions. Reports have shown that the growth in the median house price in the Newcastle and Lake Macquarie area has outperformed all capital cities both year on year and in the first quarter of 2021 as at 30 April. Compare this to the ten year historical data which shows that a typical quarterly growth rate for the area is around 1.3 per cent. The Newcastle and Lake Macquarie area has seen its median house price soar to $675,000, with standout suburbs being Merewether, Windale, Cardiff and Redhead which have seen double digit increases in median house values. Areas where you can still find a bargain are Mayfield and Waratah which are selling for between the $520,000 and $600,000 mark.

There are two noticeable drivers of these accelerated prices. The first is the large market presence of first home buyers fuelled by government grants and schemes and low interest rates. The general feeling among first home buyers is the time is now to get into the market or risk missing out......again. It is not unusual to see numbers at inspections well above 50 with young couples eager to get their share of the booming market.

The second driver continues to be long-term working from home arrangements which research indicates the COVID-19 pandemic has greatly accelerated the adoption of. Local agents are reporting larger than ever market presence from Sydney and Melbourne based buyers. As stated by realestate.com.au chief economist, Nerida Conisbee, "prices in Newcastle had been positively affected by the ability to work remotely and the general demand for housing in coastal towns".

One twist for the year has been the continued strong growth of vacant land. Despite the builder's grant reducing and then finishing, there has been continued high demand and strong growth in vacant lots. The general expectation was that once the grants eased, we would see a slowing down in demand, however quite the opposite has occurred with many developers and builders reporting an ever-increasing waiting list for land and new homes.

With interest rates set to remain low, vaccines being rolled out in higher quantities, working from home remaining a viable long-term option, and the Federal Government exploring further options to improve housing affordability, there seems to be no reason that the Newcastle and Hunter region won't continue its strong performance throughout the rest of 2021.

Liz Mcallister
Property Valuer

Reports have shown that the growth in the median house price in the Newcastle and Lake Macquarie area has outperformed all capital cities both year on year and in the first quarter of 2021 as at 30 April.

Central Coast

It has been quite unbelievable to see the rate at which property prices on the Central Coast have been rising during the first half of 2021. The first quarter of 2021 showed the market bouncing back very strongly from any concerns we might've had in 2020 and the second quarter continued to grow.

The Peninsula, encompassing Umina Beach, Ettalong Beach, Blackwall and Woy Woy, is an area which has been proven to flourish during the upswings of the property market. Geographically the closest area to Sydney, it continues to tempt city dwellers to move north or purchase an investment. When the market is bullish, this area is known to attract high levels of demand. While the Peninsula saw significant growth during the previous boom between 2014 and 2017, in the recent years since, those prices have been knocked out of the park.

Original fibro dwellings are still prevalent in the area and are getting very high prices in the current market. One example is 97 Broken Bay Road, Ettalong Beach, which sold for $980,000 in February.

Just around the corner, 20 Webb Road, Booker Bay, a dual occupancy property, sold for $1.1 million in March. It's safe to say these prices would not have been achieved 12 months prior and sale prices have continued to grow in the months since.

For those looking for something more liveable closer to the beach, a new or renovated house will set you back at least $1.1 million in the current market. A street record was achieved earlier this year at 97 Brisbane Avenue, Umina Beach. Sold in January 2021 for $1.525 million, the property comprises a newly constructed single level residence accommodating four bedrooms, two bathrooms and a double lock up garage with a swimming pool in the backyard.

97 Brisbane Avenue, Umina Beach Source: CoreLogic RPData

The interesting factor of this market is the significant growth which can be seen when comparing sale prices of the same properties in previous years. This is evident for 42 Glenn Street, Umina Beach. This property sold for $740,000 in March 2019 and is currently under contract for $940,000 (unsettled). There appear to have been minimal improvements made to the property.

Similarly, 52 Hobart Avenue, Umina Beach sold for $550,000 in July 2020. It re-sold for $1.1 million in March 2021, with no apparent improvements made to the property. This is considered outside the normal market trends for the area, however opportunity still exists in the marketplace.

This property sold just over a year ago in March 2020 during the pandemic for $528,000, so the latest sale provided a whopping 36.36 per cent increase in just a 14-month period.

Agents continue to report that demand is still outweighing supply, so it is difficult to know when the market will slow.

Agents are trying to entice homeowners who may be considering selling to bite the bullet, however homeowners now find themselves in the difficult position of competing against droves of buyers to find a new home. At the same time, the rental market is stronger than ever and, in some instances, removes the option to rent if they cannot find a new home to purchase. Meanwhile prices continue to rise.

Prestige property throughout the Central Coast region has continued to be in strong demand with sale prices to reflect. Whether it be a waterfront mansion in suburbs surrounding Brisbane Waters, rural residential lifestyle properties nestled in the leafy valleys in beachside fringe locations or even beachfront abodes, the sale prices recently achieved are setting new suburb benchmarks.

Some examples include the sale at 133 Avoca Drive, Avoca Beach. This beachfront property was sold in February 2021 for $7 million. The property features an older style 1960s main dwelling updated over recent years with detached garaging.

Not only is Avoca Beach breaking new ground in its beachfront residential dwelling market, the unit market is also showing signs of improved market conditions with a clifftop reserve unit confirmed to be under contract for $4.5 million through George Brand Real Estate.

Another prestige property sale worth mentioning is 39 Caroline Street, East Gosford. The property was sold in February 2021 for $5.25 million. The established mansion spans a double waterfront block, featuring five bedrooms, three bathrooms and a four car garage with a total dwelling area of

702 square metres. No, that's not a typo here, 702 square metres!


39 Caroline Street, East Gosford Source: CoreLogic RPData

Whilst the prestige market is strengthening, so too is the sub $1 million market segment. Suburbs on the fringes of Gosford such as Wyoming, Narara and Springfield just to name a few are in high demand. Likely buyers for property in these areas include first home buyers, locals looking to upgrade and out of area buyers who are predominantly from Sydney. Agents remain upbeat with properties generally selling within the first or second open home inspections with multiple bids put forward before vendors accept. The under bidders have been known to be kept up to date with the sale process, as on various occasions when finance couldn't be secured, the selling agent has been successful in renegotiating a sale price to an under bidder.

As property prices continue to soar in the southern region, the northern region is quickly becoming a prime hotspot for the sub $1 million market. Noraville in particular is a suburb that has seen substantial growth in the first half of 2021. With its close proximity to the beach and convenience to local amenities, agents have indicated that demand for the suburb is skyrocketing and many properties are achieving well over the price guide due to multiple parties offering. Local agents in the area are labelling these sales as silent auctions where they encourage all interested parties to submit their final and best offer. An example of the strong demand for property in the area is the sale at 3 Ocean Parade, Noraville. This property is an older style two-bedroom dwelling on a 696 square metre parcel of land which sold this month for $720,000. This property sold just over a year ago in March 2020 during the pandemic for $528,000, so the latest sale provided a whopping 36.36 per cent increase in just a 14-month period. As property prices continue to rise in the area, surrounding suburbs are becoming more desirable for their affordability. Suburbs considered to have seen a strong increase in their entry level and median price point include San Remo, Buff Point, Halekulani, Budgewoi, Blue Haven and Charmhaven.


3 Ocean Parade, Noraville Source: CoreLogic RPData

Another remarkable result is a house at 25 Atkinson Road, Mount Elliott that beat its own previous record by $900,000. The house changed hands four years ago in the previous boom in 2017 for $1.85 million and according to the agent, has only had minor improvements in the intervening years.

The first half of the year has been a state of growth for the region. The driving force of the growth has been the hungry appetite of owner-occupiers as opposed to investors. Other factors considered to have contributed is the rise of remote working, record low interest rates as well as the restrictions on international travel increasing the appeal of a sea change or holiday home. It is widely publicised that the Central Coast region is seen to be an affordable location for Sydneysiders and until this sentiment changes, it is expected that property prices will continue to rise throughout the second half of the year, albeit at a forecast slower rate.

Todd Beckman
Property Valuer

Illawarra

The halftime score in the 2021 Illawarra residential property market is Increases - Plenty; Decreases - Nil. The market has continued to perform strongly in the six months so far with plenty of demand for housing across the region causing prices to climb and some astonishing sales prices being recorded.

The northern beaches suburbs include plenty of the premium product on offer in the Illawarra. Agents have reported that there has been strong interest from Sydney buyers in the upper market levels. Once there was a $4 million ceiling for residential prices north of Wollongong; that ceiling is now well and truly smashed through with four beachside residential sales over $4 million this year, highlighted by a record price of $6.31 million paid in Wombarra. The lower level of this market has also risen with sales of houses north of Wollongong for under $800,000 being rare.

South of Wollongong has also seen strong prices being paid for houses in areas such as Figtree, Farmborough Heights, Kanahooka and Albion Park. New housing in Horsley, Kembla Grange, Wongawilli

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and Calderwood has had plenty of demand and is highlighted by six sales of $1 million plus in Horsley this year alone. Entry level new detached housing for under $700,000 in these estates is now very limited. Shell Cove has also been a standout with six sales over $1.5 million and two properties in Blackbutt have sold for at least $2 million this year.

A lot of money has been flowing into Kiama's prestige market with three sales over $4 million. The rural residential market has set all kinds of records including a sale in Jamberoo of a 24-hectare property with extensive improvements selling to a local buyer for $7.65 million.

$7.65 million in Jamberoo Source: realestate.com.au

The cheapest house so far appears to be $425,000 for an older dwelling in Monteith Street, Cringila. There are limited other house sales under $500,000.

Units and townhouses haven't missed out on the strengthening market although the dramatic price rises seen in housing hasn't transferred through to the broader strata market. There have been four sales that have topped $2 million for units in Wollongong although the entry and mid-level markets have been slightly quieter in their increases.

The market started the year off strongly and has only become stronger towards the halfway point of the year.

It remains to be seen how 2021 will finish. There are murmurs circling that demand may be dampening. Supply to the market has certainly picked up, which may meet demand, as owners look to capitalise on the strong selling conditions. We are keeping an eye on property listings in Helensburgh and Werri Beach where price expectations are north of $7 million.

Chris McKenna
Region Director

Shoalhaven

The Shoalhaven region has defied all expectations and continued to motor along in the first half of the year in these unprecedented times. Record low interest rates, demand outweighing supply and the effects of the COVID-19 pandemic allowing more and more employees and employers to work from home has enticed people from the larger cities to move south to the Shoalhaven region. Who would have thought that a pandemic would contribute to making the market boom?

The market started the year off strongly and has only become stronger towards the halfway point of the year. Sale prices have continued to increase across the board, from the entry levels right through to the prestige waterfront reserve properties. Of note is a waterfront property sold in Beecroft Parade, Currarong for $4.15 million in February and another waterfront property in Penguins Head Road, Culburra for $3.855 million in May. At the entry point of the market, in suburbs such as Sanctuary Point, there has only been a handful of sales of house and land properties selling for less than $450,000 in the past three months. Agents advise that strong numbers are attending open houses and auctions, with some properties selling prior to marketing or lasting less than a couple of weeks of being on the market.

What has been surprising across the board in the Shoalhaven has been the continued and rapidly increasing sale prices of properties. It's fair to say that a property purchased at the start of the year is worth much more now that we are at the halfway point of the year. Many experts at the start of 2021 were predicting that the boom would have tapered off by now or would not have increased as much as it has.

It is suggested however that we have now reached the peak of the boom. In the past couple of weeks, although there are still strong sale results evident, agents have advised that numbers attending open houses and auctions have quietened off a little. It is difficult to predict what will occur in the last six months of the year, however one aspect is for sure – the first half of 2021 was incredible for property prices in the Shoalhaven region.

Joshua Devitt
Director Valuer

Tamworth

Within the New England and north-west region, 2021 has certainly been an active period for most residential property markets. Many of the region's major towns and surrounding village areas are experiencing strengthening market activity with definite signs of increases in market prices from previous sales in the past 12 months.

Whilst most areas have experienced some uplift in market values, our findings indicate there are some market segments within specific areas that have seen larger growth than others.

Whilst most areas have experienced some uplift in market values, our findings indicate there are some market segments within specific areas that have seen larger growth than others. Below are some market segments (location specific) that have seen the highest increases in demand and market values.

The single residential dwelling market segment with price ranges from $285,000 to $385,000 has seen a surge in buyer enquiry within the Armidale, Tamworth and Gunnedah areas. This market segment attracts predominantly first homeowners and investor buyer profiles. In the first half of 2021, the Armidale market has shown the most sales activity with mostly investors flooding the market, leaving selling agents scrambling for new listings. The increased demand is mainly due to (record) low interest rates paired with the notion that property is generally a safe long term investment vehicle.

Availability of vacant land in the Tamworth, Armidale and Gunnedah areas is now in short supply, with remaining blocks (particularly in Tamworth) requiring additional building costs due to less suitable soil types. Local building companies are all mostly well subscribed to new home and renovation construction work, so much so that reports indicate that any new enquiries are being scheduled in for 2022 or even postponed until a later date (so as to provide accurate quoting amounts).

Small acreage and rural lifestyle property (two to 20 hectare) property in the Armidale and Tamworth regions has also experienced above average enquiry. Historically, this style of property has typically been thinly traded with few established (improved) properties hitting markets. Recently developed small acreage developments and R5 Large Lot Residential zoned estates have serviced most of the demand (within the Moore Creek and southern Tamworth areas). Recent sales activity indicates that property in close proximity to local centres has been highly desired, with selling periods well below historical market averages. Other key property characteristics have been larger dwelling sizes (over 250 square metres enclosed living), additional shedding improvements, equine improvements, established grounds or provisions for supplementary farming application.

Overall, the majority of markets have performed over and above market expectation. Many areas are showing sale prices over the pre-existing sales records held. Buyer demand in the New England region in particular has been unprecedented. This has been largely due to out-of-town investor enquiry in recent months leading up to the fast approaching end of financial year. Having such a competitive market within the regional city of Armidale particularly has (to some level) been a surprising event. Whilst a general increase for the city was somewhat expected, the trajectory of enquiry (largely from out-of-town investment) is considered unparalleled to any recent historical market trends within the area.

We expect that markets will slow in pace throughout the course of the winter months, as is typically the case in the region, however demand for affordable residential property and small acreage within close proximity of major regional centres is expected to continue regardless of seasonal trends.

Nick Humphries
Property Valuer

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Victoria

Melbourne

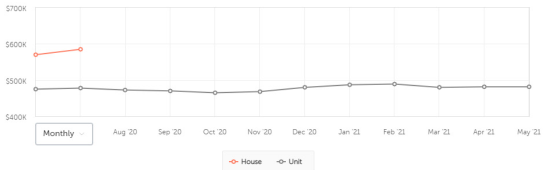
The first semester of 2021 has seen a successful period of growth for the property markets of both Melbourne and Victoria as a whole. For the first time in history, the median housing price for metropolitan Melbourne has surpassed the million-dollar mark ($1,004,500) by jumping 8.8 per cent from the previous quarter. Houses across regional Victoria also reached a new record median value of $510,500 (REIV, 2021).

With the majority of people spending more time at home than ever during 2020, many individuals and families took the opportunity, post lockdown, to upgrade their homes. They have been assisted by First Home Buyers incentives, mortgage repayment holidays and record low interest rates.

Melbourne CBD & Inner City

Almost halfway through 2021, the CBD and inner-city property market seems to have remained in a relatively strong position, with the ongoing COVID-19 situation appearing to be under control. In the near future, prices may begin to stabilise as more people return to the office and the city lifestyle.

As shown below, average CBD prices over previous months remained very consistent, however lacked the growth that many of the outer suburbs have shown. As of May 2021, the average price for an inner Melbourne unit was $481,500, just a $6,000 increase from a similar time last year.



Average price for an inner Melbourne unit — Source: realestate.com.au, 2021

Due to the majority of people spending an increased amount of time at their homes, the more spacious properties with study areas and courtyards or balconies have been the most sought after and are achieving the strongest prices. The lack of properties with backyards and outdoor areas is likely to have contributed to the minimal growth of the CBD market.

In comparison with metropolitan Melbourne as a whole, properties in the CBD are slightly less sought after, mainly driven by the absence of international students. As seen below, they are remaining on the market for a longer period and are not as successful when going to auction.

Insight (Houses & Units)	Suburb	Metro
Clearance Rate	61.1%	83.8%
Days on Market	52	36

Metropolitan Melbourne — Source: REIV, 2021

With Australia's current position in comparison to many other countries, it is expected that many overseas buyers and investors will look to purchase here in preparation for border openings and a return to normality.

Almost halfway through 2021, the CBD and inner-city property market seems to have remained in a relatively strong position.

Inner and Outer North

Suburbs in Melbourne's inner and outer north have been no exception to the growth seen across the rest of greater Melbourne, with prices and demand both increasing throughout the first half of 2021.

Melbourne's outer northern suburbs have predominantly seen growth in the estate home market. Suburbs such as Kalkallo, Wollert and Beveridge began the year with median house prices of $540,000, $574,000 and $526,000 respectively. These all significantly increased by 10.8 per cent, 6.1 per cent and 5.7 per cent respectively across the March quarter (REIV, 2021). This is largely due to the combination of substantial government incentives and record low interest rates which has allowed a platform for first home buyers to enter the market more easily.

On top of this, a number of suburbs in Melbourne's outer north-east, such as Eltham North, St Helena and Watsonia North have reached new record sales since Melbourne's lock down ended (realestate.com.au, 2021). For example, the below property located at 7 Binnak Drive, Watsonia North sold for a record breaking $1,512,500. This period replica features four bedrooms, three bathrooms and a two-car garage and sits on 609 square metres of land.

