Month in Review
December 2021

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

A message from our CEO

Welcome to the December edition of Month In Review

What an amazing year it has been on multiple fronts. Australians proved, yet again, that we know how to adapt and thrive which has delivered safety, and even prosperity, to many of us.

On the health front, we continued to supress COVID and are now progressing toward the next phase of learning to live with the virus. I certainly hope this will be one of the last times I do a year-in-review address featuring a pandemic. Our vaccination rate is now impressively high in global terms, and we seem primed to deal with whatever comes next, so here's hoping.

Economically we've fared well too. Our 5.2 per cent unemployment rate may looks dire, but the recording period included Sydney and Melbourne lockdowns. Since then, borders have opened and demand for labour continues to increase.

Confidence is on the rise as well. The Westpac-Melbourne Institute Index of Consumer Sentiment for Australia rose by 0.6% month-on-month to 105.3 in November 2021.

Then there's the property market. We have had a year like no other in recent memory. Double-digit capital gains across most locations – both metropolitan and regional. The upswing in values wasn't confined to one price sector either.

The property industry itself also ran hard and fast with construction, marketing, management and a range of professional services having a fruitful year. There are few stakeholders in the real estate sector who weren't moving quickly over the past 12 months trying to keep up with the pace of business.

I believe the property market momentum will be hard to slow going into next year. Despite anecdotal reports that activity in Melbourne and Sydney is tapering, gains look likely to continue in 2022 – particularly given our fast take up of the vaccinations and boosters, the unlikelihood of further lockdowns. and both national and international borders reopening.

To mark the end of this extraordinary year, we are delivering a bumper edition of Month In Review. At 142 pages, it's the largest we've ever published. While the MIR may not have been your first choice for your holiday reading, we have delivered for you a special edition, just in time for the holidays.

In the residential section we've provided a comprehensive rundown of this year's property markets. In addition, there's a detailed study of attached housing with coast-to-coast coverage.

All in all, our December 2021 edition of Month In Review delivers a comprehensive assessment of Australia's property markets.

From all of us here at Herron Todd White, may you have a wonderful holiday season. We hope you all stay safe as borders continue to open up.

Enjoy the festive season we look forward to seeing you in 2022.

Gary Brinkworth

CEO

2021: The Year in Review

It's the end of the year and time to check in. So… how're you doing?

That was a rhetorical question. Anyone who thought this year would be a breeze after the twists, turns and challenges of 2020 was in for a rude shock.

Yes, there was some light at the end of the tunnel in terms of the pandemic. Vaccinations offered a medical solution, plans for reopening were put in place and we waited with bated breath to see how the world would evolve. And while the start of the year felt as though a return to normal might gather pace quickly, it soon became apparent that more of the same lay ahead. Borders closed, lockdowns occurred, and infection rates pinballed about the place.

In the midst of this turmoil, we saw a surprisingly robust economy emerge. This fed into general confidence across many sectors, including property. In fact, real estate markets were a freight train of growth across most centres. Double digit value gains, low days on market, high vacancy rates, increasing rents, unprecedented construction numbers… it was a whirlwind!

It was a busy time here at Herron Todd White as well. Plenty of work to be done and keeping up with values in a rising market is always a challenge. Fortunately, our extensive coverage means we have on-the-ground experts tracking performance on a daily basis.

As noted, It was such a big year that our December issue of Month In Review is a special bumper edition. This document is so chock full of info it'll have you in the hammock for hours devouring the content.

So, what's included in this super special report?

For starters, in this month's commercial section we look at not one, but two sectors. A full location-by-location rundown on the year in office property, followed by another extraordinarily comprehensive collation of information about industrial holdings in 2021.

In our residential section there's a plethora of professional opinion for you to draw on. Kevin Brogan our National Director Group Compliance & Risk delivers his overview of Australian property in 2021. It's then on to our location-specific submission looking back at the year that was in markets right across the country.

This is followed by an all-encompassing look at attached housing markets. No matter where your interests lay - metro or regional - our teams have a full rundown on the performance of units, apartments, townhouses, duplexes and all manner of attached abodes.

Rounding out the wisdom is our talented rural property team. Our experts deliver an extraordinary compilation covering rural markets throughout 2021. There's simply no better summary of the sector than this.

In the midst of this turmoil, we saw a surprisingly robust economy emerge.

There's also our usual data tables and property clocks throughout.

So, please enjoy the most comprehensive Month In Review we've ever produced.

We'd also like to wish every reader a happy, safe and relaxing break over the coming weeks. May you and yours have a wonderous festive season, and we look forward to delivering even more property news to your inbox in 2022.

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Residential

December 2021

A 2021 overview of Australia's residential market

The 2021 residential property market in Australia has been characterised by some of the strongest conditions that we have ever seen. What sets this year apart is that strong price growth has been experienced in most market segments (geographically, by price point and dwelling type).

The strength of the market is largely due to our reaction to COVID. That reaction included expansionary fiscal and monetary policies including the cutting of interest rates, and government stimulus initiatives. However, there were also lifestyle changes that have had a profound impact on the demand for residential property. Working from home has reduced transport costs for many and there have been reduced opportunities for spending on entertainment and travel due to lockdowns and travel restrictions. As a result, there has been an increase in household savings.

Strongly increasing residential property prices have been seen in all capital cities, but regional markets have performed even more strongly. Owner occupier buyers are looking for more space to live, flexible space to accommodate working without diminished residential enjoyment and locations with lower population density. Bernard Salt coined the acronym VESPAs (Virus Escapees Seeking Provincial Australia) to explain the phenomenon.

Such strong demand for residential property in regional markets has exceeded supply which has further contributed to rapid price growth. Travel restrictions have also led to a much greater acceptance of 'virtual' property inspections by 'out of area' buyers and increased confidence to buy 'sight unseen'. Even with rapidly increasing prices, metropolitan buyers are viewing fringe and regional property as good value buying. With such widespread strong price increases, the list of high performing areas is long, but it includes the Sunshine Coast, Mornington Peninsula, The Illawarra.

The demand for new homes (and the lack of supply of existing homes on the market) has led to record levels of residential construction. However, another consequence of COVID has been supply chain disruption. Shortages of skilled labour and materials are causing cost escalation and delays for some builders.

Most commentary (including the above) is about the number of transactions, but Herron Todd White has also seen a corresponding increase in mortgage valuations undertaken where owners have not bought or sold property, but are looking to take advantage of the increased equity in their homes. High transactional costs mean that many homeowners are also 'staying put' and refinancing to renovate.

In the final quarter of 2021 there are signs that mitigating factors are beginning to slow the rate of price growth in some markets. There has been an increase in the supply of residential property (increased listings) which has resulted in lower auction clearance rates and serves to lessen the market urgency that has been created by a 'fear of missing out' (FOMO). Rapid price increases have caused a decline in housing affordability (the ratio of housing cost to household income), as well as the length of time it takes to save a deposit. Combined with APRAs increase in the serviceability assessment buffer (to 3per cent above the mortgage product rate) this will impact first time buyers and lower to mid range income households.

One final trend to keep an eye on is that through November and December we are moving to a new phase of the pandemic, specifically with interstate and overseas borders intended to be more permanently open and a move to 'living with covid'. These population movements could impact demand in local markets over the coming months driving further price growth.

What sets this year apart is that strong price growth has been experienced in most market segments (geographically, by price point and dwelling type).

Kevin Brogan
National Director, Group Risk and Compliance

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National Property Clock: *Houses*

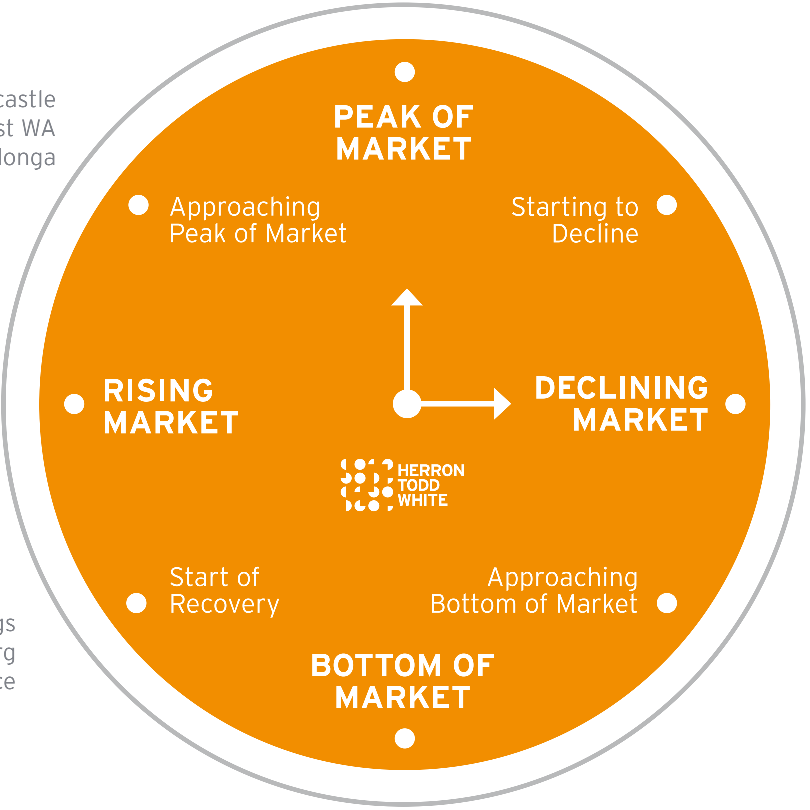
Entries coloured orange indicate positional change from last month.

Bathurst
Burnie/Devenport
Canberra
Dubbo
Launceston

Albury
Central Coast
Geelong
Mildura
Newcastle
South West WA
Wodonga

Adelaide
Adelaide Hills
Albany
Ballina/Byron Bay
Barossa Valley
Brisbane
Broome
Cairns
Coffs Harbour
Darwin
Emerald
Geraldton
Gladstone
Gold Coast
Hervey Bay
Hobart
Illawarra
Ipswich
Kalgoorlie
Karratha
Lismore
Mackay
Melbourne
Mount Gambier
Perth
Port Hedland
Rockhampton
Shepparton
S'thn Highlands
S'thn Tablelands
Sunshine Coast
Sydney
Tamworth
Toowoomba
Townsville
Whitsunday

Alice Springs
Bundaberg
Esperance



National Property Clock: *Units*

Entries coloured blue indicate positional change from last month.

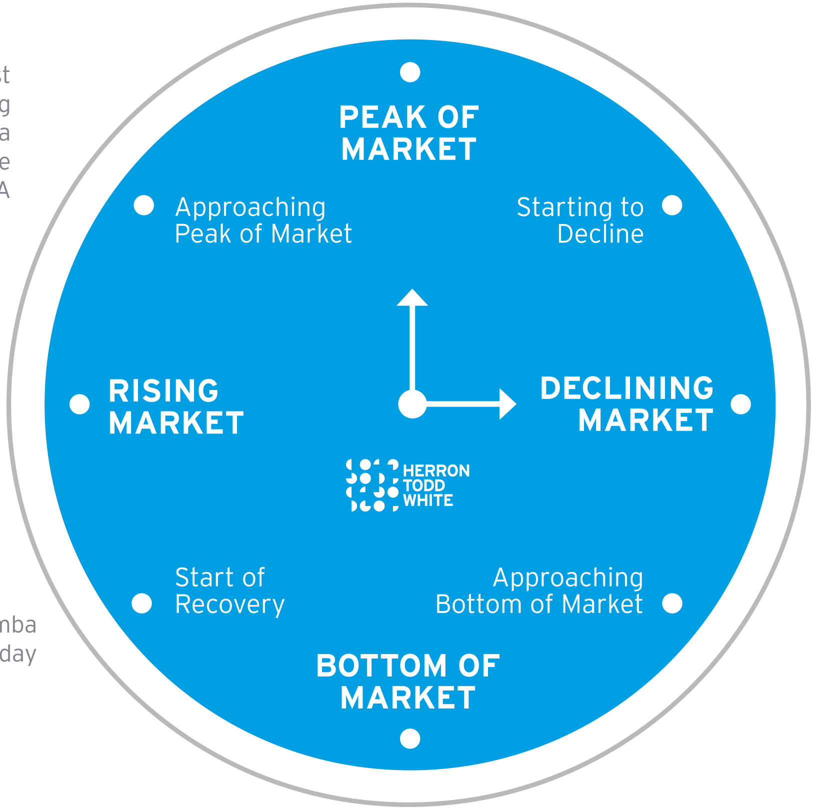
Bathurst
Burnie/Devenport
Launceston

Central Coast
Geelong
Mildura
Newcastle
South West WA

Adelaide
Adelaide Hills
Albany
Albury
Ballina/Byron Bay
Barossa Valley
Brisbane
Broome
Coffs Harbour
Dubbo
Geraldton

Gladstone
Gold Coast
Hervey Bay
Hobart
Illawarra
Ipswich
Kalgoorlie
Karratha
Lismore
Mackay
Mount Gambier

Mt Gambier
Perth
Port Hedland
Rockhampton
Shepparton
S'thn Highlands
Sunshine Coast
Sydney
Tamworth
Townsville
Wodonga



Canberra

Alice Springs
Bundaberg
Cairns
Darwin

Emerald
Esperance
Melbourne
S'thn Tableands

Toowoomba
Whitsunday

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New South Wales - 2021 Year in Review

Sydney

Looking back to the start of 2021, Sydney was coming out of minor COVID-19 restrictions and more significant restrictions in the Northern Beaches area. Whilst there was a reasonable level of confidence in the residential property market in the latter part of 2020, particularly for houses, there was still a level of uncertainty associated with future COVID outbreaks given the majority of residents would not be vaccinated until the second half of 2021.

Our overall expectation was for dwelling values to grow moderately throughout 2021 with houses continuing to outperform units. Whilst the latter was true, the growth experienced by the Sydney residential property market this year was significantly beyond the most optimistic of predictions.

According to CoreLogic, for the year to date to the end of October 2021, the median dwelling value in Sydney grew by 23.8 per cent to $1,071,709. Houses increased by 27.8 per cent to $1,333,767, while units increased by 14.5 per cent to $837,262.

The two major factors that contributed to this growth were the continued access to finance at historically low interest rates along with the supply of new listings being constrained and not keeping up with the demand in the market.

North Shore

It can safely be said that the North Shore market, like all markets across Sydney, far exceeded our expectations this year. Significant growth has been experienced across all price points although this growth has been even more prominent in the prestige sector of the market.

We had predicted 2021 to be a year of market stabilisation and consolidation on the North Shore after an extremely volatile 2020. The North Shore traditionally has a high volume of international buyers, so this was expected to be one of the biggest issues in the market, as international borders were slammed shut. However, the sudden return of many expatriates from overseas resulted in strong demand, with this buyer profile looking to secure a property as quickly as possible. Sudden and unexpected demand occurred at a time when vendors were still nervous of market conditions, with most deciding to hold their properties until things became more normalised. The result of this imbalance in the market sparked what has been a strong year for the market on the North Shore.

Although all suburbs have seen high levels of growth, there are some that stand out. In the Upper North Shore suburb of Killara, there has been an approximately 33 per cent increase in the median price so far this year, currently sitting at $4.125 million (as per realestate.com.au). Killara has had some very strong sale results in recent months, with the buoyant prestige market helping drag up the median price. A recent example was the sale of 9A Arnold Street, Killara which sold in August of this year for $11 million. Sitting on just over 3,000 square metres of land, this six-bedroom residence comprises over 600 square metres of living area and has expansive established grounds including a full-sized tennis court.

9A Arnold Street, Killara — Source: CoreLogic

Although the general market has experienced record growth, the unit sector on the North Shore has not performed anywhere near as well. This was in line with our predictions for the year, with increased supply levels occurring at the same time as we saw decreased investor and international buyer demand. Looking at the Killara market as discussed above, the median unit price has risen approximately 5.9 per cent this year, currently sitting at $990,000 (as per realestate.com.au). In St Ives, where we have seen an increase in unit supply, the median price has decreased slightly from $1.065 million to $1.06 million so far this year (as per realestate.com.au). These figures are obviously a stark contrast to the detached housing market, however it does appear that there are some more positive signs for the unit sector starting to emerge, with local selling agents

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reporting increased enquiry and interest over the past couple of months.

Northern Beaches

Our predictions rang true for the most part, anticipating that the Northern Beaches would be one of the stronger performing markets across Sydney, although we certainly did not predict the tremendous level of growth experienced. Owner-occupiers clearly drove the market, as the pandemic fundamentally changed buyers' perception of the Northern Beaches.

Avalon was among the strongest performing suburbs. Core Logic data indicates an annual median growth increase of 29.48 per cent for dwellings in the Northern Beaches LGA (as at August 2021). Suburbs such as North Narrabeen (37.89 per cent) and Avalon (45.9 per cent) strongly outperformed the median benchmark. Continual low stock levels placed added pressure and created more competition amongst buyers. SQM Research indicates listing levels were down approximately 30 per cent in areas such as Avalon compared to 2020 levels.

A stand out sale that really puts into perspective how incredible the year has been is 2 Coolawin Road, Avalon Beach. The property sold in February 2019 for $2.835 million and resold in August 2021 for an incredible $6 million.

2 Coolawin Road, Avalon Beach Source: RPdata.com.au)

Southern Sydney

Southern parts of Sydney including the St George and Sutherland Shire regions have performed extremely well which is on par with various other eastern areas of Sydney. Both these regions tend to operate independently from one another and generally appeal to different buyer types and demographics. There are however similarities in these markets in that they are both located adjacent to various waterways including the Georges River, Botany Bay, Port Hacking River and several beaches around Brighton-Le-Sands, Sans Souci and Cronulla.

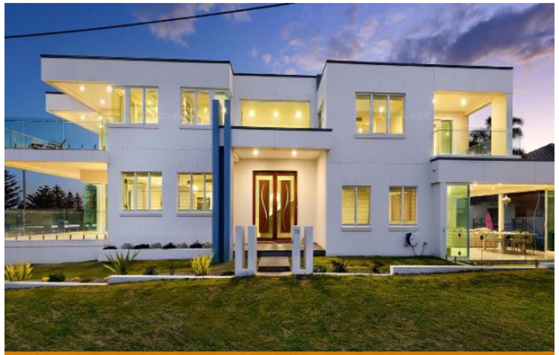
We expected that properties in this part of the world would continue to perform well throughout 2021 but what we didn't see coming was just how much certain markets and properties would increase in value. It has been somewhat of a perfect storm for this property market with low interest rates, a lack of supply, people needing more space as they continue to work or study remotely and generally strong market conditions.

Even through the lockdown, with agents being restricted to one-on-one inspections, prices continued to strengthen, despite some predictions of a slowing of the market. The lockdown in effect further constrained new listings which could not keep up with the continued strong buyer demand, with cheap finance and people being unable to spend on holidays and eating out resulting in buyers having increased buying power.

Pretty much all price points and property types saw some level of capital growth throughout 2021 however houses and small-scale strata developments generally performed stronger than apartments, as they normally do. Similar to other premium locations, parts of the St George and Sutherland Shire saw record sale prices this year including a non-waterfront property at Kyle Bay for $7.1 million (below).

68 Kyle Parade, Kyle Bay Source: CoreLogic

Within the Sutherland Shire there were also record sales for non-waterfront properties such as 19 Mitchell Road, Cronulla for $7 million in October 2021 (below). There have also been at least two other waterfront and parkfront sales of up to approximately $10 million.



19 Mitchell Road, Cronulla Source: CoreLogic

Inner West

The market across most residential property markets in the inner west of Sydney experienced strong capital growth throughout 2021. Dwellings were generally the strongest performers seeing record capital growth rates throughout the year

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driven by a relatively low amount of dwellings on the market for sale and an increase in demand driven by historically low interest rates.

The easing of COVID-19 restrictions in the latter months of 2021 appears to have contributed to the continuance of strong capital growth rates and market sentiment, however recent sales in November indicate a slight softening in the rampant rates experienced earlier in the year. Apartments in general performed the worst, however the strong market conditions produced capital growth in most apartment markets in the inner west of Sydney.

Inner suburbs such as Erskineville, Marrickville, Balmain and Forest Lodge experienced strong capital growth mainly driven by a lesser amount of apartments on the market for sale (in comparison to more recent years). In contrast, areas such as Homebush, Burwood and Homebush West saw modest capital growth rates mainly attributable to the higher levels of supply in these areas.

The thing that has been most surprising in relation to the property market in 2021 has been the strong level of capital growth experienced in the inner west of Sydney. Suburb record sale prices for single residential homes have been set in 2021 across the following suburbs (not limited to these suburbs): Forest Lodge, Annandale, Dulwich Hill, Marrickville, Stanmore, Petersham, Breakfast Point, Five Dock, Russell Lea, Strathfield, Cabarita and Concord.

An example of the strong growth seen in 2021 is the two results in Canonbury Grove, Dulwich Hill one year apart. Number 46 sold in November 2020 for $2.385 million. Twelve months later, number 45 sold for $3.85 million.

Apartments in general performed the worst, however the strong market conditions produced capital growth in most apartment markets in the inner west of Sydney.

46 Canonbury Grove, Dulwich Hill Source: realestate.com.au

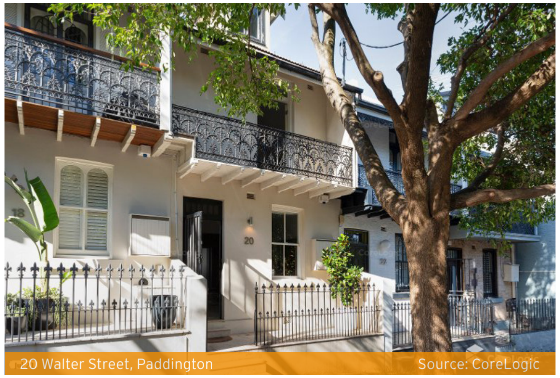
45 Canonbury Grove, Dulwich Hill Source: realestate.com.au

Inner Sydney

Despite the hard reality of lockdown 2.0, the inner city property market fared well through the first half of 2021. As predicted at the start of the year, it was very much a two speed market with the investor (largely unit) market remaining relatively stable and the owner-occupier (largely house and land) market improving significantly.

As outlined in the start of year special, soft rents have slowed the recovery of the investor unit market; with reduced migration into the cities, rentals largely remained flat. This has caused reduced investor demand and more limited recovery within this market segment, such as in Woolloomooloo where 448/6C Cowper Wharf Road sold for $705,000 in October 2021 after an extended marketing campaign, only slightly more than the previous sale for $675,000 in October 2016.

Conversely, the owner-occupier housing market performed strongly with figures of up to 25 per cent annual growth quoted in local papers, with particularly strong price increases recorded in the first half of the year in some of the areas mentioned in our start of year article, including Paddington and Birchgrove. 20 Walter Street in Paddington sold in August for $3.75 million, significantly higher than its previous sale in March 2019 of $2.56 million during the market's lull amid that year's election speculation.



20 Walter Street, Paddington Source: CoreLogic

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The Sydney property market has a reputation for often being bullish and competitive, but the appetite for family homes during the pandemic - thanks largely to competitive lending practices and low interest rates – was surprisingly strong.

The Sydney property market has a reputation for often being bullish and competitive, but the appetite for family homes during the pandemic - thanks largely to competitive lending practices and low interest rates – was surprisingly strong. Agents reported huge numbers of private inspections taking place and multiple interested parties in the majority of family homes brought to market, with many strong results occurring across the inner city.

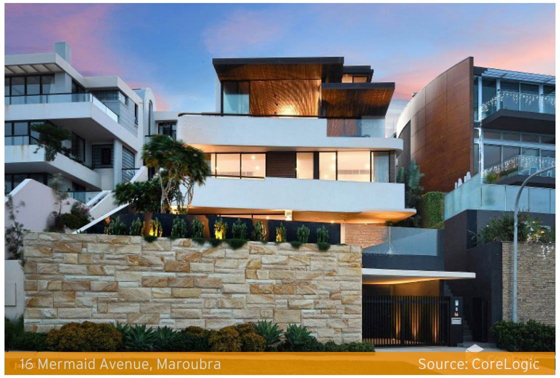
Agents are currently noting a marked decline in the numbers coming through open homes and the speed at which this demand has shifted appears to have also surprised some.

Eastern Suburbs

The eastern suburbs residential market saw strong market growth throughout 2021 across nearly all price points and property types. Like other parts of Sydney, houses saw the strongest growth, while the top quartile has been particularly active, helping to push suburb medians well above their 2020 marks.

According to Domain, Bronte (55.1 per cent) and South Coogee (39.8 per cent) had the largest house annual median price growth in the year to the end of September. The increased activity in the prestige market has helped push these medians prices up quickly, as demand significantly outstripped supply of quality high end properties. In Woollahra, several properties sold this year for between $13 and $23 million (a suburb record), all off-market, indicative of the built up demand of buyers in this price range.

A number of suburb records were set across many of the eastern beach suburbs in 2021, including Tamarama (circa $25 million), Bronte ($23.3 million), South Coogee ($16.85 million), Maroubra ($14 million) and Clovelly ($13.5 million).



16 Mermaid Avenue, Maroubra Source: CoreLogic

While units haven't performed as strongly as dwellings, most units throughout the eastern suburbs, particularly in beachside and harbourside suburbs, experienced good price growth in 2021.

Suburbs where the unit rental market relies significantly on immigration and international students, such as Zetland and Mascot, saw more subdued prices throughout 2021, but could see brighter days ahead as borders reopen in 2022.

South-West

Looking back at our February 2021 crystal ball predictions for the south-west, we definitely can give ourselves a resounding pass mark. Whilst we were optimistic, we did predict continued growth across the south-west regions, in particular, the outer family friendly suburbs as families looked for a change of pace fueled by the COVID lockdowns and emerging work from home arrangements.

Whilst not a reflection of our market prediction, we were overly cautious about the impact the end of JobKeeper could have to the market. Looking back at the conclusion of JobKeeper, it had no impact on the south-west market. Such was the heat of the market, it quickly became a non-talking point.

The south-west market showed continued increases month on month from the start of 2021 with prices still increasing as the year draws to a close. This was fueled by low interest rates, government incentives, demand outstripping supply, infrastructure upgrades and overall broader affordability still relatively low compared to most greater Sydney regions.

The best performing sector of the market by far was vacant land. A shortage of supply fueled this market at an unprecedented speed. Here are some examples:

- A 522 square metre vacant parcel in Oran Park sold in February 2021 for $515,000. The same parcel re-sold in October for $832,000. That shows a 61 per cent increase in eight months.
- A 465 square metre vacant parcel in Denham Court sold in March 2020 for $494,000. The same parcel re-sold in August 2021 for $820,000. That shows a 66 per cent increase in 17 months.
- A 420 square metre vacant parcel in Leppington sold in September 2020 for $474,600. The same parcel re-sold in October 2021 for $810,000. That shows a 70 per cent increase in 13 months.

A lack of supply and significant increase in market prices for newly completed product is pushing demand and prices for vacant land to new levels. On average, vacant land sales from February 2021 to date have increased by more than 35 to 40 per cent in Leppington and Denham Court.

The dwelling market also enjoyed buoyant conditions fueled by high demand and low interest rates. Some examples included:

- A four-bedroom home in West Hoxton sold in August 2019 for $940,000. The same dwelling re-sold in September 2021 for $1.305 million. That shows a 39 per cent increase in two years.
- A three-bedroom home in Gregory Hills sold in February 2021 for $755,000. The same dwelling re-sold in October 2021 for $925,000. That shows a 23 per cent increase in just eight months.


A West Hoxton home which sold for $1.305 million Source: CoreLogic

The whole of the south-west has seen a significant increase in sale prices for all property types except units. The unit market continues to struggle in most parts of the south-west. Liverpool and Campbelltown's selling periods continue to be high. High supply levels continue to affect the unit market, which continues to be seen in Liverpool.

The two things that surprised us most were, firstly, the speed of the market, in particular the vacant land market. On average, sales that occurred off the plan last year were easily 30 per cent plus higher in the 2021 market. The second was the seamless way buyers adapted to on-line auctions at which buyers where still willing to pay record prices for a home they had never walked inside.

We've also noticed a significant percentage of purchasers in the south-west from other areas of Sydney such as the inner west. Due to lockdown and working from home, people are opting to live in much bigger, affordable homes on larger blocks of land. This has contributed to prices soaring in many suburbs, especially those with big modern homes, such as Harrington Park and Cecil Hills. A home at 7 Elanora Place, Cecil Hills recently sold for $3.66 million, which was a mind blowing result.


7 Elanora Place, Cecil Hills Source: CoreLogic

Western Sydney

Looking back on 2021 as a society we have the same thoughts as we had when reviewing 2020 - we don't want to do that again! Alas another year with the dreaded Coronavirus resulted in a carryover isolated lockdown for the Northern Beaches from late 2020 into a period of renewed optimism, then just as we thought we were in the clear, bang!, a two-week lockdown that lasted for over 100 days with select local government areas branded as hotspots, further restricting movement and freedom.

On a positive note, if you are lucky enough to own property in Western Sydney, it is worth much more now than this time last year.

Last year we predicted modest growth given the global uncertainties and the end of government stimulus such as JobKeeper. Some thought the end of JobKeeper could spell a flurry of forced sales flooding the market resulting in values dropping. We can confirm that this didn't occur; for some areas, it was quite the opposite in fact!

A recent sale of vacant land at 35 Ernesta Place, Bella Vista by Starr Partners has set a new suburb record for land transacting for $2.635 million in November for only a 726 square metre block!

To highlight just how much the market has moved, this same block sold for $1.395 million in March 2020. That's a nice 89 per cent jump in 20 months. This sale is much higher than the recent comparable land sales within the area and as such may be difficult to support in a mortgage valuation.

35 Ernesta Place, Bella Vista Source: realestate.com.au

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The best performing sector of the market by far was vacant land.

Further west, 26 Kent Street, Blacktown recently sold for $1 million pre-auction. This is an older red brick dwelling in fair condition needing a full renovation. It is improved upon a level and rectangular 610 square metre parcel within walking distance to the town centre and transport hubs. This sale highlights what an entry level house on a good block is going for in Blacktown. Not long ago, only the fully renovated houses with inground pools and landscaped grounds were going for $1 million in Blacktown. The agent noted that buyers were finding more value here than surrounding suburbs.

This is understandable given the recent vacant land sale of 8 Nelson Road, Box Hill for $849,000, providing a mere 357 square metres of land. This location is further away from the major transport links and shopping precincts that Blacktown offers but is a brand new subdivision surrounded by new homes with shops, parks and schools to be built in the area.

The exact reason why the property market continued to record such high levels of growth cannot be attributed to one factor alone – the combination of a variety of elements contributed to this storm.

The platform was set with a sustained period of historically low interest rates and government incentives for new housing. The continuation of another year of COVID-19 played a major role in causing society to reassess what they really need out of a property, given the snap changes to working from home, isolating from home and home schooling for some. This contributed to a whole society thinking on the same page rather than a more natural adjustment to thinking. The answer was clear - an initial shift away from smaller units to properties with a yard, study rooms and more bang for your buck in the outer suburbs.

Supply levels in Western Sydney were very low given we were in the middle of a pandemic and job security was more of a concern rather than upgrading houses. The overwhelming demand was not predicted by any pundits.

Agents from the north-west in suburbs such as Arcadia, Galston, Dural and surrounds noted strong interest from buyers wanting a lifestyle change as they no longer needed to commute five days a week to the city and wanted the family to enjoy a larger house on a larger block allowing a pool, alfresco and even room for a motorbike or pony.

The strong result by Guardian Realty for 3-5 Hunt Avenue, Dural for $8.325 million highlights that high quality rural lifestyle properties that tick all of the boxes can attract strong interest.

In addition, the sale by LJ Hooker Dural of 36 Crosslands Road, Galston for $5.4 million is a classic example of a property that ticks all of the boxes of pool, tennis court, cleared arable land, paddock for a pony and an entertainer's house.

36 Crosslands Road, Galston Source: realestate.com.au

A key idea of why things moved so fast is that most of Sydney came to a similar conclusion about their living arrangements at the same time. The change to working from home and homeschooling happened almost overnight in some cases with many realising that working from home can be done permanently or more frequently, thus influencing their next property move. The media frenzy on house prices also helped fan the flames and what started as a ripple ended up as a tidal wave which continued throughout 2021 much to the amazement of all property observers.

Shaun Thomas
Director

Lismore/Casino/Kyogle

Our predictions earlier in the year for the property markets of Lismore, Casino and Kyogle for 2021 was...well...half right. The market did continue to improve, however the key difference is that it cantered along at an unprecedented speed

Despite the threat of COVID-19 (which seemed to embolden those in the major metropolitan areas to escape north to regional country life), the property market shrugged off such concerns. And, of course, the gift of ridiculously low interest rates helped pushed things along. Since when did having a home loan under two per cent ever become the standard?

There really did not seem to be time for a breather. The cries from agents seeking listings were continuing unabated as turnover of properties occurred within a matter of weeks, even days. And if it didn't, then something was wrong with the property. Demand was high and supply was limited, hence prices motored on upwards to some eye watering levels.

As a case in point, we would be hard pressed now to find a two-hectare property with a tidy, three-bedroom, two-bathroom home with a double garage and a well-established range of ancillary improvements under $1 million within the rural fringes of Lismore City.

Even in the rural residential areas around Casino they are hitting the $750,000 plus mark. Just recently, a vacant parcel of one hectare in North Casino sold for $459,000. At the start of 2021, that same lot would have been looking at around $350,000 to $375,000 at a push!

Well established modern homes within the suburb of Goonellabah that were around $700,000 a year ago are now in the region of $800,000 to $900,000. This year we have had three confirmed sales over $1 million and a mere glance on the realestate.com.au website would seem to hint at a few more possible sales over the $1 million mark. All of this has precipitated a tactic of advertising property as price negotiable or expressions of interest...providing an asking price is just so last year.

One of the most interesting and surprising features of the property market was the thirst for larger rural lifestyle property product. We are talking about 20 to100 hectare properties further out west into the areas of Kyogle Shire and Richmond Valley where well-established rural lifestyle properties were frequently breaching the $1.2 million mark and even a few over $2 million. Closer to Lismore, the $2 million mark plus is not unheard of.

Unfortunately, on the negative side of all this buying frenzy is the pricing out of first home buyers. How does one compete in a market that has cashed up investors looking to park their money in real estate due to poor returns from long term deposits in the bank and being unfamiliar with the share market?

So, what is expected for the next 12 months of

One of the most interesting and surprising features of the property market was the thirst for larger rural lifestyle property product.

2022? Well...one minor thing may be a sticking point, but it is possibly a bit too early to tell. APRA recently instructed authorised lenders that from November 2021, potential borrowers would need to show that they can bear the brunt of repayments based on an interest rate three per cent higher than the current rate, i.e. if they have a loan at 2.2 per cent, then they need to be able to facilitate repayments at 5.2 per cent.

Will this measure, and others, pour some water over a heated property market? By gently applying the pressure, one would think that whilst the property market continues to improve, it should be somewhat more sedate, particularly at the lower end of the market.

However, this game of predicting property market cycles is fraught with danger and has many twist and turns.

Vaughan Bell
Property Valuer

Byron

Looking back at the Byron Shire property market of 2021, I am reminded of one of those old B grade westerns where a stagecoach full of passengers is moving steadily along when suddenly the coach driver suffers a heart attack and slumps to one side. As the horses feel the weight come off the reins, they pick up the pace and, without restraint, begin to gallop uncontrollably. As the stagecoach gathers speed, the passengers, unaware of the danger at first, feel the rush of fresh air through the windows on their faces and the exhilaration of the bumping and rocking of the coach on its springs. Their joy and excitement wavers and fades however as the coach fails to take a bend in the trail and picking up speed, careers over the unbroken ground. As the horses thunder across the prairie, their flanks white with foam, the passengers become gripped by terror as they realise their driverless coach is heading uncontrollably towards Dead Man's Gulch, a 300 foot deep ravine......

Perhaps I'm being just a touch dramatic, but you get the gist.

The slight improvement in Byron Shire's property market in the latter months of 2020 turned out to be nothing but a curtain raiser for the main event that was to follow in 2021. Like the unfortunate passengers on the stagecoach, the sudden acceleration of the property market caught many, if not all, by surprise. It wasn't just the speed at which the market moved, it was the extent that it moved as well. The market was driven by a greater than usual surge of non-local buyers and the now well documented tranche of big city escapees looking for their own, COVID-free piece of paradise. Lockdowns, hotspots and travel bans were not enough to slow the influx of buyers and the resulting upswing in property values.

The past 12 months have been a pretty ugly hunting ground for buyers. Gazumping became common practice, agents had no trouble selling properties sight unseen via video calls and it became commonplace for properties to be listed without a price guide as the offers coming in often exceeded a vendor's hopes and impacted an agent's ability to accurately appraise a property. Fear of missing out had buyers gripped by their cheque books.

To appreciate how far the market has moved in recent times, consider the following sales and resales:

- **1663 Hinterland Way, Ewingsdale:** sold in January 2020 for $2.495 million. At the time of writing, this property is under contract for a reported $4.3 million, a 72 per cent gain over 22 months.
- **71 Paterson Street, Byron Bay:** sold in August 2020 for $2.2 million and resold in August 2021 for $3.15 million, a 43 per cent gain in 12 months.
- **4 Staghorn Court, Bangalow:** sold in January 2020 for $1.6 million and resold in May 2021 for $2.2 million, a 37.5 per cent gain in 16 months.
- **56 Butler Street, Byron Bay:** sold in August 2020 for $1.815 million and resold in June 2021 for $2.65 million, a gain of 46 per cent in ten months, noting that this property received air-conditioning and upgrades to its bathrooms in between the sales.

The scarcity of properties for sale compared to the number of buyers competing for the available stock has seen investors and owner-occupiers competing for the same properties with both classes of buyers making little distinction between investor product and owner-occupier product in their haste to secure a property.

As the year draws to a close, APRA has altered its guidelines to lenders, changing income to debt ratios and tightening a borrower's ability to service a loan. Will this be enough to steady the market, like a sheriff on a large white stallion galloping beside a runaway stagecoach, a gloved hand clawing desperately at the handbrake before it reaches the cliff's edge?

At the time of writing, this property is under contract for a reported $4.3 million, a 72 per cent gain over 22 months.

Mark Lackey
Property Valuer

Clarence Valley

Across the Clarence Valley, the preceding 12 months have played out largely as expected. We anticipated growth and boy have we seen it!

