Month in Review

July 2022

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

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Disclaimer

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

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The fallout from *rising interest rates*

Welcome to the July edition of Month In Review

The ground beneath our collective feet continues shifting as 2022 progresses past its halfway point.

Uncertainty remains entrenched while politicians and regulators look to tackle an unpredictable economic landscape – and the challenge of rising inflation is now central to decisions by households and businesses.

The RBA telegraphed its intention to continue increasing interest rates in 2022 to curb spiralling inflation. At the time of writing, annual inflation had hit 5.1 per cent. That said, in a presentation just this week RBA Deputy Governor, Michele Bullock, was urging borrowers to not panic. Ms Bullock said savings would buffer many households against near-term rate rises.

In the meantime, the ANZ have predicted rates to increase to 3.35 per cent by November, with the bank's head of Australian economics, David Plank, stating, "...it doesn't necessarily mean a hard landing for the economy." His optimism is on the back of wages growth and continued low unemployment. The other three major lenders have remained with their predictions that interest rates will be 2.6 per cent by February 2023.

While there are buffers in place, there is some potential fallout from the RBA's actions that could have longer-term ramifications.

For property markets, ongoing rate increases pose a potential risk because of the pandemic appeal of fixed-interest home loans. According to the RBA, the number of fixed-term loans increased by more than 50 per cent between March 2020 and May 2021, and these loans now account for about 30 per cent of the total outstanding housing credit value. Many of these will be coming off their fixed period in mid to late 2023, which is undoubtedly a concern for these borrowers who are currently insulated from rate increases.

This also presents a risk to lenders in terms of the assets securing these transitioning loan arrangements if interest rate increases continue to negatively impact home values. Existing borrowers' security will probably need to be reassessed in some cases to ensure it's adequate. In addition, we expect plenty of fixed-rate borrowers to shop around for better lending options once their loan transitions to variable. That will likely ramp up demand for accurate valuation advice in the lending sphere.

Of course, the best way to ensure any assets that secure loans are adequate for purpose is by relying on expert advice from independent professionals with specialist understanding of their sectors and locations.

Our teams have certainly explored these issues throughout this publication of Month In Review, and it makes for compelling reading.

We look forward to certainty returning to the nation's fiscal position and property markets. In the meantime, however, expert guidance will be critical.

Gary Brinkworth
CEO

You shoud always rely on expert advice from independent professionals with specialist understanding of their sectors and locations.

CEO

HERRON TODD WHITE

A lazy $700,00 *in 2022*

Most Australians find it challenging to understanding price relatively across our nation's various property markets.

Talk to a mate who's just been interstate and you'll see it. Someone from a wonderful regional centre or smaller capital will head to Sydney and be confronted by a rude awakening. Despite the market slowing, the price of a home fronting the iconic harbour or blessed with cascading CBD views from the hillside can fetch $10 million, $20 million, $50 million... even $100,000 million. A rarefied atmosphere indeed.

Similarly, those from major centres will head off for holidays and be astounded as to how inexpensive homes are. No doubt they'll have plans rushing through their head around what to do with the excess cash once they sell their city property and secure a treechange abode.

These scenarios inevitably lead to exclamations of either, "Tell em' they're dreamin'", or "Where do I sign!?"

And so, it's sometimes difficult to communicate what certain dollars will buy in our local markets to those from out-of-town.

Well, Herron Todd White has the solution.

Each year in July, we ask our teams across Australia to inform readers on what type of property a certain figure will acquire in their service areas. Over the past few years, that litmus-test amount has been $700,000.

It's an eye-opening study. By tracking this fictional $700k "buyer without boundaries", you begin to see the pattern of relatively. It might secure you a studio apartment in Bondi Beach, a beautiful four-bedroom cottage in Bendigo, or a 50+ hectares holding in Biloela.

Our teams have also looked back on last year's submission to see how things have changed for the $700,000 purchaser over the past 12 months.

It's a compelling collection of information that demonstrates the variety of housing on offer across Australia's wide array of property markets.

In our commercial section this month the teams discuss new development in the industrial space. They provide a backgrounder on what's driving construction projects, and how changing market conditions are altering the feasibility of developments already planned or underway. Given the way costs and values have shifted in recent years, this is a must-read report for any industrial property stakeholder.

Our rural crew this month have, as usual, delivered a brilliant summation of market performance in the primary production sector. In addition, they've adopted $10 million as the hypothetical investment figure and painted a picture of what that might acquire in the rural real estate space. It's another compelling study of contrast and compare.

There you have it everyone. Add this issue of Month In Review to the extraordinary list of publications produced by Heron Todd White. Of course, the smart move if you are in the market is to contact the Herron Todd White office servicing your area of interest. We have professionals that cover all property types right across this broad, beautiful nation.

By tracking this fictional $700k "buyer without boundaries", you begin to see the pattern of relatively.

FEATURE

HERRON TODD WHITE

HERRON TODD WHITE COMMERCIAL

Commercial

July 2022

National Industrial Overview

As interest rates continue to increase, the market is likely heading into a phase where there will be a noticeable disconnect between vendor expectation and market value.

The Australian industrial market landscape has been a compelling vista of late. The sales market ran at a hectic pace during the start of the year, but its velocity is slowing. Agents are already reporting sales activity has decreased substantially as a result of the interest rate rises. As interest rates continue to increase, the market is likely heading into a phase where there will be a noticeable disconnect between vendor expectation and market value. I should note however that leasing continues to be strong which will no doubt become more of a focus for agents.

This month we're looking at new construction activity in the industrial sector. Any discussion about this market should encompass four key fundamentals that determine the feasibility of an industrial project. I call them 'The Four Levers'.

1. Land Cost
The cost of the site has a major influence on a project's bottom line, and this factor has risen to all-time highs across most industrial markets at present. Demand is simply outstripping supply, so premiums are being paid to secure land suitable for development.

2. Construction Cost
This input has become a runaway train over recent months. Build costs were stagnant for some time, but global instability affecting the supply of materials coupled with rising labour rates have put a serious dent in the bottom line of new development feasibilities. We've seen the price of construction increase by around 30 to 40 per cent over the past 12 to 18 months. For example, in Brisbane a standard shed can now cost anywhere from approximately $1300 to $1500 per square metre to construct which was an unimaginable number a few years ago

3. Rents
The end value of any commercial property prospect is directly related to market rent, so having a finger on this pulse is essential when doing your numbers. Rents in industrial, as a general observation, have been stagnant for over a decade. This has begun rising recently, but that's mainly been for prime space in prime locations that allow for a more corporate offering. Rental increases seem likely in the future, but there is still some way to go with these to help development feasibilities stack up.

4. Yields
Yields have been at record lows with industrial investment being hugely attractive during the pandemic. These tight yields have translated to premium purchase prices which has been helping mitigate feasibility risks because of increased land values and construction costs. But yields have now peaked in this cycle and are beginning to soften due to interest rate increases. We've already seen situations where acquisitions that were agreed in principal prior to interest rate rises are now beginning renegotiated. .

All these factors have slowed the initiation of new development in industrial sectors across many centres.

Buyers who purchased an industrial site in late 2021/early 2022 and had a 'healthy' feasibility at that time, are now going to tender only to discover build prices are much higher and yields are starting to soften. These elements, coupled with higher site values reflect a much lower profit margin in their cashflow analysis. That's bad news if you're seeking funding.

And these challenges will only become more difficult in the near term. As such, expect plenty of projects to be shelved in anticipation of normalising construction costs, hopefully in 2023.

David Walsh
Director

HERRON TODD WHITE COMMERCIAL

National Property Clock: *Industrial*

Entries coloured purple indicate positional change from last month.

Brisbane
Gold Coast

Ipswich
Sunshine Coast

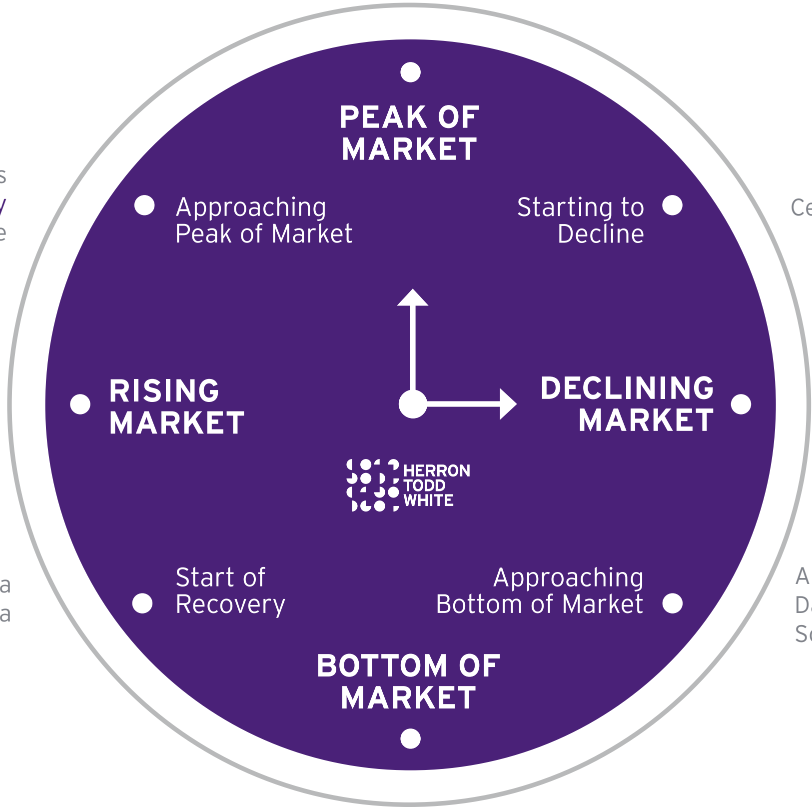
Ballina/Byron Bay
Illawrra
Melbourne

S'thn Highlands
Sydney
Townsville

Central Coast

Adelaide
Bundaberg
Cairns
C'berra/ Q'beyan
Coffs Harbour
Echuca
Geelong

Fraser Coast
Hobart
Mackay
Newcastle
Perth
Rockhampton



Orange

Gladstone
Horsham
Lismore

Mildura
Toowoomba

Alice Springs
Darwin
South West WA

New South Wales - Industrial 2022

Sydney

The industrial market continues its strong start to 2022 with no sign so far that the market is slowing down. We have seen value increases and yield compression within most Sydney industrial markets, however with the recent speculation about the economy and interest rates, we expect that this trend will not continue and the market is more likely to plateau later this year.

The market is still largely underpinned by demand which is outstripping supply. This is due to a lack of stock, particularly for Torrens title property and land. The main supply has been in rezoned areas of western Sydney, in particular around the precincts of Kemps Creek and Eastern Creek.

In terms of construction, there have been limitations to the possibility of new development due to the lack of land available. Despite strong demand for new stock, development has been constrained due to the lack of land to develop and the rapidly increasing price of land. The land that has been available in western Sydney has been somewhat limited to institutional grade.

That said, there has been some new development in the central-west area of Sydney, the Bankstown area, and the outer western suburbs. This has been mainly due to older, under-improved sites being redeveloped. Most of this new development has been strata units that have been popular with small businesses requiring additional space for warehousing and light industry.

We caution that in the current market there is a possibility of over-capitalising on certain developments or redevelopments when considering historically high industrial land values and international supply issues leading to escalated construction costs.

We are also wary of the potential headwinds that could emerge in 2022/2023 and impact sentiment for the industrial market. This includes a further rise in inflation and interest rate rises. This has the potential to have flow-on impacts to value levels given the increased funding costs.

Angeline Mann
Commercial Director

Despite strong demand for new stock, development has been constrained due to the lack of land to develop and the rapidly increasing price of land.

Coffs Harbour

The local industrial market is very strong with a shortage of vacant land and limited improved sheds available to the market.

The previous oversupply of strata industrial bays was absorbed throughout 2021 with a shortage of supply in 2022 leading to increased prices.

Apart from the airport leasehold land, there is limited supply of identifiable industrial land to come on stream in the short-term future.

The proposed construction phase of the Pacific Highway bypass of Coffs Harbour will increase demand for accommodation within the industrial sector. This is expected to insulate the local industrial market from the full effects of a rising interest rate climate.

The shortage of construction materials and inflationary trend has led to an escalation in construction costs. Developers and builders are having some difficulty costing projects and pricing presales.

Industrial bays are currently being negotiated at around $3,000 to $3,300 per square metre with yields between 4.5% and 5.5%, compared to June 2021 when industrial bays were selling for between $2200 and $2600 per square metre.

There has been a lift in rental rates across most of the industrial market. There is reduced availability with strata sheds leasing between $130 and $160 per square metre gross per annum.

The Woolgoolga market has now established itself as a prime locality with comparable pricing to the Coffs Harbour prime industrial market. In 2021 Woolgoolga vacant land was selling at circa $220 per square metre in comparison to 2022 which has seen vacant land escalate to $300 to $330 per square metre.

We project that it will be up to three years before the next subdivision of scale is made available to the market so there is little relief in the supply side of the equation.

There is increased market focus on the South Grafton industrial estate following a long period of inactivity.

Nambucca Council is seeking government funding to enable the extension of services to the proposed Valla industrial estate positioned north of Nambucca on the western side of the Pacific Highway. Council reports solid interest from the Coffs Harbour market.

Ken Potter
Property valuer

Wollongong

The industrial sector continues to be the strongest performing sector of the three main commercial asset classes with demand continuing to outpace supply. The sector has strengthened significantly over the past five years and is showing signs of overheating, such is the rate of growth experienced even over the past two years. Is 2022 the year we witness the peak of the industrial market?

Fundamentals continue to be strong with limited availability of vacant industrial lots throughout the Wollongong and Shellharbour LGAs and very strong demand. This has resulted in considerable land value increases across the region's industrial precincts. We project that it will be up to three years before the next subdivision of scale is made available to the market so there is little relief in the supply side of the equation. There is also little new warehouse unit development in the pipeline, leaving buyers and tenants to fight it out for whatever supply is currently in place. Adding further fuel to this growth is the strong industrial market in Sydney, activity in the region's coal mines, development at the port of Port Kembla and a resurgent BlueScope which is undertaking significant capital investment at the steelworks over the next five years.

On the demand side, interest rate increases and global uncertainty may see prospective buyers take a more cautious approach throughout the second half of the year.

Scott Russell
Director

Victoria - Industrial 2022

Melbourne

The industrial market across the country continues to show strong capital appreciation. In Melbourne specifically, the growth has occurred off the back of a shortage of suitably zoned land and rising occupancy demand. Such demand has been further fuelled by the growth in e-commerce, supply chain issues, continued population growth and a low interest rate environment.

Recent examples can be seen in Melbourne's south-eastern industrial suburbs where serviced land has continued to dry up and limited transactions have occurred.

Of those transactions, we highlight 239 Perry Road, Keysborough which is under contract at a sale price of $8,626,400 plus GST (as at May 2022). This is a 10,600 square metre irregular shaped Industrial 1 zoned site (IN1Z) with single road frontage to Perry Road. The property has minor residential improvements including a single weatherboard dwelling and shedding that offer little to no added value, indicating a rate of $814 per square metre over the improved land area. Such a rate is far above Melbourne's industrial land average of $670 per square metre (as at March 2022).

In the built form category, it is forecast that over one million square metres of new industrial supply will be delivered to Melbourne's industrial market in 2022. Of that, more than 50 per cent is expected to be placed in the western industrial sector of Melbourne, with approximately 30 per cent in Melbourne's south-east (the remainder in other sub-market areas of Melbourne). Our

Such demand has been further fuelled by the growth in e-commerce, supply chain issues, continued population growth and a low interest rate environment.

understanding is that the bulk of this new space in the pipeline is over 60 per cent pre-committed.

New industrial development has continued to occur across all industrial property sub-categories, from small to medium scale multi units, mid-range office and warehouse properties and larger scale distribution style development. More specifically, in Melbourne's north-west, occupants such as an Amazon, Myer, HelloFresh, Electrolux and Estore Logistics have all taken possession of their large-scale distribution centres in Ravenhall over the past 12 months. This location, west of Christies Road within close proximity to the Western Freeway and Western Highway (linking with the Metropolitan Ring Road (M80)), suited these occupants in view of the major road linkages within the immediate proximity to service greater Melbourne.

In Melbourne's north, Amazon is set to open a fifth warehouse and distribution centre with the

239 Perry Road, Keysborough Source: RP Data

capability of processing 300,000 parcels per day. The facility in Goodman Group's Amaroo Business Park, Craigieburn is under construction, spanning approximately 15,600 square metres, and will be utilised for the purpose of consolidating and shipping packed orders to last mile sites before being sent to customers.

Whilst it has always been important for industrial properties to be located near major linkages and infrastructure, the recent rises in fuel costs are forcing operators to start to re-look towards more centrally located areas rather than the city's outskirts to reduce this cost in the overall supply chain. While rental rates in inner suburbs typically are more expensive compared to fringe locations, a saving in fuel and transport costs could offset this.

In addition, the cost of materials and labour continues to rise, adding increased pressure on new built form development. As a result, developers' margins continue to be squeezed. Whilst capital values have risen over the past three to five years to offset increased costs of construction, uncertainty for developers is starting to build as the impacts of the recent interest rate rises (implemented by the Reserve Bank) and any subsequent rate rises in late 2022 are not yet known.

Jason Stevens
Director

HERRON TODD WHITE COMMERCIAL

Queensland - Industrial 2022

Brisbane

On the back of 2021, one of the strongest years for the industrial sector, the market's appetite for industrial assets has continued to surge in 2022. Demand from both owner-occupiers and tenants has remained strong due to the current space requirements for warehousing and increased manufacturing activity, however this has significantly outstripped supply and resulted in a supply side shortage. With occupancy rates verging on record level highs, development and acquisition activity has ramped up with the total supply currently in the pipeline being estimated to reach a ten-year high.

Developers have however faced some strong headwinds in the wake of rising inflationary pressures, ripple effects from the Russia and Ukraine war and interest rate movements in May and June, which have increased the total cost of raw materials, impacting the feasibility of new projects. When taking into consideration the rise in costs of construction materials coupled with the premiums purchasers are currently paying for industrial land, the feasibility of many new projects will come into question. We are of the opinion that this presents the highest level of risk in the current industrial market and whilst this may translate to growth in rental rates, the rising cost of development outstrips this significantly. Recuperation of development costs is therefore achieved over a longer period.

Notwithstanding, development activity has still proven to be strong with numerous development projects continuing in 2022 in the greater Brisbane area. A large proportion of developments occurring this year have flowed on from the past two years as the supply of vacant industrial land and englobo sites has been rapidly absorbed, resulting in developers paying premiums for readily developable industrial sites. One notable development is the Industrial Development Hub, Heathwood which comprises a total of 24 lots with a range of modern style industrial buildings proposed to be constructed on the site. This development will adjoin the Heathwood Industrial Precinct. This acquisition and proposed development is reflective of the insatiable demand for well-located industrial sites.

Notwithstanding, development activity has still proven to be strong with numerous development projects continuing in 2022 in the greater Brisbane area.

Heathwood — Source: Clarence Property

New developments are in keeping with the theme of a flight to quality across all price points for standard warehousing and manufacturing industrial assets. The strong absorption across the sector has led to a shortage of prime, modern assets available for sale or lease and the strong land take-up has further constrained development opportunities. Developers have been actively purchasing improved sites for redevelopment to capitalise on the space requirements for industrial users. One recent instance is the recently approved development application at 22 Ellison Road, Geebung which is currently being marketed for pre-leasing by Cushman and Wakefield. The site is currently improved with two older style buildings and is proposed to be redeveloped into an industrial complex across four stages. It will provide a mixture of tenancy sizes, ranging from 300 to 5300 square

22 Ellison Road, Geebung — Source: Cushman and Wakefield

metres as tenant demand for both smaller and larger warehousing space is remaining strong.

Due to the limited new developments being offered to the market coupled with a strong leasing environment, meeting tenant requirements has been a struggle for lessors. Tenant demand has been exceptionally strong for buildings in the vicinity of 1,000 to 3,000 square metres in prime locations with good accessibility to major transport routes and the TradeCoast. We have also seen a recent trend of speculatively built assets due to the confidence developers and lessors have shown in the industrial leasing market and limited accounts of lessors struggling to secure tenants. The recently redeveloped industrial complex on the corner of Harvey Street North and Cullen Avenue in Eagle Farm comprises three buildings of these sizes, one being pre-leased at a rental rate north of $200 per square metre per annum of GLA. This development is attracting strong levels of interest due to the high quality delivered by the developer. The successful tenant executed a ten-year lease which is congruent with the theme of lessors seeking quality tenant covenants on long lease terms.

David Walsh
Director

Sunshine Coast

The industrial market across the Sunshine Coast certainly has been very strong over the past four-year period. The industrial market in this location traditionally follows off the back of the residential market with tradies typically purchasing small sheds, which then feeds through the market.

The most recent cycle has seen the larger $10 million plus market really improve on the Sunshine Coast with a number of large, high-quality facilities being constructed over the past five years. These facilities have been developed typically on an end user basis with some specialised fit out including loading bays for transport facilities, high quality office components, high quality hardstand areas and specific flow of workshops to suit the tenant. Some of these have also been developed by the end user and then sold with leasebacks in place, typically of greater than seven years.

The most recent cycle has seen the larger $10 million plus market really improve on the Sunshine Coast with a number of large, high-quality facilities being constructed over the past five years.

An example is the Weir Minerals holding at 15 & 17 Dacmar Road, Coolum Beach. The complex was developed over two adjoining titles to house the company's corporate headquarters, specific warehouse facilities and high-quality office component across two separate buildings. The complex was sold with a ten-year initial lease term with options in place and achieved a then record price point of $22.05 million in mid 2021 at a yield of 5.81%.

Weir Minerals holding — Source: realcommercial.com.au

Since that time, we have seen further improvements across all price points of the industrial market.

As we have discussed previously, there has been significant improvement in the quality and design of smaller strata holdings across traditional industrial markets. A number of these products with points of difference have seen values achieved circa ten per cent above standard industrial holdings. The improved designs include integrated mezzanine offices, improved façade design and attractive lower-level entrance statements rather than just a typical roller door and personnel door.

Smaller retail offerings are beginning to occur throughout these industrial precincts, particularly in more recent developments at Coolum and Aura. This is likely to continue in this market.

Chris McKillop
Director

Townsville

Townsville's industrial market continues the positive trajectory witnessed over the past three years with a lion's share of volume being in the sub-$1 million price bracket underpinned by owner-occupiers and small-scale investors.

With the increased activity in the mining sector, we anticipate continued growth in the support services industry although we also see ongoing potential in the engineering and manufacturing space. Established areas such as Shaw, Bohle and Mount St John are seeing continued focus although recent large-scale land development in the Townsville State Development Area (TSDA) at Stuart/Cluden reveals strong local and national commitment towards the road transport, logistics and warehousing service sectors. This has triggered both options of build to occupy and build to rent subject to a long term lease. Whilst showing signs of promise, these commitments are not without risk and certainly the continued uplift in construction costs questions the ultimate viability of such capital investments on paper. It is likely that the escalation in construction costs, supply chain issues and potential for extended delivery horizons may delay or inhibit new construction over the short term.

Recent construction would indicate a lean towards lighter scale, mid-clearance, cold form construction of warehouses which supports the small to medium scale end of the market. Larger scale, high clearance, engineered portal frame and clear span buildings are built for purpose and typically under design and construct scenarios. Typically, these larger ticket items are backgrounded on long lease terms and economic rents that provide a project-based margin and may not reflect current market attuned development metrics which can introduce downside reversionary cash flow risk at market review.

On balance, Townsville is well placed for future on-shoring prospects with the ability to introduce manufacturing locally. The potential to supply to local on shore markets is a positive which opens up the glaring possibility of export to overseas markets. In any case the industrial sector as an overarching segment will continue its growth phase, all things being equal.

Jason Searston
Director

Mackay

Most construction of new industrial properties is heavy engineering workshops with low site coverages. This sector has been in greatest demand from users associated with the local coal mining industry.

Net yields for good quality industrial property investments have now tightened to 7.0% to 7.5% in the Paget industrial precinct, however rising building costs are now expected to squeeze development returns on new building construction projects. With an anticipated constraint on the supply of new heavy engineering buildings into the market, it is likely that rental rates may rise.

Greg Williams
Director

Cairns

The industrial sector in Cairns is relatively small and its manufacturing base is largely geared towards servicing the engineering requirements of local and regional industries. For this reason, most demand for industrial space is derived from businesses supporting the marine, tourism, sugar milling, residential construction, transport and mining services industries.

Sale conditions within this market over the past 18 months have improved and the industrial market is very buoyant at present. This is assumed to be (at least in part) off the back of government stimulus to manufacturing and building, coupled with record low interest rates. Achieved high value levels are also considered a reflection of a strongly performing rental market and yield compression over the past 12 to 24 months. It is difficult to gauge how market conditions will fare in the coming six to twelve months given the uncertainty of further increases to interest rates, however we consider market conditions will remain stable in the short term.

Leasing market conditions for industrial property are strong with the limited availability of rentals driving up achieved rentals. The limited availability of rentals is in part a result of very strong owner-occupier purchaser demand for industrial property which is off the back of buoyant manufacturing and building industries.

There is a severe shortage of vacant industrial land with no known new product planned in the short term which has driven up the price of vacant land.

Shane Quinn
Director

Rockhampton

An active local economy has meant that Rockhampton, like everywhere, has not been immune to the challenges faced by the building industry over the past two years of supply of material and availability of labour. These challenges have increased the appeal of established industrial properties, however there has been a reduction in the availability of rentals and established properties available for sale, which has driven the need for newly constructed industrial properties. This demand for industrial properties is demonstrated by a newly constructed industrial estate which has reportedly sold or has under contract 80 per cent of the available land.

New construction is primarily being driven by owner-occupiers who are existing business looking

The limited availability of rentals is in part a result of very strong owner-occupier purchaser demand for industrial property which is off the back of buoyant manufacturing and building industries.

to upgrade or expand existing operations, new businesses moving to town requiring a premises and other businesses consolidating a number of smaller sites into one locality for efficiency purposes. Due to the current low interest rates, purchasing or constructing can still be cheaper annually than renting and therefore a trend is emerging that as long as the servicing of the total construction cost annually equates to cheaper than renting, owners are willing to proceed with construction. While the costs of construction may or may not stack up on current market evidence, the property investment decision of owner-occupiers is being driven by more of a business decision than a traditional property investment decision as the owners benefit from a newly constructed, purpose-built property that is cheaper for them annually.

Whilst the local economic conditions warrant and the relatively low interest rates persist, it is expected that the Rockhampton industrial market will continue like this in the foreseeable future.

Graham Gross
Valuer

Gladstone

On the back of an improving local economy, Gladstone, like everywhere, has faced the same building challenges of material availability and labour shortages. These challenges have increased the appeal of established industrial properties and whilst there is still a supply of industrial properties for sale or rent, this availability is decreasing. Therefore, intending occupiers unable to find what they require in the established market are looking to construct new industrial properties, however this has been on a case by case basis.

New construction is primarily being driven by owner-occupiers, either existing businesses looking to upgrade or expand existing operations or new businesses moving to town requiring a premises. Due to the current low interest rates, purchasing or constructing can still be cheaper annually than renting and therefore a trend is emerging that as long as the servicing of the total construction cost annually equates to cheaper than renting, owners are willing to proceed with construction. Whilst the costs of construction may or may not stack up on current market evidence, the property investment decision of owner-occupiers is being driven by more of a business decision than a traditional property investment decision, as the owners benefit from a newly constructed, purpose-built property that is cheaper for them annually.

New construction is primarily being driven by owner-occupiers, either existing businesses looking to upgrade or expand existing operations or new businesses moving to town requiring a premises.

While the local economic conditions warrant and the relatively low interest rates persist, it is expected that the Gladstone industrial market will continue like this in the foreseeable future.

Graham Gross
Valuer

Wide Bay

Value levels have been maintained between $80 and $150 per square metre for vacant industrial land or commercial industrial land for land areas up to circa 8,000 square metres. Recent sales have been achieved at the $140 to $150 per square metre mark for commercial industrial land in the Wide Bay. Rental vacancies have reduced and have begun to place upward pressure on gross face rentals.

Proposed local infrastructure projects and significant private sector projects that could significantly enhance activity for industrial land include the Bundaberg Brewed Drinks Super Brewery under construction in the Bundaberg Industrial Park, the proposed new Bundaberg Base Hospital in Thabeban, the train manufacturing facility proposed in Torbanlea and returning the Paradise Dam wall to its original height.

We also highlight that the buoyant local economic conditions are occurring in an environment with very low lending interest rates and there is anecdotal evidence indicating improved net internal migration to the Bundaberg region.

Ben Harnell
Property Valuer

Toowoomba

The first half of 2022 has continued to see reduced demand for industrial space in the Toowoomba area.

Demand from investors continues to be strong with premiums achievable for assets with good tenants on long lease terms. In recent years, net yields in Toowoomba have ranged between 8% and 9% for fully leased properties. Recent sales however indicate a firming of these yields for properties with quality tenants and a strong lease expiry.

Major sales of note in Toowoomba over the past six months include:

- 21-27 Carrington Road, Torrington Qld 4350
  Sale Price $10.75 million in March 2022; three adjacent properties with a net lettable area of

5,930 square metres leased to a John Deere dealership; sale reflected a net yield of 7.97%.

21-27 Carrington Road, Torrington Source: realcommercial.com.au

- 56 Duhig Street, Harristown Qld 4350
  Sale Price $2.55 million in March 2022; sold subject to leaseback with a net yield of 7.01%.

Industrial construction activity continues to be limited and includes construction of a new 1,600 square metre warehouse complex by a local transport operator on the outskirts of Toowoomba at a cost of circa $3,000 per square metre. While inclusive of some plant and equipment items, the rate per square metre highlights increased construction costs over the past six to twelve months.

Leasing demand for industrial properties has been low for the past two to three years, however recent activity and anecdotal evidence suggests an increase in demand over the past six months.

Investor demand continues to be very strong with interest from non-local buyers; properties are generally marketed direct to potential purchasers.

Owner-occupier demand continues to be limited leading to a significant difference in sale prices achieved for vacant versus fully leased properties.

Ian Douglas
Director

South Australia - Industrial 2022

Adelaide

The industrial property market in Adelaide has remained strong throughout 2022 with vacancy rates remaining at very low levels and demand continuing to be strong, fuelling new industrial developments throughout metropolitan Adelaide. Investors have been motivated in 2022 with the initial continuation of historically low cash and interest rates, until the recent rises; they have sought industrial property as a safe return on their investment. Owner-occupiers have been motivated by a need for more space in response to higher demand for their goods and services, but some have also seen the purchase of industrial property as a preferable alternative to leasing, as the vacancy rates across Adelaide remain historically low. The low vacancy rates and increasing rents have fuelled rising industrial land rates as demand continuously outstrips supply for high quality office warehouse accommodation with the sought after amenities. The cancellation of the submarines deal with French submarine manufacturer Naval Group may potentially cause some upheaval in the industrial market in the outer-west as businesses who originally leased space to supply the construction of the submarines may be exiting. The impact of the consecutive monthly interest rate rises by the RBA in May and June remains to be seen, but it is believed that they will soften the demand for industrial space from investors and owner-occupiers alike.

Previous developments we observed before 2020 showed construction rates ranging in the low to mid $1000 range per square metre of lettable area for small scale industrial warehouse unit developments. These units were individually sold for improved rates ranging in the mid to high $2000s per square metre of lettable area.