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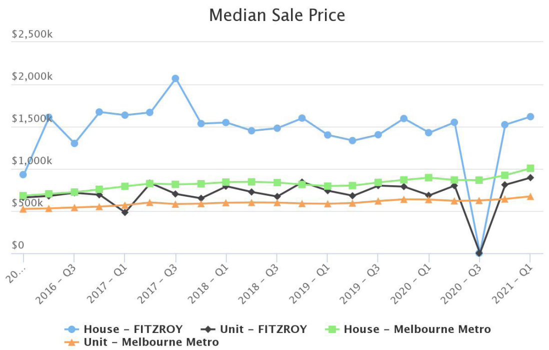
7 Binnak Drive, Watsonia North Source: Realestate.com.au

7 Binnak Drive, Watsonia North Source: Realestate.com.au

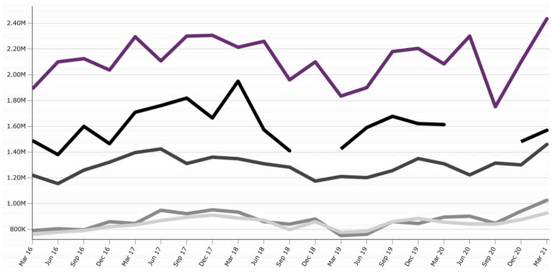
Melbourne's inner north has also seen growth throughout 2021 with the median house price in suburbs such as Fitzroy increasing by 6.2 per cent from \$1.552 million to \$1.617 million across the March quarter (REIV, 2021). A limited supply and a high demand for properties in the inner north have helped drive these price increases. This competitiveness has also meant that clearance rates in the inner north are at an all-time high, with some suburbs such as Abbotsford reaching 100 per cent clearance throughout the March quarter (REIV, 2021).



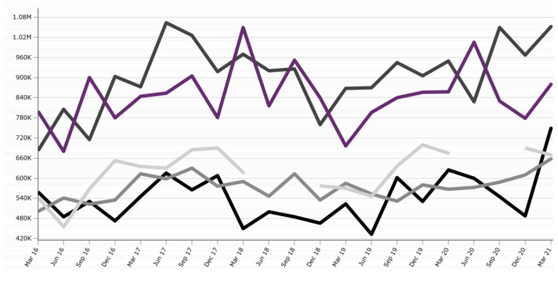
Source: REIV

Inner and Outer East

Off the back of the uncertainty and irregularity of 2020, the market in Melbourne's inner east over the past six months has seen similar growth in median prices for both houses and units as it did towards the end of 2019. These positive signs of growth are consistent across five marque suburbs located within the municipalities of Whitehorse, Monash, Maroondah, Knox and Boroondara that cover the eastern corridor of Melbourne.



House Median Price Source: PropertyData.com.au



Unit Median Price Source: PropertyData.com.au

	Current Median House	Current Median Unit
Box Hill	\$1,570,000	\$749,000
Glen Waverley	\$1,459,000	\$1,052,500
Ringwood	\$1,025,000	\$658,000
Rowville	\$926,250	\$669,000
Camberwell	\$2,435,000	\$880,000

Source: PropertyData.com.au

Positive change can still be seen within these suburbs in median unit prices, however, throughout April, house prices continued to outpace unit prices as high-density housing faced less demand despite sustained supply across some of Melbourne's inner-city areas. REIV Market Insights (2021) reports that Camberwell, Glen Waverley and Ringwood experienced higher growth for median house prices over the last quarter of 16 per cent, 12.2 per cent and 8.9 per cent respectively compared to the benchmark of metro Melbourne (8.8 per cent). In the same period of time, unit values across metro Melbourne also increased, albeit at half the rate of houses (approximately 4.3 per cent) in the past few months.

These modern and flexible working arrangements as a result of the pandemic have led people to look to other areas at the city's fringe in the outer east in areas surrounding the Yarra Ranges.

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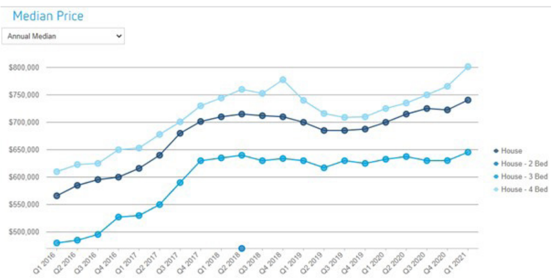
The rise in work-from-home arrangements compounded with weaker investor activity has contributed to the reduced unit price growth in the eastern suburbs (CoreLogic 2021). These modern and flexible working arrangements as a result of the pandemic have led people to look to other areas at the city's fringe in the outer east in areas surrounding the Yarra Ranges.

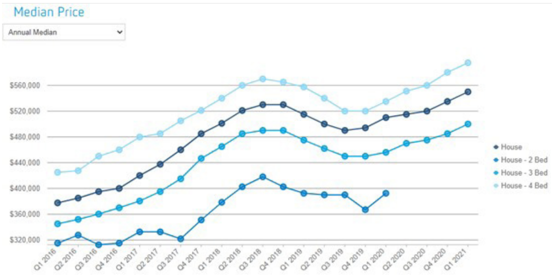
A good example of this is the suburb of Yarra Glen which has emerged as one of the higher performing suburbs in terms of homebuyer demand, with a change of 139.9 per cent in demand over the past 12 months.

South-east

At the halfway point of 2021, we are seeing that the property market in outer south-east Melbourne continues to grow. Although the Homebuilder stimulus is ending, buyer demand is unlikely to slow down due to low borrowing costs, stamp duty waiver and First Home Buyer Loan Scheme. Given the affordable housing price, suburbs such as Berwick and Pakenham remain popular hotspots for first home buyers. As at Quarter 1, 2021, the median housing prices in Berwick and Pakenham are $740,500 and $550,000, reflecting an annual growth rate of six and eight per cent respectively.



Median Housing Price in Berwick Source: REIV



Median Housing Price in Pakenham Source: REIV

85 Moondarra Drive Berwick Source: realestate.com.au

85 Moondarra Drive Berwick Source: realestate.com.au

The above property features four bedrooms and two bathrooms with proximity to Berwick Springs Wetland Reserve. The vendor purchased the property for $595,000 in 2015 and sold for $720,000 in May 2021 after 55 days on the market.

Along with the popularity of remote work and high demand for lower density housing, momentum in bayside suburbs' property markets continues to build. According to the latest Domain House Price Report, the median housing price in Mornington Peninsula has increased by 16.6 per cent compared to last year and reached $845,000. Due to the limited supply and surging demand for lifestyle properties, we are seeing a relatively strong prestige market in Mornington Peninsula.

70A Glen Shian Lane Mount Eliza Source: realestate.com.au

70A Glen Shian Lane Mount Eliza Source: realestate.com.au

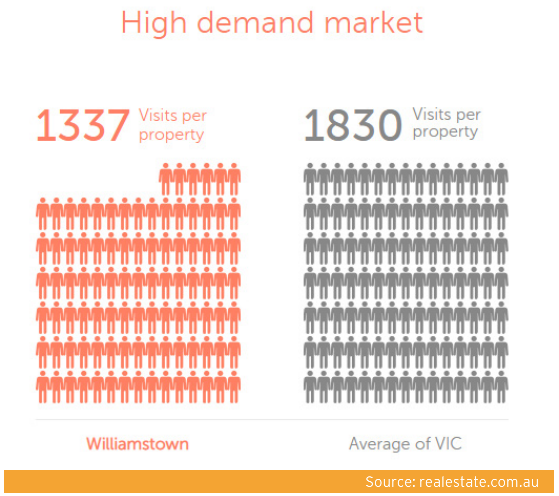
The above property features five bedrooms and two bathrooms with proximity to Canadian Bay beach. The property is situated on a 2,661 square metre allotment with a heated swimming pool and tennis court. It was sold for $5.85 million in March 2021.

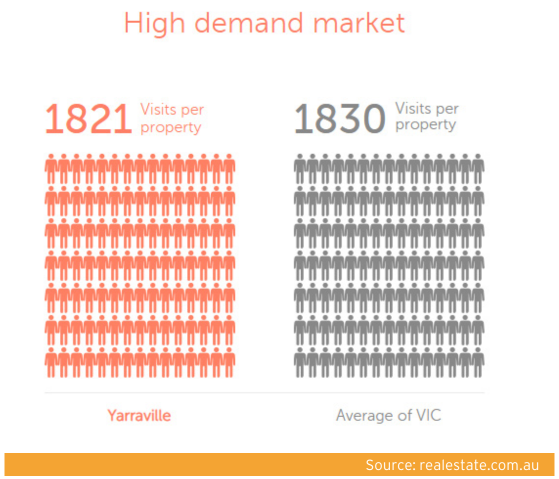
Western Suburbs

The majority of Melbourne's western suburbs experienced growth in the first half of the year in terms of price and demand.

The outer west including suburbs such as Tarneit, Point Cook and Melton have seen price increases since the start of the year. The median house price in Tarneit is currently $575,000 (realestate.com.au), up from $570,00 in January this year and $560,000 from June 2020 (RP Data). Melton has seen similar growth, with a current median house price of $405,000 (realestate.com.au), up from $390,000 from January and June 2020 (RP Data). Demand remains consistent in these development areas, particularly in land sales, with government incentives enticing consumers to build rather than buy existing properties. Land prices have seen a slight increase since the start of the new year due to this demand. Land sales increased by over 200 sales in Tarneit compared to last year (RP Data).

Inner western and north-western suburbs have seen some suburbs show exponential growth while others have remained consistent. Williamstown, which was priced at $1.405 million in January and $1.35 million in June last year (RP Data) has a current median house price of $1.5 million (realestate.com.au). Yarraville has seen a steady price increase from $1.05 million in January to $1.1 million currently (realestate.com.au). These areas are in high demand as shown by the charts below, causing these surges in price.





The market is still very much consisting of owner-occupiers in both the inner and outer parts of the west. Investors are yet to see an opportunity to enter the market given that prices are still increasing and the product type in high demand is houses, not particularly apartments or units. We expect prices and demand in the west to continue to increase throughout 2021.

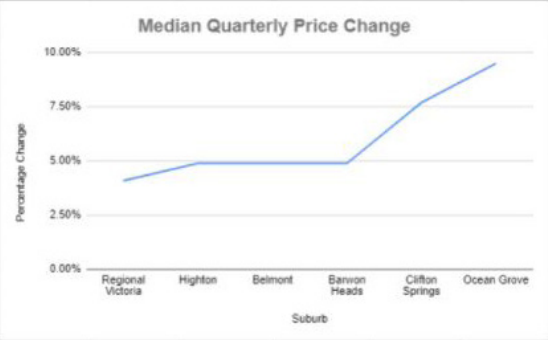
Geelong

The Geelong property market accelerated in the first half of 2021, with rising demand from new buyers and construction continuing throughout the region. Geelong has continued its trend of being one of the fastest growing regional areas in the country. Government stimulus incentives, historically low interest rates, an influx of Melbourne buyers and an increasing trend to work from home have all played a role in Geelong's strong start to the year. Local agents have noted that strong competition has resulted in numerous properties going at the upper end of asking prices, many of which are above reserve and some even going sight unseen.

These trends are evident throughout the greater Geelong region, most notably in the region's most popular suburbs of Belmont, Newtown and Highton. Across the Surf Coast and the Bellarine, sought after pockets of Torquay, Anglesea, Barwon Heads and Ocean Grove have benefited most from these trends.

Traditionally, coastal areas have seen selling periods exceed six months. Now in certain suburbs, selling periods have been less than a month. This is particularly evident in Barwon Heads which has recorded an average of 24 days on market to start 2021, 38 per cent below the regional average (REIV, 2021). The strength of this market has also been reflected in values, with the median sale price growing by 4.9 per cent during the same period. The nearby suburb of Ocean Grove has seen the most growth in terms of median price, recording an increase of 9.5 per cent to kickstart the year (REIV, 2021).

Closer to Geelong, Belmont and Highton have been the best performing suburbs, both recording an increase of 4.9 per cent in values. Belmont also has an average of 30 days on market. Across the Bellarine, Clifton Springs has been a strong mover seeing values rise by 7.7 per cent for the first half of 2021.



Source: REIV

Source: REIV

An unexpected market to have strengthened over the first six months is the prestige market, or sales over $3 million. Traditionally a very thinly traded market, we have seen sales records and an uptick in volume. A notable sale is 2a Raith Terrace, Newtown which broke the Geelong sales record when it became the city's first $6 million house. Notable sales across the Bellarine include: 145 Point Lonsdale Road, Point Lonsdale which sold for $6.6 million in January; 58-60 Hodgson Street, Ocean Grove, which also sold in January for $6.65 million; and 2-4 Stephens Parade, Barwon Heads which sold for $10.2 million.
We also saw sales record for townhouses, with 53a The Avenue, Ocean Grove going for $3.3 million. Anglesea has been the Surf Coast's best performing suburb with 24B Melba Parade selling for $5 million in April. Currently on the market for $6.25 million to $6.875 million, 34 Mcmillan Street, Anglesea would become the town's most expensive property should it achieve a sale within this price range.


34 Mcmillan Street, Anglesea Source: realestate.com

All indicators point towards the upward pressure on values continuing, however it is difficult to predict the longevity before it becomes unsustainable and potentially highly volatile in certain sectors.

Perron King
Director CPV

Shepparton

The first six months of 2021 have been a whirlwind for the local property market – conditions that haven't been seen since the early 2000s and no deposit home loans. The sentiment locally is that everything is overpriced and the bubble is going to burst. Property prices in 2021 are where they should have been in 2016. Keep in mind that between 2006 and 2016, Shepparton had an average capital growth rate of one to 1.5 per cent per year, which is below CPI growth over the same period.

Overall, all sectors of the market are strong from low end ex-Commission stock all the way through to prestige offerings. The lack of available land is pushing buyers to existing stock and driving prices up even faster. The best performers on a percentage increase have been the ex-Commission properties that have gained around 80 per cent in the past 12 months.


57 Newton Street, Shepparton Source: realestate.com.au

The property above sold in March 2020 for $157,000 with a modernised kitchen and bathroom. Today, original homes in the same area are fetching $230,000 to 250,000 and selling within a week.

Luke Jorgensen
Valuer

Warnambool

The Warrnambool market is tracking as expected at the halfway point of the year. We note a continuing upward trend in values and transactions alongside sustained investment activity and optimism. So far this positivity has resulted in an increase in the median price point by circa $40,000 to $50,000 over the first six months of the year.

The frequency of auctions, particularly for central properties, has increased with strong results for vendors and reserve prices being easily accounted for. One such result which highlights this activity was 212 Liebig Street, Warrnambool. Located on one of Warrnambool's house-name streets and offering a very dated and basic standard of improvements, this property sold for $884,000 in February.


212 Liebig Street Warrnambool Source: realestate.com.au

An old aphorism states that "a rising tide lifts all boats" and this has held true in recent times as we've witnessed the rate of buyer interest and price growth rise for properties in traditionally less-desirable locations including ex-Commission housing areas. While on the lower end of the price spectrum, typically not exceeding the mid-$300,000 mark, these lesser locations have shown they can keep pace with most other areas of the city as far as buyer interest is concerned. The level of interest is somewhat surprising due to the static nature of these areas for the past five years.

Adrian Castle
Certified Practising Valuer

The best performers on a percentage increase have been the ex-Commission properties that have gained around 80 per cent in the past 12 months.

Mildura

The Sunraysia region as a whole has experienced continued growth since the start of 2021 with some suburbs performing stronger than others. Mildura, Irymple, Nichols Point and Gol Gol continue to be the most popular suburbs in terms of interest and market appreciation, with the outer suburbs of Red Cliffs and Merbein increasing, however by a smaller margin.

One of the surprises during the first half of 2021 has been the depth of buyers at the middle and top end of the market. There have been a number of sales of properties at levels well above what we had been seeing 12 months ago.

Inner city Mildura continues to be popular, with buyers generally looking to downsize from larger properties. A recent example of an inner-city vacant allotment is 94 Chaffey Avenue, Mildura, which sold for $405,000 in February. At 617 square metres, the sale shows that when inner city allotments become available, they are hotly contested in the market. Another recent example is 175 Cureton Avenue, Mildura, a 572 square metre vacant allotment very close to both the Murray River and CBD, which sold in February for $615,000 showing the high demand and low availably of inner-city allotments ready to build on. Both lots were purchased by local buyers intending to build homes to live in.


94 Chaffey Avenue Source: RP Data

Overall, the lower end of the market throughout Mildura has experienced only modest growth, in comparison to the middle to higher end properties. While an increase has occurred with these more affordably priced properties, it appears that as the majority of purchasers in this lower end of the market are often investors seeking higher returns, there is a ceiling to what investors will pay. The lower end of the Mildura market is often attractive due to high rental returns, however in recent times this segment had displayed less capital growth in comparison to the middle and higher end of the market.

Demand has continued to build for prestige properties, with a record price understood to be in excess of $3 million recently set for a high quality home overlooking the Murray River at Gol Gol.

Jake Garraway
Valuer

Central Gippsland

The Sale and wider central Gippsland market strengthened significantly over the first half of 2021. We are seeing basic, ex-government housing property selling in the high $200,000s and even creeping into the $300,000s for renovated stock. The middle-of-the road standard four-bedroom, two-bathroom brick veneers in established housing estates are now nudging into the mid $400,000s and anything with decent ancillary improvements are tipping over the half a million mark - something we haven't seen before in this market segment.

