Month in Review
February 2022

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

A message from our CEO

Welcome to the February edition of Month In Review

As we enter the second month of 2022, we continue to live in interesting times. There are multiple drivers at play in our property markets and the net result of those influences are difficult to predict. We've just been through an extraordinary period of price growth across all markets, and performance was outstanding for both capital cities and regional centres.

That said, our two biggest markets – Sydney and Melbourne – are showing some signs of price attenuation. Increased listings coupled with buyer fatigue have seen the rate of price growth stabilise to conditions more in line with the pre-COVID world. Around 60 per cent of all national property transactions take place in these two cities, so their performance directly affects Australia's overall real estate picture.

The big question that remains is, "Are property prices likely to correct in 2022?". There are a few considerations worth noting about this.

Rising inflation and comments from the RBA Governor all point to a series of interest rate increases in the latter half of 2022 and into 2023. That said, financial institutions have been applying adequate buffers to loan applications for some years now, so a few percentage point increases, at least in the short term, can be weathered by most borrowers. We also know that new house construction prices are under significant cost pressures potentially establishing a higher floor price for new stock.

Another important metric for markets to monitor will be unemployment. The unemployment rate is at a low 4.2% according to the ABS, and the government predicts a rate below 4% could be achieved in the second half of 2022.

The current tight labour market – constrained by vaccination requirements, limited migration and some workplace restrictions on casual employment – is likely to continue for some time. High demand for labour will likely drive wage growth, which in turn supports the ability for workers to service loans, even when interest rates rise.

The counter to this is the very recent announcement of our international borders reopening and whether overseas workers will help fill the current employment void. Depending on their numbers, demand for housing could rise and therefore put upward pressure on prices.

Overall, while unforeseen external factors can affect the economy at any time, there is good evidence suggesting markets will continue to stabilise in the short term at least.

It must be remembered, however, that individual locations will operate at differing speeds. This is exactly why you need on-the-ground knowledge from local experts. To that end, we've asked our teams to deliver predictions for each of their service areas in 2022.

We kick off our residential and commercial sections with national overviews from two of our most respected specialists – Commercial director Alistair Weir, and national residential director Ben Esau.

We then drill down into residential markets on an office-by-office basis. Among our notable stories this month are:

• Sydney – Some markets are likely to see prices decline;

• Byron Shire – Property price movement will depend on Sydney's and Melbourne's market performances;

• Brisbane – Rising prices are forcing more homebuyer to look beyond inner-Brisbane suburbs.

Our commercial focus is retail with our teams exploring their predictions for the year. Some highlights include:

• Sydney – Fundamentals are more important than ever when investing this year;

• Melbourne – Omicron saw an extension of the Commercial Tenancy Relief Scheme to mid- March;

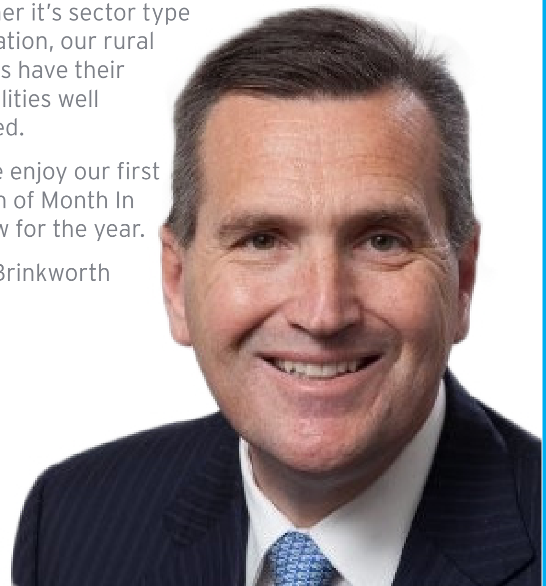
• Adelaide – A "cautious optimism" has descended on the city's retail sector.

Finally, our rural team deliver what must be the most comprehensive publication discussing primary production property markets in 2022. Whether it's sector type or location, our rural valuers have their specialities well covered.

Please enjoy our first edition of Month In Review for the year.

Gary Brinkworth

CEO



2022: The year ahead

This year may prove to be one of the most reformative in recent memory.

Think about it. When the pandemic arrived in 2020, we battened down the hatches. In 2021 we developed and deployed medical and societal responses to the virus.

Now 2022 is here and we are implementing all we know to see what 'normal' life will be like in a world living with COVID.

And we're not talking about just the everyday personal changes and adaptations like travel, relationships and work. We're also thinking about economic transformations. The way we do business and invest for our future.

Therefore 2022 will be a crucial foundation for propelling ourselves forward. It's the launchpad toward our new normal – or is it our new abnormal? I guess we'll see.

This will also be a year of significant events on the national stage.

A federal election looms and the polling looks dire for our current government – but that can turn on a dime. There'll also be more vaccine boosters rolled out. Add in a potential interest rate increase, the reopening of all borders, rising inflation, low unemployment numbers, softening confidence in some areas, moderating wage growth, etc. etc.... it's a mixed bag of drivers that could tip events one way or the other across many facets of the economy – especially real estate.

The overriding fact is this. While property markets across the nation rose in unison as a response to last year's challenges, in 2022 more localise factors will come to bear.

This year, you'll need a champion with insider knowledge to dispense sage-like advice. It will be information delivered by keen minds who live and breathe real estate in your area of interest. Where could you possibly find a national perspective teamed with detailed local knowledge?

Welcome to the Herron Todd White sandbox.

This month, we've asked our valuers to deliver thoughts on how their specialist property markets will perform in 2022.

We have all manner of residential real estate covered – from big capital cities to small regional centres, these are absolutely the opinions you want to hear.

For commercial readers, we're taking the same tack but covering retail markets. Our highly skilled experts in the retail sector get down to the nitty gritty and deliver their outlook for rents, prices and overall performance.

Finally, the rural crew step up with musing on how their sectors will go in 2022.

From industry type to location, primary production in its many and varied forms gets the Herron Todd White treatment.

Of course, predicting market direction, even for specialists like ours, is a generalised exercise. If you want to get specific information on your particular property query, down wait! Contact your local Herron Todd White expert and let them present you the right knowledge to make smart choices in 2022.

FEATURE

HERRON TODD WHITE

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Residential

February 2022

National Residential Overview

Even though most states and territories have been open since November last year, a key question will be if this unprecedented movement of the population to regional Australia will continue, taper or reverse which will likely be a key driver in regional market performance in 2022.

The end of 2021 and start of 2022 has reminded us about the unpredictability of this pandemic. What appeared to be the long-awaited opening of Australia's states and territories ended up being long waits at testing stations as the Omicron variant took and daily case numbers reached heights not previously seen in Australia. Hard lockdowns have been replaced with soft lockdowns creating further complexities for policy makers trying to support struggling businesses, and even whole cities.

As several key market factors drove extraordinary price growth through 2021, so too several headwinds are developing and have the potential to soften current growth levels, or even disrupt market segments.

Rising inflation is impacting economies globally putting pressure on the timing of interest rate increases. While Australia's inflation is tracking lower than say the US, lenders are already pushing ahead with increases to their fixed interest rates with the potential for further rises through the first Quarter of 2022. While rate rises can often dampen market sentiment and activity, perspective is important. Current rates, even if they rise through this year, are still at historically low levels.

The continued transformation of long-term work arrangements, low unemployment (increasing employee choice) and changing property/lifestyle preferences continue to provide conditions for strong regional performance. Interstate and intrastate migration away from densely populated cities has been a hallmark of the demand driving growth in regional and smaller city markets. Overseas migration is also expected to return to greater levels as skills shortages and low unemployment create a significant pull factor.

Whereas, historically, overseas migrants concentrated on major capital cities – in particular Melbourne immediately before the pandemic – what is not known is whether new migration patterns will follow this capital-city trend or add further pressure to regional markets. Migrants may also prefer larger properties and more lifestyle options, which could be supported by upfront flexibility from employers.

Even though most states and territories have been open since November last year, a key question will be if this unprecedented movement of the population to regional Australia will continue, taper or reverse which will likely be a key driver in regional market performance in 2022. One such consideration for those who have already moved (or are considering doing so) is the historical need for workers to live in and near large cities to take advantage of the varied employment options and build important relationships that foster growth opportunities and career progression. Will this important aspect of many careers be possible when living remotely or will it drive some back from the regions?

Overall, this pandemic has brought a period of extremes characterised by an almost universal increase in property prices nationally, and at levels some markets have not seen before. Early signs for 2022 are suggesting a separation of performance between markets based on more local dynamics and price growth at more normal levels.

BEN ESAU
National Director, Residential

RESIDENTIAL

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National Property Clock: *Houses*

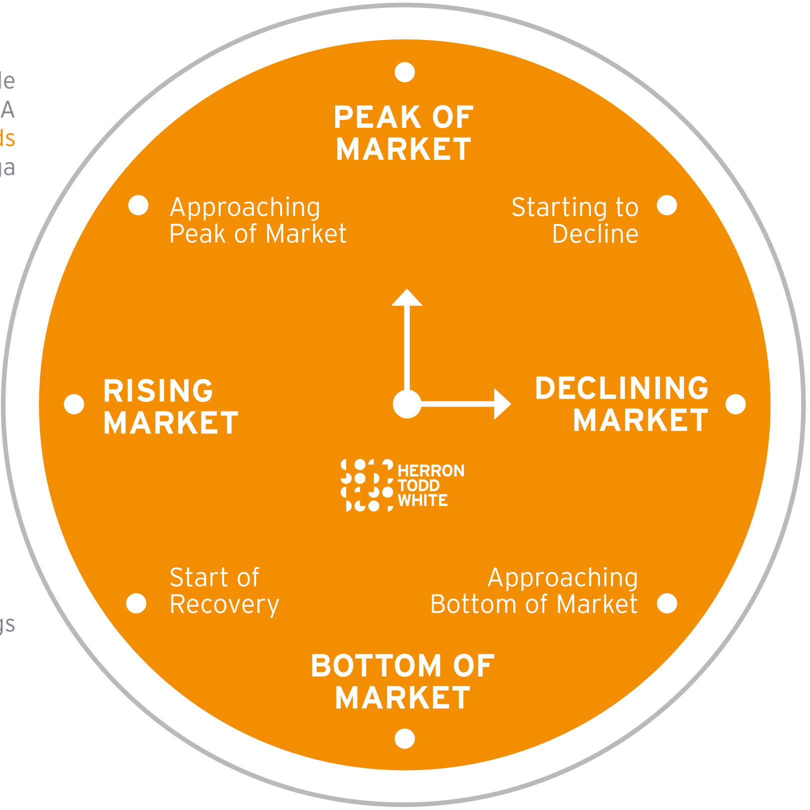
Entries coloured orange indicate positional change from last month.

Bathurst
Burnie/Devenport
Canberra
Dubbo
Launceston

Albury
Central Coast
Geelong
Illawarra
Mildura
Newcastle
South West WA
S'thn Highlands
Wodonga

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

Alice Springs



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National Property Clock: *Units*

Entries coloured blue indicate positional change from last month.

Bathurst
Burnie/Devenport
Launceston

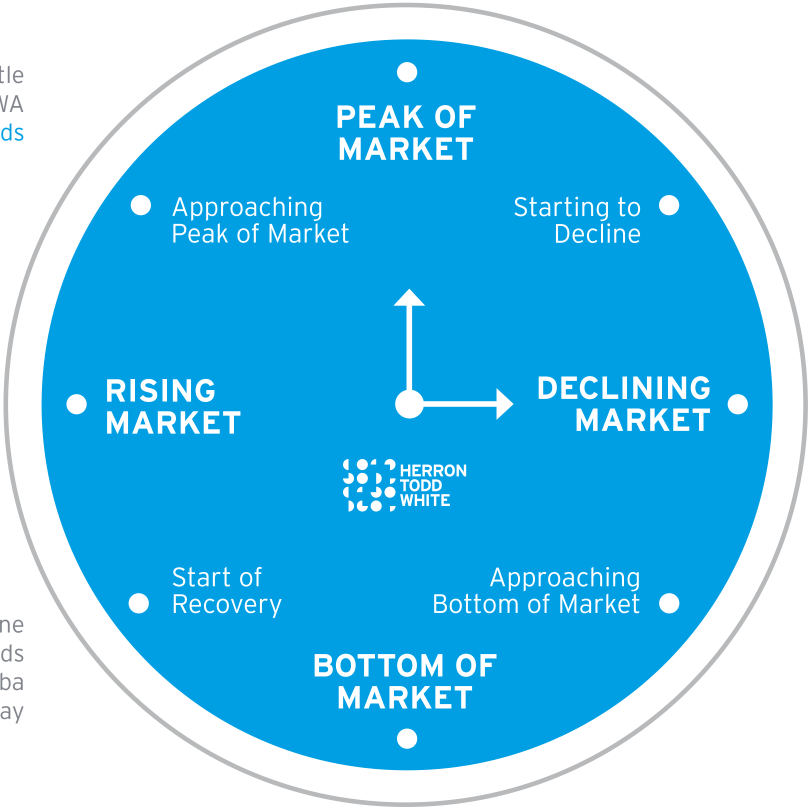
Central Coast
Geelong
Illawarra
Mildura

Newcastle
South West WA
S'thn Highlands

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

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

Mt Gambier
Perth
Port Hedland
Rockhampton
Shepparton
Sunshine Coast
Sydney
Tamworth
Townsville
Wodonga



Canberra

Alice Springs
Bundaberg
Cairns
Darwin
Emerald

Melbourne
S'thn Tableands
Toowoomba
Whitsunday

New South Wales - Residential 2022

Sydney

Despite the uncertainty about COVID and a four-month lockdown, Sydney dwelling prices defied all expectations in 2021, increasing by 25.3 per cent over the course of the year. Whilst strengthening prices were experienced across all property types and price points, house prices (29.6 per cent growth) outperformed unit prices (15.6 per cent growth).

Change in Dwelling Prices - Sydney

	All Dwellings	Houses	Units
Month	0.3%	0.4%	-0.2%
Quarter	2.7%	3.1%	1.7%
Annual	25.3%	29.6%	15.1%

Source: CoreLogic

The easing lockdowns in October saw a significant increase in new listings, with the number in December sitting around 20 per cent higher than the same period in 2020 according to CoreLogic. With more options for buyers, price growth eased during the final quarter and by December, growth had reduced to 0.4 per cent for houses, while units experienced a 0.2 per cent decline for the month.

Looking forward to the year ahead for 2022, expectations are that price growth will continue to slow, however there are likely to be locations, price points and property types that perform better than others, whilst some are likely to see price declines.

Concerns about increasing interest rates and further tightening of regulations around credit availability have been pushed back with the current Omicron wave slowing economic growth to start the year.

Increasing rents (up 10.2 per cent for houses and 7.7 per cent for units in 2021 according to CoreLogic) and falling vacancy rates (which reduced from 3.2 per cent to 2.6 per cent across the year according to SQM Research) may also entice more investors back into the market as rental yields begin to strengthen. The recent reopening of international borders is likely to add to the demand for rental properties in 2022.

Western Sydney

For Western Sydney our prediction is that overall listings will increase in the first quarter of 2022 which will soften demand as more properties hit the market and lead to auction clearance rates declining slightly. The bar has already been set regarding prices and quality dwellings will still get top dollar, they will just be on the market longer. With the increase in supply, less desirable properties will not see as much interest and prices for that type of stock will be lower.

The major banks are also predicting a national slowdown in growth with ANZ forecasting six per cent growth, CBA predicting seven per cent growth and Westpac predicting eight per cent growth in 2022.

The prestige market in the rural lifestyle areas had a strong end to 2021 with areas such as Dural achieving multiple sales over $8 million, with an $11 million sale thrown into the mix as well at 2 Haven Place, Dural. This has been a long time coming for the top end out this way as the last residential $10 million plus sale occurred in early 2018 which was at the time significantly higher than comparable sales. We consider this end of the market to have matured and expect the prestige market to hold its values in 2022 with more sales transacting.

2 Haven Place, Dural   Source: realestate.com.au

Looking forward to the year ahead for 2022, expectations are that price growth will continue to slow, however there are likely to be locations, price points and property types that perform better than others, whilst some are likely to see price declines.

RESIDENTIAL

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The reopening of international borders is considered to provide Western Sydney with more demand for housing as overseas families and investors buy and move to the western suburbs. We predict the new subdivisions will be most popular given the government incentives to buy new stock.

Again for 2022 we caution buyers of investor grade off the plan units to tread carefully as these mass produced units of average quality are the first to drop when the market turns. Media highlighting building defects has played a role in a hesitancy for new units and rightly so as there is an increasing list of developments that have been highlighted by the building commissioner as needing rectification. Quality units, boutique luxury apartments and developers with a strong track record are the best bets in this market.

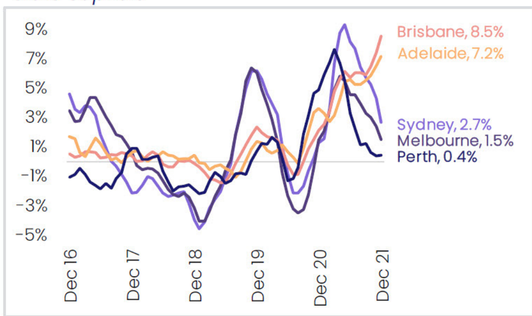
The past 12 months has been a rocket ship ride for the Western Sydney property market with massive gains across the board, particularly for dwellings. Looking ahead the market can't continue at this pace. We predict a slowdown of growth for 2022 as supply increases and wider demand reduces.

Another thing to consider is the typical Western Sydney buyer has most likely not had a wage increase over the past 12 months. With house prices skyrocketing and wages stable, they may have missed the boat for many properties. This may result in moving further afield for a more affordable house or relocating out of the city all together. Only time will tell.

South-West Sydney

Looking back at 2021, South-West Sydney had a phenomenal year, playing a part in the Sydney residential market's record 25.3 per cent growth in the past 12 months. Looking forward into 2022 however, we can see that the market is softening, and the rate of growth has slowed. As initial stimulatory factors are starting to lose their effectiveness and housing affordability starts to take its toll, the monthly rate of growth which peaked back in March 2021 at 3.7 per cent slowed to 0.3 per cent in December 2021. Sydney has also seen a much-needed increase in property listings of 25.8 per cent since spring and if this trend is to be followed and without any other major shocks to the market, we should see a gradual softening Sydney market in 2022.

Rolling three month change in dwelling values
State capitals



Source: CoreLogic

Of course, there is still room in the tank and the big four banks' latest forecasting expects a six to eight per cent growth in 2022. Given the Reserve Bank's firm stance to wait for stable inflation and wage growth to occur before raising the cash rate from its record low, this may be the case if all holds true. However, there's always that X-factor that can make forecasting historically difficult. This time around, COVID-19 will certainly keep us on our toes and if the market still proves stubbornly heated, we could see another round of APRA interventions.

With all that said, South-West Sydney still proves to be the choice for many homebuyers and investors, as it's a much more affordable opportunity relative to the rest of Sydney (although this is quickly changing), but also has great pockets of highly sought after areas for buyers who want to remain within the Sydney basin.

Certainly, what cannot be ignored is the Western Sydney Growth Area, the newly establishing suburbs being built around the Western Sydney Airport and Western Sydney Employment Area. In particular, Denham Court, Oran Park and Gregory Hills are the standout performers. With the current property growth being driven mainly by owner-occupiers, along with government incentives to buy or build new dwellings, these new family-oriented areas have seen strong growth. We expect these areas to see continued demand over 2022, especially in the big-name master planned estates, where we could see a two-tiered market start to develop between the premium master planned estates and smaller subdivision developments.

The established South-West suburbs have also performed well, and we expect this to continue into 2022, particularly those within good family-friendly neighbourhoods, close to good school catchments and amenities. Some standout performers include Cecil Hills, Wattle Grove, Abbotsbury and Elizabeth Hills. These suburbs have recently set sales record for the area, the latest being a $4.25 million sale in Cecil Hills, and are fast becoming a prestige

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market in their own right and rivalling their more eastern counter-parts as a more accessible entry. Additionally, demand for prestige acreages in areas such as The Oaks and Horsley Park are also expected to continue. COVID has made many now cashed up Sydneysiders realise their need for open-space, and stock levels for such properties are few and far between, driving up demand.

14 Kensington Close, Cecil Hills Source: realestate.com.au

Units on the other hand, have not performed quite as well as houses in the South-West, as buyers during COVID want more space and with the recent torrent of media reports on building defects, hesitancy to buy into the mass produced off-the-plan apartments is prevalent. High-rise hubs such as Liverpool have also suffered from oversupply, contributing to the underperformance. The exception to the rule however, along with townhouses, has been high quality units by trusted developers, which due to their large master plans, manage to create more family-oriented neighbourhoods. The units around Ed Square by Frasers are a prime example. While housing affordability and the return of immigration might see more demand return, we still don't expect to see a strong performance from the unit market in 2022.

Overall, the past 12 months have been an exceptional year for the South-West property market. While growth has slowed, there is still momentum in the market, and we still expect a more soft growth in the year ahead as both housing affordability weighs down the market and property supply increases.

North Shore

The prestige market on the Upper and Lower North Shore is expected to stabilise throughout 2022 after a historic run in 2021. The last few weeks of 2021 saw sale prices remaining strong but selling agents reporting reduced urgency from buyers, with a willingness to be more patient. A major reason for this slight change in buyer sentiment has been the much awaited increase in supply levels. This trend is expected to flow through into 2022, resulting in a more stabilised market, although we don't expect to see any major correction.

As a broader point of interest, internationally, top end prestige markets in global cities worldwide experienced similar strong growth throughout 2021 and this trend is expected to continue in 2022. According to Knight Frank's Prime Global Forecast, the prime property market (defined as the top five per cent of each market by value) in Sydney is expected to see a nine per cent increase in value.

The main drivers of the North Shore prestige market in 2022 will be the continued return of professional expatriates, the re-introduction of international buyers and historically low interest rates. This combination of fundamentals points towards continued strong market conditions in the prestige sector.

As with every year in the prestige market sector, 2022 is sure to showcase some spectacular and unique properties, with sale price records being eclipsed in some suburbs. One such property on the Upper North Shore is currently listed for sale. 78A Springdale Road, East Killara, known as Wharncliffe, is currently on the market with a price guide of $20 million. This 1939 Georgian revival residence, set on 7,528 square metres of expansively landscaped land, comprises seven bedrooms, four bathrooms and is full of period detail and design features. The property is gaining plenty of exposure having a very interesting history, with one of the prior owners even being the subject of a recent television series.

78A Springdale Road, East Killara Source: realestate.com.au

The unit market sector bore the brunt of the COVID-19 pandemic in 2021. As dwelling values experienced record price growth, the unit market remained relatively stagnant. Border closures

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resulted in a pause on immigration and the resulting reduction in international student numbers. Both of these buyer profiles are normally very active in the unit market sector throughout areas such as Ryde, Macquarie Park and the North Shore and the negative impact has had an obvious negative effect.