Overall, industrial development is struggling to keep up with demand, particularly high quality accommodation which continues to achieve far higher rates than historically expected.

One such example is a group of seven community titled office warehouse units located at 19 Alfred Street, Beverley in Adelaide's inner western suburbs. Units 1, 5, 7 and 9 sold with rates per square metre of lettable area in the mid to high $2000s in early to mid-2021 when the development was completed. Units 2, 3 and 4 were advertised for sale in late 2021 and early 2022 and transacted for low to mid $4000s per square metre of lettable area. This showcases the increase in demand for industrial property since 2021 and the increase in confidence of the economy and demand for industrial space.

19 Alfred Street, Beverley — Source: realcommercial.com.au

Another industrial development currently under construction is located at 36-44 Port Road, Alberton in Adelaide's north-western suburbs and comprises six community titled office warehouse units which will vary in use from industrial to some retail uses such as a gymnasium. We have been advised that purchaser and leasing enquiry was very strong with multiple 200 square metre units under offer in the mid to high $3000s per square metre of lettable area. In comparison to the group at 19 Alfred Street, Beverley, they are of a similar high standard however they are located much further from the Adelaide CBD and are predominately surrounded by residential development rather than being within an established industrial precinct, albeit on an arterial road.

Overall, industrial development is struggling to keep up with demand, particularly high quality accommodation which continues to achieve far higher rates than historically expected. Investors and owner-occupiers continue to battle each other for space and there is currently no indication of this trend changing as vacancy rates remain low.

Chris Winter
Commercial director

HERRON TODD WHITE COMMERCIAL

Western Australia - Industrial 2022

Perth

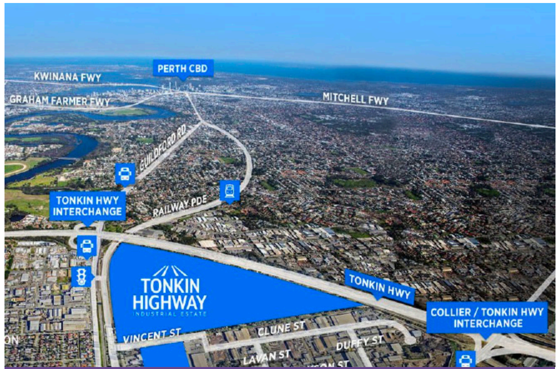
The industrial property market in Western Australia has steamed ahead to be the clear best performer of the three big asset classes in 2022.

Leasing demand for industrial premises has strengthened further during the calendar year – newly built, high specification facilities being the pick of the bunch, however such properties are in limited supply.

Design and construct agreements, characterised by inflated rental rates negotiated on a formulaic basis as a percentage of total construction cost (i.e. economic rents) as opposed to market fundamentals, have become widespread.

Not surprisingly demand for older style established stock is showing signs of life again with a slow but steady take-up of space which previously sat vacant for a prolonged period. Much of this stock had however been subject to compliance upgrades and specification enhancements either ahead of scheduled marketing campaigns or included in direct lease negotiations in the form of incentives.

Construction material supply chain disruptions and labour shortages have contributed to a pronounced escalation in build costs and often caused delays in project timelines, however market rental rates would appear to be rapidly gathering momentum



Tonkin Highway Industrial Estate Source: www.tonkinindustrial.com.au

and improving the return on capital investment. Face net rental rates (i.e. before any incentives) for such premises upwards of $120 per square metre per annum are becoming prevalent.

Whilst there is new construction activity in recently created industrial land estates such as Tonkin Highway Industrial Estate in Bayswater and Roe Highway Logistics Park in Kenwick, the volume of construction is constrained by a finite supply of land in these and other core industrial precincts.

As a result, industrial land values in secondary industrial estates have demonstrated positive market movement for the first time in many years. Transactions in established, secondary industrial estates such as Maddington and Armadale demonstrated marked price increases compared to historical numbers for similar products.

Not surprisingly, our team has witnessed a rise in approvals for proposed industrial facilities in previously shunned estates such as Forrestdale and Neerabup.

The rise of e-commerce after the disruption to normal business operations caused by the COVID-19 pandemic has put the spotlight firmly on large-scale warehousing, transport and logistics facilities. These facilities are becoming common in Western Australia in order to meet customer delivery expectations and accord with advances in technology.

Purchase demand for newly constructed built-form industrial property has soared in the past six to twelve months and shows no signs of abating. Led by an influx of eastern states-based buyers, we envisage demand for modern, securely leased investment property on the back of the prevailing low interest rate environment to lead to even further yield compression in the short term.

Until recently, the owner-occupier market was relatively subdued but an uptick in activity has now been seen. Buyer demand for industrial facilities is considered limited (compared to investment-based buyers) however there is also a limited stock of

Quite unexpectedly, the Western Australian industrial property market finds itself on a strong upwards trajectory thanks to a combination of low stock, limited development-ready land, rising construction costs and strong demand from both tenants and buyers.

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similar scale and quality premises available which has been compounded by construction industry delays.

By way of example, we highlight the January 2022 sale of 10 Wicks Street, Bayswater. The property, comprising a newly built, good quality facility of circa 3700 square metres set on an 8041 square metre site in the Tonkin Highway Industrial Estate, was marketed for lease during the final stages of construction. The property was actually purchased by an eastern-states based entity. The purchase price of $10.6 million represents a significant premium over and above the replacement cost. Industry sources suggest the buyer had been scouring the Perth industrial market for some time, seeking similar premises to owner-occupy, however after failing to identify any suitable premises, turned their attention to the leasing market in a bid to secure an asset.

Quite unexpectedly, the Western Australian industrial property market finds itself on a strong upwards trajectory thanks to a combination of low stock, limited development-ready land, rising construction costs and strong demand from both tenants and buyers. Underpinned by a robust mining and resources sector, the question arises of how long can this be sustained in light of rising interest rates and potential macro-economic headwinds?

Greg Lamborn
Director

Northern Territory - Industrial 2022

Darwin

There is very little new development of industrial property taking place in the greater Darwin area at the moment. Developments are limited to purpose-built facilities for a specific user, such as the new Kent Removals building at East Arm (recently completed) and the APA project at Winnellie (under construction).

The fact that these developments only got off the ground because of a strong pre-commitment to occupy is symptomatic of conditions in Darwin's industrial property market. There is an oversupply of mainly older, lower standard industrial accommodation which is overhanging the market and constraining rental growth.

This scenario is quite different to the eastern seaboard, where very low yields have been achieved, partly on the expectation of solid rental growth over the next few years. The limited number of modern, strongly leased investment grade properties available in Darwin have attracted yields as low as 6.0% but it is a much different story for more run of the mill industrial property around Darwin. We are seeing older style buildings having their working life extended because that is a much more economical alternative for many purchasers than looking at new buildings.

The basic problem is that the rental returns currently achievable from Darwin industrial property do not provide an adequate return on the cost of construction of new industrial space. The equation is getting worse rather than better with escalating building costs. It is difficult to see how this situation will change until the existing oversupply is absorbed by the market. Certainly the problem is not a lack of land, with a number of industrial estates having land ready to go at the moment.

Terry Roth
Director

The limited number of modern, strongly leased investment grade properties available in Darwin have attracted yields as low as 6.0% but it is a much different story for more run of the mill industrial property around Darwin.

HERRON TODD WHITE RESIDENTIAL

Residential

July 2022

National Residential Overview

Firstly, it's worth acknowledging there is no such thing as a single Australian residential market. Our nation's real estate landscape is really an aggregation of widely diverse market segments that can be defined by geography, property type and value band.

That said, it would be fair to observe that overall, most segments experienced significant value growth throughout late 2020 and all of 2021.

This is now changing. Buyer demand and consumer confidence is being impacted by rising living costs due to inflationary pressure - particularly fuel prices. This is one of the factors that prompted the RBA to raise interest rates far sooner and more dramatically than many experts had predicted just a few months ago, further compounding the slowdown in market activity.

We are beginning to see reduced buyer enquiry and longer marketing periods. The days of sale figures exceeding asking prices appear to be over, with vendor discounting becoming more common. We often speak about housing affordability, but mortgage serviceability is now a key focus for prospective purchasers too - and their reduced borrowing capacity due to interest rates going up both now and in the future is playing into how much they're willing to offer sellers for their homes.

While all market segments face these same challenges, the outcomes have not been uniform. Sydney and Melbourne have been the first to see notable changes in their once hot markets. Residential values have fallen while auction clearance rates are, in general, less convincing. In Adelaide, there is still value growth, but at a much-reduced rate. Brisbane is also seeing continued value growth but at far slower rates than occurred in 2021. Many regional markets that gained popularity through COVID and performed very strongly and are still showing some value growth.

We are beginning to see reduced buyer enquiry and longer marketing periods. The days of sale figures exceeding asking prices appear to be over, with vendor discounting becoming more common.

It is worth noting that residential rental markets are performing strongly in many areas, with extremely low vacancy rates and increasing rents. As yield increase, this may induce more investor purchases.

The new construction space has been affected as well. Escalating residential construction costs are proving challenging. Owners are increasingly looking to put off projects, while recently completed homes are fetching price premiums around the nation.

It's fair to say that we are in a transitional period across most, if not all, Australian residential property markets.

In this edition of Month in Review our local experts celebrate the diversity of residential property and take their annual look at what $700,000 will buy in their local area. Why did we choose that figure? Well, in some locations $700,000 will buy only a modest dwelling, possibly a small unit, while in others it can acquire a good-size family home. At this price point you can at least buy something in most locations across the country, making it a great way to compare and contrast Australia's diverse markets.

Kevin Brogan
National Director,
Group Risk and Compliance

RESIDENTIAL

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National Property Clock: *Houses*

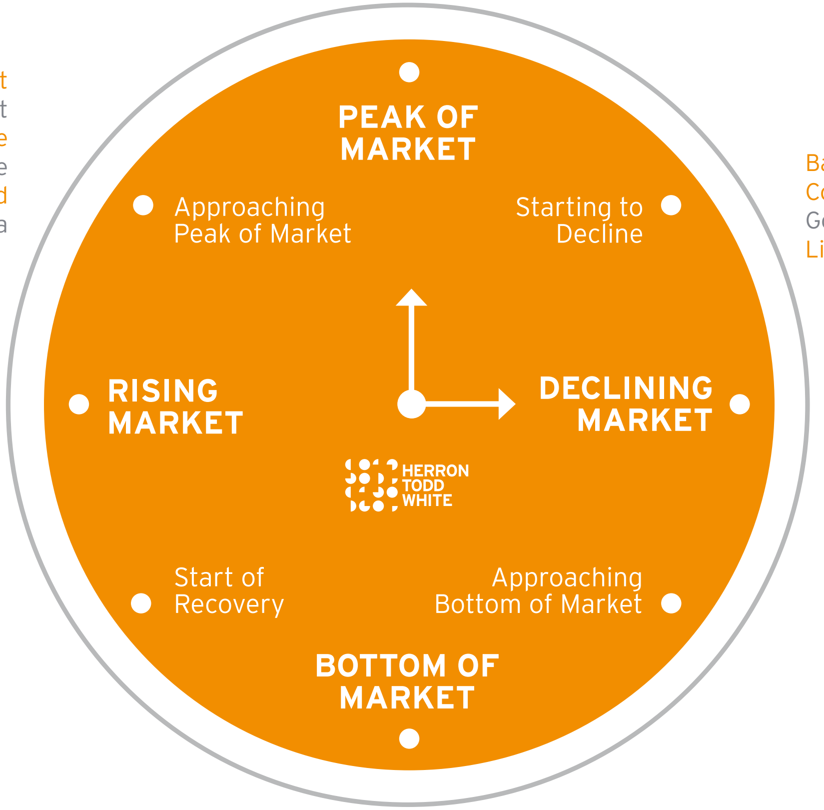
Entries coloured orange indicate positional change from last month.

Albany
Bathurst
Brisbane
Burnie/Devenport
Canberra
Dubbo
Geelong
Illawarra
Ipswich
Launceston
Mildura
South West WA

Ballina/Byron Bay
Coffs Harbour
Gold Coast
Lismore
Melbourne
Southern Highlands
Sydney

Adelaide
Adelaide Hills
Albury
Barossa Valley
Broome
Bundaberg
Central Coast
Fraser Coast
Hobart
Kalgoorlie
Newcastle
Port Hedland
Wodonga

Alice Springs
Cairns
Darwin
Emerald
Esperance
Geraldton
Gladstone
Karratha
Mackay
Mount Gambier
Perth
Rockhampton
Shepparton
S'thn Tablelands
Sunshine Coast
Tamworth
Toowoomba
Townsville
Whitsunday



RESIDENTIAL

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National Property Clock: *Units*

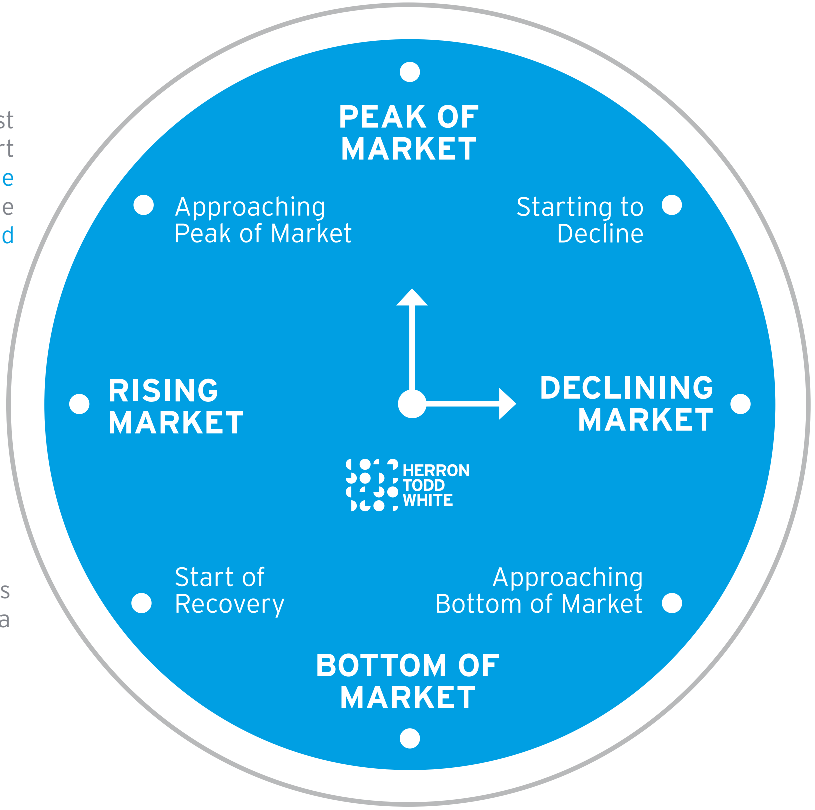
Entries coloured blue indicate positional change from last month.

Albany
Bathurst
Burnie/Devenport
Geelong
Gold Coast
Launceston
Mildura
South West WA

Adelaide
Adelaide Hills
Barossa Valley
Broome
Bundaberg
Central Coast
Hobart
Kalgoorlie
Newcastle
Port Hedland

Ballina/Byron Bay
Coffs Harbour
Illawarra
Lismore
Melbourne
S'thn Highlands
Sydney

Albury
Alice Springs
Brisbane
Cairns
Darwin
Dubbo
Emerald
Esperance
Geraldton
Gladstone
Fraser Coast
Ipswich
Karratha
Mackay
Mount Gambier
Mt Gambier
Perth
Rockhampton
Shepparton
Sunshine Coast
Tamworth
Townsville
Whitsunday
Wodonga



Canberra

Southern Tablelands
Toowoomba

New South Wales - Residential 2022

Sydney

With the amount of price growth experienced in Sydney during 2021, the number of properties available to those with a budget of $700,000 has become significantly more limited, particularly in the inner and middle rings of the city.

As at the end of May, the median house price in Sydney was a tick over $1.4 million, according to CoreLogic. This was after a 1.1 per cent decline in May, but still up 12 per cent over the previous year. The median unit price was slightly under $830,000, a decline of 0.7 per cent in May, but still up 6.2 per cent over the course of 12 months.

With the median house price twice that of a budget limited to $700,000, it is going to mean that in many locations you are limited to units or maybe townhouses. However there are still some parts of Sydney where you can find detached housing within this budget.

South-West Sydney

About this time every year, we report on what is available in the sub $700,000 mark within our service areas. In 2022, despite the correction happening across the overall Sydney property market and the growing pressure from rising interest rates, the south-west Sydney area has yet to follow the overall Sydney market into negative

11 Permian Drive, Cartwright which sold for $620,000 in June
Source: realestate.com.au

territory. Due to the comparative affordability of the area, there are still opportunities in the sub $700,000 range.

South-west Sydney may be one of the few remaining areas within the Sydney basin in which the Australian dream of a house with proverbial white picket fence could still be purchased sub $700,000. Traditionally thought of as secondary locations, areas such as Busby, Miller, Sadlier, Ashcroft and Cartwright with the Liverpool LGA are established areas that are gradually gentrifying. It's becoming exceptionally rare to be able to purchase a renovated detached dwelling anywhere in Sydney near $700,000.

At $675,000, a dated dwelling with 588 square metres of land can offer value with a bit of sweat, equity and even the addition of a granny flat. Considering just vacant land at 300 square metres in new release Leppington is going for $700,000, these areas still offer exceptional value if one can overlook the location.

Similar opportunities are also still available in certain Fairfield LGA areas and Campbelltown LGA suburbs such as Airds, Claymore, Kearns, Blairmount, Ambarvale, Campbelltown and Bradbury, however these are becoming much rarer.

If you are looking at investing or occupying a unit or townhouse in the sub $700,000 range, you will have a greater opportunity to purchase a modern constructed dwelling within a new estate and within close proximity to services.

6/2 Blackwood Avenue, Casula which sold for $655,000 in February
Source: realestate.com.au

Three-bedroom townhouses can be found across the Sydney south-west at the sub $700,000 mark;

With the median house price twice that of a budget limited to $700,000, it is going to mean that in many locations you are limited to units or maybe townhouses. However there are still some parts of Sydney where you can find detached housing within this budget.

these have done remarkably better than their apartment counterpart, given their flexibility for the growing millennial family.

While apartments in the south-west have not made the best investments over this last growth period, they still offer a more affordable option for homeowners looking for a place to live. Areas such as Liverpool are suffering from an oversupply of new apartments, so while we don't see demand driving up prices any time soon, it offers the opportunity for buyers to find a more affordable place to live, with resale prices ranging from $550,000 to $600,000 for an almost brand new two-bedroom apartment.

Western Sydney

With most of the property market focused on the top end of town, many people forget there are opportunities at the lower end of the market as well. The circa $700,000 price point appeals to first homebuyers and investors, but families have options here as well with a variety of property still available within western Sydney. This market is more sensitive to interest rate movements and cost of living pressures as many are single income or lower income households. Recent interest rate jumps may spook many buyers to hold off for a while which may lead to a glut of listings and further opportunities for the savvy investor.

For a lazy $700,000 you can buy a circa 2014, four-bedroom townhouse in Ropes Crossing. One townhouse on Australis Drive sold for $698,000 in June, providing four bedrooms, two bathrooms and a double garage. It was sold through Richardson & Wrench Mount Druitt. This property would appeal to smaller families, first homebuyers and investors alike.

16/30 Australis Drive, Ropes Crossing Source: realestate.com.au

This property can achieve a rental of around $440 per week which equates to a gross yield of 3.28 per cent.

If detached housing is what you're after, then head out west to Blackett. The recent sale of 1 Brennan Place for $675,000 highlights that for circa $700,000, there are still options for detached dwellings on decent sized blocks in Sydney.

This property sold through Laing and Simmons Rooty Hill and offers three bedrooms, one bathroom and a single detached garage. It has been updated internally and improved upon a corner lot with two street frontages. This property has the ability for a granny flat addition with separate street access, a sought after feature for dual occupancies. A dwelling like this may appeal to the investor with some more cash to spare allowing for a detached granny flat to be built in the rear yard for two incomes and a higher yielding asset.

1 Brennan Place, Blackett Source: realestate.com.au

If unit living is more your thing, then for $670,000 you could have had the keys to 1/1 Meryll Avenue, Baulkham Hills. This unit is a circa 2016, two-bedroom, two-bathroom ground floor unit with a basement car space. This property is advised under contract through Seven Real Estate for $670,000 which is slightly less than the original off the plan purchase in 2016 of $690,000, showing a $20,000 loss. This sale again highlights the risk of buying off the plan in stronger markets. With a potential rental of $450 per week, this equates to a gross yield of 3.49 per cent. Opposite Stockland Shopping mall and a walk to the city bus, this property would appeal to the first homebuyer as a stepping stone. It is well located in close proximity to essential services.

Parramatta/Ryde

Within the Parramatta service area, only strata title properties are around the $700,000 price point. The main property type that has seen a significant shift downwards in the past twelve months to date is the three-bedroom, two-bathroom unit sector in Parramatta.

In the past twelve months, three-bedroom units with one car space, constructed circa 1980 all the way up to circa 2016, positioned within average to basic complexes with no significant common facilities have been selling between $630,000 and $700,000. Young couples priced out of the detached housing market in Parramatta and surrounding suburbs have been the main purchasers of three-bedroom units given the price point, additional accommodation and larger size floor plans in comparison to compact two-bedroom units.

Given the current oversupply of units in Parramatta in conjunction with negative market sentiment, specifically in high-rise complexes with cladding issues, the prospect of this market sector improving in the near future is unlikely. However, given the softening in values, it does allow for long term potential capital growth, especially with the current and proposed infrastructure around the Parramatta CBD area.

Typical three-bedroom unit for sale in Parramatta for $699,990
Source: realestate.com.au

Certainly it goes without saying that property prices in the Lower and Upper North Shore continue to hold strong post pandemic. Although challenging, entry to the Lower and Upper North Shore is not impossible on a $700,000 budget, however properties within this price range are limited to studio and one-bedroom apartments.

If location is flexible, buyers have the opportunity to drive their dollar further in

7/8 Harvard Street, Gladesville Source: CoreLogic

fringe suburbs of the Lower North Shore, such as Gladesville. A recent example of such a unit is 7/8 Harvard Street, Gladesville, selling for $650,000 in April 2022.

This particular unit accommodates two bedrooms and one bathroom with a single car space. The unit has a modern kitchen and bathroom with parquetry floors and a balcony. Internal living areas come in just above 50 square metres, making financing easier for first homebuyers and investors. Minor upgrades such as air conditioning could see a rental return of $450 per week, reflecting a yield of 3.6 per cent. Demand for such rental properties is on the rise, with many apartments in this pocket leasing within the first week of being advertised.

The location is within walking distance of cafes, restaurants and retail shops along the popular Victoria Road strip. Public transport into the city is made easy via local buses along Victoria Road and the Huntleys Point Ferry. This part of Gladesville is only a 15-to-20-minute commute to the city via the M2 Motorway or crossing the Anzac Bridge via Victoria Road.

If location is flexible, buyers have the opportunity to drive their dollar further in fringe suburbs of the Lower North Shore, such as Gladesville.

Buyers looking within this area should be confident as demand and the appeal for the suburb is high. There is potential for further capital growth in these older apartments in Gladesville, as development is limited to five to six storey medium to low rise developments along the Victoria Road corridor. These older style units benefit from low strata and maintenance costs with strata fees being on average approximately $700 per quarter.

Northern Beaches

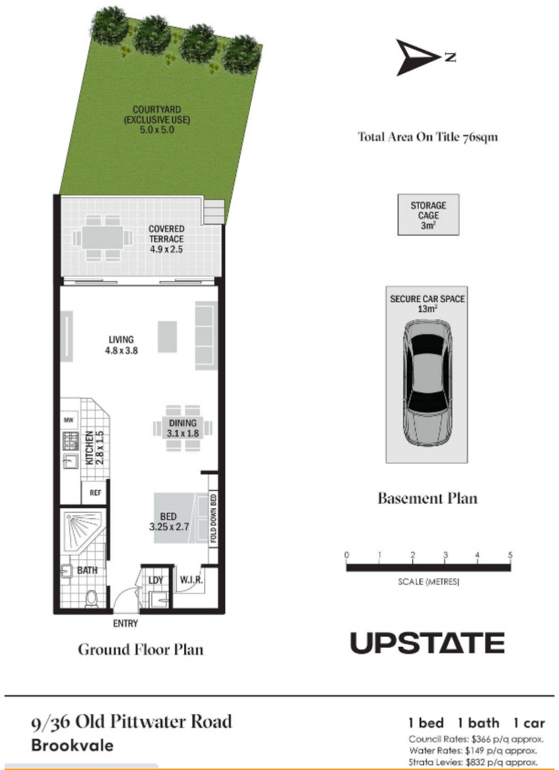
The sub $700,000 market is still relatively thin across the Northern Beaches although there are greater opportunities for buyers compared to 12 months ago. Buyers can realistically secure a studio or one-bedroom unit between Manly and Avalon depending on the age, position, size and condition of the unit. Marginally stretching the budget might provide the benefit of a two-bedroom unit in Dee Why. Yields generally range between three and four per cent in this asset class and price bracket.

Considerations of investing will ultimately come down to your goals. Options would include higher yielding studios, modern one-bedroom units in secondary locations or perhaps an older style unit in need of renovation in a prime beachside position. Investors should take confidence in the fact they are investing in established suburbs with high livability scores that are attractive to tenants, relatively consistent supply levels and limited development activity.

A recent example is 9/36-40 Old Pittwater Road, Brookvale which sold in June 2022 for $635,000. The sale is of a circa 2004 oversized studio unit with covered terrace and exclusive use courtyard. Interestingly the unit directly above, providing a

Whilst the Sydney residential property market has seen strong growth over the past six to twelve months, the lower quartile has experienced more moderate growth than the mid to upper market segments.

very similar floor-plan without the benefit of the courtyard sold for $710,000 in May 2021, reflecting a reasonable year on year discount. The property would appear to rent for around $480 per week suggesting a gross yield of about 3.9 per cent.



9/36-40 Pittwater Road, Brookvale Source: CoreLogic

Canterbury-Bankstown

The $700,000 price point in the Canterbury-Bankstown region of Sydney provides a limited segment of first homebuyer or investment options.

Whilst the Sydney residential property market has seen strong growth over the past six to twelve months, the lower quartile has experienced more moderate growth than the mid to upper market segments.

The Canterbury-Bankstown area is located approximately 16 kilometres from the Sydney CBD and is made up of 33 individual suburbs. Canterbury-Bankstown is characterised by a range of residential housing ranging from 1950s dwellings to modern dwellings, duplexes, residential units, retail and commercial offices. Major routes to the city include the M5 Motorway, Canterbury Road and the Hume Highway.

218/363 Beamish Street, Campsie, a circa 2014, two-bedroom, two-bathroom unit, sold in June 2022 for $680,000, with a potential rental return of approximately $500 to $550 per week. It previously sold off the plan during 2013 for $565,000.


218/363 Beamish Street, Campsie Source: CoreLogic

The suburb of Campsie offers a range of walkup style 1960s conventional units as well as medium rise modern units. Two-bedroom units can be purchased under the $700,000 threshold. Due to the constant supply of new units and off the plan sales in the area, this market segment has not seen as strong growth compared to the housing market and properties of a greater market value. Campsie is considered to be a sought after suburb due to its location and proximity to the inner-west region of Sydney.

9/168 Mimosa Road, Bankstown, a circa 1970s, three-bedroom, one-bathroom townhouse, sold in April 2022 for $685,000 with a potential rental of approximately $500 to $550 per week. It previously sold during 2018 for $618,500, representing an increase of 11 per cent over the time between sales.


9/168 Mimosa Road, Bankstown Source: CoreLogic

Bankstown is serviced by local rail, Bankstown Centro Shopping Centre, Bankstown-Lidcombe Hospital, University of Western Sydney Bankstown Campus, TAFE, numerous public and private schools, along with numerous parks and sporting grounds. The threshold of $700,000 provides a buyer the opportunity to purchase a three-bedroom strata titled townhouse. This is a popular area for first homebuyers due to its affordable living. The area also appeals to investors as it attracts a range of renters due to its proximity to multiple facilities, shopping centres and transport links.

Interest rate movements, buyer demand, potential oversupply and inflation are all factors to consider, particularly when purchasing in this market. These factors may have an adverse impact on market value and as such, a buyer's ability to finance their loan. These unforeseeable circumstances are all considered to have an impact on investments within this price point.

There are good buying opportunities below $700,000 within the Canterbury-Bankstown region of Sydney however this is mostly limited to two-bedroom apartments or older style three-bedroom townhouses and villas. A typical rental return would be in the order of $500 to $550 per week unfurnished which could reflect an approximate gross rental yield of about four per cent. This return is above average for Sydney however on the downside, there is likely to be less growth in the value of the property compared to a more expensive property, particularly houses. Buyers should have more confidence entering the market with a medium to long term view instead of purchasing with the expectation of significant capital growth in the near future.

Inner West

The inner-west of Sydney is quite limited in regard to what can be purchased for $700,000 or under in 2022. Generally speaking, there are no longer any options to purchase a house or vacant land allotment at this price point. As such the options at this price point are reduced to strata units.

The most affordable of these strata units are on the edges of the inner-west, with Homebush West the most affordable. Homebush and Homebush West have experienced a quite significant level of gentrification over the course of the past 10 to 15 years, with older industrial warehouses being re-developed into higher density apartment complexes.

Given the large scale development of the area, including the gentrification of Sydney Olympic Park, and the continued levels of supply over the years, capital growth has been minimal in comparison to the greater inner-west market, however it remains an area affordable for first homebuyers looking to enter the market, as well as working class families who want to live in the inner-west.

An example of a three-bedroom sale of a relatively modern strata unit is IG08/81-86 Courallie Avenue, Homebush West which sold on 2 June for $655,000. Rentals for similar properties range in the $550 to $600 per week range.

IG08/81-86 Courallie Avenue, Homebush West Source: realestate.com.au

In regard to options with superior prospects for capital growth, one-bedroom strata units situated in sought after suburbs including Balmain, Annandale and Newtown tend to have achieved a superior level of growth over the course of the past five years. These one-bedroom units are generally situated in low density walk-up buildings from the 1960s, 1970s and 1980s and sell in the $500,000 to $800,000 price range, with working professional couples with no children and investors the most common buyers. These properties rent within the $400 to $550 per week price range depending on location, size and parking.

The general market has experienced a flattening of prices recorded in recent months. Prices in the strata market are considered more exposed to reductions and volatility in comparison to the detached housing or freehold market. Additionally, COVID-19 has provided more flexible working conditions specifically with more options for employees to work from home and this directly impacts the strata market in the inner-west.

The past twelve months has seen a drop in general levels of demand from owner-occupiers, with homebuyers opting for bigger properties further from the Sydney CBD within a similar price range. Coupled with the expected increases in interest rates over the course of the remainder of 2022, the inner-west strata market is expected to experience limited capital growth in the short to medium term.

Inner Sydney

After record growth throughout 2021, the market is beginning to enter a new phase, driven by uncertainty around interest rates and broader post-pandemic economic recovery. This is causing growth rates to taper, with varying declines across

Buyers should have more confidence entering the market with a medium to long term view instead of purchasing with the expectation of significant capital growth in the near future.

RESIDENTIAL

HERRON TODD WHITE RESIDENTIAL

An Art Deco studio across the road from Bondi Beach sold in June for $605,000. On the upside, apart from the location, the unit was in renovated condition. On the downside, the total living area of the studio unit was just 24 square metres.