Notable driving forces included an exodus from cities and densely populated areas to more rural settings and low interest rates. This pairing has seen an increase in vacant land demand and consequently building price rises, shortened marketing periods and offers over and above marketing prices and guides. Simply, the market has strengthened and shows no signs of easing.

Despite a predicted increase in market conditions across the Valley, the rate of growth has stunned many with suburb records being achieved and even 20 to 50 per cent value increases showing across some product, particularly vacant land and properties in Yamba's prestigious hill pocket.

Caitlin Davies
Property Valuer

Coffs Harbour

Looking back at the year ahead in February 2021, we can give ourselves ten out of ten for our predictions. Firstly (and no surprises) we suggested demand would not abate over the year even with the introduction of a vaccine as there was a severe shortage of supply coupled with the continuing low interest rate climate that has seen a quantum leap in market and property values.

Secondly, we stated that the price point to watch would be the prestige market, where we were seeing values being regularly achieved above $1.5 million for both the beachside and rural residential markets and in several cases in excess of $3 million. Well, I can now report that we have cracked the $5 million dollar mark for a prestige rural residential and $4.5 million for a beachside property with a

71 Paterson Street, Byron Bay   Source: realestate.com.au

71 Paterson Street, Byron Bay   Source: realestate.com.au

dozen sales between $2.5 and $4 million which has been the stand out of the rising market.

Thirdly, vacant land (as predicted) has virtually dried up with no registered blocks available for sale and developers trying to bring some product to the market, however all are sold off plan well in advance. To this point we have cracked the $500,000 mark in the suburbs for a level 720 square metre site within a small infill estate at North Boambee Valley (two kilometres south of the CBD, west of the Pacific Highway) with similar blocks selling off the plan in early 2021 for $300,000 to $330,000.

Finally, building prices have also skyrocketed as demand far outstrips supply for building materials and qualified tradespeople.

All in all it has been a year we have never seen before with value increases in the order of 40 to 60 per cent. The continuing voracious appetite from out-of-town purchasers trying to secure property in the region is a key driver, coupled with a lack of supply and low interest rates resulting in the rise of the fear of missing out market.

What is the most disappointing factor of the market is the widening gap between the haves and have nots. If you did not have a foothold in the market prior to the recent quantum shift then you will find it extremely hard to get in. We are seeing buyers look further afield to purchase investment properties in locations that were considered secondary at best whilst only being able to afford to rent where they wish to live. First home buyers approved up to $600,000 are now basically in the unit domain only which is extremely competitive being the affordable end of the market. We have seen a trend in second and third home buyers being displaced for a period of time after selling their principal place of residence for a good price and finding it extremely difficult to re-enter the market and having to compete with the fear of missing out buyers.

What is the most disappointing factor of the market is the widening gap between the haves and have nots.

It has been a fast-paced ride for the past 12 months, the likes of which no one has seen before and to be fair, looks like it will continue for the short term at least.

Grant Oxenford
Property Valuer

Tamworth

We're coming to the end of another calendar year. It's been quite the 12 months. Here's a quick reflection on the year that's been for the greater Tamworth region.

As predicted, a general firming of residential markets prevailed in 2021 following strengthening markets the previous year. Initially local activity favoured vacant land sales and new home construction, which was heavily geared by government stimulus and good availability of developed residential vacant land (at the time). The majority of the new home construction spike features in the Tamworth suburbs of Calala and North Tamworth and the neighbouring Moore Creek area.

When demand for local construction companies and skilled labour began to outpace production, markets took to established residential property and renovation. This increase in buyer demand was widespread throughout Tamworth City and featured both owner-occupier and investor buyer profiles.

Towards the end of the winter months and into spring, established property demand remained high with rental property vacancies experiencing record lows. The desire for rural residential and rural lifestyle holdings within close proximity to Tamworth saw an additional surge in sale prices achieved. This market emerged as the favoured upper or prestige market segment in comparison to the traditional East Tamworth.

Largely the Tamworth area has seen a significant increase in market values, which for a traditionally conservative residential basis has been interesting to observe. There has been no standout market segment over this time, with all market segments continuing to strengthen during the calendar year. Buyer types most active in the entry level and mid-level segments are first homeowners, downsizers and investors. Investors (local and out of town) have proven to influence urgency across settlement periods and counter offers.

Investors generally have a broader range of metrics when considering location of property assets within Tamworth. Buyers have largely focused on the centralised suburbs of South Tamworth, West Tamworth and Hillvue. Investors prefer property with low maintenance requirements and vacant possession. Existing tenancies that have renewed rental contracts would have encountered (in some cases) significant rental increases due to the firming rental market and current rental housing demand.

The performance of the rural residential area of Moore Creek this calendar year has been exceptional. Owner-occupiers with limited opportunity to purchase property previously constructed for owner-occupation have sought out

Largely the Tamworth area has seen a significant increase in market values, which for a traditionally conservative residential basis has been interesting to observe.

this firming market. Purchasers have latched onto property with room to move, characterised by larger land sizes, elevated views, large modern dwellings, additional shedding and high level of ancillary improvements. This has certainly been a coming-of-age period for the emerging suburb, having multiple property sales over the $1 million mark within the space of a year, something not previously achieved for a residential property with a land size of greater than two hectares prior to this year.

Speaking of records, there were a number of highest sales transactions achieved for the prestige and rural lifestyle market segments respectively, these sales results proving that the top end of Tamworth property hasn't missed out on the spotlight.

Vacant land availability showed signs of tightening in the middle of the year, resulting in developers and local council scrambling to escalate new and additional stages of development to enter the market early next year. Furthermore, capacity for construction companies and skilled labour supply to schedule and quote new projects has improved slightly. Sharp price increases in some building materials have been passed on to the consumer. We expect that higher building prices will continue into the new year.

A firm focus is on the emerging domestic economic climate, inflation, interest rate changes and lending restrictions in the next 24 months. Whichever comes first, market participants are expecting some cooling of market activity within the next year.

Nick Humphries
Property Valuer

Hunter Valley /Newcastle

Hindsight 20/20 is a fantastic thing. Looking back on the year, we're relishing the predictions that came to fruition and shaking our heads at the unforeseen emerging markets trends. In our February issue we forecast our expectations of a steady increase in market value, with a healthy optimism of continued record sales. With such an uncertain market the previous year, these safe recommendations were the correct choice.

Throughout the year the already small impact of the pandemic saw a brief disturbance socially with the New South Wales lockdown implemented in August. This had little to no impact on the property market as agencies implemented virtual auctions and with restrictions eased, hybrid auctions. Now that the New South Wales government has implemented its roadmap for easing COVID-19 restrictions, the already strong demand side market has solidified. Agents have said this hybrid style of auction will continue moving forward which will facilitate a more seamless involvement of Sydney buyers in the Hunter market.

In terms of buyer demographic, this has remained constant the entire year across the Hunter region. Speaking with local agents in Newcastle and Lake Macquarie, first home buyers and Sydney buyers remain the largest percentiles. In the Maitland and Northern Hunter regions, local buyers play a larger role with money from Newcastle and Sydney being spent on rural lifestyle properties. These demographics remain constant for vacant land and new developments as well.

This year was the perfect storm for increasing capital growth - the trifecta hit: low interest rates; low supply; and increased competition. The decision to keep interest rates low throughout the year helped maintain high market participation from first home buyers. The great Sydney escape sparked by the pandemic and working from home flexibility increased the number of Sydney buyers in the market. Both of these factors combined to continue the snowball effect that began in late 2020. The competition and fear of missing out has pushed property values to record levels. These records are being seen across all price points. The Newcastle record was broken as 44 Kilgour Avenue, Merewether sold in September for an astounding $8.7 million after it was sold for $3.7 million in 2017.

44 Kilgour Avenue, Merewether Source: realestate.com.au

The Fletcher record fell when in October, 39 Tallowwood Crescent sold for $1.54 million surpassing the record set earlier that year. This strong performance across popular suburbs has resulted in pushing buyers into more affordable areas.

This year was the perfect storm for increasing capital growth - the trifecta hit: low interest rates; low supply; and increased competition.

First home buyers are being priced out of the inner and middle rings of Newcastle making areas such as Cardiff, Shortland, Mayfield and even Wallsend the last remaining options for property under $700,000. In Lake Macquarie the historically strong suburbs have remained the leaders with waterfront property seeing a particular increase in demand and therefore capital growth. New estates in Teralba and Boolaroo remain popular as demand for vacant land continues to rise. In the Maitland areas, the inner city of East Maitland remains strong with areas such as Rutherford and Aberglasslyn becoming the new preferred location for first home buyers.

This surge in market performance has been experienced in the rental market as well. Agents are still mentioning hordes of people at open house inspections for rentals with at least a ten per cent increase being seen in rental prices across the Lake Macquarie and Newcastle LGAs. In the northern areas of the Hunter, rentals are seeing higher increases. As a result, investors across the region are seeing strong returns in the five to seven per cent range. This trend is only being stifled by the unit rental market in Newcastle due to a continuing oversupply.

The general consensus across the industry has been very consistent. We have never seen a market such as this and we do not think we will see it again for quite a long time. There have been record sales broken across all property types and areas, properties on the market for less than two weeks, price guides being blown out of the water and vacancy rates exceptionally low. It has been a truly outstanding year. That being said, we have seen a few signs that the market is steadying such as auction registration reducing and supply starting to catch up with demand, but the lynchpin seems to fall on interest rates. If the decision is made to raise rates, we may start to see a shift in the market. Only time will tell. 2022 will be an interesting year to say the least.

Darren Sims
Property Valuer

Central Coast

2021 has been a turbulent year. Face mask wearing became socially acceptable, Facetime catch ups with friends and extended family were the new norm, a time when you needed to scramble to book in a vaccination appointment and we will all never forget the 11am daily news bulletins we intently listened to. For many you could say that it became a way of life and now it appears the worst is behind us, we should all be proud of ourselves for being resilient and adaptable to be where we are today.

Not only did the Australian public adapt to the COVID-19 pandemic, the Central Coast property market excelled with market conditions strengthening throughout the year. When we look back at our predictions made at the start of the year, an A plus would appear to be a stretch, however we would be disappointed with anything less than a B minus. It was predicted that the market would continue to rise on the back of a lack of supply and high demand. We predicted that suburbs located within close proximity of the M1 - Motorway and train stations would be worth watching due to the working from home movement allowing options to commute to Sydney for work if required.

Other notable predictions included keeping an eye on the rural residential and small acreage markets of Matcham and Holgate and the surrounding suburbs of Wamberal and Erina Heights, all of which thrived throughout 2021 with suburb record prices being recorded on multiple occasions.

One market segment we did not devote time to in our February issue was the beachfront market. It has been quite incredible following this particular market throughout the year. A property located on Avoca Beach was the first that took us by surprise, recording a sale price of $7 million after last being sold in October 2017 for $3.33 million. Soon after this, buyers weren't deterred from splashing their cash on the tightly held beachfront market with subsequent beachfront properties in North Avoca and Pearl Beach recording sales in excess of $8 million.

The first half of the year was mainly dominated by owner-occupier buyers with locals finding it difficult to compete with buyers from Sydney. As price points in local markets continued to rise, first home buyers were being squeezed out of areas they once grew up in and had to widen their search parameters to more affordable suburbs, mainly located towards the northern end of the Central Coast region. This meant that the region as a whole was benefiting on the back of strong market conditions.

It wasn't until we surpassed the end of the financial year that the market welcomed back investors with an uptake of dual occupancy and house and granny flat properties. Sale prices surged on the back of the increased rental market demand, making for attractive returns when investing in the right property.

By the time the early morning frosts of winter had ended and spring time paved the way for lawn mowers to kick into gear, homeowners were well educated through various media outlets of the market we were experiencing. And, with all the hype, sellers' expectations began to change and that stretched the market to its limitations.

The signs of the market reaching its peak are beginning to be noticed across the Central Coast region. Local selling agents are reporting that demand levels are waning, albeit slightly, and properties are taking longer to sell to meet seller expectations. Together with the projection of interest rates remaining on hold until 2024 fading, it seems like the end of the boom is closer than everybody thinks.

The Central Coast market is currently poised and we would expect prudent buyers and sellers to take a wait and see approach leading up to Christmas and into the beginning of 2022.

Todd Beckman
Valuer

Shoalhaven

Wow, what a year it has been for the Shoalhaven residential property market! Who would have thought! A year impacted by the COVID-19 pandemic and subsequent restrictions on movement within New South Wales and interstate, the Shoalhaven property market continued to boom and go from strength to strength with ever increasing sale prices as the year rolled on. During 2021 sales prices and values have increased at near record rates as more and more people from outside the region, for example from Sydney, Canberra and Wollongong, decided to purchase in the region, thus pushing up sales prices as they competed with local buyers. Purchasers have not been deterred by the pandemic and with low interest rates, buying in the Shoalhaven has been a very enticing way to move away from the capital cities.

At the start of the year, we predicted that 2021 could very well follow in the footsteps of 2020, however our disclaimer was in place that this prediction was subject to any significant outbreak in the COVID-19 pandemic. 2020 saw good growth in sales prices and strong sale results as the year continued. Well, this has mostly occurred in 2021 as well. What was not predicted was the significant growth and record sales prices that occurred in 2021. The strong sale prices and results in the region outstripped the results of 2020, as advised by local agents. New record sale prices were achieved in the region. For instance, Penguins Head Road in Culburra Beach saw a record sale of $5.85 million in September and likewise Elizabeth Drive, Vincentia saw a record sale of $3.5 million in June. Further south we also saw a staggering sale result at Mollymook which exchanged for $10 million in October.

Overall, all price points and property types for residential properties have felt the benefit of the booming market in 2021. Vacant land, single use dwellings and attached strata titled properties have all increased in value. The lower and bottom end of the property market have increased in value, as well as the middle and upper end markets. It's safe to say that a property purchased at the start of 2021 is now worth substantially more at the end of 2021. In fact, a property purchased in the middle of the year has, generally speaking, increased in value. The results that occurred in 2021 have been a huge surprise to many in the industry in the Shoalhaven residential property market.

Joshua Devitt
Director Valuer

Snowy Mountains

The Snowy Mountains property prices continued to climb throughout 2021. It is now not uncommon to see sales over $2.5 million for quality rural residential and lakefront properties in the Jindabyne area. Such is the demand for the area, it is unlikely you will find a detached dwelling in central Jindabyne for under $1 million. Due to the lack of ability to travel on holidays and COVID fast-forwarding the ability to work from home, former city executives are flocking to Australia's favourite inland playground.

Berrindale estates Source: Henley Property

One market segment we did not devote time to in our February issue was the beachfront market. It has been quite incredible following this particular market throughout the year.

Berrindale estates Source: Henley Property

Our 2022 prediction – Berridale, situated halfway between Cooma and Jindabyne with an easy commute 20 minutes each way will be the next one to watch. With many now priced out of Jindabyne and its predominantly RU5 village zoning offering much flexibility, two new estates are currently being advertised through local agent Henley Property. The 3.45 hectare site between the two estates also sold in early November for $2.066 million through another local agent, Nick Kirshner.

Nicole Claughton
Property Valuer

Victoria - 2021 Year in Review

Melbourne

As 2021 comes to an end, we look back on some of our predictions and expectations of the Melbourne property market and how the year actually played out.

Victorians continued to face unprecedented and tough times with multiple lockdowns scattered throughout the year, greatly affecting communities and the local economy. In saying this, against many expert opinions and predictions, the property market flourished. Many factors can contribute to the rapid boom in property prices including record low interest rates and many people having no other choice than to save their money by not being able to travel or go out, just to name a few. Even during the thick of the COVID pandemic and seemingly endless lockdowns, there was still an increased demand for property as borrowing money from the banks became more accessible and achievable for many.

Melbourne CBD and Inner City

At the beginning of 2021, it was expected that the metropolitan and inner-city property market of Melbourne would struggle due to a combination of ongoing COVID-19 restrictions, a lack of overseas travellers and students and an increased number of professionals being encouraged to work from home. With regional living becoming increasingly attractive and many choosing to relocate from the city, an oversupply of available properties was also expected to apply a downward force on sale prices.

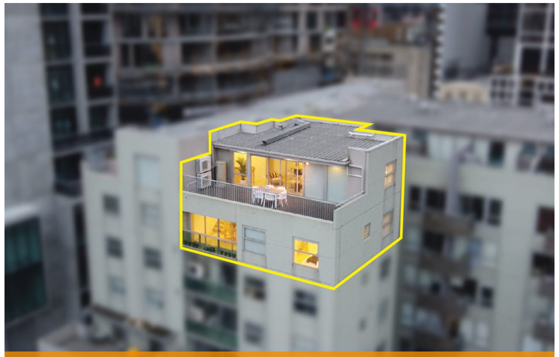
This expectation was shown to be accurate and is represented by a fall in unit sale prices throughout

In saying this, against many expert opinions and predictions, the property market flourished.

the CBD. In January, the median sale price was sitting at $458,000 (rpdata.com) after a steady 2020. This has since dropped to $427,750 (rpdata.com). The prediction of an oversupply was also correct with many individuals choosing to move to country Victoria or interstate – where markets have boomed. With the vaccination rollout in full swing and borders reopening both domestically and internationally, the market is looking to begin to recover as normal life resumes.

Despite slowed activity in the market, many high-end apartments above $1 million have continued to sell. This interest may be owner-occupiers or investors looking to take advantage of the drop in sale prices. This three-bedroom, two-bathroom 154 square metre apartment on central Franklin Street recently sold for $1.088 million.


RECENTLY SOLD: 1013/118 Franklin Street, Melbourne Source: realestate.com.au


RECENTLY SOLD: 1013/118 Franklin Street, Melbourne Source: realestate.com.au


RECENTLY SOLD: 1013/118 Franklin Street, Melbourne Source: realestate.com.au

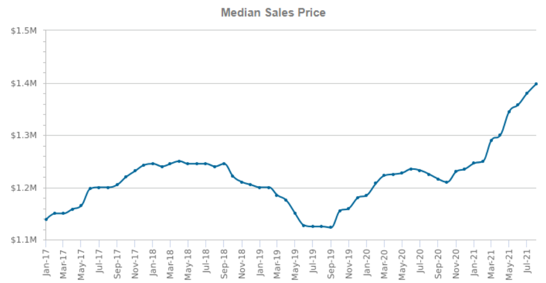
South-east

The property market of Melbourne's south-east remained strong over the past 12 months and seems to have avoided the heavy blow that COVID-19 and its restriction landed on the CBD.

RESIDENTIAL

HERRON TODD WHITE RESIDENTIAL

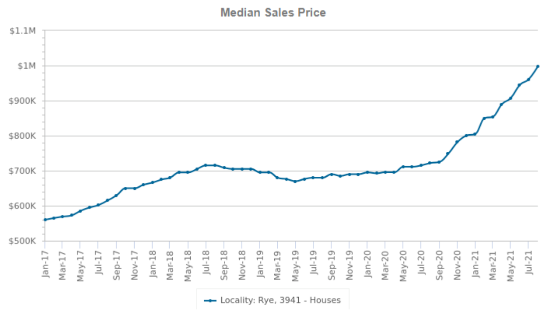
A suburb on the watch list was Bentleigh East. The suburb was earmarked as one of the strongest performers in the south-east and this has been shown by the impressive growth we have seen throughout 2021. Since January, median house prices have risen from $1,264,680 to almost $1.4 million (rpdata.com.au).



Bentleigh East median price Source: RP Data

Outer urban growth pockets such as Clyde, Clyde North and Officer have continued to gradually rise as more estates near completion and communities begin to arise.

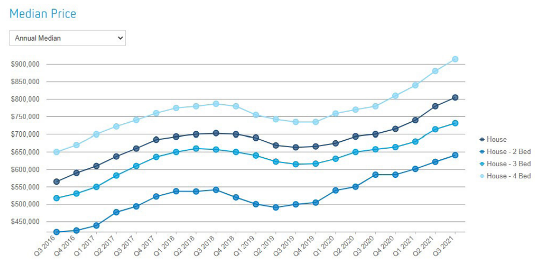
The Mornington Peninsula has been one of the biggest beneficiaries of the recent market characteristics and has generated significant interest in recent times. The increased attraction of the beachside and regional lifestyle has drawn many to the peninsula where prices have jumped. The trendy and relatively affordable suburb of Rye has been no exception to this increased activity and has seen a rise of $200,000 in median prices (rpdata.com.au).



Rye median price Source: RP Data

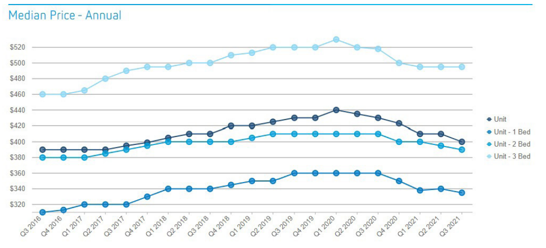
Inner and Outer East

Melbourne's eastern suburbs have continued to charge through the second year of a global pandemic seemingly unaffected, with prices continuing to rise in both the inner and outer east. One of the reasons for this can be attributed to the government incentives that have played a part in the pandemic, with first home buyer's grants providing people assistance to enter the market as first timers. This coupled with an increased tendency to work from home has seen great results in regional areas such as the Yarra Ranges, which was predicted.



Yarra Ranges Median House Price Source: RP Data, 2021

However, at the beginning of the year it was predicted that rental prices would increase when life returned to normal with international students returning to Melbourne for university. As we all know, this has not been the case. With international students still unable to gain access to the country, the stagnated rental prices we witnessed for the LGA of Whitehorse have been on the decline in 2021, as illustrated below.



Whitehorse Rental Prices Source: RP Data, 2021

In the inner east, one of the big surprises for the year was Melbourne's leafy suburb of Camberwell. It has been one of the top performers over the past 12 months, with the median house price surging above $2.4 million by August 2021. After witnessing a dip towards the back end of 2020, the median sale price in Camberwell has continued to rise, which is evident in the graph below. The growth we are witnessing in the suburb can be attributed to its proximity to the CBD and reputable schools, leafy neighbourhoods and its historic feel together with being an affordable option compared to its pricier neighbours such as Hawthorne.

Outer urban growth pockets such as Clyde, Clyde North and Officer have continued to gradually rise as more estates near completion and communities begin to arise.

Camberwell Median Sale Prices Source: RP Data

Inner and Outer North

Following a tough year in 2020, where confidence dipped due to the COVID-19 pandemic, many forecast 2021 to be a year of significant growth throughout Melbourne's property market. Melbourne's outer north was no exception to this, with many predicting suburbs such as Mickleham, Donnybrook, Kalkallo and Greenvale to significantly strengthen following an already strong finish to the 2020 calendar year.

Source: RP Data

Just 12 months later and it is clear those predictions were correct. Mickleham, Donnybrook, Kalkallo and Greenvale have all undergone significant growth, with median house prices increasing by 8.6 per cent, 11.1 per cent, 3.59 per cent and 10.88 per cent respectively from August 2020 to August 2021 (CoreLogic, 2021).

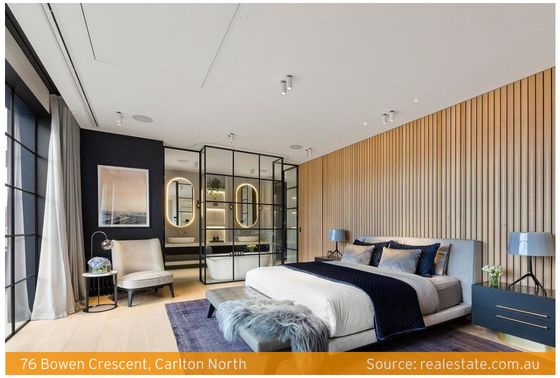
This strong growth continued throughout 2021 towards the inner north with inner suburbs such as Carlton, Fitzroy North and Brunswick all experiencing increases in median house prices.

Additionally, there are no signs of these suburbs slowing down, with Greenvale recently recording a quarterly increase in median house price of 9.1 per cent between June and September 2021, the twelfth highest of any suburb across greater Melbourne throughout this period (REIV, 2021).

This strong growth continued throughout 2021 towards the inner north with inner suburbs such as Carlton, Fitzroy North and Brunswick all experiencing increases in median house prices of 1.06 per cent, 4.31 per cent and 10.62 per cent respectively over the year to August 2021 (CoreLogic, 2021). In addition to the steady increase in median house prices, there were also a number of record sales for suburbs across Melbourne's north.

For example, the property below at 76 Bowen Crescent in Carlton North recently broke the suburb record, selling for a whopping $8.38 million on 9 June, 2021. Originally built for Mayor Brunswick in 1877, this Victorian mansion undertook a modern architectural makeover and now boasts four bedrooms, three bathrooms and a six-car basement car park. Sitting on a 541 square metre block, this property also features an elevator, gym and a 300 bottle wine cellar.

76 Bowen Crescent, Carlton North Source: realestate.com.au



76 Bowen Crescent, Carlton North Source: realestate.com.au

Western Suburbs

Early in the year, rapid growth and supply was forecast for the majority of the western suburbs. This was a safe assumption due to the heavily government funded infrastructure in developing neighbourhoods in efforts to increase opportunity for all homeowners and investors.

Following the surprising and unpredictable market of 2020, 2021 has been a great year for growth in Melbourne's west. Although existing dwelling stock has been thin across all markets in Victoria, the west has been a popular choice for new builds in the ever-growing estates. The developing suburbs of Melton, Tarneit, Truganina and Point Cook have

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Throughout the year, Melbourne's west has been the target location for many first home buyers and young families looking to live in a community with similar lifestyle choices.

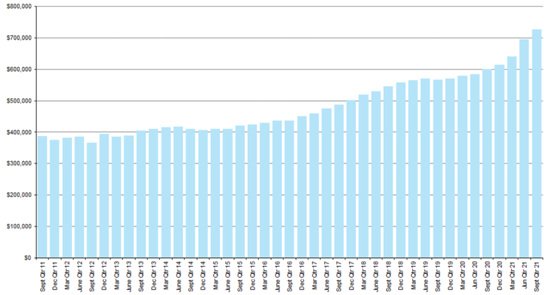
been attractive options for those looking to own and build their own home, more so at the beginning of 2021 when the government's HomeBuilder incentive was announced, offering a $15,000 grant to eligible Australians looking to sustainably renovate or build their own home.

Throughout the year, Melbourne's west has been the target location for many first home buyers and young families looking to live in a community with similar lifestyle choices. Many of the developing estates sell more than a house built on a block of land. They offer the Australian dream of owning a home in a new and safe neighbourhood with local schools, parks and entertainment hubs.

In saying this, the growing estates and opportunity to purchase vacant land is at risk of causing oversupply in the area and potentially driving down the prices of existing homes. Buyers and investors should keep an eye on the market for any unexpected price pits or stagnant growth. However, with the announcement of international borders opening up in Australia after nearly two years and the intention to encourage overseas workers to help boost the Australian workforce, the risk of oversupply seems unlikely in the near future.

Geelong

Geelong entered 2021 with a solid foundation, continuing its growth from high levels in 2020. This is due to a myriad of factors including buyers continuing to prioritise lifestyle, location and Melbourne residents flooding the market and boosting the region's population growth. Partnering this with local buyers who are wanting to upsize from their current locations, the Geelong region grew to considerable heights in 2021. The September quarter of the year provided further evidence of growth, with the average median house price in the City of Greater Geelong reaching $728,000, an increase of 4.7 per cent from the previous quarter and an annual increase of 12.3 per cent.



Quarterly median house prices - City of Greater Geelong Source: REIV

This high level of growth in the Geelong region can be attributed to rising property prices and severe restrictions in the city of Melbourne. Lifestyle, affordability and easy access to the Surf Coast, Bellarine Peninsula and Melbourne are all part of the attraction. Key selling points for many Geelong residences are the larger family blocks of land although despite this, Geelong has seen considerable growth rates in the number of apartments and townhouses constructed in the area.

The beautiful waterfront has seen considerable change, with a growth in the number of apartments capitalising on the prime location. Newtown, one of the City of Geelong's neighbouring suburbs, has seen considerable growth over the past 12 months, with a number of larger land parcels being developed into duplex townhouses. Homeowners are acting on the growing market and subdividing their land to build apartments or multiple townhouses.

Greater Geelong was identified as one of the country's hottest property markets in a new report that ranks it in the top ten towns for growth in Victoria. Ocean Grove and Highton were the top performers, making the list of Australia's top 75 highest grossing suburbs in terms of property prices and number of sales. All in all, despite 2021 throwing out many challenges for all Victorians, it provided the Geelong property market the opportunity to sustain great property growth and has left us with a prospering market, where demand and prices are seeing considerable growth.

Perron King
Director

Mildura

At the start of 2021, we predicted that the local residential market would continue to rise, based on an expectation of continuing low interest rates and steady population growth. However, we never expected to witness the level of exuberance that has been seen, particularly in the mid to latter half of 2021. This trend has surprised not just valuers; a number of sales have also left local real estate agents bewildered. In recent months we have seen a number of properties sell at levels more than 30 per cent above their expected level.

The buoyant housing demand has been evident throughout the entire Sunraysia region, with strong

The use by many local agents of online auctions during 2021 may possibly have contributed to some of the higher sale prices. This sale process has clearly worked in the favour of vendors.

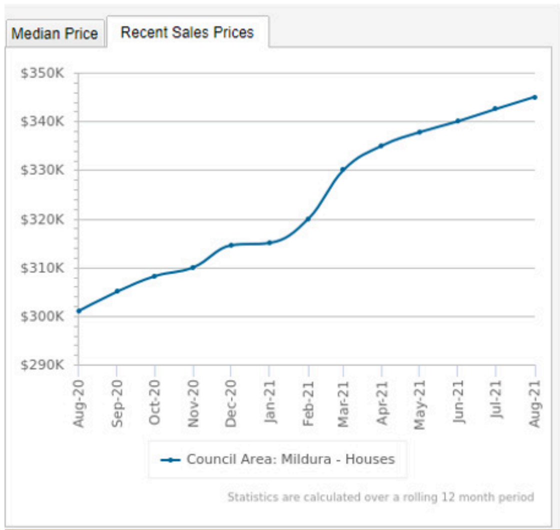
demand for both vacant land and established housing seeing an increase in sale prices. Statistics compiled by Corelogic suggest that the median price for houses in the Mildura LGA has increased from approximately $305,000 to $345,000 in the year to August 2021. The data to the end of November will likely show a significant further increase.

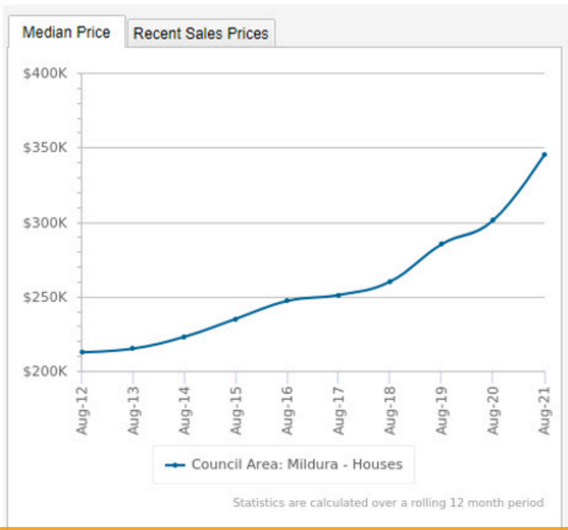
Much of the increased demand has been from people relocating to Mildura or investors from other regions chasing strong rental returns. This is causing local purchasers to compete at higher prices and they are having to act quickly with many listings selling within two weeks.

One of the major surprises throughout this year has been how quickly the market has risen over short periods. With the local market historically rising or falling at a gradual rate, this year has seen some of the sharpest increases to ever occur. An example involves a vacant 991 square metre allotment located in a modern residential subdivision in Mildura which sold for $170,000 in July 2021 before being put back on the market in October resulting in a contract for $245,000.

The use by many local agents of online auctions during 2021 may possibly have contributed to some of the higher sale prices. This sale process has clearly worked in the favour of vendors. It will be interesting to see if agents move back to more traditional selling methods as COVID restrictions ease or elect to continue this practice.

Jake Garraway
Valuer





Source: Corelogic

Warnambool

While we can't claim that we haven't been surprised by the market at times this year, we can reflect on our predictions with a smug smirk. Our predictions briefly summarised were:

1. Continued capital growth and optimism in the Warrnambool market;
2. Increased transaction volumes occurring within the $900,000 to $1.2 million range and;
3. The rural township of Camperdown to perform strongly.

Well, the first prediction roundly coming to pass is hardly a surprise to those with an eye on the Warrnambool market. Warrnambool had been tracking positively, albeit in a much more subdued manner, prior to the boom so a case of business as usual was generally expected. This expectation was supported by the historically stable market environment. While we're glad this prediction was correct, it feels as if an opportunity was missed to make a bold statement that reflected the frantic actions of the market.

As for the second, we note that transactions within the $900,000 to $1.2 million price range occurring strictly within Warrnambool between 1 February 2020 and 01 February 2021 totalled 21 (source: Corelogic), compared with 23 sales in the price range occurring between 02 February 2021 and 19 November 2021 (source: Corelogic).

Hmmm... not as overwhelming a level of activity as we expected. Achieving two more sales in a shorter timeframe appears to give this prediction a passing grade. Watch this space continue to grow in

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Warrnambool.

Finally, Camperdown made us proud. The local market has seen a significant uplift in land values, investment activity and some serious sales numbers were achieved. A great example is 152 Bowen Street, Camperdown which comprises a circa 2018 two-bedroom, one-bathroom house with a very basic standard of inclusions and made $640,000.

152 Bowen Street Camperdown Source: RPdata.com

For all our analysis and prediction at the beginning of the year two very distinct happenings have caught our attention. Firstly, properties located within central Warrnambool have made multiple price lifts with no signs of stopping. The second is the confidence, bordering on a level of ugly entitlement of vendors that they will achieve a sale price in excess of the listed price. The cause of this mindset according to a number of local agents is the sustained media attention on a few mind-boggling auction results which does not truly reflect the positive, yet more restrained results that typically occur.

Jordan Mowbray
Valuer

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Queensland - 2021 Year in Review

Brisbane

Oh Brisbane! Your time to shine arrived in 2021!

Southeast Queensland has waited for some time to see a very hot price run. There've been plenty of false starts over the past 10 years. Just about every January since 2010, there's been signs our real estate would be a standout for the nation. While we have had some decent gains over that time, growth was modest when compared to Sydney and Melbourne.

Then at the start of 2020, with rising Net Internal Migration (NIM) and a strengthening economy, it looked like the uptick was certain - only to then run smack-bang into a global pandemic. The dour mood in markets lasted a few months, but toward the end of that year, prices started to rise.

It was on this basis that we made predictions in the February 2021 Month In Review that proved incredibly prescient. Near enough to 12-month ago, this is what we said:

"Brisbane once again stands at the precipice of what could prove to be a landmark year for property markets. While this claim has been made numerous times by all sorts of experts during the past decade, there is something a little different in 2021 that points to positive overall signs.

The ramifications of 2020 linger - there's no doubt. That said, Queensland, particularly in the southeast, looks sets to benefit from global and national events."

I'd say we hit the nail firmly on the head.

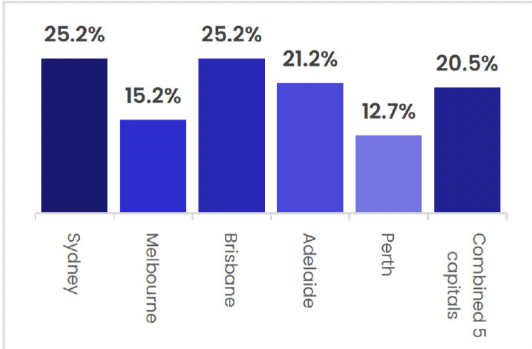
Our NIM numbers stayed strong despite border closures - and there's every expectation that as things begin to open up, the NIM will rocket. Brisbane and its nearby coasts have been a magnet for southern state resident looking to escape high-density living and expensive real estate. They are instead choosing to enjoy the relative freedoms and lifestyle that Brisbane has on offer.

We also saw infrastructure - both planned and underway - ramp up. Ongoing development across many sites, such as Queens Wharf and the Cross River Rail, have already been welcome boosters for jobs and the local economy. But then in 2021 we won the opportunity to host the 2032 Olympics, and that's caused another frenzy of activity. Investors and out-of-towners have been on a hot trot to secure a property in preparation for the international spotlight coming our way.

Of course, we've also enjoyed some of the more universal benefits that have been delivered to Aussie property buyers and owners this year, such as ongoing government stimulus and low interest rates. Throw those into the current mix and you can see why Brisbane had a bumper year.

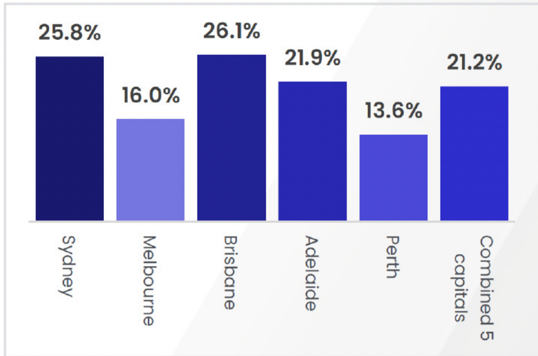
The CoreLogic numbers to the 12th December tell the story. The datahouse's figures show Brisbane is running neck-and-neck with Sydney for value gains across the year and, for the first time in ages, we beat all commers - including the harbour city - in terms of value increases across the previous 12 months.

Year to date change



Source: CoreLogic

12 Month change



Source: CoreLogic

It was on this basis that we made predictions in the February 2021 Month In Review that proved incredibly prescient.