However, we do expect to see far more positive results in 2022, with the unit sector already starting to show some increased activity. Investors, who have been relatively quiet due to the issues noted above, are realising that record low interest rate conditions need to be taken advantage of before we see any regulatory borrowing restrictions. Investors are also aware that immigration is going to ramp up throughout 2022 as border restrictions are eased, which should result in greatly increased buyer and rental demand in the unit sector.

It has also become apparent that unit rents are on the rise throughout Sydney, which will further help spur investor interest. As per the latest Domain's Quarterly Rent Report, the average unit weekly asking rent has increased 4.3 per cent year on year throughout Sydney, with many experts predicting further increases throughout 2022. With still a good amount of supply of unit development in the market, this may be the ideal time for investors or first-time homebuyers to take advantage of the current improving market conditions.

Northern Beaches

The Northern Beaches proved to be one of the stand-out market performers of 2021, with unprecedented price growth across many different suburbs.

As we look towards the year ahead, there does appear to be a consensus that heat will come out of the market to a certain degree, mainly due to an expected increase in supply levels. In saying that, we still expect to see strong market conditions and price growth in the coming year, just not at the levels seen throughout 2021.

Demand appears to still be relatively high and pent-up from 2021, so it will certainly take some time to see a more balanced market, with sellers still expected to be in the driver's seat for a while yet.

Demand appears to still be relatively high and pent-up from 2021, so it will certainly take some time to see a more balanced market, with sellers still expected to be in the driver's seat for a while yet. The demand fundamentals are the same as last year with a large migration of people to the Northern Beaches looking for lifestyle improvements, now accustomed to having a greater amount, and normalised working from home routine. The Northern Beaches has benefited from this more than most other markets and this trend will continue into the foreseeable future. The continued stream of expatriates returning to Australia will also continue to fuel demand; again the appeal of lifestyle options on the Northern Beaches is very attractive after spending time abroad.

Although the Northern Beaches market is expected to see a positive year ahead, the unit sector is slightly harder to assess. There was definite disproportionate growth in 2021 with units experiencing far lower levels of value increase in comparison to dwellings. The fundamentals that drive the unit market should improve over 2022, with increased immigration, the return of international students and continued historically low interest rates all expected to give confidence to investors. First-time homebuyers will also help drive the unit market throughout 2022, with the reality of owning a dwelling now out of reach for many due to affordability. The result of this is obviously greater demand for units from first homebuyers who still want to remain on or migrate to the Northern Beaches for the lifestyle it offers.

Overall, it appears that the Northern Beaches market is unlikely to see the record growth experienced in 2021, but is certainly set to remain one of the better performing markets in 2022.

Southern Sydney

2022 is set to be particularly interesting with various elements likely to impact the property market including interest rates, affordability, unemployment and of course COVID-19. At the time of writing Omicron has already had a negative effect on 2022 and is likely to dampen market activity depending on how severe its impacts are. In saying that, 2021 proved that the residential property market was extremely resilient with Sydney house and unit values both experiencing strong increases throughout the year.

There is a risk of a continued, heightened level of supply in the market in 2022, with property owners looking to further capitalise off last year's market growth and vendor expectations continuing to remain at these levels.

Houses and good quality small scale apartment or townhouse style developments are expected to perform well as these properties appeal to first homebuyers, downsizers and investors. High density developments on the other hand will likely continue to struggle given the higher supply pipeline, mostly appealing to investors and also the ongoing building defects with various new developments across Sydney.

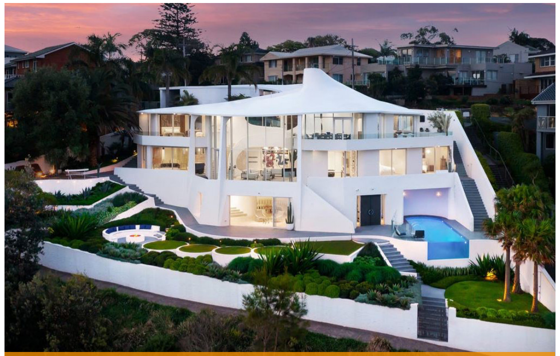
An interesting property type to watch will be small townhouse or villa developments and duplexes around Caringbah and surrounding suburbs. These property types have been consistently developed over the past few years and achieving strong prices due to their broad market appeal, brand new condition and low maintenance lifestyle. Given the rapidly increasing supply within these locations, it is possible that if there is an oversupply of similar properties then it is likely that prices might be negatively impacted to some extent, particularly the lower quality projects.

A reduction in the number of purchases of smaller (dual occupancy) development sites across the region is also possible, as the cost of acquiring these development sites grew substantially in 2021, which ultimately makes construction and development of these sites riskier and more volatile, and in some scenarios we have noticed, not feasible at these price points. Another issue surrounding this market is the increase in the cost of construction, with a shortage in the supply of building materials placing further pressure on development profit margins.

We believe that 2022 could see buyers returning to more discerning purchasing decisions and placing emphasis on fundamentals such as location, freestanding properties with extra space, quality and other factors. Properties considered to be secondary for various factors such as busy road locations, difficult land topography or access or properties built to a relatively basic standard are likely to see a disparity in overall performance compared to 2021.

Assuming there are no major shocks in the wider economy (which is a big assumption these days) we anticipate that the market will continue in a fairly steady trend or slightly increasing this year however not at the same rate as 2021.

The prestige segment of the Sutherland Shire and St George region performed exceptionally well with both areas seeing record sales including a recent sale at 4-6 Cowra Place, Cronulla (below) which sold in December 2021 for $14 million and set the record for the entire region.



4-6 Cowra Place, Cronulla Source: realestate.com.au

We expect this segment of the market to continue to perform steadily, albeit not at the same growth as seen during 2021.

Inner West

We expect the residential property market in the Inner West region of Sydney to experience continued growth in both house and apartment values throughout 2022, however at a slower pace than experienced during 2021. The historically low interest rate environment as well as an expected increase in international migration will help sustain the levels of demand experienced during 2021. However, a softening in the level of demand may occur should further tightening of lending policy surrounding borrower capacity be implemented across the major lenders.

Additionally, the current COVID-19 pandemic has caused a delay in the supply of materials and an increase in the cost of construction. This may have a negative impact on the value of dwellings which require renovations (generally period style homes within the Inner West region), as well as duplex development sites. Additionally, this rise in the cost of construction may impact the inflation rate (which has been trending upwards in recent ABS data reports), which may cause an earlier than expected interest rate rise, which will have a follow on detrimental effect on demand and overall capital growth.

The region over the course of the past few years has also seen infrastructure projects commenced and ultimately completed including the M8 Tunnel, The M4 Tunnel and the Rozelle Interchange Tunnel which will connect these motorways to the Sydney CBD. The Rozelle Interchange Tunnel is due for completion in 2023 which has seen house prices outpace general market capital growth over the course of the past six months in areas such as Rozelle, Lilyfield, Annandale and Balmain.

This is mainly attributable to the improved roadway access to the city and western suburbs of Sydney, but more so the project also includes the development of the Rozelle Parklands which is replacing current warehouse and industrial property. On completion the area will feature a vast amount of parkland including a proposed wetland and lake, providing nearby properties in Rozelle and Lilyfield parkland views and clearer views of the Sydney CBD and harbour.

Houses in this pocket of Rozelle have generally been less desirable than pockets of Rozelle and Balmain located on the Balmain side of Victoria Road, however with the completion of the project nearing, a spike in demand has been observed and

Proposed Rozelle Parklands and Interchange Tunnel — Source: Rozelle Interchange WestConnex

we expect strong capital growth in this pocket to continue throughout 2022.

Sub-stratum acquisitions for Stage 2 of the Sydney Metro North-West project have also commenced which will provide metro rail to areas including Rozelle, Five Dock, Concord/Burwood North and Sydney Olympic Park. The project is scheduled for completion by 2030, however properties situated near the proposed metro stations have also seen a premium in sale prices, outstripping the strong capital growth rates experienced in 2021. This trend is expected to continue throughout 2022.

The Inner West Metro Railway Line is expected to be out of service throughout 2022 due to reported issues with cracking in the trams. This may have a subdued effect on demand for apartments in areas such as Leichhardt, Lewisham, Dulwich Hill and Summer Hill which have seen an increase in medium to high density apartment development along the Inner West Metro Railway Line in recent years. As such it is expected that these apartment markets may struggle for capital growth during 2022.

Reports from real estate agents during the end of 2021 indicate more homes will be listed for sale in 2022, with homeowners looking to take advantage of the strong capital growth rates experienced during 2021. Taking into consideration the heightened level of supply as well as the demand side issues noted earlier, we expect the Inner West housing market to continue to see capital growth however to a lesser extent than 2021.

The apartment market is trickier to forecast given the issues with the Inner West metro line, however we expect capital growth in period style boutique buildings, walk-up buildings from the 1960s to 1980s and apartments in well-regarded medium to high density complexes. Apartments located in medium to high density complexes completed to an average or below average standard are expected to struggle for capital growth during 2022.

Inner Sydney

After the rollercoaster that has been the post-pandemic Sydney property market, things appear to be calming down within Sydney's inner-city markets.

We expect that owner-occupier dwellings in better quality areas will continue to improve - albeit more moderately than the past eighteen months – with this tapering of growth already evident across much of the inner city since lockdown was lifted in October 2021.

Investment style properties and units have been more subdued in their performance throughout the pandemic due to decreased rental demand because of lower migration into Sydney. This is set to continue into 2022, although should rents improve towards the end of the year and this market segment may begin to strengthen.

Interestingly, the rental market is going to be one to watch in 2022. Should migration rates increase, and rental demand improve this will likely strengthen unit prices within inner city Sydney. This market segment has been hit hard by the pandemic due to decreased rental demand driving down values. As a result, this market is comparatively accessible at the current time, with CBD fringe units in areas such as Chippendale, Pyrmont, Redfern and Surry Hills all experiencing subdued conditions.

In addition to benefiting from any increased migration rates, these suburbs are also set to benefit from their proximity to the upcoming Central Station technology precinct and Fish Market redevelopment projects.

Perennially oversupplied areas such as those around Green Square have fared badly in the pandemic due to decreased rental demand and overseas buyer demand as well as an oversupply of newly completed stock and a strong pipeline of upcoming developments. This part of Inner Sydney looks to have strong supply for some years to come with further large-scale projects from Bridgehill, Mirvac and Crown currently underway or selling.

Eastern Suburbs

The Eastern Suburbs had a bumper year in 2021, with strong price growth seeing several suburb records fall across the region. Like other parts of Sydney, an increasing supply of new listings in the final quarter saw price increases beginning to slow. The expectation is that above average new listings will continue for at least the first half of the year.

Price growth for houses was strong across all suburbs, most above the Sydney average. The suburb of Chifley, with a median of $2.16 million, which grew by 19 per cent in 2021 according to realestate.com.au, did not perform quite as well as its neighbouring suburbs such as Matraville ($2.4 million, up 37 per cent), Little Bay ($2.45 million, up 36 per cent) and Maroubra ($2.813 million, up 32 per cent). This makes Chifley look slightly more affordable heading into 2022 compared to other suburbs in the southern section of the Eastern Suburbs.

For units, the suburbs we are keeping an eye on this year are those close to the University of New South Wales, which are set to benefit from the return of international students for the 2022 university year. Kensington, with a 12 per cent median price growth for units in 2021 (according to realestate.com.au), along with Kingsford (ten per cent) and Maroubra (eight per cent), were below the average price growth for units across Sydney. These suburbs should all benefit from stronger rental demand for units in 2022.

Nearby Zetland actually experienced a one per cent decline in median unit price in 2021 due to its large supply of units, and it too will benefit from the return of international students along with other increased international migration into Sydney. However, there is still a large supply of units coming on to the market in this locality, which will continue to subdue prices.

At the prestige end of the market, there were still strong sales being achieved in the latter stages of 2021 and the expectation is that prices in this sector will continue to grow in 2022, albeit not at the rate they did last year. There is still a shortfall of high-quality prestige properties on the market relative to demand and this will continue to be the case in 2022, with local upgraders competing with expats continuing to return to Australia, along with the expectation of an increase in the number of high net worth individuals migrating to Australia.

At the time of writing, there were 15 houses in the Eastern Suburbs listed for sale on realestate.com.au with an asking price above $15 million. One of them is Jenner House, at the northern end of Macleay Street in Potts Point.

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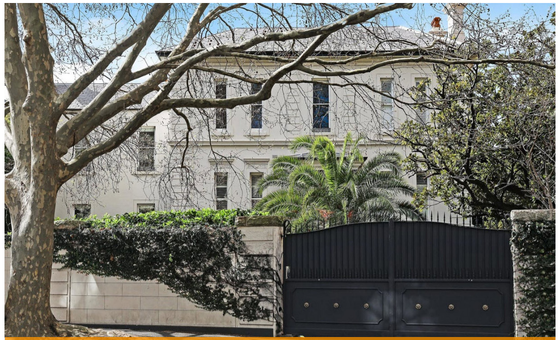


Jenner House, Potts Point   Source: realestate.com.au

Originally constructed in 1868, the three level plus basement, heritage listed, Regency Revival style dwelling, comprises six bedrooms and eight bathrooms, with harbour views, on a large 1878 square metre allotment. The property previously sold in November 2009 for $15 million and the property was listed in September with expectations of over $34 million.

Shaun Thomas
Director

Lismore/Casino/Kyogle

Since it arose out of the netherworld, the COVID-19 factor has not harmed the residential, rural residential or rural lifestyle property market within Lismore/Casino/Kyogle. In fact, it has seriously boosted it over the past two years.

But what can be expected for 2022?. The property market across all classes was positively insane throughout 2021 where price ceilings were broken all over the place leaving behind a litany of glass shards. Can this be sustained in 2022 or could we see a slowdown and sale prices subdue?

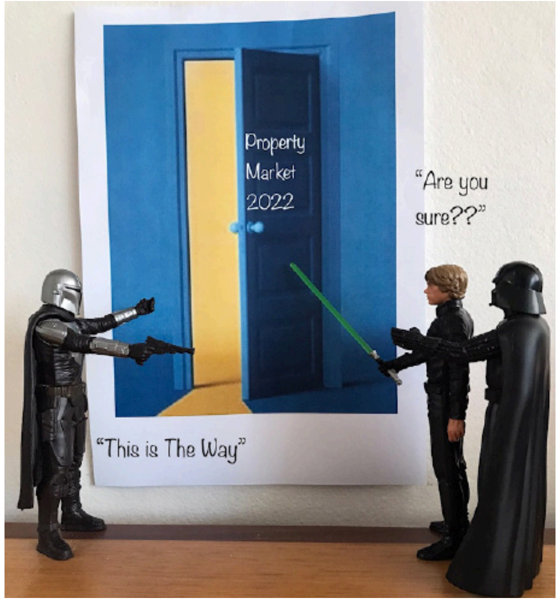
The ingredients of record low interest rates, low property stock supply and a get-out-of-Dodge mentality (i.e. escape the metro areas for regional paradise) have contributed to propping up the real estate industry locally.

However, it would be interesting to see whether the recent iteration of COVID-19 will negatively impact the property market within this region. Cutting a swathe throughout the globe, this very infectious Omicron variant has emerged bearing an uncanny resemblance to the transformative and frenetic activity of the 2021 property market, spreading like wildfire through the populace and adopting a name indicating that it may well be the second cousin once removed of Megatron.

It is expected, as per commentary within property circles, that the record low interest rates will remain for the foreseeable future. The net effect of this will likely still encourage owner-occupiers, first home buyers and investors to enter the property market, albeit at a less frantic rate.

It is rather difficult to predict how other potential outbreaks will affect the market, however it has been often touted that there will be no more lockdowns and that we are to live with COVID-19 – says the government that never backflips. Providing such clusters are quickly ring fenced and reined in, then hopefully any imposed restrictions will be brief. Nevertheless, the COVID-19 factor remains a significant threat.

To summarise, the property market for 2022 within Lismore/Casino/Kyogle is expected to continue to improve at a somewhat more sedate pace despite the unpredictability of COVID-19 variants and national and state government intervention and mandating. In these unsettled times of forecasting the property market future, it is worthy to consider the words of the quintessential anti-hero, Morgan Jones of Fear the Walking Dead fame: "If I'm not right. I know that I may not be right. But that doesn't make me wrong".



Vaughan Bell
Property Valuer

Clarence Valley

How will the Clarence Valley market fare in 2022? Well, it seems on one hand that COVID restrictions are continuing to be reduced, vaccinations are increasingly utilised and the acceptance of the virus being an everyday threat is generating a normalisation of travel, use of amenities and commercial activities. These aspects are likely positive for the local market. On the other hand, the risk of inflation, interest rate rises and the continued shortage of some building materials may negatively influence some.

South Grafton may be seen by some as an opportunity to get out of the rent cycle and purchase a three or four-bedroom home under $400,000 with good infrastructure amenities nearby in Grafton. The area may be seen as a more economical option compared with areas to the south around Coffs Harbour or north around Lismore.

Yamba Hill at the top end of the market will likely continue to see good demand from out-of-town buyers looking to purchase in a picturesque beachside town. Yamba's facilities and surrounding National Parks will continue to attract city folk looking for the sea or tree change.

All towns of the Clarence Valley have really lifted values over this COVID time and whether the area is overpriced depends very much on the increase in interest rates, inflation, supply of building materials, the lifting of border restrictions and the general economy being able to flow. As the Clarence Valley is seen as a cheaper option, it will likely remain an attractive option for purchasers.

Simon Evans
Property Valuer

Coffs Harbour

What should we expect from the year ahead? This is always a hard question to answer without the crystal ball. After the dramatic increase in the market during 2021 one would expect some form of slowing or cooling off over the coming 12 months. The Christmas and New Year period has definitely seen some slowing with selling

Providing such clusters are quickly ring fenced and reined in, then hopefully any imposed restrictions will be brief. Nevertheless, the COVID-19 factor remains a significant threat.

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agents reporting that the sting has come out of the market, although given the tough year most experienced in 2021, the feeling from most was one of leave me alone to enjoy some time off.

I think we all realise interest rates will start to turn upward sometime this year which traditionally helps to cool the market, although the bigger factor in play in the short term is supply and lack thereof. The reality is we do not have enough stock in the region to cope with the increase in demand from the out of town market. There is no available vacant land for sale other than the odd block here or there and developers, although trying to bring more to the market, report that buyer waiting lists outnumber the blocks by ten to one. With this high demand, developers are not even pricing the upcoming land but rather are waiting until land registration to suck the most out of the buyers. Building costs are expected to keep rising at a similar rate which all adds up to increased cost and value of property. Premium prices will continue to be paid for the existing built product to compensate for the new build scenario and sale periods will again be counted in days rather than weeks.

We will experience further upward pressure on the rental market which has to fall in line with the dramatic increase in property values. There has not been too much in the market for the investor looking for returns, with rents falling behind as property values increase. Sure if you are already in the market you have enjoyed the capital gain, however trying to get into the market as an investor, it has been slightly more difficult trying to make the returns stack up to the purchase price. We are already starting to see rental increases of more than $100 per week overnight when existing tenants move on.

The other market which will continue to blossom is rural residential. With the onset of COVID and now supply chains being cut in most sectors, the hobby farmer is coming into their own. A piece of land to grow your own is fast becoming the new trend and one which will continue in 2022.

Even if we do experience a slowing by the end of 2022, we are moving closer to the start of the Pacific Highway bypass of Coffs Harbour which is a major infrastructure project lasting for four to five years reaping further economic benefits for the region and placing further pressure on the housing and rental markets. To use weather terminology, for the next 12 months it should be sunny with a hint of rain.

Grant Oxenford
Property Valuer

Byron

The Byron Shire property market has always had strong support from a mix of local and absentee buyers, however the strong growth in property values over the past 12 to 18 months has been driven substantially by the now well documented exodus of cashed up buyers leaving Sydney, Melbourne and Brisbane. The Byron Shire market is, however, a small fish in a very large pond. To put it another way, as the saying goes, when the New York Stock Exchange sneezes, the rest of the world catches a cold (possibly not the best choice of words considering these COVID-19 times).

My point is, in the Byron Shire with its population of 31,556 (2016 census) it matters little what the locals want to pay for a property when they are being overwhelmed with buyers from Sydney, Melbourne and Brisbane which have a combined population as at the 2016 census of 10,697,617. So as it stands, it doesn't take an exodus of buyers leaving our cities to impact the Byron Shire market; it only takes a trickle of people leaking out of our three main cities to have a very large impact. It just feels like an exodus to the locals.

So, what does this have to do with our view of the market looking forward into 2022? Well, at the risk of labouring the point, property prices in the Byron Shire are heavily dependent on what happens to our capital city markets and on the sentiment or mood of property owners in those markets. The Byron Shire market boomed in 2021 largely due to a perfect storm of events that worked in its favour:

1. **Capital city property markets boomed**, giving existing property owners in those markets access to levels of equity (purchasing power) they had not previously known;
2. **Interest rates** have been kept at historic lows making larger amounts of debt more affordable;
3. **Extended lockdowns** and travel restrictions caused many city dwellers to reassess their priorities in life including where they wanted to live;
4. **Finally, COVID-19** was a catalyst that enabled some workers and self-employed the ability to work from home in a long term capacity without penalty or hindrance, thus removing a barrier that had previously kept workers away from the regions and locked into the cities.

Property prices in the Byron Shire are heavily dependent on what happens to our capital city markets and on the sentiment or mood of property owners in those markets.

So what happens to the Byron Shire market in 2022 will depend, among other things, on:

1. **The performance of capital city markets in 2022**. If capital city markets stabilise or soften in 2022, so too will the market in Byron Shire as city buyers will have reduced means or equity to purchase other property;
2. **Interest Rates.** There are commentators widely predicting that the Reserve Bank will increase official interest rates towards the end of 2022, which, if the commercial banks follow suit, will lower the ability of all buyers to service debt which in turn will decrease their ability to purchase property. Westpac's chief economist, Bill Evans, was reported in an online ABC News article (20 January 2022) as predicting that Reserve Bank interest rates may rise as soon as August this year.
3. **COVID-19.** This is not the elephant in the room as everyone is talking about it. Perversely, it seemed that the harsher the lockdowns and the more dreadful the illnesses and hospitalisations became in our capital cities, the more regional property markets such as Byron Shire benefited. What happens because of the Omicron variant and to freedom of movement in 2022 will directly impact the market in Byron Shire as well. Hopefully, as a society we will get on top of COVID-19 in 2022, however this may take some of the heat out of the Byron Shire market if capital city residents return to a more normal routine akin to a pre-COVID lifestyle and the desire or imperative to relocate to a coastal town such as Byron Bay is diminished.

In consideration of the above, if the cards fall a certain way, it is quite likely that the Byron Shire market will reach a plateau or slow in 2022, but if our city cousins are further pummelled in the coming months by COVID-19 impacting their lifestyles, it is quite likely that the market here in Byron Shire will remain resilient in the face of rising interest rates.

Am I having a bob each way on this subject? You bet I am!