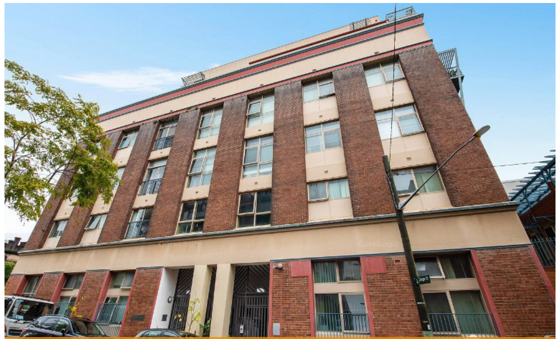
different market segments. Moderate impacts are being felt in the investor and first homebuyer markets, market segments which encompass the $700,000 price point within inner-city Sydney.

Performance can be quantified through both capital growth returns and rental returns. Typically capital growth performance is weaker on the types of property available for $700,000, which are commonly studio and one-bedroom apartments with a slightly more limited buyer pool. However, rental returns can be above the typical Sydney average.

When selecting an area to buy, it is important to ask what is driving capital growth in that area? In the case of the inner-city suburb of Chippendale, there are a few answers: increasing rental demand from students returning to the city post-COVID; Central station redevelopment with a proposed tech precinct on the cards; and the future redevelopment of the nearby fish markets at Pyrmont.

Realestate.com.au records capital growth in Chippendale at ten per cent per annum in the past 12 months based on the median price and rental figures show a rental return of 3.1 per cent.

12/1 Wiley Street, Chippendale sold in May 2022 for $689,000 and is an 85 square metre, split level, one-bedroom unit with one bathroom located in a warehouse conversion style unit complex within close proximity to the CBD and educational institutions. It presents in original condition and would be a great first home buy or investment as it represents an opportunity to add value through a cosmetic renovation. Similar units in the building are renting for around $500 per week, showing a gross rental yield of 3.7 per cent.



12/1 Wiley Street, Chippendale Source: CoreLogic

Market activity at this price level is likely to remain subdued for some time, particularly as interest rates are increasing, putting off investors and making first homebuyers uncertain. However it is times of uncertainty when the best buying opportunities can be found.

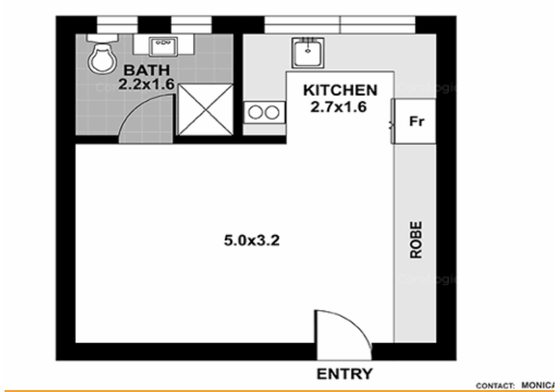
Eastern Suburbs

Residential property options are fairly limited in the eastern suburbs for buyers with a budget of $700,000. Detached and semi-detached houses are not an option at this price range. Nor are townhouses and villas. Even for units, the options have become more limited over the past two years.

The predominant buyers in this price range are first homebuyers and investors. Investors are starting to see rental returns improve, however now face a short to medium term of flat or negative capital growth. First homebuyers, who have been quite active with the assistance of government grants and historically low interest rates, will now also find it harder to get into the market as interest rates increase quickly along with the impact of increasing cost of living pressures.

So what does circa $700,000 get you? A 2019 built, one-bedroom, one-bathroom unit with car space recently sold in Pagewood/Banksmeadow for $670,000, with a potential rental of around $500 per week, representing a gross rental return of around 3.9 per cent per annum.

An Art Deco studio across the road from Bondi Beach sold in June for $605,000. On the upside, apart from the location, the unit was in renovated condition. On the downside, the total living area of the studio unit was just 24 square metres. A similar unit in the building next door leased earlier in the year for $510 per week, which would reflect a gross yield of around 4.4 per cent.



18/242 Campbell Parade, Bondi Beach Source: CoreLogic

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If a two-bedroom unit is desired, then the suburbs you can buy in with $700,000 are fairly limited. Older 1960s and 1970s units in Hillsdale, Mascot, Botany and Eastlakes are available in the $600,000 to $700,000 price range. According to realestate.com.au, the median price for two-bedroom units in Hillsdale is $644,250 and with a median rent of $430, the gross yield is around 3.5 per cent.

This sector of the market is sensitive to interest rate movements and with a significant increase in the cash rate over the next six to twelve months likely, it is expected that prices will fall during that time. We are already seeing early signs of this in the current market. However these units still offer a way into the market and potential for solid long term growth.

The shared equity scheme proposed by the new Labor federal government will assist qualifying first homebuyers into this market, with the government contributing up to 30 per cent towards the purchase of an existing home.

Shaun Thomas
Director

Lismore/Casino/Kyogle

A lot has changed from 12 months ago in terms of what one can score with a lazy $700,000 and the mixture of product may have varied slightly, particularly within Lismore City at both ends of the sale price range and in the more regional areas within the Richmond Valley and Kyogle Council areas.

What has been most remarkable is the purchasing power of $700,000 within the modern residential estates of Goonellabah. There were approximately 67 sales of single residential, three- to four-bedroom, two-bathroom, dwelling house sales over $650,000 which occurred in the last six months of 2021, five of which breached the $1 million mark. Over the tumultuous first six months of 2022, there have been 49 sales over $650,000, six of which were over $1 million.

The market may have slowed to a less frenetic state compared to last year, but sale prices are still relatively firm.

The market may have slowed to a less frenetic state compared to last year, but sale prices are still relatively firm. What is more alarming is that $700,000 would more than likely only get you a three-bedroom home that is 20 years or more old.

So, sorry, no pocket change left over for that life sized Mandalorian statue that you wish to place in the corner of your living room or a Thermomix to park on the 20 year old laminated kitchen benchtop.

In the past, there were not too many residential properties in the Casino or Kyogle townships that would use up the whole $700,000 in one transaction, however that is changing. There have been nine standard residential dwelling sales in the Casino and Kyogle townships since August 2021 recorded between $650,000 and $875,000. The established dwellings in the nearby rural residential estates are typically well above $700,000 now and usually deliver the full quota of features from air-conditioning, good quality appointments, pool, established landscaping OR a full renovation.

These rural residential properties are generally close to the town centres of Casino, Kyogle or Lismore City. Typically, such properties would comprise lots ranging in size from 4000 square metres to five hectares.

Semi-remote rural localities with properties on lots from 40 hectares to even 100 hectares may still be purchased under $700,000 and still provide semi-modern homes with established ancillary improvements, however they are fast becoming a bit of a rarity. The lure of rural lifestyle living remains attractive for cashed up locals and out of towners.

Possibly the most troubling aspect of the lazy $700,000 scenario are the opportunities presented by the devastating floods of February and March within Lismore City and the surrounding rural towns and rural localities. As a case in point, the early trends of recent under contract sales of flood affected or damaged dwellings within Lismore City are indicating sale prices from $150,000 to $250,000. Whilst still requiring extensive refurbishment and renovation, there is the potential to bring the dwellings back to a reasonably habitable state and then in turn rent out the space at levels similar, to if not higher, than pre-flood market rental rate levels. Rental accommodation demand is currently verging on the insane within this region. Considering that at the peak of the market in December 2021 and January 2022, well renovated dwellings in the flood prone areas of North Lismore and South Lismore, Lismore Central and lower lying areas of East Lismore and Girards Hill were breaching the $500,000 sale price bracket, providing that the budgeted refurbishment costs are below, say $100,000 and a similar or higher rental rate can be achieved, it is not hard to see that some cashed up and renovator ready property investors may pounce on one or three flood affected residential dwelling properties if under a sum total of $700,000.

In summary, it would appear that the purchasing power of a lazy $700,000 is destined to be whittled away in the short to medium term, particularly as interest rates begin their march northwards and cost of construction remains high. However, consider this...

"Before you start trying to work out which direction the property market is headed, you should be aware that there are markets within markets"
– Paul Clitheroe

Vaughan Bell
Property Valuer

Byron

What would you buy with a lazy $700,000 in the Byron Shire? I would probably skip the search, avoid burning that precious fuel at $2 per litre and stuff your $700,000 back under the mattress and let it snooze until quite a few more thousand of its friends come to the party.

At the time of writing this piece, reaestate.com.au had six properties listed for sale below the $700,000 threshold covering Byron Bay, Bangalow, Mullumbimby, Ocean Shores, Suffolk Park, Brunswick Heads and the surrounding countryside, so for the sake of having something worth printing, I have made a unilateral decision to up the ante to see what $1 million can shake loose.

By expanding the price guide to include properties up to $1 million, the number of available properties advertised for sale increases to 26 which is still not a lot of choice, region-wide. The choices are pretty basic: land or strata units with a very small smattering of detached housing.

The attraction of the Northern Rivers has boosted property values, particularly over the course of 2021, with market conditions now beginning to ease as the headwinds of inflation and rising interest rates begin to take effect. Still, if you are a first homebuyer or on a budget, the damage to your hip pocket has already occurred. If some land is what you are after, the small number of lots available can be expected to be priced in the range of $700,000 to $800,000 in Mullumbimby where resales of land in a new estate have reached $750,000 in recent months having been sold by the developer off the plan two to three years ago in the $300,000s. Adding a house straight away however will likely push the total outlay of house and land into the $1.1 million to $1.3 million range.

If a roof over your head or a low-cost investment property is a priority (if $1 million can be called low cost) then the choice is limited to older style two- and three-bedroom strata units in locations such as Ocean Shores or Mullumbimby. Smaller one-bedroom units can be found in Byron Bay itself, however these are not numerous. The trade off, of course, when buying in a unit complex is the issue of paying body corporate charges which, when added to the cost of a mortgage can reduce the appeal of these properties to some buyers.

For anyone on a budget and looking to purchase in the Byron Shire the cause is not insurmountable, however the hunt may take longer than you had hoped. Patience, vigilance and research will be a key component to a happy outcome and who knows, if increasing interest rates cool down the market there may be a few more properties on the market and a few mortgage-stressed vendors to level the playing field.

Mark Lackey
Property Valuer

Coffs Harbour

We look back to this time last year when we were talking about the unexpected effect COVID had on the property market, with unprecedented value rises anywhere between 30 per cent and 50 per cent depending on the market type, which means the lazy $700,000 buys you even less today.

A quick look at the median house price in Coffs Harbour shows it sits at $758,000 according to realestate.com.au, up from $590,000 12 months ago which represents a 28.5 per cent increase. To be fair the $700,00 mark will only see you at the entry level for standalone homes and even then we are talking 20 to 40 year old modest three-bedroom, one-bathroom homes set on 350 to 700 square metre sites throughout the suburban areas of Boambee East, Toormina, Bonville (east) and west Coffs Harbour. The more upmarket areas of Sawtell and The Jetty Precinct in Coffs Harbour plus popular beach suburbs of Sapphire Beach, Korora, Moonee Beach, Emerald Beach, Sandy Beach and Woolgoolga have no standalone homes even close to this mark. These more upmarket areas are now the domain of units in this price bracket and even then we are talking older style one- and two-bedroom units in dated walk-up complexes.

At the time of writing this piece, reaestate.com.au had six properties listed for sale below the $700,000 threshold covering Byron Bay, Bangalow, Mullumbimby, Ocean Shores, Suffolk Park, Brunswick Heads and the surrounding countryside

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It is interesting to also note the movement in the rental market, one which has not kept pace with property values. The median rental value today within Coffs Harbour is $580 per week which is up 16 per cent from this time last year, however less than the 28 per cent in housing prices. This reflects approximately four per cent gross return on the investment and given the climbing interest rate cycle we are now entering, would not look that good to an investor.

On that point of increasing interest rates, there is a general feeling that the sting has left the market and buyers are becoming more discerning with regard to offers on the table with slightly longer selling periods being experienced. Notwithstanding this market perception, there are exceptions in all markets and we have seen recently several low end unit sales exceed the asking price in the $450,000 to $550,000 price range. This market is now the realm of the first homebuyer and start up investor which will always experience high demand due to the affordability factor.

We have established that $700,000 will only buy you a basic entry level home within the suburban areas, so we now look at units within the more popular beachside locations. Depending on the location, there is a variety of unit styles available. In less popular locations such as Park Beach (Coffs Harbour), $650,000 to $700,000 will buy you a modern one to 15 year old townhouse product with three bedrooms, 1.5 to two bathrooms and single garage. In the more popular areas of Sawtell, Woolgoolga, Korora and The Jetty Precinct (Coffs Harbour), you can get a more dated product, typically with two bedrooms, one bathroom and one car accommodation in a walk-up style complex. The other beach side suburbs have very little unit product available and potential buyers will struggle to enter these markets sub $1 million.

If you are looking for the green change and land size is important, you will not find anything in the $700,000 bracket. We have seen a greater surge in demand for acreage land as a result of the impact of COVID on the market, as people are not only escaping the cites but also want some land around them. If you are chasing some land and do not have the dollars in your pocket to afford the more central localities around Coffs Harbour, then your best bet is the Nambucca Valley and Kempsey Shire (west of the Pacific Highway). We are still seeing good value for money in these locations albeit rising as well and still only a 15-to-40-minute drive from the beach or towns of Port Macquarie and Nambucca Heads. Again, $700,000 for acreage in these areas will still be entry level and do not expect too much for the money.

While you are there, why not also consider Nambucca Heads as an option. Pound for pound, it has a lot going for it and $700,000 is still considered expensive. Realestate.com.au shows a median house price of $600,000 with rental of $450 per week. Nambucca Heads has some excellent surfing beaches, a pristine estuary system, golf course, extensive mountain biking and walking tracks which ticks a lot of boxes for the lifestyle enthusiast.

While you are there, why not also consider Nambucca Heads as an option. Pound for pound, it has a lot going for it and $700,000 is still considered expensive.

There is a diverse choice within the Coffs Coast region. While prices have significantly increased, comparatively we still offer value for money and lifestyle benefits which is why we will continue to experience strong levels of demand, especially in the more affordable sections of the market which are the $450,000 to $750,000 sectors.

Grant Oxenford
Property Valuer

Tamworth

The defining trend within the greater Tamworth area over the past 12 months has been welcoming new and returning property owners from out of the area. This is not a new trend, as the City of Lights has experienced a steady organic population growth rate average of 0.95 per cent per annum for the past ten years (populationet.au). An emphasis on property investment for both owner-occupation and investment has been apparent in this period with markets remaining firm to date. We anticipate that local residential markets will remain firm with emerging signs of stabilising prices towards the end of calendar year 2022. This is largely due to the RBA increasing the cash rate to 0.85 per cent in June, with economists widely predicting further rate rises in the near future to combat high inflation.

Comparative affordability has been a key motivator for potential buyers in the region, as market segments in Tamworth are relatively affordable in comparison to some other regional inland and coastal centres. With that in mind, let's explore the Tamworth city and identify what circa $700,000 will buy.

Within the regional centre of Tamworth, a $700,000 price point provides opportunities in a moderate range of locations and dwelling characteristics. This particular price will enable

57 Upper Street, East Tamworth sold for $595,000 Source: realestate.com.au

entry into the upper middle residential markets for dwellings within most suburbs of Tamworth. Here are some favourable markets that show buyer potential:

- East Tamworth: established three-bedroom, two-bathroom family home with covered car parking and swimming pool positioned within the favoured high East Tamworth area. The locality is within close proximity to Tamworth CBD, school campuses, public parks and playing fields. Sale prices in the past eight months ranged from $600,000 to $695,000. Purchasers have secured property for occupation with small to medium (live-in) renovation projects, flexible work/life lifestyle and capital growth in mind.
- North Tamworth/Calala: These areas offer new home residential estates such as:
  - The Outlook, Calala
  - Redbank, Calala
  - Lampada, Calala
  - Windmill Hills, North Tamworth
  - The Meadows, North Tamworth
  - Moore Creek Gardens, Moore Creek.

These estates offer modern, brick veneer construction homes within developing and new to market residential estates. Recently constructed moderate to large family homes are prominent within this price range ($600,000 to $700,000). Typically, these suburbs offer property with land sized from 700 square metres up to 1000 square metres. New home construction has surged within the area. Asking prices are largely influenced by enclosed living areas, ancillary improvements and landscaping. The focal point of this style of property is that all the hard work is done, suggesting a purchaser who buys an established recently completed dwelling will by-pass the potential stress and delays of new home construction.

Generally within the Tamworth and surrounding locations you can purchase a range of homes for $700,000. Currently, however there are limited listings available on the market, with local agents indicating that enquiry for new and emerging listings remains strong.

Nick Humphries
Property Valuer

Newcastle

As the market improves and values increase, it is surprisingly difficult to buy a property in the city for $700,000. As property prices rise, so does the entry level value of homes. Generally speaking, the city has bypassed the $700,000 purchaser. The need to be more creative and adventurous is required.

The unit market has risen sharply with one-bedroom units being affordable in this budget, however only a select range of two-bedroom units are now affordable.

Fringe city suburbs are likewise out of reach for the house buyer so outlying suburbs such as Maryland, Birmingham Gardens, Mount Hutton and Windale are the places to go. Further afield Thornton, East Maitland and Cliftleigh are just within the price range but the supply is limited.

As the market rose, most locations performed well over the past 12 months, however the off the plan market appears to have given the best returns as buying in one market and waiting for the property to be built during a rising market is a good option. Many purchasers have spent their $700,000 well in recent years however with rising interest rates this becomes a high-rise gamble.

The outlying suburbs are the most affordable and as prices rise, the less desirable suburbs become the next boom areas. From this point of view, the fringes or out of city suburbs are probably the places to invest.

As one-bedroom units in the city have a limited occupancy expectancy due to size and therefore a high turnover in the rental market, a well presented two-bedroom unit will generally be a good investment if located well. Larger out of town new build four-bedroom houses provide a good rental income and with the lack of supply, demand should be good in a rising rental market.

The city and lake locations have always been a

Generally speaking, the city has bypassed the $700,000 purchaser. The need to be more creative and adventurous is required.

good investment. With $700,000 to spend, this would generally mean a townhouse or a house which requires maintenance or cosmetic works. Larger traditional homes are now out of that price range and again time, patience and energy will be required to find the right property.

In the current market, house prices have been rising rapidly and the $700,000 purchaser is being priced out of the market except for areas out of the city fringes. With interest rates rising, this may start to slow price increases in the short term however with the lack of supply, it's likely the entry level price range will need to be increased above $700,000 in the medium term.

First time buyers are competing with investors at this price point and with the lack of supply and plenty of demand, confidence is not what springs to mind when it comes to buying a property locally. Agents regularly say they have the buyers, but they don't have the property to sell to them.

The average return can vary considerably depending on the suburb and type of property. Typical returns between five and 6.5 per cent are common in the area however this is varying as rents go up due to a lack of supply and plenty of demand for rental property. This eventually shows in the sale prices and therefore the purchaser is paying more than $700,000 for a well-located investment property.

Darren Sims
Property Valuer

Central Coast

Twelve months ago in our previous edition on this topic, we found limited opportunities in the marketplace to purchase property up to $700,000 on the Central Coast. Fast forward to today and those opportunities have substantially reduced further on the back of strong market growth. According to a report released by CoreLogic, the Central Coast market experienced exceptional growth figures in the twelve months from 31 March 2021 to 31 March 2022. Houses across the region recorded a median growth rate of 28.3 per cent and the unit market grew at a median rate of 13.9 per cent. What this all means is that buyers have had to adjust to the market, resulting in looking further afield to suburbs that may not have initially been on their radar.

With this in mind, the Gosford unit market presents a strong case with options aplenty. Prices start within the $400,000s for a one-bedroom unit in a ten to twenty year old complex, or two-bedroom units can be found in the sub $500,000 market in an older pre-1990 complex.

Can $700,000 buy you an off the plan unit in Gosford? Yes, it sure can. According to realestate.com.au, opportunities currently exist in the Castillo located at 65 Donnison Street West, Gosford. Prices indicate that one-bedroom units start from $468,000 and two-bedroom units start at $556,000. Construction has already commenced with an anticipated completion within Quarter 3.


65 Donnison Street West, Gosford — Source: ealestate.com.au

Looking at the southern end of the Central Coast, buyers would be best to focus their interest on strata titled villas and units built pre 1990.

An example of a recent sale is 2/64 Ocean Beach Road, Woy Woy, a two-bedroom, one-bathroom renovated townhouse with a small courtyard and a single car garage, which sold for $650,000 in March 2022.


2/64 Ocean Beach Road, Woy Woy — Source: CoreLogic RPData

More recently a two-bedroom, one-bathroom original dwelling at 35 Dunalban Avenue, Woy Woy sold for $750,000 (not settled). Alas, slightly out of the $700,000 price range.


35 Dunalban Avenue, Woy Woy — Source: CoreLogic RPData

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Fortunately, signs are emerging in the market that sentiment is swinging to a buyer's market, so a $700,000 budget may become more achievable as the year progresses. As we see continued interest rate rises, cost of living pressures and rising inflation, we may see increased demand in the entry level market as downsizers and first home buyers re-enter the market.

Focusing on the northern region within the sub $700,000 price point, you may still acquire some land (Torrens Title property) within the newly established land subdivisions in Hamlyn Terrace, Woongarrah and Wadalba with most strata property still settling for under the $700,000 price point in this region. Value for money remains in Gorokan with 7 Galena Street, an older style, two-storey brick and weatherboard, four-bedroom and two-bathroom dwelling set on an 822 square metre block with a pool, selling for $699,888 on 17 March 2022.

7 Galena Street Source, Gorokan Source: CoreLogic RPData

As for investment options in the northern suburbs of the coast, many are opting to undergo dual occupancy development projects to maximise their rental income. Unfortunately given recent sales, $700,000 isn't going to get you a ready-made house and granny flat, with most of these properties ranging in the $800,000 to $1.1 million range, however potential dual occupancy sites can be purchased at the $700,000 price point. They offer a stable rental return until the opportunity arises to develop further with a secondary dwelling. Gross rental returns in the dual occupancy marketplace have been noted in the three to six per cent range. According to CoreLogic, annual asking rental prices have increased by 17.8 per cent for houses and 9.8 per cent in the unit market on the Central Coast. This illustrates that rental properties are in short supply with investors keeping a keen eye on potential investment opportunities in the region.

Todd Beckman
Associate Director

Nowra / Shoalhaven

The Shoalhaven residential property market appears to have continued to soften in 2022 as a result of a number of factors. The second recent interest rate increase by the Reserve Bank in the space of two months appears to have continued to soften the Shoalhaven residential property market. The rate hike combined with rising inflation and the increasing cost of living has definitely put doubt in the minds of potential purchasers. Agents are advising of fewer registered bidders at recent auctions, more days on the market for residential properties and less potential purchasers attending open houses. The out-of-town purchasers from regions such as Wollongong, Sydney and Canberra appear to have also left the market to a degree as the COVID pandemic appears to be ending with overseas travel more available. So where would a prospective purchaser look to spend $700,000? Let's take a quick look.

The recent boom period during 2020 and 2021 in the Shoalhaven residential property market has created a new entry price and benchmark for some suburbs in the region. For some of the popular coastal suburbs such as Huskisson, Callala Beach, Vincentia and Hyams Beach, $700,000 does not get you much in terms of a freestanding Torrens title property. For instance, in the past six months, no sales were recorded in Huskisson, Callala Beach, Vincentia or Hyams Beach for under $700,000 for a freestanding Torrens title property according to RP Data records.

However with the softening market, it's not all doom and gloom in the search for a freestanding Torrens title coastal property. The purchaser looking to spend $700,000 might have to look at nearby suburbs around these popular areas listed above. It is possible to find a freestanding Torrens title property in the coastal suburbs of Culburra Beach, Erowal Bay, Old Erowal Bay and Sanctuary Point, although it may be becoming harder. A three-bedroom home in The Lake Circuit, Culburra Beach sold for $650,000 in January 2022 and a property at Wren Street, Culburra Beach with a two-bedroom home sold for $600,000 again in January 2022.

24 Elder Crescent, Nowra sold for $693,000 Source:realestate.com.au

Around the Nowra CBD, including on the east and west sides of the Princes Highway and the suburbs of Bomaderry and North Nowra, there are a lot

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more properties available for under $700,000 in terms of freestanding Torrens titled properties compared to the coastal suburbs mentioned above. It will be interesting to see how the second half of the year plays out and if the market falls or steadies. This could determine whether more freestanding Torrens titled properties are available for less than $700,000 in the region.

Joshua Devitt
Associate Director

Illawarra

While the residential market in the Illawarra has flattened in recent months, there are still major limitations on what can be purchased for $700,000.

In the northern suburbs you will be limited to a two-bedroom unit in Thirroul or Bulli, and it is likely to be older and in fair condition. From Woonona south, the options open up a bit more to be able to buy a two-bedroom townhouse or villa or a modern two-bedroom unit in Corrimal or Fairy Meadow.

Figtree is the closest residential area to the CBD that starts to offer three-bedroom properties for around $700,000 in the form of older townhouses. If it is a house you are looking for, the only detached housing available in the Illawarra around this mark is very basic houses in suburbs such as Warrawong and Barrack Heights, with the houses usually requiring immediate updates.

In Wollongong, decent size older two-bedroom units are going for between $600,000 and $700,000 and there are some premium one-bedroom units with ocean views available as well.

Blocks of land in the new land release areas in Calderwood, Tullimbar and in the West Dapto estates are still available under $700,000 although some of the larger lots (above 600 square metres) are now pushing this mark.

Looking ahead into the medium term, around $700,000 will remain the entry point for most first homebuyers in the Illawarra. If the market continues to slow and contract somewhat, this will provide first homebuyers with greater opportunity to purchase a wider range of property types. The market has shifted away from the hot action of the previous two years and buyers are now starting to be able to call the shots without fear of being gazumped if they don't act immediately.

Chris McKenna
Region Director

Looking ahead into the medium term, around $700,000 will remain the entry point for most first homebuyers in the Illawarra.

Southern Highlands

The surging regional property market over the past two years has resulted in a sub $700,000 price bracket for detached dwellings basically becoming non-existent within the Southern Highlands. However, there are some very limited options available within the region, specifically within the smaller satellite suburbs, which have historically been considered slightly less desirable than the main townships. The main suburbs where buyers may still stand a chance of finding detached dwellings for under $700,000 include Hill Top, New Berrima, Welby and Wingello.

Dwellings in these suburbs can still be found for under $700,000, however they are likely to be very entry level and require considerable TLC or consist of smaller homes on small blocks.

As stated last year, if buyers are unwilling to part with the idea of being located within the main townships, there are still good options for older style strata townhouses, villas and units in Mittagong and Moss Vale. This section of the market generally appeals to an older demographic but given a surge in rental prices over the past 12 months, investors are beginning to see good yields for this style asset. These strata assets are typically located within excellent proximity to the local town centres and are of high appeal to renters wanting to be within walking distance of local cafes and restaurants.

Overall, we have begun to see signs of flattening market conditions with days on market extending back out to more comfortable periods, as well as an increase in overall stock available to the broader market. As a direct result, we are likely to begin to see some discounting occurring across the market as circumstances change for vendors and properties needing to be sold. This coupled with further weakening economic conditions may see slightly more stock appear in the sub $700,000 price bracket. In the medium term it appears this would be unlikely to hold given recent state government proposals to stamp duty changes for first homebuyers will more than likely lift the entry level market.

Kurt Bismire
Valuer

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Melbourne

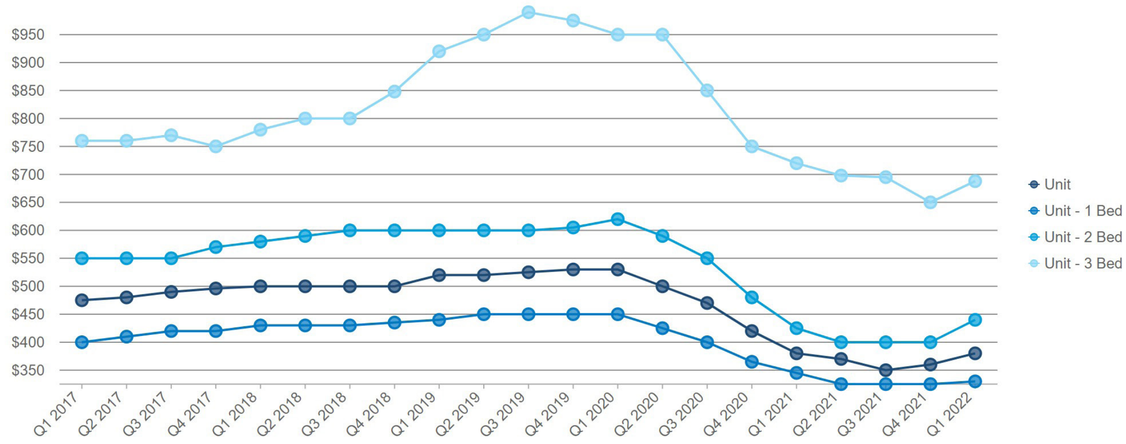
Across greater Melbourne, $700,000 will go a long way for most investors and quite literally open the doors to an array of property types including detached houses, townhouses and apartments. This is certainly the case on Melbourne's urban fringe where development of new estates and infrastructure continues at a rapid rate and affordable options can be found.

However, in other blue-chip locations closer to the CBD, a $700,000 budget might not even secure a two-bedroom apartment. This can make it an overwhelming task, particularly for first time investors looking to park their money, with desirable locations close to the city typically only offering apartments and units at that price range. This has seen the concept of rent-vestors evolve, as people looking to own their own home are forced to the urban fringe whilst continuing to rent in more desirable areas. Others are quite comfortable moving further out and owner-occupying with the evolution of working from home capabilities.

Melbourne CBD and Inner City

For those looking to splash out $700,000 in Melbourne's CBD, the two-bedroom unit median price is currently $591,250. Unfortunately for investors, capital growth will not be the primary driver of that selection, as these two-bedroom units had a median price of $552,500 in the first quarter of 2017! Over those five years, that is only a $38,750 capital growth, indicating a relatively stagnant market in terms of growth.

Median Price - Annual



Melbourne CBD unit rentals have increased in the first quarter of 2022. Source: PropertyData.com 2022

However, for the first time since the beginning of the COVID-19 pandemic, we have seen an increase in rentals. As we return to a sense of normality and international students return to the CBD, these should continue to increase, providing investors with a healthy cash flow. Currently, two-bedroom apartments are renting for $440 per week, up $40 from last quarter, and investors would be optimistic this will continue to rise to pre-pandemic levels.

South East

Melbourne's south-eastern corridor offers a lot for $700,000. In areas such as Pakenham and Clyde, the average house price sits at $625,000 and $655,000 respectively. Whilst these two suburbs are approximately 50 kilometres from the CBD, they offer purchasers the opportunity to produce capital growth by owning their own piece of land. They also become an increasingly attractive option due to flexible working arrangements, a result of the pandemic, which can decrease a person's desire or need to be close to the CBD. Many of these occupiers work in the outer south-east corridor.

Currently for sale is 4 Bridle Place, Pakenham which comfortably falls below the $700,000 budget. This appeals to not only first homebuyers looking to break into the property market, but also investors seeking capital growth and rental returns. The property is situated on a generous 785 square metres nestled away in a quiet court and is walking distance from local amenities and public transport.