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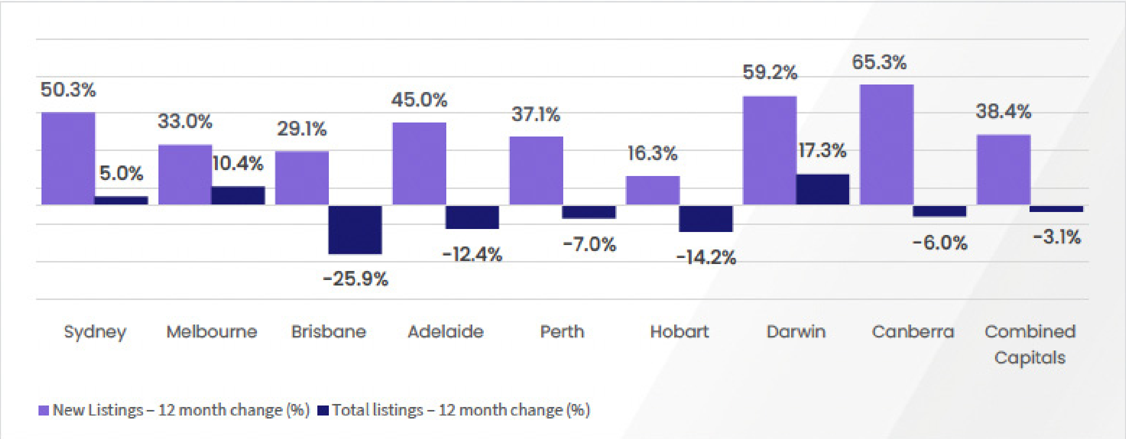
Listings 12 month change (%)



Source: CoreLogic

Another telling figure in the demand vs. supply ratio is that listings remain relatively low. Again, CoreLogic stats reveal that despite new listing numbers increasing 29.1 per cent in Brisbane over the last 12 months, the total number of listings is down 25.9 per cent. So yes – supply is starting to pick up, but it's still feeding into a shallow pool of available stock.

Drill down a little into the detail and you'll see all sectors, locations and property types have benefitted in some measure.

The building and renovation market boomed. Stimulus such as HomeBuilder brought forward plans for construction. As such, many projects got underway both in terms of new builds and fixer-uppers. This played out in a couple of ways.

Firstly, the vacant land market was piping hot. Owners needed to secure dirt in order to get a home built – particularly before the April application deadline for HomeBuilder. But even after the grants wound up, the vacant land market continued to gain momentum with stock at an all-time low and demand seeing new stages of estates selling out within days of launching.

Every single development corridor is trying to keep up with the demand for allotments. North, south, east and west – Pallara, Springfield, Ripley, bayside... or wherever else land is being made available, you will see buyers clambering to get a piece. And if you have a splitable block or demolishable post-war house within close proximity of the CBD, then it's a treasure chest of land value. You will have buyers lined up and ready to pay handsomely for the opportunity to own an empty site within our desirable near-city suburbs.

This was also in the face of rising building prices. You'd be hard pressed to find anyone in our industry who hasn't been astounded by increases in the costs of materials and labour. During this time, construction timeframes blew out significantly. You couldn't (and still can't) secure a builder or quality tradesman. This would normally be the trigger for activity in the vacant land market slow, but that simply didn't happen.

The other way the building and renovation boom played into the market is to help boost demand for established property. There are all sorts of drivers that have seen prices increase, many of which I've already mentioned. But there will also be buyers out there who had been planning to build or renovate this year but were caught out by increasing costs. For a percentage of those, a decision to buy something established made more sense. As I said, this wasn't the primary reason for value increases in the market – far from it – but it did contribute a few extra buyers into a market where demand was already high and supply limited.

All areas with detached housing enjoyed benefits from the property uptick throughout 2021, but mid-ring suburbs did particularly well. Buyers were forced away from our booming inner-city suburbs by rising values. You now need a million dollars minimum to score even a modest home in many addresses – and three to four times that amount to buy something great. As a result, we saw families moving further a step out. Think suburbs such as Wavell Heights, Chermside, Nudgee, Hendra, Banyo, Mansfield and Mt Gravatt and Tarragindi.

Brisbane is a simple market to understand in many respects. Just shoot for great fundamentals and you should do well. Things like decent land area, elevation, proximity to the CBD, café hubs and other services. Combine these with home designs which have wide buyer appeal such as Queenslanders, Colonials and even functional modern houses, and you'll have a very valuable asset that will appreciate faster in value than more generic property in the outer suburbs.

The prestige market also helped lead the charge in Brisbane. It really was a case that this end of the

Brisbane is a simple market to understand in many respects. Just shoot for great fundamentals and you should do well.

market helped drag up all others. For example, a recent news story on realestate.com.au showed that the number of sales above $5 million had almost doubled in 2021 to date as compared to all of 2020. A sign that those with deep pockets are increasingly confidant about Brisbane's long-term value proposition.

The most impressive number was $15 million for 1 Leopard St, Kangaroo Point.

1 Leopard St, Kangaroo Point Source: realestate.com.au

This property is a cliff-hugging, landmark home that already held the record as Brisbane's most expensive sale when it traded for $18,488,888 in January 2017. While the most recent price is a discount on that figure, $15 million is still an eye-watering sum in Brissie. The property has picture-book views of the city and delivers six-bedroom, six-bathroom, five-car accommodation across three levels. The home includes a climate-controlled wine cellar and tasting room, fully equipped gym with Bisazza mosaic steam room and soundproof cinema.

The other good news story in 2021 was for those who owned attached housing. While you'll find a comprehensive discussion about units and townhouses in another section of this Month In Review report, we have to say 2021 was generally kind to the attached housing market.

At the start of 2021 we were still recovering from an oversupply of new units – especially in the investor space. Fast forward to today and a lot of this oversupply has been absorbed. While the unit sector still has some potential softening ahead, it will mostly be confined to generic investor stock. For those who've purchased an owner-occupier style of apartment or townhouse, the outlook is positive.

Finally, there's the rental market. We have come through a trying two years when it comes to the rental sector. Landlords at one stage in 2020 were dealing with how they might service their mortgages while tenants were at risk of being unemployed and unable to pay their rent (a no-win situation for either party). Fast forward to now and there's rising rents and falling vacancy rates. While we know some tenants will be struggling to find suitable accommodation, property owners are in a strong position. Much of this demand for rentals has been driven by southerners relocating to SE Qld. They need somewhere to stay while establishing a new life as a Queenslander, and they don't mind paying for good quality rental accommodation

In short, 2021 proved to be standout year for anyone who owned real estate – and signs are the momentum could well continue into next year... but we'll talk more about that in February.

We in the Brisbane office of Herron Todd White would like to wish everyone a very Merry Christmas and wonderful New Year.

David Notley
Director

Gold Coast

It has been a remarkable year for the Gold Coast residential property market. Whilst most of us predicted a strong year, price growth over 2021 certainly reached lofty levels, unforeseen by most experts within the property industry, and there are no signs to suggest the Gold Coast property market will be slowing down just yet. We asked our residential valuers to reflect on the past twelve months and provide commentary on the areas in which they operate evert day. Their observations on how things played out in 2021 are summarized below.

Southern Gold Coast and Far North New South Wales

Reflecting on the Tweed Shire market over the past year, our predictions for 2021 were spot on! The market began strongly and kept building momentum throughout each quarter. The biggest surprise is that property prices elevated higher than anyone could have possibly anticipated. Selling agents have noted that the level of demand for property in this region has been so overwhelming that it has been continually outstripping supply all year, placing immense upward pressure on property prices.

When Sydney and Melbourne residents were experiencing prolonged lockdown periods this year, it would have triggered many to consider relocating to a regional area and particularly to the desirable Tweed Shire area. Having spoken with many agents in the past few months, there is no doubt that the flood of out of towners moving into the Tweed

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It is not uncommon to see houses being purchased sight unseen or buyers waiving the right to obtain building and pest inspection reports when negotiating a purchase.

Shire has contributed to property prices reaching extraordinary levels.

Record sale prices have occurred on a regular basis over the past year. One agent recently made a comment about the current state of the market, where sold properties with a long settlement period would suddenly appear as a bargain after say six weeks as new price benchmarks in the suburb were being set so frequently. It certainly has been a challenging year for valuers to keep up to speed with the moving market.

With the higher degree of urgency in the market, many buyers are certainly displaying brash behavior. It is not uncommon to see houses being purchased sight unseen or buyers waiving the right to obtain building and pest inspection reports when negotiating a purchase.

Buyers who invested in property in the Tweed Shire area pre-2021 will see themselves as big winners even after just a short period of ownership.

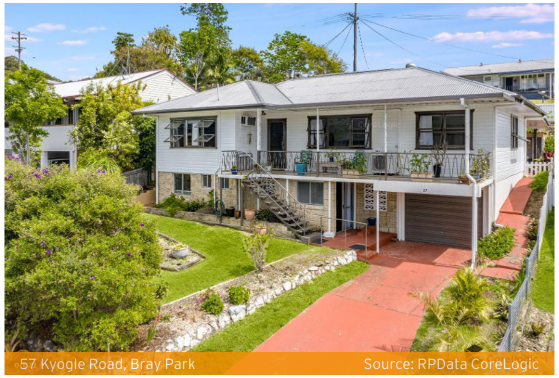
Some noteworthy examples which highlight strong growth in the Tweed property market include:

57 Kyogle Road, Bray Park – Last sold in November 2020 for $510,000. The property is reportedly under contract as at late 2021 for $700,000 (approximately). No significant changes have been made to the property since last purchase. The new contract price represents a 37 per cent increase in market value over a 12 month period.

16 Lobelia Crescent, Casuarina – Last sold in September 2020 for $1.3 million. The property is reportedly under contract as at late 2021 for $2 million. The new contract price represents a 54 per cent increase in market value in just over 12 months.

It has been quite the year in the Tweed Shire and given the lack of stock available and pent up buyer demand we believe there is still great potential for prices to increase further in 2022.

16 Lobelia Crescent, Casuarina Source: RPData CoreLogic



57 Kyogle Road, Bray Park Source: RPData CoreLogic

Central South

Most of our valuers who cover the central areas of the Gold Coast agreed at the start of the year that the market had underlying strength and would remain very strong throughout 2021. However, it has definitely outperformed everyone's expectations and it has been a year like no other in terms of unprecedented and, in some cases, staggering increases in sale prices. Property values particularly in the coastal localities of Burleigh Heads and Palm Beach have been skyrocketing once again this year.

There have been many winners in 2021. Homeowners and investors have experienced tremendous capital growth on their property assets and many property developers have had great success with selling out their residential projects this year, with buyers snapping up off the plan product in new boutique style buildings near the beach. We have heard stories where there are plenty of people out there who would perhaps feel disheartened with the current situation, especially first home buyers. Agents have reported many young buyers failing to secure a property after numerous attempts due to the competitiveness and sometimes desperation of other buyers. We have heard countless stories of late from agents where 10 to 20 contract offers have been received for a property from interested locals on the first open inspection with the winning offer coming from an out of towner. The demand from buyers from New South Wales and Victoria has been extremely strong. In some if not most cases these interstate buyers are purchasing sight unseen which can obviously be very risky. We are also hearing that people looking to migrate north to the southern areas of the Gold Coast and investors alike are actively engaging a buyer's agent to help them through the current challenges of securing a property. Our sources on the ground suggest that buyer's agents have never been busier.

Below is an example which highlights the strong price growth in the central south part of the Gold Coast:

78/302 Christine Avenue, Varsity Lakes – Last sold in October 2019 for $413,000. The property is reportedly under contract as at late 2021 for $620,000 (approximately).

No significant changes have been made to the property since last purchase. The new contract price represents a 50 per cent increase in market value since last purchase.

78/302 Christine Avenue, Varsity Lakes Source: RPData CoreLogic

There is no evidence we have seen to suggest that the market here is showing signs of cooling down and it seems that strong sale prices will continue to be achieved over the coming months.

Central Gold Coast

In reviewing the performance of the central Gold Coast areas in 2021, it has been much the same picture as observed in the southern Gold Coast and Tweed regions. Our predictions for a continued strong market this year played out much stronger than we expected.

Investors are back in spades in central beachside suburbs of Surfers Paradise, Broadbeach and Main Beach with unit sale prices reaching new heights. This is evidenced both in the new unit product and second-hand apartment market segments.

Agents were reporting earlier in the year that much of the demand for apartments was originating from interstate, particularly from Melbourne and Sydney, with buyers looking for a bolt hole to escape lockdown life. However, demand levels did strengthen considerably throughout 2021 due to increased buyer interest from both locals and non-locals. The shortage of supply, low interest rate environment and the recent strong rental value growth have made apartment stock far more of an attractive investment at the moment.

The lack of supply on the central Gold Coast can be summed up by the comment many vendors are making to agents: "If I sell, where do I go?" with one real estate agent recently adding "If I had a dollar for every time I've heard that! ...". People are fearing that if they sell right now in this market it will be too difficult to secure another similar style property, whether it be a new home purchase or a rental due to the fierce competition from other buyers.

We have been somewhat surprised by how much the rental market has strengthened in 2021. Many properties listed for rent this past year often received multiple offers at or above the asking rental, with offers to pay the full six months or even a year's rent in advance which is something we have not seen for quite some time.

Detached housing has been highly sought after in this section of the Gold Coast and there have been plenty of buyers at each end of the price spectrum. Housing stock typically ranges from $600,000 to $800,000 at the entry level and $3 million to $25 million at the prestige end. At the affordable end of the market, properties are typically selling within the first or second open home. Vendors hold all the negotiating power and agents have reported that the cleaner the contract, the more chance of success for the would-be buyer. Any subject to conditions (such as subject to sale of purchaser's house or subject to building and pest inspection) are being rejected which has irritated some buyers.

Below is an example which demonstrates the strong price growth seen in 2021:

1601 Encore, 36-38 Britannia Avenue, Broadbeach – Last sold off the plan by the developer in September 2020 for $1.08 million. The property is reportedly under contract as at November 2021 for $1.3 million and sold under the hammer at auction. The new contract price represents a 20 per cent increase in market value since last purchase date.

The lack of supply on the central Gold Coast can be summed up by the comment many vendors are making to agents: "If I sell, where do I go?" with one real estate agent recently adding "If I had a dollar for every time I've heard that! ...".

1601 Encore, Broadbeach Source: EncoreBroadbeach.com.au

Western Gold Coast & Scenic Rim Area
With 2021 now coming to a close, we can look back and reflect on the year which saw some of the highest and fastest growth ever seen in the Gold Coast property market. Our prediction at the beginning of the year for the western Gold Coast and Scenic Rim was for continued growth throughout, but everyone has been very surprised at how hot the market has become.

As the year progressed, demand continued to outstrip supply across all market segments and selling agents struggled to gain new listings to meet this demand. Most properties sold in the western Gold Coast and Scenic Rim have spent little time on market with many selling within the first or second week of being listed.

Furthermore, agents have provided feedback that the highly competitive environment for buyers has left agents having to deal with a large number of frustrated buyers. Countless buyers are requiring to table offers well above asking prices to avoid the potential disappointment of missing out even though it may be a financial stretch for them.

The demand for properties even in the more remote locations has increased significantly. We started to see early signs of strong market activity in mid 2020 and the hype remained throughout this year. The effects of border closures and lockdowns resulted in a higher-than-average number of people moving away from urban areas which in turn has positively impacted property prices in the hinterland and other regional areas. Tamborine within the Scenic Rim region has become a very attractive location for owner-occupiers due to its proximity to Logan, Brisbane and the Gold Coast. A property which recently sold in September for $1.6 million set a new record price for the Riemore at Tamborine acreage estate (located just off Beaudesert-Beenleigh Road) with a similar property in the same estate selling back in July 2020 at $1.05 million. Moving closer to the M1, Maudsland has seen massive price growth throughout its more prestigious acreage estates.

Other examples of strong sales results in the area include:

2 Colchester Court, Maudsland – Last sold in May 2018 for $1.7 million. The property is reportedly under contract as at late 2021 for $2.35 million. The new contract price represents a 38 per cent increase in market value since last purchase.

54/64 Gilston Road, Nerang – Last sold in September 2019 for $325,000. The property sold in September 2021 for $550,000. No significant changes have been made to the property since last purchase. The recent sale price represents a 69 per cent increase in market value over a two year period.

2 Colchester Court, Maudsland Source: RPData CoreLogic

54/64 Gilston Road, Nerang Source: RPData CoreLogic

Moving into 2022, we believe there is still room for further price growth as the Queensland state border opens up and as vaccination numbers climb, which will undoubtedly trigger a further influx of southerners migrating to the region and no doubt these people will be looking for opportunities to invest in property.

Northern Corridor
As expected, property values continued to escalate in 2021 but what was surprising were the very steep increases in demand and sale prices and the soaring construction costs to build new homes. Developers have been scrambling to increase supply of house lots this year, but demand has

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With the vaccination rollout targets almost reached and borders opening up, many are optimistic that the Gold Coast property market can continue to perform well in 2022

far outstripped existing and incoming supply. Initially demand was driven by first home buyers and those taking advantage of government grants but later on, it was more due to fear of missing out (yes, we had to mention it at some point). This event was further magnified when more interstate buyers began entering the market and competing with the locals. The sharp surges in prices every two months or so did catch everyone by surprise and to a certain extent, the market has been rather speculative with prospective buyers being pressured to pay more than what others have previously paid, again, for fear of missing out.

Selling periods for property typically ranged from thee to six months in early 2020 and then all of a sudden in 2021 the same type of property would now sell in just a few days or a couple of weeks. Initially, detached housing was the only sector receiving the sharp increases in demand but in the second half of this year, as stock levels dramatically depleted, prices rose beyond the reach of lower budget buyers. Demand for townhouses and units soon followed a similar trend. Whilst house prices may have surged by more than $100,000 during the course of this year, prices of townhouses did go up but not to the same extent.

In the northern corridor, the less popular markets such as Eagleby and Beenleigh have been late comers with prices only following the trends in the later part of 2021.

Overall
With the vaccination rollout targets almost reached and borders opening up, many are optimistic that the Gold Coast property market can continue to perform well in 2022. Stock levels are low across the Gold Coast and agents continue to report pent up demand from both local and interstate buyers. The hurdles with travelling overseas due to the threat of COVID-19 has given us a strong appetite for lifestyle driven markets at the moment. Provided that the south-east Queensland region can remain a COVID-safe environment and the local economy remains stable, confidence in the Gold Coast property market should remain high in 2022.

Sam Gray
Associate Director

Sunshine Coast

Well... what a year! When looking back on 2021, there is no doubt that the Sunshine Coast property market had an extraordinary year. Record values have and are being set with the size and pace of value change being breathtaking. So much so that in some cases the value change is to a level where the two-week-old under contract sale is being surpassed by a more recent sale and in most cases by some margin!

Where is all this activity happening? Everywhere! From the northern end of the coast right through to the southern end, all coastal markets have seen uplifts over the past 12 months. Not at the same pace but generally speaking over the past twelve months it has been somewhere between 25 per cent right up to a 100 per cent increase.

An example of this is 3 Maher Terrace, Sunshine Beach which sold in March 2020 for $2.1 million and was recently purchased for $4.4 million a staggering 110 per cent increase.

3 Maher Terrace, Sunshine Beach Source: realestate.com.au

When we look further inland it was a little slower but has now gained pace and is a similar story of strong sale volumes with good value growth. An example of this is 6 Countryview Street, Woombye which sold in May 2020 for $529,000 and is under contract for $875,000 (65 per cent increase).

6 Countryview Street, Woombye Source: realestate.com.au

Another example of the strength experienced is in the higher value levels. We have flown by last year's record of sale volumes over $4 million. At the time of writing we are currently up to 98 settled or under contract sales which surpassed last year's record of 69. We have also achieved the record for the most expensive house and unit in Queensland. 17 Webb Road, Sunshine Beach is reportedly under contract for $34 million with Unit 5, Hastings Park, 81 Hastings Street under contract for $16.1 million or $57,706 per square metre over living and outdoor.

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

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	69
2021	$21,500,000*	61* (+37 under contract)

*Settled to date


17 Webb Road, Sunshine Beach, Source: Damien Davidson Builders


Unit 5, Hastings Park, 81 Hastings Street Source: realestate.com.au

One thing that is noticeable is that there are owners moving from one market into another and reaping the benefit of buying something cheaper and reducing some debt or even becoming debt free. The hinterland and the Gympie region to the north have also experienced this.

The big question at the moment is what will happen when the state and international borders open? Will we see the uplift continue or will the market and fear of missing out settle? It's becoming more and more apparent that people just want to be on the Sunshine Coast, experiencing all the coastal lifestyle has to offer.

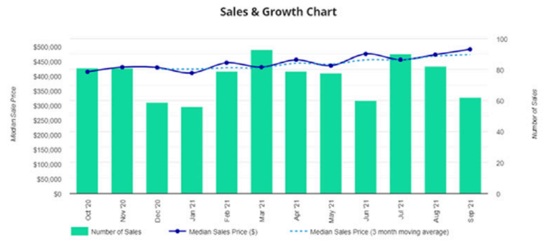
Bryden Lang
Director

Rockhampton

We are now coming to the end of 2021 and the property market in the Rockhampton and Capricorn Coast area certainly hasn't disappointed. At the start of the year, we were confident there would be continued growth throughout the region with some optimism about how much growth there would be, particularly with the uncertainty of COVID-19 always in the background, and growth there has been.

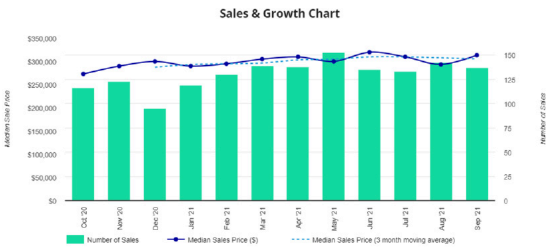
Whilst Rockhampton and the Capricorn Coast areas have both seen growth, the Capricorn Coast has been the shining light with very strong performances across all sectors. Vacancy rates are still low, land developments have sold out due to the Builders Grants, new land developments are coming out of the ground, new unit developments have been proposed with some now selling off the plan, agents are forever needing new stock, investors are back, southern migrators are knocking on doors and agents are reporting waiting lists for people wanting to buy established property. It has been a tsunami of conditions that has seen prices increase in all sectors. The extent of the price increases is something locals have not seen in some time. The Rockhampton market, whilst not as hectic as the Capricorn Coast, has still been strong, with similar driving factors to the Capricorn Coast.

The two charts below show the extent of the rise in median house prices for both the Capricorn Coast (4703 and 4710 postcodes, first chart) and Rockhampton (4700 and 4701 postcodes, second chart). These charts are for settled sales of single dwellings only and do not include land sales, rural residential sales or unit sales.



Growth Chart Capricorn Coast Source: Pricefinder

Growth Chart (Capricorn Coast – postcodes 4703 and 4710) shows a median house price in September 2020 of $414,000 and in October 2021 of $490,000, an increase of 18.35 per cent across the Capricorn Coast for single unit dwellings.



Growth Chart Rockhampton — Source: Pricefinder

Growth Chart (Rockhampton – postcodes 4700 and 4701) shows a median house price in October 2020 of $273,000 and in October 2021 of $313,500, an increase of 14.84 per cent in Rockhampton for single unit dwellings.

At the start of the year, we noted that the market would continue to increase in the Rockhampton and Capricorn Coast area. The Rockhampton market has performed accordingly with good steady to strong growth. The Capricorn Coast however has outperformed expectations. The extremely strong demand has been surprising with prices pushing up quickly and competition for property in the area being extremely strong. This has certainly kept us on our toes.

Merry Christmas and Happy New Year.

Steve McDonald & Cara Pincombe
Valuers

Gladstone

Looking back at our predictions for 2021 from earlier in the year, we sort of got things right. Essentially, we predicted growth in the market which is definitely a big tick. We further predicted steady and sustained growth over the course of the year. While this is not technically wrong, steady should really have been replaced with rapid or strong growth.

Gladstone, much like most other regional markets, has seen significant price rises over the past 12 months. Values for established housing have risen approximately 30 per cent in that time. This is on the back of the rises we saw in 2020 and suddenly we are back at values last seen in 2013 and 2014, so are getting pretty close to pricing seen at the height of the LNG boom.

Values for units and townhouses have also seen rises but on a much smaller scale. Values have risen approximately ten to 15 per cent in the past 12 months. Supply of units (especially inner-city apartments) is still high with many still owned by the original developers. Demand for new unit products is still considered to be low.

Vacant land was in high demand while the construction grant was in place, however abruptly halted when the grant ended. Sales are still occurring however at a much slower rate. While this is not necessarily the time of predictions, the general lack of good flat land available will likely push values up further in the coming months.

Vacancy rates have remained stable, hovering around 1.5 per cent for most of the year. Rents are still rising, however again at a much slower rate than the significant jumps we saw earlier in the year.

It has definitely been odd to see Gladstone booming again, especially when it is not on the back of a new major industry coming to town. While there have been a number of announcements this year, particularly in relation to the proposed hydrogen and alumina plants, these projects are smaller scale and will not have significant impacts on our property market. It will be interesting to see if the market activity slows up a bit over the typically quiet months in December and January or whether it just powers ahead. See you in the new year!

Regan Aprile
Associate Director

Mackay

Well it's that time again when we look back and see how we did with the predictions we made for the year in February. Before we start though, I just want to say it has been an extraordinary year in residential property in the Mackay region.

So, what did we think back in February? Here's what we said:

"So how will that translate to this year? That's the big question. At present, on the back of the building boost, there are extensive residential building projects in the pipeline, with some builders reporting that their calendar year is almost filled up. Local real estate agents are reporting strong demand, a shortage of available stock, very short list times and multiple offers being received. On the rental side, agents are reporting multiple applications on all properties available to rent with a shortage of available rental properties to meet this demand. We think this strong momentum from last year will flow into 2021 with good indications for modest growth in values for the first six months. After this, it gets a bit tricky; does the world recover from the

Gladstone, much like most other regional markets, has seen significant price rises over the past 12 months.

pandemic and start to free up, or have we now got a glimpse of the new normal?"

On this I think we got it mostly right! The market did experience good capital growth throughout 2021 with no signs of slowing down. The only area was that the world didn't free up after six months and the market momentum just powered on throughout the whole year. From a personal perspective, I got to experience selling my own home in this market in April, while also building a home. On the selling side, I had heard stories and anecdotes from vendors about the process, but to live it, wow! We listed on the internet on Tuesday, had groups through every day from that Tuesday, a packed open home that Saturday and four written offers on Monday, a six day process! On the building side, we got to see the challenges builders face every day trying to get materials (at a reasonable price!), labour and just trying to get all houses constructed to meet an enormous demand brought about by the building boost and other economic stimulus.

To finish our February predictions, we said:

"The only issues to this will be how the resource sector fares, with the price of metallurgical coal still low and volatile, plus the repeated sabre rattling of China over trade relations, however the mining sector appears to be unconcerned for the time being and with more infrastructure projects underway, continued record low interest rates and migration into regional areas, we feel pretty confident of a strong year for the Mackay residential market."

And that confidence was well placed, with Mackay recording a fantastic year in residential real estate. The market is bounding along. On the resource side, the price of metallurgical coal has bounced back significantly this year, the price of sugar has increased, infrastructure projects are in full swing and the general Mackay economy appears to be in good shape.

On behalf of the entire Mackay team, we wish all our avid readers a merry Christmas and safe and prosperous new year.

Mick Denlay
Director

Cairns

The residential property market in Far North Queensland performed very well during 2021 with increased sales rates and increased prices. The rising market has left almost no location untouched, ranging from small rural towns to the best addresses in Cairns and Port Douglas.

The main drivers at the start of the year were low interests rates, the Home Builder grant and the retreat to the regions for people stuck in COVID-19 induced lockdown areas. Most available vacant land sold, all house builders quickly had more work than they knew how to handle and people coming to town were faced with limited stock and low levels of available rental properties.

Demand outstripped supply and it has been a seller's market all year. Cairns traditionally operates on an asking price basis with offers typically coming in under the asking price. This has changed significantly this year with reports of multiple offers above the asking price being received for most properties. Days on the market has fallen with reports of many properties selling on the first weekend or just after listing.

We are now on the verge of the borders opening up to the southern states. It is possible that the increased number of buyers may push prices and the level of urgency in the market higher again.

We are aware of a large amount of residential allotments currently being constructed with the vast majority being under contract. Once houses can be built they will add to the supply however builders are advising that they have little capacity to take on more work until late 2022 so houses won't be finished until 2023.

Craig Myers
Director

Townsville

Townsville's residential property market continued to steam ahead in 2021 with strong volumes of sale and increasing value levels. Whilst it was our thought at the beginning of 2021 that sale volumes would increase and upward pressure on prices in the wider market would start to occur, the strength and pace of this has taken us somewhat by surprise.

The inner-city market in particular has seen strong increases in activity with the $1 million to $2 million price bracket experiencing near double the number of sales in 2020.

The unit market whilst still lagging the established housing market, has seen an increase in activity and early signs of upward pressure on prices, particularly in the inner-city locations, not too dissimilar to the attached housing sector 24 months ago which saw the inner city suburbs start

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the current upswing in values and demand which has since flowed through to the outer suburbs.

Whilst land sales continue to tick over they are down from the avalanche of sale volumes experienced in the second half of 2020 and early 2021 coinciding with the HomeBuilder stimulus packages.

At the start of 2020 we asked ourselves this key question: "Will the existing conditions in the market be sufficient to carry us past the current support measures in place to maintain the market continuum?" We can now answer this question with a resounding yes! The end of the HomeBuilder grant, JobSeeker and JobKeeper appear to have had little impact on the broader residential property market, which continued to forge ahead in 2021.

Darren Robins
Director

Darling Downs

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Bradley Neill
Director

South Australia - 2021 Year in Review

Adelaide

The back end of 2020 saw a strengthening of the market with two consecutive quarters of growth in the metropolitan median house price. With record low interest rates, low stock levels and low COVID-19 cases, it was predicted that this growth would continue in 2021. We pinpointed the middle ring with specific reference to the suburbs of Klemzig, Woodville, Clovelly Park and Magill, the prestige market and the lifestyle property market as the segments to watch in 2021. So how did we do?

Prediction 1 – The middle ring will be the best performer: With an attainable price point and popular with the broad market, the middle ring performed strongly in 2021. Double digit growth of the median house price was considered the norm throughout the metropolitan area with available September quarter median sale price data indicating our suburbs to watch (Klemzig (+24 per cent), Woodville (+34 per cent), Clovelly Park (+30 per cent) and Magill (+30 per cent) all performed strongly.

Prediction 2 - Prestige Market – This market had an increased level of activity buoyed by cashed up purchasers and low stock. In the past 12 months there were 83 transactions above $3 million in the metropolitan area compared to 35 in the 12 months prior. A recent Adelaide Advertiser article further indicated that there are now 55 suburbs in the metropolitan area with a median sale price of above $1 million compared to 14 in 2018.

Prediction 3 - Lifestyle properties. This market was tipped to perform on the back of travel restrictions forcing buyers to look for holiday destination alternatives and remote working arrangements providing greater flexibility for those looking for a tree or sea change. The lifestyle market typically carries increased stock levels with extended selling periods being common. Early 2021 saw increased activity in this market with much of the existing stock transacting and price levels remaining stable. As the existing stock dried up, price levels began to increase. Notable sales in this market include 45 Esplande Point, Turton for $726,140 and 40 Maria Street, Tanunda which is under contract for a price between $2.75 million and $3 million, both of which set new price records in their respective localities.

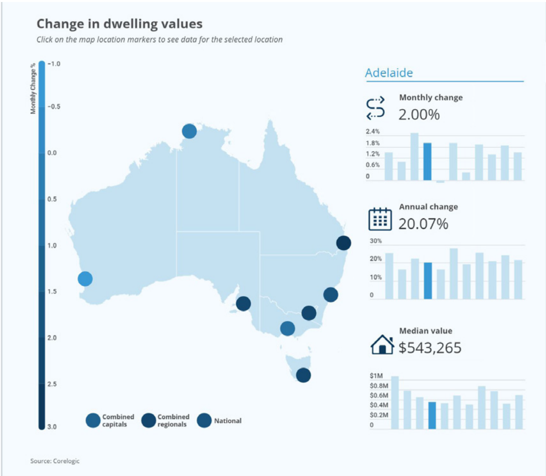
I can't recall too many report cards being overly kind to me, but this would be one I'd like to read. Full marks all-round in my unbiased opinion.

At the beginning of 2021, many predicted price growth across the metropolitan area however not many predicted the rate in which the growth occurred.

45 Esplanade, Point Turton — Source: realestate.com.au

40 Maria St, Tanunda — Source: realestate.com.au

At the beginning of 2021, many predicted price growth across the metropolitan area however not many predicted the rate in which the growth occurred. Corelogic data indicates dwelling prices have risen by 20.07 per cent year on year with growth being seemingly across the board in terms of location, property type and price point.



Source: Corelogic

Agents having 50 plus groups through a property at a first open and ten offers the following day became the norm. With demand continuing to outstrip supply and prices on the rise, a sense of desperation crept into the market. It was at this point in July and August when it became common for agents to shorten marketing campaigns, contract prior to auction and opt to list without a price guide, forcing purchasers to put up their best and final offer right off the bat. These market factors can be attributed to the strong growth throughout the year.

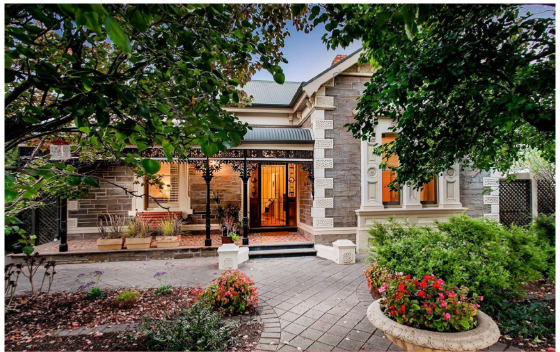
From a buyer profile point of view, we saw an increase in investors cashing out of the market as long term holds reached maturity whilst investors avoided the market as rental yields tightened. First home buyers flocked to the market making use of record savings and the low interest rate environment whilst cashed up downsizers also splurged in the metropolitan blue ribbon suburbs.

With the exception of CBD short stay and student accommodation style properties, the remaining

First home buyers flocked to the market making use of record savings and the low interest rate environment.

property types performed strongly throughout the year. Two of the standout performers have been character properties and inner metropolitan land. Character properties in the inner west have become hot commodities with number transactions exceeding market expectations. Notable sales include 31 Cuming Street, Mile End, an original villa on 770 square metres which achieved $1.08 million and 61 Hughes Street, Mile End, a renovated villa on 1050 square metres which achieved a suburb price record of $1.9 million.

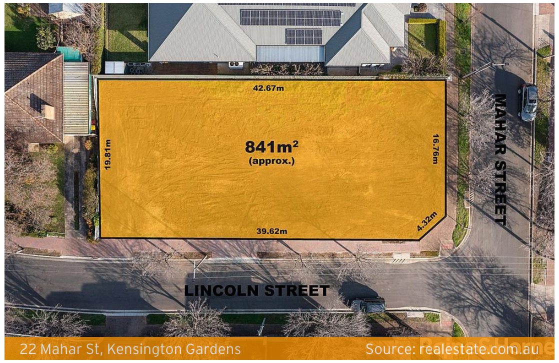
31 Cuming St, Mile End — Source: realestate.com.au



61 Hughes St, Mile End — Source: realestate.com.au

At the conclusion of the Home Builders Grant, many predicted a stabilising of land values as the demand for construction slowed. The opposite occurred and demand for vacant land and established sites with development potential followed a similar trajectory to the remainder of the market. Historically land rates have been known to sit around the $1000 square metre mark within this market, however the strong demand has seen rates consistently exceed $1750 per square metre. Notable sales include 23 Burlington Street, Walkerville, an excavated corner allotment of 1110 square metres improved with a two-level contemporary style dwelling. This property was advertised as a potential development site achieving a price north of $2.75 million, equating to a rate per square metre of more than $2500 and 22 Mahar Street, Kensington Gardens, a vacant regular shaped near level corner allotment of 841 square metres which achieved a price of $1.81 million, equating to a rate per square metre of $2152.

23 Burlington St, Walkerville — Source: realestate.com.au



22 Mahar St, Kensington Gardens Source: realestate.com.au

Short stay and student accommodation was one of the markets which missed out on 2021's growth cycle. This market is characterised by investor grade apartments within the CBD and metropolitan satellite university campuses. These apartments typically comprise basic studio, one-bedroom and two-bedroom accommodation. With travel restrictions in place there has been limited opportunity for owners to find suitable tenants for this stock. With borders set to open in November this market could be one to watch in 2022.

One big surprise from 2021 was the lack of building materials available for residential construction. The increased building activity sparked by the Home Builders Grant coupled with global travel restrictions created havoc, with many builders reporting shortages of materials ranging from timber for wall and roof framing to landscaping supplies. As a result, building costs increased throughout the year and delays in construction timeframes became common.

2021 will be remembered as one of the strongest periods of market growth in a 12-month period. The growth was sustained with government stimulus, low interest rates and no community transmission of COVID-19. Many active market participants are predicting growth to continue in 2022 on the basis that local demand will continue and opening borders will allow expats to flow back into the state creating increased competition. Caution should be advised though as interest rates are predicted to rise within the next two years and South Australia is expected to face its first serious test of mass COVID-19 cases.

Nick Smerdon
Director

Mount Gambier

As predicted, the Mount Gambier property market has continued in 2020's footsteps. Agents are reporting that the market is the best they have ever seen and there is continued strong demand heading into the Christmas period. Since the beginning of 2020, Mount Gambier's median house price has increased to a record $280,000 and sales volumes of houses increased by 50 per cent from 400 to over 600 per annum. This increase in sales volume and demand has predominantly been driven from out-of-town investment and increased local buyers entering the market.

Mount Gambier recorded its first ever sale over $1 million of a dwelling within the city centre. 61 Bay Road, Mount Gambier, achieved a sales price of $1,000,060 in November 2021. The property was last sold in 2017 for $775,000. The property had very high interest with multiple offers being presented and has set a record for the city of Mount Gambier.


61 Bay Road, Mount Gambier Source: Corelogic/Gebhardts Real Estate

One of our predictions for 2021 was to keep an eye on the Robe and Beachport coastal markets with significant growth expected. As expected, Robe achieved exceptional growth with strong demand and limited supply. Robe's vacant land supply is limited with no allotments currently available for sale which has driven growth throughout the year. Vacant allotments such as 8 Cobb & Co Way, Robe were achieving $85,000 in 2020. With the most recent sale achieving $165,000 less than 12 months later, significant growth has been achieved.

One of the main surprises of 2021 was the significant continued interest of out-of-town buyers entering the local market. This had a considerable impact on house values. A second surprise was the sustained growth in house prices which was reflected in sales prices being achieved significantly above listing prices. There is great optimism for 2022 with a continued strong market similar to this year expected.