Mark Lakey
Property Valuer

Newcastle

As 2021 came to close, the local and regional markets were very much in a feel of over excitement. We came to see settled sales over $8.5 million in Newcastle and over $7.5 million in the Hunter Valley during the year with agents doing their best to exceed expectation until the very last minute. In Newcastle this was tried in December but eventually the agent accepted defeat and a record sale late in December never quite materialised. As for 2022, the same property is likely to be relisted in the coming months with another attempt on becoming the record sale.

At the more realistic price ranges, there's nothing to say record suburb sales will not continue to occur in the next few months as agents are full of confidence and purchasers still have limited properties to choose from, resulting in multiple potential buyers and strong competition. Seeing past the first few months is difficult as there are a number of variables clearly influencing the market such as lender attitudes, interest rates, COVID-19, purchaser's ability to pay the vendor's price and the amount of property coming onto the market.

COVID-19 had the complete opposite effect on the property market to that predicted in March 2020. In the event the pandemic becomes less of an influence on everyday life, the chances of the property market slowing and interest rates increasing is a possibility which would alter market expectations, maybe in the second half of the year.

The lower value suburbs and coastal or lake suburbs will always be the attractive suburbs for purchasers. Older suburbs such as Mayfield, Islington and Hamilton have historically been popular due to price and the ability to increase value through renovations. Due to a generally upward spiral for the past ten years locally, most suburbs have seen their prices increase and emerging markets are limited locally. Further afield the Maitland and Cessnock LGAs have consistently retained their lower value base, but being within easy reach of both employment and coastal areas, further increases are possible.

Affordability and desirability is key to any emerging market. As Newcastle prices become unaffordable to the majority, emerging lower value areas become attractive as the spread of growth widens to outlying suburbs. This has been seen over the years in Mayfield and Islington when Hamilton became too expensive. The same can be said for the knock-on effect of Fletcher and Cameron Park value increases resulting in Thornton and Chisholm becoming desirable suburbs.

As 2021 progressed, suburbs such as Gillieston Heights, Heddon Greta and Cliftleigh became go-to locations for buyers to find a modern house at an

As Newcastle prices become unaffordable to the majority, emerging lower value areas become attractive as the spread of growth widens to outlying suburbs.

affordable price. These locations have become more attractive and easily accessible following the construction of the Hunter Expressway. More recently, the average house price in these suburbs has risen from circa $400,000 to $450,000 to $550,000 to $600,000 however this is still comparatively lower than a similar house in nearby Thornton, East Maitland or Ashtonfield.

The unit market has seen substantial growth over the past five years in both numbers and price. Newcastle's central area is seeing plenty of construction and apparent demand, but this brings together a risk of oversupply and a potential for falling prices. In many cases the process is to buy off the plan 18 months to two years before completion by which time the market can change. Over the past five years, many purchasers have seen their units increase in value by over 20 per cent from the date of agreeing a purchase to completion of the building. This brings together the risk of chasing previous profits for the next generation which may not happen if the market changes due to interest rate increases for example.

Darren Sims
Property Valuer

Central Coast

It is somewhat perceived that when we commence a new year, we can forget what may have happened in the year prior and focus our full attention on what lies in front of us, this being the year of 2022. For many of us this could mean shaking off the misfortunes we may have experienced personally, within our local community or nationally. It's been a challenging year across the board, generally speaking. Despite all that has transpired throughout 2021, it was the property market that outperformed many economists' forecasts, excelling on a national basis and especially at a local level across the Central Coast region.

The Central Coast property market showed strong signs of growth across the region, gathering momentum as the year progressed, driven largely by increased buyer demand and low stock levels. Local real estate agents reported increased enquiries from out of area buyers with a large percentage residing from Sydney and its surrounding metropolitan areas. With working from home arrangements becoming more popular and less reliance placed on living within reasonable travelling distance of the Sydney CBD, many buyers looked to our region. This coupled with the attraction of being an affordable region created a market that few would have predicted.

2022 may be the opportunity investors have been waiting for.

The question remains whether growth levels can be sustained throughout 2022 or have we reached the peak of the market with a contraction to follow?

We would hold more confidence in answering these questions in previous years, however whilst COVID-19 and its variants remain circulating in the community, it causes uncertainty at local, state and federal levels. The unpredictability of the pandemic provides a cloudy judgement to economic forecasting and how the national economy recovers. As we navigate the current Omicron wave, it is difficult to provide foresight into how this will affect the Central Coast property market.

It is predicted that the effects of the implementation of APRA's loan serviceability rules towards the end of 2021 will flow through to the Central Coast property market throughout the first half of 2022. We have identified that the lower end market segments may be susceptible to weakening due to the more reliant first home buyers and low to middle income families requiring higher amounts of funding for property purchases. This could mean that we may see signs of a flattening lower end of the market which mainly encompasses properties less than $1 million in value within our region and at the same time, higher market segments and the prestige market continuing to record positive growth. Although theoretically based, it is unclear whether this dynamic market would eventuate throughout the year, with so many other market drivers at play.

2022 may be the opportunity investors have been waiting for. It was widely publicised that owner-occupiers were driving the market last year with the strong growth exceeding investors' price expectations. Bubbling along in the background has been the positive growth of rental prices, allowing investors the opportunity to re-enter the market, seeking acceptable returns and the possibility of further capital growth. Dual occupancy properties are always on the watch-list for investors, mainly because of the dual rental characteristic typically allowing for a higher return compared to the free-standing dwelling or unit market. Suburbs that present this opportunity to investors on the Central Coast include Umina Beach and Woy Woy in the south, Killarney Vale and Berkeley Vale in the central region and Gorokan, Kanwal and Toukley in the north. Emerging dual occupancy markets are starting to be recorded in higher market segments, with recent sales recorded in Terrigal and Wamberal.

If there is a segment of the market where caution needs to be considered, it is for expectant vacant land purchases across the region with the intention to build a new home in 2022. Global building material supply shortages continue to disrupt the construction sector, which has caused projects to be delayed and building costs to escalate. Discussions with local builders indicate that the price of structural timber along with other commonly used building materials rose markedly throughout 2021. With supply chains being crippled and no short term foreseeable end to shortages, the risk of over-capitalisation lies ahead for future projects which may cause funding issues in the preliminary stages of construction projects.

New land estates are continuing to be developed within the Central Coast region with new land releases in Warnervale, Wadalba, Woongarrah and newly created suburb Crangan Bay, all with civil works currently in progress. With a large percentage of these lots already sold off the plan, any downward price sensitivity change in the local market in 2022 could increase supply levels at the time of completion and subdivision registration.

In conclusion, we consider a wait and see approach throughout 2022 as the local Central Coast property market navigates the ongoing effects of the COVID-19 pandemic. Will the market experience a hangover effect from the exceptional year that was 2021, or will it be a year of further positive growth?... As cliché as it is, only time will tell.

Todd Beckman
Valuer

Illawarra

The year is commencing with COVID-19 again on most people's minds. It seems as if you've either had it, got it, or are about to get it. There is no fear of missing out on the virus like there has been in the property market in recent times. But will the buyer urgency and hiking prices be replicated in 2022? I wouldn't be surprised if 2022 starts off a bit slower than what we've had through the previous year. The pandemic is really on our doorstep now and so many people are having to isolate. It's certainly not business as usual in many industries. On the back of this disruption, I expect selling periods to rise and therefore buyers will have more to choose from. Match that with high vendor expectation and the result will be a slowdown of the massive growth that has been occurring.

Markets that I expect to be most impacted by a tail off in price increases are those where supply of similar stock can be abundant. In the first home buyer's markets of around $500,000 to $800,000 and in the new subdivisions in West Dapto and Calderwood/Tullimbar, there is more supply available and less contrast between properties. With more properties coming onto the market, a savvy buyer can take their pick.

I think plenty of interest will still surround the most desirable areas such as near the beaches north of Wollongong and other popular spots such as Shellharbour, Shell Cove and Kiama. The demand for these beachside locations where they aren't making any more land (except for Shell Cove) will remain strong. The only thing that could slow down the market would be rising vendor expectations.

A turning tide and the market reaching a peak might be just what some purchasers need. Those sick of fighting in bidding wars and missing out on property after property might finally get the chance to have a bit more say in the buying process rather than being rushed into making offers they're not entirely happy with. It's only a prediction and I've been wrong before, so let's see how the year pans out.

Chris McKenna
Region Director

Shoalhaven

Well, what a year it was in 2021 for the Shoalhaven residential property market! As with most of New South Wales, the Shoalhaven residential property market went from strength to strength recording some amazing sale results throughout the year. Who would have thought that the COVID-19 pandemic would contribute to these strong results as more and more people sought to leave the capital cities and invest in the region. With limited supply, strong demand and low interest rates, combined with the COVID-19 pandemic, the perfect storm was created for a housing boom. An increasing number of employees and employers were able to work from home and chose to buy in the region with their savings generated from the pandemic. So, what is in store for 2022? It is anyone's guess but here goes...

We predict that although to date the COVID-19 pandemic (Delta variant) has had a positive influence on the market, this may change in 2022. The new Omicron variant could very well adversely affect the Shoalhaven residential property market. Realestate.com.au notes that the Delta variant outbreak of COVID and the subsequent lockdowns in 2021 fuelled an increase in sales prices, however the Omicron variant could very well have a negative impact on the market. From

A turning tide and the market reaching a peak might be just what some purchasers need.

the first couple of weeks in 2022 it is evident that the Omicron variant is more transmissible, thereby possibly having a negative impact on the economy and property market.

The upcoming federal election in 2022 is also likely to stunt any property growth in the region for a period during 2022. The uncertainty as to when the election is going to occur in 2022 and which party will take power is likely to result in a pause phase on the market. The upcoming federal election combined with the predicted rise by some property commentators in interest rates in 2022 may reverse the tables on the current strong property environment in the Shoalhaven region. Supply may start to outweigh demand and longer days on the market and properties not reaching asking prices might be a common theme as we end 2022.

Joshua Devitt
Director Valuer

Southern Highlands

There is a familiar feel to the start of 2022 as if recent history is repeating itself. COVID once again had an impact on most people's holiday plans with a significant portion of the population being directly affected by the Omicron strain.

This time of uncertainty is very similar to the periods that led up to our previous two lockdowns, in which people appeared hesitant about the economic outlook for a short time until the population accepted this as normality and a tight supply chain and significant demand within the region saw prices accelerate rapidly. This is not to say we expect a similar level of rapid growth as 2021. In our opinion, the market seems slow to get going given the uncertainty and significant media coverage about the slowdown of the market into 2022, however the overall fundamentals are still strong with interest rates remaining at record lows (for the time being) and new housing supply also expected to remain tight. We therefore believe the region is likely to continue to receive strong buyer interest in 2022 due to its proximity to Sydney for commuters, lifestyle appeal and excellent school opportunities for families.

The decentralisation of the typical Australian office was a huge driver of the regional boom in 2021 and although it's unlikely we will see future lockdowns, the high infection numbers are seeing businesses continue to encourage workers to operate from home where possible, which also indicates to us that the level of demand for good quality family homes will remain strong. This demographic shift within the region from typically older generations to younger families has been confirmed. Initial population growth reports indicated a rise of five per cent from 2016 to 2041, with a decrease in the number of people within the working age bracket, however these have been revised within the last month and now predict an overall population increase of 27 per cent to 2041 (source: SMH article – Developers hiding in plain sight: Battle for the future of Southern Highlands", 27 November 2021).

2022 will also see several significant industrial projects begin to take shape within the region. This includes the Southern Highlands Data Campus, which is a large-scale data storage facility operated and managed by Cloud Carrier in addition to the recent acquisition of a 51-hectare site by TrueGreen (an entity of Nexport) for the manufacture of electric buses and vehicles. Both projects underpin the increasing attractiveness of the Southern Highlands industrial market for occupiers seeking to take advantage of the relatively cost-effective land rates for their operations and proximity to Sydney and Canberra markets via the nearby Hume Highway.

Overall, 2022 appears to be bright for the region and while we certainly don't expect anything similar in regard to the price growth that 2021 brought to our residential market, we do expect a return to stable growth for the region's residential markets particularly off the back of large scale commercial and industrial projects. This is likely to see a continuation of population growth as the new norm of a hybrid work week cements itself within modern Australian culture, with particular appeal for regions that benefit from attractive lifestyle factors and commutable proximity to major cities.

Kurt Bismire
Valuer

Tamworth

By most accounts the New South Wales regional residential property market has a tough act to follow in 2022. Within the greater Tamworth region we saw widespread growth in all market segments. This was largely due to the relative affordability, alongside a remote working movement. Within the region there have been questions raised about the sustainability of the pandemic-induced growth in the area. Will the market continue to grow? And what will 2022 bring?

The Tamworth region is expected to pick up where it left off in 2021. Demand for property is predicted to outweigh available listing numbers for the first

Demand for property is predicted to outweigh available listing numbers for the first six months of 2022.

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six months of 2022. Construction of new homes and buildable vacant land is expected to fire up after an albeit short break for the holiday period. A focus on maintaining supply of housing in the region will be implemented (supply being more easily achievable regionally as opposed to capital city locations).

While property prices are expected to continue to increase, the general feeling is that the rate of capital growth will slow to a more sustainable growth rate regionally. Areas considered to be comparably affordable despite the strong growth of 2021 are Kingswood (2340) and Hallsville (2340). Both locations feature rural residential development and are positioned around active development precincts in the Tamworth Local Government Area. With these two localities in mind, there is strong cause to suggest that areas with larger size residential (rural residential) will continue to perform in 2022.

Some suburbs that performed well in 2021 which potential purchasers may need to treat with caution are in the area of West Tamworth (Gunnedah Road to Warral Road locality). Heavily featured within this locality are a high percentage of developer sales with relatively few re-sales of new home products.

We expect to hear a lot of speculation surrounding an announcement from the RBA and possible interest rate adjustments in the next 12 months. Even speculation is significant to residential property markets as it can influence confidence in markets.

Whatever the outcome of the RBA and interest rate movements we anticipate that the housing market for Tamworth will grow albeit at a slower rate for the Quarter 3 and Quarter 4 periods. In the second half of the calendar year, we expect growth to slow and in some market segments and locations, to stabilise or plateau.

Nick Humphries
Property Valuer

Albury

Our amazing team services the following wonderful locations: Albury-Wodonga, Wangaratta, Benalla, Mulwala-Yarrawonga, Bright, Mount Beauty, the Victorian ski fields of Hotham and Falls Creek, Shepparton, Corryong, Beechworth and Yackandandah to name most.

In pre-COVID-19 pandemic years (pre March 2020), there was a standard expectation that property market commentary and analysis would differ quite a lot depending on the regional city, township or rural area being discussed. It was common that local knowledge and local factors specific to an area may play a significant part in the state of the property market. And broad brushing statements about the entire region we cover would not be relevant or appropriate. Well, it has all got a bit Shakespearean since then! If 2020 was Act I and 2021 Act II, the play is still not over with 2022 Act III and the theatre company (market direction) forgetting to schedule an intermission for the candy bar and a general breather from the brain drain on ye old English. From discussions with colleagues, agents, bankers, brokers, builders, tenants and the local barista (of course), no decision can be reached on what has been more astonishing in the current property cycle: the market activity (volume) or the market direction (known significant uplift). Both have quite frankly (and I am going to be very technical here) been bonkers! Everyone is agreed.

Albury Source: wikipedia.org

In 2020, for the short while before COVID-19, we were all focused on the impact of the bushfires; in 2021 the pandemic had set in and all drivers for property behaviours were aligning as a reaction to the pandemic, and it was hard to read a property headline without the word "stimulus", "unprecedented" or "record breaking" in it. The Fortnite dance had been replaced by the Happy dance as property owners observed and realised very significant increases in values across our entire region – more than our metropolitan property markets. Can I say that again, for the first time since property data records began, regional property growth outstripped metro growth.

The year ahead for all is going to be very dynamic and most probably just as challenging to navigate as 2021 as the pandemic and our reaction to it matures with more commentary focusing on when a slowdown in this heated market may occur and what will trigger it. The growth experienced in 2021 was strong and continuous with most sectors reporting 30 to 40 per cent growth and some

Can I say that again, for the first time since property data records began, regional property growth outstripped metro growth.

HERRON TODD WHITE RESIDENTIAL

areas such as Bright, Mount Beauty and Myrtleford substantially more again. Due to several lifts and in line with the heated nature of the market, contract prices were ahead of market evidence as we observed multiple lifts throughout 2021. This year the sales evidence will consolidate the significant growth experienced across the entire region and all property types, however last year's growth is not expected to continue, with more supply, less affordability, higher cost of lending and pandemic fatigue all drivers that may calm the property market in 2022. Agents report that demand is still high and a more modest 10 per cent lift this year is the consensus for regional. It is too early to see trends of course although historically, significant regional lifts are usually followed by extended stable or static market conditions.

The significant uplift precludes some participants in the market, namely first home buyers struggling to enter the market now, fear of missing out abating as affordability wanes, flipping margins evaporating and the construction boom constrained somewhat due to delay in materials, increase in cost of materials and continued low supply of new residential vacant land. The regional property market in our area has had a huge lift converting to property owners processing and digesting far better equity positions than ever before and with no one travelling and other disposable income streams thwarted by the pandemic, so much of the new-found equity has been and continues to be channelled back into more property, creating more wealth in this sector of the economy. How property owners unlock this equity in 2022 and beyond will influence their future property decisions and the state of the market. The pandemic has redefined the value of regional areas, shifted the focus from affordability to value for location, lifestyle, tree changers, optimal work from home benefits whilst also giving local investors confidence in the demand drivers present for the region. Feels like we have arrived at the party; whether we get an invite next year, only time will tell.

Rachel Anderson
Valuer

Goulburn

Goulburn and surrounds experienced an impressive year in 2021 with record prices and growth. Strong buyer demand contributed to short supply and reduced days on the market with many properties selling before going to market, a trend I would expect to see carried well into 2022 due to the backlog of registered buyers in the agents' databases.

Goulburn has numerous new estates which are entering their second and third releases with land selling fast. Land values have increased and are still on an upward trajectory with some agents saying people are still willing to pay more.

There has been an increase in dual occupancy dwellings and duplex style homes with potential for there to be an oversupply in the next 12 months, or more volatile prices, however they prove to be strong in terms of a rental perspective with many investors seeing attractive returns.


Goulburn Source: industry.nsw.gov.au

Another trend for 2021 was more and more agencies and vendors adopting auctions as their preferred method of sale during the year, something we may be seeing a lot more of in regional areas moving forward, creating anxious bidders and proving to be a competitive market.

It will be interesting to see if the regional market continues to perform at such a high growth rate, however in my opinion I can't see 2022 beating 2021's impressive growth rate.

Tahleah Williams
Assistant Valuer

Victoria - Residential 2022

Melbourne

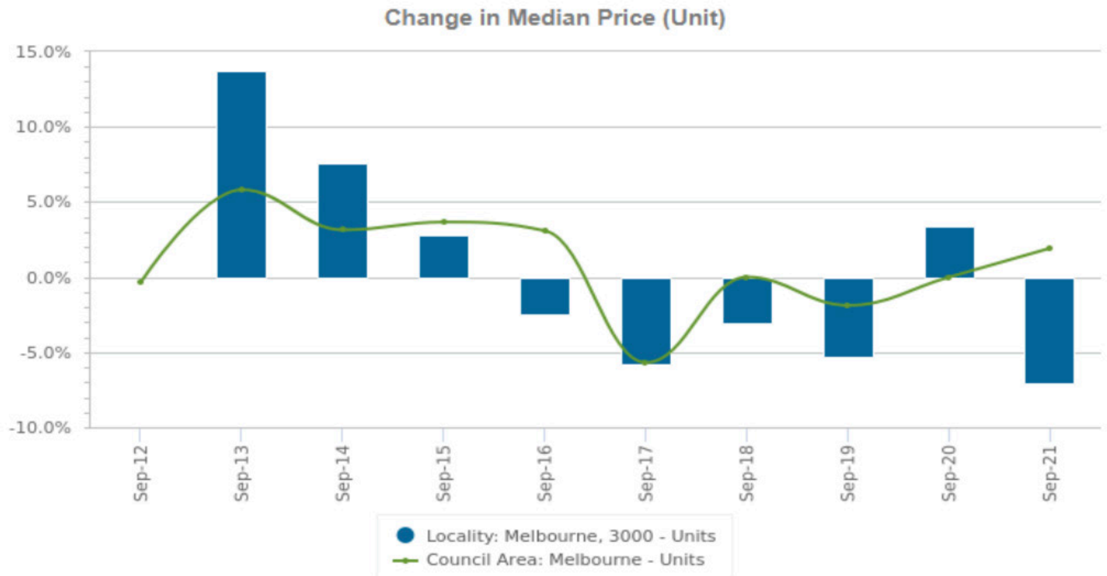
2021, much like 2020, was a year filled with many ups and downs as Victorian communities transitioned in and out of lockdowns. A year which was meant to see life return to some sense of normality instead saw cities around Australia facing more health and lifestyle challenges.

Melbourne's housing market slowed at the end of 2021 rising only 1.3 per cent over the last quarter but, having said that Melbourne housing prices are at new record highs having increased 15.1 per cent in the past year. Despite the slowdown at the end of 2021, it is predicted that property values are likely to increase moderately in 2022. NAB has forecast a 4.9 per cent lift in property values. Thanks to city-dwellers escaping COVID-19 lockdowns, values in the regional towns (30.4 per cent) have outpaced those in capital cities (24.6 per cent), indicating that housing prices in regional areas could continue to rise in 2022.

Australia's red-hot property market is unlikely to be shaken by the latest strain of COVID-19 in 2022, but the fear of missing out on historically low interest rates could set the stage for another boom year.

Melbourne CBD and Inner City

Following a difficult year full of lockdowns, restrictions and working from home, Melbourne's CBD will look to recover and regain some growth as the city begins to come back to life. This recovery is threatened by the recent introduction of the Omicron strain and increased COVID-19 cases.



Median Sales Price - Melbourne CBD, Victoria 3000 Source: RPdata.com

In a similar theme to 2021, many individuals may look away from the metropolitan areas as international students and office workers remain absent. With rents still low and vacancy rates concerningly high, buyers may continue to enter regional or urban growth markets as opposed to inner-city dwellings.

Alternatively, the limited CBD market activity may encourage individuals to invest and take advantage of the inviting prices. If the vaccination and booster rollout prove to be effective, a return of a normal city lifestyle could see a market recovery in which the CBD mirrors some of its surrounding suburbs.

After a number of inconsistent years, the performance of the CBD market is heavily dependent on the ever-changing COVID-19 situation.