With $700,000, it is possible to purchase a number of property types in Melbourne's eastern suburbs.

4 Bridle Place, Pakenham is currently asking $600,000 to $660,000
Source: Domain 2022

Moving closer towards the CBD, it becomes increasingly difficult to find detached housing at this price, which can open up investors to other opportunities such as units. This also allows them to purchase in blue chip locations at affordable prices, and 2/14 Nepean Highway, Brighton is an example of this. The property offers two bedrooms, two bathrooms and a car space for only $650,000 and is walking distance from the beach.

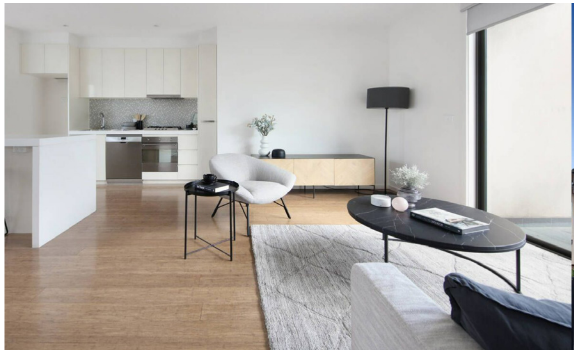
Inner and Outer East

With $700,000, it is possible to purchase a number of property types in Melbourne's eastern suburbs. Detached housing will become more affordable towards the outer east in areas such as the Yarra Valley, where you can cash in on a two-bedroom house for around $655,000. This property type will provide purchasers the best opportunity to manufacture capital growth, as they are purchasing their own piece of land.

In Mount Evelyn, a suburb approximately 37 kilometres north-east of the CBD, 244 Swansea Road is currently for sale with an asking price of $690,000 to $759,000, which might fall into the allocated budget if you're a glass half-full type of person! The property is located on a large 1000 square metre lot and offers a man cave and studio, whilst already having approval for a proposed extension, providing an opportunity to manufacture equity.

Moving back towards the city, it becomes increasingly difficult to manufacture capital growth at this price point, as purchasers start to become restricted to non-freehold assets. However, they are still able to pick up good quality property in the form of apartments and units. The capital growth will not be experienced as it would for traditional detached housing, however in blue chip locations, these assets

244 Swansea Road, Mount Evelyn is asking $690,000 to $759,000
Source: Domain 2022



2/14 Nepean Highway, Brighton affordable purchasing in a blue chip location
Source: Domain 2022

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can produce steady rental returns. When these assets are purchased in desirable locations, they appeal to many prospective tenants and cater to a number of lifestyles.

This two-bedroom unit at 6/60 Harp Road in the affluent suburb of Kew is an example of an asset that can be purchased in this price range. Currently listed for $650,000 to $715,000, it offers two bedrooms, two bathrooms and a study nook and is in walking distance of local parks and amenities. Currently, two-bedroom units in Kew are renting on average for $440 per week, which will produce a stable cash flow for potential investors.

6/60 Harp Road, Kew listed for $650,000 to $715,000
Source: realestate.com.au, 2022

Inner and Outer North

The outer northern suburbs of Melbourne provide a wide array of property and lifestyle options, many of which fall inside the $700,000 price bracket. Whilst a number of factors over the past 12 months such as record low interest rates and government stimulus have increased competition and prices in the outer north, there is still real value to be found at this inclusive price point, whilst the market should see a slowdown in the coming months as prefaced by the last few months of 2022.

Located 33 kilometres north of Melbourne's CBD, Kalkallo and Donnybrook are quiet up-and-coming suburbs which have shown significant growth. Over the past 12 months, average views per listing on realestate.com.au for properties in Kalkallo have jumped by 17.47 per cent (realestate.com.au) and the Kalkallo median house price is $635,000 based on 172 sales in the past 12 months. In addition to this, it has seen an increase of 47.73 per cent in sale volumes, the fifth largest increase of all suburbs in Melbourne. Kalkallo should be a suburb on the radar of owner-occupiers and investors alike.

Sold: 14 June 2022 for $700,000 Source: realestate.com.au

As you move closer towards Melbourne's inner northern suburbs, the amount of quality property available at the $700,000 mark begins to vary and finding a larger parcel of land with a dwelling worth $700,000 becomes a lot harder. As you move closer to the city and look more inner north, the dominant property type becomes an apartment or unit. However, Coburg, located just nine kilometres north of Melbourne's CBD is still providing affordable freestanding homes that should appeal to investors and owner-occupiers. Coburg offers a current median house price of $1.28 million, up 14.8 per cent over the past 12 months and offers great investment opportunities for low-budget investors compared to other inner northern suburbs.

Western Suburbs

Investing in the western suburbs of Melbourne with $700,000 opens the door to an array of different types of property. Depending on which suburb in the west, buyers can look at both units and also houses with their own land. The outer western suburbs such as Point Cook and Tarneit have both newer and established homes in the $700,000 range, whereas inner western suburbs such as Niddrie and Essendon offer buyers with a similar budget an apartment or unit. Both areas have different demographics, hence would appeal to renters and owner-occupiers across the board.

Investors and homeowners looking at having a piece of the Australian dream of owning their own home in the suburbs with a backyard for their kids will be interested in areas such as Point Cook and Tarneit. Both these outer west suburbs can offer a three to four-bedroom home within the $700,000 budget. Owners in this area also have the ability to purchase land and build a home to their liking for under $700,000. A Point Cook property, 54 Florey Avenue, is a four-bedroom, two-bathroom family home that provides spacious and comfortable living. In the past five years, Point Cook saw a steady 5.2 per cent average price increase in the market. The average rent in Point Cook for a similar dwelling is approximately $420 per week. This figure is expected to increase as rental properties become more in demand.

54 Florey Avenue, Point Cook Source: RPData.com

Inner north-western suburbs such as Niddrie and Essendon cater to a different buyer demographic with a $700,000 budget. Investors can expect to find units or small townhouses at this price point. In March this year, 6/9 Ardoch Street in Essendon sold for $650,000. This is a two-bedroom unit built in the 1960s. The home is due for some cosmetic works where an extra $50,000 would come in handy. The Essendon market has seen a 3.8 per cent increase in the past five years and has an average rent of $360 per week for similar properties.

6/9 Ardoch Street, Essendon Source: RPData.com

Investors are better off looking at properties in the outer Melbourne suburbs to ensure a safer investment with less anticipated maintenance work than would come with an older property closer to the city. Although house prices seem to have increased over the past few years, the increasing interest rate may bring caution to many investors. This can suggest that the $700,000 barrier may not increase too drastically in the short-term. Newer homes in the outer western suburb market can offer a greater return on rent and also are forecast to see greater growth in comparison to older units found in inner western suburbs.

Geelong

The City of Greater Geelong's residential building boom had an estimated value of more than $1.5 billion over the past 12 months, and the Surf Coast Shire was dubbed the state's fastest growing population during the last financial year at 4.4 per cent. However, the property boom would appear to be coming to an end.

Over the past 12 months, the City of Greater Geelong approved almost 5,000 building permits and experienced a 33 per cent increase in the value of residential home construction compared to the year prior. There was an unprecedented demand for new homes, particularly in the growth areas of Armstrong Creek, Charlemont and Mount Duneed, which will add up to 60,000 people to Geelong's population. A record 4,466 dwellings were approved over the past 12 months, a 27 per cent increase on the period prior.

Median property prices over the past year range from $950,000 for houses to $649,500 for units in the greater Geelong region. Based on five years of sales, Geelong has seen an overall growth rate of 11.1 per cent for houses and 8.7 per cent for units over the past 12 months.

The main attraction of the Geelong residential market is its relative affordability in comparison to metropolitan Melbourne. This is evident within the growth suburbs of Armstrong Creek and Mount Duneed.

Having a median sale price of $715,000 (REIV 2022), Armstrong Creek has proven to be a popular choice for first time homeowners. The

30 Armstrong Boulevard, Mount Duneed for $710,000 Source: realestate.com.au

The main attraction of the Geelong residential market is its relative affordability in comparison to metropolitan Melbourne.

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adjoining suburb of Mount Duneed, while being more expensive, still offers great value for homes at a $750,000 price point. With access to major arterial roads and lifestyle amenities, these suburbs will continue to be popular for those looking to enter the market despite the slowdown in the market.

Looking at St Leonards, this area offers a lifestyle location for those wanting a more relaxed way of living. While having less amenities and services compared to that of nearby Ocean Grove and other suburbs, St Leonards has a much more enticing price point with a median house sale price of $772,500 and unit sale price of $531,500. This region has proven to be popular with Melbourne buyers. It appears that the upward pressure on values will slow in the coming months.

Perron King
Director

Warrnambool

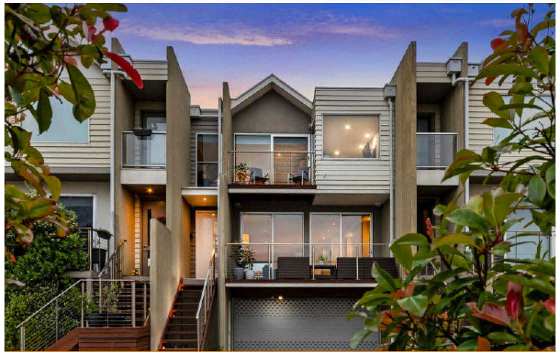
Warrnambool prices have continued to rise at a steady pace over the past 12 to 18 months with a sense of flattening starting to occur. The market has slowed, with agents suggesting enquiries are slowing and marketing periods are beginning to increase. $700,000 will buy you a standard three- or four-bedroom newly built home in one of the developing areas of Warrnambool. Purchasers may opt to buy a more centrally located property to get better value for money with newly built homes showing a clear premium at present.

Prices in the Warrnambool area are holding steady in all types of residential property and would be expected to maintain a similar price point for the near future. Buyers around the price point of $700,000 are mostly families looking to relocate into a larger home or elderly buyers looking to downsize closer to town. With a $700,000 price point, the rental return on a newly built home will be around $600 per week.

5 Hose Street, Warrnambool - four-bedrooms, two-bathrooms, double garage on a 640 square metre block which is considered a standard size block in newly developing areas. Sale date is 27 April 2022. Sale price was $643,000.

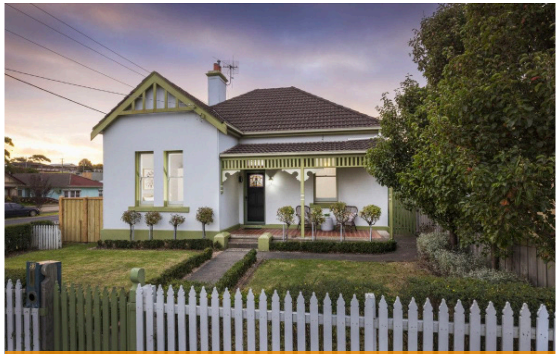
5 Hose Street, Warrnambool Source: Corelogic

5/104 Merri Street, Warrnambool is a modern two-storey attached unit, two bedrooms, two bathrooms and single garage space in underground car park. Located within the CBD. Sale date 24 January 2022. Sale price was $735,000.



5/104 Merri Street, Warrnambool Source: Corelogic

53 Hider Street, Warrnambool - built in 1900s, three bedrooms, one bathroom, two-car detached garage. Located close to the CBD and 200 metres from the local hospital, basic fit out but with improvements made in the kitchen and bathroom areas, it would be a great investment. Sale date 22 April 2022. Sale price was $660,000.



53 Hider Street, Warrnambool Source: Corelogic

Fletcher Steere
Valuer

Murray Riverina

Here are two examples of what $700,000 will currently buy in the Mount Alexander and Macedon Ranges regions for property types that have performed well over the past two years – detached dwellings and vacant land.

Mount Alexander - Castlemaine (dwelling): 316 Barker Street, Castlemaine has recently been listed at $695,000. It comprises a 558 square metre corner site located in a well-regarded neighbourhood, but with frontage to local thoroughfare Barker Street. It is improved with a renovated three-bedroom, one-bathroom timber weatherboard dwelling of about 124 square metres with front verandah, rear alfresco area and single carport.

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316 Barker Street, Castlemaine VIC 3450 Source: realestate.com.au

Macedon Ranges - Gisborne (vacant land): 9A Slattery Crescent, Gisborne is currently on the market at an asking price of $699,900. Located in an established, lower density neighbourhood, it is a gently sloping site of 1,771 square metres with established boundary vegetation and is suitable for the construction of a single dwelling.

9A Slattery Crescent, Gisborne VIC 3437 Source: realestate.com.au

The Mount Alexander and Macedon Ranges regions have experienced significant price increases for residential real estate during the past two years. Detached housing on individual allotments has experienced stronger demand than units, presumably because people relocating from urban to regional areas are often seeking additional space. Vacant residential land has also experienced exceptional growth with demand being far greater than supply.

Buyers are a mixture of owner-occupiers and investors and demand has historically been steady to strong for both detached houses and vacant land.

Investors may need to accept lower rental returns in the short term for houses though, as although rents have increased, they have not kept pace with the sharp increases in capital values.

Malcolm Swan
Residential Manager

Queensland - Residential 2022

Brisbane

Not so long ago, $700,000 was a formidable sum across the Brisbane market. While southern capitals were breaking the $1 million barrier for median house prices, Brisbane continued to hold fast below $700,000. This meant more than half the property in our region was available to buyers with this chunk of change in their pockets.

But times have a' changed! Data updates from the usual providers show housing – certainly within the Brisbane City Council borders at least – now bounces around that $1 million median. Step outside of Brisbane City and the options are wider of course, but prices have been on the up.

In short $700,000 purchases far less than it would have three years ago.

Mind you, recent weeks have seen a general shift in market sentiment. Buyer desperation appears to have exited in the wake of all the interest rate, federal election, international turmoil, and cost-of-living news flooding the airwaves. Open homes are seeing thinner crowd numbers, auctions feel less frenetic, and each offer must be given serious consideration by the seller.

On balance, $700,000 still delivers options in south-east Queensland. It was a price sector once dominated by second and third homebuyers but now some first homebuyer activity is eking into this bracket.

Of course, this all depends on location and property type so let's take a look at what that money will secure.

In short $700,000 purchases far less than it would have three years ago.

Inner suburbs

Options are limited at this figure close to the CBD. You really are considering units and townhouses and a balanced offset between size, age, condition, position and outlook must be achieved. Decide what's most important in that equation when looking for your apartment.

Some examples of property within the budget include a semi-modern three-bedroom unit in our busier inner-city locations such as Bowen Hills or Fortitude Valley. These will provide plenty of space for you among the hubbub. For example, 504/8 Jeays Street, Bowen Hills sold in April for $640,000 and delivered three-bedroom, two-bathroom, two-car accommodation.

504/8 Jeays Street, Bowen Hills Source: realestate.com.au

If you want the more desirable suburbs of Newstead or South Brisbane, then $700,000 will secure a two-bedroom, two-bathroom unit. This would be our pick if you're considering an asset with good potential for long-term growth. Our expectation is that those units geared towards owner-occupier users (as opposed to purely tenants) should enjoy a value uptick in the next six months or so. A mix of young professionals and downsizers are fuelling demand, particularly as detached housing is beyond their budget.

If you do buy for investment, expect to see $600 to $650 per week in rent for a two-bedder here.

North

Looking to areas in and around Strathpine or even further north and $700,000 will not buy you as much house as it once did unsurprisingly. There may be the odd detached home on offer but expect that it'll need renovation or be in a secondary position such as having frontage to a busy road.

If you'd like to be better positioned, you'll need to consider attached housing. Modern to semi-modern townhouses from Everton Park through to Alderley are within this price bracket. One example is 8/9 Lackeen Street, Everton Park which sold for $685,000 and delivers four-bedroom, three-bathroom, two-car accommodation.

If you can't stretch to the $700,000 mark, then any two-bed-or-less unit will be an option.


8/9 Lackeen Street, Everton Park sold for $685,000 Source: realestate.com.au

Other inner-north addresses include Nundah and Clayfield where an attached three-bed townhouse or unit would be within budget. In our opinion, Nundah would be the spot here for buyers with a long-term outlook.

If you're thinking of building in the future and want to put your foot on a vacant block, 405 square metre sites do come up occasionally in Mitchelton for the low $700,000s. This suburb is a cracker with plenty of lifestyle facilities and great schools on hand. If your budget for a block is a bit tighter, you can look a little further west or into the Pine Rivers area for a site. Of course, no matter what allotment you buy, you will still have to pay for the build at some stage (a formidable task at present), but we might save those comments for a different Month In Review report.

For something with good potential in the mid-ring, we'd suggest an unrenovated semi-modern townhouse in a small complex. These properties tend to have low body corporate fees and are quick and easy to renovate for added equity.

For investors looking to buy and hold, gross yields sit at around 2.5 to 3.5 per cent on any purchase below $1 million. That may not sound exciting but is still a reasonable return if you purchase an asset with capital growth potential.

But in the end, we'd have to say if you can secure a freehold, stand-alone property with some decent fundamentals at this price point, then it will be a good buy for the long term. Entry-level property will do well as the affordable end of the market always sees decent demand in most markets.

Still north but a bit further out and detached housing throughout suburbs such as Zillmere, Bracken Ridge and Bald Hills are all on the cards for $700,000 buyers. All these suburbs are well established with good services and facilities and great transport options. For example, 150 Bald Hills Road, Bald Hills sold for $695,000 with three bedroom, one-bathroom, two car accommodation.


150 Bald Hills Road, Bald Hills Source: realestate.com.au

If you're looking for good long-term performance, a detached home remains your best bet with a lowset dwelling on a big block in Bracken Ridge having the right fundamentals for growth within this budget.

While first homebuyers are prominent in these outer north markets, there are investors getting active as well. Gross rental returns sit at around four to five per cent, so that helps service the loan while you're waiting for prices to rise in the years to come.

South

Heading towards the mid-outer southern suburbs and $700,000 will put you firmly in the market.

Close in you'll find older dwellings on 400 square metres in Coopers Plains, Moorooka, Salisbury and Acacia Ridge within the budget. Of course, quality will vary between these locations at this price.

Our top picks for investing would include houses in Coopers Plains and Acacia Ridge. These are central locations surrounded by neighbouring suburbs with far higher median housing prices. This means you can have reasonable access to the same sorts of services and facilities but at a lesser buy-in. These homes are readily rentable and have excellent long-term prospects for capital gains.

If you are spending your $700,000 in the mid-ring southern suburbs, expect to be looking at quality attached housing rather than detached dwellings on decent size blocks. For example, $700,000 in Yeronga will easily buy a two-bedroom apartment or townhouse. This is a good location with excellent transport options and plenty of facilities, and all within four kilometres of the CBD.

Further out and for this figure you can purchase a basic three-bedroom, lowset home on 400 to 600 square metres in Runcorn. This is good, solid real estate in a well serviced area that's still within Brisbane City's boundaries. Houses of this ilk would probably be a good pick as a long-term performer.

Step further out to Underwood and a circa 2000 lowset four-bedroom, two-bathroom home on 500 square metres will be on your shopping list. If you're wanting a bit more land, then $650,000 to $700,000 will be the budget for a three-bedder highset home on 700 square metres.

There are also sections of Kuraby where the budget will secure a basic three-bedroom home on 400 to 600 square metres of land, but you'll be west of the train line. Homes to the east are a touch pricier than the $700,000 barrier.

All these suburbs have appealed to affordability-motivated homeowners and investors in the past. Those who do choose to rent them out can expect yields in the order of four per cent.

Overall, detached homes on large blocks do well throughout the southern corridor. That said, units and townhouses have seen good interest in the past year with many buyers having been progressively priced out of detached houses. A circa 2000 townhouse in Eight Mile Plains, Sunnybank or Runcorn will be around $450,000 so you'd have a lot of change from your $700,000.

If you are open to spending more on a townhouse, then somewhere like Mount Gravatt East will get you a three-bed layout. Depending on age and quality of finish they can be as high as $800,000 but finding something cheaper should be possible. Units in Mount Gravatt East are priced around $550,000 to $600,000 if you're on a tighter budget too.

As an example, 5/56 Rise Street, Mount Gravatt East sold for $675,000 with three-bed, two-bath, one-car accommodation as well as courtyard.

5/56 Rise Street, Mount Gravatt East Source: realestate.com.au

All these suburbs have appealed to affordability-motivated homeowners and investors in the past.

West

Western corridor suburbs will deliver several prospects for those with a $700,000 budget.

In the mid-ring west, $700,000 would secure a modern three-bed townhouse in Sherwood or Corinda. These suburbs have good accessibility to major roadways as well as desirable local facilities and schooling.

Speaking of this patch, another investment worth considering in the west and south-west would be properties coming to market that are in flood-affected suburbs but were well above the rising waters. There's some good value "floating" (pun intended) around in areas such as Sherwood and Oxley.

More western locales worthy of attention are Jamboree Heights, Sumner, Riverhills and Seventeen Mile Rocks where older three-bedroom houses with renovation potential on 500 square metres are within budget.

Residential development in and around the Forest Lake area offers plenty of options too.

In Heathwood, you'll secure a 10-to-20-year-old, four-bedroom, two-bathroom, two-car-garage home on 400 to 600 square metres of land within this budget. It's good, solid real estate that would appeal to family buyers or renters.

Looking at some of the best performers at this price point and it's hard to ignore Pallara where basic house-and-land packages that were $550,000 two years ago are now $700,000. That's quite a shift in a short timeframe.

If you were looking for something to buy now with money-making potential, perhaps an Ellen Grove property would fit the bill. Ex-public housing in this area can be purchased for a reasonable sum and renovated. This would be handy for a long-term hold with good rental prospects as well as capital growth potential in the years to come. Ellen Grove values are slightly below those in neighbouring suburb Forest Lake, so that could help drive prices up as well.

Another good investment prospect would be circa 2000 to 2005 homes with four-bed, two-bath, two-car accommodation on 600 square metre blocks in Doolandella or Durack. Again, these homes are readily rentable and have the right fundamentals for growth over the long term.

Investors can, in general, expect a four per cent gross yield on investments throughout these suburbs. This is not as impressive as a couple of years back, as rising prices have eaten into the return. Rents have been increasing, but they do appear to be levelling off now in some areas.

Attached housing is another option here. A townhouse circa 2000 to 2010 in developments throughout Doolandella, Richlands and Durack could prove savvy in time. Even with the price growth seen over the past 18 months, this older stock has not increased in line with more modern townhouses in the same area. Given they are eminently rentable, townhouses of this ilk will provide good cashflow and decent long-term prospects.


5 Lowana Street, Camira Source: realestate.com.au

If your heart is set on a home, then a few kilometres further out you'll find that older three-bedroom, one-bathroom homes on 800 square metres in Darra and Camira will be within your budget. 5 Lowana Street, Camira sold for $700,000 and offers three-bed, one-bath, four-car accommodation on 836 square metres of land.

These properties will benefit from upgrades in the future and should find decent renter demand. Darra is also very commutable with the train line taking you straight to town. We're starting to see more modern homes being developed here with some housing even breaking the $1 million barrier. Those sorts of sales help drag up prices in the lower bracket.

David Notley
Director

Gold Coast

The significant rise in property prices over the past 12 to 18 months on the Gold Coast has subsequently resulted in fewer housing opportunities for buyers looking to spend $700,000 in today's market.

Whilst there has been a noticeable decline in demand within some market segments since the first rate rise in May, stock levels across the Gold Coast largely remain low in supply and hence property prices are holding firm.

Despite there being a slight cooling in the market, there is still great buyer interest for residential properties priced around the $700,000 level as it is an attractive price point for owner-occupiers, investors and even first homebuyers.

We asked our residential valuers to provide a few good examples of what $700,000 would buy in their service areas today.

So let's have a look at what the Gold Coast has to offer at this price point in mid-2022.

Tweed Shire and Southern Gold Coast
The Southern Gold Coast and Far Northern New South Wales areas continue to be driven by owner-occupier demand from first homeowners through to empty nesters. Currently, there is still generally good buyer activity in all market segments, however the $700,000 price point leaves very few options for buyers along the coastal strip.

One of the more popular options within the beachside areas has been the older style, two-bedroom walk-up strata units from Tugun to Coolangatta, however stock we have recently seen hit the market is generally in very dated condition and requires renovation works.

We suggest looking out for older style units that don't have too many deferred maintenance issues. A recent example is 3/74 Coolangatta Road, Coolangatta which sold in May 2022 for $710,000. The property comprises a single level, circa 1970s built, two-bedroom, one-bathroom strata unit being in a block of nine units. The unit is positioned on the ground floor and features a renovated kitchen, one car garage (in basement) and is within close walking distance of Kirra Beach.


3/74 Coolangatta Road, Coolangatta sold for $710,000 Source: realestate.com.au


Mantra on Salt Beach, Kingscliff Source: realestate.com.au

Lately we are seeing more evidence of one-bedroom apartments around Coolangatta transacting around the mid $600,000s. This time last year, similar one-bedroom stock in the suburb typically sold well below $600,000.

Looking further south, from Kingscliff through to Pottsville, there has been good sales activity between $600,000 and $700,000 this year in a number of serviced apartment style buildings which provide two-bedroom apartments. We are aware of a unit within the Mantra on Salt Beach beachfront development at Kingscliff which recently sold for $650,000. This unit is a dual-key style low-rise apartment which provides two bedrooms and two bathrooms with views overlooking the complex's resort pool with restricted ocean views also available. This style of unit generally appeals more to an investor than an owner-occupier due to their slightly unconventional floor plan. On the other hand, agents will advocate that the dual key configuration offers great potential for flexible income streams.

Heading back up north to the slightly more affordable suburbs of Banora Point, Tweed Heads West and Tweed Heads South, and there are greater housing options available that provide for either two or three bedrooms. Recently, a circa 1980s built, two-level, two-bedroom, one-bathroom duplex unit on Bimbadeen Avenue at Banora Point sold for $690,000. The duplex features a renovated kitchen, covered deck and single lock-up garage with the added bonus of having Tweed River views from the front yard.

For buyers looking for more modern housing near this price point, there are good opportunities in Tweed Heads South with various three-bedroom townhouses or villas in the suburb. 14/1 Rosella Court, Tweed Heads South, sold in April 2022 for $700,000. The property is a circa 2002 built, three-bedroom, two-bathroom detached villa within close walking distance of the Tweed City Shopping Centre.

2/53 Bimbadeen Avenue, Banora Point Source: realestate.com.au

14/1 Rosella Court, Tweed Heads South Source: realestate.com.au

Gold Coast Central South

With $700,000 to spend, it's hard not to go past the attached housing options available within Robina and Varsity Lakes. These locations are well serviced suburbs providing good access to shopping amenities and also good rental returns.

We suggest looking for townhouses within close walking distance of Robina Town Centre, which is the second largest shopping centre on the Gold Coast. Outlaying up to $700,000 will generally get you a modern, good quality, two-bedroom townhouse or a modern, two-bedroom strata apartment within a modern complex providing above average common facilities.

For two-bedroom townhouse product in Robina less than say 10 years old, prices typically range between $600,000 and $650,000. Opportunities for similar quality three-bedroom townhouses can still be found just under the $700,000 mark. These represent good value for money considering basic entry level detached housing within the suburb is typically pushing above the $900,000 level now.

3/27 Eugenia Circuit, Robina sold for $682,000 Source: RPData CoreLogic

50 Riverwalk Avenue, Robina Source: RPData CoreLogic

With $700,000 to spend, it's hard not to go past the attached housing options available within Robina and Varsity Lakes.

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Some recent examples of what $700,000 can buy within the Robina and Varsity Lakes areas include:

- **3/27 Eugenia Circuit, Robina** sold in April 2022 for $682,000. The property is a circa 2004 built, two level, three-bedroom, three-bathroom townhouse unit with two car tandem garage. It is situated within a security gated complex with common swimming pool, on-site management/ caretaker and barbecue facilities;
- **308/50 Riverwalk Avenue, Robina** recently sold this year for $700,000. The property is a single level, two-bedroom, two-bathroom, modern strata unit situated on the first floor of a circa 2007 built medium-rise complex. It features split cycle air-conditioning, plantation shutters and canal views. Common improvements include a swimming pool, on-site management/ caretaker, recreation room, barbecue facilities and passenger lift. The property is within close proximity to Robina Town Centre.
- **Lot 21/2 The Gardenway, Robina** sold in March for $685,000. The property comprises a circa 2013 built, three-bedroom, two-bathroom townhouse with one car garage. It reportedly has low body corporate costs and is also within close proximity to Robina Town Centre.

From the rental information we have collected, two-bedroom apartments in Robina or Varsity Lakes are currently achieving upwards of $600 per week and three-bedroom townhouses range between $650 and $800 per week.

Other areas to consider for attached housing are the pockets surrounding Bond University where the demand for rental properties is reportedly quite strong as rental values are on the rise.

We have also noticed lately that buyers have also been turning their attention to four-bedroom townhouse product around Mudgeeraba. Most of these townhouses are currently priced around the $700,000 level and are within close proximity to a couple of popular schools, therefore providing a great value housing option for buyers with young families.

61/24 Bonogin Road, Mudgeeraba, is an example of a four-bedroom, two-bathroom townhouse. It recently sold for $700,000. The property features a modern interior, ducted air-conditioning and a two-car garage. Common improvements within the complex include a swimming pool and barbecue facilities.

61/24 Bonogin Road, Mudgeeraba Source: RPData CoreLogic

Clover Hill development at Mudgeeraba Source: RPData CoreLogic

41/46 Clover Hill Drive, Mudgeeraba is another four-bedroom townhouse that sold in April this year for $705,000. This property is similar to the above property on Bonogin Road but provides a one-car garage plus one-car attached carport.

For the investor, we point out that these townhouses typically achieve a rental value of $700 to $750 per week.

Interestingly, it was only twelve or so months ago that these four-bedroom townhouses were selling for between $520,000 and $620,000.

There are very few housing options now which offer the coastal lifestyle at $700,000 compared with this time last year. Property prices in the popular beachside suburbs such as Mermaid Beach, Burleigh Heads and Palm Beach have skyrocketed. Buyers seeking to be closer to the beach will have to settle for fairly modest accommodation such as an older style, circa 1980s to 1990s, two-bedroom, two-bathroom apartment in Miami.

Gold Coast Central

Since we last discussed this topic in 2021, detached housing opportunities at the $700,000 price level have become fairly scarce in the central suburbs of the Gold Coast. When buying property at this price point, buyers here will have to compromise in some aspect, be it the location, accommodation type, condition or age of the property.

The one centrally located suburb that last year offered reasonably affordable detached housing was Southport, but entry level housing now typically starts in the low to mid $700,000s. Occasionally you can find an elusive bargain (under $700,000) in this area, but the style and condition of the house will likely be of a very modest standard. Over recent months, there has been strong interest for these knock down type houses with many buyers looking to purchase and re-build a new home.

So alternatively, we would suggest that buyers should consider three-bedroom duplex units in Southport as the next best option. For example, this circa 1990 built, two storey duplex unit at 13 Louise Street, Southport recently sold for $690,000. The property provides three-bedroom, two-bathroom accommodation with partially updated interior and one-car garage.