Adrian Castle
Residential Manager

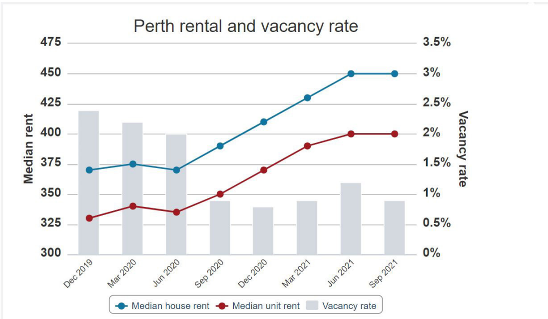
Western Australia - 2021 Year in Review

Perth

What a year! In what was a year full of uncertainty with the pandemic still looming over our heads, we have experienced a phenomenal surge of activity within the Western Australian residential property market. Most regions of Western Australia have experienced a significant upswing in market activity and the increase in market values in some areas is truly staggering.

As the end of 2021 is rapidly approaching, we take a look back and review our predictions made in February's edition. Our most notable predications at the start of the year included significant pressure on rental values, increased growth rates and price growth for various suburbs in correlation with the "nearology" factor, investors re-entering the market, construction activity peaking but speculative investor and developer activity increasing on the back of rising values.

Throughout the year we saw the rental market throughout Western Australia continue its positive trend. In Perth itself, figures reveal a median house rental of $450 per week - an increase of $60 per week - and a median unit rental of $400 per week - an increase of $50 per week!



Source: REIWA

Furthermore, we see the continual trend of a low vacancy rate. Typically, in a balanced market the vacancy rate would sit between 2.5 and 3.5 per cent, however the low vacancy rate throughout the year has placed upward pressure on rental values, and with the vacancy rate still sitting at 0.9 per cent, it appears that there is more growth to occur.

On the back of such a strong rental market, we have seen investors re-enter the market and capitalise on opportunities which have arisen - it's not often you can achieve rental returns above five per cent in a capital city market - and definitely not at times when borrowing costs are so low.

Investors are seeing value in older style villas and units in well located suburbs. This is due to an attractive yield and strong capital growth prospects.

A prime example is 13/181 Cambridge Street, Wembley which sold for $305,000 in March 2021. The property is a circa 1920, two-bedroom, one-bathroom dwelling, situated on a 72 square metre block with 58 square metres of internal living space (as per RP Data). The subject property had only been on the market for 11 days which is a reflection of the strong demand. Furthermore, this property was advertised for rent a month later at an asking price of $440 per week. This demonstrates an annual rental yield of 7.5 per cent, which is an outstanding result for the investor. Looking at what rental values have done in the interim, the yield could be even more attractive now.

13/181 Cambridge Street, Wembley — Source: RP Data

Our prediction for value growth has also rung true. We have seen the Perth metropolitan region as a whole performed well over the past year. The median house price has increased from $490,000 (2020) to $530,000 (2021). A similar trend can be seen in the median unit price, increasing from $379,950 in 2020 to $410,000 this year.

Investors are seeing value in older style villas and units in well located suburbs. This is due to an attractive yield and strong capital growth prospects.

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Beginning with the southern suburbs of Perth, Willetton has had an annual growth rate increase of 12.9 per cent, with annual median house values increasing from $681,888 in 2020 to $770,000 in 2021 (as per reiwa.com).

Based on settled sales as at 08 November 2021

1 October 2020 - 30 September 2021

UPPER QUARTILE	MEDIAN	LOWER QUARTILE
$863,000	$770,000	$650,000

GROWTH RATES	YTD QTR	1 YEAR	5 YEARS	10 YEARS
Willetton	4.2%	12.9%	1.9%	3.3%
Perth Metro Region	0.5%	8.2%	-0.2%	0.9%

Willetton and Perth Metro Region House Price Chart. Source: REIWA

Our predictions of value growth revolved around our belief that strong activity in sought-after suburbs in late 2020 would result in value growth in suburbs benefiting from the "nearology" factor. Whether it be for its coastal location, proximity to facilities or school catchment zones, there is a substantial difference that consumers are willing to pay for this factor and we considered that this gap may narrow throughout the year as affordability factors came into play. However, we found that demand for sought after locations has been insatiable, and whilst values in suburbs adjacent to these areas have definitely surged, they are still struggling to keep pace.

This is demonstrated below with two very similar properties, the first being 14 Cavendish Way, Parkwood which sold for $560,000 in June this year. The property is a circa 1984, four-bedroom, two-bathroom dwelling, situated on a 700 square metre block. On the other hand, we have 5 Kirwin Place, Willetton which also sold in June for $820,000. This is a circa 1985, four-bedroom, two-bathroom dwelling also situated on a 700 square metre block. Ultimately, this accounts to a $260,000 difference between the two properties. Although the Willetton property has a slightly updated kitchen that is worth mentioning, that does not account for the huge difference in value between the two properties. The difference in value is due to the different school catchment zones of both properties, taking this back to the "nearology" factor and this gap has not narrowed throughout the latter parts of the year.

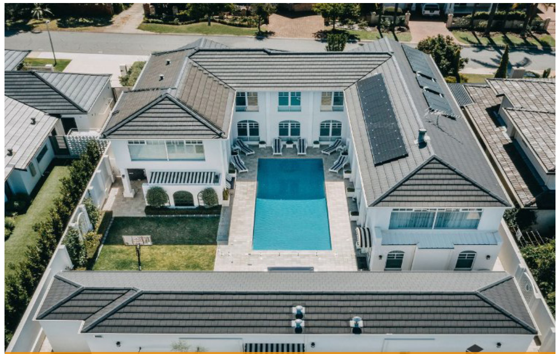
14 Cavendish Way, Parkwood Source: RP Data

5 Kirwin Place, Willetton Source: RP Data

The suburb of Karrinyup has shown an annual growth increase of 8.7 per cent.

Two other suburbs we analysed for the "nearology" factor also prove that the market has been moving as a whole. Padbury and Duncraig have experienced annual growth of 13.2 per cent and 11.8 per cent respectively (as per REIWA), with Padbury not making up much ground on the more desirable Duncraig.

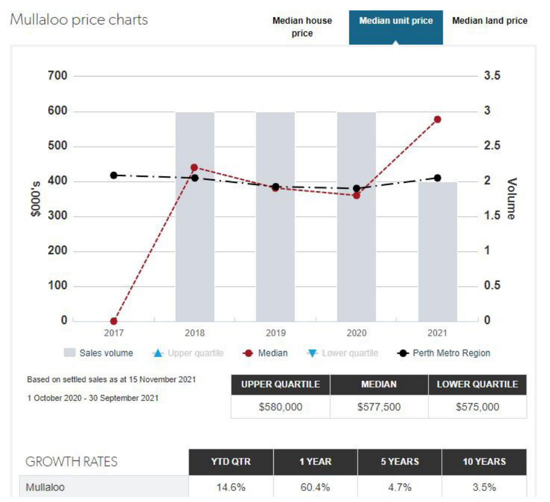
Slightly further south, the suburb of Karrinyup has shown an annual growth increase of 8.7 per cent with the median annual house price rising from $837,500 (recorded last year) to $910,000 (November 2021), displaying a $73,500 increase. An interesting sale in the year is 9 Dwyer Street, a circa 2013 built, luxurious Hamptons style, four-bedroom, four-bathroom home with 485 metres of internal living space, situated on an 840 square metre allotment. This property broke all sorts of records for the suburb, selling for $3.5 million in May. Previously, the highest recorded sale in the suburb was back in 2017, when a property in Porlock Way sold for $2.288 million (as per RP Data).



9 Dwyer Street, Karrinyup Source: RP Data

9 Dwyer Street, Karrinyup Source: RP Data

Further north, we have the beachside suburb of Mullaloo which had a massive 21.9 per cent increase in annual growth, showcasing a $144,000 median house price increase. In addition, the median price for units and vacant land also increased by a massive 60.4 per cent and 74.9 per cent respectively.



UPPER QUARTILE	MEDIAN	LOWER QUARTILE
$580,000	$577,500	$575,000

GROWTH RATES	YTD QTR	1 YEAR	5 YEARS	10 YEARS
Mullaloo	14.6%	60.4%	4.7%	3.5%

Mullaloo Unit Price Chart Source: REIWA

UPPER QUARTILE	MEDIAN	LOWER QUARTILE
$1,000,000	$801,500	$678,500

GROWTH RATES	YTD QTR	1 YEAR	5 YEARS	10 YEARS
Mullaloo	0.2%	21.9%	2.2%	2.5%

Mullaloo House Price Chart Source: REIWA

UPPER QUARTILE	MEDIAN	LOWER QUARTILE
$1,097,500	$826,500	$685,000

GROWTH RATES	YTD QTR	1 YEAR	5 YEARS	10 YEARS
Mullaloo	3.1%	74.9%	13.3%	5.5%

Mullaloo Land Price Chart Source: REIWA

Moving to the western suburbs of Perth, we have seen some dramatic increases in median prices over the past twelve months. Cottesloe has demonstrated an annual growth of 33.2 per cent, Dalkeith has grown 28 per cent and City Beach 37.3 per cent, just to name a few. The growth seen in the prestigious western suburbs absolutely dwarfs the Perth metropolitan average of a somewhat miserly eight per cent!

116 Branksome Gardens, City Beach is an updated circa 1969, four-bedroom, two-bathroom dwelling on a slightly irregular shaped 885 square metre allotment. The property is set one block back from the beach and features a pool, cabana and quality furnishings throughout. The property was purchased in March 2020 for $1.85 million and re- sold in August 2021 for $2.45 million. This is a 32 per cent growth on the property with minimal improvements made between owners!

116 Branksome Gardens, City Beach Source: RP data

6 Griver Street, Cottesloe is a tastefully renovated circa 1940s four-bedroom, two-bathroom dwelling situated on a regular shaped 759 square metre allotment. The property was purchased in July 2019 for $2.025 million. At that time the property was already renovated, however since 2019 further updates have been made to the kitchen and

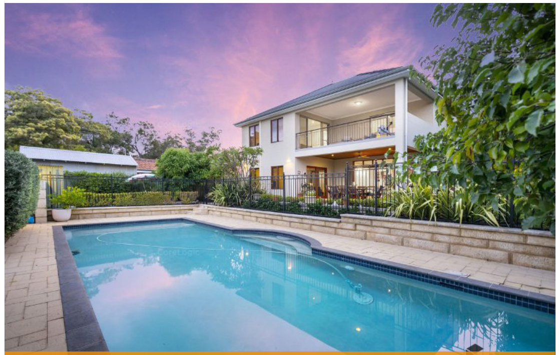
bathrooms. With these updates, the property went to the market asking for offers in the mid to high $3 million range. After a short 36-day marketing campaign, the property sold for $3.8 million in July 2021. This was a phenomenal 88 per cent increase in price over a two-year period.

6 Griver Street, Cottesloe Source: RP data 2020 photo


6 Griver Street, Cottesloe Source: RP data 2021 photo

100 Thomas Street, Nedlands is a circa 2004 built, four-bedroom, two-bathroom two-storey dwelling situated on a quarter acre lot. The property was purchased in February 2020 for $2.9 million after 11 days on the market. It re-sold in July 2021 for $3.275 million after 10 days on the market. The length of time spent on the market during both sales shows that demand for this property has not diminished, however a 13 per cent increase in price over 17 months was achieved. No renovations or alterations were performed on the property.


XGxgxgx Source: RP data


XGxgxgx Source: RP data

In the south-west of the state, we expected to see a dramatic increase in land sales, a very low rental vacancy rate, high sales numbers for established housing, increasing demand for rural residential properties and strong activity in the short stay holiday market. We were expecting 2021 to be a period of decent growth. What we got exceeded our expectation and then some.

Coming to the end of 2021, the supply of vacant land is very low and demand remains strong. As a result, values have increased significantly in most areas. The take up of the state and federal government construction stimulus saw a construction boom with record housing approval rates in many south-west towns. Building construction costs increased due to the lack of supply of building materials and the very low supply of qualified tradespeople. We expected many homes to have been completed by the end of 2021, however the very high number of dwellings already under construction has increased construction periods. We now anticipate that there will be a significant supply in finished dwellings early in 2022 and a distinct lack of supply in the interim period.

The rental vacancy rate has dropped to record low levels. Once the freeze on rental increases was lifted at the end of March, rental values increased significantly in most areas. On top of this, many houses were taken off the long term rental market to take advantage of the short stay market on the back of the very high demand for holiday housing, particularly in the coastal towns. The number of listings on AirBnB rose significantly. The lack of supply of new housing has exacerbated the low long term rental vacancy rates. We are expecting this to ease in 2022 when construction completions increase.

The number of established home sales continued to increase throughout the year, although declining stock levels have increased competition significantly and values rose as a result. Any agent lucky enough to get a listing is being swamped with prospective purchasers and houses are selling for prices well above expectations in many cases as a result. The top end of the market also saw strong demand and some very high prices in localities such as Eagle Bay, Yallingup, Dunsborough and Quindalup.

The median house price increased by 44.3 per cent in 2021 which is impressive – but not as impressive as South Hedland which experienced growth of 71 per cent!

The rural residential market also experienced a surge in demand and prices have risen significantly, particularly in the Yallingup Hills area. The City of Busselton has decided to limit any further rural residential developments which will likely lead to a supply and demand imbalance going forward and further increases in value.

The short stay holiday market has had a golden patch in 2021 with the increase in holiday makers to the southern coastal towns and cities. Vacancy rates in short stay developments are very low and values have increased significantly as a result. It is expected that demand will start to diminish once the state and international borders are opened up in 2022.

Having a look at the powerhouse of the nation, the Pilbara region has been an interesting study. This year the Karratha market remained relatively subdued after strong gains in 2020. Whilst there were short periods of high demand, this was counteracted by months of slow growth. The market was still dominated by owner-occupiers, many of whom are trying to secure a home as rents have kept rising throughout the year. Whilst market growth was less than the previous year, rental prices continued to climb. Some properties have jumped $300 to $400 per week over the past 12 months. The lack of investors in the market has been surprising, but as rental prices continue to increase, we expect that investors will start entering the market and driving demand once again.

In Port Hedland, it's been a different story. The median house price increased by 44.3 per cent in 2021 which is impressive – but not as impressive as South Hedland which experienced growth of 71 per cent! Investors are quite active in the market as the rental returns on offer remain high, despite negative press about a declining iron ore price – which although not at record highs, remains above budget forecasts.

Overall, our predictions for 2021 have generally rung true, with the market performing strongly throughout the year. If anything, we underestimated the depth of demand in the market which shows no signs of abating. Whilst more supply will come on line in 2022, delays in construction timelines will result in the shortage of housing extending well into the foreseeable future.

Chris Hinchliffe
Director

Northern Territory - 2021 Year in Review

Darwin

We are at the end of 2021... where did that go? Several factors will continue to play their parts on where the Darwin residential market will head in 2022, including the COVID-19 pandemic and government's response, government (largely federal) spending, net migration to the Territory and the expected opening of international borders.

The market strengthened through the early parts of 2021 due to the government stimulus packages aimed directly at the residential property market during that time. Prior to 30 June, government grants available meant that certain first home buyers in the Territory may have been entitled to $55,000 to encourage them to commence construction. Due to these grants for house and land packages coupled with first home owner grants, developing outer suburbs such as Muirhead, Berrimah and Zuccoli saw a lot of activity in the first half of the year with a slight slowdown in the second half as much of the demand was exhausted.

The NT has had limited disruptions to business and life (thus far) due to only a few government lockdowns and lockouts compared to the eastern and southern states. This has meant that consumer confidence remained high for most of the year and in turn so has the confidence in the residential market. The prestige market performed extremely well with buyers looking to secure quality homes in the blue-chip suburbs. There were some strong sales in Nightcliff, Rapid Creek, Larrakeyah, Fannie Bay and Bayview in the latter months of 2021.

The market strengthened through the early parts of 2021 due to the government stimulus packages aimed directly at the residential property market during that time.

Palmerston dwellings have shown signs of strong performance ending 2021 well with transactions in Quarter 3 jumping a further seven per cent from the previous quarter and the median price reaching $513,000, an increase of 24.4 per cent year on year. Inner Darwin dwellings is another segment performing well as previously touched on with the median price now sitting at $845,000 which is 28 per cent higher than the same time in 2020.

The unit market has shown some of the best signs of recovery. Traditionally it follows the dwelling market as purchasers start to become priced out of the dwelling market. Across Darwin, transactions increased by 89.1 per cent from the previous year and the median price for units is now $390,000 which is a 30 per cent jump from 12 months ago. It should be noted that units have come from a low base but the signs are there for a continued strong market for quality stock.

The rental market has started to show signs that it is flattening, with recent anecdotal reports suggesting that numbers at inspections and applications have declined, while days on market have increased. The rental market is seasonal in Darwin and it not unusual to see this happen at this time of the year. We note that the rental market has seen increases in the order of 20 to 25 per cent over the past 18 months and vacancy rates remain below two per cent.

The market in 2021 has been driven by owner-occupier purchasers. This is different to previous strong markets from 2011 to 2014 with the Inpex boom, when investors dominated activity, especially for CBD units. This shows that people who have moved to the Territory are investing here for the longer term. The steep increase in prices experienced in 2021 seems to be unlikely to continue into the new year with less government incentive programs and tighter lending standards being put onto banks by the APRA. A steady growth is likely to be maintained with the pipeline of future infrastructure projects continuing to drive demand for Territory housing.

Cameron McDonell
Valuer

HERRON TODD WHITE RESIDENTIAL

Australian Capital Territory - 2021 Year in Review

Canberra

In simple terms, Canberra's local economy experienced very limited negative impacts from the pandemic and has seen strong growth and high buyer demand at all levels of the property market.

Since the first quarter of 2021, new housing estates have filled up quickly and demand has remained strong with estates releasing additional stages to accommodate. Along with demand for land comes higher demand for construction. The construction industry has been full-steam ahead apart from the short compulsory COVID-19 ban for construction sites in August.

The COVID-19 delay, buyer demand and building material shortage have caused a backlog, with some builders already booked out for the duration of 2022. We are also witnessing building tenders being valid for much shorter periods due to escalating building material costs.

Mid-year the Canberra property market shifted once again with the year ending in a stronger position than it began. House prices began further increasing and record prices were being recorded in all suburbs across the Territory.

Borrowing refinancing of housing loan commitments were at an all-time high and lending indicators from the Australian Bureau of Statistics stated "the value of refinancing between lenders was 60 p[er cent higher in July 2021 compared to previous year" (ABS 2/9/2021).

With many accumulating more in home equity than their regular household income earnings in the past two years, existing homeowners put this to good use buying investment properties or upgrading or renovating, further squeezing out frustrated first home buyers. As borders gradually re-open, will existing homeowners return to travel and first home buyers who haven't been able to travel or go out for food and entertainment finally be able to get a foot in the door with those savings?

In the closing weeks of 2021, whilst we continue to see a few suburb records broken and auction clearance rates remain high, we are hearing from agents in all areas that there are now fewer registered bidders at each auction than earlier in the year.

Nicole Claughton
Property Valuer

With limited housing stock and still record low interest rates, no one is talking a downturn but perhaps the foot is off the accelerator and feathering the brakes back to a more steady pace.

Tasmania - 2021 Year in Review

Hobart and regional

Well, the predictions from our February 2021 edition were pretty accurate, however no one expected such a rapid increase in house and unit prices. There was still some uncertainty around regarding the pandemic and things now seem to be (relatively) under control in the Apple Isle.

From 15 December 2021, travellers aged 12 years and two months and older, including returning residents, will need to be fully vaccinated for COVID-19 (unless exempt) to enter Tasmania without the need to quarantine.

Travellers who have been in high-risk areas in the 14 days before their arrival in Tasmania will also be required to have returned a negative COVID-19 test within the 72 hours before departure for Tasmania (unless exempt). This testing requirement will not apply to travellers who have been out of Tasmania for fewer than seven days.

What will this bring for the Tasmanian property market is anyone's guess as the virus is more than certain to land on our shores.

Tasmania has been ranked one of the top five places in the world to survive a global collapse in society, according to a British study.

The study, published in the journal Sustainability, found that Tasmania could become recognised as Australia's local refuge (lifeboat) as conditions on the continental mainland may become less amenable to supporting large human populations in the future.

Tasmania has been ranked one of the top five places in the world to survive a global collapse in society, according to a British study.

More and more mainlanders are calling Tasmania home due to its idyllic lifestyle and relatively affordable housing (for now that is).

The Hobart market in particular outperformed most Australian capital cities in terms of growth due primarily to a major supply shortage. Properties are still selling well above the asking prices (normally 10 per cent or more higher in most cases).

The threat of tighter lending criteria and possible interest rate rises may slow the property market in the foreseeable future, however the lack of supply may minimise the impact.

Tasmania's population figure for 2019 was 534,281 and in 2020 was circa 550,000. That's an increase of 15,719 people moving to the state for the two year period. 2022 predictions indicate a 0.6 per cent increase in population. The continued pressure on housing due to ever increasing population growth will always impact housing prices until there is equilibrium between supply and demand.

Most surprising to me is seeing valuations coming across my desk where the property was purchased under 12 months prior and resold for in excess of $150,000 of the initial sale price. In these instances the properties are generally lower priced properties (initially sub-$400,000) and are well sought after due to their lower price point. Finding any dwelling in the Hobart locality under $400,000 is mostly a thing of the past.

With increased prices, yields tighten as weekly rents are not increasing at the pace of the housing market. The investor market may be slowing a little, however there is still the opportunity to make good capital gains should interest rates remain low.

In summary, the Hobart market is still pegged to increase but at what rate is up in the air due to the uncertainty with the borders reopening. I have had conversations with several high profile real estate agents and property developers and their thoughts are that the market will continue to climb across all sectors for the foreseeable future.

Let's wait and see what the future brings.

Mark Davies
Residential Manager

New South Wales - Attached Housing

Sydney

There are a number of attached housing options available through the Sydney region, from studios in the inner suburbs to older and more modern units throughout the city, to townhouses and villas throughout the middle and outer rings, to luxury prestige units in harbour and beachfront localities. In more recent years, the emergence of duplex style properties has seen this type of dwelling become the most prominent new type of housing in many suburbs, particularly in the outer suburbs.

Areas closer to the city tend to have a higher proportion of attached housing as buyers, whether owner-occupiers or investors, look for attached housing in those areas close to services and employment opportunities.

The past 12 months has seen property values increase significantly across Sydney, up by 23.6 per cent according to CoreLogic as at 30 September 2021. Houses have outperformed units in this time, increasing by 25.8 per cent compared to 11.6 per cent over the 12 months. The differential is narrowing however with the month of September seeing a two per cent increase for houses compared to 1.5 per cent for units.

Houses		Units	
Month	2.0%	Month	1.5%
Quarter	6.2%	Quarter	4.6%
YTD	25.8%	YTD	13.1%
Annual	28.9%	Annual	11.6%
Total return	32.2%	Total return	15.3%
Gross yield	2.2%	Gross yield	3.0%
Median value	$1,311,641	Median value	$824,860

Value Increases to 30 September — Source: CoreLogic

With the differential in median values between houses and units at record levels, affordability issues are likely to push more buyers who were potentially looking at detached housing towards units and townhouses. Rents for attached housing are now also starting to rise and this is likely to continue as international borders are opened up, increasing the demand for attached housing international students, workers and new immigrants. These factors are likely to see units continue to perform strongly in the short to medium term, however this could be tempered by any further regulation on borrowing which will restrict a borrower's access to finance.

There are still some over supply issues in certain suburbs which have seen significant new stock of high density apartments in recent years, with rentals struggling in many of these areas too.

Houses have outperformed units in this time, increasing by 25.8 per cent compared to 11.6 per cent over the 12 months.

Combined with an increasing number of buildings with significant defects being reported in the media in recent years, buyers need to be cautious when buying into these complexes, ensuring they do sufficient research into the builder and developer for off the plan purchases, or obtain strata and building reports for existing complexes, which will highlight any known building issues or non-compliant cladding.

Inner Sydney/Eastern Suburbs

Within inner city Sydney, the high-density nature of the area means that the majority of housing options are considered to be attached. These include duplex dwellings, terrace dwellings and a variety of styles of apartments.

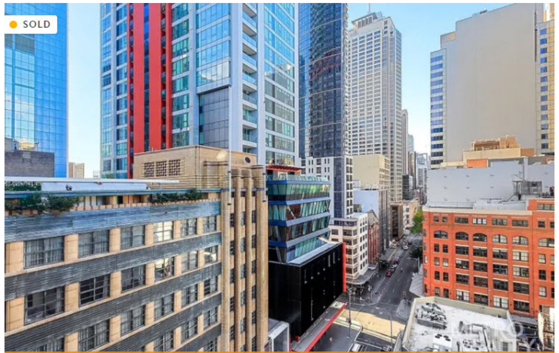
Sydney is fairly concentric in its design, meaning that the density radiates in rings from the CBD. Residential accommodation within the city centre comprises of high-rise unit blocks of varying quality with newly constructed towers growing in height all the time. Recently Crown Casino's 75 level One Barangaroo surpassed Greenland Tower (68 floors) as the tallest residential building in the CBD. Tower heights are limited within the Sydney CBD in order to preserve natural light access to the harbour and Hyde Park as well as not to compromise airport flight paths, however ten per cent leeway is allowed in exceptional circumstances and with airport approval.

The next ring of density radiating from the CBD incorporates inner city areas such as Pyrmont, Surry Hills and Potts Point. These areas comprise a mixture of medium density accommodation, although primarily accommodate unit blocks of three to 20 storeys and a small number of terrace dwellings.

Inner city suburbs such as Woollahra, Annandale and Rosebery accommodate a variety of low-rise (largely three storey) unit blocks and a mixture of attached terrace housing, semi-detached Edwardian style housing and more modern styles of architecture.

Within the CBD, typical investor style one-bedroom units start at $650,000, however even one bedroom apartments can exceed $2 million when located in premium complexes appreciating views.

Basic two-bedroom investor units typically start at around $1 million, such as 30/308 Pitt Street which is a 1995 built two-bedroom, two-bathroom unit with parking that recently sold for $1.18 million.



30/308 Pitt Street, Sydney Source: realestate.com.au

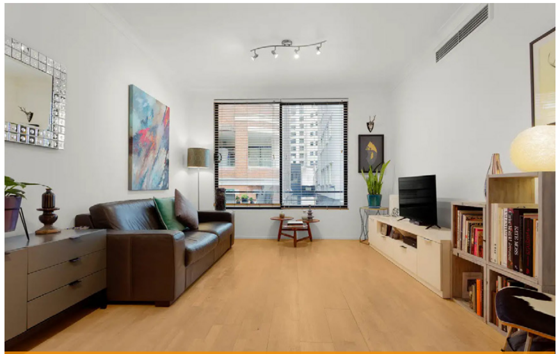
Within the dwelling market, very basic terrace homes on small allotments typically start at $1.2 million, such as 14 McElhone Place in Surry Hills, an 1880 built sandstone one-bedroom, one-bathroom cottage with neat interiors on a 57 square metre block that sold via online auction during a COVID-19 lockdown for $1.34 million. More premium owner-occupier style three-bedroom dwellings often

As a result of these factors, some inner-city apartments present good buying and will provide improved rental returns as the economy re-opens over the next few months.

start at $1.8 million although this can vary widely depending on the area.

Typically, purchases of inner-city properties at the entry level of the market are dominated by investors, although COVID-19 has caused a reduction in investor activity and allowed more room for first home buyers to enter this market segment.

Attached housing is the primary accommodation option within the inner city due to the area's high-density nature. Good buying opportunities currently exist within the inner city unit market due to reduced demand from investors in this market segment. In addition to this, the COVID-19 lockdown has caused some listings to languish on the market, such as 2/37 Forster Street in Surry Hills, which had been on the market for 132 days (as per RP Data - at the time of writing).


2/37 Foster Street, Surry Hills Source: Ray White

Rental returns across the inner city have softened throughout the pandemic due to decreased migration causing a reduction in rental demand. Furthermore inner city tenants are often students or casual workers who have felt a disproportionately harsh financial impact as a result of the pandemic and this has further softened rental demand. Lower rental yields have made many investor properties less attractive and have led to reduced market competition and an increase in good buying opportunities.

As a result of these factors, some inner-city apartments present good buying and will provide improved rental returns as the economy re-opens over the next few months.

It is important to note that some of these investor units (typically one-bedroom and average quality two-bedroom units around the city fringes) currently have soft rental demand and it is therefore worthwhile avoiding highly negatively geared assets and those without scope for improvement, such as the perennially over supplied areas around Green Square.

Supply of new stock within the inner city is fairly limited (with the exception of Green Square) and this will work to an owner's advantage in the future. Areas with strong supply such as Zetland and Green Square will likely experience a softer recovery and longer leasing up times due to the multiple large scale complexes in the area.

For investors, buy something with a point of difference that a tenant would appreciate, whether that is a prime location, lots of natural light or

a courtyard. This will also assist capital growth prospects going forward.

For owner-occupiers, whilst the above point of difference tip can also apply, buy something with good bones that you can improve in time. If it's a house, this could mean a good frontage (width), but a yard that you can improve or the potential to add an attic bedroom.

In the eastern suburbs, there has been increasing demand for units and townhouses in recent months due to a lack of new stock and the strong growth in housing prices. Rents for units and townhouses in the east have started to strengthen in recent months and as international students and visitors start to come into Sydney again, this demand will continue to grow.

At the prestige end, there has been strong growth in prices for premium apartments, which has been particularly evident in harbour side suburbs such as Darling Point, Double Bay and Point Piper. This type of product is particularly popular with downsizers who are taking advantage of high house prices and selling their family home and moving towards easy maintenance alternatives which still provide a good level of accommodation and are close to services, cafes and restaurants.

An example of this is 501/20-26 Cross Street, Double Bay, a newly built three-bedroom, three-bathroom unit with two car spaces, which sold in May for $5.7 million.

501/20-26 Cross Street, Double Bay Source: CoreLogic

Duplex properties have become increasingly popular in the eastern suburbs and while they have been more abundant in the southern suburbs of the region, such as Matraville and Chifley, they are becoming increasingly popular in higher priced suburbs, particularly those constructed to a very high standard.

In Dover Heights, a new three-level duplex unit sold for $6.25 million in May. The duplex, with high end finishes, comprises five bedrooms, four bathrooms and four-car garage and also enjoys good harbour and Harbour Bridge views.

1/43 Hardy Street, Dover Heights Source: realestate.com.au

Urban renewal of older style industrial precincts has played a key role in the development of modern high density neighbourhoods within these suburbs.

Inner West

Across the inner west of Sydney there is a range of attached housing options available including walk-up flats, apartments in higher density medium-rise and high-rise developments, as well as townhouse and villa homes generally with basement parking. In more recent years the area has experienced a rise in modern duplex style developments. These different attached housing options attract a range of different buyers and price points dependent on their locale within the inner-west.

Areas which have seen a rise in higher density, medium to high-rise developments include Burwood, Strathfield, Homebush, Marrickville, Rhodes, Erskineville, Summer Hill, Rozelle, St Peters, Ashfield, Forest Lodge, Glebe and Camperdown. The common trait amongst these suburbs in general are that they are situated close to established transport links, with each suburb having a railway station as well as an established bus network. Urban renewal of older style industrial precincts has played a key role in the development of modern high density neighbourhoods within these suburbs. The redevelopment of Harold Park and Tram Sheds in Forest Lodge, the Ashmore Industrial Precinct in Erskineville, the Wentworth Park development in Glebe, City Quarter precinct in Camperdown and the Balmain Shores development in Rozelle have all attracted the strongest amount of capital growth and interest from home buyers for this type of housing.

Generally, these areas and precincts are attracting younger couples and families who would prefer to live closer to the Sydney CBD but cannot afford to buy a house, as well as downsizers who have recently sold their nearby house. Given this buyer mix, there is less reliance on the investor market. As such, the standard of finishes and quality of construction become stronger key factors given that the buyer is likely to live in the property.

In broad terms a one-bedroom, one-bathroom apartment with a car space can generally sell between $750,000 and $1.2 million across these precincts. For example 108/551 Darling Street, Rozelle sold for $1.18 million on 4 June 2021. It was initially purchased for $1 million on 4 December 2018 via the developer.

108/551 Darling Street, Rozelle Source: realestate.com.au

A caveat to the above has been the recent issues with the Sugarcube development in the Ashmore Precinct in Erskineville. The development remained vacant for over 24 months after completion due to issues with the development and contaminated land. This issue as well as issues surrounding non-compliant cladding are major risk factors when considering a purchase of a higher density apartment. However these areas have remained popular amongst home owners and sales of nearby apartments have suggested a surge in capital growth over the course of the past 12 months. These areas are considered the best prospects for capital growth for high density housing in the inner west over the course of the short to medium term.

Areas where there has been more widespread higher density development including Homebush,

These apartments remain a viable option for first homebuyers and investors given their price points are generally considerably lower in comparison to nearby suburbs in the inner west.

Burwood, Ashfield, Strathfield and Rhodes have attracted more investors and, to a lesser extent, first homebuyers. Given the heightened amount of supply in the development pipeline or recently constructed apartments in these areas, capital growth has broadly been stagnant or losses have been observed. The current COVID-19 pandemic has put downward pressure on rental returns which has been magnified in these areas with larger amounts of supply. As such some of these investment properties have returned poor rental returns along with negative capital growth. These apartments remain a viable option for first homebuyers and investors given their price points are generally considerably lower in comparison to nearby suburbs in the inner west. A recent example is the sale of 107/7 Conder Street, Burwood for $670,000 on 4 May 2021. The property was originally purchased for $695,000 on 6 May 2016 via the developer.

Established areas within the inner-west have a range of townhouse and villa style strata developments, as well as Victorian, Edwardian, and Art Deco style flats and 1960s to 1990s walk-up flats. These developments generally perform stronger than higher density apartments in terms of capital growth, however may have lower gross yields.

During 2021, townhouse and villa style developments have experienced a surge in capital growth. This is mainly attributable to buyers being priced out of the detached housing market and a townhouse being perceived as a better value for money option. Areas such as Annandale, Glebe, Leichhardt and Marrickville have in broad terms seen the price point for a two-bedroom townhouse surge between 20 and 30 per cent over the course of the past ten to twelve months. An example is the sale of 8/67 Pile Street, Marrickville for $1.06 million on 24 April 2021, which comprised a two-bedroom, two-bathroom townhouse with two-car basement garage.

1/50A George Street, Marrickville in a similar nearby townhouse development comprising similar two-bedroom, two-bathroom accommodation with a single car space sold for $1.327 million on 2 October 2021. This indicates a substantial increase within a six-month period which is not dissimilar to the detached housing market. The main risk factor for these older (seven plus year old developments) is whether there are any building defects or structural issues not addressed in earlier years and not covered by the builder's insurance policy or whether there are plans for any capital works to the common areas of these properties.

1/50A George Street, Marrickville Source: realestate.com.au

Finally, duplex developments have seen an increase in construction across the inner-west over the course of the past ten to 15 years. Given most of these developments do not share common property other than a common party wall, their ultra-modern and contemporary design appeal predominantly to downsizers and family buyers. Given their price point in the inner west is generally above $2 million, they are less accessible to first homebuyers and investors.

As the detached housing market in the inner west has experienced record increases in sale prices over the course of the past ten to twelve months, duplexes have also seen strong capital growth rates. Examples of this include the sale of 86 Ingham Avenue, Five Dock which sold for $3 million on 9 September 2021, but previously sold earlier in the year for $2.9 million on 17 April 2021. Additionally, 9 Blackwall Point Road, Chiswick sold for $3.155 million on 30 December 2019. The neighbouring duplex with the same but reverse floor plan sold for $4.7 million on 28 August 2021.

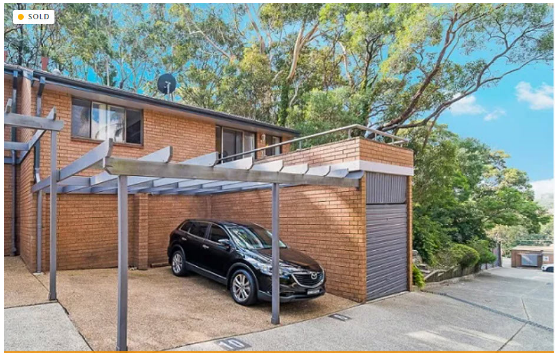
9 and 9A Blackwall Point Road, Chiswick Source: realestate.com.au

Southern Sydney

There are a number of attached housing options available in the Sutherland and St George areas, from older style 1960s units through to modern high-end apartments in suburbs such as Cronulla and Dolls Point, villas and townhouses and more recently atrata and Torrens title duplexes.

In the Sutherland Shire, the majority of one- and two-bedroom units sit within the $500,000 to $1 million price point, however at the upper end, off the plan prestige apartments in Cronulla have been achieving up to $7.5 million, with an amalgamated off the plan unit achieving $10.25 million last year.

Three-bedroom townhouses are popular with young families, as they have minimal maintenance and are an affordable entry level product compared to a detached house, starting around $800,000 to $900,000 in suburbs such as Sutherland, Heathcote and Bangor. An example of a more affordable townhouse is an older style, three-bedroom, one-bathroom townhouse in Sutherland which sold for $777,000 in May.



6/24 Toronto Parade, Sutherland Source: realestate.com.au

Attached housing markets within the St George area mainly comprise medium to high-rise units, attached villas, townhouse and some duplexes.

There is a large variety of housing types and price points, however we have focused on the markets which have started to see an upturn in demand in recent months.

We have noticed significant improvement in the villa market as a result of downsizers looking for a single level floor plan (generally an older demographic) and first home buyers and other buyers who have been priced out of the detached housing market. An example is an original three-bedroom, two-bathroom villa in Brighton-Le Sands which sold in October for $1.29 million.

1/19-23 Moate Avenue, Brighton-Le-Sands Source: CoreLogic

We have also seen some strong sales evidence to suggest that the oversized unit market (both new and old) is strengthening, although perhaps not as fast as the villa market. Buyers of this product are generally those who have missed the opportunity to or cannot afford to purchase a villa, but need or want a space larger than an average size unit.

The best opportunities to capitalise currently are older style villas and units in original condition, particularly those with larger strata areas, with a potential for capital gain or profit after a renovation.

Like other parts of Sydney, buyers should tread carefully with new and near new medium to high-rise developments. As a general rule, ensure that you have researched the developer and any previous developments they have undertaken in the past to gather a level of confidence prior to purchasing.