South-east

After a very strong performance throughout 2021, Melbourne's south-east and Mornington Peninsula will look to continue significant growth and increasing prices in 2022. As land continues to be released in the Clyde, Cranbourne and Officer areas, many will utilise this as a much more affordable entry point into the hiked Melbourne market. Similarly, prices along the Mornington

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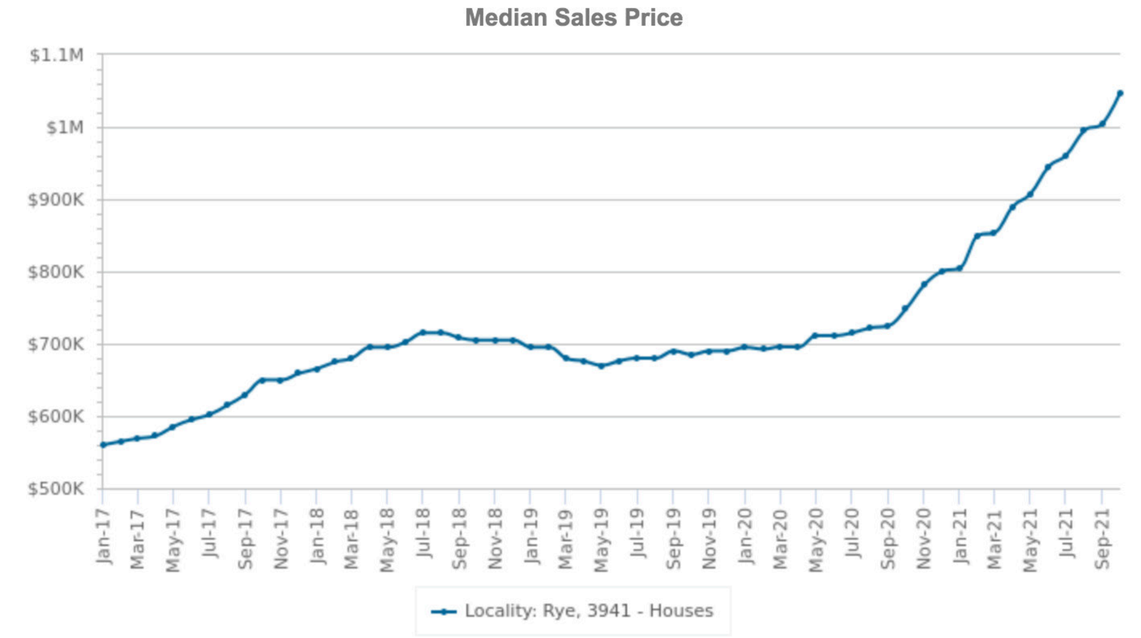


Median Sales Price - Rye, Victoria 3941 Source: RPdata.com

Peninsula should continue to rise as scarcity of quality properties and a relaxed coastal lifestyle draw interest from state-wide.

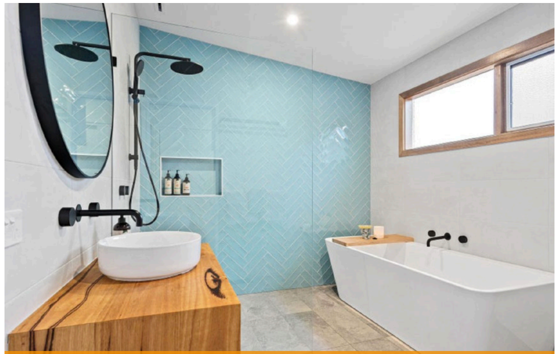
One suburb expected to see strong performance is the Peninsula suburb of Rye. Limited new listings coupled with the proximity to numerous beaches has seen the popularity of this area skyrocket, with median prices increasing by more than $200,000 over 2021 only. This trend should continue as uncertainty regarding COVID-19 pushes many buyers away from the city.

Just a few kilometres away from Rye lies the suburb of Tootgarook. Despite being just a three to four-minute drive from the adjacent suburb and offering similar property types, median prices are significantly lower at around $850,000. During 2022, this difference could begin to correct with median prices moving towards the million-dollar mark.

This three-bedroom modern home on a generous 1,098 square metre block is currently listed at just

Fleur Avenue, Tootgarook Source: realestate.com.au

Fleur Avenue, Tootgarook Source: realestate.com.au



Fleur Avenue, Tootgarook Source: realestate.com.au

over $1 million. Something of similar quality in the many surrounding yet similar suburbs is likely to be listed closer to the $1.2 million to $1.5 million price tag.

Inner and Outer East

Melbourne's eastern suburbs are expected to perform well again in 2022, continuing the strong performance witnessed throughout 2021.

In Melbourne's inner east it will be worth keeping an eye on apartments and townhouses in 2022, particularly those in suburbs that surround major universities such as Burwood and Clayton. These offer more affordable options compared to detached dwellings and with many international purchasers still out of the country, buying now could prove to be a wise investment. These suburbs will become desirable once a sense of normality returns and buying in now at reduced prices could be rewarding. However, the risk surrounding the uncertainty of the pandemic and potentially increasing interest rates might deter some people. Those willing to take on this risk could look at healthy profits in the future.

Inner and Outer North

Following a year of significant growth in 2021, many of Melbourne's outer north suburbs will be looking to continue to grow throughout the 2022 year. Providing far more affordable housing compared to Melbourne's inner north, the outer northern suburbs of Melbourne saw an increase in demand due to a number of factors including the government's home builders grant, which allowed first homebuyers the opportunity to break into a very competitive Melbourne property market.

With a number of estates continuing to expand and an abundance of new estates being developed in the outer north, we expect property prices in the region to continue to grow throughout 2022. Some suburbs of particular interest include Mickleham, Donnybrook and Kalkallo, which recorded increases of 8.11 per cent, 4.71 per cent and 5.45 per cent respectively from the beginning of the 2021 year to October 2021 (CoreLogic, 2022). Although significant growth was already seen in these suburbs throughout 2021, we expect demand in these suburbs to remain high due to their affordability and family-friendly appeal.

As you begin to move towards the inner northern suburbs of Melbourne, the expected growth begins to move away from being significant to a more moderate growth. Last year was unprecedented and to a large extent an unexpected year of growth for Melbourne's inner north. As lockdowns allowed buyers the opportunity to reflect on what they felt was important in a home or suburb, space became a common desire for many potential buyers. This popular desire was reflected in the significant growth of suburbs in the inner north which provided larger blocks and expansive public park spaces. For example, Clifton Hill generally provides larger homes compared to its surrounding suburbs in the inner north. From the beginning of 2021 up until October 2021, the median house price in Clifton Hill increased by 20.59 per cent from $1,347,500 to $1.625 million (CoreLogic, 2022).

Western Suburbs

Even with rising cases and variant concerns, the housing market in Melbourne continues to flourish and grow. This is what's expected for Melbourne's west. Compared to the rest of Melbourne suburbia, the west side is still in the process of developing communities and residential hubs in efforts to accommodate a growing population and high demand for houses and land.

The main areas of growth and demand to look out for are Melton, Tarneit and Truganina. With estates continuing to expand in these areas to make room for people of all demographics, especially young families and first homebuyers, the continuous development of the area does not seem to be slowing down. Melton appears to be nearing the top of the property cycle with a number of suburbs such as Eyensbury, Rockbank and Brookfield appearing to be set for strong growth. Given its good access to transport and being in the Melbourne to Ballarat growth corridor, there is the expectation for median values to start another growth phase after 2021-22.

In saying this, there is a potential risk of oversupply in the area. With border restrictions still keeping some potential buyers overseas and land readily available, the value of properties in the outer west has the potential to decline if there are limited buyers due to interest rate changes or demand. Any predicted changes in the market will likely affect all of Melbourne and not just the west.

Geelong

Geelong enters 2022 with a strong foundation to continue the growth that occurred throughout the year of 2021. The strong growth 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. As lockdowns in Melbourne slow down, restrictions are still put in place, prefacing to us that we could see more Melbournians continue to make the move to coastal and regional areas.

A key selling point for many Geelong residences is the larger family blocks of land which many inner Melbournians cannot get close to in the CBD. Furthermore, Geelong has seen considerable growth rates in the number of apartments and townhouses constructed in the area. In 2022 as supply of these type of properties is increased, we could see them fall in price as demand may fail to keep up with supply which could be good for first homebuyers looking to enter the market.

Geelong enters 2022 with a strong foundation to continue the growth that occurred throughout the year of 2021.

The median house price in Greater Geelong City is around $955,000 (realestate.com.au). The Surf Coast Shire has a significantly higher median house price, while Wyndham and Moorabool Shires are slightly lower than Greater Geelong City. The Surf Coast Shire has a median housing price of $1,002,525, showing significant growth.

This will undoubtedly be continued in 2022 as interest rates remain low and residents look for lifestyle change after the effects left on many throughout the pandemic.

Affordable suburbs within the Bellarine Peninsula are expected to see moderate growth throughout the year, with local agents hinting at limited stock in the region. The suburbs of St Leonards, Curlewis and Clifton Springs offer a more affordable price point for purchasers wanting to live in the Peninsular.

Perron King
Director

Mildura

After a year of record property price growth in the Sunraysia region during 2021, it is expected that the market will slow by at least the middle of 2022. With the likelihood of interest rate rises and after such significant price growth in the previous 12 months, a reduction in buyer sentiment is expected.

Our local economy remains quite strong, however labour shortages and the on again/off again nature of COVID outbreaks is taking a toll. It is also not clear whether there will continue to be some migration from capital cities to regional locations such as Mildura. This migration had a positive impact on house prices, particularly at the upper end of our market.

With some owners looking to take advantage of this historically high market and sell their property, it appears that demand and supply are now more balanced. Statistics compiled by Corelogic suggest that the number of properties being sold rose from 600 during the first half of 2021 to around 750 in later months.

Outer suburbs such as Red Cliffs and Merbein which have always been more affordable than Mildura and Irymple, saw significant growth over 2021, meaning that there are now far fewer opportunities to buy truly affordable dwellings and vacant land.

With several large subdivisions nearing completion, combined with a large increase in building costs, it will be interesting to see whether everyone who has purchased these vacant allotments will now be able to afford to build. There is also the possibility that the cost of building materials will continue to rise during 2022, further exacerbating the issue.

This could result in some owners of these allotments electing to re-sell these blocks which could possibly create an oversupply of vacant land in the short to medium term.

In summary, our prediction for 2022 is for a stable market initially and possibly some downward pressure during the second half of the year, depending on how the local and national economy performs.

Jake Garraway
Valuer

Warnambool

In spite of the dark clouds of rising inflation and Omicron, optimism remains plentiful in the Warrnambool residential market. Big, attention-grabbing auction results are still occurring. The sale at 39 Henna Street, Warrnambool was a recent highlight reaching $876,000 for the central dwelling with very original presentation and fit-out.

39 Henna Street, Warrnambool Source: CoreLogic/RPData

However, it should be noted that we are seeing an increasing number of listings fail to reach above the asking price, as they would have three to six months ago, instead falling more towards the lower end of the listed price range. While it's too early to call this a trend or deem it the beginnings of a correction away from the peak conditions, it is certainly something we'll be watching closely.

Our predictions moving into 2022 are for the Warrnambool market to feature million-dollar sales with increasing frequency and to remain a resilient and stable performer in the face of broader macro challenges and trends. This has been the case historically and something we don't expect to change this year.

Adrian Castle
Valuer

Queensland - Residential 2022

Brisbane

Ask almost any property commentator to give you their best investment locations for 2022, and Brisbane will be among the mix.

Since late last decade we've sat in wait, expecting a hot run on local real estate prices to rival Sydney and Melbourne. Unfortunately, it just didn't eventuate up until 2020. A series of events from floods to low unemployment and lack of general business confidence kept our price growth subdued. In addition, factors such as tighter lending conditions and a pandemic seemed like fate saying we weren't going to get a boom.

Then 2021 came along, and Brisbane blossomed.

For all the reasons that've already been published throughout the media, Australian property markets went from hot to incendiary. Low interest rates, high levels of savings, government assistance... it all helped real estate come up trumps.

But for Brisbane and, more widely, Queensland, the stars really shone. We managed to keep the pandemic mostly at bay with low infection numbers and limited impact. Our relatively low population density and warm climate certainly had their parts to play too.

Interstate and international arrivals were locked out as well – which only resulted in making our market more attractive! Who'd have thought playing 'hard to get' would work in the real estate game?

So, after a year which saw us with the nation's strongest capital-city property value growth rate

Interstate and international arrivals were locked out as well – which only resulted in making our market more attractive! Who'd have thought playing 'hard to get' would work in the real estate game?

(26.1 per cent according to CoreLogic), what can Brisbane expect in 2022?

For starters, we concur with many other analysts in that we believe Brisbane's market will be one of the nation's best performers this year.

I've read a range of opinion that says Brisbane property values will rise anywhere from eight to 25 per cent in 2022. However, as valuers, we tend to be more measured in our enthusiasm.

While there is the weight of momentum behind us at present, propelling values even higher as we head into this new year, there are also some headwinds to consider.

Chatter of late has been about potential interest rate rises by the end of 2022/early 2023. While they're unlikely to shoot up massively, rate rises do tend to scare buyers – and confidence is a key metric for rising markets.

There's also every likelihood that further prudential regulation – particularly around investor lending – will see tighter conditions for borrowers. This is a historically proven market cooler.

Also, despite strong employment numbers, wage growth hasn't been huge. Another reason to be cautious in our economy.

But these are nationwide concerns. Brisbane's localised drivers are a bit more positive.

We have a big-infrastructure-spending decade ahead of us. Not only are there major projects already underway, but our successful Olympics bid is bound to elevate planned construction.

Then there's the rising flood of interstate migrants still crossing the borders and buying up big in Queensland. We are certainly appealing to a wide range of buyers at present.

And rental markets are very, very tight. Right now. Rising rents and falling vacancies are the benchmark of late 2021. While this isn't great for tenants, these conditions do help push property prices.

The upshot is that, in general, the 2022 property market will be one of tempered positivity. We expect overall price growth to remain positive but at a more subdued rate compared to last year. Much of 2022's gains will likely be in the first half of the year, after which buyers will probably settle, stock numbers will be up and, hopefully, the effects of the pandemic will be better tolerated.

Let's dig a little deeper now into sectors and localities.

In the detached housing market, properties priced between $600,000 and $1 million will be worth watching in 2022.

This price bracket takes in a wide range of suburbs, but particularly captures mid-ring locations, making it a great option as inner-city property prices grow beyond the means of many buyers.

According to CoreLogic, Brisbane's median property price sits at just a touch above $700,000. Unfortunately, you'd be hard pressed to find any detached home close to the city at that figure. But step towards the mid-ring and your option are wide open. These are often great family suburbs with excellent access to schools, services, transport and other facilities.

On the northside, think suburbs like Boondall, Taigum, Zillmere, Bald Hills, Bracken Ridge, Deagon, Brighton, Sandgate, Bray Park, Strathpine and Stafford/Stafford Heights.

This home at 25 Andalucia Street, Bray Park which sold in January for $649,000 is an excellent example. This is a four-bed, two-bath, highset home that's been built in under. The property is on a good-sized block of 634 square metres. The home has been renovated and is well presented throughout – perfect for a young family to grow into.

25 Andalucia Street, Bray Park Source: realestate.com.au

South of the river and its suburbs such as Tingalpa, Wynnum, Wynnum West, Murarrie, Hemmant, Cannon Hill, Holland Park/Holland Park West, Mount Gravatt and Oxley that should be on your radar.

Check out this property at 32 Leadale Street, Wynnum West which sold in January for $780,000. It provides comfortable three-bedroom, one-bathroom accommodation on a 567 square metre site. There is some potential to renovate, but it's certainly very liveable in its current states.

32 Leadale Street, Wynnum West Source: realestate.com.au

When it comes to units and townhouses, the areas worth watching are those close to the CBD. This might seem like a strange call for us to make after years of oversupply left this market sector floundering, but here's why 2022 will be a bit different for this sector.

Firstly, unit oversupply peaked around 2016/2017 and saw many developers pull back on planned projects as a result. Already-built stock has been slowly absorbed in the ensuing years. Admittedly many units purchased off-the-plan prior to the peak copped a value hit with moderating prices. That said, the fall in unit values has attenuated substantially and seems to have levelled recently. In short, demand and supply are getting closer to equilibrium.

The second reason we might see a pickup in unit values across this sector is that housing within five to 10 kilometres of the CBD has become unaffordable for many buyers – particularly first homebuyers. If these purchasers are keen to live near town and in suburbs with great cafes, restaurants, schools and lifestyle options, then attached housing is the only option for getting a foot in the door.

Next, demand for rental property is currently at an all-time high in Brisbane. Rising rents and falling vacancies paint a picture of secure returns for investors. It's hard to think this won't come into play in Brisbane's unit market. Add to this all the reasons why Brisbane looks good at the moment as an investment option with improving infrastructure, rising interstate migration numbers and the long-term boost of the Olympics, and you can see why we might feel more bullish about unit stock.

But our big caveat for anyone looking to invest in attached housing is this – try and avoid brand new or off-the-plan investor stock. Instead, seek something a bit older and with appeal for owner occupiers. Larger floor plans with good sized bedrooms and desirable living spaces should be part of your checklist.

As for locations, anywhere within that five-kilometre ring looks good. Think Paddington, Auchenflower, Grange, Wilston, Hawthorne, Bulimba, Morningside, Dutton Park and Highgate Hill. Look for smaller walk-up complexes and units you can add some equity to through minor renovation.

A great example is this property at 4/37 Chasely Street, Auchenflower which sold in December

2021 for $400,000. It provides two-bedroom, one-bathroom, one-car accommodation, has a balcony and some potential to upgrade the kitchen. In addition, it's located opposite the Wesley Hospital so while noise and parking might be tough, there's also a potential renter base nearby.

4/37 Chasely Street, Auchenflower Source: realestate.com.au

If you are keen on buying a detached house without the huge price tag, you'll need to look to outer suburbs in 2022.

There are still some great contemporary options from earlier stages of the larger master-planned estates that can fit the bill. Think North Lakes and Mango Hill to the north, or Springfield Lakes to the west. Homes here can provide all a younger family needs at a fraction of the cost of a near-city property.

Of course, the most affordable options will be older housing on good-size blocks in those outer areas. You could, for example, find yourself just off the Bruce Highway in Burpengary or Caboolture in a detached home offering four-bed accommodation for around $500,000. An example is this home at 59 Christine Street, Caboolture which sold for $495,000 in January. While of basic fitout and in need of some sprucing up, the home provides plenty of accommodation on a 634 square metre allotment within reasonable proximity of all necessary services and facilities.

The fall in unit values has attenuated substantially and seems to have levelled recently. In short, demand and supply are getting closer to equilibrium.

59 Christine Street, Caboolture Source: realestate.com.au

While we don't expect capital growth potential in the outer suburbs to be anywhere near the numbers you'd see closer in to the city, all signs are that value growth will remain positive here as well. For anyone who wants to settle on a house but has a limited budget, this could be your answer.

2022 will be another interesting year for Brisbane property. Apart from all the positives at play here locally, there will be a federal election, potential interest rate rises, free flow of the population, rising construction costs and perhaps even some APRA interventions that could limit bank lending. This mixed bag of news will, in our opinion, still see values rise this year – just not at the runaway freight train rate of 2021.

David Notley
Director

Gold Coast

The Gold Coast residential property market certainly performed well above everyone's expectations in 2021, with many suburbs across the region experiencing unprecedented levels of capital growth. It was a phenomenal year for property owners! The question is… will this continue in 2022?

What we do expect to stay consistent with 2021 is further growth in interstate migration, a continued shortage of housing stock and buyer confidence remaining high.

The Gold Coast has been a magnet for people moving away from capital cities over the past twelve months. The waves of interstate migration to our city will continue to play a major role in fuelling demand for residential property this year. All domestic border rules were recently removed which in turn should encourage more people, particularly from the southern states, to relocate and purchase property here. The anticipated increase in interstate migration will no doubt contribute to further shortages in competing stock.

The current local sentiment is that the outlook for the Gold Coast in 2022 remains a positive one. We are still living in a low interest rate environment which is encouraging for buyers but there is increasing talk of rising interest rates in the near future, however most economists are predicting the cash rate to stay on hold at least until the end of this year or early 2023. Retail banks have recently pushed up their fixed mortgage rates and perhaps will increase them again in the near future. It will be interesting to see whether APRA will intervene at some stage throughout the year and use any measures to tighten lending policies which could impact on the borrowing capacity of buyers.

Whilst we still have to contend with the COVID-19 pandemic and now the Omicron variant, another issue for the Gold Coast market is the growing threat of rising construction costs and building supply shortages. Consultancy firm Rider Levett Bucknall recently forecast construction costs in Brisbane and the Gold Coast to rise by a further five per cent in 2022. The construction industry is a crucial sector for our local economy. Time will tell what ramifications there will be with regard to these issues.

City Skyline Source: Realestate.com.au

Southern Gold Coast and Far North New South Wales

Despite the southern Gold Coast and Tweed Shire having seen their fair share of challenges over the past year, particularly with Queensland State Government border restrictions, the residential property market in this region has continued to remain strong. Local agents are still reporting high levels of demand and a scarcity of stock throughout the vast majority of market segments in the area, most notably in Coolangatta, Kingscliff, Casuarina, Bogangar and Pottsville.

There are still areas of the market to closely keep an eye on for comparable value.

Increased domestic migration as well as further investment in major infrastructure projects will likely maintain positive market sentiment in 2022. Construction of the regional Tweed Valley Hospital in Kingscliff is now well underway and set for completion in 2023. The New South Wales Government has committed $723 million to this project and off the back of this significant investment, it is anticipated there will be strong growth prospects for this locality in the next few years.

There are still areas of the market to closely keep an eye on for comparable value. Suburbs such as Tweed Heads West, Tweed Heads South and Bilambil Heights will likely become more attractive this year as detached housing opportunities north of the border are becoming more difficult to come by. The major drawcard for this region is the coastal lifestyle factor. Sales in these areas for the most part are local purchasers and relocating owner-occupiers rather than investors. All domestic border rules were recently removed by the Queensland Government which means people are freely allowed to cross the border and won't need to fill out a border entry form or provide a negative test result and there will be no more requirement for people to quarantine. This announcement will certainly be a welcome relief for business owners in this part of the region. The suburbs hugging the Queensland-New South Wales border may become more attractive to buyers in 2022 with border rules no longer being an inconvenience.

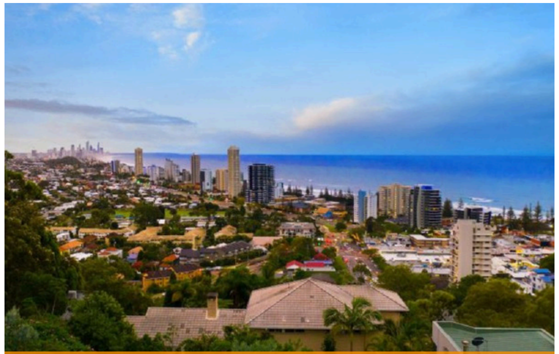
Gold Coast Central / Central-South

The southern beachfront localities continue to be the areas to watch closely. The coastal locations of Mermaid Beach, Mermaid Waters, Miami, Burleigh Heads, Burleigh Waters and Palm Beach are still performing very strongly in the residential market space. There are quite a number of new residential developments proposed or already under construction along the southern coastal stretch and most of these projects have completely sold out, having been purchased off the plan from the developer. These suburbs will greatly benefit from the G:Link Stage 3 project once complete which will extend the existing Gold Coast Light Rail from Broadbeach to Burleigh Heads, however, this $1 billion project is not expected to be completed until 2024.