12/45 Bundall Road sold for $700,000 Source: RPData CoreLogic

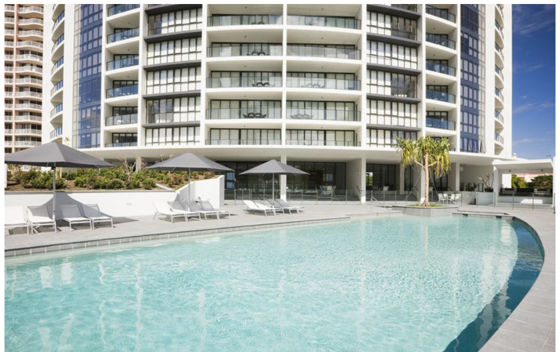
1/13 Louise Street, Southport sold for $690,000 Source: RPData CoreLogic

Just to the south in Bundall, there are various older style townhouse units in the area, mainly comprising of three bedrooms, which offer great value for money. In fact we discovered that a four-bedroom townhouse unit situated on the fringes of Bundall and Surfers Paradise recently sold for $700,000. The property features two bathrooms, an open plan living area and three basement car parks, however we do note that the complex does have high exposure to a busy road.

Demand for strata units in Surfers Paradise and Broadbeach in the first half of 2022 was at its strongest levels over the past decade. There has been plenty of sales activity for two-bedroom units priced between $500,000 and $700,000 with the market being driven by a mix of owner-occupiers and investors. It appears that buyers are less concerned with body corporate fees at the moment as rental values have been strengthening post the heights of the COVID-19 pandemic.

We suggest that buyers looking at strata unit opportunities seek apartments close to the beach or CBD areas.

2310/22 Surf Parade, Broadbeach is a modern, two-bedroom highrise apartment which recently sold for $681,500. The property is positioned on lift level 23, facing west, with good local, district and mountain views. The complex facilities are extensive. Pacific Fair shopping centre and light-rail system are located opposite and the beach is within a short walking distance.



22 Surf Parade, Broadbeach Source: Sierra Grand

In previous years we have typically recommended buyers to find well-maintained two-bedroom strata units in smaller complexes with low body corporates in beachside suburbs. We still believe there is good value to be found in this type of unit, but recently, values have significantly shifted and now there are far less options in play at this price point with stocks levels being very tight.

Gold Coast Northern Corridor

In the past few months, Coomera (west of the M1) and Upper Coomera (east of the M1) appear to be the better performing suburbs in this part of the Gold Coast in terms of levels of demand and sales activity at this price point.

Both of these areas only a decade or two ago consisted of mostly rural residential properties, however land holdings have since been progressively redeveloped with many small to large scale residential subdivisions and medium density townhouse and villa projects.

Detached housing is the predominant property type amongst the 10,000 plus properties in Upper Coomera. Residential development mostly comprises 1990s built to modern style housing of average to good quality. The area is well serviced with a number of local shopping centres and retail precincts, as well as both public and private schools.

Spending around $700,000 in this suburb will typically get you a semi-modern style, average quality, freestanding dwelling providing three bedrooms on a smaller than average sized block of land (for the area). If having a more modern home is essential (and proximity to amenities is of less importance) then just a little further to the west, buyers can generally find three- or four-bedroom housing opportunities in the more modern residential estates.

Just recently a circa 1999 built, single storey, face brick dwelling in Vivacity Drive, Upper Coomera sold for $690,000. The property provides three-bedroom, two-bathroom accommodation with double lock-up garage on 584 square metres of land. The house is mainly in original but tidy presentation. Ancillary improvements are of an average standard. The property is situated in one of the more established estates within the suburb and is approximately one kilometre west of the M1 Pacific Motorway.

On the eastern side of the M1 at Coomera, sales activity has been strong at around the $700,000 price level in the past few months. The opening of Westfield Coomera in late 2018 was a real game changer for the suburb. This suburb offers more modern housing options currently at this price point in comparison to neighbouring Upper Coomera, although allotments are generally smaller. Having a budget of $700,000 here will allow you to purchase a three- or four-bedroom freestanding house and the land size could range from 300 square metres to 650 square metres depending on the location and quality of the estate.

10 Steves Way, Coomera is an example that recently sold at this price point within the suburb. The property sold in May for $704,500 and comprises a circa 2018 built, single storey, rendered brick/face brick, dwelling providing four bedrooms and two bathrooms with two-car garage constructed on a below standard size lot of 378 square metres. Ancillary improvements are of an average standard. Westfield Coomera is approximately four kilometres away by road.

10 Steves Way, Coomera Source: RPData CoreLogic

37 Vivacity Drive, Upper Coomera Source: RPData CoreLogic

Continuing further up the northern end of the Gold Coast, the general feedback from local agents is that buyers are really not looking for a trend-setting suburb, however factors that appear to be most important are proximity to schools, having good access to the M1 motorway and size of the dwelling or land.

The preference for detached housing in some patches of the northern corridor remains strong and buyers at this price point consist mainly of investors and first homebuyers, although we have noticed lately that demand for townhouse product has recently strengthened. Modern three-bedroom townhouse units in areas such as Ormeau and Beenleigh are much more affordable and are typically selling for between $480,000 and $520,000.

The general feeling now is that the local property market at this end of the coast has now peaked with agents reporting fewer buyers, increasing sales stock and lengthening time to sell. Whilst we have not seen strong evidence to indicate a softening in prices, it would not be surprising if values in the area retract in the short term (say 10 to 15 per cent) off the current price points.

Sam Gray
Associate Director

The general feeling now is that the local property market at this end of the coast has now peaked with agents reporting fewer buyers, increasing sales stock and lengthening time to sell.

Sunshine Coast

In the past we have suggested the best place to invest your $700,000 is in an original dwelling along the coastal strip, as close to the beach as possible. This certainly would have paid off with it now being difficult to enter this market at this level, however it is still not impossible. There are still some beachside localities that provide this opportunity however slightly further from the beach than one may like. There are still some opportunities in and around some of the major coastal centres. The coastal lifestyle is continuously sought after, so if you can find it, go for it!

$700,000 on the Sunshine Coast can buy you a two- to three-bedroom unit in a beachside locality between Mount Coolum and Caloundra or an original freestanding dwelling further inland between Glass House Mountains and Pomona. These areas are both sought after by investors and owner-occupiers.

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As always, the diversity of the property mix on the coast and hinterland provides a number of opportunities for owner-occupiers and investors.

No surprises that as you move further from the coastline the options open up, so when we look further afield to areas such as Gympie, the bang for your buck increases substantially. Also given that these areas are well connected to the coast (45-to-60-minute drive) with good communities, they have become a really viable option.

Units in beachside localities still provide good opportunities for under $700,000 with locations around Coolum Beach, Mooloolaba and Caloundra all providing good access to tourist amenities and good rental returns at this level. Smaller complexes with lower body corporate fees continue to remain the best performing in terms of rental yields. An example can be found at 5/19 Jarnahill Drive, Mount Coolum, a three-bedroom, one-bathroom renovated unit that sold for $627,000 in February and was leased at $525 a week, which is a rental yield of 4.35 per cent.

Modern freestanding four-bedroom, two-bathroom dwellings in hinterland townships such as Glass House Mountains, Beerwah and Landsborough continue to be sought after given their access to transport and services. A rental return of four to 4.5 per cent can be expected for properties in these areas that have been purchased in the past six to twelve months.

As always, the diversity of the property mix on the coast and hinterland provides a number of opportunities for owner-occupiers and investors. It is difficult to identify one specific market as opportunities to purchase properties for under $700,000 have significantly decreased in the past 12 months. The median house price on the Sunshine Coast is now $1,108,090 and the median unit price is now $753,206. This has been driven by the high demand and low supply over the past 12 to 18 months. Options still exist below $700,000 however one has to be proactive in their search.

Overall, the Sunshine Coast housing market appears to have remained strong, however the uptake of stock has partially lessened in comparison to the end of 2021 and early 2022. The impact of the recent federal election, interest rate increases and global economic uncertainties are yet to be fully determined.

Stewart Greensill
Director

Cairns

From a lifestyle "somewhere nice to live" perspective, $700,000 still buys a nice and well located home in a good Cairns suburb or a fairly nice permanent unit in town, maybe even with a water view. $700,000 won't get you into rural residential in Cairns other than in Goldsborough, which is still worthy of consideration. Despite significant price growth, $700,000 still goes a fairly long way on the Atherton Tablelands and the Cassowary Coast but not as far in Douglas.

From an investment perspective and having regard to the headwinds of rising interest rates, values for residential investment properties may be approaching a cyclical peak with further capital gains uncertain. Due to low vacancy rates and strong demand for rental accommodation, returns should be attractive. Lower end investment units may be worthy of consideration. Look for units in lowrise complexes that seem to have well-run body corporates, reasonable levies and decent sinking funds and get a good property manager. $700,000 may get you three or four units and a solid return.

Another more speculative investment option may be holiday units that cannot be permanently occupied. The pent-up demand for tourism as a result of COVID-19 should result in strong returns from holiday letting. Again look for a well located and maintained complex with reasonable levies and sinking fund. Remember that you will need to stump up a larger deposit to obtain finance and also that the pool of buyers is typically smaller and they take longer to sell if you need to exit in a hurry.

Craig Myers
Director

Gladstone

The Gladstone region is spoilt for choice when you have $700,000 to spend. Depending on your preferences, $700,000 will buy the owner-occupier an inner city modernised dwelling with reasonable harbour views large enough to accommodate a family of five. If you prefer something close to the beach, an older property may be acquired in Tannum Sands or Boyne Island, either within walking distance of the beach or the river for less than $700,000. A little bit further away from the water will get you a more modern dwelling with a shed or a pool close to schools and shops.

Those after the quieter life may enjoy the locality of Benaraby or Calliope with acreage properties comprising four bedrooms, two bathrooms and a shed for under the $700,000. Acreage allotments appear to be popular, with most going under contract in very short periods of time.

Back to Gladstone, should you be wanting a shed and a pool in the package, four-bedroom and two-bathroom properties are available in the newer estates in a price bracket below $700,000.

The Gladstone region continues to benefit from a low vacancy rate, so for the investor a good return remains achievable through the purchase of blocks of flats, with some gross returns reaching 7.5 per cent. Alternatively, a standard four-bedroom, two-bathroom house in Kirkwood is achieving a 5.5 per cent return in the current market and the balance of the $700,000 could be spent on a unit.

Whichever way you look at it, despite the exponential growth in prices, the Gladstone region continues to remain affordable to both the owner-occupier and investor.

June Button
Property Valuer

Bundaberg

A lazy $700,000 can buy quite a lot in Bundaberg and local coastal suburbs.

$700,000 can buy a large modern family home with a pool and sheds in good locations in Bundaberg close to schools, shops etc and even Bargara and coastal suburbs. It wouldn't buy on the oceanfront at Bargara however would buy within walking distance of the ocean, cafes etc. This amount can even buy you an esplanade block in the outer coastal areas including Woodgate with ocean views to admire.

If you want a tree change, this amount would be

Bundaberg and local coastal and rural communities remain really affordable at the moment however you need to be quick as they are selling fast.

sufficient for a large acreage with modern home and sheds.

Currently investors could pick up two investment properties around $300,000 each and reap great rentals and partly renovated 1950 to 1970 homes. It can even buy a unit of two in Bargara or a few duplexes in Bundaberg.

Bundaberg and local coastal and rural communities remain really affordable at the moment however you need to be quick as they are selling fast.

Megan Matteschek
Property Valuer

Mackay

The good news is that you can still buy quite a lot of property in Mackay for $700,000 or less; the bad news is that it will be less than what you would have got last year!

In the traditional established suburbs, $700,000 will buy almost all older style dwellings and classic Queenslanders. Most will be fully renovated and have pools and sheds, and depending on size and location, will still leave plenty of change in your pocket. There have been a few Queenslanders though that have broken the $700,000 mark, but these are fully renovated to a very high standard.

If modern dwellings are your go, $700,000 will still buy you good quality executive homes in most of the major estates. These include four-bedroom, two-bathroom dwellings with double lock up garages. Unfortunately, if a pool and shed is also on the list, this is getting harder to achieve at $700,000, particularly new or near new in the quality estates around Mackay.

If you're looking at units, most in Mackay are well under $700,000, except for large units in the Harbour or CBD with excellent views and large building areas.

The Mackay market has been very buoyant over the past two years, with agents reporting very strong demand, short listing times and multiple offers received on almost every property. Recently, agents have started to report that the frenzy that was in the market, say three to six months ago has started to reduce, although that just means instead of multiple offers on day one, it takes two to four weeks to achieve a sale!

Mick Denlay
Director

Hervey Bay

$700,000 will currently buy an older timber cottage in original condition located within a short distance of the beach with lot sizes generally ranging between 500 and 1100 square metres. Surging house prices in Hervey Bay have pushed up entry level stock with very little supply under $400,000. Semi-modern properties in the older suburbs of Pialba, Scarness, Torquay and Urangan are now achieving sale prices in the mid $600,000s with most requiring imminent renovations however are well located to schools and local services. Newer homes typically on smaller lots in Urraween are also selling in this price bracket. It is expected these prices will stabilise in the short term, with most growth now noticeably slowing after a frenetic sales period.

Along with all other types of property in the past 18 months, sale prices of units have also strengthened with circa 1990 on-ground two-bedroom, one-bathroom units that previously sold for $220,000 now selling for over $320,000. Several units could be purchased in this price range well under $700,000 in total. Gross yields sit at around five per cent, however this can be improved with modest refurbishments such as new internal paint, floor coverings and window furnishings.

What will a lazy $700,000 buy you in the Maryborough area? If you are an owner-occupier buying just one property, you can acquire modern dwellings and fully renovated Queenslanders in an established area with good ancillary improvements (such as pools and sheds) typically on an 800 to 1200 square metre allotment. Alternatively, you can acquire partly renovated older brick dwellings with similar ancillary improvements (pools and sheds) on larger blocks in the rural residential areas surrounding Maryborough (typically 10 to 15 minutes out of town) on blocks ranging from 4000 square metres to two hectares. More modern dwellings can also be acquired on these sized blocks at this price point however will have less ancillary improvements. Rural residential property in the area is currently highly sought after with demand outstripping supply and these types of property at this price point are becoming more difficult to source.

From an investor point of view, $700,000 can buy two or, if you are lucky, three dwellings at entry level prices in the older established areas of Maryborough and typically consist of older timber dwellings. This will provide an improved return than one better quality dwelling for $700,000, however sourcing entry level dwellings below $250,000 out of flood prone locations is difficult at present with the speed at which these properties sell. Maryborough continues to have a very low vacancy rate and very high rental demand which has led to rents continually rising. The average three-bedroom dwelling is achieving $365 per week compared to $300 per week 12 months prior.

Tracey Werder & Tracy Lynd
Valuers

Emerald

$700,000 in your pocket will buy nearly any residential property with the exception of prestige rural residential and small rural properties which range from high $600,000 to $1 million.

Buyers at this price point tend to be either local owner-occupiers upgrading and looking for a rural lifestyle or local business owners purchasing larger properties with extensive shedding to run their businesses from. This section of the market is undersupplied and in high demand.

Emerald standard median house prices are around $350,000 and median rents are at $390 per week, showing gross yields of 5.63 per cent. Median unit prices are around $180,000 with median rents at $295 per week, producing gross yields of around 8.5 per cent. At these price points, it would be possible to buy multiple properties with $700,000.

Emerald is primarily driven by the coal industry and with coal prices performing well over the past 18 months, the corresponding demand for housing has resulted in an increase in rental demand, sales and median prices. While coal prices remain healthy it is likely that the Emerald housing market will continue to perform well.

Kerry Harrold
Residential Valuer

Whitsunday

Welcome to the Whitsundays and with your $700,000 you have many options!

If it's units you would like, then you can still grab an older unit with stunning views, either an older (1990s) unit complex and more than likely a three-bedroom or a more modern two-bedroom in Airlie Beach.

In the outer suburbs of Cannonvale and Jubilee Pocket, you have a couple of options: a modern rendered concrete and Colourbond home with a shed or a pool, or you can also secure yourself a high-set dwelling with distant restricted views.

19 Kingfisher Terrace, Jubilee Pocket   Source: realestate.com.au

You are a little limited with the rural residential lifestyle properties and they are getting harder to find however they are still out there, just in a limited supply.

Noelene Spurway
Valuer

Townsville

The Townsville residential market continues to strengthen with demand continuing to outweigh supply which has driven a rise in property prices over the past 12 months. With increased demand

The older traditional suburbs just outside the CBD radius have seen good activity for good quality traditional Queenslander style homes around the $700,000 mark.

from owner-occupiers and investors alike, the $700,000 price point is seeing activity across all property types in the Townsville market. This price point is typically mostly suited to owner-occupiers and the non-first homeowner segment of the market. With greater rental returns typically achieved below this price point, investors are less active than at the lower price segments of the market.

In terms of detached housing at this $700,000 price point, there is limited activity within the CBD and close CBD fringe suburbs as most of the housing within these locations is now typically transacted above the $700,000 price point. A property in this price point within the CBD or 4810 postcode location typically provides a basic level of dwelling accommodation in close proximity to amenities. The unit market has limited activity at this price point however at this level there are good quality units available within the CBD and CBD fringe providing modern unit accommodation surrounded by desirable amenities.

The older traditional suburbs just outside the CBD radius have seen good activity for good quality traditional Queenslander style homes around the $700,000 mark. In the more modern developed suburbs, this price point provides good quality modern family housing across many different suburbs. The older non-CBD suburbs provide limited sales at this price point with most of the sales occurring below this level. The rural lifestyle market also has strong activity at this price point, providing modern dwelling accommodation on larger rural lifestyle allotments often with pools and sheds. Sales evidence of rental flats are limited at this price point with most transactions occurring below these levels.

As the local market continues to strengthen with very low rental vacancies and increased investor activity across the board, it is likely the needle will continue to shift in terms of what style of property is achievable for $700,000 in the short to medium term.

Darren Robins
Director

Rockhampton

A lazy $700,000 in 2022...is it the same as 2021? Absolutely not! The market in the Rockhampton region and surrounds has continued on the path of significant growth since we last visited what a lazy $700,000 could buy in the area. Great news for existing owners, not so great for those wanting to get into the market.

Some recent examples of $700,000 sales in the area include a property located at 8 Oakland Drive, Norman Gardens, which sold in February 2022 for $695,000. This is a 2013 constructed, onground brick home on a 1200 square metre allotment, 187 square metres of living area providing four-bedroom, two-bathroom accommodation with two-car garage and small inground pool. It is positioned in a reasonably well regarded cul-de-sac, well known for its Christmas lights displays, however backs onto a very busy connector road. Compared to our similar example from 12 months ago, there is a vast difference in the location you can buy into for around the same dollars, with our example last year backing onto National Park in a highly regarded pocket of the same suburb.

8 Oakland Drive, Norman Gardens Source: realestate.com.au

It is now very difficult to buy anything on a one acre allotment at price levels below $700,000. 15 Swadling Drive, Glenlee sold in February for $685,000 and is a dated brick home on 8000 square metres with four bedrooms, two bathrooms, double garage and average size shed.

South side remains renowned for classic Queenslander style homes, however remains thinly traded around the lazy $700,000 price point, with plenty of sales occurring up to say $660,000. It then becomes a very thinly traded market however it is considered that this is due to a lack of supply rather than lack of demand for a well renovated home. 156 Quarry Street, The Range sold in February for $718,000. This is a Queenslander style home which has been renovated to an average standard over a number of years. The property has restricted city views over Rockhampton TAFE and university campus and is within close proximity of an electrical substation and a number of well-regarded primary and secondary schools. Again, this is an inferior property overall than what could have been purchased for the same money some 12 months ago.

For the investors though, $700,000 can still buy you multiple homes at entry level prices in our older, established areas such as Berserker, Park Avenue, Koongal, Rockhampton City, Wandal or Depot Hill. This will still provide a better return than one better quality dwelling for $700,000.

Sets of flats however, are still likely to provide the best return on investment. Gross yields remain largely unchanged at around seven to eight per cent across the region, however both rents and capital values have increased substantially. Twelve months ago, entry level standard two x two-bedroom duplexes mostly fell in the $300,000 to $350,000 price whereas now, $380,000 to $400,000 is the new average two x two-bedroom duplex, still returning around 7.3 per cent gross. The volume of sales of sets of flats has been unprecedented in the Rockhampton region over the past 12 months. Larger complexes are also available for around the $700,000 price point. A recent example is a set of four flats at 8 Weinholt Street, Allenstown which sold for $735,000, reflecting a gross yield of 7.9 per cent. Larger sets of flats typically provide a higher gross yield than a standard duplex due to the extra risk of vacancy etc.

The Capricorn Coast now requires $700,000 at a minimum to purchase a modern four-bedroom home with a pool or shed, with no ocean views.

Across the region, our unit market remains small and thinly traded however there are select complexes across the region which can fall into the $700,000 price range for what would typically be a modern unit in a high-rise complex with either ocean views on the Capricorn Coast or river views in the Rockhampton CBD.

Whilst vacancy rates remain very tight across the region, levels have stabilised at around half a per cent over recent months.

All eyes are firmly fixed on the market at present to determine if the recent (and certain future) interest rate rises will have an impact on our local market in the short term. Keeping in mind these rate rises are coming off an extremely low starting point and significant infrastructure projects continue to progress across the region drawing population migration to the region, it is considered that investing $700,000 in the region remains a sound decision in the short to medium term compared with metropolitan residential markets.

Alistair Gunthorpe
Valuer

Toowoomba/Darling Downs

The coverage area of the Darling Downs entity service area is vast, being bound by the Scenic Rim and Brisbane Valley to the east, the south Burnett to the north, the Queensland and Northern Territory border to the west and northern New South Wales and Moree Plains area to the south with a considerable difference in the products being offered for sale and selling in the $700,000 market segment, which is also evident in the largest regional centre within our coverage region being Toowoomba.

Given the specific focus on the $700,000 price point, the Toowoomba property market is very reasonable compared to many other parts of Australia, with $700,000 giving purchasers the ability to buy a number of different property types, including renovated older character homes in established inner city suburbs, original and renovated 1970s to 2000s brick homes in many suburbs, new houses in developing areas and homes on larger acreage lots in nearby neighbouring suburbs. When comparing these transactions to those of a year ago, $700,000 in the rural residential and refurbished, older homes market still gets you a comparable quality property. However, in Middle Ridge and other nearby suburbs, the market appears to have shifted upwards, with $700,000 bringing you early 2000 brick homes in good condition.

We've presented recent instances of property transactions in this area as part of this month's focus on the $700,000 price bracket. Below is a recent sale of a typical rendered brick home built in the early 2000s in Middle Ridge's established neighbourhood. This four-bedroom, two-bathroom home with a double garage on a 723 square metre allotment sold for $672,000. As an investor, you could expect to receive $500 to $600 per week in rent.

1 Goodman Court, Middle Ridge Source: RP Data

The sale of a double brick, three-bedroom, two-bathroom homestead style home in the satellite neighbourhood of Torrington for $635,000 represents an alternative for purchasers seeking larger lots. The lot is 4,050 square metres; it is a private, moderately timbered allotment only 15 minutes from the Toowoomba CBD. This type of

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home is achieving a rental return of $450 to $550 per week.


64 Cumner Road, Torrington Source: RP Data

The below property in Newtown (an inner-city suburb) recently sold for $616,000 and includes a restored and fully renovated three-bedroom, two-bathroom dwelling with a detached double lock up garage on a 577 square metre allotment for those looking for older character homes. You may achieve $350 to $450 per week in rent as an investment.


8 Jenkins Street, Newtown Source: RP Data

The median property price in Toowoomba and the surrounding suburbs is roughly $489,000. As a result, there are numerous localities throughout the region where this pricing can be obtained. The eastern suburbs, which include Mount Lofty, East Toowoomba, Rangeville and Middle Ridge, are expected to offer greater capital growth or resale appeal.

In the western suburbs, including Harristown, Newtown and Wilsonton Heights, two homes may be purchased for this money. Some older style detached residences (two to three bedrooms, one bathroom generally dated dwellings) are selling for between $270,000 and $350,000 and can generate good rental returns.

In the unit market, duplexes in Toowoomba can give a bigger bang for your buck with double income streams meaning greater gross rental yields for investors. Suburbs such as Glenvale, Newtown and Cranley have a good mix of duplexes built among other detached housing. Local agents have suggested that recent duplex buyers are investors from Brisbane, Sunshine Coast, Western Queensland and locally with strong enquiry still coming from interstate prospective purchasers. The Toowoomba's rental vacancy rate of 0.4 per cent as of April 2022 has meant that some investors are buying a duplex to house a family member on one side and using the other to rent and obtain a rental return. Alternatively, buyers from rural areas west of Toowoomba are renting out one side and keeping the other unit vacant for their own use when visiting the Garden City.

A duplex at 26 Radcliffe Crescent, Glenvale recently sold for $700,000 (February 2022). This was a modern duplex comprising six bedrooms, four bathrooms and two-car built in accommodation with reverse cycle air conditioning. Unit 1 renting for $360 per week and unit 2 renting for $380 per week were purchased by a local Toowoomba investor and provides a 5.5 per cent gross rental yield.


26 Radcliffe Crescent, Glenvale Source: PRD Toowoomba

A duplex at 2 Parkview Drive, Glenvale sold in April 2022 for $666,000 and comprised a modern six-bedroom, four-bathroom and three-car built in accomodation with reverse cycle air conditioning. It is renting at $690 per week for a return of 5.4 per cent.


2 Parkview Drive, Glenvale Source: realestate.com.au

124C Holberton Street, Newtown sold for $690,000 in April 2022. A newer built four-bedroom, four-bathroom, two-car built in accomodation with air conditioning, each unit rents for $350 per week, returning a gross rental yield of 5.3 per cent.

124C Holberton Street, Newtown Source: realestate.com.au

We continue to anticipate steady market conditions in the short to medium term for this locality, with sales agents reporting high demand and enquiry on new listings and a general lack of stock coming on the market. However it is observed that the market segment at $700,000 and above does remain out of reach for a large number of potential buyers or families with the majority of dwelling sales occurring in the Toowoomba region being in the sub-$700,000 price bracket. Toowoomba's low rental vacancy rate and value increases across most market segments and the continued increase in rental demand also places investors in a solid position to hold their investments, even with the current and looming rises in official interest rates. Purchasers and investors being prudent and exercising due diligence should continue to feel confident in the Toowoomba market across the various market sectors.

Marissa Griffin
Director

South Australia - Residential 2022

Adelaide

The Adelaide metropolitan area has multiple price points which fluctuate from location to location. Depending on buyer motivation, a lazy $700,000 could buy the astute purchaser the perfect owner-occupier abode or investment property. As at the March quarter, the median house price in the metropolitan area had risen to $650,000, tightening the value for money at this price point. Price points are at their highest in the inner ring and gradually reduce to a more affordable level in the outer ring, meaning $700,000 could represent the top, middle or bottom of the markets in any given suburb.

Higher density stock such as strata units and mid to late century townhouses are most prevalent at this price point in the inner ring. At this price level, purchasers would expect larger than average living spaces, two to three bedrooms, secure car accommodation and substantial courtyards.

The sales of 2/4 Austral Avenue, Linden Park, a single level partially updated strata unit disposed as two bedrooms and one bathroom and 3/16 Park Street, Hyde Park, a renovated two-level semi-detached townhouse disposed as three bedrooms and one bathroom represent what's available at this price point. These properties achieved sale prices of $725,000 and $670,000 respectively.

3/16 Park Street Hyde Park Source: realestate.com.au

2/4 Austral Avenue Linden Park Source: realestate.com.au

In the middle ring, traditional detached dwellings and modern infill development become available at the $700,000 price point. For traditional detached dwellings at this price level, purchasers would expect either updated improvements with two to three-bedroom and one-bathroom accommodation or a more basic dwelling providing underlying development potential. For modern infill development, buyers would expect three to four-bedroom and two-bathroom accommodation, modern fixtures and fittings and outdoor entertaining areas. Examples are the sales of 19 Burleigh Avenue, Pennington, a renovated circa 1930 single level bungalow providing three bedrooms and one bathroom on an allotment of 590 square metres and 37 Deloraine Road, Edwardstown, a circa 2013 single level brick veneer dwelling disposed as three bedrooms and two bathrooms on a 316 square metre allotment. These properties achieved sale prices of $720,000 and $690,000 respectively.

19 Burleigh Avenue Pennington Source: realestate.com.au

Depending on buyer motivation, a lazy $700,000 could buy the astute purchaser the perfect owner-occupier abode or investment property.

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37 Deloraine Road Edwardstown Source: realestate.com.au

With the metropolitan area squeezed between the Adelaide Hills to the east and coast to the west, the outer northern and outer southern suburbs represent the outer ring. The market of the outer north represents the lowest price point within metropolitan Adelaide. Price levels typically hit a ceiling at $700,000, allowing those with $700,000 access to the cream of the crop. Purchasers at this price level can expect large family homes with modern fixtures and fittings and outdoor entertaining spaces. Properties of this nature are typical of the more recent high-density subdivisions in the suburbs of Blakeview, Munno Para, Angle Vale and Virginia. Representing this price point are the sales of 1070 Andrews Road, Munno Para West, a circa 2015 single level detached modern dwelling providing five bedrooms and two bathrooms on a 1,050 square metre allotment and 33 Parkvale Drive, Angle Vale, a circa 2021 single level detached modern dwelling disposed as four bedrooms and three bathrooms on a 600 square metre allotment. These properties achieved sales prices of $700,000 and $745,000 respectively.


1070 Andrews Road Munno Para West Source: xgxgxgx


33 Parkvale Drive Angle Vale Source: xgxgxgx

Proximity to the coast proves popular with the market, with the outer southern suburbs being the beneficiary. With increased demand compared to the outer north, the market tightens at the $700,000 price point. A mixture of housing stock is available, with modern infill development within Seaford Rise and Seaford Heights and a mixture of older 1970s to 1980s and infill stock within Seaford, Moana and Port Noarlunga. Representing this price point are the sales of 7 Stanford Glen, Seaford Rise, a circa 2003 single level detached dwelling providing four bedrooms and four bathrooms on an allotment of 525 square metres and 26 Bathurst Avenue, Moana, a circa 1974 two level detached dwelling providing three bedrooms and one bathroom on a 780 square metre allotment located within 200 metres of the beach. These properties achieved sale prices of $730,000 and $700,000 respectively.

With increased demand compared to the outer north, the market tightens at the $700,000 price point.


7 Stanford Glen Seaford Rise Source: realestate.com.au


26 Bathurst Avenue Moana Source: realestate.com.au

The rental market in South Australia has tightened significantly in the past 12 months. This has seen a sharp increase in weekly rental amounts. Across the greater metropolitan area, weekly rentals of between $500 and $700 are common at this price level, indicating gross yields of between three and five per cent. The rising market could have eroded away returns over the past 12 months, however the strong rental market has aided in propping up gross yields.

The general property market has had well documented growth over the past 12 months which has put a squeeze on this price point. Many purchasers have had to adjust their buying requirements as they become priced out of areas which previously appeared to provide affordability. Purchasers should remain confident entering the market at this level given the median house price is nearing its parity.

Nick Smerdon
Property Valuer

Mount Gambier

The Mount Gambier area has had a large increase in its median house price in the past 12 months. The median house price is currently sitting around $340,000 for a house and $230,000 for a unit. With these values still falling in an affordable price range, $700,000 can buy you one property or multiple properties in the Mount Gambier market.

Properties with a price tag of $700,000 in Mount Gambier fall within the following categories:

- Character style properties in prestigious areas close to the CBD;
- High quality modern properties;
- Rural lifestyle properties on the outskirts of town;
- Blocks of units;
- House and land packages.