The prestige end of the market has been a real surprise packet in 2021 as well, with properties not only selling at a premium ($800,000 plus), but also selling periods falling to a matter of days rather than months. Local agents are reporting multiple interested parties, many from outside the area, and properties transacting at or above asking price.

Rosheen Stephenson
Director

Bendigo

Bendigo's residential property market is performing exceptionally well in 2021 with strong results across the board. Buyer activity remains very strong in the Greater Bendigo region, mainly attracting owner-occupiers and Melbourne buyers looking to relocate. Market activity in growth suburbs where significant residential development is occurring has been fierce; areas such as Maiden Gully, Strathfieldsaye and Huntly have experienced sharp increases in housing prices and limited supply of housing, in particular a shortage in titled property (vacant land).

The task of appointing a builder has become a difficult one, as construction costs have sharply increased, largely due to a shortage in supplies and materials and the demand for new builds being at an all-time high. Buyers are now looking more towards established houses as they are quickly becoming the next best alternative in the Greater Bendigo region.

First home buyers traditionally entered the market in the sub $300,000 bracket in Bendigo. This price point seems to have shifted to $350,000 over the past six months. Bendigo has never had a large market for units and apartments or higher density property types, however units are becoming more appealing to first home buyers as a means of entering the market.

The Mount Alexander region has received the most significant growth in percentage terms relative to overall value. Particularly in Castlemaine, buyers are waiting in the wings to purchase homes in established areas. A number of properties are now selling off-market, as buyers who missed out on previous sales are eagerly trying to secure property. Our valuers have been surprised by how quickly properties are selling across our service areas.

177 Chambers Road, Ashbourne Source: realestate.com.au

The Macedon Ranges experienced consistently strong sales in the first half of 2021. Prices are trending upwards and properties are selling above the asking price quite regularly. A prime example is a lifestyle property at 177 Chambers Road, Ashbourne. The property had an asking price of $920,000 to $960,000 and sold well above the asking price for $1.13 million through a local agent, 14 days after being listed, with strong interest from local and out of town buyers. Our valuers have been most surprised by the number of properties transacting over $2 million in the Macedon Ranges. The growth in higher end properties has been substantial

James Watson
Valuer

One of the surprises during the first half of 2021 has been the depth of buyers at the middle and top end of the market.

Queensland

Brisbane

Anyone operating in the Brisbane market would be suffering whiplash as property prices continue to outdo themselves month on month.

Sellers are enjoying a surge in price growth that would have been unimaginable just 18 months ago. A combination of big-picture factors such as low interest rates, economic stimuli and a better-than-expected national economy have combined to create a positive atmosphere for real estate traders.

Queenslanders have been kept relatively safe from the pandemic while continuing to operate openly when it comes to business, so interstate residents have become enamoured with the Sunshine State. We are experiencing an almighty uptick in interstate migration numbers, the likes of which haven't been seen for nearly 20 years.

According to the ABS, Queensland saw a net interstate migration gain of around 10,000 people in the December 2020 quarter which was the largest net gain since the same time in 2003.

Most of those new Queenslanders came from New South Wales. Of course, they'll all be expected to wear maroon during State of Origin as part of their entry conditions.

Greater Brisbane was, naturally, the biggest beneficiary of the state's population uptick, with almost half these new arrivals choosing to settle in or near the capital.

This quantitative data is supported by our valuers' qualitative experience in 2021 to date. There is no doubt that more and more southerners are looking north and making the move – and that will continue to show up in our strengthening property prices.

So, what are our teams seeing on the ground in terms of market performance as we reach the year's halfway point?

In Brisbane's northern fringe – around 20 kilometres from the CBD – you can still buy into a home for the mid-$400,000 to early $500,000s. A great example would be this basic three-bed, one-bath home at 115 Peter Street, Strathpine which sold in May for $502,000.

115 Peter Street, Strathpine Source: realestate.com.au

This is exactly the sort of home that's been attracting interstate investors keen to be part of Brisbane's ever-strengthening market. The level of demand from these buyers is a big part of why property prices are on the rise here.

New and near-new housing is also located in this area. A standout performer of late has been Griffin, which has seen plenty of new development over the past decade. Our experts confirmed that this area has done extremely well, with two-year-old homes achieving high-$500,000s to low-$600,000s.

A little further north sits the growth zones of Caboolture and Belmere. These are traditionally among the more affordable property centres within the Greater Brisbane region, and there has been an uptick in values here as well. Properties that were selling for $350,000 just six months ago are now regularly achieving $400,000 – and that would be for a three-bed, one-bath 1970s dwelling. Step up to a four-bed, two-bath home and you'll be in the $400,000 to $450,000 price point.

Our valuers have also spotted the best performers for inventors in these northern reaches. Duplexes and dual occupancy properties are being snapped up by investors– and why not when some rents have increased 15 per cent in short shrift. Many of these structures are selling off-market with yields now at around 5.5 per cent – a definite tightening from the high of 7.0 per cent not so long ago.

Our specialist valuers said that while price growth may dissipate somewhat in the fringe and outer north in the back end of this year, value gains are not finished yet.

Moving to outer ring southern and eastern markets and affordable price points start in the low $300,000s. This will buy a basic three-bedroom home in an area such as Crestmead.

RESIDENTIAL

HERRON TODD WHITE RESIDENTIAL

This is exactly the sort of home that's been attracting interstate investors keen to be part of Brisbane's ever-strengthening market. The level of demand from these buyers is a big part of why property prices are on the rise here.

The higher priced property which sits around $450,000 to $500,000 delivers a newer four-bed home in Park Ridge. For around $550,000 you can get into the Greenbank market while properties up to $700,000 creep into the rural residential realm in New Beith.

The best performing sector in this location is... all of them! Rises have been across the board. Our local valuer did make particular mention of bottom-end rural residential in Forestdale and New Beith. This sector has seen its pricing go from the $500,000s not long ago to now be $600,000 to $700,000.

A great example is this four-bed, two-bath, four-car home on 6000 square metres at 132-134 Equestrian Drive, New Beith which sold for $695,000 in May this year.

132-134 Equestrian Drive, New Beith Source: realestate.com.au

The southern outer ring is also going strong.

Our team has seen a shift among granny-flat investors away from Logan and Woodridge, and towards areas such as Rochedale, Daisy Hill and Shailer Park. Local council now allows granny flats on 600 square metre allotments and in these newer suburbs, the assets are valuing up at circa $650,000 on completion.

Like other areas, there's been a lot of interest from interstate buyers for property in the south. Much of what we'd class as secondary quality housing has been taken up by purchasers eager to secure something and happy to compromise on fundamental desirable attributes.

Our outer south-west takes in suburbs along part of the western growth corridor such as Springfield Lakes, Pallara, Heathwood and Spring Mountain. Pricing for affordable established housing on a standard suburban block is around $380,000 to $450,000. Mid-price real estate would be between $500,000 and $600,000, although values are creeping up past this bracket as well.

If you're looking for some extra space, then over $700,000 will buy a home on 1000 square metres-plus in this area.

Moving a little closer to town and mid-ring property sitting around 10 kilometres from the CBD is seeing entry level homes priced around $600,000 in areas such as Ferny Grove, Arana Hills and Everton Hills. This is a decent jump for these unrenovated beauties which you could have purchased for closer to $500,000 not long ago.

As an example, this modest home at 17 Finvoy Street, Ferny Grove sold in April for $610,000. It's a solid looking three-bedroom home but could use a freshen up.

17 Finvoy Street, Ferny Grove Source: realestate.com.au

In the same location, we are finally starting to see some movement in the unit and townhouse stock. Second-hand attached property has been sitting unloved and unwanted for many years in Brisbane, but the surge in house prices is turning that around. Buyers needing an affordable alternative or investors looking to get in and secure a rental are picking up older stock given its affordable buy in price and strong gross yields.

An example is this very basic two-bedroom townhouse at 2/18 Movilla Street, Ferny Grove which sold in May for $370,000. It needs some updating but is entirely liveable. You can see why Sydney and Melbourne buyers are flocking here in droves. Could you imagine purchasing a property in either of those capitals just nine kilometres from the CBD for that amount?

RESIDENTIAL

HERRON TODD WHITE RESIDENTIAL

2/18 Movilla Street, Ferny Grove Source: realestate.com.au

For those looking at higher-priced property in the mid-ring, seek homes around Kedron, Stafford or Nundah. For $1.6 million to $2 million, you will secure a beautiful newly built or extensively renovated home on a large lot with comprehensive ancillaries. These properties are in hot demand with family buyers.

Finally, let's talk about the inner-ring suburbs such as Paddington, Ashgrove and St Lucia.

Certainly, the prestige market has been going great guns already this year with a host of high-end sales. But looking at more standard homes and you'll need to spend at least $850,000 for a cottage or a Queenslander within the five-kilometre radius. Most mid to high priced housing is at $2.5 million to $3 million.

Upgrader buyers love these addresses, particularly those with $2 million-plus to spend. This bracket has been the benchmark performer in Brisbane, with some suburbs seeing values increase 20 to 25 per cent since 1 January.

David Notley
Director

Gold Coast

Southern Gold Coast and Northern NSW

Market demand in the suburbs of the southern Gold Coast and Tweed Shire remained very strong throughout the first half of 2021. Agents are continuing to report a scarcity of stock and relentless buyer demand throughout the majority of market segments in the area, most notably Coolangatta, Kingscliff, Casuarina, Bogangar and Pottsville.

Overlooking Kingscliff, NSW Source: realestate.com.au

A combination of low interest rates, increased domestic migration and investment in further infrastructure throughout the area with projects such as the Tweed Valley Hospital and the approved continuation of G:Link into Stage 3 has maintained strong market sentiment.

We are seeing very strong demand for areas in the region which have historically been more affordable such as Tweed Heads West, Tweed Heads South and Bilambil Heights. Agents are reporting highly reduced average time on market as well as many off market transactions.

Gold Coast Central Areas

Record prices continue such as 63 Warrina Crescent, Burleigh Waters which sold at auction in March this year for $2.9 million, being a new, good quality dwelling on a 635 square metre dry allotment. Prior to this sale, there were very few sale transactions above $2 million for dry block properties in Burleigh Waters so the price achieved was well above expectations

63 Warrina Crescent, Burleigh Waters Source: realestate.com.au

Generally speaking, across all market segments, from one-bedroom units to prestige units and from entry level housing to prestige dwellings on waterfront blocks, record prices are continually being achieved and it seems that this scenario is not going to end anytime soon. Demand is outstripping supply and in general, properties are selling within two weeks and a significant number of properties are selling off market and prior to auction.

A vacant 405 square metre block of land at Miami was sold in January 2021 for $875,000. In April 2021, an identical block next door sold for $975,000, which shows an increase of approximately 12 per cent over this short time frame.

A recent sale at Burleigh Waters is 2/3 Peacock Place which is under contract for $726,000, being a small two-bedroom, one-bathroom, refurbished duplex unit. Comparable sales evidence indicated this property was worth between $650, 000 and

Some other related impacts reported are that it is now difficult to get professional furniture removalists at short notice and furniture storage stores are reportedly full.

$675,000, however in this market, buyers have to pay above recent sales to secure the property.

2 Magenta Drive, Varsity Lakes recently sold at auction for $1.42 million. This is a five-bedroom, three-bathroom dwelling with a pool situated on a 623 square metre allotment. This result was well above most expectations.

There is a new medium-rise development at Mermaid Waters known as The Lanes Apartments which comprises two towers and 150 units. This is Sunland's new offering to the market and it is reported that all units are under contract with buyers mainly comprising local owner-occupiers.

There are numerous examples across all market segments that indicate that the residential market is not weakening, with demand outstripping supply and interest rates seemingly remaining at record low levels for the short term.

Northern Gold Coast

The market has rocketed upwards over the past six months with very little signs of any slowdown over all residential property segments.

Real estate agents are reporting low stock levels and are finding it hard to obtain properties to list for sale. We have noticed that old stock properties, i.e. properties that have been difficult to sell and have been on the market for prolonged periods, have or are now being cleared. One vendor told us that it's a good time to get rid of your problems. This is a sentiment we are seeing from investors clearing debt through to owners relocating to a different suburb.

The highest offers appear to be dominated by interstate, namely Victorian and New South Wales buyers.

There have been and are very strong sales in the rural residential sector and strong demand for dwellings on larger parcels. One Upper Coomera property on 2,800 square metre of land just went to contract for $1.3 million, $450,000 over the last 2020 registered sale in the same small rural residential estate. New and vacant rural residential parcels in Kingsholme have gone up by circa 50 per cent in value from their original two to four year old developer price levels.

Vacant residential land parcels (say 300 to 800 square metres) are being snapped up and the trend for value has been steadily climbing by the month.

Standalone dwellings and duplex units generally speaking sell very quickly (sometimes within a few hours) with typically six to 12 offers at a time. Many have reportedly sold above agent expectations. Agents often report that these properties don't get to the open market with quick and strong offers achieved from their database buyers. Properties taken to auction usually sell prior to auction day. It's not unusual to see average style dwellings (say $550,000 to $850,000 range) sell for $100,000 to $150,000 above what they were last purchased for within the past three years.

A notable sale is that of a very large dry Coomera Waters dwelling (668 square metres gross floor area) which last transacted in March 2019 for $1.2 million and is now under contract for $1.475 million to a local buyer.

As a seller's market, buyers can be fussy about contract conditions with cash offers often trumping otherwise good offers. Some agents are reporting that they see the same buyers week after week coming through their open homes. Some of these buyers are now becoming stressed and frustrated by the difficulty and competitiveness to achieve a property purchase as values continue to rise.

We are aware that some real estate firms are running online bidding systems on properties which rank the buyers' bids. We are not sure how these fits with the legislative requirements of auction.

Although the market for townhouses has strengthened, the increase in values has not been as dramatic as that of standalone dwellings. Note that low-rise units are not a feature of this area.

Rents have increased with nearly all tenants we have spoken to saying they have had recent increased rent notices. Finding rental properties is increasingly difficult with demand far outstripping supply.

Some other related impacts reported are that it is now difficult to get professional furniture removalists at short notice and furniture storage stores are reportedly full. I spoke with one vendor who was going to transport his buyer's furniture in order to accelerate and help achieve settlement.

North Gold Coast/Logan Corridor

Already halfway through the year and we are seeing an obvious jump in prices compared to late 2020 and unprecedented demand in all property types in almost every suburb across the northern Gold Coast and Southern Logan region.

Every single developing estate across this region is reporting improved strong enquiry and high sales volumes. Vacant land in the developing Flagstone, Brookhaven, Pebble Creek, Yarrabilba, Pinnacle and Elevate locations are all selling months or even one year prior to lots achieving registration. In particular, Brookhaven has achieved some strong resales in both vacant land and completed detached dwelling product as buyers are willing to pay a premium for the ability to live in the estate sooner, rather than purchase in the most recently released stage which is not scheduled to be registered until almost mid 2022. Recently, Lot 563 Kookaburra Court, Bahrs Scrub, which is an 801 square metre near level vacant block in the Brookhaven estate, went under contract for $316,000. It previously sold in July 2020 (unregistered) for $272,000.

With regard to established older style and semi-modern detached housing product, there have been no signs of slowing down in 2021. One clear example of price growth was seen in Mount Warren Park where a four-bedroom, two-bathroom, semi-modern detached dwelling with double garage and swimming pool on an 860 square metre block went under contract on 4 May 2021 for $580,000 within a couple days of listing and having two backup offers. This house previously sold in the same condition in June 2020 for $518,000, which translates to over 10 per cent growth in less than 12 months.

32 Mountain View Crescent, Mount Warren Park Source: realestate.com.au

In terms of the more prestige sectors, price points have significantly increased in 2021. For example, sale prices in the Montego Hills estate in Kingsholme have arguably jumped circa 45 per cent compared to 2020. So far in 2021, four properties have sold in the estate in January, February, March and April 2021 for $1.33 million, $1.54 million, $1.52 million and $2 million respectively. These have revealed a massive jump in median sale prices for the estate from $1.098 million in 2020 to $1,597,500 in 2021 (so far to date). This estate has appealed to both local and interstate buyers looking to relocate to the sunny Gold Coast and with vacant land lots sold out plus few established homes listed for sale at one time, it's clear that premiums are paid to secure a home in this luxury rural residential estate.

One thing that has surprised many in the south-west Logan region this year is the lack of supply of rentals in even the more investor driven and entry level suburbs such as Yarrabilba. Yarrabilba in particular has previously been known for having an oversupply of rentals, higher vacancy rates and it was not uncommon to see rental incentives offered in each rental listing. Even before the COVID-19 pandemic, rental reductions were offered to many existing tenants as it was well known that median rentals were dropping in the area. As supply has failed to keep up with demand, enquiry has skyrocketed in 2021 and properties are currently receiving multiple rental applications and rental prices have shot up.

As supply has failed to keep up with demand, enquiry has skyrocketed in 2021 and properties are currently receiving multiple rental applications and rental prices have shot up.

57 Arcadia Circuit, Yarrabilba Source: realestate.com.au

57 Arcadia Circuit, Yarrabilba is a four-bedroom, two-bathroom dwelling with standard ancillary improvements on a 400 square metre block which recently rented for $440 per week in April 2021 (previously rented for $385 per week in July 2020) (photo source: realestate.com.au).

Janine Rockliff
Director

Sunshine Coast

So any time when you can look back to a period in the property market and say to yourself, "gee, I wish I'd bought then", probably goes to show that the market has been pretty good. And this is true for the Sunshine Coast residential property market.

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It has been a strong first half of the year.

The question is then asked, "What areas are missing out?" The response is a rising tide lifts all boats. It is pretty well across the board. It's just that not all areas are going up at the same pace.