The suburbs to the west of the coastal areas are also performing well. The standout suburbs include Currumbin Waters, Elanora, Varsity Lakes and Robina. These areas provide a good alternative to the coastal suburbs and have become popular with purchasers due to their accessibility to local amenities while still not being too far from the beach. Whilst property prices in these areas have improved substantially, they still represent good value compared to their coastal neighbours.

Another area to watch in 2022 is the southern residential and lifestyle localities of Mudgeeraba, Bonogin, Tallebudgera Valley and Currumbin Valley. These areas have become popular with purchasers due to their close to town position and being within close proximity to amenities. These areas provide hinterland, bushland and in some cases, skyline views. A variety of price options are also available in these areas from the more affordable up to high quality and prestige lifestyle properties.

Demand is still outstripping supply across most suburbs, particularly for detached housing and we expect this market trend to continue in 2022.



Overlooking Burleigh heads Source: Domain.com.au

Gold Coast Central North

Already in January we have seen some strong sale results in the central north area, both in the affordable and prestige ends of the price spectrum. A quick online search on realestate.com.au will reveal the current situation, a scarcity of listed properties, with most listings showing as being already under offer. This shortage along with the pent-up demand is most certainly maintaining upward pressure on property prices.

Local agents have reported that there are still a lot of people on their books looking to buy property in 2022. We think the most attractive price point will be between the $450,000 and $850,000 range which covers a range of housing options from basic two to three-bedroom units and entry level detached dwellings. Whilst these housing options are very appealing to first homeowners, we anticipate more investors will enter the market and will likely compete for these types of properties and this may limit first homeowner opportunities. There was strong market activity in Labrador in this price range in 2021 and we believe this trend will continue in 2022. Chirn Park has been a hotspot for market activity and is considered a somewhat gentrified, more upmarket precinct of Labrador. We have witnessed exceptional price growth for detached housing here over the past twelve months. This urban renewal of Labrador has begun to spread throughout the suburb as more buyers with young families move to the area, with many keen to renovate or rebuild.

With Labrador, Biggera Waters, Hollywell and Runaway all becoming increasingly popular locations for buyers to purchase an affordable home, Coombabah has remained comparatively affordable. We expect that there may be detached housing opportunities here which represent good value in this suburb in 2022 as it is an area which is often overlooked.

Gold Coast - Northern Corridor

As mentioned earlier, what has happened to the property market over the past year was completely unprecedented. Speaking to seasoned Gold Coast real estate agents and investors in the area, there is no one who can recall a property boom of its magnitude. The market and economic conditions appear to have been the perfect storm, including all time low interest rates, high interstate demand, more sophisticated internet platform marketing, low sales stock (land and dwelling), COVID-19 pandemic and rising building costs and supply shortages.

The sales process had become feverish with properties often selling within hours of going to market, with a high number of offers and at price levels well above vendor and agent expectations. It is estimated that about a third of all contracts are by interstate investors and with border lockdowns, often these buyers had not physically inspected these properties.

The market currently remains very strong but there are some early signs at this end of the coast that things might now be slowing. Marketing periods appear to be expanding slightly and many agents are now reporting slightly higher stock levels as some vendors are now attracted to sell whilst the market is strong. This might suggest that maybe we have reached the peak of the cycle.

On a positive prediction I think that the northern most suburbs around Beenleigh, Mount Warren Park and Eagleby have not experienced the full impact of the boom compared to the more southern suburbs from Coomera though to Ormeau and therefore still have catch up value growth potential. Agents have reported that there are a few local buyers who are now looking at these northern suburbs due to affordability issues. Rural properties in the northern corridor appear to be performing well, with strong prices being achieved for properties with larger land holdings, particularly equine properties.

We may possibly see the market begin to stabilise towards the end of 2022 so buyers should be more diligent with their property investments and not expect quick short term capital gains. It was apparent that many properties we would identify as higher risk properties prior to this recent market boom (ie. properties with building defect issues, environmental issues, low street appeal, low appeal locations, poor topography etc), were dumped by vendors during this frenzy. Many of these less appealing properties were stagnating in the market at the time but when the market surged these types of issues were in many instances overlooked by over eager property investors. These types of properties will again find their place in the market, falling in demand when the market eventually swings back to being a buyer's market.

Yarrabilba, a growing suburb situated south of Logan Village Shire which provides affordable, modern housing options has seen a strong shift in prices over the past 12 months, with established dwellings selling for similar prices to those seen in more sought after, inner fringe areas of the northern corridor such as Bahrs Scrub and Holmview. The attached terrace style homes in the suburb have become more popular with owner-occupiers over the past six months which has shifted prices upwards, with some recent sales now in line with detached dwellings in the area.

The appeal for purchasing land and building a brand-new home is still strong in the northern corridor, however, with rising construction costs and building supply delays, buyers should be cautious if they choose this path. We have heard recent accounts where projects are experiencing much longer build times, with some constructions being halted for months due to a lack of trades available in the area or building supply issues. Master Builders Queensland conducted a recent survey with members on the extent of this problem and the consensus across Queensland is that there is no expectation that this situation will improve until well into 2022.

In summary , commentators point out that the Gold Coast market normal boom cycle was delayed due to economic and political events. Our last boom year on the Gold Coast was in 2007 and the 14 years without a boom is thought to have fuelled the explosion in the property market.

Off the back of a phenomenal year, it is likely the momentum in the property market will continue to roll on through well into 2022 with price growth to remain positive albeit at a slower rate. Although it would not be a surprise that by the year's end we start to see a dampening in price growth, overall we are optimistic that it will be another busy year!

Sam Gray
Associate Director

Sunshine Coast

Well, it is fair to say that the 2020/2021 years have been extraordinary. Record values were set with high volumes of sales. Where is all this activity happening? Everywhere! From the northern end of the coast right through to the southern end, all residential markets have seen uplifts. Not at the same pace but over the past 12 to 18 months it has been somewhere between 25 per cent right up to a 100 per cent increase. Clearly the question remains is how long will the good times roll?

Over the Christmas/New Year period the market is a little hard to gauge. With the Omicron strain of COVID-19 taking off through the country, the property market appears to have fallen from the front of people's minds. This and that people working within the property and finance markets had reached a certain level of fatigue meant that everyone was trying to have a good break. So, in effect it appears to have been a bit slower but as always, the first quarter is typically a good indicator of how the year will unfold.

One issue that may in effect provide somewhat of a ceiling to the market is the erosion of affordability for Sunshine Coast properties. From the coastal areas right through to the hinterland, record values have been set with the size and pace of value change being breathtaking. Typically, Sunshine Coast property was cheaper than our southern capital city cousins of Sydney and Melbourne and by some way. This appears to be no longer the case where the gap has narrowed, and for some assets has even reached parity.

The underlying market drivers are still in play with a lead indicator being the rental market continuing to be tight with little to no vacancies, especially in sought after areas. There are some signs that some of these drivers may change, such as an increase to interest rates, people who were working remotely may get called back into the office and the market of people who want to move to the coast may become exhausted. The uncertainty in the building industry may also have some effect.

When looking at specific markets we expect that the estates of Aura at Caloundra South and Harmony at Palmview will continue to generate good interest with a slowing in sale volumes towards the latter half of the year. It is interesting that a January release of circa 50 lots was in some metrics stronger than last year. We expect this to flow to the hinterland subdivisions of the railway townships, such as Habitat and Panorama in Palmwoods. The rural residential market through the hinterland is expected to continue to show good signs as well as further north through to the Gympie region as the musical chairs of affordability drive the demand with a number of coastal buyers making the shift up north. We do however expect the rate of value growth to slow after the extraordinary rises of the past 18 months

One issue that may in effect provide somewhat of a ceiling to the market is the erosion of affordability for Sunshine Coast properties.

There are a number of unit complexes under construction with a number due for completion this year. Most interest continues to be in owner-occupier style units with complexes that directly target this market going well. We feel that this owner-occupation market will continue to remain strong given the growing downsizer and empty nester market and that they can exit out of their existing home at a good price.

The prestige markets across the Coast continue to operate at several different speeds. The main attention-grabbing area has been the Noosa Heads area of the northern Sunshine Coast. The central and southern Sunshine Coast have really strengthened over the past six to 12 months with significant value increases that includes the first $10 million plus sale in Mooloolaba. Given the discretionary nature of the prestige market, we expect that it will be more sensitive to any slow that maybe felt.

COVID-19 is an issue that simply does not appear to be going away any time soon, but with the momentum from last year we still expect the property market to remain strong. We do think that the rate of value growth will slow over the coming year which should not be that surprising given the strong growth we have been experiencing.

Stewart Greensill
Director

Gladstone

I must admit, I've been thinking about writing this issue for a few weeks and trying to work out what I would predict for 2022. It's definitely harder to predict what's going to happen this year after the rapid growth we saw in 2021.

I guess the short answer is easy – growth! We expect continued growth in the Gladstone region market in 2022.

One of the main drivers of our market is still affordability. Despite the recent rapid growth, our region is still far more affordable than many southern markets. The affordability factor has led to population growth from both interstate and intrastate investors and owner-occupiers looking to take advantage of a regional lifestyle.

There were a number of major industry announcements in 2021, 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 however will have a positive flow on effect on our local economy.

We expect continued growth in the Gladstone region market in 2022.

We expect most market sectors will perform well in 2022. Vacancy rates have remained consistent for the past 12 months, hovering around the one per cent mark, with rental increases still occurring. We predict vacancies will remain fairly stable over the next 12 months with rents continuing to steadily rise.

New construction activity is expected to remain subdued until the backlog of new builds spawned from the government building grant stimulus starts to decrease. As this happens, further demand is expected, and we predict a jump in values for vacant land as demand is likely to outstrip supply once builders can take on new work.

Whilst the past 12 months saw rapid growth, we expect 2022 will see steady and sustained growth over the course of the year.

Regan Aprile
Associate Director

Bundaberg

2021 in the Bundaberg region was a year of growth fuelled by strong demand and very limited supply in both sales of residential properties and demand for rental properties. At present, this trend looks set to continue well into 2022. Agents are continuing to report strong interest with some properties receiving multiple offers and sale prices tending to be above asking prices. Demand for new houses also remains strong with reports of delays with builders and materials. Coastal locations such as Bargara and Burnett Heads have also continued to trend upwards.

Predicting the future though is tough. On one hand Bundaberg has experienced continued growth for the past two years, however ongoing changes to COVID-19 restrictions, policies and mandates continue to affect the national economy, thus also affecting buyers' behaviour. Lenders and banks have started to tighten their lending policies as a response to Australian Prudential Regulation Authority (APRA) making changes to lending rules. Interest rates continue to remain on hold. And we are also due for a federal election this year. So the future really is anybody's guess.

Overall, we believe 2022 will continue to see growth in the Bundaberg region. We do however recommend caution when buying, as we believe that any increase in interest rates may cause mortgage distress down the track.

Megan Matteschek
Property Valuer

Mackay

Welcome to 2022! It's that time of the year where we give our predictions for the year ahead. Before we do that, 2021 was an extraordinary year, with solid price growth across all market sectors, rising rental levels on the back of very tight vacancy rates (below one per cent) and general optimism not seen in Mackay for many years. Local agents reported limited stock and strong demand, with multiple offers the norm and very short marketing periods.

So moving into 2022, how is Mackay shaping up? From an economic point of view, all our major industries and drivers are continuing to perform with good employment opportunities across Mackay and the Bowen Basin. Local media reported that the price of hard coking coal hit $411 per tonne, the price of sugar continues to be high, local infrastructure projects such as the northern upgrade of the Bruce Highway are well advanced as well as the expected commencement of the Walkerston bypass project. Migration into the region due to increased employment opportunities continues to also drive the housing market. Rental vacancies currently sit well below one per cent, with median rentals increasing between five and ten per cent over the past 12 months.

So what does all this lead us to believe? We think the momentum in the market seen over the past 18 months will continue, with growth of up to ten per cent expected across all market sectors in 2022. The rental market is expected to remain extremely tight, with rental growth anticipated to meet this demand. Historic low interest rates mean that, at the moment, it is cheaper to pay off a home loan than it is to rent in Mackay, which is expected to fuel growth.

Some issues we can foresee that may have a negative basis are interest rates. If they start to climb earlier than expected it may have a negative effect on the market. Also, with the continued growth, affordability becomes an issue, however we are of the opinion that the positives far outweigh these negatives and we look forward to another solid year in Mackay.

Mick Denlay
Director

Rockhampton

The Rockhampton and Capricorn Coast property markets have just experienced an unprecedented rate of growth for the 2021 year. As we crank up for 2022 the feeling is that the growth is likely to continue albeit at a slightly slower pace given Queensland has now forfeited its status as a safe haven for COVID-19 which appeared to be a major factor in 2021.

Excluding the COVID-19 factor for a moment, it is important to highlight a number of infrastructure projects in the pipeline that are likely to provide a solid foundation for a prosperous 2022 year ahead in the local property market. These include the Rookwood Weir, the Rockhampton Ring Road and the Shoalwater Bay Military training area expansion which all provide a boost to employment and local economic benefit.

We think the momentum in the market seen over the past 18 months will continue, with growth of up to ten per cent expected across all market sectors in 2022.

Also worth noting is the unique situation facing the building industry in regard to a shortage of materials, significant but unknown price rises and extended construction timeframes which are all contributing to the existing housing market as many buyers decide not to build under current circumstances and look for an existing home instead.

Specific areas of note include the Capricorn Coast where middle-class family homes in the $500,000 to $700,000 price range are highly sought after. Selling agents are still reporting overwhelming interest with huge numbers of enquiry and multiple offers, often well above asking price. Small to medium sized acreage properties are also in high demand with similar reports coming from the selling agents.

Last year may have been the blue ribbon event, the 100 metres, full sprint, flat out from start to finish, however 2022 is shaping up more like the 400 metre race where a more even pace is required throughout the journey. We have gotten out of the starting blocks well with very tight vacancy rates, low interest rates and an overall affordability level which is still very attractive compared to many of our southern regions, all good signs for the year ahead. Perhaps only a major flood event, further lockdowns or restrictions or a sharp rise in interest rates could potentially curb the predicted trend.

Alistair Gunthorpe
Valuer

Hervey Bay

In January 2021 we anticipated that Hervey Bay would continue to achieve capital growth across all asset classes for the year ahead. This was achieved, however it is hard to believe the heights it reached. All asset classes saw a significant increase in value and this trend looks set to continue, however potentially at a slower rate.

Nearly all newly developed lots of vacant land across Hervey Bay including River Heads, Toogoom and Burrum Heads have been sold and agents are reporting waiting lists for lots yet to be developed. 12 months ago, starter four-bedroom house and land packages were in the low to mid $300,000s however now this is close to $400,000. These starter homes constructed in 2020 or even 2021 are now achieving resale prices close to or exceeding $500,000.

Local builders are reporting waiting lists of nine to 12 months and quoted prices have increased. In most cases these increases have been able to be supported due to the rising values in the land and established home.

Vacancy rates are expected to continue to be virtually non-existent. 2021 saw a lot of investors capitalise on the rising market and sell, however these assets were being sold to owner-occupiers, hence the even greater shortage of rental properties we are now experiencing. Rental rates per week rose dramatically on the back of this strong demand and this is likely to continue throughout 2022 if supply remains low.

2022 may continue to see more $1-million-plus property sales as vendors capitalise on the price growth. Historically, achieving a sale over $1 million was the talk of the town. 2021 saw approximately 56 residential or rural lifestyle sales over $1 million within the Hervey Bay 4655 locality.

Sales activity is likely to slow throughout 2022 as agents are reporting limited stock levels. With the fear of missing out still evident in purchasers' decisions, the start of 2022 has seen some unprecedented sale prices being achieved, some

Toogoom QLD Source: domain.com.au

significantly above asking price. COVID is rapidly spreading across the region like never before and this, coinciding with the end of the holiday period, may slow enquiry for a short period of time. Buyers should beware that the market could enter an erratic phase with the alignment between vendor and purchaser expectations broadening. Purchasing above market has inherent risks with finance being one of them. Buyers should factor in larger equity requirements should the price not be considered at market. Although we consider the market is still in a rising phase, should it slow from its current position or rates rise, we may begin to see some stabilisation of prices.

Doug Chandler
Director

Maryborough

2021 saw strong and rapid growth over the course of the year in Maryborough and surrounding areas. This was due to limited stock across most asset classes and strong demand from local and interstate buyers resulting in shorter listing times on market, multiple offers and increased pressure on values. Maryborough has recently suffered from a major flood which is not a great start to 2022. It's too early to determine the full impact this flooding will have on the Maryborough property market however agents are reporting a slight decrease in enquiry but prices are remaining high.

It's definitely harder to predict what's going to happen this year but a big driver of the market is affordability. The Maryborough area is still far more affordable than the more well-known area of Hervey Bay. Given the affordability factor, we expect some further property price growth in the area however we expect that growth rate to slow. Previous levels of growth are considered unsustainable in the long term. Economic news continues to improve with the 2021 announcement by the Queensland Government to increase the capacity of Queensland's train fleet through the Queensland Train Manufacturing Program. This will see a staged pipeline of train building work undertaken in Maryborough over the next ten years and will have a positive flow on effect on the local economy. Vacancy rates in Maryborough continued a declining pattern in 2021 with the area having the lowest vacancy rate in Queensland. We expect there to be a continued high rental demand in 2022 with rents expected to steadily rise. Vacant land across Maryborough and surrounding areas will continue to be in short supply and it is expected that strong demand will continue for vacant blocks despite the delays in new builds.

Tracey Werder
Valuer

It's definitely harder to predict what's going to happen this year but a big driver of the market is affordability.

HERRON TODD WHITE RESIDENTIAL

Cairns and Far North QLD

The strength of the Far North Queensland market in terms of price increases and sales volumes over the past year was well above what we had anticipated at the start of 2021. The market appears to have continued its upward trajectory over Christmas and into January and it is likely to continue with this positive sentiment into 2022.

We are still coming to terms with the new normal for COVID-19 with high case numbers, open borders and free movement. This is likely to translate to a strong tourist season and a needed pay day for many tourist operators in Far North Queensland.

It is possible that home builders may be starting to look to take on more work later in the year as they work through their large inventories of work in progress from last year. The supply issues and price increases for building materials should ease somewhat with supply chains getting back on track. We will also see many of the residence lots sold off the plan being developed. This will add supply back into the housing market. We believe that one of the reasons for the large price increases in established housing during 2021 was the lack of alternative choice to buy land and build a house. This alternative choice should be more available during 2022.

Forecast interest rate increases by the RBA and tighter lending policies by APRA may start to slow the market to some degree throughout 2022 although any changes should be small and be made with the view to rein in irrational exuberance rather than derail the market. There has been a lot of talk of interest rate increases in the media in recent weeks.

Overall, we see 2022 as another positive year for the Far North Queensland real estate market.

Danny Glasson
Director

Toowoomba/Darling Downs

With the start of a new year comes a new hope of how the year ahead will unfold, especially with the continued uncertainty of how COVID (and its variants) will develop and change how we go about our daily lives.

Discussing the outlook for the residential property market for 2022 with a number of professionals across the property sector, there is currently a continued sense of optimism given the strength of the 2021 property market in our vast coverage region (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), but now with an underlying awareness that the gains of 2021 may not be as robust throughout all of 2022.

Local real estate agents are remaining positive that the market will continue to remain strong, similar to 2021, especially over the first six months of 2022 with continued strong buyer demand which has been compounded by extremely limited stock levels. Feedback from both buyers and real estate agents in the Toowoomba region has maintained that many enquiries are still from non-local buyers continuing to embark on a tree change from the capital cities to places such as Toowoomba and surrounding areas for the change in lifestyle as the work from home movement continues to allow families the opportunity to live more remotely whilst receiving more for their money property-wise. In the words of Real Estate Institute of Queensland chief executive Antonia Mercorella, "What we're seeing is our priorities are changing.... It's not just in Queensland, this is happening nationwide, and this pandemic has led us to reassess our lives, we are looking for lower more manageable mortgages, and are really thinking of quality of life and that's what's driving sales in these seemingly quieter areas."

Furthermore, the drivers responsible for the growth in 2021 across the Darling Downs area are expected to continue for at least the first half of 2022 which include: the low interest rate environment at present; interstate and non-local buyers who were generally buying locally to be closer to their relatives; the continued increase of buyer urgency given low stock volumes (fear of missing out); and there was continued evidence of real returns on capital investment in the housing market. This coupled with vacancy rates as low as 0.4 per cent led to an increase in investment returns during 2021, which will persist in enticing discerning investors to participate in the market.

Whilst we have watched housing prices continually climb over the past year and out of reach for some buyers, there are still affordable options for buyers out there. Reflecting on Toowoomba's unit market, this has remained far less affected by the supply and demand issue that drove both new and established detached housing prices up over the past year with only a small increase in price rises

There is currently a continued sense of optimism given the strength of the 2021 property market in our vast coverage region.

evident, given years of oversupply. Local agents have observed that the stock of units is still readily available at various price points and localities.

Real estate agents in the Toowoomba area are also commenting that there are still a high number of properties for sale in the sub $500,000 range. This is caveated with the comment that whilst there is stock available in this market segment, these properties are still going under contract within a very short time of being advertised with many buyers paying at or above the advertised list price in multiple offer situations.

Looking at regional areas outside Toowoomba, there is still housing stock available in Warwick (80 kilometres from Toowoomba) and Stanthorpe (140 kilometres from Toowoomba) for example, that are currently listed for sale in the sub $300,000 range. These properties do come with the need for renovations, which is still a popular and affordable option for buyers. Some of these regional areas though need to be treated with caution by buyers, especially relating to the possibility of over capitalising when renovating, given the current high construction costs. Whilst overseas travel is still not considered normal just yet, a number of regional townships within our coverage area have or are petitioning to build attractions to bring more visitors to their areas. For example, The Tenterfield Council (200 kilometres from Toowoomba) is eager to build The Angry Bulls Mountain Bike Trails, which would generate an estimated 30,000 visitors to the area. Tenterfield Council has also petitioned to build a $20 million solar farm and the ongoing Tenterfield Bypass Project currently in progress continues to create more employment opportunities in the region and attract families to the area.

However other professionals and various publications have indicated that they predict that the property market may begin to stabilize in the second half of 2022 with many believing that property prices will begin to level out as demand eases given the potential for interest rates rises, financiers tightening their lending requirements, the cloud of uncertainty as to what could happen with staffing and employee shortages due to COVID case surges, especially when winter approaches, and the possibility of future variants continuing to interrupt supply chains of various services, which could compound to reduce buyer demand, especially in the major city localities.

Moving forward to the year ahead, it is challenging to truly predict what may occur in the property market in 2022, given how unpredictable the first month has been, just as it was in early 2020 when the pandemic first began. Already only a few weeks into the new year and we have seen the return of a toilet paper shortage along with various other grocery items, the inability to access RAT tests (a now prized possession) and a lack of staff in many critical and essential services with thousands of Australians in isolation as a close contact and many more isolating due to contracting COVID (including our own staff). Overall though, there is currently a positive outlook and feel for the year ahead in our coverage region. It will be an interesting year all round for everyone to see what will actually unfold!