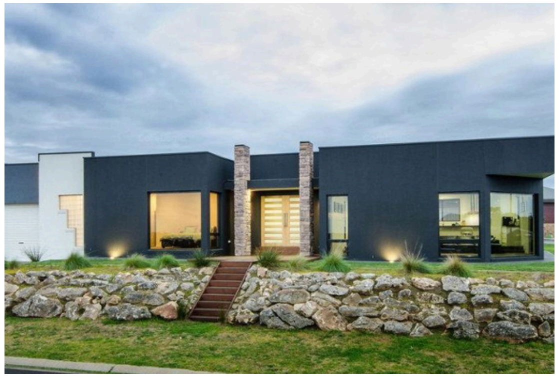
Character Style Home

40 Elizabeth Street, Mount Gambier- $675,000 4 Bed, 2 Bath, 1,091 sqm
Source: realestate.com.au, 2022

Modern Home

The buyers purchasing at this price point are generally couples, families or retirees.

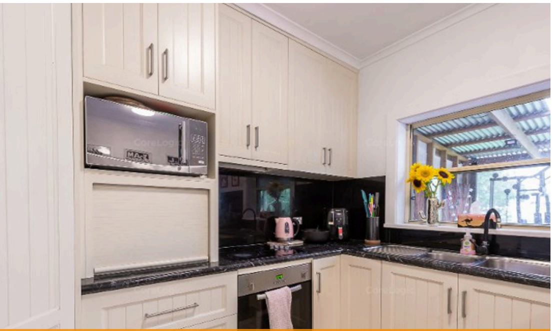
In terms of investment in the area, Mount Gambier's rental market is very strong with an abundance of demand and little supply. This being the case, for $700,000 an investor could buy two houses (three bedrooms, one bathroom) between $300,000 and $350,000 each. Assuming both of these properties are in a reasonable condition, an investor could achieve an average of approximately $300 to $350 per week per property.



3 Mountain Court, Mount Gambier- $700,000 4 Bed, 2 Bath, 5 Car, 902 sqm
Source: realestate.com.au, 2022

The price range of $250,000 to $350,000 in Mount Gambier is very competitive with investors and first homebuyers competing for properties. Agents confirm that properties in this price range generate the most buyer enquiry.

Units in the area vary between $160,000 and $220,000 for an attached unit and around $220,000 to $300,000 for a freestanding unit in a popular area. With a budget of $700,000, an investor could buy multiple units in Mount Gambier as the rental return for these types of properties range from $200 to $250 per week for a standalone and $170 to $200 per week for an attached unit.



20 Kain Street, Mount Gambier. Sold for $319,000, 3 Bed, 1 Bath, 1 Car
Rental - $350 per week Source: realestate.com.au, 2022

The buyers for units in Mount Gambier are mostly investors or downsizers.

2/9 Lindsay Street, Mount Gambier- $250,000
2 Bed, 1 Bath -Leased at $245pw Source: realestate.com.au

6/7 Arbor Street, Mount Gambier- $170,000
2 Bed, 1 Bath -Leased at $185pw Source: realestate.com.au

Local agents have advised that in the past few weeks since the increase in interest rates, they have already noticed a reduction in buyer enquiries, specifically interstate investment. We are waiting to see how this impacts the market in the short to medium term.

Lauren Kain
Valuer

Western Australia - Residential 2022

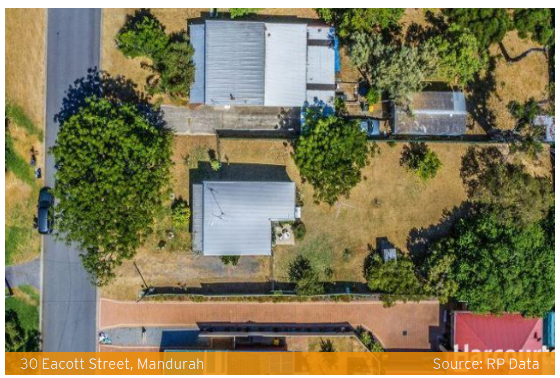
Perth

With interest rates rising in an attempt to control inflation, housing affordability is again on the lips of the mass media which loves a hot take on the property market. Whilst Western Australia has experienced strong market conditions throughout the pandemic, the growth in values is minimal compared to some eastern states localities and in many cases, values have only recently returned to 2012 levels. From an affordability point of view and given the strength of the Western Australian employment market, Western Australia appears to be a compelling marketplace. In light of this, we are asking the question of where to invest a lazy $700,000 in 2022 in Perth and throughout the south-west of Western Australia.

Perth Metro

Starting south of Perth, Mandurah is currently proving to be an investment hotspot where investors can find attractive options at very affordable prices. One investment opportunity proving to be a popular choice is the purchase of large 1000 square metre development sites zoned R60. These appear to be reasonably priced and with $700,000 you could potentially purchase two of these sites. A recent example is 30 Eacott Street, Mandurah which sold in March for $300,000. Currently the lot has a 1958 built, two-bedroom, one-bathroom dwelling with minimal site improvements. Lots like these could be developed straight up, or it may be best to hold off and receive some rental income before developing the site as we wait for construction prices to cool off.

One investment opportunity proving to be a popular choice is the purchase of large 1000 square metre development sites zoned R60.



30 Eacott Street, Mandurah   Source: RP Data

Other options in the Mandurah area include Halls Head, a relatively prime location. Our valuers are seeing 1990s built mid-sized dwellings on well sized lots going for anywhere between $300,000 and $400,000 depending on location and condition, offering a rental return of circa $400 per week. These are reasonable returns for the price level and due to the location in the Mandurah area we would expect strong demand moving forward.

Closer to Perth, Willagee is a suburb growing in popularity due to its relative affordability given its location, just a 20-minute drive from Perth's CBD and 10 minutes from Fremantle. Willagee is proving popular with investors and large subdividable lots are in good demand. 48 Bawdan Street, Willagee is a 732 square metre lot with a 1950s built dwelling that sold in March for $675,000. The lot is zoned R40/60 and would offer good development opportunities once construction costs decrease with Willagee expected to continue to be a popular spot moving forward.

Located close to Willagee, our valuers are looking at suburbs such as Leeming and Kardinya where you can still find decent sized family homes within our lazy $700,000 budget. These suburbs are well located and historically have performed strongly. Properties like these are likely dated so still fall into this price bracket, however if you are after a decent sized family home at this price level in a well-established area south of the river, then these suburbs are well and truly worth a look.

Another suburb in this area that is more affordably priced is Bibra Lake. Bibra Lake is a suburb popular with families and offers proximity to Adventure World, Coogee Beach and Cockburn Ice shopping precinct and its associated community infrastructure. A good example of what your money buys is 49 Meller Road, Bibra Lake.

The property offers a circa 1988, four-bedroom, one-bathroom home that sits on a 700 square metre corner block. It sold in January this year for $520,000, with the subject property having duplex development potential. The property was quickly snapped up after only 14 days on the market.


49 Meller Road, Bibra Lake Source: RP Data


12 Marshwood Retreat, Bibra Lake Source: RP Data


118 Hicks Street, Gosnells, 6110 Source: RP Data

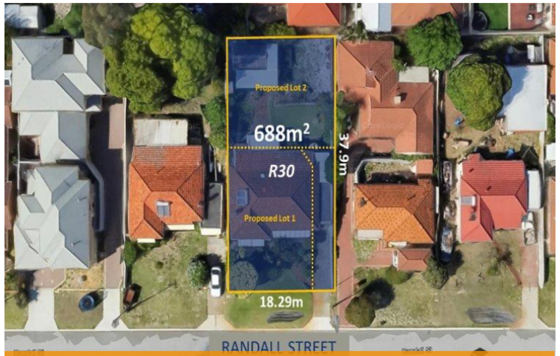
Another example in Bibra Lake for a tad over $700,000 is a property such as 12 Marshwood Retreat, which sits in a very nice pocket of the suburb. The subject property is a circa 1995, four-bedroom, two-bathroom home with 200 square metres of internal living space and offers a 734 square metre block.

In Perth's south-eastern suburbs, value can be seen through smaller development sites in mortgage belt areas that have been left behind due to the recent increase in construction costs. Areas such as Gosnells and Armadale are prime examples of where the existing dwellings on development sites can still provide decent rental income while market conditions stabilise and building costs return to normal in two to three years' time (hopefully!). A prime example can be seen at 118 Hicks Street, Gosnells a circa 1950, three-bedroom, one-bathroom home situated on a 1,012 square metre block. The property sold in April for $435,000 and has underlying development potential. Investors are currently very keen on this kind of property given its use for rental purposes while development plans are considered.

Moving further north, Dianella is one of the largest suburbs in the Perth metro region with a huge span north to south. The large area of the suburb has allowed for a broad mix of products from older established 1960s and 1970s built dwellings to newer million dollar homes in the Golden Triangle of Dianella Heights.

The more established areas of the suburb with the older, larger blocks is where you will find the most value for your $700,000. These 1960s and 1970s builds are smaller houses on greater than 700 square metre lots, with many having R30 or greater zoning allowing for subdivision and development of newer more modern homes. The key here is location. Most value would be slightly off one of the main roads (e.g. Alexander Drive, Grand Promenade) with easy access to public transport and shopping centres. The pocket just south of Morley Drive and east of Alexander Drive ticks all the boxes.

6 Randall Street, Dianella is the perfect sale to illustrate what can be done with $700,000 in Dianella. This property is a four-bedroom, two-bathroom dwelling on a 688 square metre block with R30 zoning situated just off Grand Promenade and in close proximity to both Dianella Plaza and Galleria shopping centre. The allotment has duplex potential.



6 Randall Street, Dianella Source: RP Data

The sale price of $660,000 in December 2021 leaves the investor with $40,000 to play with to get the subdivision plans through if desired. With a likely rental income of circa $550 per week, the property can be held for a period of time considering the lack of supply for renters at the moment. Considering the underlying development potential of the property, the investor could hold until the most opportune moment for subdivision or development arises to capitalise, once the cost to build returns to more normalised levels once again.

The north-western corridor of Perth provides a great variety of opportunities. Savvy buyers are looking for a 700 square metre plus site zoned R20/40 in areas such as Warwick, Padbury, Craigie and Greenwood, all of which are close to the beach, freeway and public transport. Some of these suburbs may prove difficult to find a lot within a

28 Arawa Place, Craigie, 6025

budget of $700,000, but they are available and given the current pause in the market as buyers adjust to increasing interest rates, it's wise to keep a close eye on listings. This 741 square metre corner lot in Craigie zoned R20/40 sold for just $645,000 in February and is also leasing for $475 per week.

The north-eastern outer metropolitan area also has some interesting options on offer. Outer areas such as Chittering, Gidgegannup and Toodyay have larger lifestyle properties available that can easily serve as weekender properties which seem an appealing option at the moment, all whilst being within 100 kilometres of the Perth CBD. These properties are appealing to investors as well, given they can be utilised as short-term accommodation or for their own use and are available at an affordable price point. Additionally, holidaying within the state is continuing strongly as interstate and overseas travel remains expensive and intermittent, supporting the demand for local accommodation options.

A budget of $700,000 could almost afford you more than one property, with most quarter-acre lots In Toodyay going for less than $400,000. In this example, the property offers an elevated homesite and comes with a three-bedroom, two-bathroom dwelling with solar power, a vegetable garden, a water tank, bushland views and 14,000

183 Drummondi Drive, Toodyay

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square metres of land. It sold in April for only $480,000.

South West

In the south-west of Western Australia, potential buyers at this price point are likely to be investors, holiday home buyers and upgraders. For investors chasing capital growth as well as return, the areas close to the CBDs of Busselton, Bunbury, Dunsborough and Margaret River have potential. For those willing to invest in potential development sites, then the quarter acres lots either side of Busselton are worth a look.

Given the recent and expected future rise in interest rates and the general tightening of belts expected in the economy, the short-term capital growth is expected to be limited. Investors should be looking to the medium term to benefit from the predicted increase in population in the region.

For holiday homebuyers and upgraders, the use of our $700,000 becomes a bit more subjective however the areas closer to the beach and the CBD should provide superior capital growth in the medium term.

In Margaret River, $700,000 would buy you a near new good quality, good size project style four-

6 Cassia Way, Margaret River Source: RP Data

For holiday homebuyers and upgraders, the use of our $700,000 becomes a bit more subjective however the areas closer to the beach and the CBD should provide superior capital growth in the medium term.

bedroom, two-bathroom home on a 500 square metre lot at the eastern end of town such as 6 Cassia Way.

Capital growth is considered to be limited given the market growth over the past two years, however current yields would be expected to be around four per cent. Alternatively, closer to the town centre you could purchase a 2000s built three-bedroom, two-bathroom attached townhouse and capital growth is expected to be superior and yields slightly higher.

In Dunsborough Lakes, $700,000 would buy a near new good quality project style three-bedroom, two-bathroom property however on a smaller 375 square metre lot. An example is 7 Waldorf Road.

7 Waldorf Road, Dunsborough Source: RP Data

Capital growth here is expected to be good given the limited amount of new land being developed in the short to medium term. Current yields here are expected to be closer to 4.5 per cent. Alternatively, if you wanted to buy closer to the ocean (i.e. north of Caves Road) then you could purchase a 1990s three-bedroom, one-bathroom home such as Unit 10/18 Prowse Way. Situated close to the CBD and the beach, this unit has a land area of 329 square metres. Being closer to the CBD, capital growth is expected to be superior and while it may require some maintenance going forward, the yield is expected to be slightly under four per cent.

In the Busselton urban area, a better way to spend $700,000 particularly for future capital growth would be north of Bussell Highway. Here you could purchase an older timber framed three-bedroom, one-bathroom home which has been partly renovated on a 1000 square metre lot such as 75 Reynolds Street. Zoned R30 the property could potentially be subdivided in the future. The dwelling comprises an alfresco area and a detached garage. It could provide more than adequate accommodation until the property is redeveloped and could also be included in a future development of the site.

75 Reynolds Street, West Busselton Source: RP Data

Given the restricted supply in this locality and the proximity to the beach, capital values are predicted to outperform other areas. Current yield for this style of property would be expected to be just under four per cent.

$700,000 will buy you a good standard, 1990s four-bedroom, two-bathroom dwelling on a larger 500 square metre lot in Bunbury, such as 4 Garvey Place.

4 Garvey Place, Bunbury Source: RP Data

This brick and tile home is situated opposite a small park in an attractive enclave. Capital growth is likely to outperform other areas due to the proximity to the CBD and the beach. Current yields would be expected to be around 4.5 per cent.

Whether you are looking for an investment to hold on to or development potential, there are a variety of options across Perth and the South-West region that tick many boxes as shown in the examples discussed. This is where we would invest a lazy $700,000 in 2022.

Chris Hinchliffe
Directo

Northern Territory - Residential 2022

Darwin

I have been asked where, what and how I would invest $700,000 in Darwin residential real estate. I will ask this question in two parts: 1) for $700,000 where would I purchase as an owner-occupier? and 2) where would I purchase if it were purely investment?

If I had $700,000 to spend as an owner-occupier, I would be searching for properties within the inner Darwin suburbs (Ludmilla, Parap, Stuart Park, Bayview, Woolner) and northern beaches suburbs (Nightcliff, Rapid Creek, Coconut Grove). You will need to be shrewd as properties at this price point are becoming fewer and fewer, however there are still dwellings coming to the market. These suburbs in Darwin have traditionally been in high demand due to the proximity to the CBD, beaches, the best restaurants, entertainment, shopping and other amenities. I do not see this changing. For $700,000 you will unlikely find a finished product and you will likely need to invest further in coming years to update the home. Premium prices have been paid within the suburbs for well renovated homes, so as an owner you can invest further capital in a renovation without the fear of over-capitalising.

There is no further land supply in these areas with all master planned communities planned for Lee Point, Northcrest (Berrimah), Palmerston and Holzte/Kowandi. I have confidence that in these locations the underlying land values will face less pressure in a downturn and increase at a faster rate when there is strong demand and strong consumer confidence. In other areas of Darwin, there can be pressure put on the land values as that is where the future supply is being developed. This is a hot topic on the agenda with a push from government for further land release in the other locations mentioned.

An example of a property that would be of consideration is 36 Oliver Street, Rapid Creek, a five-bedroom, one-bathroom home on a 1000 square metre corner allotment.

36 Oliver Street, Rapid Creek   Source: realestate.com.au

The home is one street back from the Casuarina foreshore and is sitting on a substantial allotment. The size of the land is of interest to me as the majority of allotments being developed in the master communities fall within the 400 to 600 square metre range, which means that as the years tick over, these larger allotments in the premium, leafy, costal suburbs will likely be in higher demand. The home does require some work and the current layout may not lend itself to a growing family, however in a few years after saving the pennies and speaking with my trusted mortgage broker, I would look to renovate, add a swimming pool or even extend the dwelling. I will feel safe in knowing we have the financial wiggle room to make these capital upgrades without over capitalising in the area, as other properties in Rapid Creek have recently transacted for $1.225 million to $1.585 million in the past three months. I think the old adage of buying the worst house in the best street rings true here.

Now I place the hat of an investor on. I was a young investor, an investor who has learnt through experience that capital gains are not always guaranteed and capital losses are very much a real thing. Having personally invested in an off-plan unit in 2012 to 2014 in Darwin, I know that capital losses can occur. Ask any investor who purchased a unit in Darwin during that period

If I had $700,000 to spend as an owner-occupier, I would be searching for properties within the inner Darwin suburbs (Ludmilla, Parap, Stuart Park, Bayview, Woolner) and northern beaches suburbs (Nightcliff, Rapid Creek, Coconut Grove).

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and they will tell you the same thing. With that said, as an investor I have seen the capital values retreat and recently rebound and would probably purchase two units in or around the Darwin CBD. There is limited supply of off-plan units on the horizon, so this gives me confidence.

Today the yields on offer for inner city units are not often matched anywhere else in Australia and with the growth of the short-term Airbnb market, this is something I would look to take advantage of. After the Inpex peak in 2014 and 2015, unit prices have come off significantly. The age of the properties still offers some depreciation advantages and with the Charles Darwin University campus coming into the CBD, there will likely be some stronger demand from tenants.

I personally would look to purchase a three-bedroom unit in the city CBD. For example, a unit at 9 Carey Street recently sold for $402,000. The three-bedroom, two-bathroom property just on the outskirts of the CBD was built in 2003. It offers water views and is within walking distance of the Darwin Waterfront. This property could sleep six to eight people on a short term basis. During the peak periods of the Darwin dry season, an apartment like this can rent for $550 to $600 per night. With the right furnishings, marketing and property manager, this type of investment would provide a positive cash flow once all expenses are taken out. The property still lends itself to a longer term tenancy, so if for any reason there is a change to policy or a clamp down on short term rentals, I can still rent the property on a long term lease. Similar units are renting unfurnished for $600 per week and offer gross yields of seven to 7.5 per cent.

With the remaining $300,000, I would look to purchase another unit in the CBD, this time either a one-bedroom in a newer complex or a two-bedroom unit in the surrounding suburbs of the city. There is some confidence coming back to the unit market in Darwin, given there was a large supply of units during the Inpex boom and the prices corrected. I see units to be relatively affordable compared to other capital cities. With the yields on offer and potential for further capital growth, I believe that for an investor looking to grow a portfolio with the strategy of purchasing assets with positive cashflow, this is where I would start my search.

Cameron McDonell
Valuer

Alice Springs

This month's topic for discussion is around a scenario where you had $700,000 to spend on property in Alice Springs. Where and what would you be looking to invest in?

In recent years, organic capital growth in residential property has been non-existent, however in the past 12 or so months we have started to see some capital growth in certain areas and with certain dwelling types. The best performing areas seem to be Desert Springs, particularly anything with golf course frontage or access, Sterling Heights (Larapinta) as well as pockets of East Side, Gillen and Braitling. Dwelling types showing best capital growth include newer three- and four-bedroom, two-bathroom dwellings and more recently constructed units or duplexes with three bedrooms. Older (1980s) constructed two-bedroom units continue to show minimal capital growth, however on the bright side, their decline in value seems to have slowed.

With this sort of money to spend, the Desert Springs and Mount Johns area surrounding the golf course would be a good place to start. Available properties in this price range are becoming harder to find as capital values increase, however there have been two recent sales on The Fairway (no direct golf course access) that were just under $700,000. Both are mid-1980s built brick homes with three bedrooms and two bathrooms. One was fully renovated in the early 2000s and the other was partly renovated at around the same time. The partly renovated dwelling had the added benefit of a swimming pool. Properties such as these are regularly rented out for $750 to $800 per week, providing a gross return of 5.8 to 6.2 per cent per annum. There are also similar opportunities in pockets of Braitling, Araluen and Larapinta, with comparable levels of investment and returns. Look for properties constructed in the past 15 or so years for best value-for-money.

Desert Springs home Source: Herron Todd White

In recent years, organic capital growth in residential property has been non-existent, however in the past 12 or so months we have started to see some capital growth in certain areas and with certain dwelling types.

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This partly renovated three-bedroom, two-bathroom mid-1980s home with a pool in Desert Springs recently sold for $675,000 and would be expected to return $800 per week in rent.

If you yearn for the wide open spaces offered by rural residential properties, $700,000 will get you a fairly basic, entry level family home on one to two hectares. A late 1990s three-bedroom, two-bathroom home on one hectare recently sold for $639,000. It presented in largely original condition with a rudimentary kitchen which a new owner would most likely want to replace. Rural lifestyle properties are always sought after in Central Australia and rarely sit on the market for long (unless they are over-priced). Capital growth prospects for these types of properties are considered as strong as the more desirable areas within the town boundaries.

An alternative would be to look at investing in two or three separate units or perhaps a duplex complex. Units and duplexes are located in all areas throughout the town and as an investment vehicle, the location is not quite so important. Demand for rental units has been strong in Alice Springs for many years, with the most recent figures from the REINT showing vacancy rates for units at 3.5 per cent. Older circa 1980s constructed unit complexes have taken serious capital losses over recent years, with some recent sales showing that prices have reduced up to 30 per cent from the highs achieved in 2011 and 2012. It may be wise to steer away from these, although a more bullish investor may take a punt on the premise that these units have bottomed out. A number of recent unit sales of two-bedroom units in the high $200,000s or low $300,000s have taken place with rental returns of up to $450 per week in some instances. Doing the math, this works out to a gross return of approximately 7.5 to 8.0 per cent.

If you're purely chasing cash flow, consider two or three older style two-bedroom units, which can be purchased for between $220,000 and $350,000 depending on location and condition. At the lower end of the scale, a $220,000 unit would typically return anything up to $375 or more a week (8.85 per cent) and a more modern style $350,000 unit could fetch up to $450 a week (6.7 per cent).

Gillen townhouse Source: Herron Todd White

Gillen townhouse Source: Herron Todd White

This 1980s two-bedroom townhouse in Gillen with largely original fit out recently sold for $320,000 and would return $420 per week in rental income, representing a return of 6.8 per cent.

Alice Springs presents a sound opportunity for investors chasing a secure income stream with few vacancies and a stable history of strong returns. If however, you're looking for a property that will provide strong capital growth, you're unlikely to find anything of interest here. Most buyers here are either owner-occupiers motivated by the thought of getting off the rental roundabout or investors chasing strong returns, with little prospect for capital growth in the short to medium term.

Peter Nichols
Valuer

Australian Capital Territory - Residential 2022

Canberra

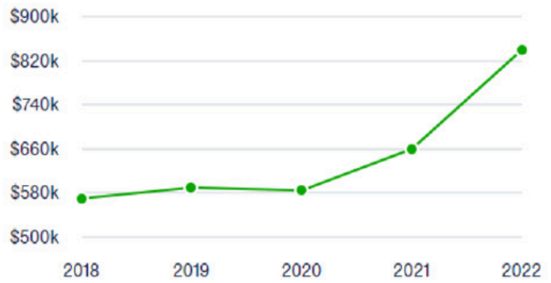
With the current housing market, it can be difficult in most areas around Australia to find something under the $700,000 price point. The current residential property market in Canberra is still considered hot, however with the recent interest rate hikes we have seen a market softening in which property prices have started to slow their price rises and come down from their peak at the start of the year. This was further confirmed during the March quarter when Canberra's housing market experienced a quarterly decline of 0.9 per cent which hadn't occurred since the start of the pandemic (Allhomes, 2022).

Last year we had suggested that the southern district of the Tuggeranong area was the place to be looking. If we look at the area of Monash located on the southern end of Tuggeranong, the median house price last year according to Domain was $660,000 for a three-bedroom house. This year it has jumped 27.3 per cent to a median house price of $840,000. Greenway as well has jumped roughly 12 per cent, with the median price at the moment being $354,000 for a one-bedroom unit, $460,000 for a two-bedroom unit and $653,000 for a three-bedroom unit. With a $700,000 budget, these would still be some good options to consider.

The market's major upturn after the pandemic was unpredictable with many experts predicting that the market would come down further during the pandemic, however Australia's property market has been consistently going up in the past ten years with the only downturn happening in 2018 and 2019

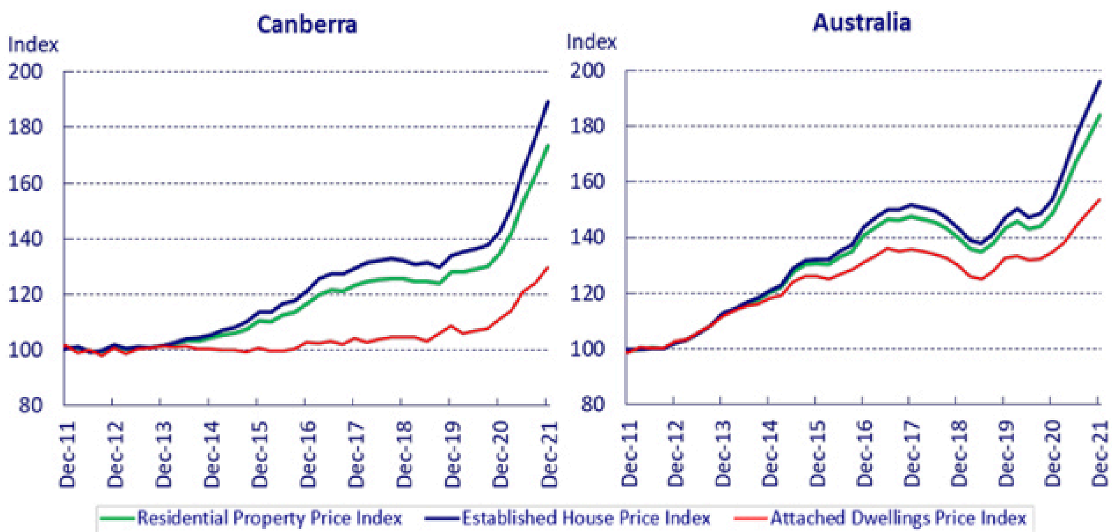
Sales and growth

YEAR	MEDIAN	GROWTH	# OF SALES
2022	$840k	27.3%	23
2021	$660k	12.8%	22
2020	$585k	-0.8%	23
2019	$590k	3.5%	19
2018	$570k	11.8%	24



XGxgxgx Source: xgxgxgx

Residential Property Price Index, Canberra and Australia



Residential Property Market - December Quarter 2021 Source: ACT Government, 2022

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HERRON TODD WHITE RESIDENTIAL

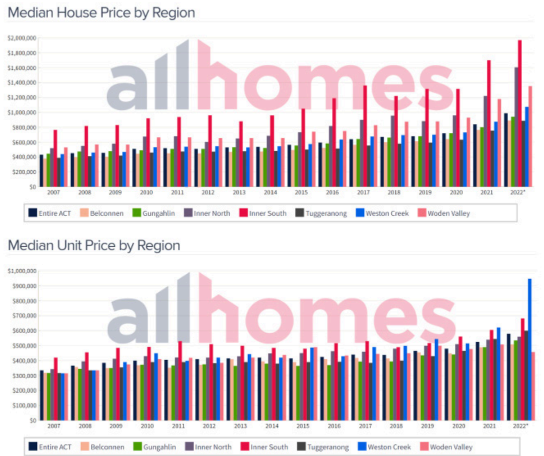
when lender restrictions were tightened.

The Domain House Price Report put Canberra's median house price at $927,577 for the March 2021 quarter. The same Domain report put the quarter of March 2022 median house price at $1,124,952. Compared to last year, this is an increase of 21.1 per cent so a property at $700,000 is vastly harder to find than it was last year. We have however been able to find some pockets in which a house can be bought for $700,000 but will these pockets be best performers in the future?

CAPITAL CITY	MAR-22	DEC-21	MAR-21	QOQ	YOY
Canberra	$1,124,952	$1,134,678	$929,201	0.9% ▼	21.1% ▲

Domain House Price Report - Canberra Houses | Source: Domain

The pockets we found were in the north and western sides of Canberra where we were able to identify a couple of houses in the areas of



Median House & Unit Prices | Source: Allhomes, 2022

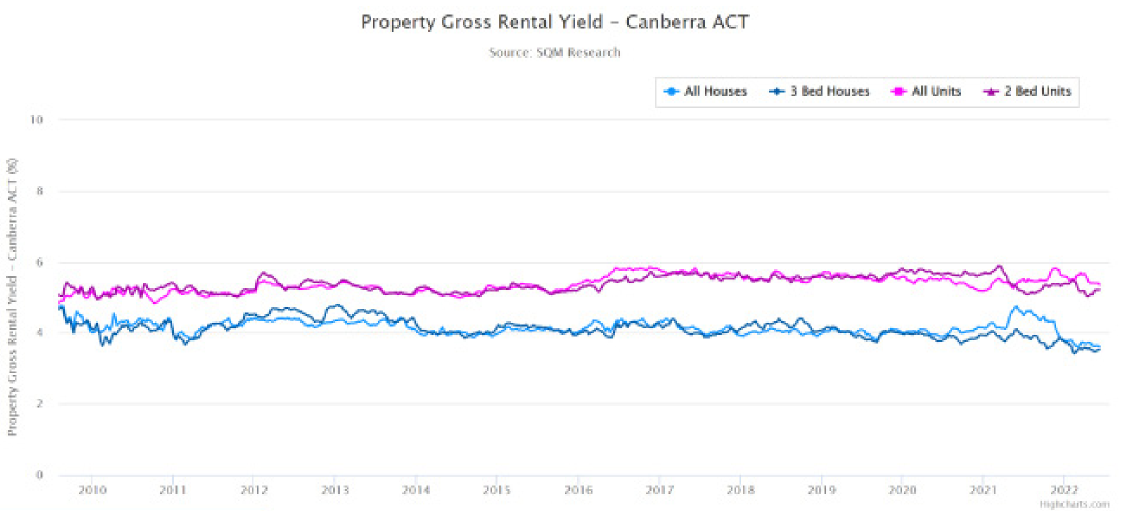
Ngunnawal, Casey, Taylor and Macgregor however they ranged closer to the $700,000 mark with most properties in today's market going over this at auction and even private treaties.

We found that although houses were getting above the $700,000 mark, units were considerably lower with the current median price being $564,984. The decision of which property to purchase with $700,000 will depend on the buyer's aim for the property. If you were after capital growth, then townhouses in Canberra would be the way to go as apartments and units historically haven't performed as well as townhouses and villas. Units typically have longer listing periods and in some cases, price reductions throughout the marketing period.

If you were after a better rental yield, then apartments would be the better way to go with the average yield being around five to six per cent compared to houses, typically being 3.5 to 4.5 per cent due to the higher initial purchase price.