It may be better to look for smaller scale complexes that are slightly older where any building issues are likely to have emerged already. Regardless, a buyer should obtain and review building and strata reports before buying into a strata complex.

Northern Beaches
Warriewood is a popular suburb for attached housing, providing affordability relative to other nearby suburbs. The area offers a range of options including low density unit and townhouse complexes and is popular with owner-occupiers and more specifically young families.

A recent example is 6 Hastings Street, Warriewood, selling for $2.375 million in October 2021. The sale is of a four-bedroom, two-bathroom, semi-detached townhouse situated in the Sunland Estate. The development was completed circa 2019 and the property previously sold for $1.475 million in 2017. The property would rent for approximately $1,300 per week reflecting a 2.85 per cent yield.

6 Hastings Street, Warriewood   Source: realestate.com.au

Alternatively, three-bedroom units are available in the Oceanvale Complex for circa $1.4 million. A recent example is 137/6 Firetail Drive, Warriewood selling for $1.46 million in September 2021. The sale is of a circa 2014 three-bedroom, two-bathroom unit with two car spaces. The development provides popular common facilities including a pool, gym, sauna, spa, BBQ area and playground and would rent for approximately $900 per week, reflecting a 3.2 per cent yield.

Two-bedroom units are available for circa $1.1 million to $1.3 million depending on floor level and internal size. A recent example would include 12/79-91 MacPherson Street, Warriewood, selling for $1.3 million in September 2021. The unit is also located in the Oceanvale Complex and is a two-bedroom, two-bathroom ground floor unit with two tandem car spaces. The sale price is quite an increase from the previous sale of $940,000 in 2018 and the unit would rent for around $780 per week, reflecting a 3.1 per cent yield.

North Shore
The North Shore market has not seen the same explosion in dual occupancy development as experienced in other parts of Sydney. The predominant reason for this is stricter council requirements regarding this form of development and also the vast amount of property situated within a heritage precinct, greatly increasing construction restrictions.

Attached housing on the Upper North Shore continues to be in the form of medium to high density unit development. Examples of this type of development can be seen all along the Pacific Highway and although supply has caught up with demand in recent times, we are expecting to see a lift in this sector in the near future. This sector of the market is typically buoyed by immigration and international students, both of which are expected to return as Australian borders re-open in coming months.

The Lower North Shore attached housing market is made up of a mix of unit development styles, although there is currently very strong demand for lower density, boutique style complexes. This demand is driven by the prominent downsizer market within these suburbs, ideally wanting to stay in the area where they have sold their family home. A prime example of this is the Colinda development currently under construction in the suburb of Neutral Bay. This architecturally designed, high quality development comprises only seven units and is targeted at the downsizer sector of the market as well as professionals.

Colinda - 5 Colinda Avenue, Neutral Bay   Source: Domain.com.au

As an example of booming dual occupancy duplex development, property located within the City of Ryde LGA is undergoing a transformation due to recently relaxed requirements. Property zoned R2 Low Density Residential now only requires a 15 metre frontage with a minimum land area of 580 square metres, a relaxation from the previous 20 metre frontage requirement. This has meant that thousands of properties are now eligible for development, already resulting in an influx of construction activity. The suburb of Putney within the City of Ryde LGA has seen multiple high-quality duplexes being constructed. 100A and 100B Charles Street, Putney, sold in June 2021 and May 2021 respectively, with both residences comprising four-bedroom, three-bathroom accommodation and high-quality finishes.

With the demand for this style of property currently very high, we expect to see continued high levels of dual occupancy development within the City of Ryde LGA in coming years.


100A and 100B Charles Street, Putney Source: realestate.com.au

Western Sydney

Much of the media reporting in the past 12 months has been on the strong conditions benefiting the detached dwelling market. The strong conditions for houses has gone beyond many buyers' price range and as a result they are turning to attached dwellings such as duplexes, townhouses and units.

The major draw card for these assets is price point; typically an attached property such as a duplex or townhouse is a smaller dwelling on a smaller parcel, with a unit being even smaller still. This generally permits a lower entry point for buyers as opposed to buying a detached house in the same area.

Western Sydney has a plethora of attached and semi-detached housing options. New estates have listened to the market and you will see a number of attached terrace style houses amongst the traditional detached dwellings in subdivisions far removed from the traditional terrace areas of inner Sydney.

Smaller blocks mean more manageable yards and properties with three or four bedrooms allow young families to get a start on the property ladder and not need to relocate if another baby joins the family.

In Marsden Park you can find a three-bedroom attached dwelling for just under $800,000 with four-bedroom attached dwellings starting from $820,000.

A more affordable property is recently sold 65 Northbourne Road, Marsden Park for $685,000. This attached terrace style dwelling provides two bedrooms and one bathroom and is improved upon 166 square metres of land. This is a great alternative to a unit and provides a small yard with a single garage accessed via a rear laneway.


65 Northbourne Drive, Marsden Park Source: realestate.com.au - Century 21

Our tip is to stick to the property fundamentals: buy in the best location you can afford and watch out for less desirable locations such as busy roads or near high voltage powerlines. The attached dwelling market, including units, has a higher level of investor participation as well. Keep that in mind as if the property market has a sharp correction, these are the first assets to be offloaded and if a few are on the market during a correction, prices will be impacted.

South-Western Sydney

The south-west region has historically been dominated by single detached housing, however the continuous increase in house prices has made this unrealistic for many families.

Attached housing in south-western Sydney is filling the $700,000 to $850,000 void. At this price point it appeals to both the owner-occupier and investor markets due to its competitive price point and stable rental demand. The supply of attached style properties is increasing given the opportunities created by the Low Rise Housing Diversity Code, the need for affordable housing, as well as further land releases and rezoning associated within the Western Sydney Growth Areas.

28B Pennyroyal Boulevarde Source: realestate.com.au

The south-west region has historically been dominated by single detached housing, however the continuous increase in house prices has made this unrealistic for many families.

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The last property cycle saw a much larger appetite for apartments than attached housing. This time around however, without immigration due to COVID, growth has been driven primarily from owner-occupier millennial families who are staying clear of unit living given their need for more space and the bad taste left by some recent headlines about high-rise apartments.

Developers have really catered to this market by offering an array of affordable living which includes three or four bedrooms, work from home spaces and community living.

South-western Sydney has some of the smallest minimum lot size requirements across greater Sydney with dwellings being built on parcels as small as 150 square metres. This has provided both owner-occupiers and investors opportunities to build more than one dwelling to supplement their mortgage repayments and create an additional income stream. Additionally, while house prices have increased dramatically, some areas within south-west Sydney remain some of the more affordable areas within the Sydney metro area. New land release areas such as Edmondson Park, Leppington and Glenfield offer opportunities for first home buyers with government incentives, while areas such as Miller, Busby and Leumeah, once frowned upon, are now slowly being gentrified.

Shaun Thomas
Director

Lismore/Casino/Kyogle

One wise man once said (adapted with poetic licence):

"Do you know what nightmares are, son? They are dreams with the wrong ingredients. Change the ingredients, change the dream.... then realise that dream" (Yellowstone ranch owner and family patriarch, John Dutton).

In summary, attached housing provides a real opportunity for the property investor looking for a reasonable rate of return in a low interest rate environment.

For some, the current market activity, or should I say the explosion in market activity, that has occurred in the Northern Rivers (including Lismore, Casino and Kyogle) is a nightmare. The ability to secure a unit, dwelling or rural residential property is becoming increasingly difficult with limited listings and galloping price levels.

In terms of ingredients, we note that whilst there has been almost frenetic activity in the real estate market, prospective purchasers and property owners looking to refinance have engaged in bank hopping due to favourable fixed and variable interest rate deals on offer between lenders duelling for new clients. Change the loan ingredients, realise your dreams!

However, what opportunities exist? Admittedly, for the first home buyer, it appears the entry price point is forever moving upwards. Even with record low interest rates and for prospective property owners who tick all the lender's boxes, the scarcity of residential dwellings under $450,000 in Lismore City is very real. Even the flood-prone suburbs of South Lismore and North Lismore are recording sale prices in excess of $500,000. Two years ago, this would have been considered unthinkable.

It appears the best bet for the more conservative first home buyer is the humble (and very original) two-bedroom, one-bathroom attached unit with a carport or, if you're lucky, maybe a lock-up garage. There are a precious few for under $300,000... but be quick if you find one!

For the high-net-worth property investor, the lure of the block of flats or units is proving to be a flavour of the month scenario. Disappointed with the very low interest rates for term deposits or secure cash bank deposits which offer a monthly return barely enough to purchase half a custard apple from a roadside stall, investors are looking for alternatives (other than shares) that provide a reasonable and safe rate of return, particularly if they have a lazy $1 million to stash somewhere.

Cue Ode to Joy and a saviour is found in the form of a block of flats. This is found to be the case in regional towns such as Casino and Kyogle and the main regional city of Lismore.

An analysis of a handful of sales indicates net yield returns in the order of four to five per cent per annum. Further east towards the coastal locations of Alstonville and Ballina, these net yields tend to sharpen to around three to four per cent.

For example, a block of four two-bedroom, one-bathroom, high set flats in East Lismore sold for $910,000 for a net yield of around 4.5 per cent per annum. Even in the Beef Capital of New South Wales, Casino has on offer three blocks of flats offering gross yields (net yield unknown) in the vicinity of six per cent per annum. Not bad coin considering other limited investment opportunities available.

If they're fortunate enough to obtain an original block of flats, with a bit of targeted renovation to the kitchen and bathroom areas and some cosmetic attention to floor coverings, the property investor can see rental levels increase. This is aided by the already strengthening demand in rental accommodation in this region.

Even better, if the block of flats is designed in such way to allow strata subdivision, then the creation of separate titles could pave the way for some capital gain and the ability to improve security for lending finance on individual titles. One example is a block of three flats in Queensland Road, Casino which sold for $575,000 in July 2021. Each two-bedroom, one-bathroom, single carport, attached original residential unit analysed to $192,00 per unit (as rounded) with an expected rental of $250 per week each.

Detached or attached dual occupancies on a single lot with separate driveway access to each unit have also been relatively popular in new residential estates as it not only provides an additional revenue stream as opposed to just plonking a large house on the site BUT also the potential to strata subdivide and create two separately saleable properties. There is also the double-whammy effect of securing depreciation allowances for a new build. That is likely to whet the appetite for the savvy property investor.

In summary, attached housing provides a real opportunity for the property investor looking for a reasonable rate of return in a low interest rate environment. Depending on availability of stock, the humble unit can be an effective stepping stone for the first home buyer rather than pushing the outer limits of buying land and building new.

Vaughan Bell
Property Valuer

Byron

The Byron Shire, broadly speaking, presents a limited range of attached housing styles to the market. Most strata titled property in the area is attached duplex or villa developments and detached dwellings contained within community titled developments or subdivided residential lots.

There are a limited number of low-rise walk-up unit developments, however these are in the minority in older, more closely settled locations. Some of these unit buildings are situated near the beaches and shopping centre of Byron Bay and sell in the range of $1.5 million to $5 million depending on age, views, size and quality.

Within the duplex and villa market of the Byron Shire there is a wide range of price points from average quality units priced in the $750,000 to $1 million range at the affordable entry level end of the market that is well suited to investors and first home buyers, right up to high end villas in the beachside and central streets of Byron Bay attracting high net worth buyers in the $5 million price range.

Recent examples of entry level villas are a two-bedroom, one-bathroom attached townhouse at 1-3 Sunrise Boulevarde, Byron Bay which sold in July 2021 for $865,000 or a freestanding villa at 21 Balemo Drive, Ocean Shores with three bedrooms and two bathrooms that sold in June 2021 for $830,000. At the opposite end of the market is a renovated detached dwelling on a strata titled lot at 69 Kingsley Street, Byron Bay which sold in May 2021 for $3.965 million and contained five bedrooms and five bathrooms.

Given the lack of new subdivisions in the shire, many developers have had to become creative in recent years to develop property. This has included utilising suitably sized existing land improved by older dwellings that can be either demolished or if suitably positioned on the land, renovated as part of a duplex or villa development. Many centrally positioned lots in the older parts of Byron Bay, Brunswick Heads and Mullumbimby are blessed with suitably sized lots with the added benefit of rear lane access. These lanes, originally reserved for the use of the night soil collectors (look it up if you want to), give developers the ability to more easily subdivide or strata title new developments. This benefits these older town centres by a process of controlled urban renewal as well as increasing the available stock levels of housing in an attempt to satisfy the insatiable appetite of buyers for real estate in the Byron Shire.

Mark Lackey
Property Valuer

Clarence Valley

Within the Clarence Valley the options for attached housing consist of smaller duplex pair residences located mainly around the Grafton country area, mid-size villa or unit complexes in most towns and medium density units mostly located in Yamba on the coast. Yamba is a known holiday destination and these type of unit holiday complexes typically benefit from good occupancy levels however due to the COVID situation, of late these numbers have been negatively impacted. Low end units within Grafton sell for around $200,000 for basic two-bedroom, one-bathroom accommodation. In Yamba, high end units with ocean views comprising

In Yamba, with summer holidays around the corner, well located Yamba Hill units are readily purchased to be holiday let.

three-bedroom, two-bathroom accommodation in managed complexes sell for around $1 million. Good demand is coming from investors seeking low maintenance brick and tile on-ground or low set units close to Grafton CBD for renting. In Yamba, with summer holidays around the corner, well located Yamba Hill units are readily purchased to be holiday let. Again, mostly investors drive this market.

Buyers can expect consistent returns with an apparent shortage of housing and also the Clarence Valley being seen as a cheaper alternative to areas north around Byron and Ballina and south around Coffs Harbour. Supply remains an issue in these COVID times where there is so much demand driven by low interest rates. In Yamba there is a large seniors complex currently under development expected to sell readily due to the sought after location and current strong market conditions. When buying attached housing, low maintenance and ideally in a good location close to the CBD or main hubs are best to ensure good returns and capital growth.

Simon Evans
Property Valuer

Coffs Harbour

Attached housing on the Coffs Coast is not concentrated to a specific type or location but rather, as is typical of regional areas, covers the entire spectrum from duplex to high rise units. The least amount of available product would be medium to high rise units with only several complexes constructed within Coffs Harbour which range in size from five to 19 storeys. Unit configurations within these complexes are generally two or three bedrooms with typical penthouse and sub penthouse style units. The more modern complex (built after 2013) also comprises several one-bedroom units. Depending on the complex and associated views, we see price points for one-bedroom units around $350,000 to $450,000, two-bedroom from $650,000 to $900,000, three-bedroom from $900,000 to $1.3 million and the more upmarket or penthouse style units $1.3 million to $2 million. There is not a specific buyer profile for these units rather ranging from retirees to holiday unit investors and home occupiers looking to change their lifestyles.

We have seen a distinct trend in construction over the past 12 months for duplex buildings and dual occupancy properties.

The most common units would be the duplex, villa and townhouse product which is commonly built throughout the region and a reflection of the geography of the area and zoning constraints. In recent years we have seen numerous townhouse complexes constructed throughout the Park Beach and Jetty locations, ranging from the smaller three-bedroom, 1.5 bathroom, single garage to larger four-bedroom, two-bathroom, double garage units. General price points here range from $550,000 to $800,000 with the more upmarket units in prime locations (The Jetty and Sawtell) selling from $750,000 to $1.5 million.

Entry level product is the semi modern unit (1980 to 1995 vintage) typically located in the suburbs providing average two to three-bedroom accommodation with single garage or carport. Price points range from $350,000 to $650,000. With the current strong market conditions and rapidly rising property prices, this section of the market is fast becoming the domain of the first homebuyer who is priced out of the traditional house and land product.

We have seen a distinct trend in construction over the past 12 months for duplex buildings and dual occupancy properties. These have become very popular with the investor market and home occupiers looking to have a secondary rental income. Typically these are modern builds with prices starting at $700,000 to $1 million, although with the scarcity of vacant land for sale, the option to build is greatly restricted.

The development of units within the Coffs Coast region is restricted by the available land with the zoning capability to allow for higher density development. Typically, we will see infill style developments throughout the suburbs. These will require demolition of older style homes on single sites and are suited to the low-rise villa or townhouse product whilst the opportunity to find sites which will accommodate medium to high-rise developments is much more difficult and often requires years to amalgamate.

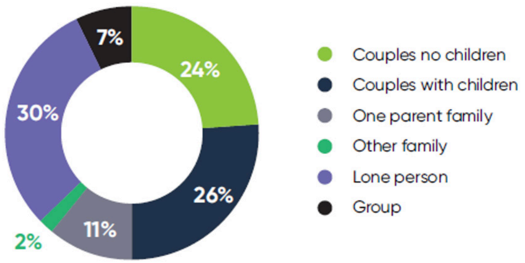
No matter what type of attached housing you are interested in, there is only positivity in the market. With limited supply and ever increasing demand in the region coupled with tightening rental vacancies, medium to long term capital gains are assured with the benefit of a strengthening rental return.

Grant Oxenford
Property Valuer

Hunter Valley /Newcastle

In the home ownership world, detached houses reign as king, but this is changing. As per CommSec data in 2010, only 27 per cent of dwellings being built were apartments. Fast track ten years later and that number accounts for 46 per cent. Combine this with the consistent increase in approvals for townhouses in New South Wales since 2011 (as per ABS data) and you start to see a slight shift in appetite for homeowners towards that of attachment.

In the Hunter region, unit development is dominated by the Newcastle and Lake Macquarie LGAs. Anywhere you have a business centre and water you will find apartment buildings being developed and rented. The higher proportion of young people and elderly in Newcastle also plays a part. These population groups do not prioritise detached dwellings as much as the family unit does. As shown in the figure below, 61 per cent of households do not have children. In terms of supply of units, the current stock is in a state of oversupply which can lead to higher chances of vacancy rates and thus reduced returns on investment.



Source: Newcastle Local Housing Strategy 2020

Newcastle also has a healthy supply of semi-detached dwellings. Townhouses dominate the semi-detached market as they provide some aspects of a detached home without the price tag. Having access to a private backyard and a built-in garage or off-street parking is a good in-between for those who dislike the unit idea but are priced out of the detached market. As shown by the table below, historic areas such as Cooks Hill and The Hill have higher percentages of attached housing with

Table 4: Housing stock in the Newcastle LGA, by community profile area (2016)

Area	No. dwellings	Detached	Attached (1-2)	Attached (3+)
Newcastle-Newcastle East-Newcastle West	2,913	4%	18%	78%
The Hill	1,150	12%	48%	39%
Cooks Hill	2,009	19%	59%	22%
Bar Beach-The Junction	1,100	34%	42%	24%
Maryville-Wickham	1,358	47%	39%	9%
Jesmond	1,269	47%	41%	12%
Hamilton	2,083	58%	34%	4%
Hamilton South-Hamilton East	2,376	59%	20%	21%
Carrington	981	62%	35%	3%
Merewether-Merewether Heights	5,521	63%	28%	9%
Adamstown	2,681	67%	28%	5%
Georgetown-Waratah	2,995	68%	28%	4%
Islington-Tighes Hill	1,726	71%	26%	3%
Mayfield West-Warabrook	1,630	72%	28%	0%
Broadmeadow-Hamilton North	1,249	73%	24%	3%
Lambton	2,227	74%	25%	1%
Mayfield-Mayfield East	5,217	75%	24%	1%
Shortland-Sandgate	1,815	78%	21%	1%
Stockton	1,820	79%	18%	1%
Wallsend	5,538	79%	20%	1%
New Lambton-New Lambton Heights	4,776	80%	19%	1%
Birmingham Gardens-Callaghan	984	82%	14%	4%
Elermore Vale-Rankin Park	2,760	83%	17%	0%
North Lambton	1,411	85%	15%	0%
Waratah West	1,144	89%	10%	1%
Kotara	1,700	90%	10%	0%
Beresfield-Tarro-NER	2,406	91%	7%	2%
Maryland	2,838	92%	8%	0%
Adamstown Heights	1,718	96.5%	3.2%	0.2%
Fletcher-Minmi	1,850	98%	2%	0%

Source: Newcastle Local Housing Strategy 2020

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the availability of historic terraces. Additionally, areas such as Carrington with limited land also have higher percentages.

If we go further out into outer Newcastle and Maitland LGAs, we start to see more duplexes, villas and townhouses. In newer estates such as in the Fletcher, Farley and Gillieston Heights areas, these developments are more sought after with bigger lot sizes and healthy returns. We are seeing returns in the realm of five to seven per cent for these multiple occupancy developments.

In terms of opportunity, bigger block sizes are more and more being redeveloped into multi-dwelling sites such as a row of townhouses or duplexes. An increase in population fuelled by the immigration of Sydney buyers during the lockdown period has sparked this development demand. Previously, 900 to 1,200 square metre blocks were bought to extend older dwellings, adding a bathroom and fourth or fifth bedroom. Now they are adding a second dwelling with private access or knocking down and rebuilding two or three townhouses. This in turn has driven the value of land with development potential through the roof.

If we are to forecast, the two drivers of demand for attached dwellings, prices for detached dwellings and population density, only seem to be increasing. These two drivers will push buyers into the attached market and developments that can provide a slice of the house and backyard dream will fare best.

Darren Sims
Property Valuer

Central Coast

If you've lived on the east coast of Australia at this time of the year, you'd be accustomed to the days becoming longer, allowing the opportunity to soak up the sunshine after the daily grind at work. On the Central Coast, many spend the hours after knock off going for walks and bike rides along our bays and lakes or frolicing at one of our beaches located along our endless stretch of coastline. It's a time when we start to thaw out after the winter chills.

However, we are all very different and for some, leisure time in our busy daily lives can be hard to find and that is where the attraction to attached housing starts. If we plan to account for leisure in our daily lives then it's likely we need to drop what is less important to us. Putting a wash of clothes on, cleaning the kitchen, vacuuming the floors, making the bed – these things are considered necessary if leading a well-organised domesticated life. What's not so necessary could be mowing the lawns, cleaning the pool, maintaining the garden or pressure washing hardstand surfaces. These things can be avoided by living in an attached housing complex.

The residential property market in the Gosford area is predominantly a mixture of low to medium rise (up to 20 storeys) unit complexes. The residential unit development market is a common commodity within the area with the first initial unit complexes built in the late circa 1960s. These complexes were typically two to three storey walk up complexes which remain standing today. In recent times we have seen numerous developments ranging in size from 20 to 150 residential units constructed. Ravello, a 40 residential unit complex located on Masons Parade, is nearing completion of construction with its own website announcing "move in 2021". All units were snapped up quickly in the pre commencement stage with final sale prices undisclosed. We are in readiness to receive instructions from lenders to assist in the settlement process, with the likely possibility that some units will be resold shortly afterwards to capitalise on the strong market conditions. It will be of great interest as this complex is set to be regarded as one of the most appealing unit complexes in the Gosford waterfront area.

At the same time, the increased unit development market in Gosford is creating its own challenges with supply and demand issues contracting overall growth in the market. Buyers looking at units in Gosford, whether as owner-occupiers or investors, should complete their own due diligence and ensure owners corporation minutes are in check with sinking funds adequate to overcome any future unforeseen repairs or capital improvements required.

An alternative to densely attached housing options is dual occupancy living in one of the quieter, free standing dwelling dominated residential suburbs. Although not as common as villa or townhouse developments generally seen in East Gosford or Terrigal, scattered throughout the Central Coast are new home builds emerging with dual living at the forefront of design, matched with the flexibility to either house your in-laws or rent out and gain

As we move closer to the limits of affordability in our region, these innovative home designs are allowing the opportunity to gain an income stream or assist family members in ways that may not have previously been possible.

an additional income stream. Home builders have successfully configured dual floor plans under the main roof of the dwelling. We are seeing new home buyers elect a three or four-bedroom, two-bathroom layout set over approximately 130 to 180 square metres with a separate semi-detached two-bedroom, one-bathroom configured floor plan over 60 square metres, each with its own separate garaging. Depending on town planning controls, we have seen some separately subdivided, however most are owned on a single Torrens title lot.

As we move closer to the limits of affordability in our region, these innovative home designs are allowing the opportunity to gain an income stream or assist family members in ways that may not have previously been possible.

In the southern area of the Central Coast, the Peninsula region offers a range of attached housing options. While these were previously considered to be less desirable than a detached house, the price point has since increased to the point that they can be considered an entry level product for first home buyers.

The sale of 1/291 Ocean Beach Road, Umina Beach is an example of this price growth. This property is a two-bedroom, one-bathroom villa which previously sold in April 2019 for $370,000. After some minor improvements to the property, it re-sold in September for $617,500 (unsettled, as per RP Data).

This is a strong result considering that attached housing options typically don't achieve the same rate of capital growth as detached housing. This property is now being listed for rent for $480 per week, so it may prove to be a savvy investment with a yield of approximately four per cent for the purchaser.

At the other end of the market, there are various unit complexes in the area offering water views across various price points. These may typically appeal to those looking to downsize with a little more money to spend. An example at the higher end of the market is at 208/47-49 The Esplanade, Ettalong Beach. This is a two-bedroom, two-bathroom modern unit offering water and ocean views, which recently sold for $1.285 million (source: realestate.com.au).

208/47-49 The Esplanade, Ettalong Beach Source: realestate.com.au

Due to the increased demand in the area, there is also an increase in developers purchasing land improved with an older dwelling to demolish and develop into attached housing such as townhouses and villas. It's important to research the developer completing these projects, i.e. are they local or out of the area and what is the quality of the construction?

A recent example of a development of this nature is at 50 Webb Road, Booker Bay. This property sold in early 2020 for $800,000 as a 626 square metre block improved with an older dwelling. The property was developed into two townhouses, both of which were sold off the plan (i.e. prior to construction) in May 2021 for $1.35 million and $1.45 million.

When we venture to the northern suburbs of the Central Coast, we find many new growth development areas which are less densely populated compared to the coastal and central areas. Given this, suburbs such as Hamlyn Terrace, Wyee and Woongarrah are blossoming with new detached Torrens titled residential dwellings, as there just isn't the need in these areas yet to maximise space and build up. You will however find some older style villas and townhouses around Gorokan and the occasional semi-detached Torrens titled duplex property but they are few and far between.

Let's look at The Entrance for example which has always had potential for growth. The suburb is dominated by retail shopping, eateries and has a large supply of attached housing, predominantly low to medium rise unit complexes. Although fairly distant from train stations and the M1 Motorway, The Entrance is viewed by many as a holiday destination but has appeal to both the investor and owner-occupier markets. It's perfect for those looking for a waterside lifestyle change, given the continuing inflated values of other nearby coastal suburbs such as Bateau Bay, Blue Bay and Forrester's Beach which are short in supply in affordable attached alternatives. At the time of writing as sourced through realestate.com.au, the median unit value of The Entrance is $527,500 while just south down the road, the median value of units in Bateau Bay is $708,000, Blue Bay $829,500 and Forrester's Beach $768,000. Admittedly, the attached stock in these other suburbs is mostly made up of more valuable villas and townhouses. The Entrance therefore offers a cheaper alternative for those seeking proximity to the water.

If you ever wanted to lock up and convert your unit to an investment property, there's that flexibility at

The Entrance containing many short and long term stay rentals. In saying this, it could mean rental competition and possible issues if the investor market were to take a turn. Therefore, it may be beneficial when shopping around for units to locate properties that stand out from the crowd. Think substantial common improvements and features (eg. pools or gyms), water views or even a location just that little bit closer to the foreshore. Features such as these will be more appealing for short stay holiday makers.

Todd Beckman
Valuer

Illawarra

With property prices skyrocketing in the Illawarra, buyers are having to make compromises. Whilst the dream may have been to own a freestanding home on a decent block of land, the reality may now be that something smaller is the only property type available within budget. There has been a steady increase in the supply of infill residential housing in the Illawarra in recent years. Not only are there units in the CBD and other town centres such as Corrimal, Dapto and Shellharbour, but there are villas, townhouses and duplexes being built and sold all throughout the region.

In older established residential suburbs, larger blocks are being utilised to be rebuilt with duplex pairs or townhouses. While they can be more affordable than existing homes, new duplex dwellings can still command a decent price in the northern suburbs. Recent sales include $1.86 million on Jardine Street, Bulli, $2.875 million on Henley Road in Thirroul and $1.43 million on Pioneer Road, East Corrimal.

New residential subdivisions are also commonly offering attached or semi-detached options to purchasers. The Brickworks in Bulli is one example that has flourished and recent semi-detached sales have been between $1 million and $1.15 million. Other attached developments include Shell Cove where a two-bedroom, two-bathroom semi-detached dwelling on Anchorage Parade has just re-sold for $1.11 million.

New land releases can offer duplex development opportunities to purchasers of land. Anyone who has driven down Saddleback Crescent in Kembla Grange, Upland Chase in Albion Park or the new areas of Dunmore will be exposed to duplex after duplex. They might not be the preferred option for many, but attached housing is one way of creating more housing opportunities in our part of the world which is currently experiencing high demand.

Chris McKenna
Region Director

Nowra / Shoalhaven

As all sectors of the Shoalhaven property market continue to rise in price due to the limited supply of properties on the market and the positive effects of the COVID-19 pandemic on market values, so too has the demand for attached housing. Some types of attached housing, for instance duplex developments, in the Shoalhaven region are viewed as a cheaper way for first homeowners in particular to enter the market as this type of property generally sells for less than free standing dwellings with the added benefit of purchasing a new dwelling. At the same time, developers also see it as a way for a quick sale or as a good investment on rental returns.

Over the past six to twelve months, there has been an increase in duplex developments in the Shoalhaven region. This is particularly the case in suburbs such as Sanctuary Point, St Georges Basin, Vincentia (Bayswood Estate), Culburra Beach and South Nowra. These duplex developments can either be strata or Torrens titled and generally comprise three-bedroom, two-bathroom and one-car garage dwellings with a land or strata area of approximately 325 square metres. Some recent sales in Nadine Street, Sanctuary Point have been in the $600,000 to $650,000 price bracket, while a property at Halloran Street, Vincentia sold for $620,000 in April this year.

A different type of attached housing is evident in the suburb of Huskisson. Huskisson has seen an increase in high rise residential unit developments taking place in the past six to 18 months. This is mainly due to certain pockets of the suburb being zoned either Medium Density Residential (R3) or Mixed Use (B4) and which are generally situated on large allotments over 1,000 square metres. This zoning and land size meets the requirements for this type of development and most importantly also meets the appetite of potential purchasers seeking residential units in the suburb of Huskisson. Agents are advising of strong sale results in high rise residential development complexes in Huskisson. According to realestate.com.au, a two-bedroom, two-bathroom residential unit with basement parking in Hawke Street sold in October this year for $1.05 million off the plan.

Joshua Devitt
Director Valuer

With property prices skyrocketing in the Illawarra, buyers are having to make compromises.

This has resulted in younger people seeking some of these styles of dwellings as an alternative entry level purchase, as they have been priced out of the traditional first home buyer's market.

Southern Highlands

Attached housing in the Southern Highlands has typically been a market driven by downsizers and has generally always appealed to the older demographic of the region. Over the past two years, this has certainly had a slight shake up, as the traditional larger freestanding or detached houses have accelerated in value. This has resulted in younger people seeking some of these styles of dwellings as an alternative entry level purchase, as they have been priced out of the traditional first home buyer's market.

The region rarely sees apartment style complexes being built and the ones that have been built have commonly been harder to sell and lease, as a large portion of tree changers have left more populated urban centres with medium or high-density apartment complexes to come to a regional area for added space. As such these apartments rarely meet tenants' or purchasers' wants when it comes to regional living. The villa and townhouse market is generally fairly buoyant in the local area as they offer yards and reasonable space for purchasers. The best performing villa and townhouse complexes within the local hubs of Moss Vale, Bowral and Mittagong usually consist of a higher level of finish and offer well-presented gardens and common areas. This is again generally driven by the downsizer markets, whether local or from Sydney, who are typically quite well off and as such demand a good quality product.

Kurt Bismire
Valuer

Tamworth

Tamworth is currently experiencing firming residential markets across most market segments. Within a firming market there are a number of indicators that suggest available housing and unit accommodation is decreasing. This has accelerated new home construction and further development of single dwelling property. There is anecdotal evidence to suggest that attached duplex style dwelling and unit accommodation is growing in popularity within the country music capital.

Typically attached housing has been dominated by the investor market. Common developments are single storey duplex pair development with mirrored floor plans. Whilst this style is still prominent in the area, a more recent trend we're seeing is a primary (main) dwelling with attached (secondary) granny flat or annexure. Both styles of development are encouraging families with semi-dependent extended family, downsizers or short to medium term renters. These buyers are mainly looking for new construction, privacy, low maintenance and close proximity to schools, Tamworth Base hospital and Tamworth CBD.

A growing acceptance for smaller, pragmatic floor areas with low maintenance style property is particularly popular in the suburbs of North Tamworth, which has the benefit of having the majority of the health and wellbeing infrastructure, including Tamworth Base Hospital, medical centres and allied health practitioners. Recent transactions of modern style attached duplex style dwellings within North Tamworth range from $350,000 up to $430,000. Rental amounts have firmed within the past four to six months with most attached dwellings with three-bedroom, two-bathroom accommodation renting from $370 per week up to $430 per week.

With markets expected to continue to rise, there is some buyer opportunity in some new property nearing completion, as new home construction within Tamworth continues to be highly active. North of Tamworth CBD, areas such as North Tamworth and Moore Creek are the preferred locations for higher density residential property (such as duplex accommodation). Areas in Calala and Hillvue to the south of Tamworth CBD display some opportunity for buyers or investors in development of residential estates where allowed. Due to limited stock and increased buyer demand, selling prices have continued to compact, with most well priced listings selling within four weeks of listing dates.

Nick Humphries
Property Valuer

Victoria - Attached Housing

Melbourne

Attached housing is common across Melbourne's real estate market, with apartments, townhouses, units and duplexes all appealing to both investors and owner-occupiers. They offer people, particularly first-timers and downsizers, the opportunity to enter the market at slightly more affordable prices than traditional detached dwellings.

Attached properties also provide owners of larger lots an opportunity to create wealth, as subdivision and the development of townhouse duplexes are becoming a common occurrence throughout the city. As we transition out of what will hopefully be our last lockdown, we will see people start to move back to the city looking to rent these types of properties. This should provide investors the opportunity to gain stable cash flow as Melbourne returns to something like normality.

Melbourne CBD and Inner City

The number of attached residences and duplexes in the Melbourne CBD is restricted to a limited number of adjoined apartments within quality high-rise complexes. These unique properties give the owner the opportunity to occupy, let out, or a mixture of both, as a shared door can create a single larger dwelling or two separate units.

The remaining residential property market of the metropolitan area is generally made up of large-scale apartment complexes, many of which provide shared common spaces. Due to the scarce availability of land in the city, renters and owners are forced to utilise shared common property such as rooftop areas, gyms and swimming pools.

This one-bedroom Southbank apartment was sold on 14 October 2021. As well as providing its own study and outdoor terrace, occupiers will be able to enjoy a shared rooftop BBQ area, cinema, gymnasium and lap pool.

SOLD - 405/56 Dorcas Street, Southbank Source: realestate.com.au

Although there are many appealing properties similar to this in Melbourne's CBD, many owners and investors are looking away from the city amidst the COVID-19 pandemic and ongoing lockdowns. This is shown in the recent drop in prices, rents and high vacancy rates.

Currently, the price point for inner-city apartments is very broad. Basic one-bedroom units can be purchased for low $300,000s whilst some elite apartments and townhouses have been seen to reach seven figures.

South-east

Due to the strong market condition and high land prices of Melbourne's bayside and Mornington Peninsula, some owner-occupiers and investors are looking to develop their blocks of land with multiple dwellings in order to create value and profit and not be under-utilised.

We have seen an increasing number of duplex townhouses in many south-east suburbs. These provide buyers with a large dwelling at a much more affordable price than an ordinary house on its own land. These properties do provide a sense of uniqueness as the majority of units and attached dwellings are positioned much closer to the CBD.

The following adjoining townhouse recently sold in the middle suburb of Oakleigh East at $860,000. The property boasts four bedrooms, three bathrooms, a single garage and yardage in a suburb where the median price for a four-bedroom dwelling is $1.1 million (realestate.com.au).

SOLD (3 Oct 2021) - 8B Coane Street, Oakleigh East Source: realestate.com.au

For the small number of attached dwellings and units sold in Melbourne's south-east, the median price along the Mornington Peninsula and Bayside area is $632,000 and $835,000 respectively

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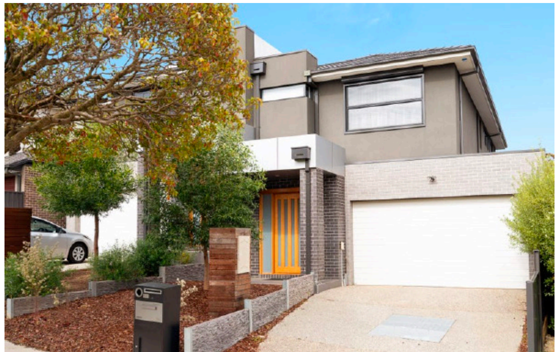
(rpdata.com.au). These prices should continue to rise as houses and land amongst these areas becomes increasingly unaffordable.

Inner and Outer East

In Melbourne's inner and outer east, we are seeing many larger land parcels utilised to develop dual occupancy townhouses. This increases the opportunity for buyers to enter the market, as there is a chance for them to find slightly more affordable options. These developments are being seen in suburbs such as Doncaster, Bulleen and Glen Waverley.

An example of one of these duplex townhouses is at 4A Bellara Street, Doncaster which sold prior to auction on 1 October 2021. The townhouse is equipped with four bedrooms, three bathrooms and a two-car garage. It sold for $1.515 million.



4A Bellara Street, Doncaster Source: Domain.com.au

Other attached housing opportunities in the east include apartments, with many of these residential developments found within close proximity to the CBD, in suburbs such as Hawthorn, Alphington, Balwyn and Kew.

However, for investors searching for capital growth opportunities, these assets can be sluggish as the evidence tends to suggest that prices have not risen at a similar rate to that of the detached housing market. With that said, they can still produce a stable cash flow if occupied, which might be appealing to many investors. Coming out of what will hopefully be our last lockdown, we should see many renters return to Melbourne as the city reopens and these apartments offer affordable options for those looking to reside close to the city.