Marissa Griffin
Director

South Australia - Residential 2022

Adelaide

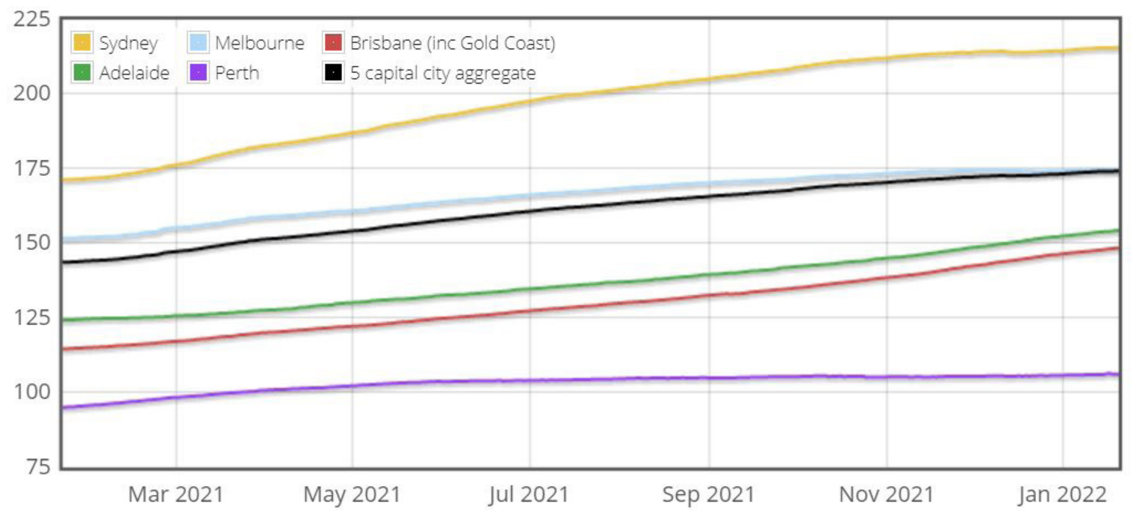
The new year began in the same way that 2021 ended – COVID-19 continuing to disrupt everyday life across Australia and the South Australian residential property market trending on an upwards cycle. The September 2021 quarter data released by the state government had the median house price at its highest ever level of $560,000. Corelogics Hedonic Price Index indicates that the market has continued to rise through the historically slow December/January holiday period. It's expected that a new record median dwelling price will be achieved once the December 2021 quarter data is released.

We continue to see properties contracted within historic low days on market and purchase prices being achieved within and above asking price ranges. The low interest rate environment, reopening of borders and the push to 90 per cent full vaccination are considered factors to positively affect the market in 2022. Underlying uncertainty does however remain with the ever-changing COVID-19 situation. Vendors should ensure that properties are correctly priced whilst purchasers should avoid overextending themselves.

Market segments to watch in 2022 will be the outer ring, prestige market and CBD apartment market. Each of these segments have characteristics which are supported by current market forces.

Record levels of household savings and the low interest rate environment coupled with an affordable entry price point has made the outer ring a hive of activity for first homebuyers in the past 12 months. Similarly, investors have found the outer ring to be a safe haven, providing the strongest rental returns across the metropolitan area. The outer ring is characterised by a mixture of post war conventional style dwellings and more modern infill development which has occurred from the mid 1990s to the present day. Price points vary from as low as $130,000 to $550,000. Historically the outer northern suburbs transact at a lower price point than the outer southern suburbs. Outer ring suburbs to keep an eye on in 2022 include Sellicks Beach, Salisbury North and Davoren Park.

Sellicks Beach is located approximately 50 kilometres south of the Adelaide CBD. The suburb was established in the 1950s with more prolonged development occurring after 1970. The suburb is segmented into portions separated by rural living land. The western portion of the suburb fronts the Sellicks Beach foreshore whilst the eastern portion fronts Main South Road. The suburb is serviced by Main South Road providing access to the Adelaide CBD and into the Fleurieu Peninsula. Sellicks Beach has a median house price of $490,000. The sale of 19 Cannes Drive, Sellicks Hill for $450,000 characterises what's available under the Sellicks Beach median house price. This property comprises a circa 1980s single level brick dwelling disposed as four bedrooms and one bathroom on a 780 square metre allotment. The property has distant ocean views towards Sellicks Beach.



CoreLogic hedonic price index graph — Source: CoreLogic

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19 Cannes Drive, Sellicks Hill Source: realestate.com.au

34 Langford Terrace, Salisbury North Source: realestate.com.au

74 Ashton Road, Davoren Park Source: realestate.com.au

Salisbury North is located approximately 24 kilometres north of the Adelaide CBD. The suburb was established in the 1960s and 1970s with more recent infill development occurring after 2000. The suburb is characterised by both detached and semi-detached single level brick dwellings on allotments of various sizes. Infill development is occurring, particularly on former housing trust sites. The suburb is serviced by Main North Road, Waterloo Corner Road and the Gawler to City train.

Salisbury North has a median house price of $285,000, and is neighboured by Salisbury, Burton and Paralowie, each having a median house price of approximately $380,000. Salisbury North is tipped to benefit from proximity to these suburbs as it provides a lower entry price point to market. The sale of 34 Langford Terrace, Salisbury North for $260,000 characterises what's available under the median house price. This property comprises an updated circa 1960s single level semi-detached brick dwelling disposed as three bedrooms and one bathroom on a 418 square metre allotment.

Davoren Park is located approximately 30 kilometres north of the Adelaide CBD. Similar to Salisbury North the suburb was established in the 1960s with more recent infill development occurring after 2000. The suburb is characterised by both detached and semi-detached single level brick dwellings on allotments of various sizes. The suburb is serviced by Main North Road, Womma Road and the Gawler to City train. Davoren Park has a median house price of $210,000. The suburb provides one of the lowest median dwelling prices in metropolitan Adelaide and is tipped to benefit from a number of medium density developments occurring within its boundaries and in surrounding greenfield land. The sale of 74 Ashton Road, Davoren Park for $220,000 characterises what's available at the Salisbury North median house price. This property comprises a dilapidated circa 1960s single level detached brick dwelling disposed as three bedrooms and one bathroom on a 785 square metre allotment.

Similarly, investors have found the outer ring to be a safe haven, providing the strongest rental returns across the metropolitan area.

Pent up demand and the low interest rate environment continue to drive the prestige market. This market performed strongly in 2021 with a record number of $2 million plus transactions. Agents continue to report increased buyer enquiry from interstate and overseas expats looking to relocate back to South Australia. Many of these purchasers are cashed up professionals looking to buy in the metropolitan area's blue-ribbon suburbs. With interest rates remaining at an historically low level, the prestige price point has become attainable to those who may have previously been on the fringes. Suburbs with median price points pushing into the prestige price range include Tennyson ($1,382,500), Unley Park ($2.3 million) and Toorak Gardens ($1.735 million).

Through the 2010s, the CBD apartment market has been buoyed by overseas investment, the boom in short stay self-managed accommodation and international students. When the borders slammed shut in early 2020 this market went into a holding pattern as the key drivers where shut off. Two years on, both national and international borders have begun to open up, albeit with restrictions in place. It's expected that the reopening of borders will give this market some life in 2022. Prices vary in this market from a low of $200,000 to $2 million plus, with the highest proportion of sales transacting between $300,000 and $600,000. Recent sales at different ends of the spectrum include 409/9 Paxton Walk, Adelaide which comprises a two-bedroom, one-bathroom fourth floor unit with no car parking and 2601/421 King William Street, Adelaide which comprises a three-bedroom, two-bathroom 26th floor penthouse with two car spaces. These properties achieved sale prices of $350,000 and $1.55 million respectively.

409/9 Paxton Walk, Adelaide   Source: realestate.com.au

2601/421 King William Street, Adelaide   Source: realestate.com.au

South Australia's property market has historically been stable in its cycles. With all things being equal, the current upwards cycle is expected to continue into 2022. The stability of the market should provide participants comfort that any disruptions should be felt with a stabilising of the growth or a gentle downwards cycle.

Nick Smerdon
Director

Mount Gambier

With property prices still increasing and demand just as high as it was last year, the forecast for the upcoming year in Mount Gambier will be similar to the past six months in the market of 2021. Strong demand and supply still being constrained will continue to put further pressure on capital growth. With the market still affordable to a wide variety of demographics and priced well below larger nearby regional cities such as Warrnambool, we consider the market will have another strongly performing year and continued strong interest from investors and out of town buyers.

One price point worth watching this year is the over $500,000 range. Properties within this price range have typically been thinly traded. There has been limited stock offered for sale within the past 12 months over $500,000 however stock that has been available has sold within short selling periods and not faced extended selling periods as it has in the past. We expect further activity within this price range and stronger demand.

Further along the coast is the attractive coastal township of Robe. Robe saw significant growth throughout 2021 with significant demand from city dwellers looking for a coastal property snapping up anything listed for sale.

2 Ryan Terrace, Robe   Source: realestate.com.au

The above centrally located property at 2 Ryan Terrace, Robe achieved $910,000 at auction. The property featured no ocean views however is very well located in close proximity to Victoria Street. Prices being achieved have been above expectations in many instances however these are becoming more frequent and setting new value levels. We expect Robe to have a very strong 2022 with significant interest and demand pushing prices further.

Adrian Castle
Valuer

South Australia's property market has historically been stable in its cycles. With all things being equal, the current upwards cycle is expected to continue into 2022.

Western Australia - Residential 2022

Perth

As we start 2022, it feels apparent that the Western Australian property market can continue on the same trajectory it followed throughout 2021.

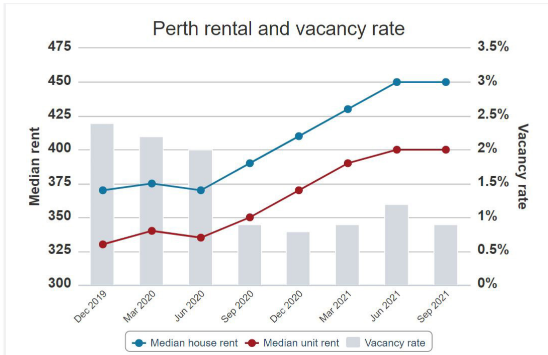
2021 was a crazy year across the Western Australian property market. Vacancy rates and stock levels across the state are now at record lows and house prices should continue to rise with investors leading the charge followed by first homebuyers who will find owning a home cheaper than renting. The reopening of Western Australia's borders should contribute to this market growth as an influx of new and returning residents will add another layer of competition to a very finite housing supply. Significant delays in the building industry will result in a lower rate of supply than forecast in 2021, with many house builds now taking two years as opposed to 26 weeks in 2020. All the signs are indicating a very solid year of growth throughout the state – with the one key factor being COVID-19. Western Australia has been blessed in many regards in containing outbreaks, resulting in strong confidence levels, but reality is setting in and the market could yet throw a curve ball our way.

2021 was a bumper year across Perth, with the median house price moving from $490,000 to $520,000 during 2021. For the same period, unit prices increased from $380,000 to $415,000, while land prices increased from $235,000 to $255,000, as per the Real Estate Institute of WA (REIWA). These figures reflect the strength of the market across 2021 and are further supported by the median selling period sitting at just 20 days for all Perth listings. For comparison, this figure sat at 50 days in June 2020!

Source: REIWA

We have seen similar market conditons throughout regional Western Australia, with market conditions generally strenthening in most areas. It's been a rare case where the majority of the state has moved as one. This was largely as a result of intrastate migration from Perth to regional locations along with diminishing stock levels as owner-occupiers led the market resulting in a diminshing pool of rental properties, driving low vacancy rates and increasing rental returns throughout Western Australia. Across the regions on the whole we have seen an increase in activity throughout all sectors of the market. One extreme example is the Kimberley town of Derby, which witnessed a strong uplift in activity and an annual median house price growth of 82 per cent - albeit off a very low base. At the southern end of this vast state Mount Barker in the Great Southern region has seen a median house price increase of almost 33 per cent, with sales volume almost doubling, while Geraldton in Western Australia's Mid West experienced an increase in median house price of 26 per cent. These figures show that 2021 was a strong year for the West Australian market as a whole and that sales growth was not just limited to the Perth metropolitan region.

2021 also saw an extremely tight rental market, with median rental prices of houses and units soaring across the board. The vacancy rate continued to stay extremely low throughout 2021, sitting below one per cent as per REIWA. Insufficient supply of new housing stock due to labour and supply issues plus various government programs removing established stock from the open market will continue to place significant pressure on the rental market and there is likely to be more growth in rental prices throughout 2022. There simply doesn't seem to be any factors that will either reduce demand or increase supply, especially in the first six months of the year.



Source: REIWA

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Rental vacancy rates

LOCATION (AREA)	NOVEMBER 2021	OCTOBER 2021	NOVEMBER 2020
Perth	0.7%	0.9%	0.8%
Albany	0.3%	0.4%	0.4%
Broome	N/A	4.9%	0.8%
Bunbury	0.6%	0.5%	0.6%
Busselton	0.0%	0.0%	N/A
Esperance	N/A	N/A	N/A
Geraldton	1.1%	1.1%	1.4%
Kalgoorlie	1.3%	1.3%	0.9%
Karratha	1.4%	1.3%	N/A
Port Hedland	2.4%	2.4%	N/A

Source: REIWA

Net interstate migration for 2020-21 was positive for the first time since 2012-13. Combine this with a lack of overseas travel resulting in more localised spending, plus a flurry of free government cash swirling around the market, many West Australians have found themselves with greater disposable income than previous years. Low interest rates, front page headlines about capital growth and generally positive consumer sentiment all contributed to a strong 2021 and continue to set the scene for 2022.

Looking ahead to 2022 there is a level of uncertainty as to how the market will move, particularly with factors such as the reopening of Western Australia's border at play. This date has been discussed and with the potential influx of returning travellers and interstate workers we anticipate conditions to remain strong throughout the first half of 2022, at least. With vacancy rates already very low and an expected influx of workers, we can expect strong investor activity to remain in the market as investors capitalise on strong rental returns. Investor activity is still very low compared to previous upwards cycles and we are already seeing signs of eastern states investors seeing Western Australian property as cheap relative to prices in the eastern states. We expect this will continue to place upward pressure on values throughout Perth, and first homebuyers may be fighting investors for a very restricted supply of housing coming to market.

Throughout 2021 there was strong demand for new land in Perth's outer suburbs as land in new housing estates was snapped up by consumers looking to build their dream home. We anticipate this activity will slow down considerably and stabilise throughout 2022. This is largely due to a reduction in supply of new land as well as wait times on the construction of new dwellings due to labour and supply shortages blowing out. An increase of mortgage stress as customers pay increasing amounts of rent for longer periods of time whilst they wait for the keys to their new home is another factor that will also contribute to this reduction in demand for land. Western Australia saw a 4.3 per cent rise in construction costs for the September quarter, which is the fastest growth seen in almost two decades (Australia Financial Review), however we believe this is just the tip of the iceberg for the problems to come in 2022. Builders are already increasing supposedly fixed price building contracts multiple times as they attempt to pass on uncontrolled cost increases to protect their bottom lines, or in some cases, simply to try to stay afloat. These issues will cause potential purchasers to look to established dwellings, placing further pressure on that market segment. The below graph shows how land sales have eased towards the end of 2021 and we anticipate this trend will stabilise throughout 2022.

Source: REIWA

Despite a very strong 2021, the Perth market is still affordable when compared to other major cities in Australia such as Melbourne and Sydney.

One way for building firms to combat the labour issue is to entice workers into Western Australia after the border re-opens – however this becomes a challenge when you have nowhere to house your new employees. The real lack of rental properties across the state will make finding affordable accommodation for these workers a significant challenge. This is an issue that may ease in the latter part of the year but will cause many headaches for employers looking to bring in staff during the first half of 2022.

Another potential issue worth addressing is a possible increase in interest rates. With interest rates currently sitting at 0.1 per cent, there is an expectation among many that rates could rise in the near future. Should a rate rise occur we could see a slow-down in growth across the Western Australian market as increased borrowing costs could likely deter potential purchasers. We don't think this will play a significant role in the market as rates remain low historically, and if anything, the prospect of interest rate rises is likely to spur people into making a decision.

Placing a particular focus on the Perth region, 2022 is shaping as another solid year. Despite a very strong 2021, the Perth market is still affordable when compared to other major cities in Australia such as Melbourne and Sydney. Perth's current median dwelling price sits at $526,625, while the capital city average across Australia is $698,170, as per Michael Yardney. With Perth being comparatively cheaper, we can expect good activity from interstate investors looking to use their newfound equity to diversify into the Western Australian market. A prime example of this is a recent transaction one of our valuers was made aware of in the southern Perth suburb of Waikiki. A 1991 built, four-bedroom, two-bathroom dwelling was originally open to offers from $380,000. The property ended up going under contract for $410,000 to an eastern states investor, however after this offer was accepted two other offers were received $50,000 higher than the contract price. Whilst an extreme example, this does show the type of money investors are willing to throw into the Perth property market and we can expect this to continue well into 2022.

Particular areas to watch will be some of the established inner city and coastal suburbs for purchasers looking for a premium product. Some of these areas saw significant growth across 2021 and we anticipate this will continue, albeit at a steadier pace. Significant growth in areas such as Cottesloe (33 per cent, as per REIWA), Claremont (35 per cent), City Beach (37 per cent) and Bicton (37 per cent), show that there has been strong demand for higher end established dwellings across 2021, due to relative affordability in comparison to the rest of Australia. The expectation is this will continue into 2022 although likely at a steadier rate than in 2021. With areas such as these faring so strongly across 2021, we may see consumers look to alternative suburbs where they can get a good quality product that may offer better value for money. Areas such as East Fremantle (9 per cent), Applecross (2 per cent) and Floreat (9 per cent) all grew at a much steadier rate in 2021 and may be the types of areas that catch the attention of consumers looking for good properties in premium locations.

We will likely see investors continue to look to development sites in areas such as Craigie and Padbury in the northern suburbs, and Hamilton Hill and Spearwood in the south as investors look to capitalize on a lack of new supply in established areas by converting parent lots into multiple smaller lots. We expect to see an increase in new low to medium rise apartment developments in areas such as Como and South Perth – but this remains very contingent on cost pressures as growth rates will need to be strong to make such projects viable. The established apartment space is an area we should see strong trends in prices as it has long been a bridesmaid market and offers appealing returns.

Looking to the outer Perth suburbs we can expect strong activity particularly from investors in areas such as Rockingham in the south and Joondalup in the north. We also anticipate strong activity from first homebuyers in these areas as these are some of the more affordable areas to get into the market and the competing buyer profiles are likely to drive capital growth. Rockingham has a median house price of only $430,000 while Joondalup sits at $552,500.

Heading east into the foothills and up into the Darling Scarp, we expect the strong growth experienced in 2021 to continue, mainly due to very limited supply in many areas. Areas up in the Perth Hills that recorded good growth such as Stoneville (25 per cent) and Mundaring (23 per cent) are expected to continue on the same trajectory as we see homeowners move to these outer suburbs for the lifestyle of a larger block out of the hustle of the inner city.

Looking to the South-West region of Western Australia, low vacancy rates and a very limited supply of stock on the market continues to increase property values throughout the region. The conversion of many rental homes to short stay Airbnb style accommodation due to burgeoning local holiday demand has also been a significant factor in the very low rental vacancy rates and will continue to affect the market throughout 2022. The short stay holiday market experienced a golden patch in 2021 with the increase of 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 the demand will start to diminish once the state and international borders are opened up in 2022, particularly in the latter stages of the year.

It was anticipated that the massive increase in home construction throughout the South-West would alleviate the lack of supply during 2021, however the backlog in building construction has led to significant delays with any rental relief likely to be in mid to late 2022. This has been a big issue for the coastal holiday towns with the low vacancy rates and high rental values forcing hospitality and retail workers to reassess where they can afford to live, resulting in significant labour shortages for local businesses. Whilst labour issues may ease throughout 2022, the housing issue will continue to be problematic, likely resulting in wage pressure throughout the region.

A significant development in the South-West region during 2021 was the approval of a four-storey residential and commercial development on the Dunsborough foreshore which saw significant opposition from the community but sold out off-the-plan none the less. There are several other large residential and commercial developments in Dunsborough that were approved during the year which will likely change the fabric of this coastal holiday town and lead to further maturity in the market.

Further south in Albany, the residential market performed well across the board throughout 2021. There were increases of up to 20 per cent in values in most sectors of the market and even higher in the top end of the market and for rural residential and rural lifestyle properties. The number of listings has fallen dramatically from 2020, as have selling periods. Demand continues to be strong and this should continue well into 2022 and potentially beyond. Land has also increased in value significantly with vacant land scarce at the moment.

Albany Harbour Source: www.parks.dpaw.wa.gov.au

The number of people moving to Albany increased significantly throughout 2021, putting further pressure on demand for established homes and rental properties. The demographic of Albany appears to be changing and it is becoming a popular location for young families and professional couples, and demand is expected to continue to outstrip supply throughout 2022. Adding to this pressure many homes have been taken off the rental market and are now operating as short-term Airbnb style accommodations, however this may ease later in the year.

While most areas are expected to continue to grow in value throughout 2022 the suburbs to watch include Middleton Beach, Goode Beach, Mt Clarence, Mira Mar and Emu Point. Low stock levels and burgeoning demand in these areas is likely to lead to decent value growth. Rural residential areas and rural lifestyle properties are also performing very well and with strong demand there is no sign of this easing. Mt Barker and Denmark also performed very well throughout 2021 and we expect Denmark in particular to perform strongly in 2022.

Down in Esperance we also saw a strong year of growth, with the urban area experiencing growth of 17 per cent for house prices across the 12 month period, as per REIWA. Agents in the area are reporting buyer confidence well above that seen in recent years with low interest rates, a tight rental market and affordability levels all playing a part.

An area to watch moving forward will be the top end of the Esperance market, particularly what happens with oceanfront stock in Castletown and West Beach, with extremely well cashed up farmers likely to be willing to throw good sums of money at some of these properties. We are already seeing activity in the over $1.5 million bracket and this should continue throughout 2022.

Agents in the area are reporting buyer confidence well above that seen in recent years with low interest rates, a tight rental market and affordability levels all playing a part.

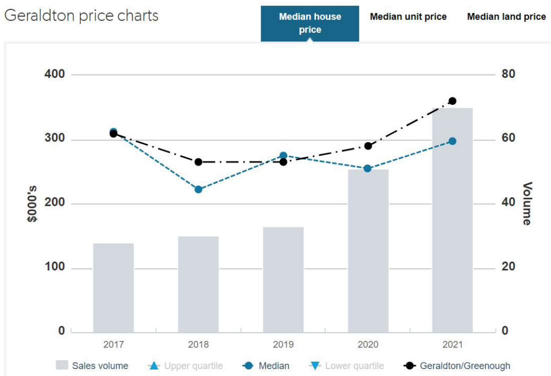
Broome has long battled to compete with cheaper overseas holiday destinations such as Bali, but local holidaymakers have rediscovered Broome like never before.