With a lazy $700,000, a townhouse in the Weston Creek region of Canberra looks to be the way to go for capital growth as we can see that year on year it has kept increasing and has been fairly consistent. For rental yield we would suggest the inner northern or inner southern suburbs as historically they have performed better and being close to the city, are always sought after.

Nicole Claughton
Assistant Property Valuer



Property Gross rental Yield - Canberra ACT | Source: SQM Research, 2022

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Tasmania - Residential 2022

Hobart and surrounds

What will $700,000 buy in the northern suburbs? First homebuyers can find plenty of options within this budget, from a renovated two-bedroom, one-bathroom freestanding villa in Glenorchy or a freestanding dwelling in a fringe area such as Brighton or New Norfolk.

Other areas in secondary locations including Bridgewater and Gagebrook always offer good first homebuyer opportunities at affordable prices. Ex-government houses with standard fit-out are usually sold around the early to mid $400,000s in the area, which attracts gross yield of over 5.25 per cent for investors.

Other areas in secondary locations including Bridgewater and Gagebrook always offer good first homebuyer opportunities at affordable prices.

4/47A Norman Circle, Glenorchy sold for $532,000 Source: realestate.com.au

43 Celtic Place, Gagebrook sold for $430,000 with rental appraisal of $390 -$410 PW Source: realestate.com.au

Within the $700,000 range, we still believe that a large portion of the buying market in the northern suburbs is made up of upgraders and family buyers looking for bigger or better homes for growing families. Suburbs such as Brighton, Austins Ferry and Claremont are becoming increasingly popular with young families as the area continues to be developed.

It should be highlighted that since the RBA lifted interest rates by an additional 50 basis points, the residential market in the northern suburbs appears to be slowing down. At this stage, there is no evidence yet that the market is significantly shifting downwards, however most selling agents report that enquiries are less and selling periods are definitely longer in comparison to early 2022. Uncertainty around interest rate rises and higher inflation in Tasmania in recent times suggest the heat is slowly blowing away.

Stephen Ning Liu
Valuer

HERRON TODD WHITE RURAL

Rural

July 2022

Southern NSW

There are several larger holdings currently on the market in Southern New South Wales, particularly in the Western Riverina, however several sales of smaller properties closer to Wagga achieved results well beyond expectations and had people talking.

In March we saw a 140-hectare holding located on the Sturt Highway at Collingullie just west of Wagga sell at auction for $3.885 million, or over $11,000 per acre. The buyer was a corporate operator and the property sold at auction through Elders after spirited bidding. Improved with a brick house, machinery and hay sheds, the mostly arable property had access to Murrumbidgee River water however was not a river frontage holding.

Also in March, agents Nutrien Albury successfully auctioned a 172.5 hectare holding at Holbrook for $4.3 million or just over $10,000 per acre. The property was well improved with a six-bedroom homestead, machinery shed, hay shed and a set of cattle yards. The property sold to a local farming family with holdings nearby.

Interestingly, since the recently announced interest rate increases and with indications there are more to follow, the initial sentiment we are hearing from farming operators is that it may be time to sit back and see what the market does. The wet start to the winter cropping season and associated late crop plantings may also be playing on the minds of potential purchasers. Although grain prices are still very high, input costs continue to rise and it may be a long and wet season if the weather forecasts are accurate. This may lead to the yields of recent years not being replicated alongside higher input costs further squeezing margins. Either way the first signs of uncertainty amongst buyers are showing and this may signal a stabilising of land values after the historic rise we have witnessed in the past 18 months.

Andrew Garnsey
Valuer

Mildura

Global agriculture markets continue to be impacted by the Russia and Ukraine war. The drying up of exports from these countries is resulting in short food supply to up to 50 countries reliant on this supply. The conflict does provide the Australia agricultural sector with opportunities to take advantage of increased demand, however the severe shortage of available export ships dampens this somewhat. It is noteworthy that Australian wheat exported to African nations was one of the largest on record in 2020/21.

Coinciding with the conflict is the sharp rise in agricultural input costs (including fertilizer, chemical and fuel) providing major concerns for producers as they grapple with the high cost of production for this season and seasons to come. The firming global grain prices do provide some optimism and offset some concerns. On the back of a record 2021 in most areas, the current season is again looking promising, which has in the short term at least ensured that demand for agricultural land remains buoyant.

The property market has yet to absorb the impacts of rising inflation, power and input costs along with increased interest rates, change of government and other economic factors. The next six months will provide an interesting tale of where the agricultural sector lands. The surge in land prices to record levels is likely to at least take a breather and possibly level off for a period. Recent sales activity in this region would suggest however that it is business as usual with strong prices being paid for premium cropping and grazing holdings in particular.

Our sense is that values of horticultural properties have plateaued, following a significant uplift from 2016 to early 2021. There will need to be another step up in horticultural returns to support further growth and at this stage in the global economic cycle, it is difficult to see where this will come from.

This month we take a look at what $10 million can buy you in the current market.

A property near Swan Hill has reportedly sold for $17 million which was well above expectations and double what was paid for the property in 2017. The 2008 hectare property fronts the Murray River and has 580 hectares developed for laser levelled flood irrigation plus significant dryland farming land.

After going into voluntary administration, the final properties associated with the former Murray River Organics business are presently being marketed on an expressions of interest basis. The two properties include a 27-hectare dried fruit property at Yelta (near Mildura) and the much larger 2509 hectare holding at Nangiloc (which has 113 hectares of centre-pivot irrigation along with 2116 hectares of arable dryland cropping and grazing plus other land. It is expected that this holding will sell for well above $10 million.

For buyers looking to invest in the grazing sector, $10 million will still buy single or multiple stations

The next six months will provide an interesting tale of where the agricultural sector lands.

up to a total area of between 30,000 and 50,000 hectares in south-western New South Wales, noting that the additional livestock purchase cost can quite easily double this outlay.

There has been significant demand for grazing properties from existing landholders wanting to increase their scale and capitalise on the ongoing favourable outlook for both meat (lamb, beef and goat) and to a lesser extent wool. Land values in this sector have appreciated by over 30 per cent in the past three to four years and it appears that buyer demand remains strong. This is particularly evident from the recent 2022 sales of: Dockerty (over $3 million), a small station of 8993 hectares located midway between Pooончarie and Ivanhoe; the nearby Bulgamarra (over $5.5million) 60 kilometres north-east of Pooncarie; and Round Plain Station (over $5.7 million), another relatively small station (14,395 hectares) at Hatfield north of Balranald. These sales provide further proof that grazing levels remain strong and are continuing to rise.

In the water market, the cost of leasing temporary water allocation has recently fallen to record lows of below $15 per megalitre across the region, a result of record high storage levels in the Murray Darling Basin which are now at their highest levels since June 1979.

Permanent High Security Entitlements (New South Wales Murray) or High Reliability Entitlements (Victoria Murray) values have remained firm for some time and presently are trading for around $9250 per megalitre (New South Wales) and $7800 per megalitre (Victoria) respectively. At these levels, $10 million will buy 1081 megalitres of New South Wales High Security Entitlements. To put this into perspective, this amount in the Sunraysia region will allow the irrigation of approximately 80 hectares of mature almond plantings annually.

Shane Noonan and Graeme Whyte
Directors

When viewing the South-West Victorian market holistically to include grazing, cropping and dairy properties, $10 million will buy a well-established, well improved dairy farm.

South-West Victoria

The rural sector in South-West Victoria remains relatively hot with limited supply and a high level of demand still present. This sentiment appears consistent with the majority of Victorian land markets at present. The demand is largely fuelled by financially secured farmers and corporate investors with strong books following consecutive years of good seasons and a relatively buoyant rural economy. With opening farm gate milk prices in excess of $8.20 per kilogram MS for the 2022/23 season and current strong commodity prices across all agricultural sectors, the outlook for the sector remains positive.

Notwithstanding, the RBA has lifted interest r ates since May 2022. The impact of these rate rises and any othersin the coming months is yet to be determined, however with inflation evident, the likelihood is that commodities will remain strong which will help offset any additional increase in costs.

What would $10 million buy in this region?

At present, due to the high growth over the past two to three years, the majority of recent grazing and cropping sales, albeit limited, are showing a very high level of value. When considering a $10 million price point, these sales are not representative of good buying, rather a nearby landowner balancing this sale amount over their existing portfolio, lowering the overall rate per hectare across their entire land holding and thus making the price point more palatable.

When viewing the South-West Victorian market holistically to include grazing, cropping and dairy properties, $10 million will buy a well-established, well improved dairy farm. Such a farm would typically be of a viable commercial size with a high level of dairy infrastructure compared to a cropping or grazing property, which typically have a limited amount of infrastructure. These assets are underpinned by grazing buyers and generally speaking are located in high rainfall areas which are relatively drought resistant.

They have been playing catch-up with the grazing and cropping markets and a $10 million dairy farm purchase could be considered good buying when considering the high rainfall benefit and alternative use grazing aspects coupled with the current positive outlook in this sector and current strong farm gate milk prices on offer at present.

Benjamin Mugavin
Director

Darling Downs

The easy answer to the question of what $10 million will buy in our region from a rural perspective is not as much as it once did. While all price point generalisations vary according to location, soil quality, land development and reliability of rainfall, $10 million could be reasonably expected to buy the following:

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- circa 700 to 850 hectares of alluvial plains dryland farming country in the Dalby district;
- circa 2300 to 3300 hectares of Brigalow/Belah grazing around Meandarra, Moonie and Condamine; or
- circa 1200 to 1600 hectares of grazing country around Wandoan and Taroom.

That said, we continue to see recent auctions demonstrating new benchmark sale prices. A number of upcoming auctions may reset the above price point generalisations prior to printing.

We have noted the following recent sales of interest, though also note the increasing number of properties passing in at auction. This appears to suggest the current seller's market conditions may be easing slightly.

- Carinya, Millmerran, a 345 hectare grazing block, sold at auction for $3.7 million, reflecting $10,725 per hectare improved;
- Thornfield, Taroom, a 130 hectare lifestyle property, sold at auction for $2 million;

Carinya, Millmerran Source: www.agtrader.com.au


Katandra, Dulacca Source: www.agtrader.com.au

- Katandra, Dulacca, a 1463 hectare Brigalow/Belah grazing property with some box flats sold at auction for $7.8 million, reflecting $5331 per hectare improved;
- Carbean, Wyandra, a 5686 hectare grazing plus a 690 hectare permit to occupy sold at auction for $2.2 million, reflecting approximately $387 per hectare.

Bart Bowen
Director

Central Western Queensland

The property market for rural and grazing properties in Central Western Queensland has seen minimal market activity in 2022 to date, with only seven sales. This compares to 44 sales in 2021, including 26 sales in the corresponding period to 30 June 2021. The limited sales are at rates reflective of values seen from mid-2021 onwards.

After such a large turnover of property last year and in 2019, the lack of sales in 2022 is due to a lack of listings rather than lack of demand, however rising interest rates coupled with increased fuel and grain prices (which should put continued downward pressure on the cattle market, particularly for feeder weight cattle) is expected to see a lowering in buyer confidence and subsequent flattening, at best, of a strong property market.

An investment of $10 million in this region of Queensland would acquire a grazing property with a broad scope of between 800 to 1250 AE in the southern parts (from Barcaldine south to Augathella), rising to between 1500 and 1800 AE in the northern Mitchell grass downs areas. In the southern parts of the region, an investment of this scale is only getting an additional area or small-scale operation. The variances in median rainfall, carrying capacities and weight gains between the northern and southern parts is reflected in these rates.

The upcoming auction of Tallaheena in the Longreach area will provide a good litmus test as to where the market is currently heading.

Chris Dyer
Valuer

Northern Territory

There's plenty of heat still in the Northern Territory rural market with several pastoral leasehold and freehold properties now under contract for sale.

Large freehold farming property in the Douglas Daly district, Blackbull, (14,342 hectares) recently sold to New South Wales-based agribusiness asset managers AAG Partners for around $30 million walk-in-walk-out or around $26 million (assessed bare). The sale reflects continued strong interest in the Northern Territory from interstate farmers for potential cotton growing country above the 1150-millimetre mean rainfall line. Blackbull, which is actually an aggregation of the namesake block and the Theyona block, had a significant groundwater licence (8517 megalitre per annum, medium security) which would roughly equate to an allocation of around nine megalitres per hectare over the existing 150 hectares of pivot irrigation country (utilising one towable 50 hectare pivot) and another nine megalitres per hectare per annum over 700-plus hectares of already cleared, potentially irrigable expansion land. Our analysis puts the irrigation country at $15,000 plus per hectare (including water allocation and delivery infrastructure) and cleared arable cultivation country, of which there were several thousand hectares available on this property, at around $4,000 plus per hectare (without water allocation). The purchaser will reportedly work with Moree-based Customised Farm Management who will continue the ongoing dryland cotton development of the property.

A little bit of background on the Douglas Daly region. This region was originally developed as a government initiative back in the 1980s for broad acre mixed farming. Most of the land within the

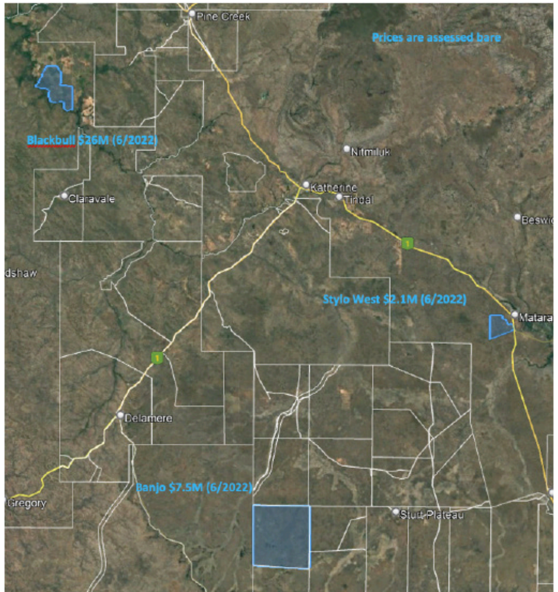
There's plenty of heat still in the Northern Territory rural market with several pastoral leasehold and freehold properties now under contract for sale.

region (which is approximately 100,000 hectares in size) is freehold and prior to the early 2000s, most properties were family owned and developed for a mix of dryland or irrigated cropping (hay and horticulture) and for growing cattle on improved pastures for the live export trade through Darwin. Agroforestry then became a significant user of land with several major acquisitions by African mahogany timber production companies over the period through to 2010. The most active participant then changed to sandalwood producer Tropical Forestry Services (now Quintis) who acquired a significant proportion of the Douglas Daly (as well as around Katherine and Mataranka). Mean annual rainfall in the Douglas Daly is around 1,200 millimetres, mean maximum temperature is 34 degrees and mean minimum around 20 degrees. As the sale of Blackbull shows, the Douglas Daly would appear to now have enough proven attributes to keep the focus of potential investors from New South Wales and Queensland who are looking to build geographic diversity into their existing cotton operations. The problem for them however is the tight supply of such land.

Meanwhile, 6694 hectares of freehold land known as Stylo West on the fringe of the village of Mataranka (100 kilometres south of Katherine with 890 millimetres mean annual rainfall) has sold to a Katherine based grazing family for $2.1 million (bare) showing around $315 per hectare for largely undeveloped country. The block had a stock bore, no permanent natural surface waters and limited internal fencing but has 2.7 kilometres frontage to the Stuart Highway.

On the pastoral front, Banjo (577.6 square kilometres) situated on the Sturt Plateau and a 250-kilometre drive south of Katherine, sold to a New South Welshman for $8.5 million (walk-in-walk-out) or around $7.5 million (assessed bare). The property had around 1150 hectares of timber treatment of which only around 400 hectares had been fully prepared for hay cropping with balance areas require raking or further development from the chained stage. The buyers were reportedly interested in the country as a breeder block to supply crossbred cattle for their New South Wales operations but also to utilise the hay cultivation country. This sale appears to support the high dollar per adult equivalent rates established by some other previous but recent sales on the Sturt Plateau as well as the $2000 per hectare rate set for cleared dryland on the Plateau.

Frank Peacocke
Director



Location of sales Source: Herron Todd White

HERRON TODD WHITE

Property Market Indicators

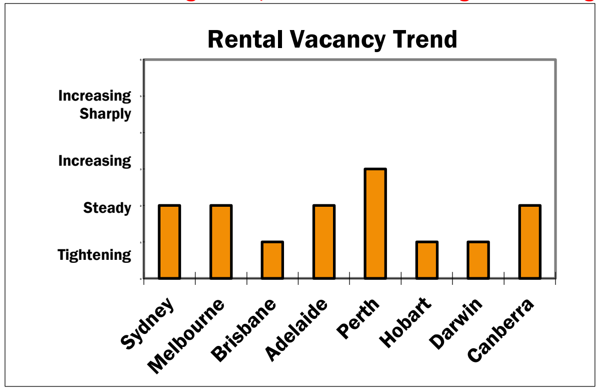
July 2022

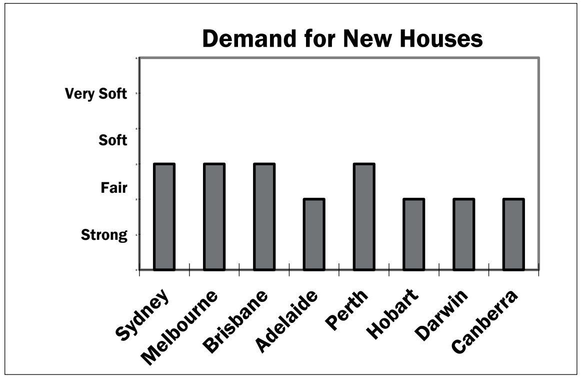
Capital City Property Market Indicators – Houses

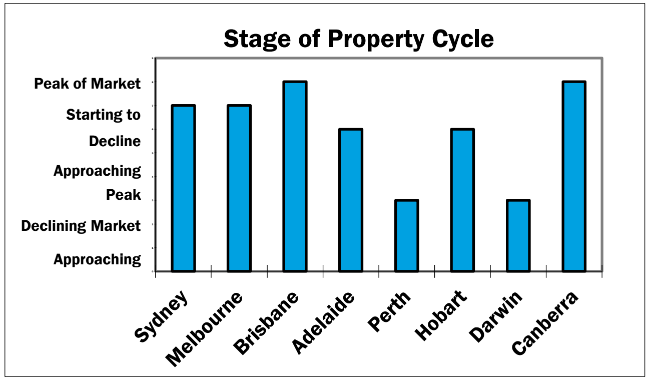
Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	Shortage of available property relative to demand	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to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





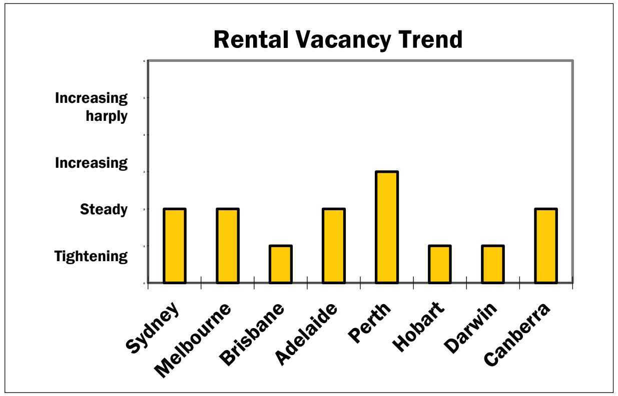


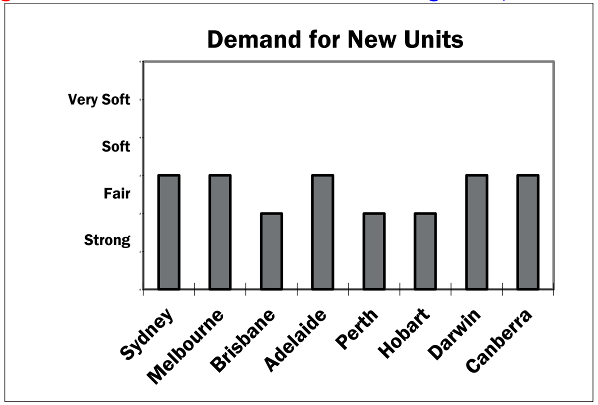
Capital City Property Market Indicators – Units

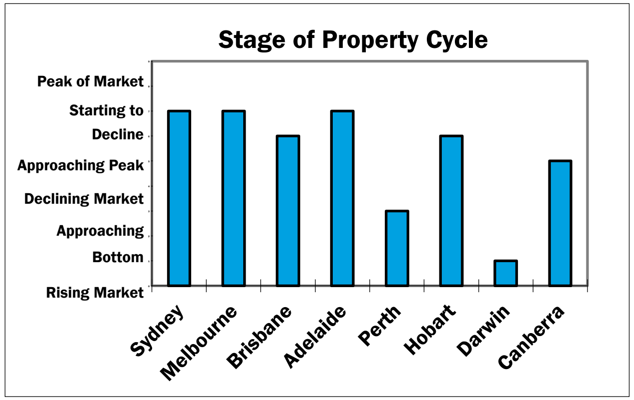
Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	Shortage of available property relative to demand	Balanced market	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available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

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

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





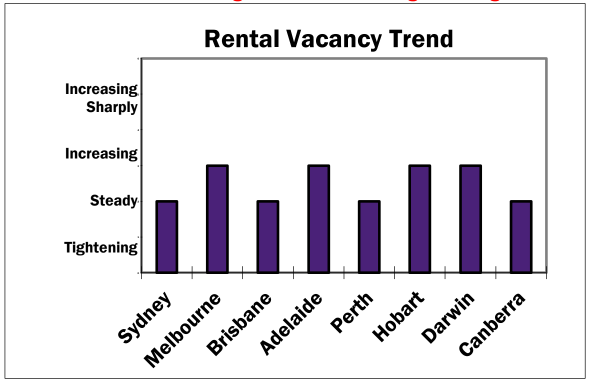


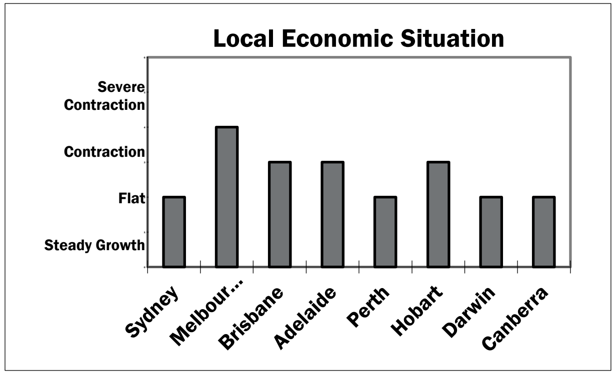
Capital City Property Market Indicators – Industrial

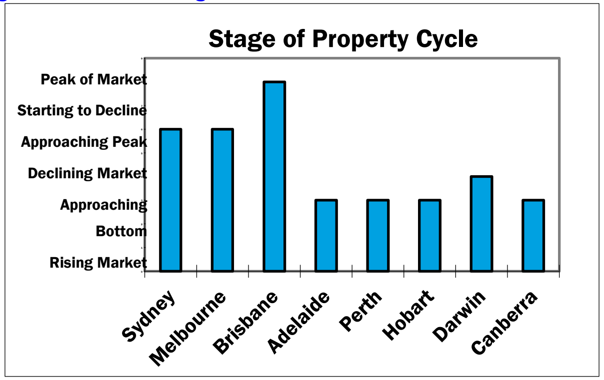
Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Balanced market	Balanced market	Over-supply of available property relative to demand	Over-supply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

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

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





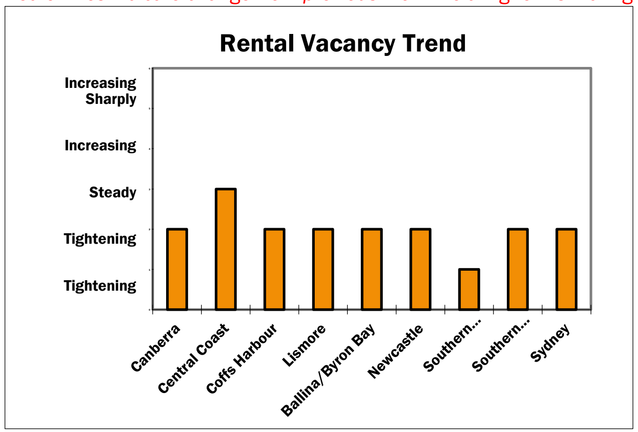


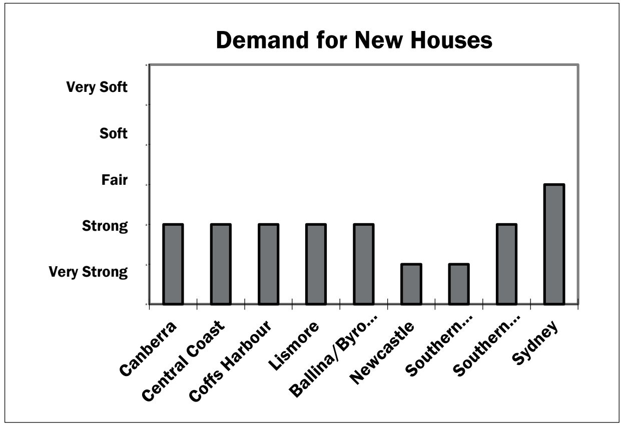
East Coast New South Wales Property Market Indicators – Houses

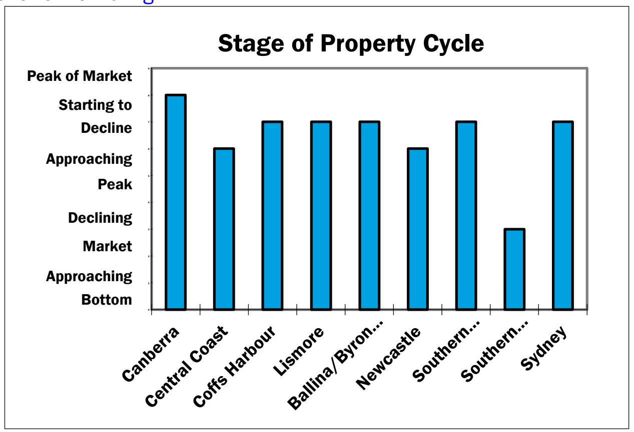
Factor	Canberra	Central Coast	Coffs Harbour	Lismore	Byron Bay/Ballina	Newcastle	Southern Highlands	Southern Tablelands	Sydney
Rental Vacancy Situation	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	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	Shortage of available property relative to demand
Rental Vacancy Trend	Tightening	Steady	Tightening	Tightening	Tightening	Tightening	Tightening sharply	Tightening	Tightening
Demand for New Houses	Strong	Strong	Strong	Strong	Strong	Very strong	Very strong	Strong	Fair
Trend in New House Construction	Declining	Steady	Steady	Steady	Steady	Declining significant-ly	Steady	Declining	Steady
Volume of House Sales	Increasing strongly	Steady	Steady	Steady	Steady	Increasing strongly	Declining	Increasing strongly	Steady
Stage of Property Cycle	Peak of market	Approaching peak of market	Starting to decline	Starting to decline	Starting to decline	Approaching peak of market	Starting to decline	Rising market	Starting to decline
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	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



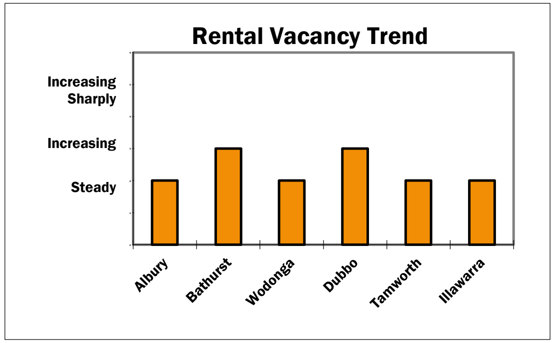


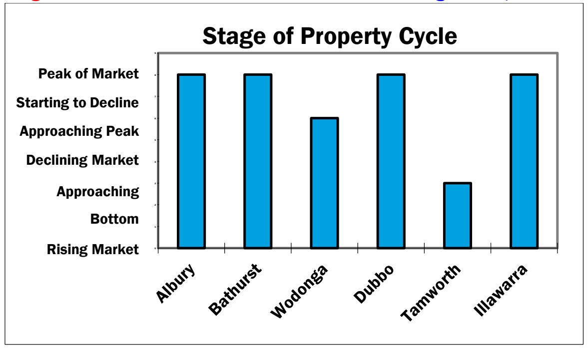


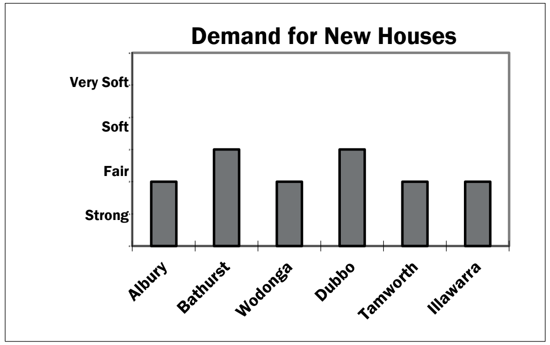
Country New South Wales Property Market Indicators – Houses

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

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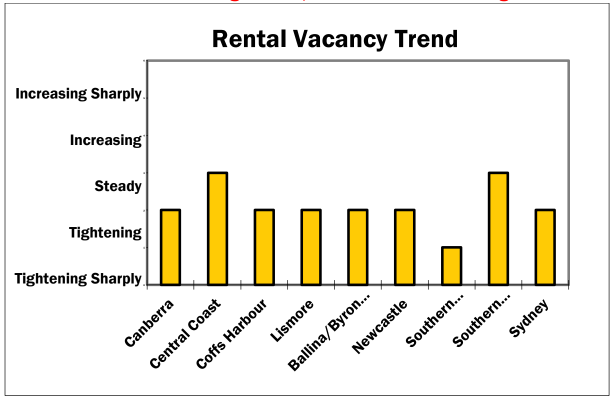

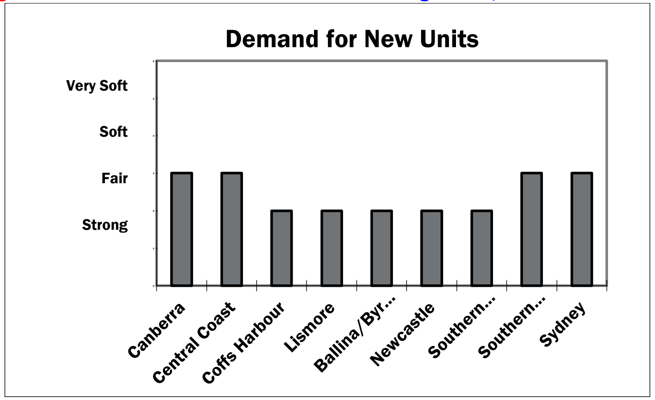

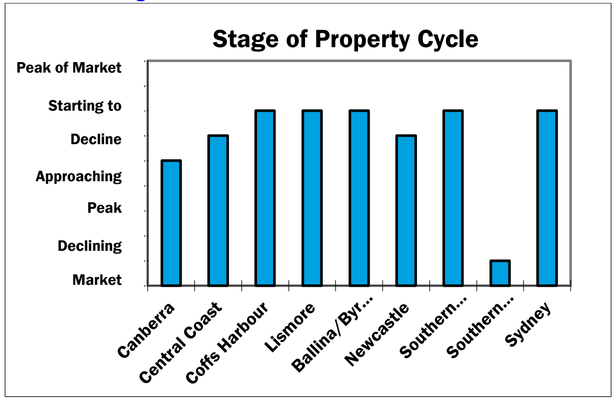

Country New South Wales Property Market Indicators - Units

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	Shortage of available property relative to demand
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	Declining
Stage of Property Cycle	Rising market	Rising market	Peak of market	Rising market	Rising market	Starting to decline
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Almost never	Occasionally	Occasionally	Frequently