Number 6/9A Fordholm Road in Hawthorn is an example of one of these inner east apartments. It sold on 13 October 2021 for $666,000. It boasts two bedrooms, one bathroom and a car space. It was previously sold almost 13 years ago for $506,000.

16/9A Fordholm Road, Hawthorn Source: Domain.com.au

Inner and Outer North

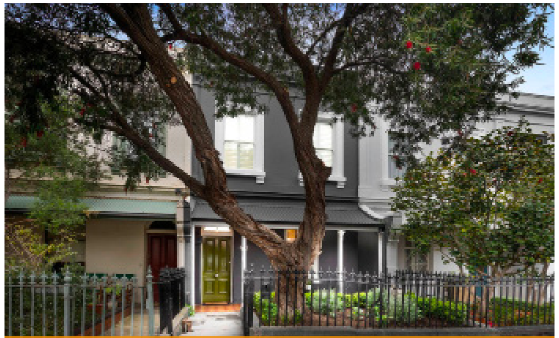
In Melbourne's outer north, the majority of housing comes in the form of detached dwellings on large parcels of land. However, there is a market for attached townhouses in the estates of the outer north. These properties primarily provide small floor areas with no or very little outdoor area. However, these attached townhouses are some of the cheapest properties Melbourne has on offer, allowing those on a low budget the opportunity to break into Melbourne's property market. For example, the property below located at 21 Swagman Walk, Wollert, VIC 3750 recently sold in July for just $348,000.

This three-level townhouse sits on 61 square metres of land and boasts two bedrooms, one bathroom, a balcony and a one-car garage.

Sold (12 July 2021) 21 Swagman Walk, Wollert Source: realestate.com.au

As you begin to move closer to Melbourne's inner north, the amount of attached housing available becomes far more prominent. With the price of land generally increasing the closer you get to the city and with only smaller blocks of land being readily available, developers have turned to attached housing in the form of apartments and townhouses in order to make a healthy profit. In addition to this, much of the housing in inner north Melbourne suburbs such as Carlton, Fitzroy and Collingwood consists of attached heritage homes. For example, many of the streets in these suburbs are lined with attached Victorian terraces.

However, dissimilar to the outer north, these terrace homes can be some of the most expensive and desirable in the inner north. For example, the Victorian terrace at 40 Gore Street, Fitzroy 3065 sold on 16 October for $2.861 million. Sitting on 199 square metres of land, this property boasts four bedrooms, two bathrooms, two car parks and an underground cellar.


Sold (16 October 2021) 40 Gore Street, Fitzroy Source: realestate.com.au

Western Suburbs

Attached dwellings are found throughout the western and north-western suburbs of Melbourne. The rapidly developing neighbourhoods of Melbourne's outer west are home to many estates. New estates offer buyers off the plan dwellings that are built for the simplicity of a turnkey move-in situation. Attached dwellings in the west of Melbourne comprise predominantly townhouses with a shared wall between them. However, inner western suburbs such as Footscray and Ascot Vale offer medium and high-density apartment living.

The common assumption with attached dwellings is that homeowners have less freedom to make any adjustments or renovations in the future with a shared wall. Many developers have considered this concern and found ways to ensure that they can offer buyers peace of mind when purchasing. Many newly built attached townhouses have a small gap in between the walls so they only appear attached but may only share the roofing eaves.

Attached dwellings in the west are often more affordable; this attracts many different demographics to the area from first home buyers to young families and even older empty nester couples. Compared to other Melbourne properties, attached townhouses and apartments are often more affordable and attractive for those entering the market.

An example of this is a townhouse at 35 Terminus Street, Tarneit. With an asking range of $400,000 to $420,000, and comprising two bedrooms and two bathrooms, this is a great option for new families or established retirees.

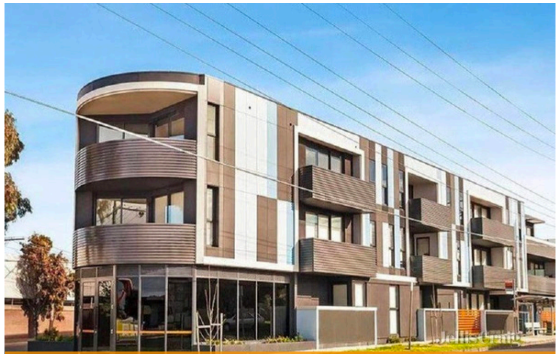
Attached or semi-attached townhouses in the west have an average range of $400,000 to $600,000.


35 Terminus Street, Tarneit Source: realestate.com.au

Depending on size and location, apartments in Melbourne's west are selling for an average of $400,000 to $550,000.

Attached dwellings in the west are often more affordable; this attracts many different demographics to the area from first home buyers to young families and even older empty nester couples.

This low-rise Ascot Vale apartment at 203/1 Langs Road is a two-bedroom, one-bathroom property close to the CBD and has an asking price of $469,000.


203/1 Langs Road, Ascot Vale Source: realestate.com.au

Geelong

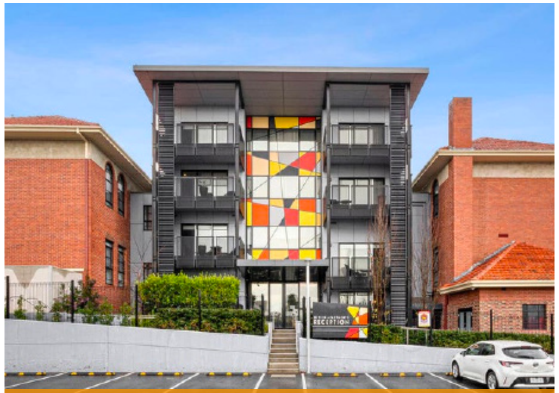
Geelong over the past 12 months has seen significant growth, which can be attributed to rising property prices and severe restrictions in the city of Melbourne due to the COVID-19 pandemic. Lifestyle, affordability and easy access to the Surf Coast, Bellarine Peninsula and Melbourne are all part of the attraction. A key selling point for many Geelong residences are the larger family blocks of land. Despite this, Geelong has seen considerable growth rates in the number of apartments and townhouses constructed in the area.

The beautiful waterfront has seen considerable change, with growth in the number of apartments, capitalising on the prime location.

Newton, one of Geelong's neighbouring suburbs, has seen considerable growth over the past 12 months, with a number of larger land parcels being developed into duplex townhouses. Homeowners are acting on the growing market and subdividing their land to build apartments or multiple townhouses.

The beautiful waterfront has seen considerable change, with growth in the number of apartments, capitalising on the prime location.

This coupled with the increased demand in the Geelong region has allowed property developers to capitalise on growth and continue a greater number of developments in the area. The images below are of a brand-new development within walking distance of Geelong's CBD, waterfront, Kardinia Park and a wonderful selection of cafés, restaurants, attractions and events. This property sold for $565,000 and has an asking weekly rent of $570.



108/312 Moorabool Street, Geelong Source: realestate.com.au

Geelong's market has benefited in recent years from being seen as a better lifestyle alternative to Melbourne and that's where much of this growth has come from. The median property price for attached units and townhouses sits at $575,000 in the area and median rent is currently $420 per week. These numbers give Melbournians further reason to move to the Geelong area. The image below is of a new apartment block in the Geelong area, servicing residents with water views and apartment living.

409/146-148 Bellerine Street, Geelong Source: realestate.com.au

These apartments have an asking rent of around $500 per week and are well within the general market. With plenty more of these apartments spawning in the Geelong area and increased demand to move to the beachside town, we will continue to see a rise in apartment and townhouse prices.

Perron King
Director

Mildura

Throughout the Sunraysia region there is a limited supply of attached housing, with the majority of recent smaller lot size developments consisting of three-bedroom, two-bathroom detached townhouses.

Throughout the 1970s and 1980s there was a reasonable number of attached unit complexes constructed, which generally comprised between three and eight attached two-bedroom brick units, usually of identical construction. However, since around 1990 developers have tended to instead construct detached townhouses which mostly contain three bedrooms and are sited on small allotments of between 250 and 400 square metres.

This trend reflects the relative affordability of land and a preference from both owner-occupiers and tenants to occupy larger stand-alone housing.

With attached housing locally comprising mostly 1980s two-bedroom, one-bathroom units, demand has typically been driven by investors looking for strong rental returns. More recently with an increase in the housing market the majority of these units range from $175,000 to $250,000 depending on location and quality. In some of the better located areas some of the units are popular with retired couples looking to downsize with low maintenance living in close proximity to the local shopping precincts.

A notable recent development has involved the conversion of the former Mildura Base Hospital into approximately 60 attached apartments. The former hospital occupied a large site in a well-regarded inner city location and comprised a circa 1930s three-storey building towards the street frontage and a newer two-storey building to the rear. The development provides a mix of: one-bedroom, one-bathroom; two-bedroom, one-bathroom; and two-bedroom, two-bathroom apartments, all of which have now sold, mostly in the range between $175,000 and $280,000.

Although sales initially were slow, demand gradually picked up with many buyers being investors looking for strong rental returns, together with some owner-occupiers mostly comprising young professionals attracted by the affordable price and good location.

Jake Garraway
Valuer

Warrnambool

Attached housing remains a secondary consideration for most buyers in the Warrnambool market with detached housing still preferred in this regional centre. Despite the preference, attached residences have been showing a lift in values much like any other housing option in the market.

Warrnambool features most degrees of density and type of attached housing from single and double storey townhouses, managed apartments, standard strata units and inner-city apartments.

Recent sales activity in this space has been driven by investors across a wide price range with the forward-looking buy and retire in five years' time crowd prominent in the most desirable locales and higher value stock.

Warrnambool's most prominent apartment complex, Lady Bay Resort and the surrounding development, has been actively pursued by investors with double-digit transactions occurring this year.

Capital growth of this type of housing may be limited or impacted in the near term as we can see a notable increase in attached housing stock approaching the market with the construction of the first unit within a 68-unit development known as The Botanic advertising an expected completion date of December 2021.

Jordan Mowbray
Valuer

Warrnambool features most degrees of density and type of attached housing from single and double storey townhouses, managed apartments, standard strata units and inner-city apartments.

Queensland - Attached Housing

Brisbane

Some might think that because Brisbane has plenty of developable land within a reasonable commute of our city's centre, attached housing wouldn't be all that popular here.

But that's plainly wrong.

There has been a cultural shift towards residing in attached housing. It was back in the mid-1980s when the concept of apartment and townhouse living really began to take hold. This has only ramped up in recent years. We shed our big country town image long ago. Now, a family of four can quite happily spend their formative years in a unit or townhouse with all the convenience and ease they deliver.

And their popularity continues to grow. A spate of overbuilding – particularly of investor-style inner-city high-rise units – throughout 2016 and 2017 didn't look good for the sector. That said, we've passed through most of the oversupply effect on pricing. The unit market has matured in Brisbane and for those who buy the right kind of property at the right price, there is certainly some upside to look forward to.

So, let's get a feel for what's on offer and whether any of it presents good buying.

CBD and near city

Units and townhouses dominate throughout these localities. The attraction is relative affordability and convenience.

Detached home prices have rocketed up – particularly over the past 18 months. If you want to be within five kilometres of the city but have a limited budget, then attached housing is your best option.

Units and townhouses comprise a mix of large, high-rise apartment buildings, smaller boutique complexes, older attached housing projects and townhouse accommodation across a variety of iterations.

Here's some broad indications of pricing. Of course, these figures can change dramatically depending on views, aspects, car accommodation, fitout and any number of other variables.

You can expect to pay $350,000 to $450,000 for a one-bedroom inner city apartment. This would look very attractive to anyone checking out our market from Sydney or Melbourne. Add another bedroom and some living space and you'll be looking to pay $500,000 to $700,000. Three-bedders will be $800,000 to $1 million. Looking beyond that and you start getting into some very desirable real estate indeed.

Detached home prices have rocketed up – particularly over the past 18 months. If you want to be within five kilometres of the city but have a limited budget, then attached housing is your best option.

As mentioned earlier, we saw an influx of investors hit our market just shy of a decade back and that resulted in an oversupply problem.

But in recent years, the sources of demand have been more varied.

We are seeing some investors come back to our attached housing market. They're most active in the one-bedroom space where yields are strong but capital gains can be limited. Many yield between 5.5 per cent and 6.0 per cent gross. That's a nice return, although costs do need to be factored in before you get too excited.

Beyond that the two-bedroom-plus units are drawing in owner-occupiers. Two-bedders will appeal to professional couples and even young families, while three-bedroom units are liked by downsizers.

Again, the big attraction is affordability and convenience. With housing becoming ever more prohibitively priced in and around Brisbane, apartments have become the viable alternative.

So, how do these units rate as an opportunity for investors and homeowners to profit in the future? Well, certainly better now than a few years back. It feels as though a price floor has been reached in the market's softening cycle. As a broad observation, capital gains will be a long-term prospect across the sector.

Without doubt the more secure options are owner-occupier units. These always do best in the market.

As for what to avoid, small investor stock that's of generic floor plan, limited square metreage and with basic fit out and facilities will continue to see subdued prices. This stock will be the first to drop in value and rental return when the market softens.

Prices across the board continue to be bolstered by the lack of new projects being brought to market right now – although there are plenty set to be delivered in the coming years. If many units hit the market at the same time, it may reduce price growth.

If you're looking to buy, make sure you stick to the fundamentals. Seek projects with good facilities, in great locations and offering generous floor plans.

Mid suburban

These are areas a little further out but still with decent access to the city. Many have their own lifestyle hubs and employment nodes, so heading to town on a daily commute isn't necessarily essential.

We're talking suburbs such as Everton Park, Ferny Hills, Arana Hills, Ferny Grove, Alderley, Stafford, Enoggera and Mitchelton in the north. To the south they would encompass Annerley, Holland Park, Mt Gravatt, Greenslopes and Coorparoo.

In these areas – apart from a few specified nodes- you rarely see high rise complexes. Most attached housing comprises townhouse and smaller complexes of varying age and quality.

Some example price points include Mitchelton/ Gaythorne where new and near new/modern one and two-bedroom units vary from the high $300,000s to mid $400,000s depending on size, views, orientation etc.

Older units in these same areas will be priced from the low to mid $300,000s.

Looking to townhouses and the more modern options will offer three-bedroom, two-bathroom accommodation and fetch mid $400,000 to low-mid $500,000.

There's been some telling examples of price gains in this sector too. A great example is this unit complex at 132 Osborne Road, Mitchelton.

132 Osborne Road, Mitchelton Source: realestate.com.au

Built in 2016 and offering two-bedroom, two-bathroom accommodation, you can see from the following tracked sales how prices have ratcheted up this year:

- 2003/132 Osborne Road Mitchelton, QLD, 4053
  Sale Price: $410,000
  Sale Date: 28 January 2021
- 1006/132 Osborne Road Mitchelton, QLD, 4053
  Sale Price: $412,000
  Sale Date: 3 February 2021
- 1012/132 Osborne Road Mitchelton, QLD, 4053
  Sale Price: $426,500
  Sale Date: 19 June 2021
- 2110/132 Osborne Road Mitchelton, QLD, 4053
  Sale Price: $445,000
  Sale Date: 13 September 2021

Another great example of price gains this year comes from 19 Russell Street, Everton Park where townhouses of similar configuration tracked a pattern of growth.

19/19 Russell Street, Everton Park Source: realestate.com.au

Here are the sales which tell the story:

- 39/19 Russell Street Everton Park, QLD, 4053
  Sale Price: $430,000
  Sale Date: 6 February 2021
- 05/19 Russell Street Everton Park, QLD, 4053
  Sale Price: $440,000
  Sale Date: 4 May 2021
- 19/19 Russell Street Everton Park, QLD, 4053
  Sale Price: $452,000
  Sale Date: 26 July 2021
- 14/19 Russell Street Everton Park, QLD, 4053
  Sale Price: $475,000
  Sale Date: 31 August 2021

Detached townhouses are another option – especially for those seeking an affordable alternative to traditional detached housing. An example is 12/19 Russell Street, Everton Park which sold recently for $555,000. This offers established three-bedroom, two-bathroom accommodation with a decent size courtyard.

12/19 Russell Street, Everton Park Source: realestate.com.au

New townhouse developments in these suburbs are really pushing the envelope to match the entry level price of single detached dwellings. We've seen projects in the northern suburbs where three and four-bedroom, two-bathroom, two-garage townhomes are reportedly under contract for high $600,000s to low-mid $700,000s.

When it comes to who is buying here, the answer is that it's a mixed demographic. First homebuyers again will choose units and townhouses as a step into the market because of relative affordability. You get all the near-city suburb benefits without the high detached house price tag.

Investors are active in the market too, but a little less so than perhaps a few years back.

If we're talking three bedrooms in either townhouses or apartments, expect the buyer to be an owner-occupier.

There's good evidence that attached housing is performing well in these locations with some new townhouse developments selling out stages within a week of release.

Outer suburbs
In Brisbane's outer and fringe suburbs, lower density living dominates. We're talking those areas right on the edge of Brisbane City's LGA boundaries or even into adjacent local authorities. This includes suburbs such as Kallangur, North Lakes and Burpengary, Eight Mile Plains, Runcorn and Calamvale. Attached housing comprises mostly townhouses and some duplex-style accommodation because land isn't in short supply.

New townhouse product springs up regularly, with homes selling off-the-plan for $350,000 to $400,000. If that budget is too rich, then you can buy older townhouses and duplex units from between $270,000 and $330,000. This is very affordable product, but don't expect runaway capital gains anytime soon.

In these locations, investors still dominate. There is a ready source of tenants looking for affordable accommodation. Yields are good as well.

There's also great representation from first homeowners here. Townhouses are a way for these buyers to get into the market. In addition, this first purchase can often be retained as a long-term investment when the buyer decides to upgrade.

We do want to add in one big caveat here. Some developers look to sell new townhouses – particularly to investors – at a price premium. We implore anyone interested in this stock to seek advice from a specialist valuer before acting. Plenty of purchasers in the past have lost money on new product simply by paying too much.

Ipswich
Looking west and there is an attached housing market in this corridor, despite an abundance of developable land and an inclination towards detached housing by most local residents. Property here has always been relatively affordable so traditional housing has been favoured by owners and tenants alike in the past.

Looking west and there is an attached housing market in this corridor, despite an abundance of developable land and an inclination towards detached housing by most local residents.

That said, Ipswich's decade-long cosmopolitan regentrification has seen a raft of housing types come to market, including units and townhouse.

In established suburbs you'll find units, townhouses, duplexes and even villas. But many newly developing areas have some attached housing component too.

Investors dominate the attached housing market in Ipswich as it delivers strong yields.

For $230,000 to $250,000 you can acquire a six-year-old, three-bedroom townhouse. This would have originally sold off the plan for approximately $310,000 to $330,000.

If you're looking for something with a little more land component, then three-bedroom duplex units are available for $300,000 to $340,000. With gross yields of around five to six per cent, they deliver a solid cashflow.

One area worth watching is the growth corridor around Ripley where there are a lot of freehold townhouse style properties selling to first homeowners, other owner-occupiers and some investors. There are townhouses but also duplexes. All the freehold townhouses in the Ripley area are on more than 200 square metres of land and have a price point between $350,000 and $390,000.

Unlike some of the older stock in the established suburbs in Ipswich, townhouses in Ripley have seen resales demonstrating a slight premium on their original prices, which is obviously a good sign for owners.

David Notley
Director

Gold Coast

Southern Gold Coast and Far North New South Wales

The Southern Gold Coast and Far Northern New South Wales region offers a wide array of attached housing options and attractive opportunities can be found for both the budget conscious and the cashed-up investor. Whilst stocks levels remain very low, buyers will likely find it much easier to come across attached housing options that offer better value for money as opposed to detached housing offerings at the moment. Extraordinary price increases have been seen in detached (or freehold) dwellings in the past twelve months and as a result many buyers have been completely priced out of this market segment, leaving them to look towards more affordable strata titled opportunities instead.

Good higher density housing options are available near the beachfront in areas such as Kirra and Coolangatta. Townhouses, villas and duplex units can also be found spread throughout Coolangatta and the Tweed Heads area. We have seen a recent push in demand from first home buyers, downsizers or empty nesters, investors and young families, particularly for duplex units. These are generally considered attractive as they have lower or no body corporate fees. Prospective buyers looking at affordable options should also keep an eye on walk-up strata units in older style complexes of say four to eight units in pockets such as Kirra, as they offer the coastal lifestyle and are always popular with renters.

4/34 South Street, Coolangatta sold in September 2021 for $602,000. It comprises an older style, circa 1970s, two-bedroom, one-bathroom walk-up strata unit with single carport in dated and original condition. It is approximately 200 metres from the beach with no significant views and is one of four units within the complex.

34 South Street, Coolangatta Source: RP Data CoreLogic

Central and Central South

The coastal suburbs from Main Beach to Palm Beach are seeing a boost in demand for new developments. These areas are sought after due to their proximity to the beach and numerous local amenities and are popular with both investors and homeowners. We are seeing both local and interstate demand for differing types of attached housing including strata units, townhouses and duplex units. Existing stock is being purchased and in many cases renovated. There is also large demand coming from empty nesters and downsizers. In many cases, these purchasers are looking for larger floor plans with high levels of finish and amenity. Many new beachfront developments are now achieving over $2.5 million for this type of product.

Developers are currently having difficulty finding suitable development sites to build either townhouses or low, medium or high-rise developments. Given the strong market conditions prevailing on the coast, we are also seeing new projects being sold out off the plan prior to construction commencing. In some instances, selling agents are even reporting that most buyers are owner-occupiers whereas in the past the developer would be heavily reliant on interest from interstate investors. There appears to be a growing trend for developers to sell attached housing in staged releases in order to control demand and gauge price acceptance within the rapidly rising market.

High spec duplex and townhouse units and villas are becoming more prevalent in the Mermaid Beach, Miami and Palm Beach areas. These are a popular and sought-after alternative to a detached dwelling due to their lower price points within these beachside locations.

Blackwood Place (corner of Mallawa Drive), Palm Beach Source: Domain.com.au

An example of a new development which is reportedly selling well off-the-plan within a very short time is The Tally, located at Palm Beach. This medium-rise development (nine storeys) is positioned on the western side of the Gold Coast

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Highway and provides one-bedroom apartments (from $450,000 – sold out), two-bedroom apartments (from $650,000) and three-bedroom apartments (from $995,000). The apartments offer ocean, creek, local or hinterland views.

Architect's rendering of the The Tally, Palm Beach Source: urban.com.au

Architect's rendering of the The Tally, Palm Beach Source: urban.com.au

Central and Central North

Attached housing in the central northern areas (Southport to Hope Island, east of the Pacific Motorway) mostly comprises of duplexes, villa or townhouse complexes, walk-up buildings and low-to medium rise buildings. High-rise buildings also exist mainly within the Southport CBD and Runaway Bay to a lesser extent.

Labrador, Arundel, Parkwood, Coombabah and Helensvale mainly comprise duplexes, three-storey walk-ups and villa or townhouse developments, varying in density, age and quality. In the past 12 to 24 months, more modern duplexes and townhouse developments of higher end quality have appeared as popularity in these suburbs grows.

Biggera Waters, Runaway Bay, Hollywell and Labrador (strictly along Marine Parade) also provide modern (circa 2000 or later) low to medium-rise buildings, making use of the Broadwater views available. Hollywell (Allisee) and Ephraim Island also provide higher-end medium-rise buildings and townhouses with resort style common facilities and retail which have typically been tightly held and had lower turnover, however during this strong market have begun to achieve strong results.

Paradise Point has a combination of older duplex and walk-up units and modern duplexes. The recent development of Sovereign Shores provides modern, good quality low-rise buildings as well as river fronting townhouses.

Hope Island also provides many modern low to medium-rise buildings with many more projects on the way. Cova Estate within Hope Island is another development with modern townhouses and resort-style common facilities.

Labrador, Arundel, Parkwood and Coombabah provide a more affordable price-point for attached housing. Labrador for example had 53 per cent of its unit sales (285 of 534) within the $200,000 to $400,000 range over the past 12 months, RP Data.com reports. This would have mostly comprised two- to three-bedroom villa, townhouse or duplex units.

Biggera Waters, Runaway Bay, Hollywell, Paradise Point and Hope Island, whilst having a more affordable product as mentioned previously, also provide higher price point, good to high quality modern product.

As popularity in the central and northern region grows, canal fronting duplexes within the Island Quays development in Biggera Waters are achieving sales of $900,000 plus depending on size, quality and aspect.

Paradise Point for example, has both older duplexes in the affordable range of sub $600,000, coupled with modern, good quality duplexes which typically transact for over $1 million.

1/22 Scooter Avenue, Paradise Point is an attached, three-bedroom, two-bathroom duplex residence of high quality with a swimming pool and is reportedly under contract for $1.4 million.

1/22 Scooter Avenue, Paradise Point Source: RPData CoreLogic

=The most common attached housing consistently achieving sales above the $1 million mark is either river or canal fronting developments in Runaway

Attached housing provides good opportunities for first homeowners to enter the market, with multiple options of affordability below a $600,000 price level.

Bay, Hollywell, Paradise Point and Hope Island, Sanctuary Cove.

For example, three-bedroom, two-bathroom medium-rise units within the Allisee and Ephraim Island developments are selling for $1.2 million plus depending on size, aspect and views.

The affordable attached housing within Labrador, Arundel, Parkwood, Coombabah and Helensvale attracts equal parts first homeowners looking to enter the market at the affordable end and investors as rents continue to rise within these suburbs.

Paradise Point and Hope Island attract mostly owner-occupiers as these northern-end suburbs typically offer higher quality housing with Paradise Point having good access to the Coomera River and the latter having Broadwater access and good access to resort style amenities (ie. golf courses). Both are seen as more of a lifestyle purchase.

Attached housing provides good opportunities for first homeowners to enter the market, with multiple options of affordability below a $600,000 price level. Again, as rental prices for attached housing continue to rise with the growing popularity of these suburbs, we are seeing more and more investors entering this market which is subsequently making it more challenging for first home buyers. One of the better options for attached housing which appears to be showing signs of strong growth or rental return is low, medium or high-rise units in walking distance of the Broadwater, particularly for units which offer Broadwater views.

Attached housing which fronts or backs on to major roadways (such as Frank Street, Smith Street, Southport-Nerang Motorway or the M1 Pacific Motorway) should be carefully considered if there are signs of easing market conditions. These properties do not usually have broad market appeal as owner-occupiers typically look to avoid residing near very busy roads in these areas.

Northern Corridor

Essentially there are only three types of attached dwellings in the northern corridor area: mostly townhouses, duplex units and some villa style units. There is very little in the way of high-density development (i.e. low to high-rise buildings). The three types of units are common throughout the area with townhouse complexes often grouped into estate pockets.

Price points for a typical three-bedroom, two-bathroom townhouse generally range between $390,000 and $440,000 (Coomera, Upper Coomera, Pimpama and Ormeau). There has been a significant rise in values over recent months with some townhouse complexes showing as much as a $70,000 to $100,000 rise in value. The market is being heavily saturated by a storm of interstate buyers and often these units are selling sight unseen under multiple offer scenarios. Strong demand is also coming from local first home buyers who are trying to get their feet in the door at what is the entry point in this market.

48/28 Fortune Street, Coomera Source: realestate.com.au

An attached townhouse unit at Fortune Street, Coomera recently listed for sale with First National – On the Coast – with a price guide of above $419,000 (realestate.com.au)

Generally, the duplex unit market has been very strong with three-bedroom units selling between $420,000 and $480,000 and four-bedroom units selling for $470,000 to $530,000. These units have jumped $100,000 in value over the past year and are selling within a few days under multiple offer scenarios. Like detached dwellings, selling agents can't get enough stock to match current demand and each sale appears to eclipse the last with no signs of the marketing slowing down.

An opportunity that has been identified is to buy units that are currently under the NRAS scheme. These lease agreements appear to be discouraging many buyers and therefore the units with NRAS occupancy often sell below market levels, however many of these NRAS leases are now nearing the end of their terms.

Areas such as Eagleby and Edens Landing may yet see further growth as these areas appear to be slower to catch up with the current boom in comparison to nearby suburbs to the south. Many townhouses sold recently in the northern corridor have only now matched what they were sold for eight to ten years ago by developers despite the unprecedented recent growth.

It is very difficult to be certain about the future opportunity in this market as there is a feeling that the market has boomed and maybe peaked beyond any historic level and we cannot be sure of the short to medium term outlook. Rental prices have also increased significantly in the northern corridor yet wage growth has not and there is also a risk that interest rates at some point will be increased should the property market continue to strengthen rapidly.

Sam Gray
Associate Director

Sunshine Coast

When we look at the attached housing market on the Sunshine Coast, it's plain to see that all options are on the table. From small villa accommodation through to the highest of high-end apartment units, the Sunshine Coast pretty much caters to all attached housing options. Clearly when we look at different value levels for different asset types in the various locations, the range is very wide and property specific.

The older style unit complexes comprise a few different forms: small duplex and triplex units, villas and townhouses. These units can be found all over the coast as well as in the hinterland townships. When looking inland to Nambour, small two-bedroom, one-bathroom villas have been recently transacting in the circa $300,000 range with some more modern townhouses at the $450,000 mark. Just down the road at Woombye, a modern three-bedroom, two-bathroom duplex has recently transacted for circa $600,000.

When we look at the coastal areas, clearly these asset types vary widely and jump significantly in values. A two-bedroom villa in Maroochydore begins at around $400,000 with more modern townhouses starting in the middle of the $500,000 range. These are for relatively modest properties in more urban areas so the values can certainly jump from there.

What is clear is that there are more cranes on the horizon.

For the older style apartment complexes, the main mix of these is the low-rise, walk up six pack units right through to your high-rise complexes. You can expect to start at high $500,000 for an older style two-bedroom walk up unit in Maroochydore close to the beach. For an older high-rise complex in the same location, a two-bedroom unit can begin in the low $400,000s. Looks pretty good on face value but the devil is in the detail. Typically these unit types have high body corporate fees, in some cases circa $15,000 per year. They can also require significant ongoing maintenance and may have an upcoming special levy, making them less attractive.

What is clear is that there are more cranes on the horizon. There are a number of unit complexes under construction and given the current strong market, solid pre-sales activity is being reported. This has been mainly confined to the coastal areas and especially around the major centres. These asset types are now also pushing into areas that have not previously seen them (such as Nambour). Clearly the value levels for these can be widely dependent on location, apartment type, size etc. One thing that is very clear is that after a number of years of very limited activity, this market segment has really started to take off.

Unit 5, Hastings Park in Hastings Street, Noosa Heads Source: realestate.com.au

At the time of writing, the Sunshine Coast experienced a record sale price for an apartment in Queensland. Unit 5, Hastings Park in Hastings Street, Noosa Heads is a four-bedroom, four-bathroom penthouse unit that has sold for $16.1 million which equates to $57,706 per square metre over living and outdoor areas. This unit is not beachfront but provides extensive views and at that rate per metre, is now reaching similar levels as the most recent Hastings Street beachfront units, circa $60,000 per square metre.

Stewart Greensill
Director

Gladstone

Attached housing in the Gladstone region can be broken down into several categories including: modern, inner city apartments in high-rise complexes (a high-rise building in Gladstone is between five and eight storeys); modern suburban townhouses typically being two to three storeys and providing three bedrooms, two to three bathrooms and a single attached garage; older suburban two-storey townhouses most of which were built in the 1980s and 1990's and provide two bedrooms, one bathroom and a detached carport; and duplexes and flats buildings which

Attached housing has risen in value approximately 30 per cent from when the market bottomed in 2017 and 2018.

vary greatly in location and construction.

The inner-city apartments have the largest range in terms of price point with sale prices ranging between approximately $175,000 and $550,000 depending on location within the CBD, the view, the quality of the fittings and building amenities. Most sales of two-bedroom units sit in the $200,000 to $300,000 range.

Modern suburban townhouses are slowly creeping up in value with a typical attached three-bedroom townhouse now achieving sale prices close to $250,000, while older two-bedroom suburban townhouses now sit around $110,000 to $150,000.

The most recent sales of duplexes are between $200,000 and $300,000 and blocks of flats (mostly four packs) are typically within a range of $350,000 to $500,000. These investment products are reflecting gross yields between seven and nine per cent.

Attached housing has risen in value approximately 30 per cent from when the market bottomed in 2017 and 2018.

Most of the current purchasers of these property types are investors, with the exception being probably some of the higher priced inner-city apartments at $350,000 plus. These are being purchased by owner-occupiers looking to downsize and who can see the inherent value in the property with further room for capital growth.

All of these property types can expect further capital growth, the extent of which however is impossible to predict. For now, all market sectors continue to see growth with no signs of slowing. Demand for attached housing does not appear as strong as the demand for detached housing, however the supply levels of attached housing have remained stable since the LNG boom ended. There have not been any new unit complexes built in about seven years and we are not aware of any proposed developments. Despite the growth seen in our market, the feasibility of any new development remains unlikely.

Regan Aprile
Associate Director

Mackay

The majority of attached housing in the Mackay market relates to unit developments, with some scattered attached freehold dwellings across the city.

Units vary considerably across Mackay, ranging from high-rise unit towers located within the CBD and fringe CBD areas to attached unit complexes ranging from 1970s two-storey walk ups, to more modern on-ground units. These can be found in every suburb of Mackay.

Attached housing or freehold attached dwellings are scarce within Mackay. There were developments on the southern fringe of the CBD of two-storey terrace houses that were popular during the peak of the market a decade ago, however these lost popularity in the downturn. A recent development in conjunction with the state government called Woodlands Estate was developed to allow affordable housing in the Mackay market. A number of smaller attached housing was developed in this estate.

A couple of issues arise in Mackay regarding small lot and attached housing. The majority of tenants working in the mining, mining services or trades usually have large work utes, tools trailer and associated toys that require substantial storage space and garages that are just not available in these types of properties. Even in estates with smaller lots, it's not uncommon to see three cars parked in the front yard and street, with the odd boat or caravan on the footpath. Another issue for those without the big work ute is that there are limited public transport options available, especially for shift workers.

With regard to units, one of the biggest impediments is the cost of insurance and body corporate fees, especially in high-rise towers with body corporate fees often over $10,000, which is a real issue with investors and returns.

Over the past seven years, units have been on the biggest roller coaster ride, both in terms of rentals and market values. I can remember one of our assistant valuers moving to Mackay at the peak of the market, paying $370 per week for a 1970s two-storey flat in original condition that didn't even have TV reception! At the bottom of the market in 2016, that same unit would have rented for $180 to $200 per week and as of today would be renting at around $280 to $300 per week in the same condition.

Mick Denlay
Director

Rockhampton

The unit market in Rockhampton and the Capricorn Coast has followed the recent trend of general housing and we are seeing an increase in prices and activity. The increased activity is not confined to one type of unit, however there is limited supply in the CBD. In Rockhampton there is a mixture of unit types from entry level two- or three-bedroom single and two-storey units located in suburbia, up to the riverside high-rise apartments. The Capricorn Coast is also similar in the types of units available with beachside or elevated high-rise apartments becoming reasonably popular again after a dormant period post 2012 to 2013.

Buyers for these types of property vary depending on price range, location and style of unit. Traditionally the unit market has been a mixture of both investors and owner-occupiers, particularly in the entry level to mid-range price point. Riverside and beachside apartments also see a mixture of buyers although the more spacious the unit and better the view, the more attractive to owner-occupiers, many of whom are downsizers, having recently sold a property which had been the family home for decades.

Price points for units vary greatly across the region. Buyers can still pick up an entry level two-bedroom unit in a traditional suburban setting in the sub $200,000 price bracket. Our upper-level unit prices hover around $1 million for large, modern penthouse units with good views. There are a select number of units in the region capable of exceeding the $1 million price point, however this is an extremely small sector of our unit market.

Multi-unit dwellings (duplexes or sets of flats) have also seen an increase in prices and activity with demand currently very strong. These types of units mostly range from two to four units in each complex and are purchased by investors in the majority of cases. Recent months have seen a substantial rise in capital values. Rents have also been on an increasing trend with vacancy rates remaining below one per cent in the Rockhampton region since mid-2020. This combination sees gross yields remaining largely unchanged, with the majority of flats reflecting gross yields from 7.2 per cent to 8.5 per cent.

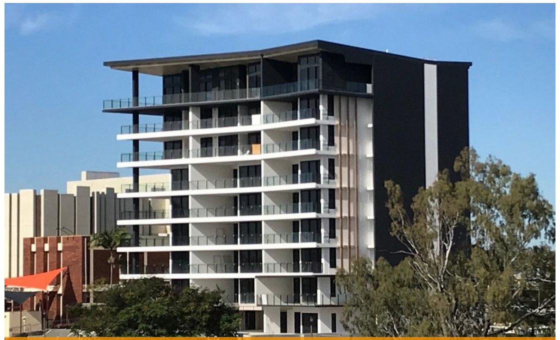
There is always some form of demand for attached housing. It is the driving factors which may vary from time to time. For instance, sets of flats provide a greater opportunity for increased rental returns over that of detached housing and with the current record low interest rates, they provide investors with a superior return on investment to other investment options. Also, by way of a duplex, the opportunity for first homeowners to live in one, rent the other assists with affordability.

For strata titled units, particularly in secure complexes, this style of attached housing provides the occupiers with an alternative lifestyle choice, providing a sense of safety with the ability to come and go for extended periods with minimal maintenance and safety concerns.

In our local markets, multi-unit dwellings or flats tend to provide the best prospects for growth or rental return, particularly when vacancy rates are at critically low levels across the region.

There is limited new development on the immediate horizon, however there is a small number of CBD mid and high-rise developments in the works. The Loft is currently advertising for pre-sales and will be an inner-city complex providing two- and three-bedroom apartments over eight levels with a ground floor coffee shop proposed.

Planning for Stage 2 of The Gallery apartments is also underway with an eight-level complex opposite the Fitzroy River.



The Gallery Apartments Source: realestate.com.au

There are also a number of smaller scale unit complexes in the works in suburban settings including Pennycove in West Rockhampton which will be an on-ground complex of 19 units. Pennycove will be a unique complex for the area with each unit proposed to include a private pool. Other suburban unit developments are typically being constructed in infill sites having run down houses removed to make way for the new development.

Some local agents also report an increase in interest for unit development sites with some recent CBD development sites (back from the river front) recently being placed under contract. Therefore, long term the region has potential for growth in what has traditionally been a very small market sector.

When considering entering into any form of attached housing, it would be prudent to consider all expenses such as body corporate contributions, sinking funds etc, as well as being well researched in expected rental returns and maintenance costs.