The best way to demonstrate what we have been experiencing is by showing some examples.

Firstly we have an example below in the beachside area of Buddina of two properties that are both older, low set dwellings that some would consider to be knock overs. They are on similar land sizes with one selling for $730,000 (purple, September 2020) and the other for $980,000 (red, February 2021), a difference of $250,000.

Source: RP Data

Then we have a couple of modern houses in Nambour in the same street. The houses are pretty similar, but land sizes are slightly different. The house on the larger 478 square metre lot sold in November 2020 for $450,000 (purple). The house on the smaller 385 square metre lot sold in February 2021 for $470,000 (red).

Source: RP Data

When we look at our premium end of the market, the results speak for themselves.

The estates of Aura at Caloundra South and Harmony at Palmview have continued to generate strong interest and sale results from both owner-occupiers and investors. Aura has been performing so well that their last releases sold out within a day or so of being released. The hinterland subdivisions in the railway townships, such as Panorama in Palmwoods, and smaller subdivisions in Glasshouse Mountains and Landsborough with larger land sizes are also doing well.

With the new land releases being snapped up so fast we are seeing resales within some of the established areas showing significant growth over the first half of 2021. Two examples illustrate this best, the first being a 184 square metre corner lot in Sunshine Cove at Maroochydore which originally sold in October 2020 for $228,500 only to sell a month later for $295,000 before selling a third

Year	Highest Sale Price	Number of Sales
2007	$8,000,000	23
2008	$6,650,000	16
2009	$8,250,000	11
2010	$5,500,000	9
2011	$5,000,000	7
2012	$6,750,000	8
2013	$6,000,000	5
2014	$7,150,000	14
2015	$7,200,000	15
2016	$9,300,000	15
2017	$10,750,000	19
2018	$18,000,000	32
2019	$9,000,000	18
2020	$17,000,000*	66* (+3 under contract)
2021	$8,000,000	7* (+11 under contract)

$4 million plus Sunshine Coast House and Home Unit sales 2007-2021*

time in March 2021 for $405,000.


720 square metre vacant lot in Baringa Source: RP Data

The second example is a 720 square metre vacant lot in Baringa in Aura which was purchased from the developer in November 2020 for $467,000

A 184 square metre corner lot in Sunshine Cove at Maroochydore which originally sold in October 2020 for $228,500 only to sell a month later for $295,000 before selling a third time in March 2021 for $405,000.

and has recently been placed under contract for $600,000.

The rural residential market in the hinterland has continued to show good signs of growth with agents reporting good levels of buyer enquiry with a lifestyle shift continuing to drive this market. Further north through to the Gympie region has really done well as affordability and value for money are the drivers in this region and the improved highway has helped to connect to the coast, letting buyers making the shift up north.

The majority of interest in the unit market is in owner-occupier style units within complexes. This has now spread out into the smaller established product and also resort style units on the back of the very strong rental market and the improved holiday occupancy levels.

Clearly the first half of the year has been good for most of those in the property market, however there are some issues that are starting to provide some challenges such as increases in construction costs and construction delays, lack of rentals, worker shortages including skilled workers and services being stretched.

We will just have to wait and see what the second half of 2021 brings.

Stuart Greensill
Director

Rockhampton

With the halfway mark of 2021 upon us, it provides the opportunity to reflect over the past six months and evaluate all that has happened in our local markets... and it's been fairly significant!

Overall, 2021 commenced with the Rockhampton region, including the Capricorn Coast, continuing the rapid growth which started building in the latter half of 2020, with significant buyer activity across all market sectors. We have been seeing first home buyers, investors (local and non-local), upgraders and downsizers all active in the market.

A number of first home buyers and upgraders have been spurred on by the Home Builder Grant from the Federal Government, as part of the COVID-19 recovery package. This has had a significant impact on new builds in particular and in turn saw demand for land in the developing estates of Parkhurst, Norman Gardens, Yeppoon, Hidden Valley, Taroomball, Lammermoor and Pacific Heights jump, but we also saw increased numbers of renovation projects on existing homes as well. Since the terms of the Home Builder Grant have now ended, we are seeing this unprecedented level of demand reduce back to normal levels.

The prestige market in Rockhampton has continued to perform well, with four recorded settled sales of residential property since 1 January achieving prices ranging from $800,000 to $1.65 million and we are aware of another significant property on The Range currently under contract for well in excess of $1 million. The Capricorn Coast has recorded 14 sales of residential property (less than 2 hectares) in the $800,000 plus price range. This is a significant volume of sales at this price point for the region over a six month period.

Duplexes and flats have also been performing well, with gross yields typically reflecting between 7.6 per cent and 8.5 per cent. Investors are seeing opportunities here to increase returns upon lease renewals as vacancy rates remain very tight right across the region. Rockhampton and Gracemere are showing 0.5 per cent vacancy, Yeppoon (postcode 4703) 0.6 per cent and Emu Park and Zilzie (postcode 4710) 1.5 per cent vacancy during the month of April according to SQM Research.

Something we had not anticipated out of the pandemic was the level of interstate migration the region has experienced. It has been reported that in the order of 30,000 people have migrated from interstate to Queensland, with a significant number of those choosing to settle in a regional locality.

Whilst the rapid growth is likely to slow to a more steady and maintainable level in the short term, all external influences continue ticking over in the background, predicted to remain largely unchanged for the remainder of 2021. These factors include low interest rates, affordability, employment opportunities and strong commodity prices in our local industries. This in turn is expected to have a positive influence on the residential property market in the area.

Cara Pincombe
Property Valuer

Gladstone

The most surprising thing seen in the market in the past several months is just how close some values have come to the previous peak of the market pricing. Don't get me wrong, values have not returned to those unprecedented pricing levels of 2011 and 2012, however some are edging up to pricing last seen in 2014 and 2015 which shows an almighty jump in values.

We believe the market has risen as much as 30 per cent (in some cases) since the market bottomed in 2018, with the most significant jumps in value occurring in the past 12 months.

It's been hard to pinpoint exactly how far the market has risen over the past six to say 12 months. The past several months have certainly felt like a boom time market with high levels of demand, low vacancy rates and a general lack of supply.

According to the March issue of the REIQ Queensland Market Monitor, the Gladstone median house price jumped 9.1 per cent over the year ending December 2020. We believe the market has risen as much as 30 per cent (in some cases) since the market bottomed in 2018, with the most significant jumps in value occurring in the past 12 months. The bottom end of the market has definitely jumped higher than the top end. Other sectors such as the unit market and the rural residential market have had smaller (circa 10 per cent) rises over the same time period.

Just over the past few weeks, it feels as though the activity has slowed off a bit. New construction activity has definitely slowed on the back of the Homebuilder stimulus package ending. This is perhaps a good thing, given the lengthy wait for some building materials and just how far in advance some builders are booked out. This in turn will have an effect on the vacant land market. Sales activity in this market sector has slowed right down since the stimulus ended.

There is still limited stock in most market sectors and it's very evident that some agents are buying listings and promising vendors unrealistic value levels. This in turn has started to stretch out the number of days on the market for many properties. While the market has shown significant growth, vendors still need to be realistic in their pricing otherwise they risk an extended selling period with limited interest.

There have recently been some small signs that indicate the activity level has slowed. This is likely on the back of the Homebuilder grant ending, the JobKeeper stimulus package ending and increased talk of a federal election looming which always slightly cools the market. While this month is not necessarily a month for making predictions, considering all factors we believe the market will continue on an upward trajectory over the next few years however at a slightly slower pace than what has been seen over the last several months. Affordability is still a key driver of Gladstone's market and despite the growth we have seen, we are still one of the most affordable regions to live on the east coast of Queensland.

Regan Maye
Associate Director

Bundaberg

Bundaberg and the local coastal and rural residential sectors all showed continued growth throughout the start of 2021. There is still significant buyer activity across all sectors. Interstate purchasers are making up a large sector of property sales. Agents are still reporting low stock levels for sale properties and rentals.

The rapid growth we have experienced over the past twelve months is likely to slow and reach a maintainable level. We still have factors such as low interest rates, employment availability, affordability and a great lifestyle which make Bundaberg and the local coastal and rural residential areas attractive to live and invest in.

Catherine Kersnovske
Property Valuer

Mackay

This month, we give our halftime scorecard and look at the first six months in the Mackay market. And what a ride the first six months have been!

The Mackay market continued its upward momentum from 2020 and powered into 2021. All agents were reporting strong demand, shortening time on market and multiple offers across all properties. While it's good to hear these stories, I actually experienced the market firsthand when selling my own property. I can confirm that we listed the property on the internet on a Tuesday, had the first inspection Tuesday night and by the end of Saturday's open home, had over 20 groups through, receiving multiple written offers on the Monday, one of which we accepted! This story is being echoed right across the Mackay market by both vendors and agents.

The rental market has also continued to be tight, with vacancy levels below one per cent for over 12 months now, with increasing rental values across all property types.

On the building front, the introduction of the government's building grants saw a huge surge in vacant land sales and construction of dwellings right across the Mackay region. Local builders have struggled with the demand, with some builders booked up for the next 12 months with committed projects. The main difficulty at present is sourcing materials and labour to complete projects on time. One negative feature however has been the increase in price in materials and labour on the back of this demand. Many local builders have commented on the increase in building costs eroding profitability. The difficulty is that the costs of dwellings appear to be rising at a faster rate than the improved property market.

While the first six months have been buoyant and construction activity should continue for at least the next six months, we have started to see a slight slowdown. This can be attributed to budget, change of season and the ending of JobKeeper and building grants. The economic conditions in Mackay, particularly the resource sector and associated service industries, large infrastructure projects and general optimism in the Mackay economy should see us continue strongly into the second half of 2021.

Mick Denlay
Director

Hervey Bay

It has certainly been a half-year to remember. At the start of 2021, there were signs of diminishing stock levels and values starting to rise. Six months on and stock is very limited across all asset classes. Some sales are achieving above asking price and there have been multiple sales over $1 million.

All sectors of our market have improved in value over the past six months. Properties listed for sale generally receive multiple offers with local and interstate buyers active.

Vacant land across Hervey Bay and surrounding areas has almost been fully sold with developers reporting lots sold that won't be titled until late 2021. Base level house and land package prices have seen an increase in the order of $20,000 and are nearing $400,000 for four-bedroom, two-bathroom homes. Historically, construction was a more expensive transaction to the established home, however now due to extended construction periods, established homes are realising higher rates per square metre than some new builds.

Surrounding localities such as Toogoom and Burrum Heads have benefited from the rising prices in Hervey Bay and have also seen increases in both land and improved home sales. River Heads has seen significant escalation in prices with some vacant lots sub-$80,000 in 2020 now realising $160,000 and upwards, with larger acreage lots at Turtle Cove above $240,000.

Esplanade and non-Esplanade units have also seen an improvement in prices however not to the same extent as dwellings. Rental returns remain strong due to a very low vacancy rate however some complexes are experiencing high body corporate fees which impact on this return, so buyer beware.

Our coastal lifestyle has certainly attracted buyers nationwide and it has been a real confidence boost to our local market to see a number of homes selling above $1 million. Activity over the next six months may begin to slow, not because of a lack of demand, but a lack of stock.

Doug Chandler
Director

Emerald

Halfway through the year and we are still on the same upward trend in general. The coal mine towns of Moranbah, Dysart and Blackwater continue to see firming rents and values. Moranbah is leading the way again with tight vacancy rates and values that continue to climb. Modern property in Blackwater which is usually at the upper end has performed best with basic properties remaining fairly flat.

Emerald has seen a record for rural residential (eight hectares) for the past eight years with a sale at $1,262,500, another high end sale in town at $940,000 (5000 square metres) and a residential sale at $695,000. The high-end market above $500,000 is performing well with acreage being in high demand.

Kerry Harrold
Valuer

Townsville

As we approach the mid-point of 2021, the residential market continues to gain momentum experiencing demand through most sectors and property types.

Of houses settled to date, over 80 per cent are priced in the sub-$500,000 bracket, with sales between $300,000 and $500,000 accounting for over 50 per cent of all sales.

Properties offering lifestyle features continue to be in high demand. The rural residential market is one of these sectors, with demand during the first

Historically, construction was a more expensive transaction to the established home, however now due to extended construction periods, established homes are realising higher rates per square metre than some new builds.

half of 2021 carrying on from the strong interest in the second half of 2020. In April this year, a prestige acreage property in Alice River sold at auction for a reported $1.625 million. This is one of the highest sales to have occurred in our local rural residential market. The property comprised just under two hectares of land, with the dwelling having five bedrooms and five bathrooms, with other improvements including a pool, shed and motorcross track. Prestige residential over $1 million is another sector continuing to see strong interest with volumes of sale increasing as buyers chase the location and lifestyle these properties offer.

When considering what has been the most unexpected or surprising thing in our market to date in 2021, it would likely be the continued appetite in the established housing market within broader Townsville suburbs such as Kirwan, Bushland Beach and Burdell. The reason behind this continued demand is possibly a combination of a number of factors including low interest rates, tight rental vacancy rates, falling unemployment levels and improving job security all mixed with a little bit of fear of missing out fuelling this appetite.

Darren Robins
Director

Cairns

A rising tide lifts all boats is an apt description for the residential property market in most Far North Queensland locations for 2021 to date. The improvement in sentiment has been positive across the board although some sectors of note include:

- Rural hobby farms and rural residential properties on the Atherton Tablelands. There has been strong demand and robust price increases particularly for rural residential property area Tolga/Atherton and south through to Ravenshoe/Millstream. The market around Yungaburra and east to the top of the Gillies Range and south to Malanda has also seen solid gains in demand and price;
- Upper end rural residential properties in Cairns. We have seen a number of sales above $2 million which is a price point that has seemed out of reach in recent years;
- Bottom end residential units in suburban complexes around Bungalow, Manunda, Manoora and Westcourt are selling, with prices moving for the first time in many years.

Vacancy rates continue to be very low with limited available rental stock. There have been numerous stories in the local newspaper of tenants having to move out of properties which have been sold and not being able to secure rental accommodation to move into.

The building industry is under pressure. Rates for most trades have increased significantly. We are hearing items such as roof trusses, steel and even Colorbond are becoming difficult to source.

It will be interesting to see how the rest of 2021 plays out. A continuation of the positive market sentiment is likely at this stage.

Craig Myers
Director

Toowoomba/Darling Downs

The Toowoomba property market has shown signs of continued strengthening market conditions in 2021 due to limited supply, government subsidies and uplift in demand from both owner-occupiers and investors. Rising sale prices across most market segments have been observed with agents reporting strong interest, multiple offer sales and a continuing lack of available stock. According to CoreLogic data, suburbs that have seen a noteworthy increase in prices over the past 12 to 18 months are Mount Lofty (13 per cent), Wilsonton Heights (eight per cent), South Toowoomba (five per cent), East Toowoomba (four per cent) and Wilsonton (four per cent).

The Toowoomba prestige property market, after experiencing an extended period of low sales activity, has seen a considerable increase in sales activity in the $1 million to $3 million price range over the previous nine to twelve months. This activity has been generally driven by current strong local sentiment and the low interest rate environment. Enquiry and transactional activity for prestige vacant lots has also increased with numerous prestige dwellings recently developed or under construction throughout the Rangeville, Middle Ridge and Mount Lofty localities which is generally influenced by both medical professionals and local upgraders. There are now many examples of market leading sales which further support the strong market conditions.

An example is a 1950s, lowset, level, renovated dwelling in East Toowoomba that sold for $2.2 million, settling in March 2021.

East Toowoomba home	Source: RPData

An example of a vacant prestige allotment which sold in January 2021 for $880,000 further supports the strong market conditions being exhibited in this prestige market segment.

Toowoomba had one of the highest uptakes of the Home Builder grant and the First Home Loan Deposit Scheme nationally during 2020. This has resulted in a significant increase in vacant land sales, strengthening of prices and the development of new residential lots, which has ensured continuing high levels of building activity in the Toowoomba and surrounding suburbs property market. The challenge now facing buyers is the availability of suitably skilled tradespeople with the current strong demand for their services now drastically extending construction times, and in some instances, increasing construction prices.

Rental vacancies continued to trend downwards at a ten year low with considerable rises in asking rents advertised and agents reporting extensive wait lists for potential applicants. Tenants are continuing to find it difficult to secure a suitable rental property. As displayed below, the residential vacancy rates for the Toowoomba region continued to lower from 0.9 per cent in December 2020 to 0.6 per cent in April 2021.

Source: SQM Research

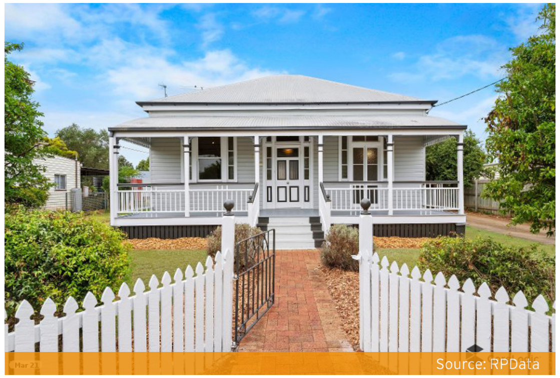
Below is an example of a modern property purchased in Middle Ridge (February 2021 for $1.075 million) as an investment and was rented shortly after settlement for $850 per week.

Source: RPData

Given the current low vacancy rates and high demand for rental accommodation, it is apparent that investors can be confident in their decision to invest in the Toowoomba market. This is evident in the return of demand for new units and duplex or multi residential developments from both first home buyers and investors alike with development activity resuming after a period of limited demand.