In the Goldfields region, Kalgoorlie-Boulder's housing market finished stronger in the latter half of 2021 with strong demand in many market segments. Good quality owner-occupier homes and lower end rental quality units are likely to outperform the rest of the market. Investors are likely to play a significant role during 2022.

Areas such as South Kalgoorlie and South Boulder are still relatively cheap compared to Kalgoorlie, however there are significantly more anti-social behavioural issues in some areas of these suburbs which generally weakens demand somewhat. Suburbs on the outskirts of town or in the more regional areas become more eye catching when the market is heated, but as soon as the market slows these will be the areas that are usually the first to decrease in value. Kambalda experienced an increase in purchase activity throughout 2021 as rents increased and returns appeared generous, however investors should do their due diligence to ensure they understand the areas in which they are buying.

Moving to the mid-west region of Western Australia, the coastal city of Geraldton has seen an increase in activity over the past year. As displayed below median prices have increased significantly, while the volume of sales has also significantly increased compared to previous years, portraying the demand in Geraldton as it has jumped from 51 in 2020, to 70 in 2021 as per REIWA. This trend should continue this year as we see owner-occupier activity continue, along with purchasing activity from farmers coming off a huge year and who will likely be looking at top of the market properties in Geraldton.

Geraldton price charts



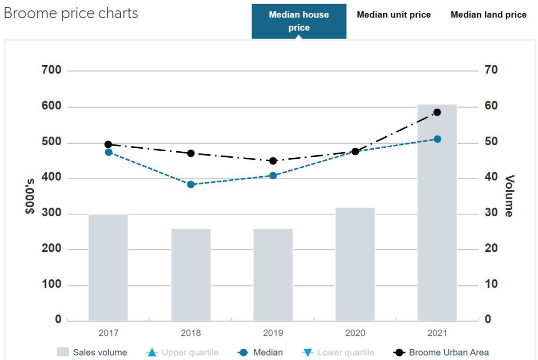
Source: REIWA

Moving further north to Karratha, 2021 was a strong year for growth, dominated by owner-occupiers but with investors also returning to the market in increasing numbers. Over the past 12-month period, values were up 4.7 per cent in the Karratha Urban Area, as per REIWA, but much higher in some market segments. Woodside's recent announcement to proceed with the Scarborough project will see the construction of a 430-kilometre pipeline from the Scarborough gas field and a second LNG train built at the Pluto LNG onshore facility on the Burrup Peninsula, 35 kilometres from Karratha. This project is scheduled to commence in 2026 and should see investor activity strengthen. We can also expect rents to rise with a lack of stock on the market and an influx of workers anticipated. Despite the positive short-term outlook, Karratha should always be treated with caution as this is an extremely volatile market which has experienced many short-term cycles.

In Port Hedland we've seen a rebounding market which was part COVID related but largely stimulated pre pandemic by ongoing projects in the region. This market is largely driven by iron ore prices and port activity and there is a high level of uncertainty as to the outlook for iron ore prices. The Australian Financial Review states that "analysts are divided over whether the stunning bull-bear-bull run for Australia's most valuable export will continue through 2022." Even with the uncertainty of iron ore prices we believe the Port Hedland market will continue to rise with a lack of stock on the market driving prices. An issue that is further driving prices is the West End buyback scheme. With this scheme taking potentially 400 homes off the long-term rental market there is further pressure on rental prices with a real lack of supply. Good quality housing is expected to continue to be in high demand, with recent rental prices for such products again exceeding $1000 per week. Older style villas are appearing very good value in comparison – however maintenance costs in such markets need to be taken into consideration. We expect Port Hedland will finish 2022 ahead of 2021's value levels.

Looking at the popular holiday destination of Broome, we have seen prices rise at an astronomical rate over the past year. Broome has long battled to compete with cheaper overseas holiday destinations such as Bali, but local holidaymakers have rediscovered Broome like never before. Affordability is becoming a real issue in Broome as average rent prices in some parts of the town near $900 per week. As seen in the graph below, the median price for houses within the suburb of Broome itself has increased steadily over the past year, with the volume of sales almost doubling from 32 sales in 2020 to 61 in 2021. Broome's outer suburbs such as Djugun, Cable Beach and Bilingurr all significantly increased throughout 2021, with all suburbs median price rising by at least 25 per cent. Djugun fared the best with an average price increase of 31 per cent, as per REIWA. We expect this year the market should stabilise in Broome, although a low supply of stock should place upward pressure on these prices over the short term. A big question moving forward will be whether Broome will remain a top holiday pick for West Australians and interstate travellers or whether Australians will look to head overseas later in 2022.

Broome price charts



Based on settled sales as at 20 December 2021

1 October 2020 - 30 September 2021

UPPER QUARTILE	MEDIAN	LOWER QUARTILE
$682,500	$510,000	$397,500

Source: REIWA

Overall, it is looking like another strong year for the West Australian residential property market with values in most areas and most market segments looking positive. A lot depends on migration figures – but if the reports are correct, demand will continue to outstrip supply significantly, particularly in the first six months of the year.

Chris Hinchliffe
Director

Northern Territory - Residential 2022

Darwin

The 2021 year proved somewhat of a watershed in Darwin's residential property markets.

After an extended period dating back to 2015 and the completion of the construction phase of Inpex, the city had experienced a significant decline in property values, with some residential property markets declining by 50 per cent since the heady boom days. The past 12 months saw a resurgence and hopefully this can be maintained into 2022 and beyond.

That will require a change in the underlying economic fundamentals for Darwin. The Top End appears to have experienced population growth during the pandemic. Retaining (and growing) that population base is the key to an improvement in residential property markets. These newer residents will only stay in Darwin if they have long term employment here.

A number of projects such as the Core Lithium mine at Finniss and the new US fuel supply line at East Arm are now gaining traction and beginning to provide those employment opportunities, with a number of other projects also on the way.

The big unknown is the future of defence spending in the Northern Territory by either Australia or one of its strategic partners (most likely the US). If this takes the form of a major spend, it could have significant economic advantages to the Territory.

Of course, in common with the rest of Australia, we have seen strong price growth in some residential sub-markets and even oversupplied sub-markets such as CBD units have benefited by way of increased rates of sale if not the same level of price growth as other market segments.

There are still notable risk factors on the horizon. The cost of domestic construction is rising rapidly and if this is sustained it will have a detrimental effect on the rate of new supply coming onto the market.

All in all, the continued strength of the Darwin residential property market is dependent on both macroeconomic factors, especially interest rates, and the availability of long-term employment opportunities to provide people, both owner-occupiers and investors, with the confidence to make such a major investment decision.

Cameron McDonell
Valuer

That will require a change in the underlying economic fundamentals for Darwin.

Alice Springs

After a strong finish to 2021, all indications are that 2022 could be a good one for residential real estate in Central Australia. Sales information figures for December are not yet available, however the results for the September quarter were solid with 103 dwelling sales and 57 unit sales, compared with 85 and 54 respectively in the previous quarter. Median prices continue to fluctuate, however looking at results over the past 12 months, the figures do point towards a general strengthening of the residential market. Local agents are reporting that stock continues to move quickly and that days on market figures are reducing. There is also anecdotal evidence of some properties going under contract at above asking prices.

A good example of recent market movement can be found in the suburb of Gillen.

Gillen resale   Source: realestate.com.au

This particular three-bedroom, two-bathroom property was initially built in the late 1970s as part of the government's project to build accommodation to house Pine Gap employees. This property was sold off by the federal government in November 2018 for $454,000. The property has recently been sold again, with minimal overall changes since the previous sale. The sale price in

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Well-presented and realistically priced properties are selling quickly and with interest from multiple parties in a majority of cases.

December 2021 was $480,000, representing a 5.7 per cent increase in approximately three years.

We are seeing examples of growth in values right across the town and across most property types, although suburbs such as Mount Johns, Desert Springs and East Side are providing generally stronger growth prospects. A prestige dwelling on the golf course that sold in March 2021 for $1.125 million has just gone under contract again for $1.18 million, showing growth of 4.9 per cent in the intervening nine to ten months.

Well-presented and realistically priced properties are selling quickly and with interest from multiple parties in a majority of cases. Generally speaking, anything that has been on the market more than 90 days is probably overpriced or has some negative aspect that is hindering the sale. Some segments of the market including older one- and two-bedroom units and properties in less desirable areas such as sections of Larapinta and Sadadeen are not experiencing much growth in values, but are generally selling in less time than they would have taken two years ago.

Whilst it's difficult to pinpoint reasons for this recovery in the market (which has been flat here for at least the past six to seven years), some are putting it down to the population shift away from the capital cities that we have been experiencing Australia-wide since the pandemic hit our shores. Many regional centres are experiencing population growth as a result of people leaving the major cities and it is quite possible that Alice Springs is also benefiting from this shift in attitudes.

Something that will be interesting to watch develop over the next 12 months will be the completion of Stage 2 of the residential land development at Kilgariff. Pre-sales have been strong at land prices showing a 10 to 20 per cent premium on similar blocks sold in Stage 1. Combine this with the increase in building costs, particularly with some materials (most notably steel), we may see situations where the final market value of a newly finished home is exceeded by the combined cost of purchasing the land and building a home. This will cause potential headaches for finance providers, particularly with regard to first home buyers and those with low deposits.

Peter Nichols
Valuer

Australian Capital Territory - Residential 2022

Canberra

Canberra's median house price reached $1,074,187 during 2021 (Allhomes, 2021) with extreme and record breaking prices being experienced in many suburbs, especially the inner north and south suburbs.

With low interest rates remaining and welcoming 2022, it is quite possible that those who missed out on purchasing in 2021 are still on the hunt and hungry to find the perfect pad, however with the talk of APRA tightening lending further and interest rate hikes, some may not be as eager to borrow as much and this could result in less demand and price drops.

Many real estate agents are of the opinion that the growth is not sustainable further into 2022 and the market is yet to cool slightly, an opinion also popular among our local valuers. The verdict: no extreme price falls but more of a plateau. HTW valuer, Sandra Howells, believes the market will remain steady for the first quarter of 2022 and due to a shortage in supply, demand will remain strong. Sandra also mentioned shortages of building materials and labour will mean a lag for existing projects.

HTW valuer, Robert Moss, said "I think after last year's unprecedented price rises the market will continue to grow but at a far more normal rate, say 10 to 15 per cent, mainly due to continued low interest rates (even if they increase slightly) and continued high demand (especially as international migration starts up). People seem to be quite cash rich and there is no benefit in keeping money in the bank with low returns compared to the housing market."

In terms of the most affordable areas, historically they are the furthest from the CBD - Calwell, Theodore, Banks etc - although even these areas have increased considerably. As people are priced out of buying a house, more affordable options are townhouses and units.

Areas to treat with caution would be the developing suburbs. This is due to spiraling land prices and building costs going through the roof meaning that it is easy to over-capitalise. There may also be more volatile prices seen in the unit market due to a potential oversupply.

With further development of the light rail into suburbs located in Woden, it is expected house prices in these areas will benefit from this infrastructure and bring more convenience for those located on the southern side. The areas benefiting from the light rail expansion will be the ones to watch!

During 2021 we saw an increase in knock down rebuilds, especially in the older suburbs. Knock down rebuilds and other refurbishments should continue to boom throughout 2022 especially in established suburbs as people now have enough equity in their homes to pay for these works. This trend is one we can expect to see carry on into 2022.

Tahleah Williams
Assistant Valuer

People seem to be quite cash rich and there is no benefit in keeping money in the bank with low returns compared to the housing market.

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Tasmania - Residential 2022

Hobart and surrounds

Looking back at 2021, I'm pretty sure no one predicted what eventuated with property prices surging in excess of 20 per cent. What 2022 will bring is anyone's guess, but my prediction is there is still a bit of room for some more growth. Don't ask me to what extent. How long is a piece of string?

Hobart is still in very short supply of listings which in turn puts upward price pressure on sale prices.

Outer lying suburbs such as Brighton, New Norfolk, Herdsman's Cove, Clarendonvale, Rokeby, Midway Point and Sorell offer the best levels of affordability for both freestanding houses and units.

Suburbs closer to the city are becoming more unaffordable for the average Joe, however empty nesters are snapping up smaller residences in these localities and cashing in when they sell their family homes.

With our borders now open, the mainlanders are coming in droves to holiday on our beautiful island and in some cases are buying property. I came across this recently where a couple from Melbourne were holidaying on Bruny Island, loved the place and bought a waterfront shack whilst there. $700,000 isn't too bad a price for a slice of waterfront land with a comfortable two-bedroom Colorbond shack on site with the potential for a healthy return if rented on a short stay basis.

A Bruny Island listing Source: realestate.com.au

The rate of spread of the Omicrom variant of COVID-19 will have a big impact on where property prices will go. Up until the borders were reopened, Tasmania on a whole had under five cases at any one time. Now, at the time of typing this report we are averaging around 1000 cases per day. Compared to mainland numbers, this is still very low.

Increased interest rates will have a negative effect on property prices, however no one knows when they will increase to date. One thing I am certain of is they can only go one way, and that's up!

It'll be interesting to see where the market takes us, but if you were thinking of selling, the next few months will be important.

As always, seek independent advice specific to you situation as this information is general in nature.

Mark Davies
Residential Manager

Hobart is still in very short supply of listings which in turn puts upward price pressure on sale prices.

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Property Market Indicators

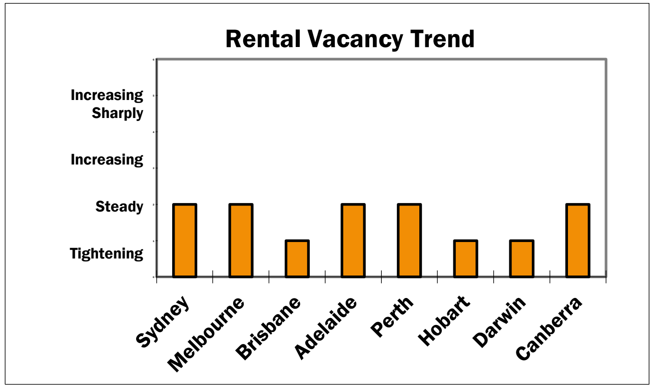
February 2022

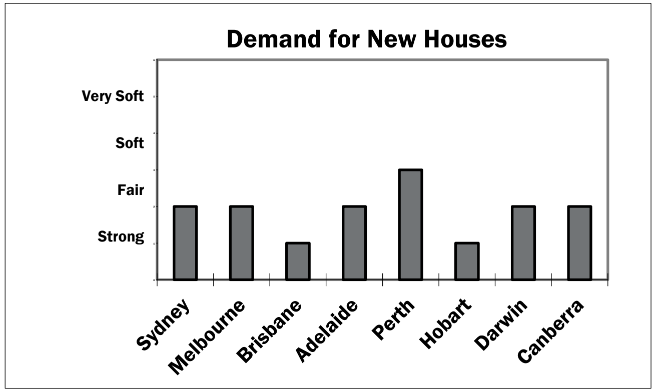
Capital City Property Market Indicators – Houses

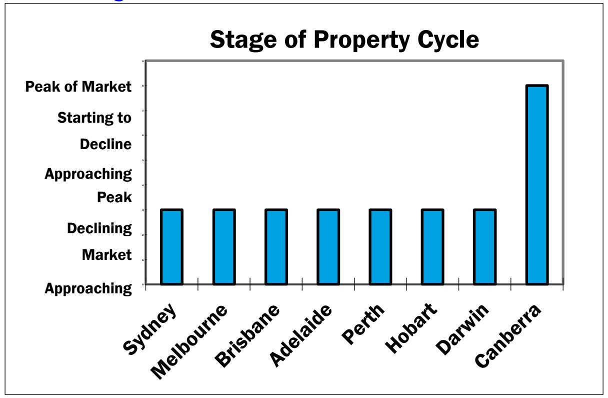
Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	Balanced market	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Severe shortage of available property 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





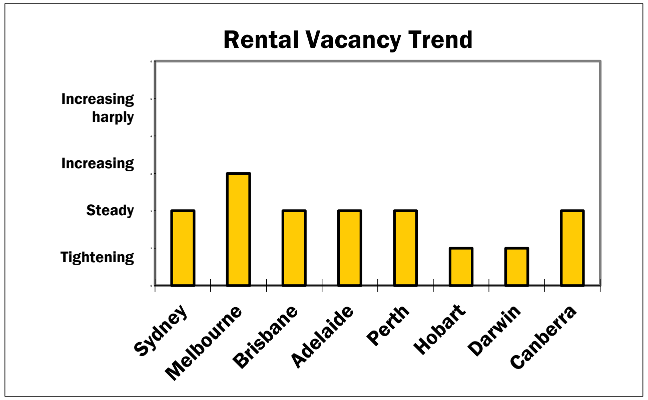


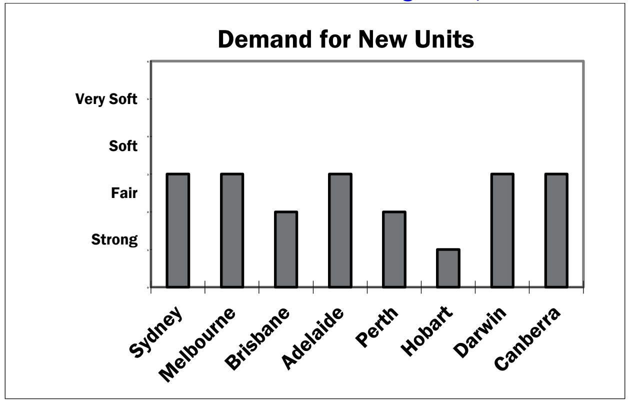
Capital City Property Market Indicators – Units

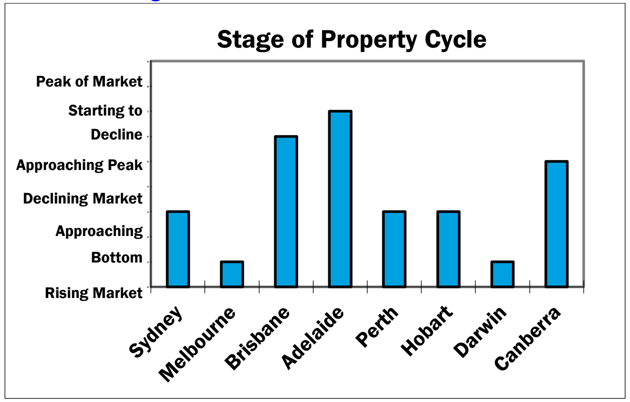
Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	Balanced market	Over-supply of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Severe shortage of available property 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	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





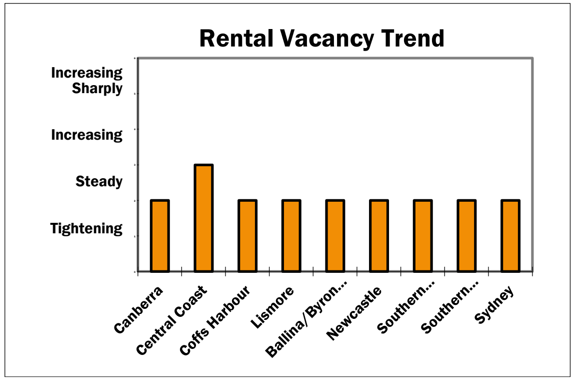


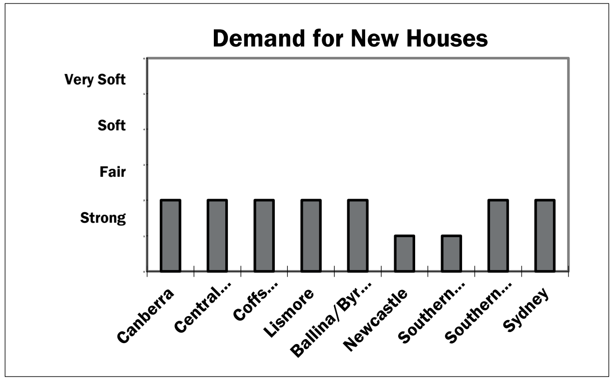
East Coast New South Wales Property Market Indicators – Houses

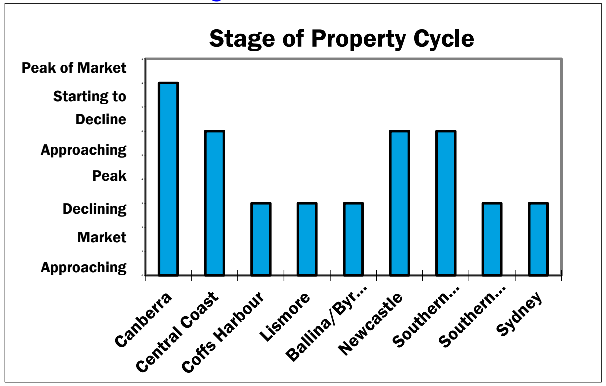
Factor	Canberra	Central Coast	Coffs Harbour	Lismore	Byron Bay/Ballina	Newcastle	Southern Highlands	Southern Tablelands	Sydney
Rental Vacancy Situation	Shortage of available property relative to demand	Shortage of available property relative to demand	Balanced market	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	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	Declining significantly	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	Approaching peak of 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





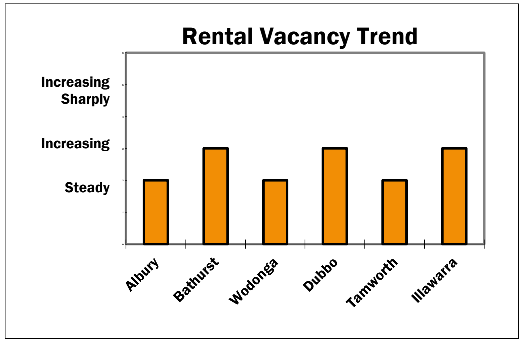


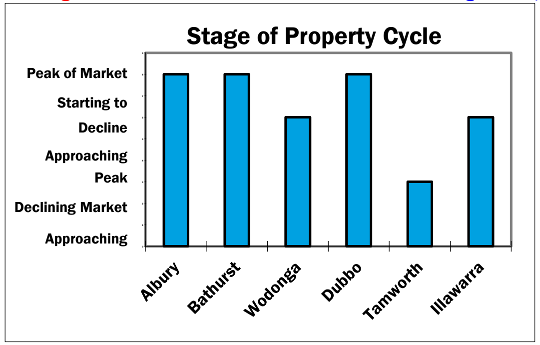
Country New South Wales Property Market Indicators – Houses