Steve McDonald & Cara Pincombe
Valuers

Multi-unit dwellings (duplexes or sets of flats) have also seen an increase in prices and activity with demand currently very strong.

Hervey Bay

Unit sale prices on the Fraser Coast have steadily risen throughout 2021, with most stock achieving between 10 and 20 per cent growth to date. Over the past ten years, sale prices have been stagnant particularly for Esplanade stock so this recent growth is coming off a relatively low base. List prices for units built circa 1990s, offering standard two-bedroom, one-bathroom accommodation with a single built-in garage in original condition are now selling from mid to high $200,000s. Townhouse stock constructed within the past ten to 15 years can be purchased in the $300,000 to $450,000 price range. These townhouses typically offer three-bedroom, two-bathroom accommodation located close to the beach, with some developments having a pool in their common areas. The shift towards units is no doubt a result of a shortage of available detached dwellings with buyers content to settle for a well-located unit as a tradeoff. There are only a handful of dual key developments in Hervey Bay, however the number of sales has definitely increased throughout this year with these well suited to the investor market. Looking forward, the area would benefit from some new unit developments as an affordable alternative to the rising detached housing market.

Tracy Lynd
Property Valuer

Cairns

The bigger the party, the bigger the hangover is an apt description for the attached housing market in Far North Queensland.

Construction of residential apartments was a driving force in the Cairns economy during the 2000s however the GFC left us with an oversupply which took several years to work through. Due to the rising cost of construction, high underlying value of development sites and relatively low value of established units, it has been very difficult to put together a feasible high-density development of residential units in Cairns for many years.

Apart from a few isolated developments, the main median density type of development has been small lot housing, single level villas and some duplexes. The cost to construct these types of buildings is more aligned to the cost of residential houses rather than multi-level apartment complexes. The values are also underpinned by house values rather than unit values and they have become a good alternative for downsizers looking to reduce the maintenance required for houses with large yards but who are not yet being ready for higher density living.

In recent months we have seen increases in values of second-hand units around the city which seems to be tagging along with the rise in the rest of the market. This is driven by owner-occupiers and investors.

There is also strong demand for duplexes, triplexes and complexes of residential flats with net yields sitting in the 3.5 per cent to 5.5 per cent range depending on location and size or value level of the complex.

Craig Myers
Director

The bigger the party, the bigger the hangover is an apt description for the attached housing market in Far North Queensland.

Townsville

The unit market in Townsville has seen limited new units constructed over the past five years. There have been several proposed new unit developments coming to market over these years, however the vast majority have not made it to the construction stage.

As a result, unit sales consist almost entirely of established units. We are seeing an increase in the volume of sales as they continue to churn over, however there is limited genuine price growth in the broader unit market.

Inner-city units however, particularly those in the 4810 postcodes of North Ward, Belgian Gardens and the inner city, are starting to see genuine price increases. This scenario is not too dissimilar to the attached housing sector 24 months ago which saw the inner-city suburbs start the current upswing in values and demand which has since flowed through to the outer suburbs.

Currently the biggest inhibitor of the unit market remains the high cost of strata insurance and body corporate fees. Even on the back of very low vacancy rates and increased rents, the cost of strata insurance remains an issue. However unit buying does present an affordable entry level option for buyers if they are prepared to do their homework. Inner-city units typically have an entry price in the high $100,000s and provide lifestyle amenity and proximity to entertainment hubs. Another option to consider is to take a gamble on a better quality suburban unit and hope that the price growth currently underway in the inner-city unit market ripples out to the suburbs like we have seen in the attached housing market.

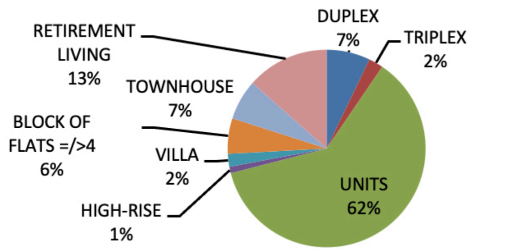
Darren Robins
Director

Toowoomba/Darling Downs

Our service area is vast, being bound by the Scenic Rim and Brisbane Valley to the east, the South Burnett to the north, the Queensland and Northern Territory border to the west and northern New South Wales and Moree Plains area to the south, with a considerable difference in the products being offered for sale and selling in the attached housing market. Generally, though, the categories of attached housing in our service area predominantly comprise: apartments (including medium to high-rise inner city apartments) which can be found primarily in the Toowoomba CBD area; attached strata titled units and villas; duplex buildings; triplex buildings; townhouses; flat buildings (equal to or greater than four dwellings); and to a smaller degree, retirement living.

Focusing on the south-western corner, of the 379 attached housing lots listed for sale as at mid October 2021, 62 per cent of the market was dedicated to individual units. The next highest (13 per cent) are self-contained units which are situated in retirement villages. Unit blocks with four or more dwellings, duplexes and townhouses are at a similar level of six to seven per cent and finally is villas, triplex and high-rise apartments at one to two per cent (source: RP Data and Price Finder).

Housing Categories



Of the 13 local government areas in our service area, only five had attached housing sales for the month prior to mid October 2021: Toowoomba Regional Council; Lockyer Valley Regional Council; Southern Downs Regional Council; Western Downs Regional Council; and South Burnett Regional Council. During this period and based on the recent sales, the most popular housing stock was individual attached units (34 sold in Toowoomba Regional Council) with the lowest price being $142,000 for a two-bedroom, one-bathroom unit and $470,000 for a three-bedroom, two-bathroom attached unit in the well sought-after locality of East Toowoomba.

7/372 Tor Street Newtown Source: RPData

Above is an example of an entry level, strata titled attached unit available in the Toowoomba locality in the sub $200,000 price bracket. This unit is situated on a busy road (Tor Street in Newtown) and is currently under contract for $142,000. This unit comprises two bedrooms and one bathroom in a larger complex which has been partially updated.

2/78 Long Street, Rangeville Source: RPData

2/78 Long Street, Rangeville is a well presented and well located attached unit comprising three-bedroom, two-bathroom accommodation which recently sold for $420,000. The property originally sold for $370,000 in December 2020.

The second most popular attached dwelling type was duplexes with sales occurring in the Toowoomba, Southern Downs, Western Downs and South Burnett regions. In the previous month, Toowoomba has seen a number of duplex properties transact ranging between $470,000 (two x two-bedroom, one-bathroom) to $620,000 (two x three-bedroom, two-bathroom). Townhouses were also a popular choice in Toowoomba with sale prices varying between $208,000 and $487,000.

15 Gunn St, Kearneys Spring Source: RPData

An example of a recent duplex sale in the suburb of Kearneys Spring was of a two x two-bedroom, one-bathroom duplex which sold for $470,000. This represented a gross yield of 5.75 per cent on the sale price.

Recent sales in the Toowoomba regional area comprising blocks of flats equal to or greater than four dwellings have also seen an increase in demand from investors given current strong rental demand, with a number of recent sales

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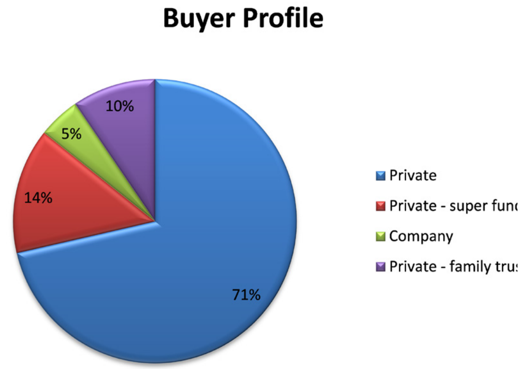
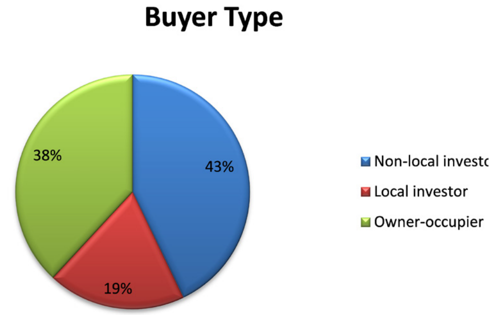
occurring that reflected gross yields of sub six per cent, most notably at $700,000 (four x two-bedroom), $850,000 (six x one-bedroom) and $1.16 million (two x two-bedroom and two x three-bedroom).


317 Bridge Street, Newtown Source: RPData

A property situated on Bridge Street in Newtown is currently under contract for $1.16 million. This property comprises four modern strata titled units. Configuration of the complex comprises two x two-bedroom, two-bathroom strata titled units, along with a further two x three-bedroom, two-bathroom strata titled units. This represented a gross yield of 5.58 per cent on the sale price.

Upon speaking with various selling agents, of the attached dwellings sold for the month prior to mid-October 2021 across south-west Queensland, 71 per cent of buyers were private investors, 14 per cent were private superannuation fund investors, 10 per cent were private family trusts and five per cent were noted as companies. Non-local investors captured 43 per cent of sales, owner-occupiers 38 per cent and 19 per cent were local investors. The locations of the buyers were predominantly from the Toowoomba region (43 per cent), 14 per cent from Brisbane with the remainder (four per cent) intrastate and interstate buyers.





It is the opinion of Herron Todd White that attached housing continues to deliver an opportunity to buyers in the Darling Downs market for both owner-occupiers and non-local investors, who make up over 80 per cent of the buyer demographic between the two categories. Owner-occupiers are contributing 38 per cent of the buyer type. A slightly higher percentage (43 per cent) of these buyers are non-local investors, showing a strong market for the opportunity to purchase these assets within the Darling Downs region.

Based on the recent available sales evidence, it is considered that the most popular attached housing option for prospective purchasers is currently units, followed by duplexes and townhouses from both a rental investment perspective and purchasing as an owner-occupier. These three categories cater to a wider demographic for both tenants and potential buyers, as opposed to high-rise or medium-rise units and blocks of flats (for example), due to their price point for growth and availability from a purchasing price point. These three attached housing options are also more suitable for a wider range of tenants. We highlight that there is still a good supply of various attached housing available for buyers (including new units currently under construction) with evidence suggesting that demand for individual units is currently outpacing other whole complexes (multi residential properties) and duplexes. This is evident with values of individual unit sales currently increasing whilst pricing for complexes and duplexes has generally remained steady for the previous 12 months. Demand for attached housing from a rental perspective has certainly increased in the previous 12 months, along with their rental prices, with potential applicants now offering above the advertised rental price to secure a property.

It is the opinion of Herron Todd White that attached housing continues to deliver an opportunity to buyers in the Darling Downs market for both owner-occupiers and non-local investors, who make up over 80 per cent of the buyer demographic between the two categories.

When purchasing an attached unit in any of the category types previously mentioned, it is fundamentally important for both investors and owner-occupiers to complete their due diligence prior to purchasing.

Based on recent transactions, particular unit options that appear less prevalent in this coverage area are high-rise and medium-rise units, which while appealing to young professionals has limited market appeal for occupiers with a family or possibly a pet for instance. Purchasing a block of flats is certainly beneficial from a long term investment aspect but depending on the price point, has a more limited buyer pool, being predominantly the investor market.

Finally, when purchasing an attached unit in any of the category types previously mentioned, it is fundamentally important for both investors and owner-occupiers to complete their due diligence prior to purchasing. This includes extensively researching the locality and taking into consideration that some areas have a greater density of attached housing which can impact on an achievable resale value should a large number of properties in the surrounding area be offered for sale concurrently.

The rental return or yield should also be a consideration, especially if purchasing for an investment. This also is on par with location and targeted towards investors. Your location will obviously have an impact on the potential rental return with a similar unit having a greater return for simply being in a better location, but of course this would generally come with a superior price tag. Working out the best rental return or yield for your money is important for investors to maximise their investment. Similarly, owner-occupiers may want to also take note of this in case their circumstances change or if they were to sell, as a strong rental return or yield would open up their buyer pool to more interested parties.

Another consideration should also be fees, including body corporate fees, strata fees, management fees, etc. These aren't applicable to every attached housing situation but both investors and owner-occupiers need to do their due diligence prior to signing contracts. For example, a property that appears to have a great rental yield from an investment perspective may also have high strata fees or management fees. For owner-occupiers, it is also best to take into consideration this additional cost in any purchasing decision.

Darren Robins
Director

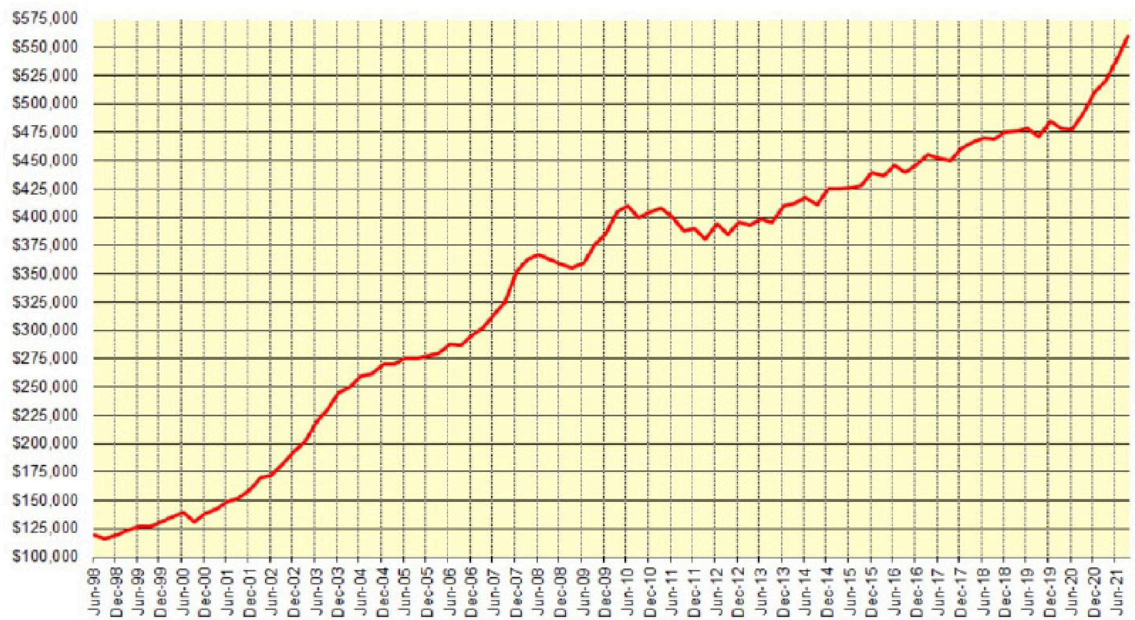
South Australia - Attached Housing

Adelaide

The market continues to grow within the Adelaide metropolitan area. State government data indicates the median dwelling price grew 3.8 per cent in the September quarter to $560,000 which is a rise of 14 per cent year on year. Market growth is seemingly across the board in terms of location and price point. Suburbs are having their record sale prices broken on what seems like a weekly basis. The Adelaide Advertiser ran an article on 23 October noting that there are now 55 suburbs within the metropolitan area with a median house price above $1 million, an increase from 14 suburbs in September 2018. The spring selling period has begun with an uptick in stock, however it appears that demand is still outstripping supply. Discussions with agents have indicated that there is a sense of desperation amongst active purchasers which is leading to the strong prices being achieved.

Within the Adelaide metropolitan area, attached housing comes in three common forms: home units; townhouses; and maisonettes. Home units are most commonly dotted around the middle and inner rings. Typically constructed in the 1960s to 1970s, home units are characterised by single and low-level rise groups of cream brick construction. Price points vary from $175,000 for original one-bedroom units to $700,000 for larger renovated two- or three-bedroom units. Home units have broad market appeal providing an entry price point for first home buyers, typical gross yields of four to five per cent for investors and a low maintenance option for downsizers. Examples of this stock include 6/57 East Terrace, Kensington Gardens, a fully renovated 1960s single level home unit disposed as two bedrooms and one bathroom which achieved a sale price of $660,000 and 5/6 Jeffrey Street, Brooklyn Park, a circa 1960s first floor home unit disposed as two bedrooms and one bathroom which achieved a sale price of $282,000. The latter sold tenanted at $310 per week which equates to a 5.7 per cent yield.

Adelaide Metropolitan Area - Median House Price by Quarter



(source sa.gov)

57 East Terrace Kensington Gardens Source: realestate.com.au

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57 East Terrace Kensington Gardens Source: realestate.com.au

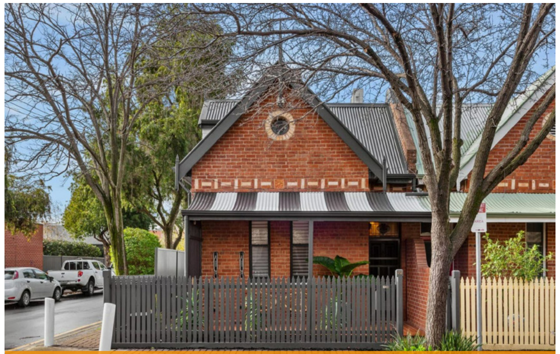
Townhouses began springing up sporadically in the metropolitan area throughout the 1970s and 1980s. This style of accommodation became more common around high traffic areas and shopping precincts throughout the 1990s and 2000s and due to a relaxing of zoning restrictions, a boom of townhouse development has occurred more recently. Price points typically vary from $350,000 to $750,000. Townhouses typically appeal to first home buyers and investors, providing gross yields of four to five per cent and can also provide lifestyle options for those wanting to reside in higher density locations within the CBD and inner rings. Examples of this stock include 6F Clairville Road, Campbelltown a modern circa 2018 townhouse disposed as three bedrooms and two bathrooms which achieved a sale price $552,000 and 12a/25 Frederick Street, Unley, a partially updated circa 1984 townhouse disposed as three bedrooms and one bathroom which achieved a sale price of $690,000.

Price points typically vary from $350,000 to $750,000.


6F Clairville Rd, Campbelltown Source: realestate.com.au


12A/25 Frederick St, Unley Source: realestate.com.au

Maisonettes can be broken up into two separate categories: heritage and housing trust. Heritage maisonettes are most commonly found within the Adelaide CBD and inner ring and are characterised by circa 1880s through to 1920s single fronted stone cottages on sub 300 square metre allotments. Depending on accommodation, condition and car parking or lack thereof, price points begin at $450,000 and rise into the $1 million bracket. With charming character these properties are ever popular with the market, appealing to first home buyers, investors and downsizers. It's noted that rental yields tighten for these properties to two to three per cent with investors typically seeking out a long term hold for capital growth. An example of this style of stock is 22 Edmund Street, Norwood which achieved a sale price of $878,000. This property comprises a circa 1900s semi-detached cottage with no off street parking. It has been extensively renovated and extended.


22 Edmund St, Norwood Source: realestate.com.au

Interesting fact: a character maisonette at 190 Buxton Terrace, West North Adelaide achieved $2.303 million in August, which is one of the highest known sales of a semi-detached dwelling in the Adelaide metropolitan area. This property comprises a circa 1900 renovated and extended blue stone maisonette disposed as five bedrooms and three bathrooms, further improved with a swimming pool on 655 square metres of land.


190 Barton Tce, West North Adelaide Source: realestate.com.au

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Housing trust maisonettes are most commonly found in the western and northern suburbs, with their conventional construction style being synonymous with the street scapes of the suburbs in which they are found. These properties are characterised by 1950s to 1960s red brick maisonettes disposed as either two or three bedrooms. Price points begin at $125,000 and rise into the mid $300,000s. These maisonettes are popular with investors as they provide some of the strongest gross rental yields within the metropolitan area. Historically investors could have achieved yields of up to eight per cent within this market, however rising price points have seen yields tighten to five to six per cent. The sale of 33 Amport Street, Elizabeth North reflects the stock available in this market. This property achieved a sale price of $230,000 and comprises a circa 1960s three-bedroom and one-bathroom maisonette which has been partially updated. At the time of sale, the property was tenanted at $260 per week, generating a gross rental yield of 5.87 per cent.

33 Amport St, Elizabeth North Source: realestate.com.au

More established attached housing stock such as home units and heritage or housing trust maisonettes have the greatest prospect for price growth over the next 12 months. It's noted that housing trust maisonettes' price points are more price sensitive than heritage maisonettes and fluctuate with rental demand. The townhouse market is hindered by a relatively unlimited supply of available development sites which produce a steady flow of similar stock.

It's expected that the attached housing market will follow a similar trajectory to the broad market into the latter stages of 2021. With buyer demand remaining strong, it's expected that we will see growth across the board during the year's final quarter.

Nick Smerdon
Director

Western Australia - Attached Housing

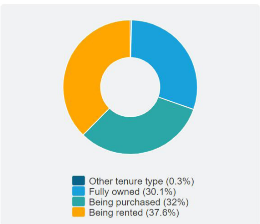
Perth

With the strength of Western Australia's property market showing no signs of abating, construction costs continuing to increase at a frenetic pace and rental vacancies remaining at an all-time low of 0.9 per cent (as per the Real Estate Institute of Western Australia (REIWA), we turn our attention to examining whether attached strata titled properties represent a good, affordable option in comparison to purchasing green title properties, from an investor's point of view.

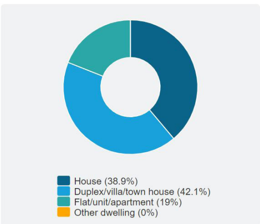
Firstly, we have turned our attention to Yokine, Joondanna and Maylands, all of which are well established suburbs in the Perth metropolitan area, within close proximity to the Perth CBD and providing a full complement of community infrastructure.

Yokine is a suburb with a balanced ownership profile and over half (61.1 per cent, as per REIWA) of its dwellings are strata titled with a mixture of duplexes, villas, townhouses, flat or units or recently constructed apartments (see graphs below).

Property ownership types



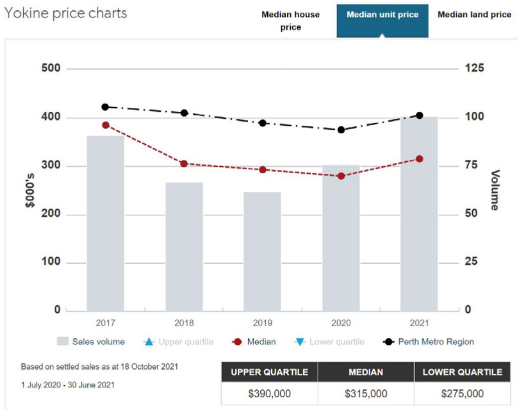
Yokine property types



Property ownership types and Yokine property types. Source: REIWA

The median price of units in Yokine has increased by 12.8 per cent over the past year, considerably higher than the eight per cent increase in the median unit price for the Perth metropolitan region overall.

Yokine price charts



Yokine median unit price in comparison to Perth Metro median unit prices. Source: REIWA

The below property was purchased in August this year for $440,000, comprising a circa 1994, single level, three-bedroom, one-bathroom triplex with

19B Knight Avenue, Yokine. Source: Core logic RP Data

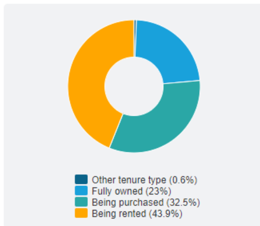
The median price of units in Yokine has increased by 12.8 per cent.

120 square metres of living area situated on a street front 251 square metre strata lot.

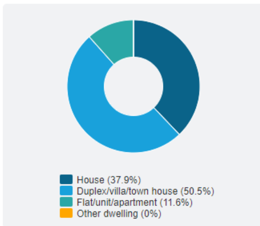
The property was on the market for only 11 days having initially been purchased in 2005 for $264,000, reflecting a price growth of 4.2 per cent which is above the annual 10-year growth rates for the suburb and the Perth metro area being -1.1 per cent and -0.3 per cent. Based on the current rental market, the property would achieve a rental in the order of $460 per week demonstrating an indicative 5.2 per cent gross return, which is some 2.1 per cent above the current average rental Perth metro return of 3.1 per cent (as per realestate.com.au).

Jonndanna, which adjoins Yokine, has an ownership profile favouring investors, although a similar percentage of strata titled property types to Yokine (62.1 per cent, as per REIWA).

Property ownership types



Joondanna property types



Property ownership types and Joondanna property types. Source REIWA

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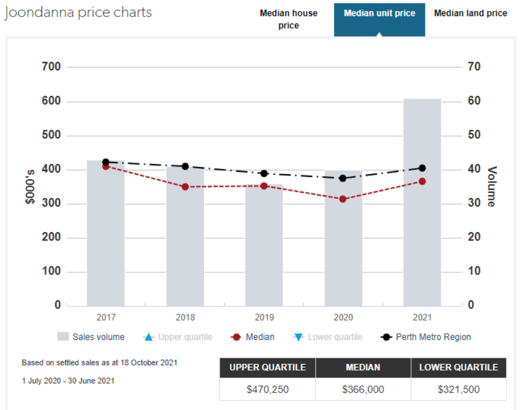
The median price of units in Jonndanna has increased by 16.6 per cent over the past year, once again, considerably higher than the eight per cent increase in the median unit price for the Perth metropolitan region for the corresponding period.



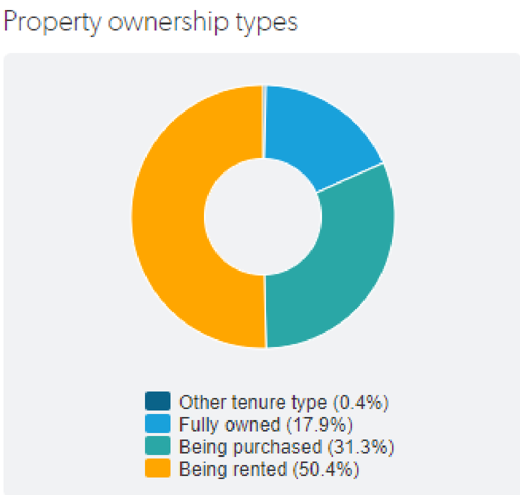
Median unit price for Joondanna in comparison to Perth Metro median unit prices. Source: REIWA

For example, 27B Tyler Street, comprising a circa 2001, two level, three-bedroom, two-bathroom, 188 square metre townhouse on a 284 square metre strata lot sold in June 2021 for $650,000 after only being on the market for five days. The sale price demonstrates both a strong demand and price increase from its previous sale in 2016 for $566,200 (76 days on the market). Based on the current rental market the property is likely to achieve a rental in the order of $520 per week illustrating a 4.16 per cent annual return, which is above the current average rental in the Perth metro region.

The median price of units in Jonndanna has increased by 16.6 per cent.

27B Tyler Street, Joondanna. Source: RP Data

Turning our attention to the well established Swan River side suburb of Maylands, the median annual price increase for units was an impressive 28.1 per cent, demonstrating that investors have already chosen the area as a prime investment locality, as supported by the below property ownership profile.



Property ownership types, Maylands. Source: RP data

Take for example 4/67 Caledonian Avenue, a circa 1982, single level, two-bedroom, one-bathroom 78 square metre villa which sold for $329,000 in June 2021. Based on the current rental market the property could achieve a rental in the order of $350 per week illustrating a 5.5 per cent annual return, which is some 2.4 per cent above the current average rental in the Perth metro region.

27B Tyler Street, Joondanna. Source: RP Data

Turning our attention to survey strata duplexes, we are seeing consumers paying a premium price for survey strata titled properties compared to non-delineated duplexes, as a survey strata property allows the owner to extend, renovate or demolish and rebuild on their parcel of land if they so wish. Strata titled properties will only allow for renovations to the interior and maybe the exterior, depending on the complex's management rules.

For example, 141A Weaponess Road, Wembley Downs, a circa 1959, single level, three-bedroom, one-bathroom, non-delineated strata titled duplex of 96 square metres sold in July 2021 for $725,000 after a 61 day marketing campaign, taking offers upwards of $700,000, whilst 163A Calais Road, Wembley Downs, which comprises a circa 1970, single level, 98 square metre two-bedroom, one-bathroom attached duplex on a 462 square metre survey strata titled lot sold in May 2021 for $769,000 after only being on the market for seven days and advertised as taking offers from $699,000.

141A Weaponess Road, Wembley Downs . Source: Landgate


141A Weaponess Road, Wembley Downs Source: RP Data


163A Calais Road, Wembley Downs . Source:Landgate


163A Calais Road, Wembley Downs Source: RP Data

Other examples of consumers paying a premium for survey strata title properties are two properties located within well sought-after pockets of Shelley. 9 Abrolhos Close, comprising a circa 1985, single level, three-bedroom, one-bathroom strata titled duplex of 141 square metres on a 483 square metre survey-strata lot sold in August 2021 for $660,000 after only being on the market for 39 days. Similarly, 6A Monota Avenue sold in May 2021 for $800,000 after only 19 days on the market, comprising a circa 1979, single level, modest two-bedroom, one-bathroom of 87 square metres on a 502 square metre survey strata titled lot.

9 Abrolhos Close, Shelley. Source: RP Data

6A Monota Avenue, Shelley Source: RP Data

In a more prestigous location, Cottesloe recorded a very impressive 26.3 per cent increase in annual growth over the past year, however the median unit price increase was relatively modest in comparison at 7.7 per cent as per REIWA. However, with rental demand within the suburb being strong, strata titled properties located on or near the Indian Ocean foreshore may represent good investments with reasonable returns, as per the following example.

16/15 Eric Street, Cottesloe Source: RP Data

Unit 16/15 Eric Street settled in October 2021 for $401,000 (as per RP data), comprising a circa 1945, one-bedroom, one-bathroom, 35 square metre unit within walking distance of the Indian Ocean. It's currently advertised at an asking rent of between $420 and $450 per week (as per RP data) and as such, expected to record an annual rental yield in excess of five per cent. That type of return in one of if not the best suburb in a capital city is rare indeed.

Now to the Pilbara and specifically Karratha, we consider that attached products are offering interesting returns. For instance 35B Frinderstein Way, Pegs Creek, sold for $305,000 (settled in October), comprising a renovated circa 1980, 77 square metre, two-bedroom, one-bathroom attached villa on a 241 square metre lot. The property previously sold for $213,000 in 2018 and is currently adverstised for rent at $490 per week, reflecting a return on investment of 8.35 per cent.

35B Frinderstein Way, Pegs Creek Source: RP Data

Apartments in the area have started to gain traction once again due to the high returns and benefit of being located within the town centre, notwithstanding their notoriety for high strata fees. For instance Unit 77, comprising a circa 2013, one-bedroom, one-bathroom, 51 square metre unit located within the Pelago East apartment complex sold for $325,000 in March 2021, up $120,000 from the 2017 purcahse price of $205,000. The property sold subject to a lease until December 2021, of $2,998.21 per month ($35,978.52 per annum), disclosing a return of 11.07 per cent.

77/26 Sharpe Avenue, Pegs Creek Source: RP Data

Also of note are units in Kalgoorlie, which is starting to see an influx of investor activity. Unit 4 at 3 Great Eastern Highway is a classic example. The unit sold in 2009 for $250,000 and has just resold for $219,000 but is being advertised for rent at $400 per week - a whopping $80 per week MORE than 12 months ago. Should this be achieved - and it's likely that it will go close since the vacancy rate of Kalgoorlie is a paltry 1.4 per cent - the property reflects a gross return of 9.5 per cent.

4/3 Great Eastern Highway Source: RP Data

All in all, there are solid returns being offered for attached units throughout Western Australia. The bulk of activity to date has been led by owner-occupiers, hence dwellings aimed at the rental market have been left behind in many areas. It's worth noting that first homebuyers should also consider this product type as a lower level entry point into the market in well regarded locations as opposed to green title stock where affordability results in a buying decision much further from the CBD.

Chris Hinchliffe
Director

Northern Territory - Attached Housing

Alice Springs

Attached housing in Alice Springs encompasses a broad range of standard of accommodation, from small bed sit style units in multi-level complexes all the way to luxury four and even five-bedroom duplex units. Prices also vary, with bed sit or one-bedroom units starting at around $130,000, all the way up to luxury units such as a five-bedroom, three-bathroom duplex unit with a living area of over 260 square metres that recently sold for $722,500 in Stirling Heights.

As with all property, the location is key, and unit purchasers are willing to pay a premium for units close to the CBD or in the golf course area. Less desirable suburbs such as Gillen, Larapinta and Sadadeen offer better value for money with the trade-off being the less salubrious location. In these locations, you could snap up a 1980s or 1990s two-bedroom unrenovated unit for under $250,000. These units provide good entry points to the market for single first home buyers and in the majority of cases, with interest rates so low, buyers find their repayments work out to be less than the rent they would be paying. For this reason, we have seen solid activity levels in less expensive units as people look to exit the rental roundabout.

With rental returns being so strong and vacancy rates sitting at less than 1.5 per cent, investors are also snapping up these lower end units as they offer a good income stream (even if capital growth prospects are not great). There are opportunities for investors throughout the entire range of unit accommodation. At the lower end are the one and two-bedroom units that are very popular with singles and then at the upper end of the market, young professionals and couples are seeking a high standard of accommodation in a reasonably low-density environment, without the hassle of owning a property with a large yard and gardens to maintain.

Capital growth prospects remain fairly uninspiring, despite some recent evidence of a slight upturn in the market (on the back of sustained strong demand and some shortage of available stock). The exception seems to be units with a living area less than 50 square metres, including bed sit style configurations and smaller one-bedroom units. This could be due in part to the reluctance of major banks to lend against properties with less than 50 square metres of living space. As an example, the River East development, which consists of ex-motel style apartments ranging between 30 and 35 square metres of living area has shown soft re-sale results in the past 24 months. Prices peaked at around $200,000 in late 2018 and have since eased by up to ten per cent to between $180,000 and $190,000.

After an explosion of unit construction in the late 2000s to early 2010s, there has been a marked decline in new units coming on line, as the market reached saturation point. This over-supply caused a steep decline in values of older one and two-bedroom units that is still being experienced today. At present most unit development involving more than two units is either for affordable housing, or in the case of the six-storey unit development currently under construction at 113 Todd Street, housing for government employees.

When looking for attached unit property in Alice Springs, one of the key factors to consider is location. You'll pay a premium for better locations, but it's probably worth the outlay in terms of security, rental return and re-sale value. Also, if done wisely, buying an unrenovated unit and giving it a makeover can be profitable, as long as you stick to a budget and don't over capitalise for the location.

Peter Nichols
Valuer

There are opportunities for investors throughout the entire range of unit accommodation.

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Australian Capital Territory - Attached Housing

Canberra

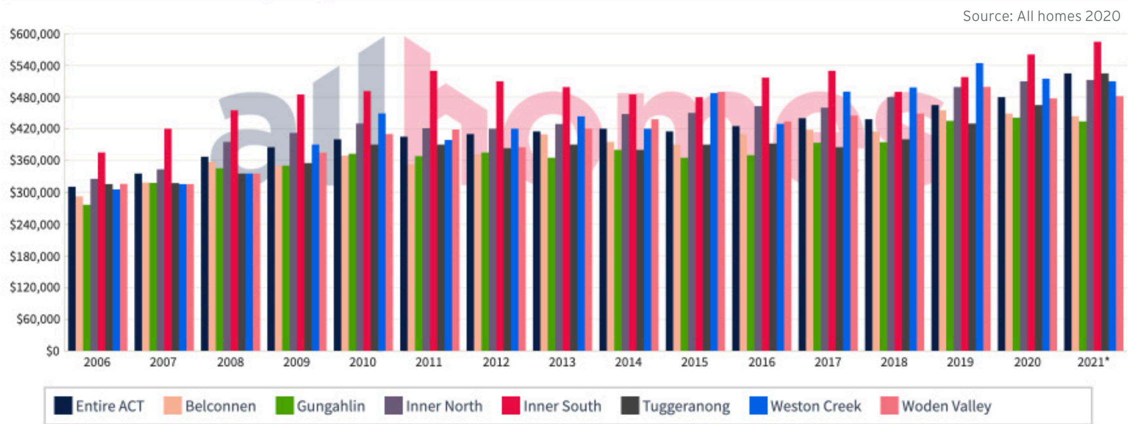
In Canberra, the options for attached housing are wide-ranging, from multi-level apartment buildings to duplexes and townhouses. Apartments and units are commonly more affordable for first home buyers or those entering the property market and are also popular with investors as rental demand has remained high for some time now. The return on an apartment in Canberra can achieve an attractive yield with rents sitting at approximately $500 per week for units.

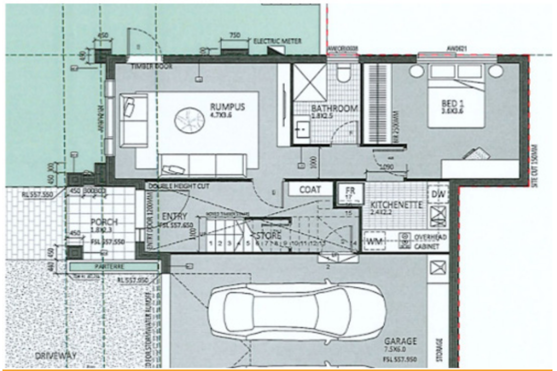
The national capital now holds the title for the city with the largest price gap between units and houses in Australia. While nearly all Australian capital cities recorded residential property price increases in 2021, Canberra tops the list with an 8.2 per cent increase – the highest since records began in September 2003 (Australian Bureau of Statistics). Canberra also experienced record quarterly growth in both the Attached Dwelling Price Index at six per cent and the House Price Index at 8.9 per cent in the 2021 June quarter and is the only capital city to see growth in both categories (Canberra Weekly, 2021). Canberra's vacancy rate is still around one per cent and the unemployment rate remains low, so demand for property is still high.

Canberra's unit prices vary drastically with prices starting as low as $200,000 in surrounding areas such as Queanbeyan, however for a unit in the city or on the Kingston Foreshore, large waterfront apartments can fetch upward of $3 million dollars.

When purchasing a unit or attached dwelling, it is becoming more and more important to assess the building materials of the exterior walls, particularly the use of certain cladding, as combustible material has been a known contributor to fatal fires, most commonly the Grenfell Tower fire in London. This is now a concern for many people looking to purchase attached dwellings here in Australia. Not only can this pose a safety risk but could also be a costly expense to rectify. Moving away from the use of combustible cladding in building exteriors, we are seeing slick new designs using glass, timber and greenery. Mixed-use developments with ground floor commercial spaces add a sense of community and lifestyle to new developments.