Given these challenges, the trend away from renting to owner-occupying in certain market segments will continue to rise given the low cost of borrowing money at present. This has been apparent in the affordable, sub $400,000 market segment, especially within the inner-city localities of Newtown, Toowoomba City, North Toowoomba and South Toowoomba where a property considered to have renovation potential to a buyer who will value add post purchase is highly desirable.

An example is a 1910, single level, pre-war dwelling in Newtown which sold for $370,000 in April 2021.



Source: RPData

There are now many examples of market leading sales which further support the strong market conditions.

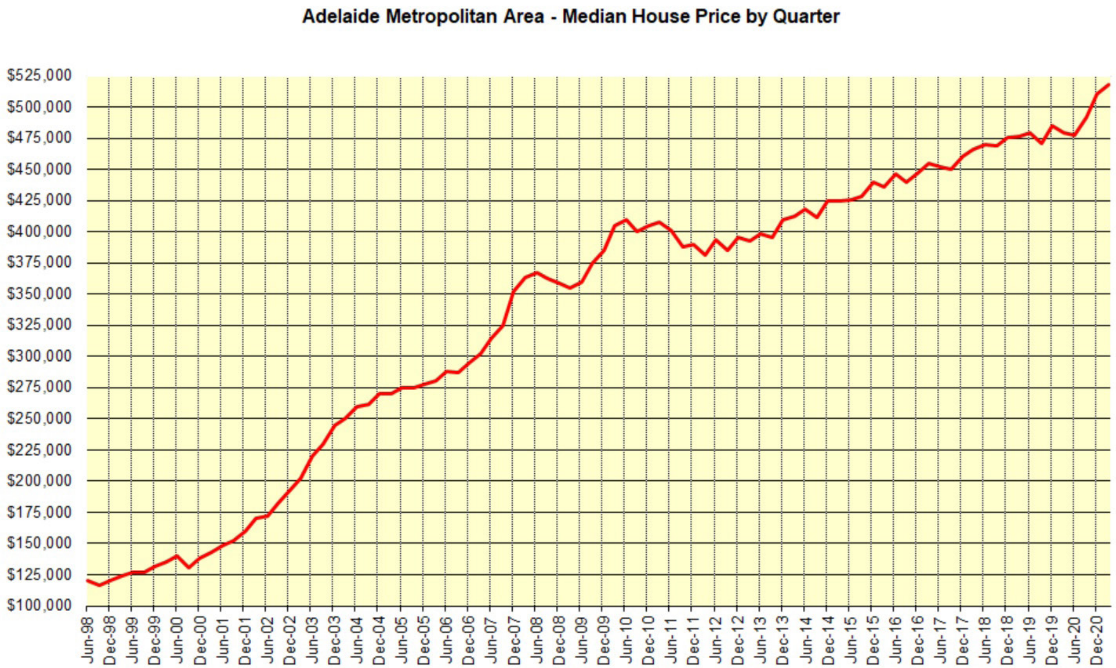
Bradley Neill
Director

South Australia

Adelaide

The South Australian property market has gone from strength to strength throughout the first half of 2021. March quarter data released by the state government indicates that the metropolitan median sale price has reached an historical high of $518,000 which is an 8.2 per cent increase year on year. It is expected that at the conclusion of the June quarter, the ceiling will be smashed again with a new record median sale price being achieved. The strong market activity isn't isolated to the metropolitan area, with regional South Australia also reaping the benefits. Regional price levels have risen marginally, however days on market and stock levels have significantly reduced with agents reporting record levels of buyer enquiry. The non-metropolitan median sale price currently sits at $280,000 which is a 3.8 per cent increase year on year.

The strong demand in the market has seen a firm shift towards sale by auction with this method of sale becoming common practice across the metropolitan area. In many cases, properties offered for sale by auction are being contracted prior to auction, with agents reporting being swamped with offers during early marketing. This level of demand helps create an auction-like atmosphere without having to drop the gavel. In the current market, purchasers know that they need to put their best offers forward to ensure acceptance which gives vendors comfort that the maximum price is being achieved. For properties that make it to auction, we are seeing record numbers of registered bidders and even larger crowds. Examples of both these situations are the sales of 5 Feres Court, Kensington Gardens and 28 Gurney Road, Dulwich. Listed for sale by auction quoting $780,000, 5 Feres Court was contracted for $875,000 within three days of listing. Listed for auction quoting $1.6 million, 28 Gurney Road sold at auction for just north of $2.5 million with 29 registered bidders.



Source: SA.GOV.AU

5 Feres Court, Kensington Gardens Source: realestate.com.au

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25 Gurney Road, Dulwich Source: realestate.com.au


28 Gould Road Elizabeth Park Source: realestate.com.au


68 Vista Parade Seaford Heights Source: realestate.com.au


9 Starboard Road Seaford Source: realestate.com.au

Price points have not been discriminated against with growth across the board from the affordable to the prestige markets. At the affordable end, five of the nine suburbs which make up the larger satellite city of Elizabeth, north of the CBD, have recorded double digit price growth year on year. The suburbs of Elizabeth East and Elizabeth Park were standout performers, each having 15 plus transactions in the March quarter and recording increases in their median sale prices of 31.44 per cent and 18.02 per cent respectively. Price points within the greater area of Elizabeth begin at $125,000 and rise to a ceiling of $400,000. An example of market movement in this location is the recent sale of 28 Gould Road, Elizabeth Park. This property was purchased in October 2019 for $210,000 before being cosmetically upgraded and selling for $260,000 in March 2021.

One of the best performing regions in the mid-range price point has been the four suburbs making up the greater Seaford area, south of the CBD. Seaford, Seaford Heights and Seaford Meadows have each had double digit price growth year on year, with Seaford Rise being the best performer with 30 transactions occurring in the March quarter and recording an 18.17 per cent price increase year on year. Price points within the greater area of Seaford begin at $325,000 and rise to $1 million plus for properties with proximity to the beach. Currently available for sale at this price point in this location are the listings of 68 Vista Parade, Seaford Heights, a circa 2020 single level dwelling disposed as four bedrooms and two bathrooms and 9 Starboard Road, Seaford, a circa 1984 single level dwelling disposed as three bedrooms and two bathrooms situated 200 metres from the Esplanade. These properties are listed for $710,000 to $750,000 and $600,000 to $625,000 respectively.

Price points have not been discriminated against with growth across the board from the affordable to the prestige markets.

At the top end of the market; the inner north and north-east have been the strongest performers. The suburbs of Walkerville, Medindie and Gilberton, all located in the Walkerville Council Area have each achieved price growth year on year of above 20 per cent with Walkerville being the best performer with 10 transactions in the March quarter and a 35 per cent increase year on year. Price points within the Walkerville Council Area begin at $800,000 and rise to $3 million. Similarly, the suburb of St Peters located adjacent to the Walkerville Council Area south of The Torrens produced 13 transactions in the March quarter, recording a 63 per cent price increase year on year. Price points in the suburb of St Peters begin at $900,000 and rise to $3 million

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plus. An example of market movement in this location is seen in the recent sale of 25 Stephen Terrace, St Peters. This property was purchased in February 2018 for $1.15 million before being cosmetically upgraded and selling for $1.58 million in April 2021.

25 Stephen Terrace St Peters Source: realestate.com.au

During the first six months of 2021, market growth has remained strong throughout the metropolitan area. The market remains firmly in the advantage of vendors, with low stock levels and an abundance of purchasers making use of the low interest rate environment. With a potential seasonal blip in the market through the winter months, the expectation is for the strong market activity to continue through to the second half of 2021.

Nick Smerdon
Property Valuer

Mount Gambier

The past six months has seen a strongly performing Mount Gambier property market with increases in house sales, prices and demand. House sales increased to approximately 500 sales per annum in 2020 which is up from an average of around 400 in preceding years. Land sales and unit sales have also increased significantly over the past 12 months. Agents are still reporting strong buyer enquiry and houses are selling pre-listing, at or above listing price and remaining on the market for short periods.

There has been an increase in the number of houses selling above $500,000 in the current market. This market segment was previously typically limited. A recent sale on 24 Hedley Street achieved $750,000 in April 2021 after a short listing period. The dwelling was renovated since it last sold in 2017 for $512,500, however the last sale required an extensive selling period over a number of years.

12 Hedley Street, Mount Gambier Source: Corelogic

The first home buyer segment is a strongly performing market at present with low interest rates and government incentives allowing a larger portion of people to enter the market. This has seen houses in the $200,000 to $300,000 range achieve prices above previous market levels with strong demand and limited supply. Rental prices have increased over the past six months which has fueled this market as it is often cheaper to own than rent with current interest rates.

A recent sale on 25 Sutton Avenue, Mount Gambier was a good indication of strong buyer demand within this price range. The property was listed for $245,000 to $265,000 and had multiple offers above listing price and sold for $275,000 in April 2021.

25 Sutton Avenue, Mount Gambier Source: Corelogic

One of the most interesting changes over the past six months has been the significant increase in demand from out-of-town investors and interstate migration. The strong rental returns have been around in Mount Gambier for a long period, however we have finally been noticed on a much larger scale. Our strong rental returns were often combined with static capital growth however we are now seeing capital growth and strong rental returns which is driving this market. Interstate migration has also increased with positivity around the local economy, affordability of living and housing and general features of the Limestone Coast appealing to a broad range of the population.

Adrian Castle
Valuer

Western Australia

Perth

Time flies when you're having fun! It's hard to believe that six months ago we were writing our predictions for this year and we are now halfway through it. Looking into the crystal ball back in February, we were filled with high levels of optimism and a renewed confidence for the year ahead, and this has most definitely rung true. So as the half-year mark approaches, a mid-year review seems quite fitting to regroup and contemplate the first half of a quite crazy year.

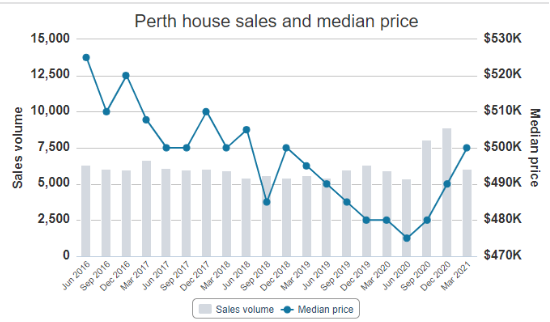
Firstly and most notably, Perth's median house price has risen to $500,000, the first time since December 2018! This reflects a 5.26 per cent increase from June 2020, when the median house price was $475,000. What a difference a year makes. To break the half-million price ceiling on the back of a declining market attests to the resilience of the Perth market, even after experiencing another lockdown in the month of April. This is also quite remarkable given the level of activity we have seen at the lower end of the price range – and as this activity begins to wane, we expect the median house price to soar.

Firstly and most notably, Perth's median house price has risen to $500,000, the first time since December 2018!

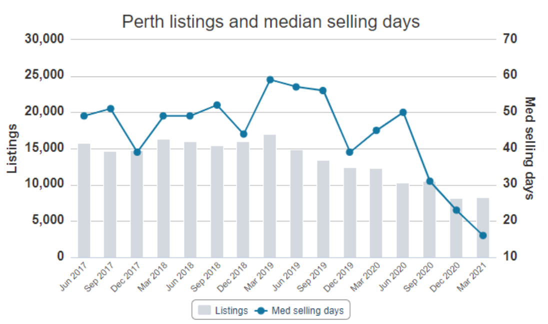
The Perth metropolitan marketplace is suffering from a chronic lack of supply. At the time of writing, there are currently 9,017 listings, reflecting a 28 per cent decrease compared to the same time last year, which had 11,603 listings. There is no doubt that this shortage of stock, strengthening economic conditions and the continued influx of residents have put an upward pressure on prices throughout the course of this year in almost all market segments across the state. As a point of reference, somewhere between 12,000 and 14,000 listings is considered to be a balanced market, hence we are well and truly into undersupply territory.

This can be seen in the continued reduction in Perth's median selling days, which is currently at an astonishing low of 16 days, down from 50 days in June 2020 and 23 days in December 2020. It is anyone's guess whether we are to see further decreases in selling days, however there are no signs of demand tapering off in the short term and with supply still below normal levels, we believe market demand is still very strong at this point in the market cycle. Many suburbs are experiencing an average selling period in the single digits and properties listed for sale for over four weeks are quite obviously incorrectly priced.

On a somber note, Perth's rental market has now hit crisis point with the end of the rental moratorium on 28 March 2021. The current vacancy rate is sitting at 0.7 per cent, representing a near record low! As with the sales market, the rental market is also facing its own supply and demand battle. Currently there are 2870 properties listed for rent in the Perth metro area, a 79.86 per cent decrease from the same time last year, which had 5,162 properties available for rent. This has resulted in median rents for houses increasing from $370 per week in June 2020 to $430 per week in March 2021. Western Australian court houses are seeing a surge in eviction notices and with long queues being experienced at almost very rental viewing, the situation is turning very desperate for many people in search of affordable housing. We do not see this situation easing in the short term and anticipate a further firming in the rental market.



Perth house sales and median price Source: REIWA 2021



Perth Listings and median selling days Source: REIWA 2021

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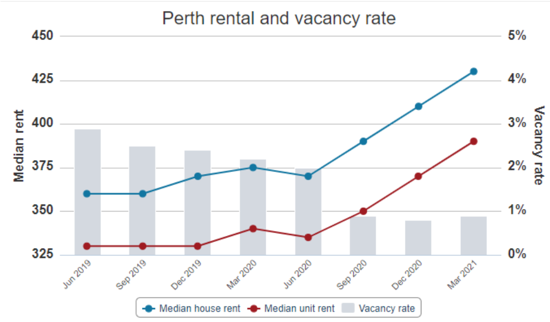
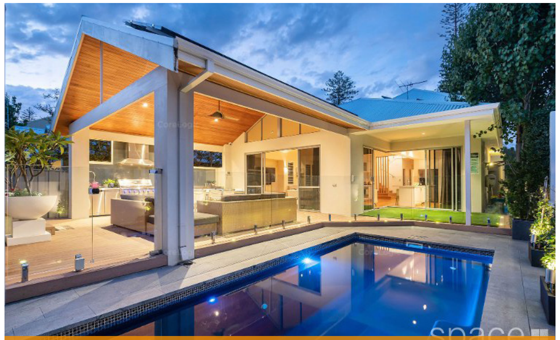


Perth Listings and median selling days Source: REIWA 2021

Looking at some market evidence now to demonstrate how the market is moving, we start in the prestigious, coastal suburb of Cottesloe.

The following property on Grant Street, Cottesloe is a circa 2010, double storey, five-bedroom and two-bathroom dwelling with rendered brick walls, Colorbond roof and three car garage. Ancillary improvements include below ground swimming pool, cedar lined gable patio with timber decking and outdoor built-in BBQ. Living area is 299 square metres and land area is 556 square metres. The property was purchased in October 2014 for $2.6 million and recently sold for circa $3.6 million.

67 Grant Streetc Cottesloe Source: RP data



67 Grant Streetc Cottesloe Source: RP data

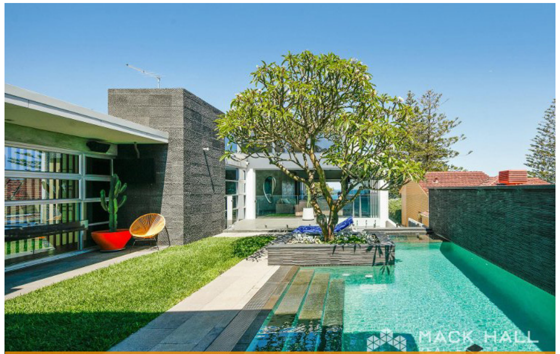
Staying in Cottesloe and moving to Napier Street, we have a circa 2003, double storey, four-bedroom, two-bathroom dwelling with rendered brick walls, tile roof and two car garage. Living area is 350 square metres and land area is 592 square metres. The property was purchased in February 2016 for $2.4 million and sold in March 2021 for $3.6 million. This reflects a mouthwatering 50 per cent increase in value.

34 Napier Street, Cottesloe Source: RP data

Most notably, in the past few months, the Perth marketplace has had one sale and two pending sales in the $10 million plus price bracket, for those with deep pockets.

The following property on Ozone Parade, Cottesloe is reportedly under contract for just above $10 million. The property is an architecturally designed, circa 2010, multi- level, four-bedroom and five-bathroom dwelling. Ancillary improvements include a resort style outdoor area with a below ground pool. The property enjoys ocean views. Living area is 495 square metres and land area is 675 square metres.


4 Ozone Parade, Cottesloe Source: RP data



4 Ozone Parade, Cottesloe Source: RP data

It is not only Cottesloe basking in the sunlight for high value transactions. 52 Johnston Street, Peppermint Grove is currently pending sale between the low to mid-$10 million mark. A circa 1967 built, extensively renovated and extended,

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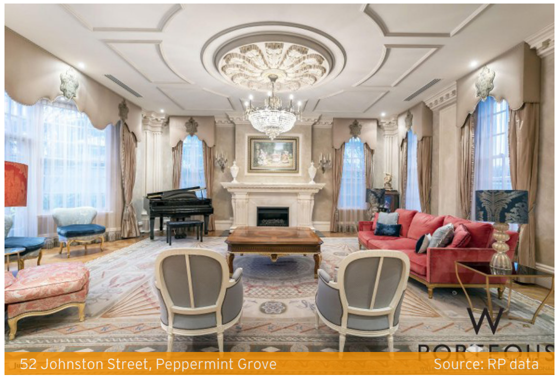
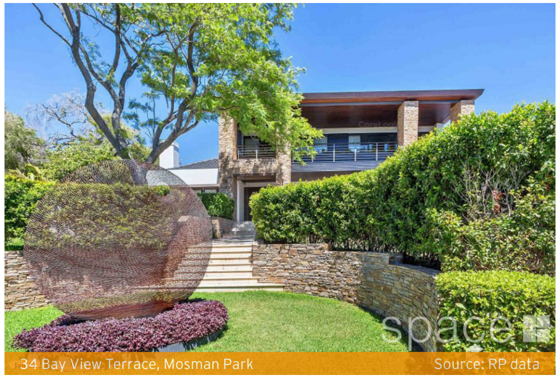
two-storey, six-bedroom, five-bathroom, Georgian reproduction mansion with rendered brick walls, slate tile roof, one car attached carport (porte cochere style) and three car garage. Key ancillary improvements include liquid limestone dual horseshoe driveway with cobblestone features, gas heated concrete inground lap pool featuring pavilion, alfresco off the main house, alfresco off the apartment or au pair residence, front verandah with porte cochere and extensive upper level balconies and open terraces. Areas are: living - 806 square metres; outdoor - 296 square metres; pavilion and poolhouse - 68 square metres; and car - 98 square metres. It does not get much more lavish than this!