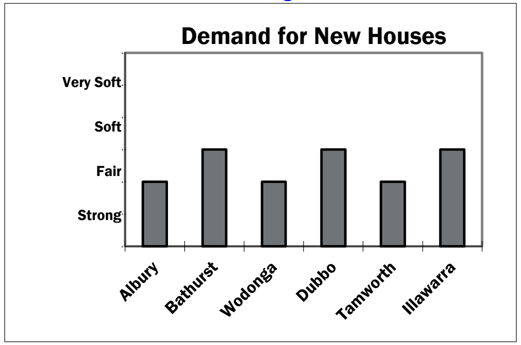
Factor	Albury	Bathurst	Wodonga	Dubbo	Tamworth	Illawarra
Rental Vacancy Situation	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Balanced market
Rental Vacancy Trend	Tightening	Steady	Tightening	Steady	Tightening	Steady
Demand for New Houses	Very strong	Fair	Very strong	Fair	Strong	Fair
Trend in New House Construction	Declining significantly	Steady	Declining significantly	Steady	Declining	Steady
Volume of House Sales	Increasing strongly	Increasing	Increasing strongly	Increasing	Increasing	Steady
Stage of Property Cycle	Approaching peak of market	Peak of market	Approaching peak of market	Peak of market	Rising market	Approaching peak of 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



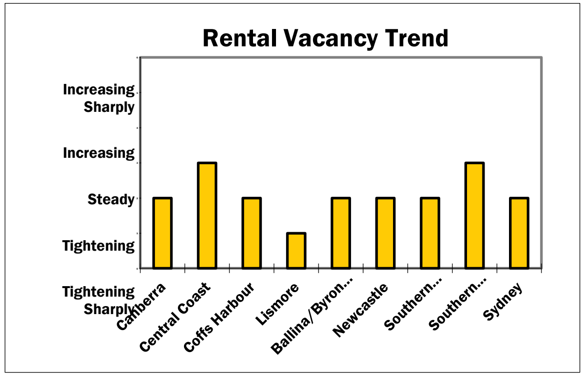


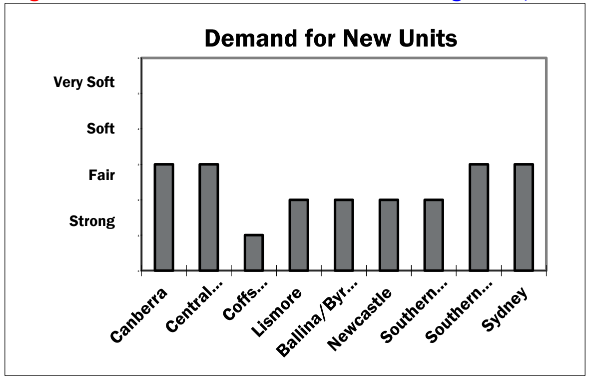


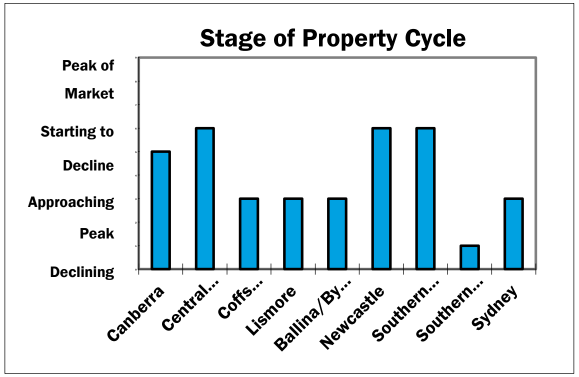
East Coast New South Wales Property Market Indicators - Units

Factor	Canberra	Central Coast	Coffs Harbour	Lismore	Byron Bay/Ballina	Newcastle	Southern Highlands	Southern Tablelands	Sydney
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	Shortage of available property relative to demand	Shortage of available property relative to demand	Balanced market	Balanced market
Tightening	Tightening	Steady	Tightening	Tightening sharply	Tightening	Tightening	Tightening	Steady	Tightening
Fair	Fair	Strong	Very strong	Strong	Very strong	Strong	Strong	Fair	Fair
Declining	Declining	Declining	Increasing	Steady	Declining significantly	Declining	Declining significantly	Steady	Steady
Steady	Steady	Increasing strongly	Increasing	Increasing	Increasing strongly	Increasing	Increasing	Steady	Increasing
Declining market	Declining market	Approaching peak of market	Rising market	Rising market	Rising market	Approaching peak of market	Approaching peak of market	Start of recovery	Rising market
Occasionally	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*





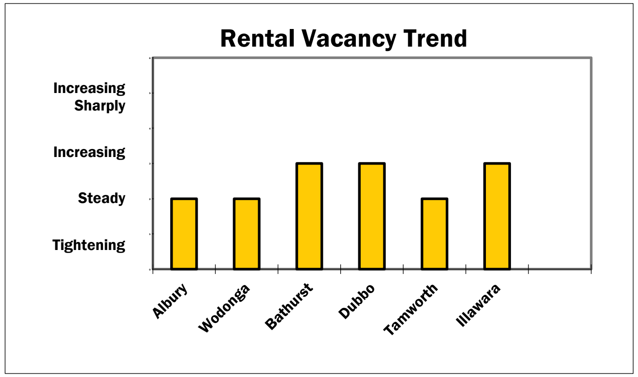


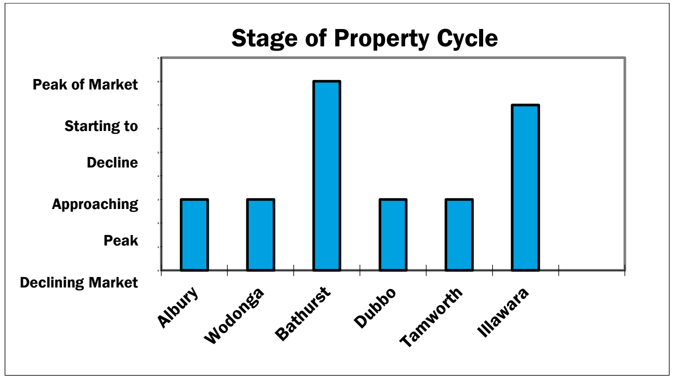
Country New South Wales Property Market Indicators - Units

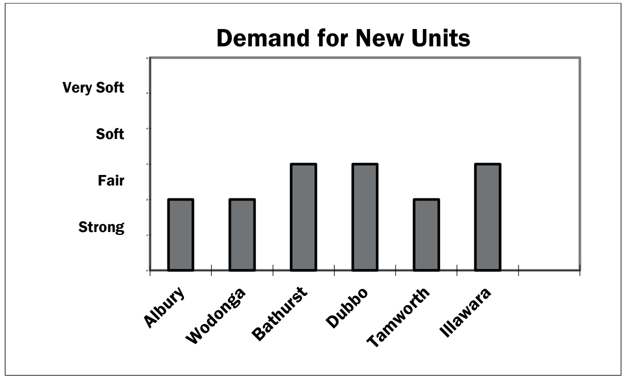
Factor	Albury	Wodonga	Bathurst	Dubbo	Tamworth	Illawarra
Rental Vacancy Situation	Shortage of available property relative to demand	Shortage of available property relative to demand	Balanced market	Balanced market	Shortage of available property relative to demand	Balanced market
Rental Vacancy Trend	Tightening	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	Approaching peak of 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	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	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	Occasionally	Occasionally	Occasionally	Almost never	Occasionally	Almost always	Occasionally	Frequently

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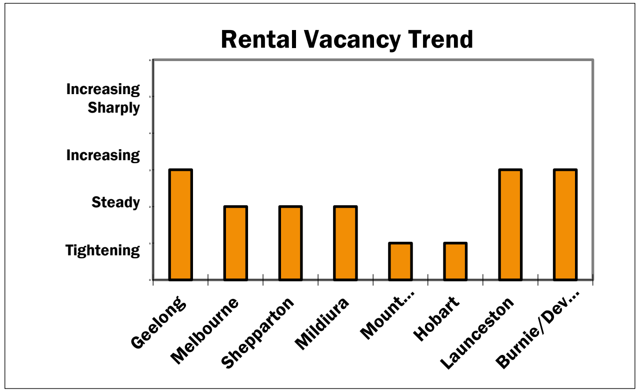
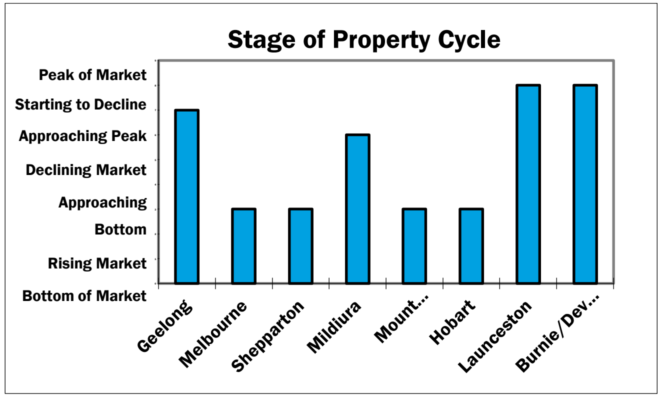
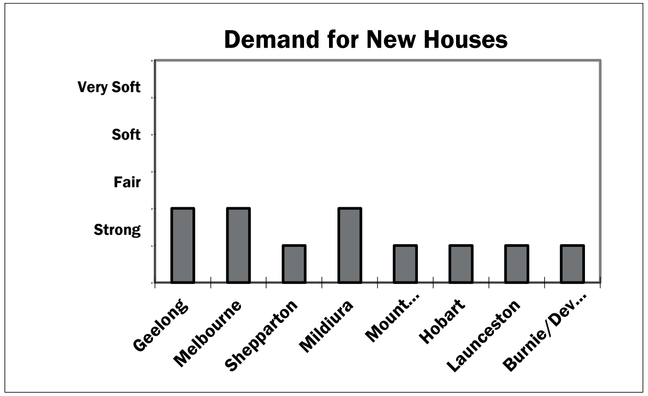
Blue entries indicate change from previous month to a lower risk-rating







Victorian and Tasmanian Property Market Indicators – Units

Factor	Geelong	Melbourne	Shepparton	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 sharply	Tightening	Tightening sharply	Steady	Steady
Demand for New Units	Very strong	Fair	Strong	Strong	Fair	Very strong	Very strong	Very strong
Trend in New Unit Construction	Declining significantly	Steady	Steady	Steady	Steady	Declining significantly	Declining significantly	Declining
Volume of Unit Sales	Increasing strongly	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	Occasionally	Almost never	Almost never	Occasionally	Almost never	Almost always	Frequently	Occasionally

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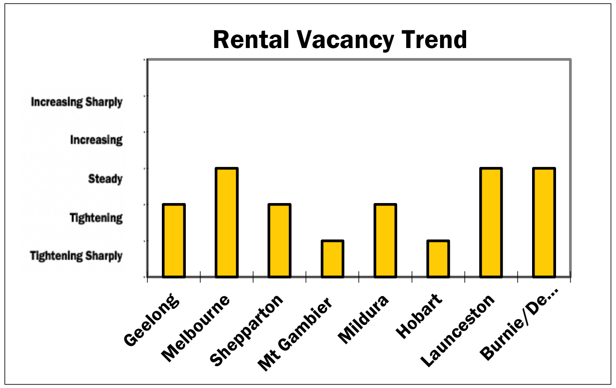

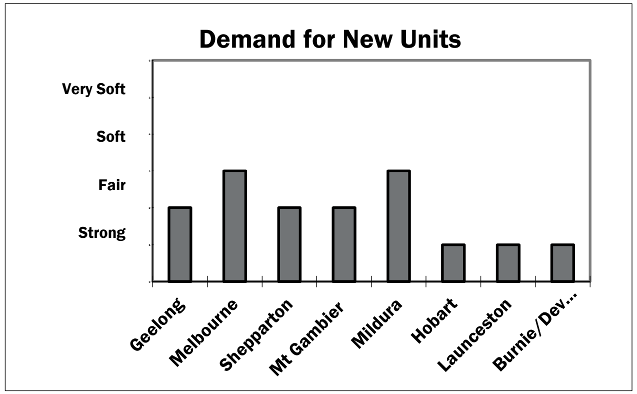

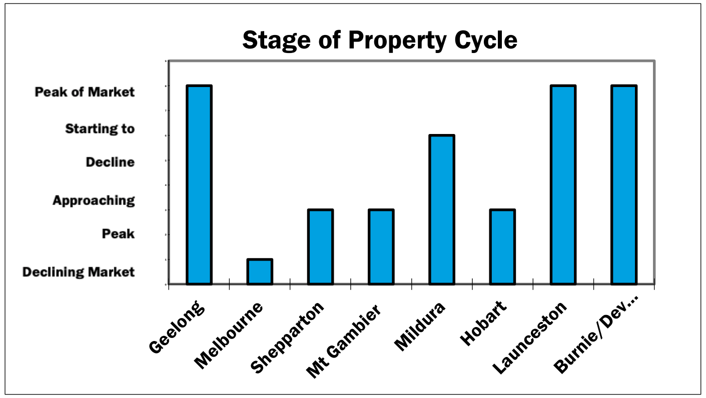

Queensland Property Market Indicators – Houses

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	Severe 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	Rising market	Rising market	Rising market	Rising market	Rising market	Rising market	Rising market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Almost never	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Almost never	Occasionally	Occasionally	Occasion-ally	Occasionally	Occasionally	Frequently

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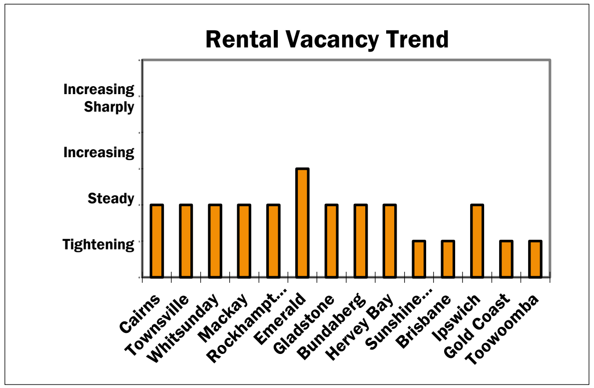
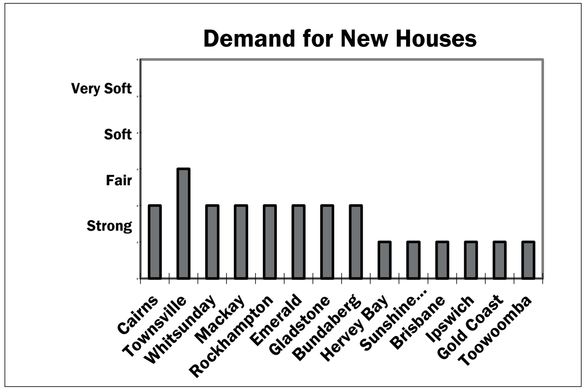
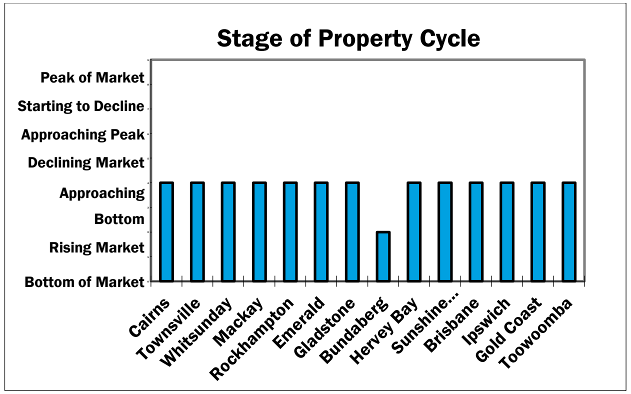
Blue entries indicate change from previous month to a lower risk-rating





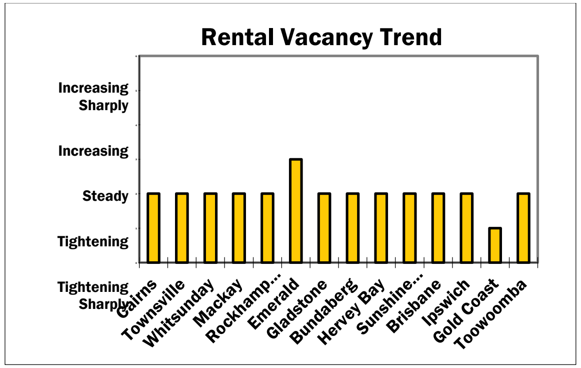


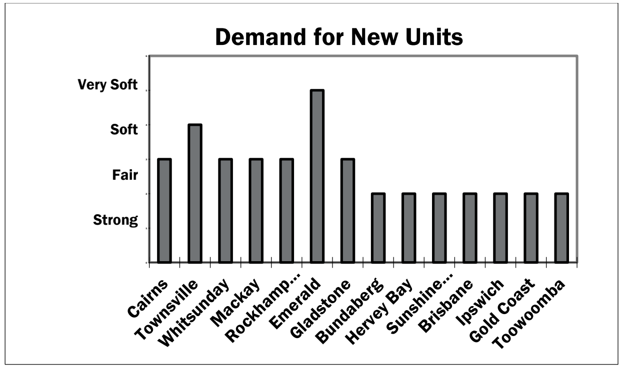
Queensland Property Market Indicators – Units

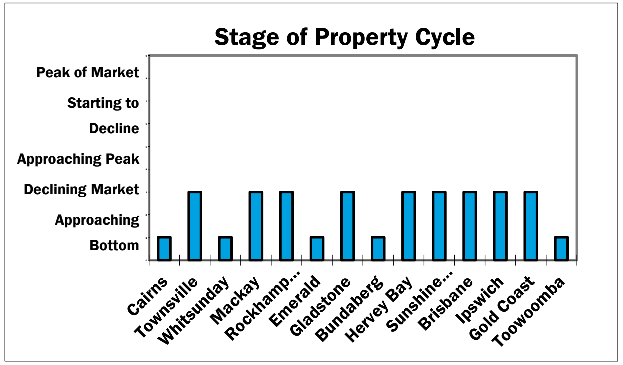
Factor	Cairns	Townsville	Whitsunday	Mackay	Rock-hampton	Emerald	Gladstone	Bundaberg	Hervey Bay	Sunshine Coast	Brisbane	Ipswich	Gold Coast	Toowoomba
Rental Vacancy Situation	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available 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





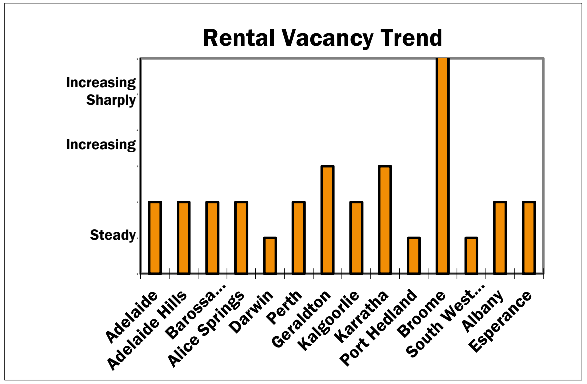


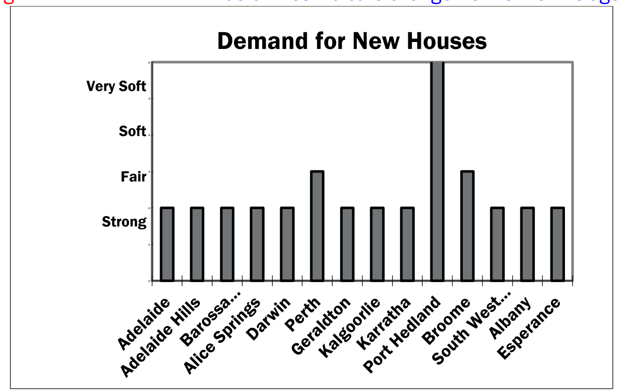
SA, NT and WA Property Market Indicators - Houses

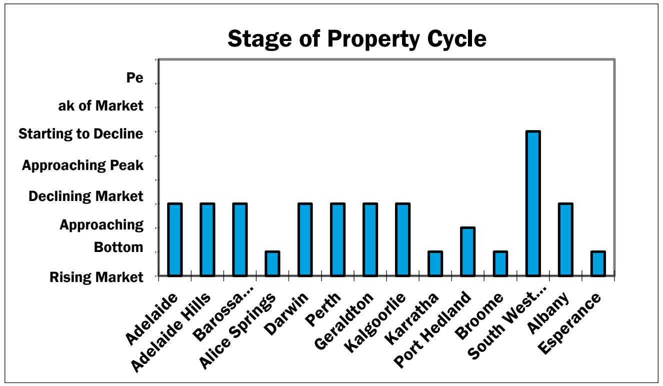
Factor	Adelaide	Adelaide Hills	Barossa Valley	Alice Springs	Darwin	Perth	Geraldton	Kalgoorlie	Karratha	Port Hedland	Broome	South West WA	Albany	Esperance
Rental Vacancy Situation	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available 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	Shortage of available property relative to demand
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	Rising market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Frequently	Frequently	Frequently	Occasionally	Occasion-ally	Occasion-ally	Occasion-ally	Occasion-ally	Occasion-ally	Almost never	Occasionally	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



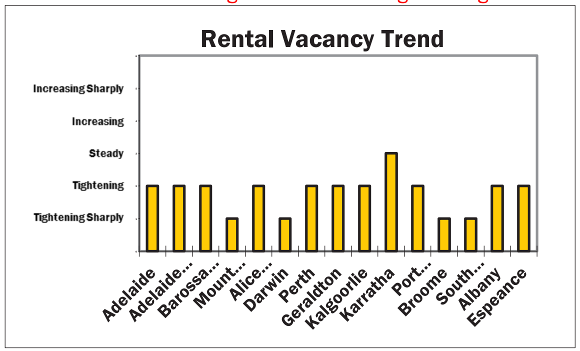


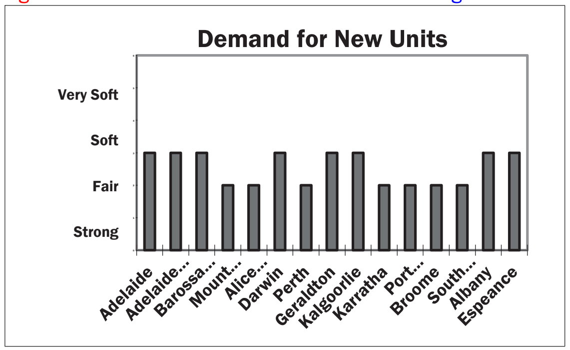


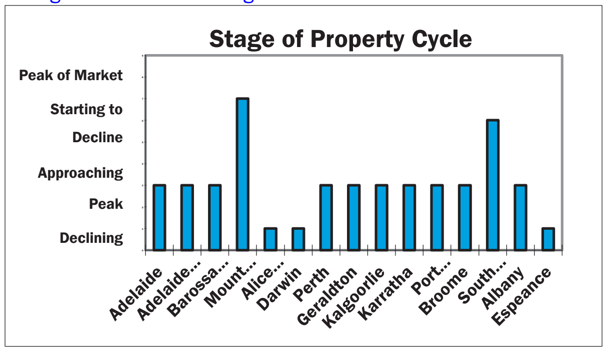
SA, NT and WA Property Market Indicators – Units

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	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	Shortage of available property relative to demand
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	Rising market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasion-ally	Occasion-ally	Occasion-ally	Occasion-ally	Almost never	Almost never	Occasion-ally	Occasion ally	Occasion ally	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*







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