Median Unit Price by Region





Ground Floor Self-Contained Unit, Whitlam new build.
Source: Hyperspace Design Pty Ltd

A trend and opportunity we have seen in recent months in many new constructions is the inclusion of self-contained units under the main roof (as opposed to a separate granny flat) such as this recent example in the Molonglo Valley new suburb of Whitlam. Often on the ground floor with its own separate entrance but easily again part of the main house, these spaces have the benefit of appealing to multi-generational families, older children or potentially generating additional rental income.

Tahleah Williams
Assistant Valuer

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Tasmania - Attached Housing

Hobart

Availability of attached housing in Hobart and the surrounding locality is a thing of the past with mum and dad investors homing in on vacant allotments with the potential to construct two or three detached townhouses. More astute investors are purchasing older, established dwellings (whilst maintaining a rental income) with the potential to build a townhouse to the rear of the main dwelling.

There is the potential to make a healthy profit doing this, however competition is stiff and the ability to employ the services of a reputable builder is getting harder by the day (as I am sure is the case Australia wide).

Off the plan purchases of units and townhouses in Hobart was never really accepted up until about 18 months ago when the market started to heat up. Again, if you purchased something off the plan at early 2020 prices you are way in front.

At present there is a dire undersupply of all forms of housing in Hobart, whether it be units, townhouses or free-standing dwellings.

With regard to what is the best form of residence to purchase, it doesn't matter what it is at this point of the property cycle. People are scrambling to multiple open homes in the hope that their over-inflated offer will be accepted.

Mistral Place, Hobart Source: realestate.com.au

I am in constant receipt of phone calls from agents asking if an offer subject to finance will stack up. In most instances my response is that the valuation figure will be lucky to reach the prospective purchaser's finance obligations. In this instance, cash is king as too is an unconditional offer.

With the current federal and state government incentives on hand for first home builders and buyers, this market is very active, however given this demographic is generally under 30, soon to be tightened lender serviceability restrictions will restrict this market unless this demographic turns to the bank of mum and dad. This is the case with my eldest son who recently purchased a three-bedroom, two-bathroom townhouse off the plan in Sorell for $440,000. Believe it or not, the construction has just reached lock up stage and now this particular property would be actively listed on completion for offers in the mid $500,000's. Crazy, hey?

Anyway, the market is HOT with a major shortage of listings and buyers are coming out of the woodwork, both local and from interstate. When will it stop or cool down is anyone's guess, but with money so affordable at the moment, your guess is as good as anyone else's.

Mark Davies
Residential Manager

At present there is a dire undersupply of all forms of housing in Hobart, whether it be units, townhouses or free-standing dwellings.

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Property Market Indicators

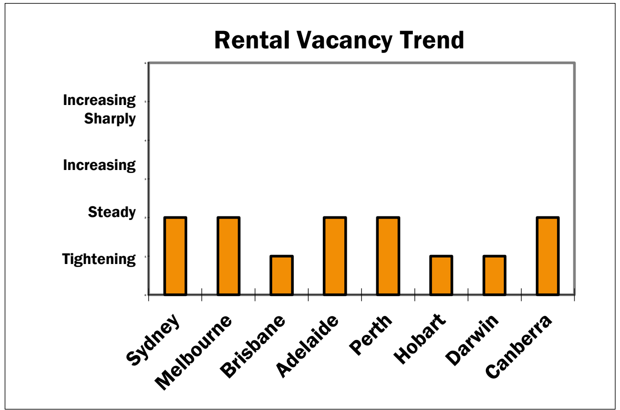
December 2021

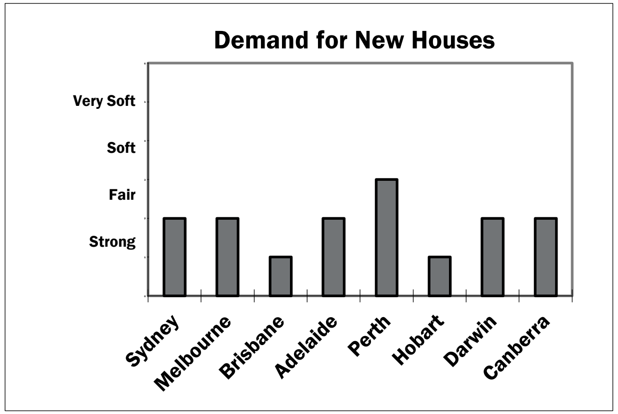
Capital City Property Market Indicators – Houses

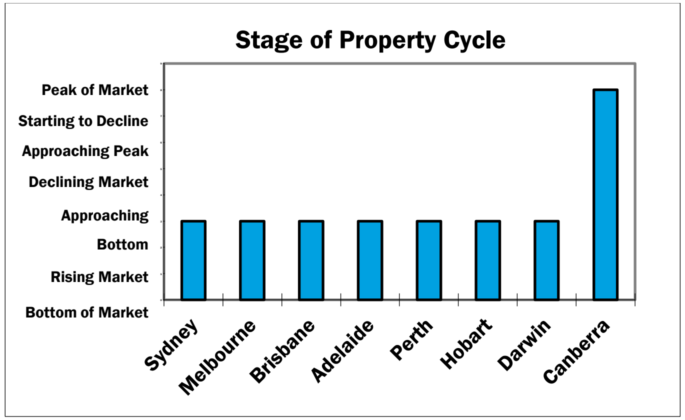
Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	Balanced market	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Severe shortage of available property 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	Declining	Steady	Declining significantly	Declining significantly	Declining significantly	Declining
Volume of House Sales	Increasing	Declining significantly	Increasing strongly	Increasing	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





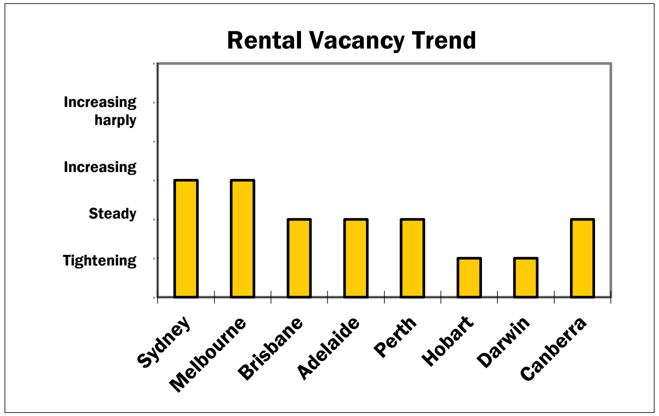


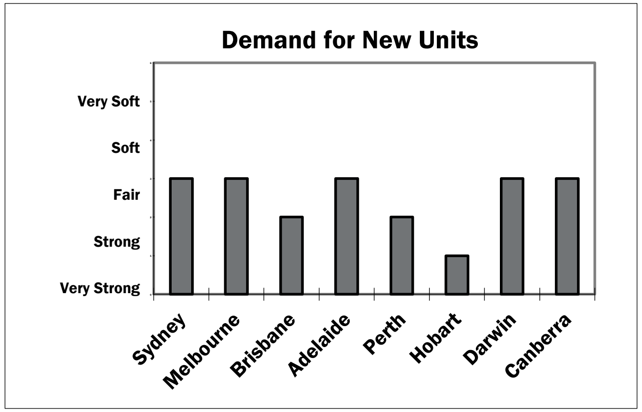
Capital City Property Market Indicators – Units

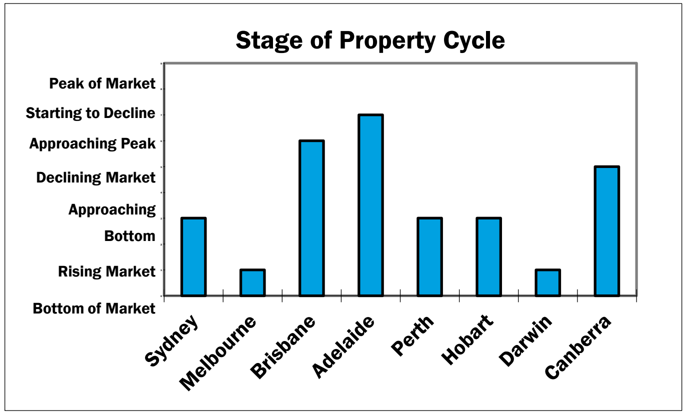
Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	Balanced market	Over-supply of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative 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	Steady	Steady	Declining	Steady	Declining	Declining significantly	Declining	Declining
Volume of Unit Sales	Increasing	Declining significantly	Increasing strongly	Steady	Increasing	Increasing strongly	Increasing	Steady
Stage of Property Cycle	Rising market	Start of recovery	Rising market	Rising market	Rising market	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

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

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





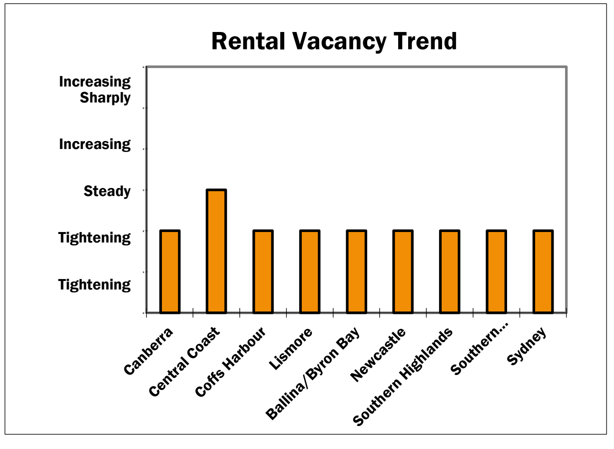


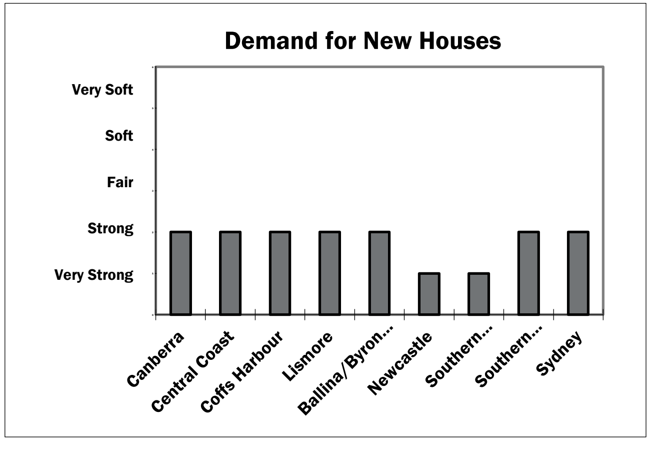
East Coast New South Wales Property Market Indicators – Houses

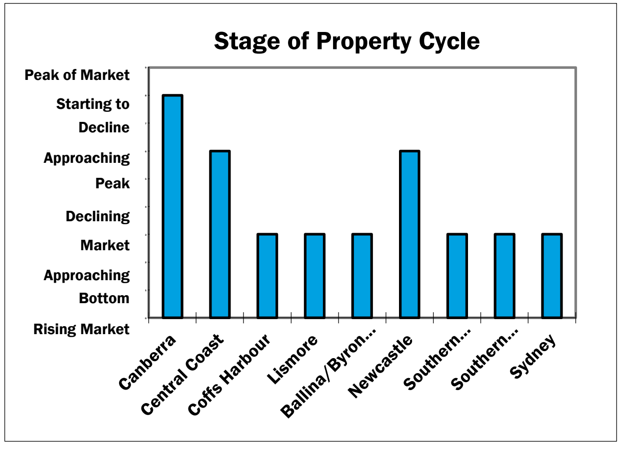
Factor	Canberra	Central Coast	Coffs Harbour	Lismore	Byron Bay/Ballina	Newcastle	Southern Highlands	Southern Tablelands	Sydney
Rental Vacancy Situation	Shortage of available property relative to demand	Shortage of available property relative to demand	Balanced market	Severe shortage of available property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





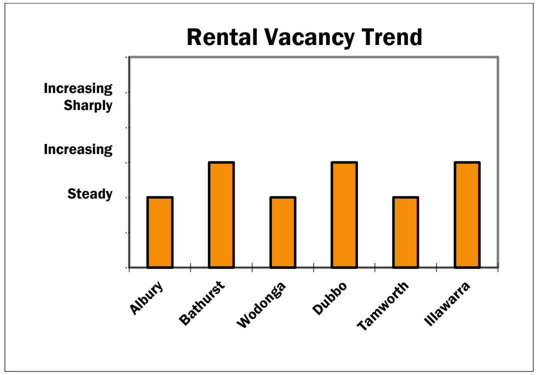


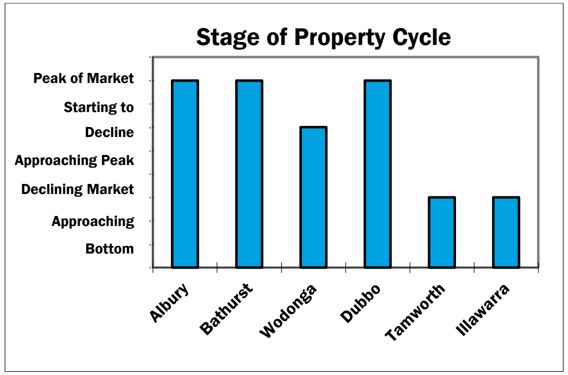
Country New South Wales Property Market Indicators – Houses

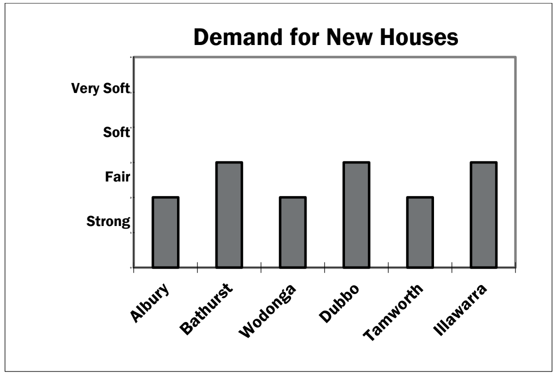
Factor	Albury	Bathurst	Wodonga	Dubbo	Tamworth	Illawarra
Rental Vacancy Situation	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Balanced market
Rental Vacancy Trend	Tightening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

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

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





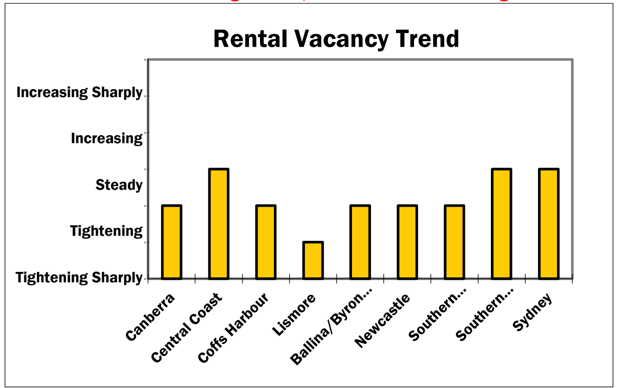


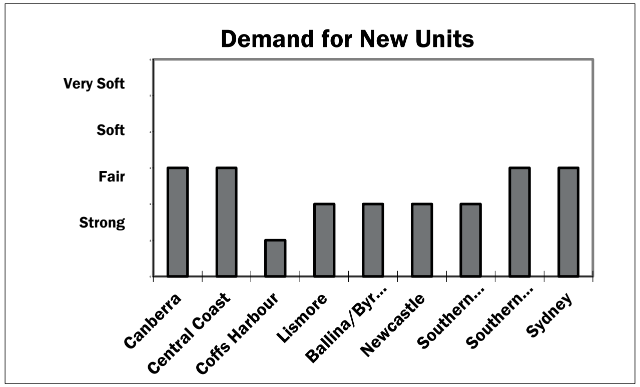
East Coast New South Wales Property Market Indicators - Units

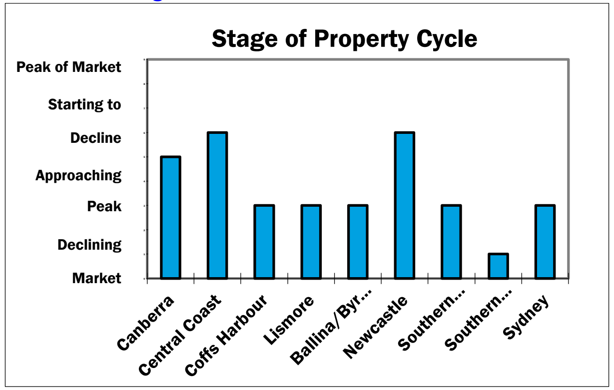
Factor	Canberra	Central Coast	Coffs Harbour	Lismore	Byron Bay/Ballina	Newcastle	Southern Highlands	Southern Tablelands	Sydney
Rental Vacancy Situation	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative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

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

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





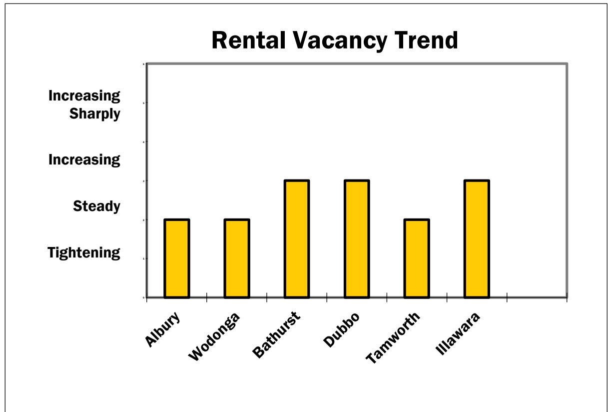


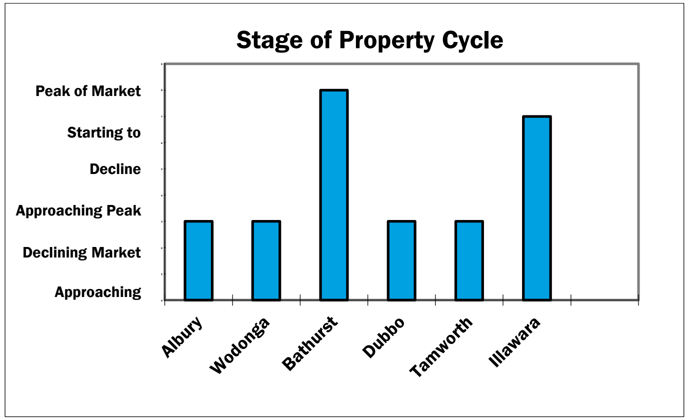
Country New South Wales Property Market Indicators - Units

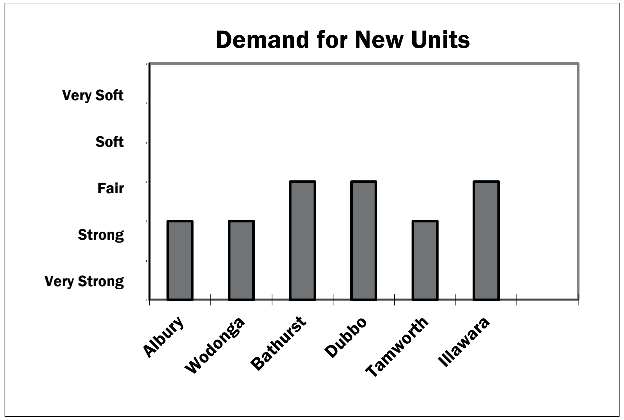
Factor	Albury	Wodonga	Bathurst	Dubbo	Tamworth	Illawarra
Rental Vacancy Situation	Shortage of available property relative to demand	Shortage of available property relative to demand	Balanced market	Balanced market	Shortage of available property relative to demand	Balanced market
Rental Vacancy Trend	Tightening	Tightening	Steady	Steady	Tightening	Steady
Demand for New Units	Strong	Strong	Fair	Fair	Strong	Fair
Trend in New Unit Construction	Steady	Steady	Declining	Declining	Declining	Steady
Volume of Unit Sales	Increasing	Increasing strongly	Increasing	Steady	Increasing	Steady
Stage of Property Cycle	Rising market	Rising market	Peak of market	Rising market	Rising 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





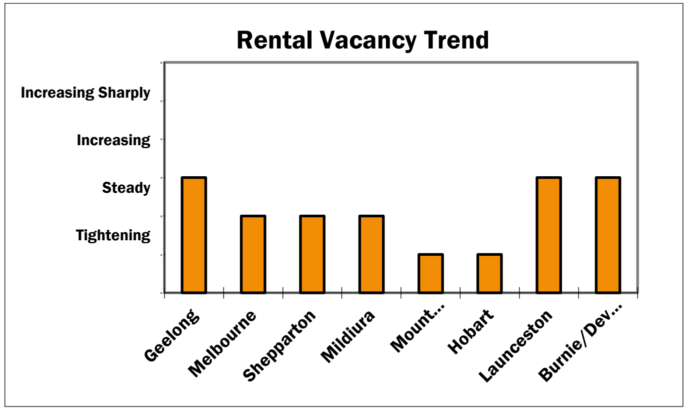


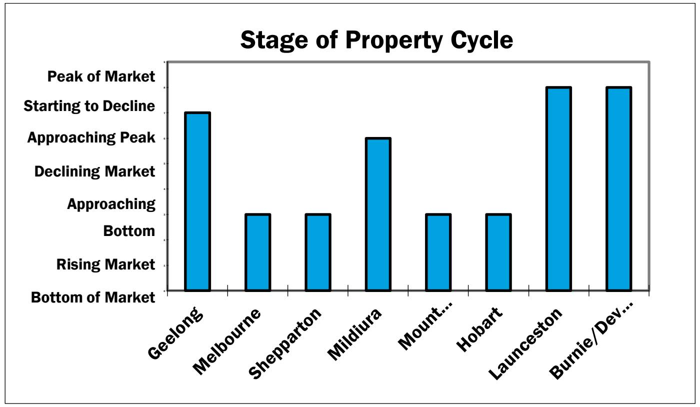
Victorian and Tasmanian Property Market Indicators – Houses

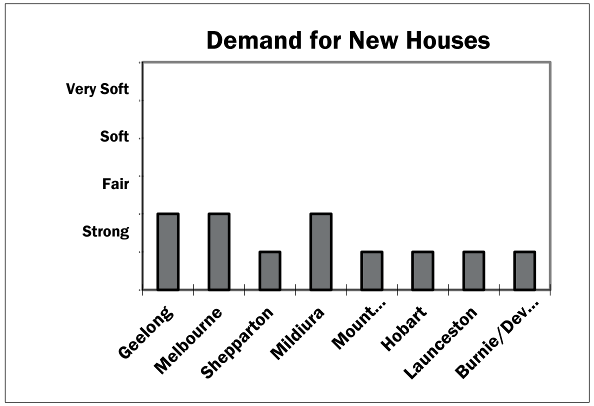
Factor	Geelong	Melbourne	Shepparton	Mildura	Mount Gambier	Hobart	Burnine/ Devenport	Launceston
Rental Vacancy Situation	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property 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	Very strong	Strong	Very strong	Very strong	Very strong	Very strong
Trend in New House Construction	Declining significantly	Declining	Declining significantly	Declining	Declining significantly	Declining significantly	Declining significantly	Declining significantly
Volume of House Sales	Increasing strongly	Declining significantly	Increasing strongly	Steady	Increasing strongly	Increasing strongly	Declining	Declining
Stage of Property Cycle	Approaching peak of market	Rising market	Rising market	Approaching peak of 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	Occasionally	Almost never	Occasionally	Almost always	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





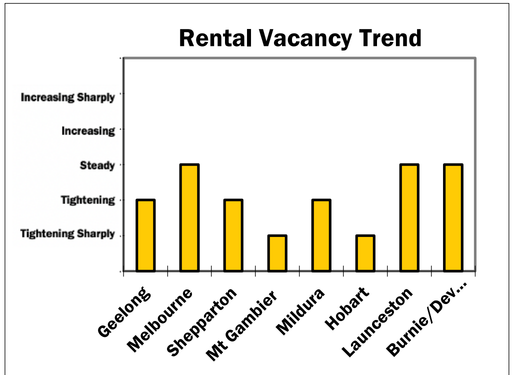


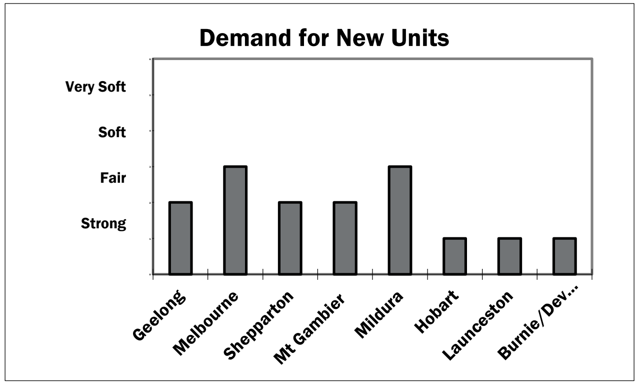
Victorian and Tasmanian Property Market Indicators – Units

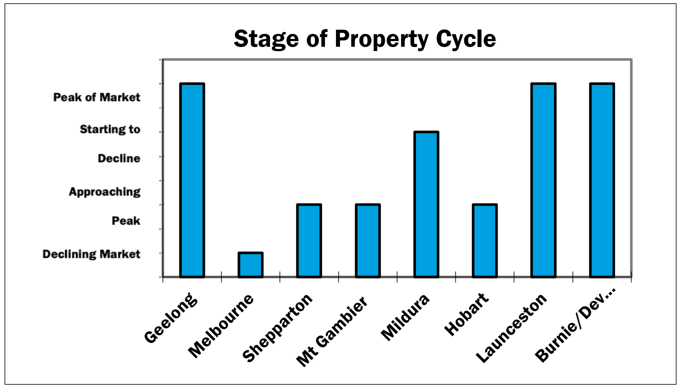
Factor	Geelong	Melbourne	Shepparton	Mount Gambier	Mildura	Hobart	Launceston	Burnie/Develport
Rental Vacancy Situation	Shortage of available property relative to demand	Over-supply of available property relative to demand	Shortage of available property relative to demand	Shortage of available property 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	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 significant-ly	Steady	Steady	Steady	Steady	Declining significant-ly	Declining significant-ly	Declining
Volume of Unit Sales	Increasing strongly	Declining significantly	Increasing	Increasing	Steady	Increasing strongly	Declining	Steady
Stage of Property Cycle	Approaching peak of market	Start of recovery	Rising market	Rising market	Approaching peak of 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





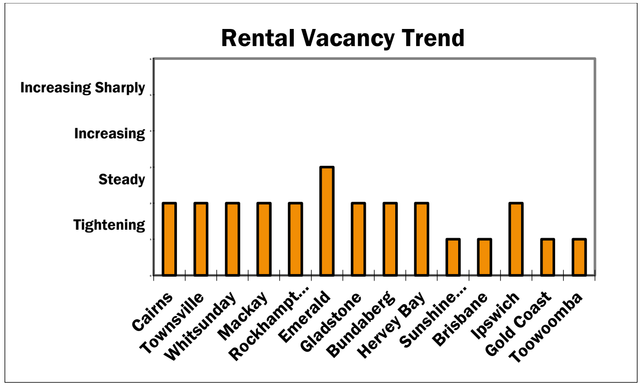


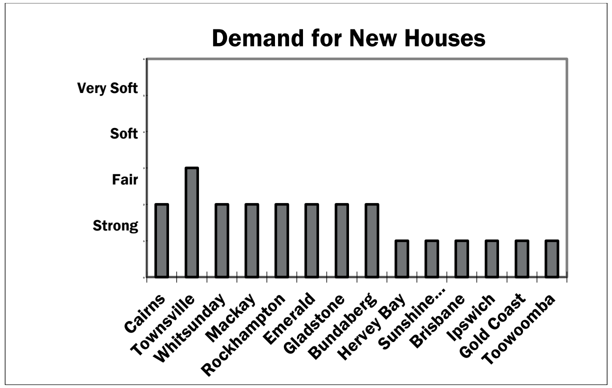
Queensland Property Market Indicators – Houses

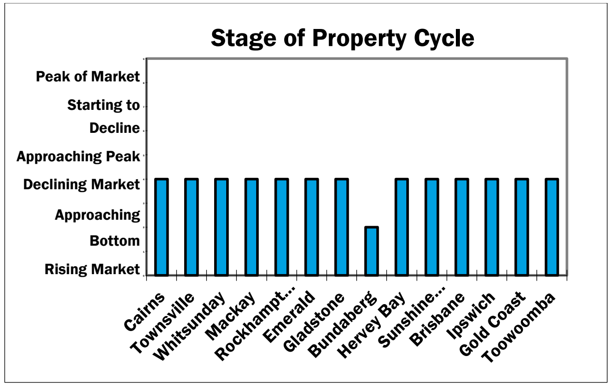
Factor	Cairns	Townsville	Whitsunday	Mackay	Rockhampton	Emerald	Gladstone	Bundaberg	Hervey Bay	Sunshine Coast	Brisbane	Ipswich	Gold Coast	Toowoomba
Rental Vacancy Situation	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available property relative to demand	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	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	Tightening	Tightening	Tightening	Tightening	Tightening	Steady	Tightening	Tightening	Tightening	Tightening sharply	Tightening sharply	Tightening	Tightening sharply	Tightening sharply
Demand for New Houses	Strong	Fair	Strong	Strong	Strong	Strong	Strong	Strong	Very strong	Very strong	Very strong	Very strong	Very strong	Very strong
Trend in New House Construction	Declining	Steady	Declining	Steady	Steady	Declining	Declining	Declining	Declining significantly	Declining significantly	Declining	Declining	Declining significantly	Declining
Volume of House Sales	Increasing	Increasing	Increasing	Increasing	Increasing strongly	Steady	Increasing	Increasing strongly	Increasing strongly	Increasing	Increasing strongly	Increasing strongly	Increasing strongly	Increasing strongly
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	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





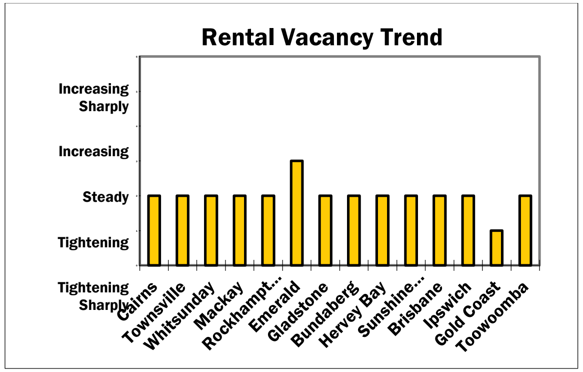


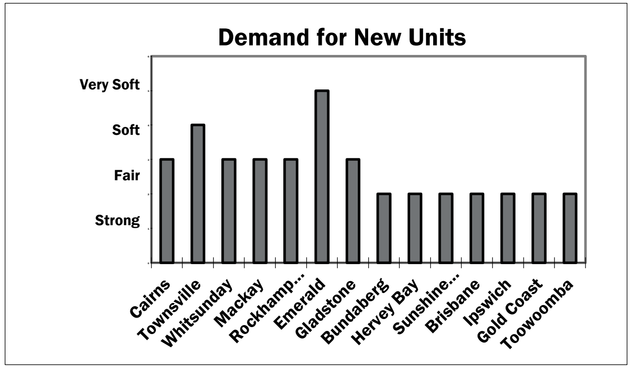
Queensland Property Market Indicators – Units

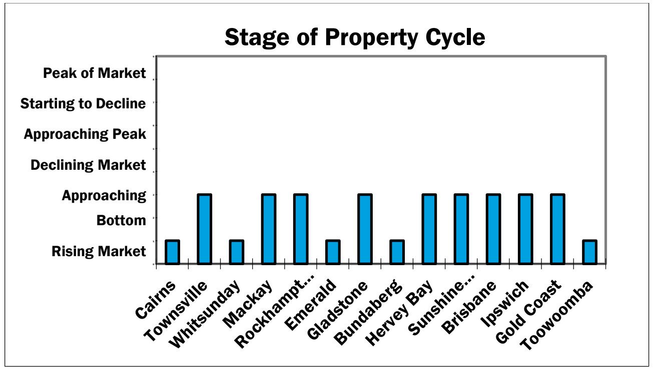
Factor	Cairns	Townsville	Whitsunday	Mackay	Rock-hampton	Emerald	Gladstone	Bundaberg	Hervey Bay	Sunshine Coast	Brisbane	Ipswich	Gold Coast	Toowoomba
Rental Vacancy Situation	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Severe 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	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
Rental Vacancy Trend	Tightening	Tightening	Tightening	Tightening	Tightening	Steady	Tightening	Tightening	Tightening	Tightening	Tightening	Tightening	Tightening sharply	Tightening
Demand for New Units	Fair	Soft	Fair	Fair	Fair	Very soft	Fair	Strong	Strong	Strong	Strong	Strong	Strong	Strong
Trend in New Unit Construction	Steady	Increasing	Increasing strongly	Steady	Steady	Increasing strongly	Steady	Declining	Declining	Declining	Declining	Declining	Declining	Declining
Volume of Unit Sales	Increasing	Increasing	Increasing	Increasing	Increasing	Steady	Increasing	Increasing strongly	Increasing	Increasing	Increasing strongly	Increasing	Increasing	Increasing
Stage of Property Cycle	Start of recovery	Rising market	Start of recovery	Rising market	Rising market	Start of recovery	Rising market	Start of recovery	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	Almost never	Almost never	Occasionally	Occasion-ally	Occasionally	Occasionally	Almost never	Occasionally	Occasionally	Occasion-ally	Occasion-ally	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





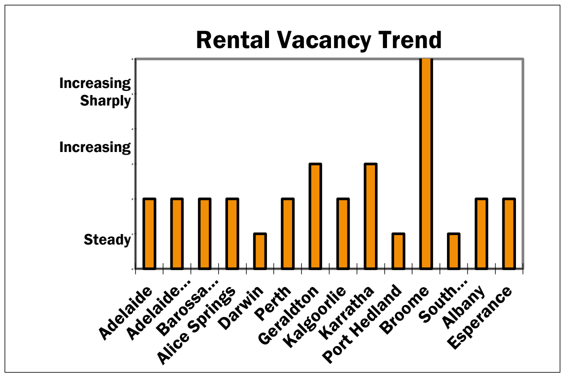


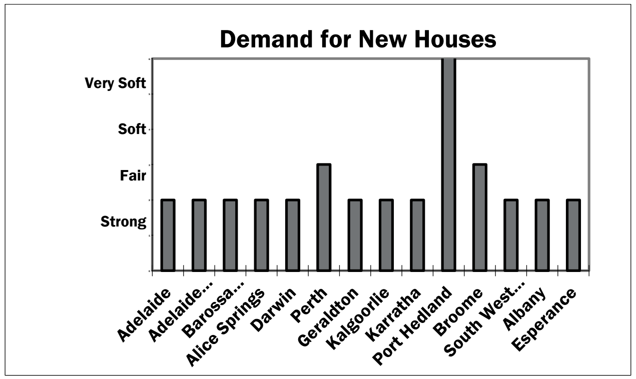
SA, NT and WA Property Market Indicators - Houses

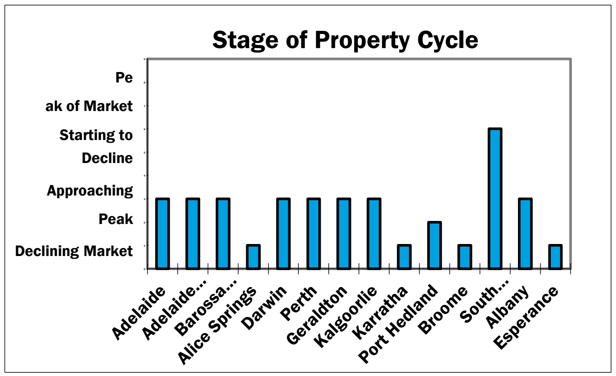
Factor	Adelaide	Adelaide Hills	Barossa Valley	Alice Springs	Darwin	Perth	Geraldton	Kalgoorlie	Karratha	Port Hedland	Broome	South West WA	Albany	Esperance
Rental Vacancy Situation	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available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

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

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





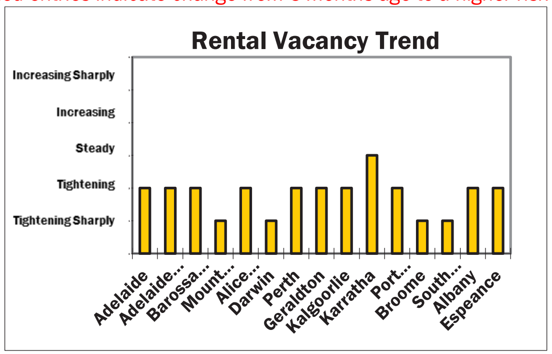


SA, NT and WA Property Market Indicators – Units

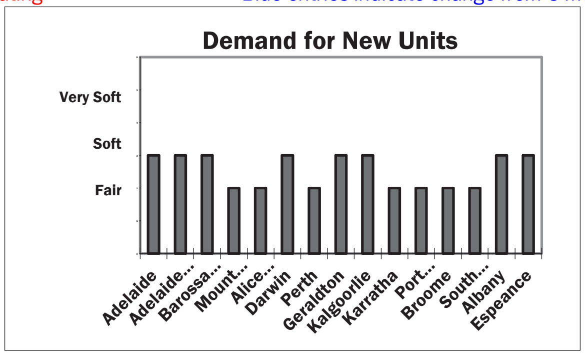
Factor	Adelaide	Adelaide Hills	Barossa Valley	Mount Gambier	Alice Springs	Darwin	Perth	Geraldton	Kalgoorlie	Karratha	Port Hedland	Broome	South West WA	Albany	Esperance
Rental Vacancy Situation	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage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

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

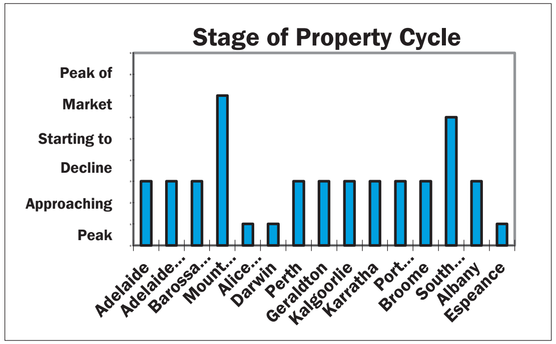
Blue entries indicate change from 3 months ago to a lower risk-rating



Rental Vacancy Trend



Demand for New Units



Stage of Property Cycle

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