52 Johnston Street, Peppermint Grove Source: RP data



52 Johnston Street, Peppermint Grove Source: RP data

Moving across to Bay View Terrace, Mosman Park now, and we find another property that has achieved the $10 million plus sale bracket. The subject residence is a circa 2000 built, two-storey, six or seven-bedroom, seven-bathroom, architect designed dwelling with rendered brick and feature stone walls, tile and metal roof and four car garage. The grounds and the house have been designed to create a resort style atmosphere. Key ancillary improvements include a heated concrete infinity pool with timber and travertine surrounds, featuring pool house and frameless glass pool fencing, timber lined alfresco with built in television and remote blinds, three balconies, barbecue area, solar panels and front porch. Areas are: living - 776 square metres; outdoor - 100 square metres (porch, alfresco and balconies); pool house and cellar - 88 square metres; and car - 84 square metres. The property enjoys commanding Swan River views and sides onto Memorial Drive which houses broad parkland and the offices of the Town of Mosman Park.



34 Bay View Terrace, Mosman Park Source: RP data

The property was purchased in October 2014 for $6.5 million and after extensive renovation of approximately $1 million, is currently pending sale between $10 million and $10.3 million.

On the whole, the Perth prestige market has been one of the best performing market segments so far this year and we believe this growth will continue throughout 2021. For example, the top five performing suburbs in the Perth metropolitan area are all riverside or oceanside suburbs, showing 13 per cent plus increases from December 2020 to April 2021. This is most definitely a market segment to keep an eye on.

Suburb	Median sale price Dec 2020	Median sale price Apr 2021	Percentage change
1. Bicton	$950,000	$1.14 million	20%
2. North Beach	$900,000	$1.05 million	17%
3. Sorrento	$960,000	$1.118 million	16%
4. Applecross	$1.56 million	$1.79 million	15%
5. Claremont	$1.503 million	$1.7 million	13%

Perth real estate prices are surging, with Bicton, North Beach and Sorrento leading the pack Source: ABC News

Moving away from the affluent western suburbs and into first home buyer territory, we can also see value increases.

44 Koolbardi Loop, Byford is a circa 2015, single level, four-bedroom and two-bathroom dwelling with rendered brick walls, tile roof and two car garage. Ancillary improvements include a patio. Living area is 212 square metres and land area is 591 square metres. The property was purchased in September 2020 for $440,000 and sold in March

On the whole, the Perth prestige market has been one of the best performing market segments so far this year and we believe this growth will continue throughout 2021.

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2021 for $479,000, representing a nine per cent return in six months - pretty wild stuff for a suburb that has hit the headlines for the past decade for chronic oversupply issues and consistently declining values.

44 Koolbardi Loop, Byford Source: RP data

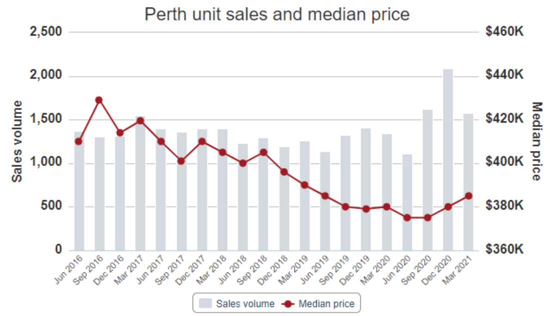
44 Koolbardi Loop, Byford Source: RP data

This property at 7 Nerrima Court, Cooloongup also shows a notable value increase in the short term. The property is a circa 1978, single level, three-bedroom and one-bathroom dwelling with brick walls, tile roof and a one car garage. Living area is 110 square metres and land area is 687 square metres. The property was purchased in May 2020 for $205,000 and sold in January 2021 for $270,000. Though the original sale appears to have favoured the buyer, it does reflect a 31 per cent increase in an eight-month period which is quite astonishing for a much maligned suburb.

7 Nerrima Court, Cooloongup Source: RP data

Other notable first home buyer suburbs such as Alkimos and Ellenbrook have seen a respectable 4.4 per cent and 5.60 per cent annual increase in median house price, illustrating the further firming of suburbs that were not long ago chronically oversupplied.

Moving away from the established residential market and into the apartment market, this market segment still appears to be burning through the large amount of stock left on the market from the previous mining boom. The apartment market has been slow off the blocks, experiencing a 1.31 per cent increase from March 2020 to March 2021. We note however that in December 2020, we saw 2,088 transactions, a notable 28.41 per cent increase from September 2020, indicating strengthening demand driven by rapidly firming investor activity combined with the realisation that apartments once considered to have been ambitiously priced are now appearing to represent good value. We anticipate seeing a further firming of market conditions in the apartment market, but not at a similar pace as the established market.



Perth Unit Sales and Median Price Source: REIWA 2021

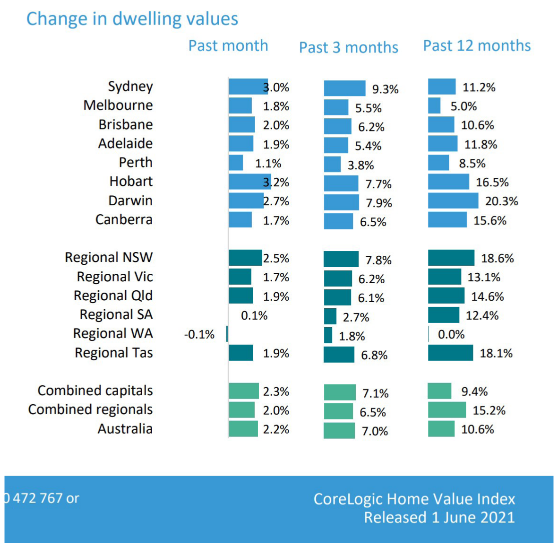
Overall, coming into 2021 we expected a strong year for all market segments and this is exactly what we are seeing. From the prestige market to the first home buyer segment, everything is on the up and up! This market upswing has undoubtedly been brought on by the perfect storm of conditions - a rental market that is begging for supply, low stock levels available for established housing, a lack of building activity between 2014 and 2020, huge volumes of returning residents, record low interest rates, government stimulus and a strong economy. Due to these factors, we predict a strong end to the year. Delays in construction activity will further exacerbate the situation in the short term and we expect affordability to play a larger role in market forces later in the year.

Chris Hinchliffe
Director

Northern Territory

Darwin

At the midpoint of 2021, the Darwin property market has performed well beyond expectations of all pundits. CoreLogic has released the following statistics with the Hedonic Home Value Index, June 2021. Darwin has had a 20.3 per cent lift in house values for 12 months, with 7.9 per cent in the past three months. This represents the strongest performance of any capital city in Australia. Darwin's median house price has increased in the past year to $547,000.



Source: CoreLogic

The greater Darwin market is seeing increases in housing value, shorter days on market, an increase in weekly rental rates and a decrease in vacancy rates. These large increases in value must be tempered by a reminder that the Northern Territory is starting from a far lower base than other states with five or so years of continued decline in property values and business confidence.

So, what's driving the housing boom? The three major factors have been population, stimulus packages and renewed long term confidence in work projects in the Northern Territory.

Initially Darwin was seen as a safe haven through the national lock downs brought on by COVID-19 in 2020. As a result, many southerners relocated to Darwin. Given the small population base, the extra thousands who came north provided an immediate upswing in the rental market. This has now flowed into more permanent residents in the Northern Territory, especially looking to take advantage of lifestyle opportunities and the relatively low house prices. The market is definitely being driven by owner-occupiers. Housing in established locations has been the most popular.

The NT News has reported the huge upswing in property activity throughout the early stages of 2021; many front pages have carried positive property stories. A dwelling at 63 Bald Circuit, Alawa sold under auction conditions for $1.03 million in May 2021. This is the first sale beyond $1 million in Alawa for a single dwelling. This location represents an owner-occupied suburb where dwellings traditionally sell in the range of $450,000 to $750,000.


63 Bald Circuit, Alawa Source: realestate.com.au

Stimulus packages. As reported in previous editions of the Month In Review, the house and land market in Darwin and Palmerston has been very strong. This was driven by the Territory and federal government stimulus packages to encourage new builds. Through a combination of land supply tightening and the building grants ceasing (for now), this section of the market appears to be slowing for new enquiry, however we note that most builders in Darwin (and Australia for that matter) have a large forward book of new builds which are commencing or have just started.

Darwin's northern suburbs and the inner suburbs of Palmerston have been the major locations for this owner-occupier demand.

The northern suburbs remain popular with good access to schools, Casuarina Shopping Centre, Charles Darwin University, the Marrara sporting complex, the Casuarina Foreshore beach front and

We are yet to see investors flood back to the Darwin market.

established homes on allotments generally larger than 800 square metres. Days on market has significantly reduced and many buyers are rushing to purchase by 30 June, at which point stamp duty concessions will be wound back. If you're a home buyer in the Northern Territory, you may be eligible to get up to $18,601 off stamp duty until 30 June 2021 through the Territory Home Owner Discount. The home must also be $650,000 or less and be your principal place of residence for at least six months.

The suburbs of Gunn, Durack, Bellamack and Rosebery are some of the Palmerston locations where established homes have been very popular. These are the more modern locations of Palmerston largely established after the mid-1990s and mid-2000s. Proximity to Palmerston CBD, local parks, sporting locations and established homes on allotments from 450 to 800 square metres have seen owner-occupiers driving the value increase.

We are yet to see investors flood back to the Darwin market. Traditionally, investors have been interstate purchasers targeting the unit market. With low interest rates, a very strong rental market and availability of relatively cheap unit stock in Darwin, it is likely that this interest will also increase. The median price of a two-bedroom unit is $330,000, which is a nine per cent increase on last year (source: Real Estate Institute of Northern Territory – Real Estate Local Market Report).

Whilst the stimulus packages for new builds and stamp duty concessions are being wound back, it is expected that the positive movements of the Greater Darwin market will continue. The forward pipeline of construction, mining and gas and infrastructure projects has placed the Northern Territory in a positive frame for the first time in a good while.

Jeremy Callan
Property Valuer

Australian Capital Territory

Canberra

At the mid-point of 2021, the Canberra residential market continues to perform strongly. There are numerous media reports stating that Canberra housing growth has been among the strongest in the country on both an annual and quarterly comparison. Our median housing price is now over $900,000 and annual growth rates are close to 20 per cent. Units on the other hand have shown more limited growth and overall have remained stable and steady with around zero to five per cent annual growth rates reported. The unit median price currently sits around $475,000. This has been a long-term trend and continues in 2021.

37 Mabo Boulevard, Bonner sold June 2021 for $880,000
Source: realestate.com.au

Demand is driving these reported growth numbers. There is a lack of available housing stock and also a scarcity of land available for market participants looking to build. Borrowing conditions and the recent uplift in share markets are also fuelling the market with the availability of cash being a driver.

Agents report that if they get the listing, they will sell the property.

95/8 Baudinette Circuit, Bruce sold June 2021 for $450,000
Source: realestate.com.au

An issue for sellers is determining where to go after achieving a strong sale price. Mid-market home sales between $800,000 and $1.2 million will see vendors with cash available for the next purchase, however they will then be competing with the rest of the market and will find challenges in upsizing. Retirees are active in selling their family homes at record prices and then downsizing to medium density options. Another trend we are seeing is agents using off-market sales techniques where they have buyers lined up and are able to condition or manage the vendor to complete a quick transaction with no marketing campaign required.

Angus Howell
Associate Director

Tasmania

Hobart

Well, who would have imagined how Hobart and the surrounding suburbs would perform over the past six months? It was anyone's guess but the pandemic has certainly worked in our favour.

We are experiencing record sale prices and very short days listed on the market. Prices are more often than not well exceeding vendors' expectations (which sometimes makes it challenging for valuers to support sale prices).

There is evidence of interstate purchasers further entering the market in the fear of missing out with the intent to purchase now, get relatively good rental returns and move to the Apple Isle at a later date.

A high proportion of these buyers are expats. On two occasions recently whilst inspecting properties that have sold, the purchasers were expats from overseas wishing to move back... and they paid well over the odds!

With record low rental vacancies and no sign of rents reducing, the return on investment is still good, but the yields are tightening.

Generally the lower price point suburbs are performing well. Anything that is in good condition, within 20 minutes of the CBD (yes, you interstaters read it correctly, 20 minutes) and under $600,000 is walking out the door in next to no time with

31 Cromwell Street, Battery Point recently sold for $1.6 million
Source: realestate.com.au

multiple offers. There are properties that meet this criteria but you may have to be patient.

The prestige market is now attracting a lot of attention while money is cheap, and the demand keeps on increasing due to lack of supply. This market in the past 12 months appeared to have been left behind due to uncertainty as to what the world's circumstances may bring.

As property types to get into, it doesn't matter. Be prepared to pay top dollar and don't expect to be the only offer on the table.

The future looks good for Hobart and the whole of Tasmania while interest rates are low and money is relatively easy to get. An increase in interest rates may tell a different story.

Until next time, good luck with your prospective purchases and remember to always obtain professional advice for your property adventures.

Mark Davies
Property Valuer

As property types to get into, it doesn't matter. Be prepared to pay top dollar and don't expect to be the only offer on the table.

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Property Market Indicators

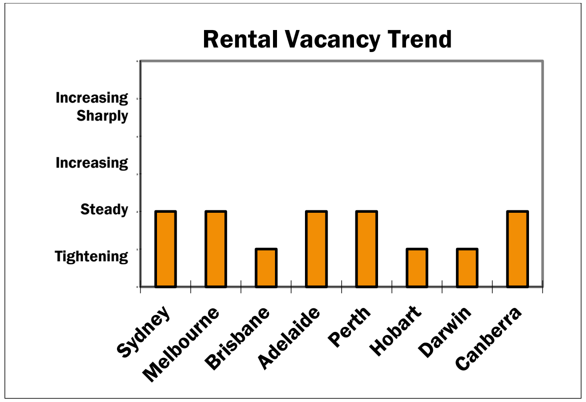
June 2021

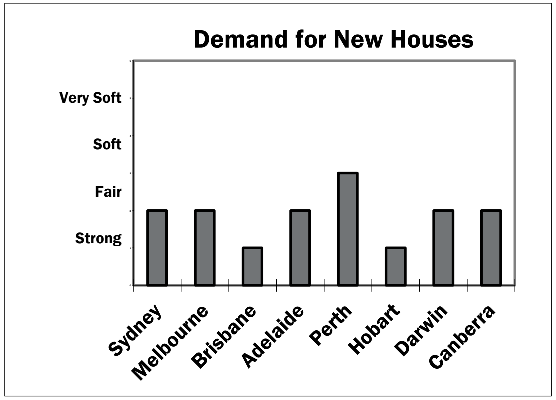
Capital City Property Market Indicators – Houses

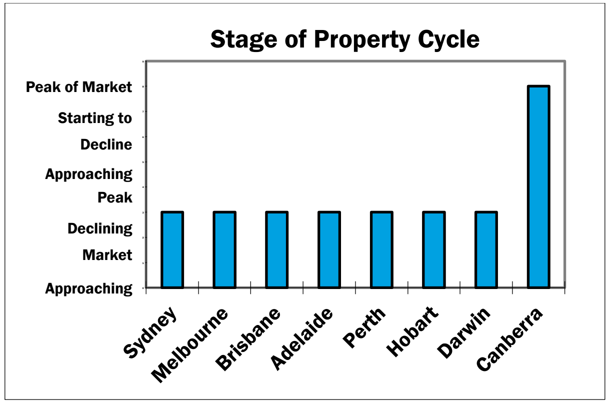
Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	Over-supply of available property relative to demand	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available property relative to demand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







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	Over-supply of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand
Rental Vacancy Trend	Steady	Steady	Tightening	Tightening	Tightening	Tightening sharply	Tightening sharply	Tightening
Demand for New Units	Fair	Fair	Strong	Fair	Strong	Very strong	Fair	Fair
Trend in New Unit Construction	Increasing	Steady	Steady	Increasing	Declining	Declining significantly	Declining	Declining
Volume of Unit Sales	Steady	Steady	Increasing	Steady	Increasing	Increasing strongly	Increasing	Steady
Stage of Property Cycle	Start of recovery	Start of recovery	Start of recovery	Rising market	Start of recovery	Rising market	Start of recovery	Declining market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Frequently	Almost never	Occasionally	Occasionally	Occasionally	Almost always	Almost never	Occasionally

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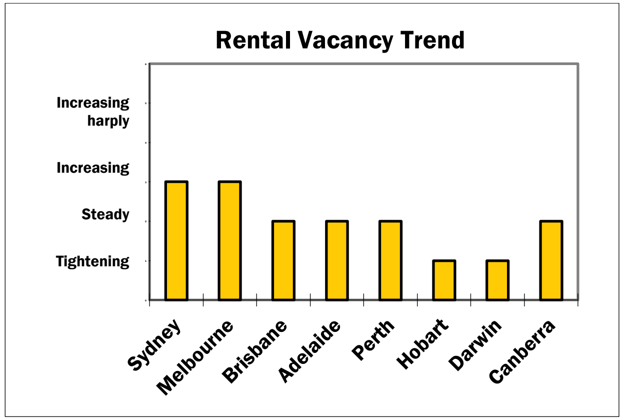
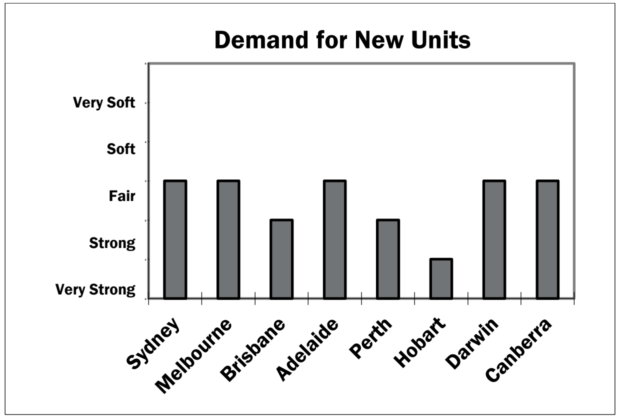
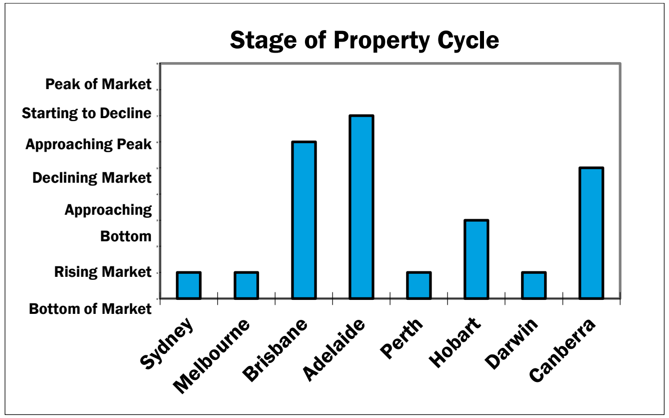


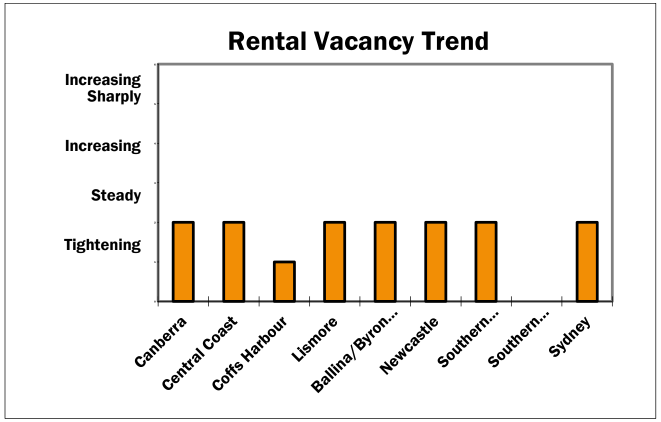


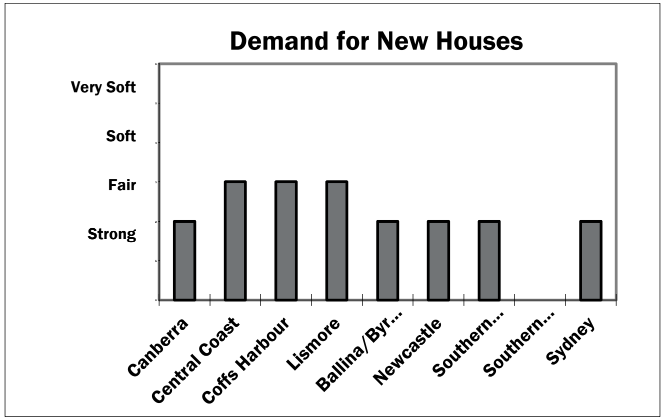


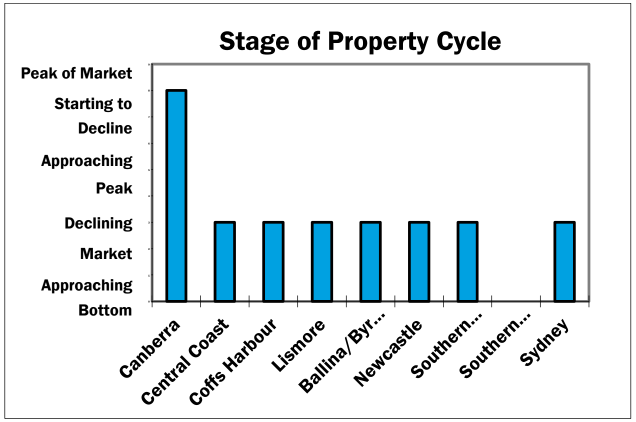
East Coast New South Wales Property Market Indicators – Houses

Factor	Canberra	Central Coast	Coffs Harbour	Lismore	Byron Bay/Ballina	Newcastle	Southern Highlands	Sydney
Rental Vacancy Situation	Shortage of available property relative to demand	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe 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
Rental Vacancy Trend	Tightening	Tightening	Tightening sharply	Tightening	Tightening	Tightening	Tightening	Tightening
Demand for New Houses	Strong	Fair	Fair	Fair	Strong	Strong	Strong	Strong
Trend in New House Construction	Declining	Steady	Declining	Declining	Declining	Declining	Declining	Steady
Volume of House Sales	Increasing strongly	Increasing	Steady	Steady	Steady	Increasing	Increasing strongly	Increasing
Stage of Property Cycle	Peak of market	Rising market	Rising market	Rising market	Rising market	Rising market	Rising market	Rising market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Almost never	Almost never	Almost never	Occasionally	Very frequently	Occasionally

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







Country New South Wales Property Market Indicators – Houses

Factor	Albury	Bathurst	Wodonga	Dubbo	Tamworth	Illawarra
Rental Vacancy Situation	Balanced market	Balanced market	Shortage of available property relative to demand	Balanced market	Balanced market	Balanced market
Rental Vacancy Trend	Steady	Steady	Tightening	Steady	Steady	Steady
Demand for New Houses	Fair	Fair	Very strong	Fair	Fair	Strong
Trend in New House Construction	Increasing	Steady	Declining significantly	Steady	Declining	Steady
Volume of House Sales	Steady	Increasing	Increasing strongly	Increasing	Steady	Increasing
Stage of Property Cycle	Peak of market	Peak of market	Approaching peak of market	Peak of market	Peak of market	Rising market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Almost never	Occasionally	Very frequently	Occasionally	Frequently

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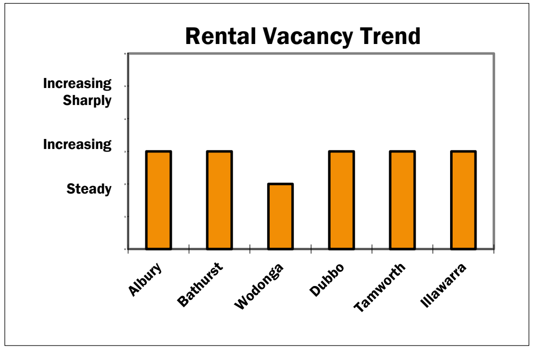
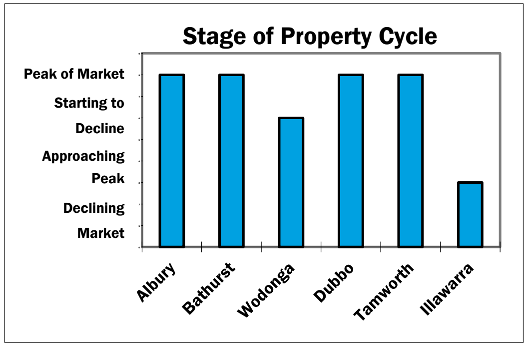
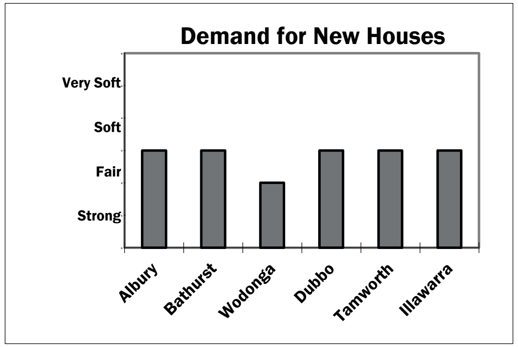




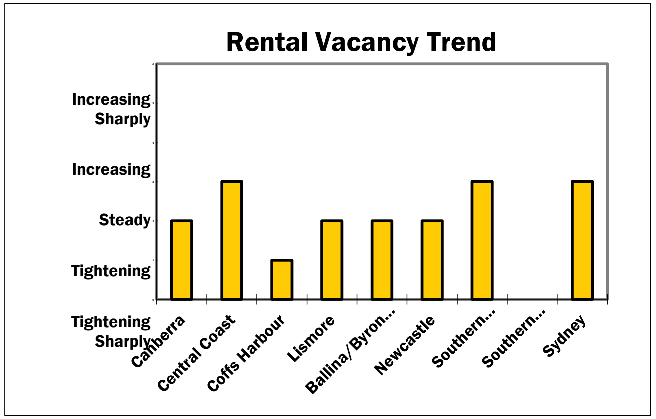


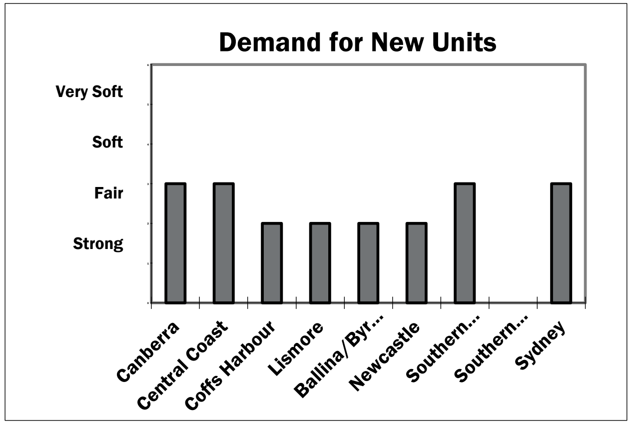
East Coast New South Wales Property Market Indicators - Units

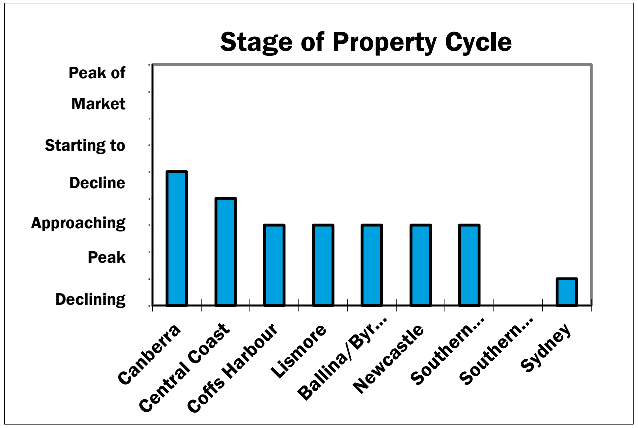
Factor	Canberra	Central Coast	Coffs Harbour	Lismore	Byron Bay/Ballina	Newcastle	Southern Highlands	Sydney
Rental Vacancy Situation	Shortage of available property relative to demand	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage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

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

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





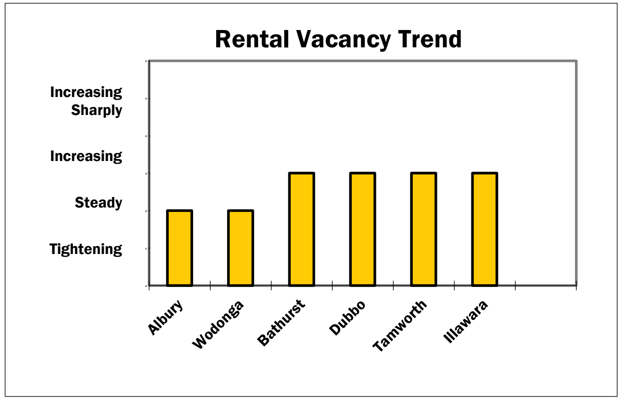


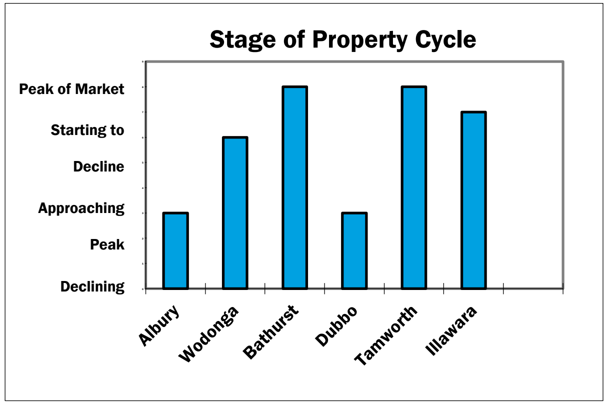
Country New South Wales Property Market Indicators - Units

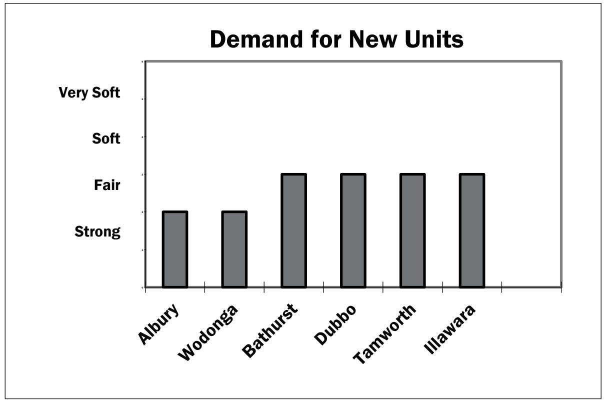
Factor	Albury	Wodonga	Bathurst	Dubbo	Tamworth	Illawarra
Rental Vacancy Situation	Shortage of available property relative to demand	Shortage of available property relative to demand	Balanced market	Balanced market	Balanced market	Balanced market
Rental Vacancy Trend	Tightening	Tightening	Steady	Steady	Steady	Steady
Demand for New Units	Strong	Strong	Fair	Fair	Fair	Fair
Trend in New Unit Construction	Steady	Steady	Declining	Declining	Increasing	Steady
Volume of Unit Sales	Increasing	Increasing	Increasing	Steady	Steady	Steady
Stage of Property Cycle	Rising market	Approaching peak of market	Peak of market	Rising market	Peak of market	Rising market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Almost never	Occasionally	Occasionally	Frequently

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

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







Victorian and Tasmanian Property Market Indicators – Houses

Factor	Geelong	Melbourne	Shepparton	Mildura	Mount Gambier	Hobart	Burnine/ Devenport	Launceston
Rental Vacancy Situation	Severe 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	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Balanced market
Rental Vacancy Trend	Tightening sharply	Tightening	Tightening	Tightening	Tightening sharply	Tightening sharply	Steady	Steady
Demand for New Houses	Very strong	Strong	Strong	Strong	Very strong	Very strong	Very strong	Very strong
Trend in New House Construction	Declining significantly	Declining significantly	Declining	Declining	Declining significantly	Declining significantly	Declining significantly	Declining significantly
Volume of House Sales	Increasing strongly	Increasing strongly	Increasing	Steady	Increasing	Increasing strongly	Declining	Declining
Stage of Property Cycle	Approaching peak of market	Rising market	Rising market	Rising market	Rising market	Rising market	Peak of market	Peak of market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Almost never	Occasionally	Almost never	Almost never	Occasionally	Almost always	Occasionally	Frequently

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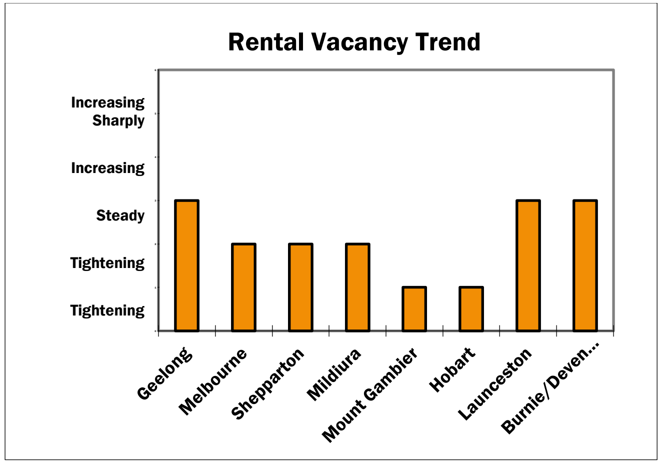
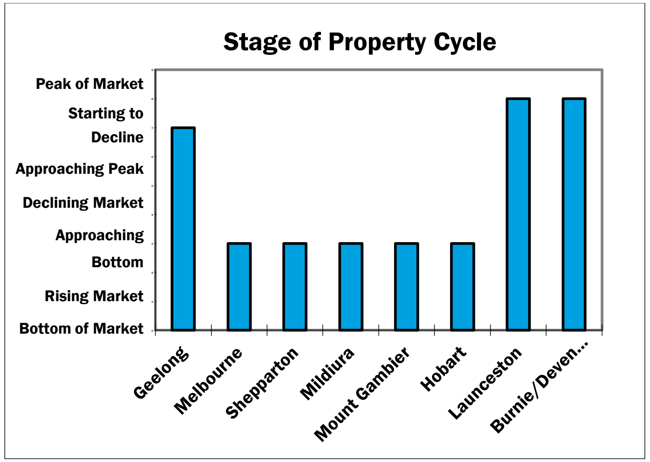
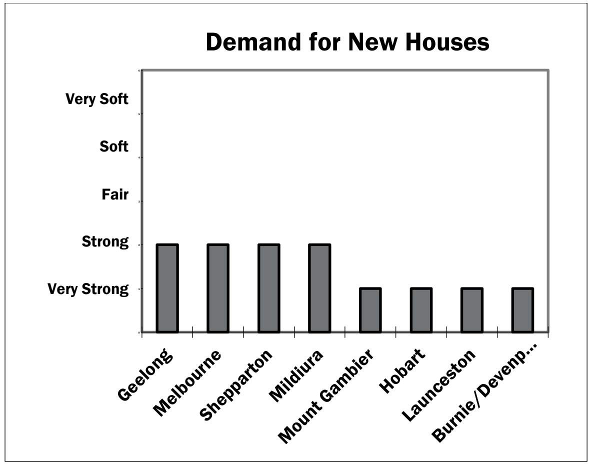
Blue entries indicate change from previous month to a lower risk-rating





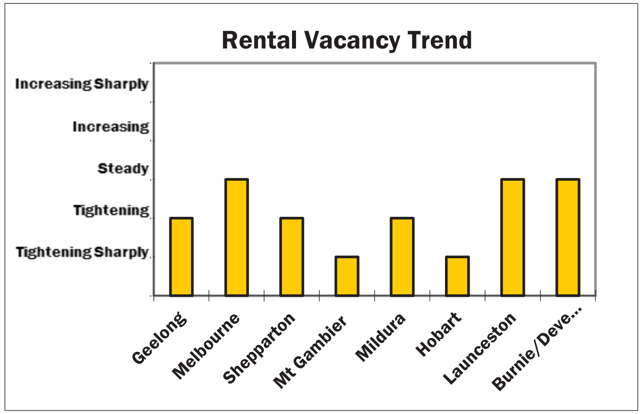


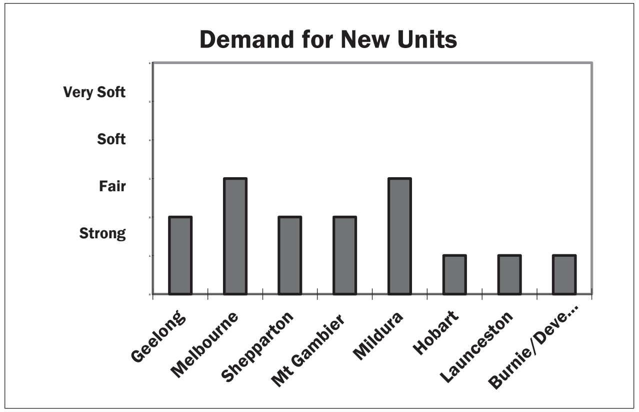
Victorian and Tasmanian Property Market Indicators – Units

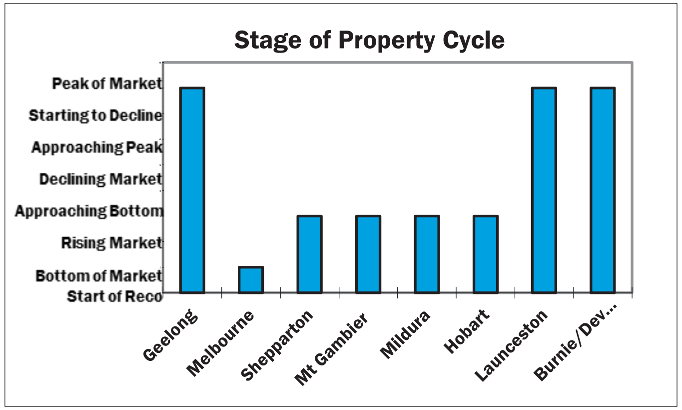
Factor	Geelong	Melbourne	Shepparton	Mt Gambier	Mildura	Hobart	Launceston	Burnie/Develport
Rental Vacancy Situation	Shortage of available property relative to demand	Over-supply of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Balanced market	Balanced market
Rental Vacancy Trend	Tightening	Steady	Tightening	Tightening sharply	Tightening	Tightening sharply	Steady	Steady
Demand for New Units	Very strong	Fair	Strong	Strong	Fair	Very strong	Very strong	Very strong
Trend in New Unit Construction	Declining significantly	Steady	Steady	Steady	Steady	Declining significantly	Declining significantly	Declining
Volume of Unit Sales	Increasing strongly	Steady	Increasing	Increasing	Steady	Increasing strongly	Declining	Steady
Stage of Property Cycle	Approaching peak of market	Start of recovery	Rising market	Rising market	Rising market	Rising 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	Almost always	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





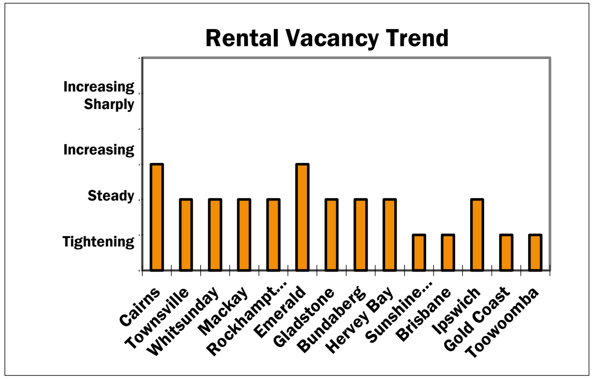


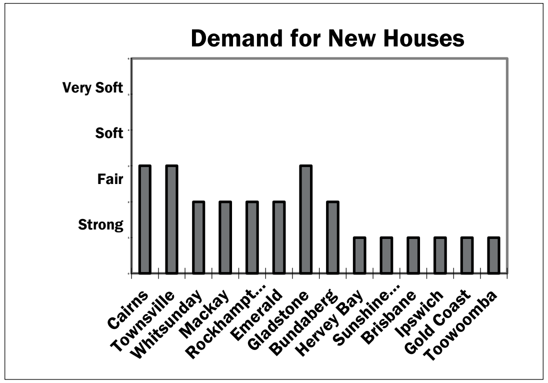
Queensland Property Market Indicators – Houses

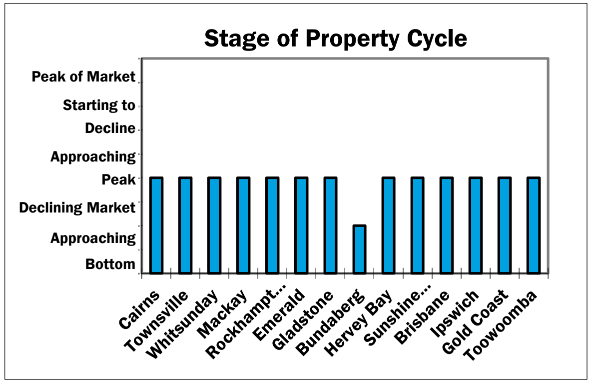
Factor	Cairns	Townsville	Whitsunday	Mackay	Rockhampton	Emerald	Gladstone	Bundaberg	Hervey Bay	Sunshine Coast	Brisbane	Ipswich	Gold Coast	Toowoomba
Rental Vacancy Situation	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available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





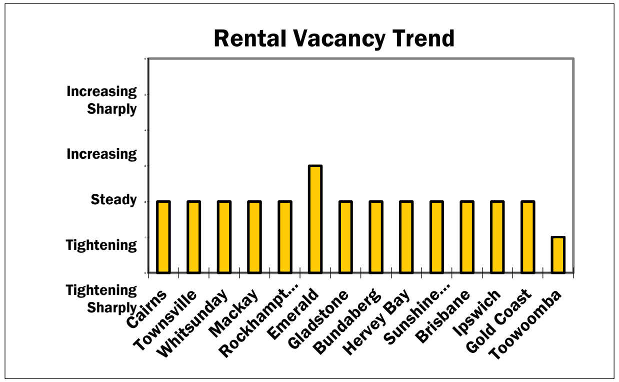


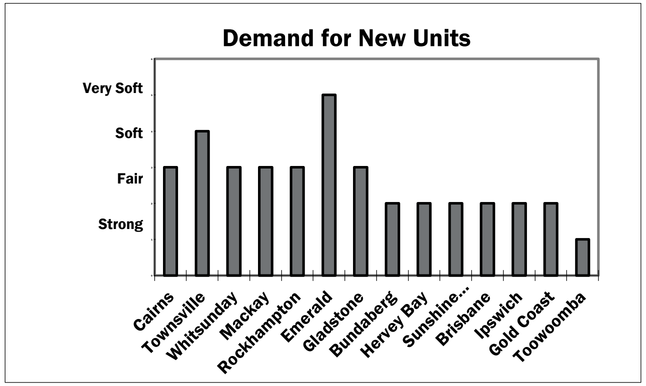
Queensland Property Market Indicators – Units

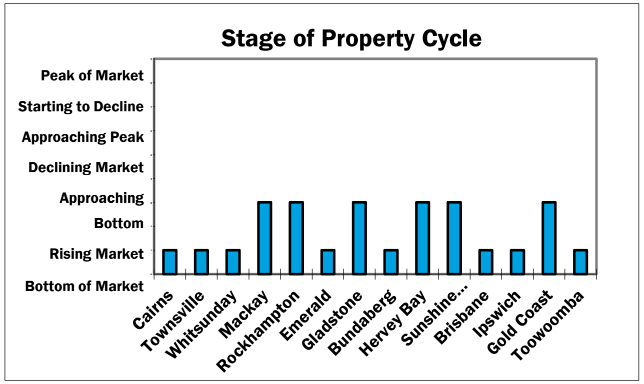
Factor	Cairns	Townsville	Whitsunday	Mackay	Rock-hampton	Emerald	Gladstone	Bundaberg	Hervey Bay	Sunshine Coast	Brisbane	Ipswich	Gold Coast	Toowoomba
Rental Vacancy Situation	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Shortage of available property relative to demand	Severe 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	Severe shortage of available property relative to demand
Rental Vacancy Trend	Tightening	Tightening	Tightening	Tightening	Tightening	Steady	Tightening	Tightening	Tightening	Tightening	Tightening	Tightening	Tightening	Tightening sharply
Demand for New Units	Fair	Soft	Fair	Fair	Fair	Very soft	Fair	Strong	Strong	Strong	Strong	Strong	Strong	Very strong
Trend in New Unit Construction	Steady	Increasing	Increasing strongly	Steady	Steady	Increasing strongly	Steady	Declining	Declining	Declining	Steady	Steady	Declining	Declining
Volume of Unit Sales	Steady	Increasing	Increasing	Increasing	Increasing	Steady	Increasing	Increasing strongly	Increasing	Increasing	Increasing	Increasing	Increasing	Steady
Stage of Property Cycle	Start of recovery	Start of recovery	Start of recovery	Rising market	Rising market	Start of recovery	Rising market	Start of recovery	Rising market	Rising market	Start of recovery	Start of recovery	Rising market	Start of recovery
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	Occasion-ally	Occasion-ally	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





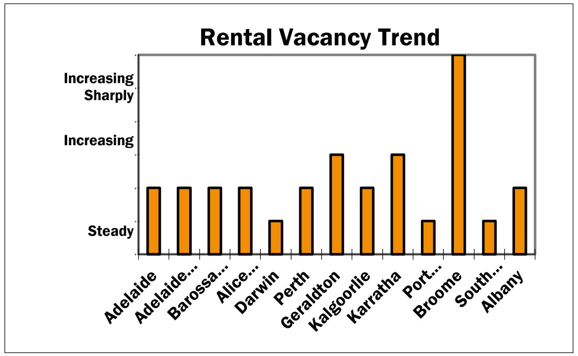


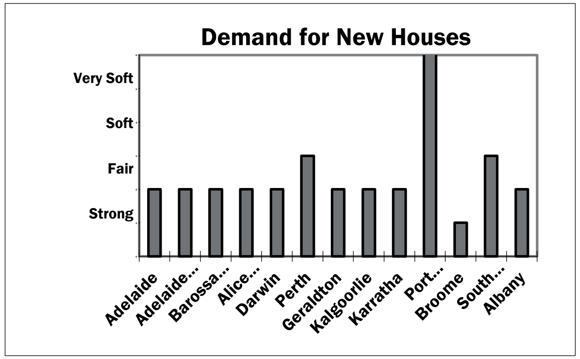
SA, NT and WA Property Market Indicators - Houses

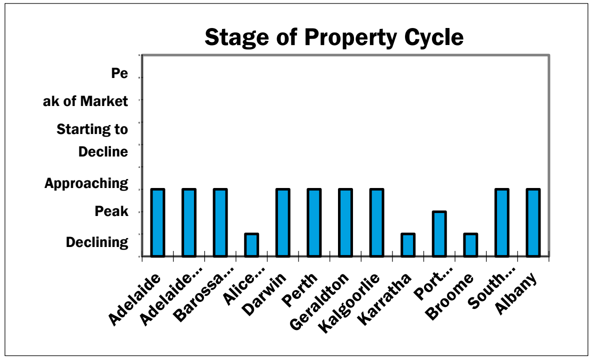
Factor	Adelaide	Adelaide Hills	Barossa Valley	Alice Springs	Darwin	Perth	Geraldton	Kalgoorlie	Karratha	Port Hedland	Broome	South West WA	Albany
Rental Vacancy Situation	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative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

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

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





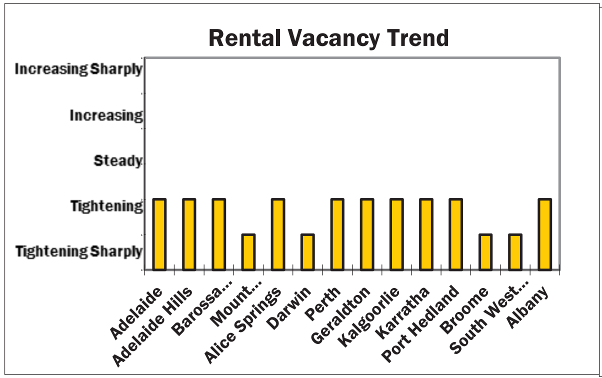


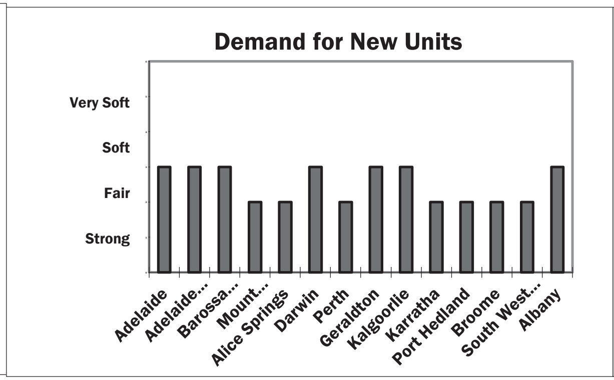
SA, NT and WA Property Market Indicators – Units

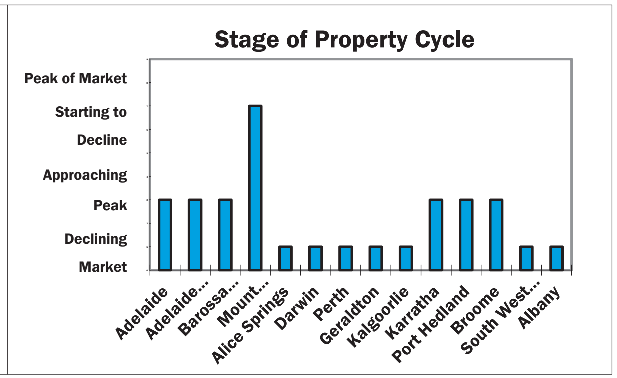
Factor	Adelaide	Adelaide Hills	Barossa Valley	Mount Gambier	Alice Springs	Darwin	Perth	Geraldton	Kalgoorlie	Karratha	Port Hedland	Broome	South West WA	Albany
Rental Vacancy Situation	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available 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	Shortage of available property relative to demand	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available property relative to demand
Rental Vacancy Trend	Tightening	Tightening	Tightening	Tightening sharply	Tightening	Tightening sharply	Tightening	Tightening	Tightening	Tightening	Tightening	Tightening sharply	Tightening sharply	Tightening
Demand for New Units	Fair	Fair	Fair	Strong	Strong	Fair	Strong	Fair	Fair	Strong	Strong	Strong	Strong	Fair
Trend in New Unit Construction	Increasing	Increasing	Increasing	Steady	Steady	Declining	Declining	Steady	Steady	Steady	Steady	Steady	Declining	Steady
Volume of Unit Sales	Steady	Steady	Steady	Increasing	Increasing	Increasing	Increasing	Increasing	Increasing	Steady	Increasing	Increasing	Increasing	Increasing
Stage of Property Cycle	Rising market	Rising market	Rising market	Rising market	Start of recovery	Start of recovery	Start of recovery	Start of recovery	Start of recovery	Rising market	Rising market	Rising market	Start of recovery	Start of recovery
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Occasionally	Occasionally	Almost never	Almost never	Occasionally	Occasionally	Occasionally	Occasionally	Almost never	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







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