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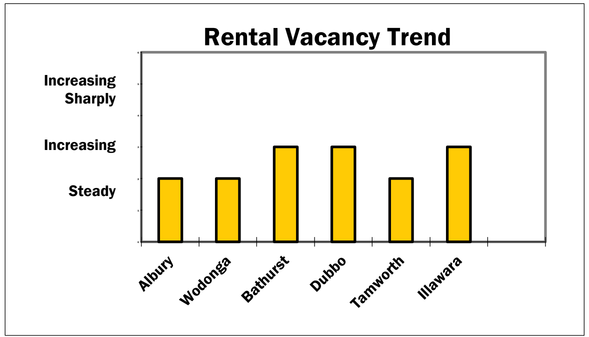

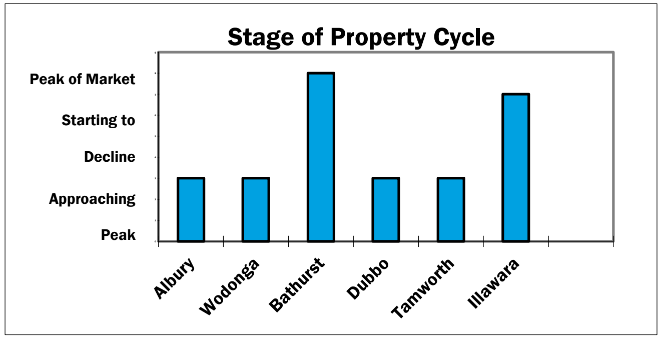

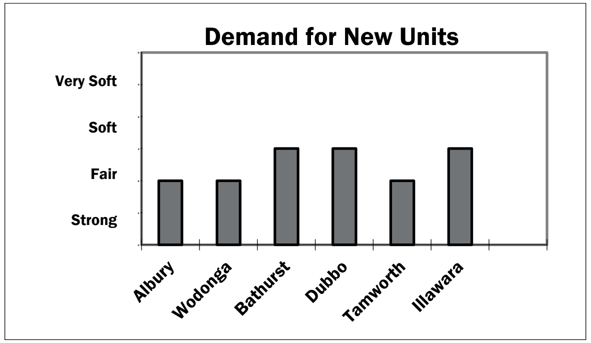

East Coast & Country New South Wales Property Market Indicators – Industrial

Factor	Canberra	Central Coast	Coffs Harbour	Lismore	Ballina/Byron Bay	Newcastle	Southern Highlands	Sydney
Rental Vacancy Situation	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Balanced market	Balanced market	Shortage of available property relative to demand
Rental Vacancy Trend	Tightening	Steady	Tightening	Tightening	Tightening	Steady	Tightening	Tightening
Rental Rate Trend	Increasing	Stable	Increasing	Increasing	Stable	Increasing	Increasing	Stable
Volume of Property Sales	Increasing	Declining	Steady	Steady	Steady	Steady	Increasing	Steady
Stage of Property Cycle	Rising market	Starting to decline	Rising market	Start of recovery	Approaching peak of market	Rising market	Approaching peak of market	Approaching peak of market
Local Economic Situation	Steady growth	Flat	Steady growth	Contraction	Steady growth	Flat	Steady growth	Steady growth
Value Difference between Quality Properties with National Tenants, and Comparable Properties with Local Tenants	Small	Significant	Significant	Significant	Small	Small	Significant	Small

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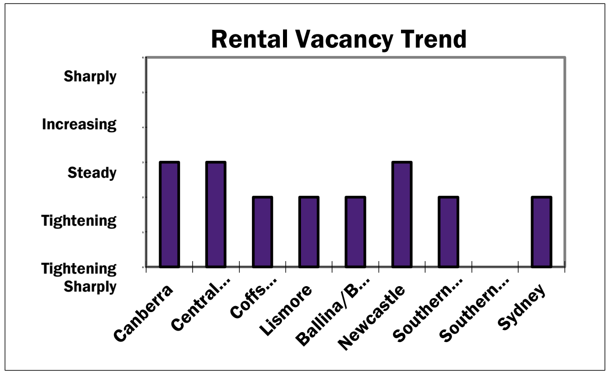
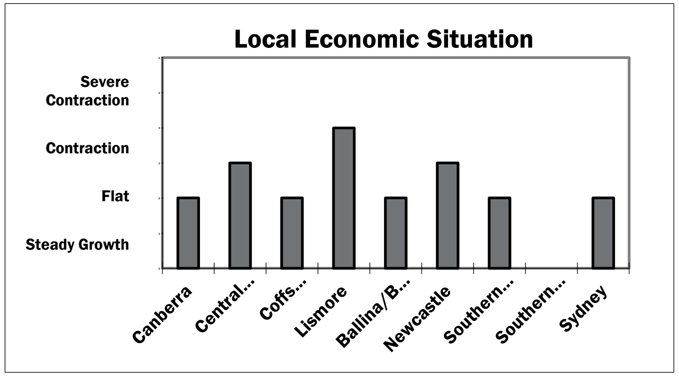
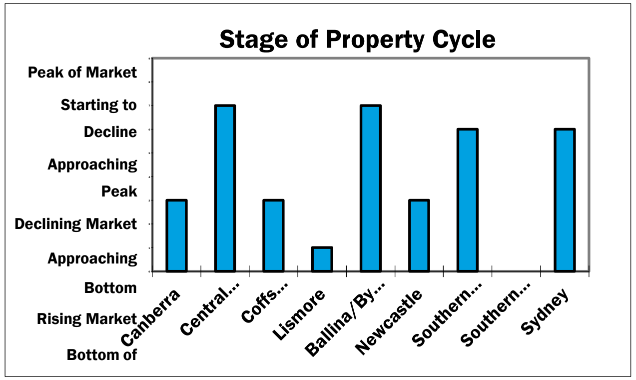
Blue entries indicate change from 3 months ago to a lower risk-rating







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	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	Fair	Very strong	Fair	Very strong	Strong	Very strong	Very strong
Trend in New House Construction	Declining significantly	Steady	Declining significantly	Steady	Declining significantly	Declining significantly	Declining significantly	Declining significantly
Volume of House Sales	Increasing	Declining	Increasing strongly	Steady	Increasing strongly	Increasing strongly	Declining	Declining
Stage of Property Cycle	Peak of market	Starting to decline	Rising market	Peak of market	Rising market	Approaching peak of market	Peak of market	Peak of market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Very frequently	Occasionally	Frequently

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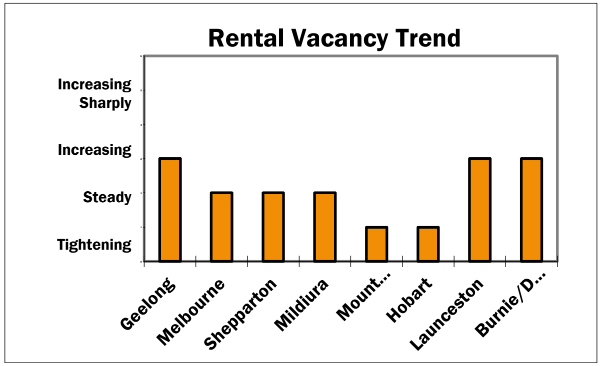

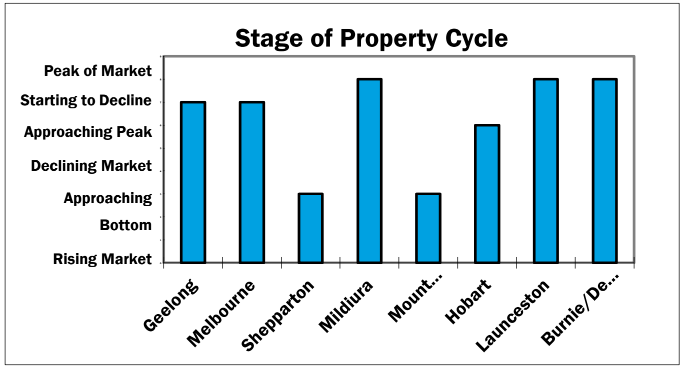

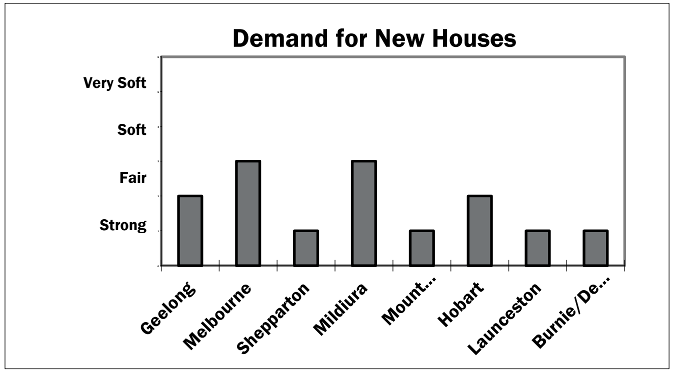

Victorian and Tasmanian Property Market Indicators – Units

Factor	Geelong	Melbourne	Shepparton	Mount Gambier	Mildura	Hobart	Launceston	Burnie/Develport
Rental Vacancy Situation	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Balanced market	Balanced market
Rental Vacancy Trend	Tightening	Tightening	Tightening	Tightening sharply	Tightening	Tightening sharply	Steady	Steady
Demand for New Units	Very strong	Fair	Strong	Strong	Fair	Strong	Very strong	Very strong
Trend in New Unit Construction	Declining significant-ly	Steady	Steady	Steady	Steady	Declining significant-ly	Declining significant-ly	Declining
Volume of Unit Sales	Increasing	Declining	Increasing	Increasing	Steady	Increasing strongly	Declining	Steady
Stage of Property Cycle	Peak of market	Starting to decline	Rising market	Rising market	Peak of market	Approaching peak of market	Peak of market	Peak of market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Almost never	Almost never	Occasionally	Occasionally	Very frequently	Frequently	Occasionally

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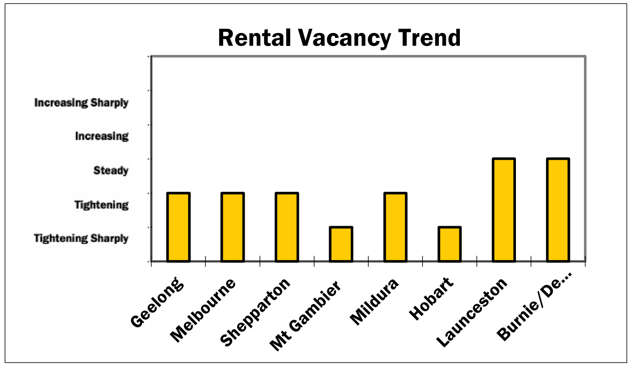

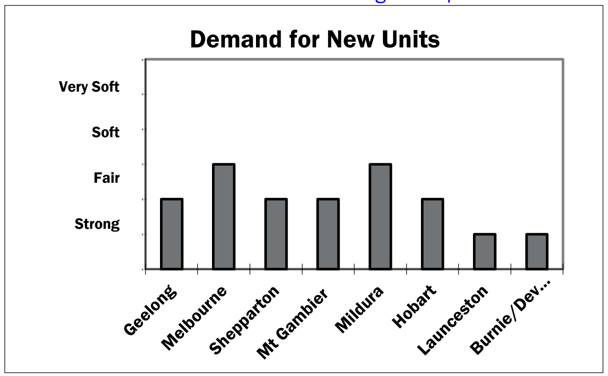

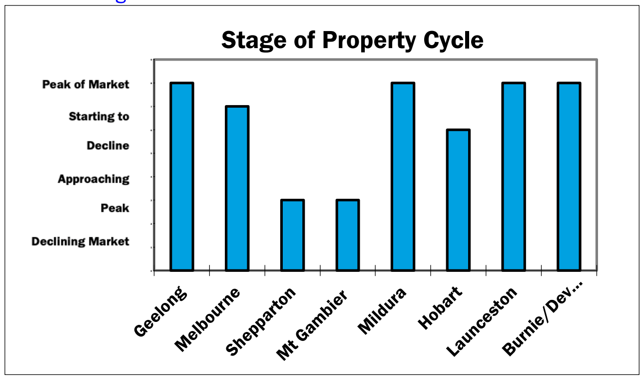

Victorian and Tasmanian Property Market Indicators – Industrial

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

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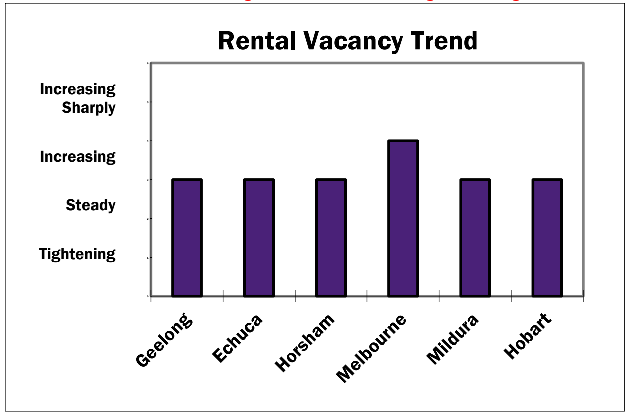

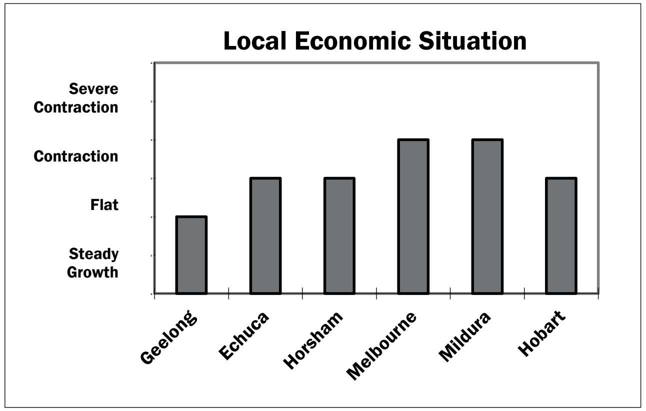

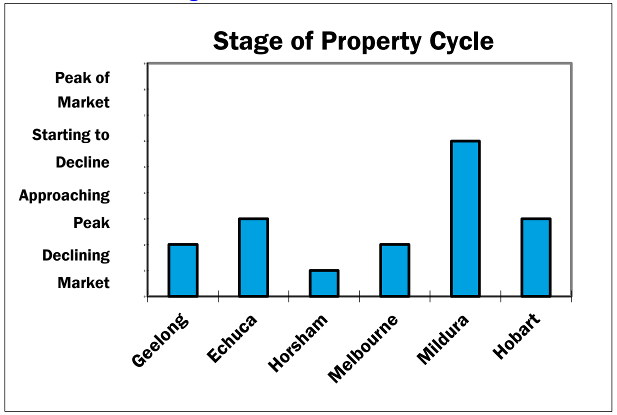

Queensland Property Market Indicators – Houses

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	Severe 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	Steady	Steady	Steady	Tightening	Tightening	Tightening	Tightening sharply	Tightening sharply	Tightening sharply	Steady	Tightening sharply
Demand for New Houses	Strong	Fair	Strong	Fair	Strong	Strong	Strong	Strong	Very strong	Very strong	Fair	Fair	Fair	Very strong
Trend in New House Construction	Declining	Steady	Declining	Steady	Steady	Declining	Declining	Steady	Declining significantly	Declining significantly	Steady	Steady	Steady	Declining
Volume of House Sales	Increasing	Increasing	Increasing	Increasing	Increasing strongly	Steady	Increasing	Increasing	Increasing	Increasing	Increasing	Increasing	Steady	Increasing strongly
Stage of Property Cycle	Rising market	Rising market	Rising market	Rising market	Rising market	Rising market	Rising market	Approaching peak of market	Approaching peak of market	Rising market	Peak of market	Peak of market	Starting to decline	Rising market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Almost never	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasion-ally	Occasionally	Occasio nally	Frequently

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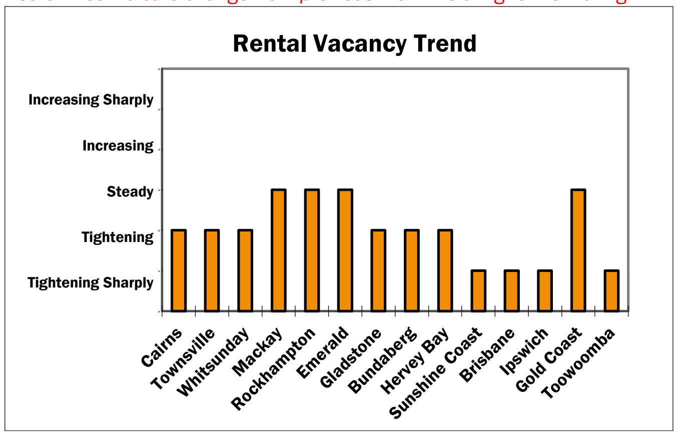

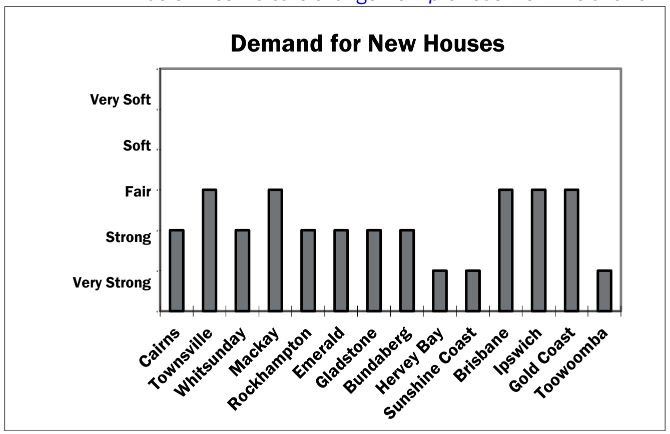

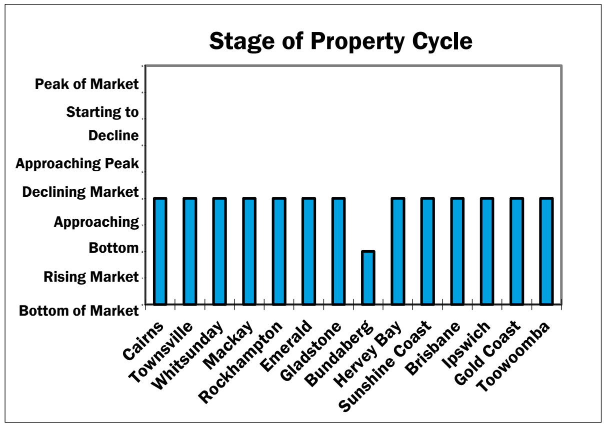

Queensland Property Market Indicators – Units

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	Shortage of available property relative to demand	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Severe shortage of available property relative to demand	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	Steady	Steady	Tightening	Tightening	Tightening	Tightening	Tightening	Tightening sharply	Tightening sharply	Steady	Tightening
Demand for New Units	Strong	Soft	Strong	Fair	Fair	Very soft	Fair	Fair	Fair	Strong	Strong	Strong	Fair	Strong
Trend in New Unit Construction	Declining	Increasing	Increasing strongly	Steady	Steady	Increasing strongly	Steady	Steady	Steady	Declining	Steady	Steady	Declining	Declining
Volume of Unit Sales	Increasing	Increasing	Increasing	Increasing	Increasing	Increasing	Increasing	Increasing	Increasing	Increasing	Increasing	Increasing	Steady	Increasing
Stage of Property Cycle	Rising market	Rising market	Rising market	Rising market	Rising market	Rising market	Rising market	Approaching peak of market	Rising market	Rising market	Rising market	Rising market	Peak of 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	Occasionally	Occasionally	Occasionally	Occasion-ally	Occasion-ally	Occasionally	Occasionally

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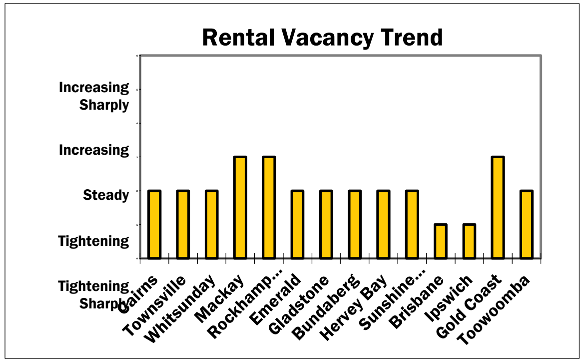

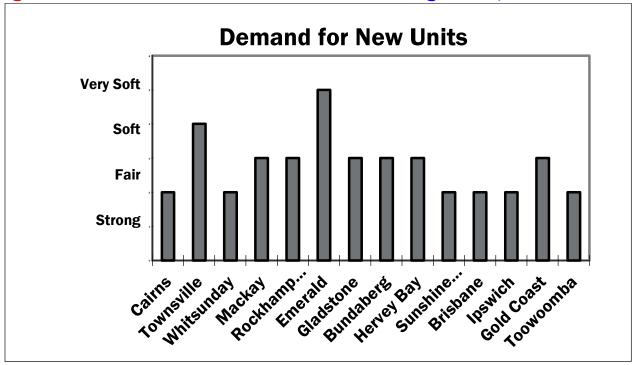

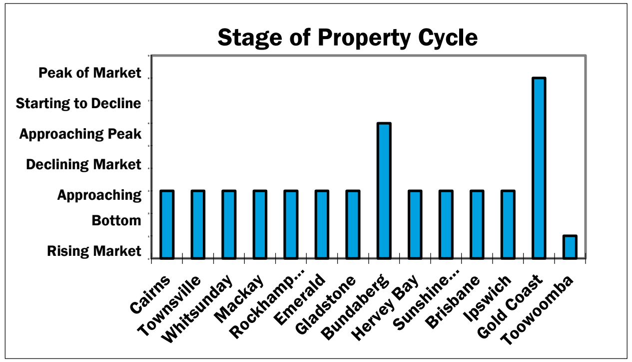

Queensland Property Market Indicators – Industrial

Factor	Townsville	Mackay	Rockhampton	Gladstone	Bundaberg	Hervey Bay	Sunshine Coast	Brisbane	Ipswich	Cairns	Gold Coast	Toowoomba
Rental Vacancy Situation	Balanced market	Balanced market	Balanced market	Balanced market	Shortage of available property relative to demand	Shortage of available property relative to demand	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	Balanced market
Rental Vacancy Trend	Tightening	Steady	Steady	Steady	Steady	Steady	Tightening	Tightening	Tightening	Tightening	Tightening	Steady
Rental Rate Trend	Stable	Stable	Stable	Stable	Increasing	Increasing	Increasing	Increasing	Increasing	Increasing	Increasing	Stable
Volume of Property Sales	Increasing	Increasing	Increasing	Steady	Increasing	Increasing	Increasing	Declining	Steady	Steady	Declining significantly	Steady
Stage of Property Cycle	Approaching peak of market	Rising market	Rising market	Start of recovery	Rising market	Rising market	Peak of market	Peak of market	Peak of market	Rising market	Peak of market	Start of recovery
Local Economic Situation	Steady growth	Steady growth	Steady growth	Flat	Steady growth	Steady growth	Steady growth	Flat	Flat	Flat	Steady growth	Steady growth
Value Difference between Quality Properties with National Tenants, and Comparable Properties with Local Tenants	Small	Significant	Significant	Significant	Small	Small	Significant	Significant	Significant	Small	Small	Large

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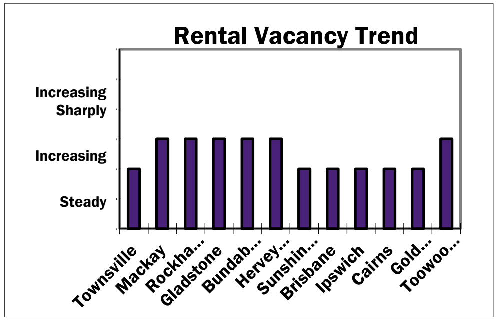
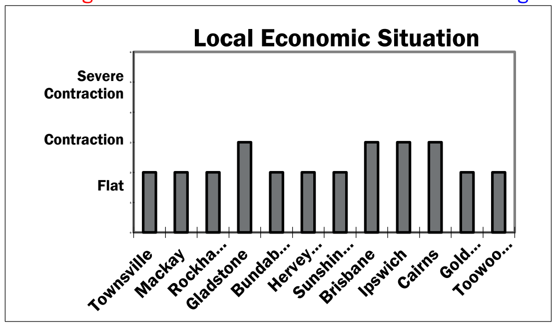
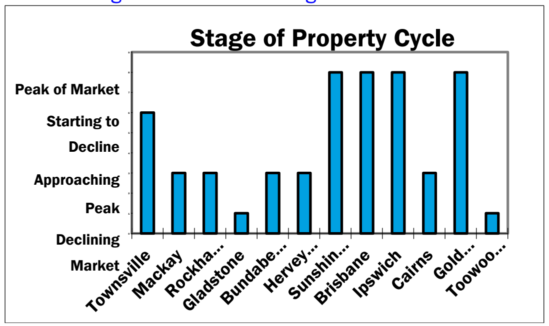




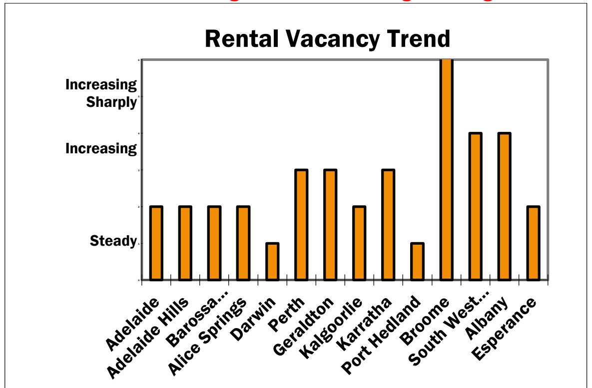


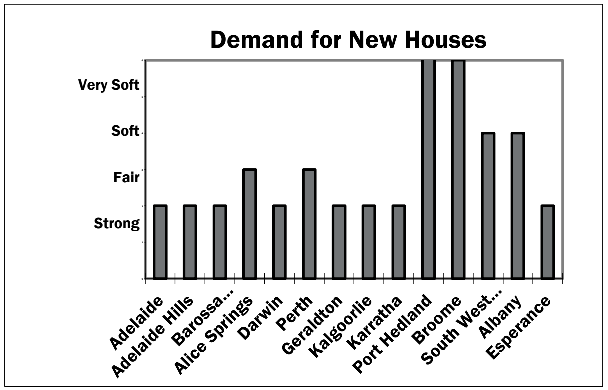
SA, NT and WA Property Market Indicators - Houses

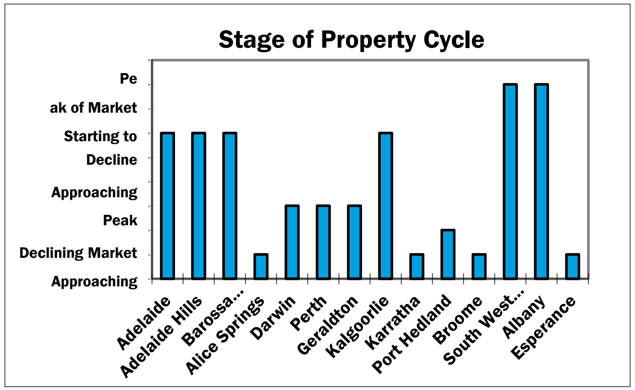
Factor	Adelaide	Adelaide Hills	Barossa Valley	Alice Springs	Darwin	Perth	Geraldton	Kalgoorlie	Karratha	Port Hedland	Broome	South West WA	Albany	Esperance
Rental Vacancy Situation	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage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



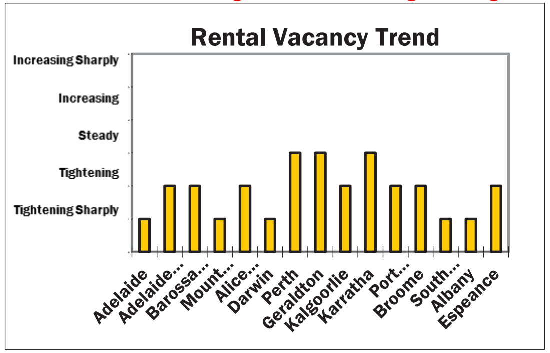


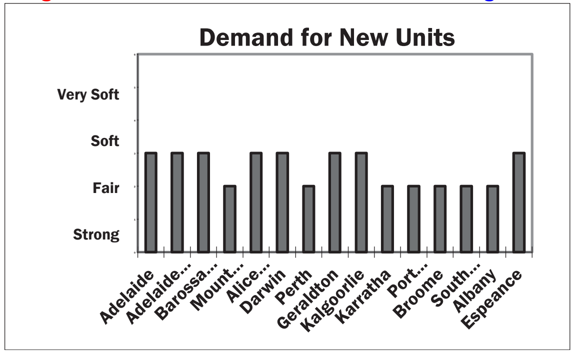


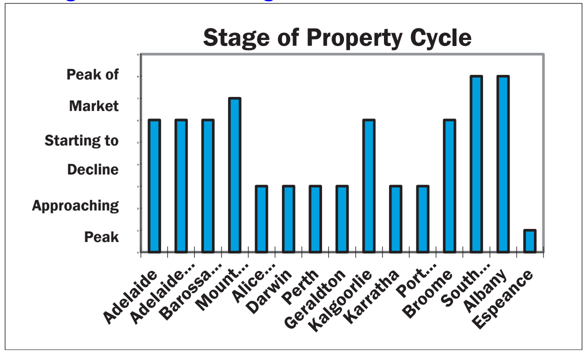
SA, NT and WA Property Market Indicators – Units

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	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	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	Severe shortage of available property relative to demand	Shortage of available property relative to demand
Rental Vacancy Trend	Tightening	Tightening	Tightening	Tightening sharply	Tightening	Tightening sharply	Steady	Steady	Tightening	Steady	Tightening	Tightening	Tightening sharply	Tightening sharply	Steady
Demand for New Units	Fair	Fair	Fair	Strong	Fair	Fair	Strong	Fair	Fair	Strong	Strong	Strong	Strong	Strong	Fair
Trend in New Unit Construction	Steady	Steady	Steady	Steady	Increasing	Declining	Declining	Steady	Steady	Steady	Steady	Steady	Declining significantly	Declining significantly	Steady
Volume of Unit Sales	Steady	Steady	Steady	Increasing	Declining	Increasing	Increasing	Increasing	Increasing	Steady	Increasing	Increasing	Increasing	Increasing	Steady
Stage of Property Cycle	Approaching peak of market	Approaching peak of market	Approaching peak of market	Rising market	Rising market	Rising market	Rising market	Rising market	Approaching peak of market	Rising market	Approaching peak of market	Approaching peak of market	Peak of market	Peak of market	Rising market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasion-ally	Occasion-ally	Occasion-ally	Almost never	Almost never	Occasion-ally	Occasion ally	Occasionally	Occasion-ally	Almost never	Almost never	Occasionally	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 – Industrial

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

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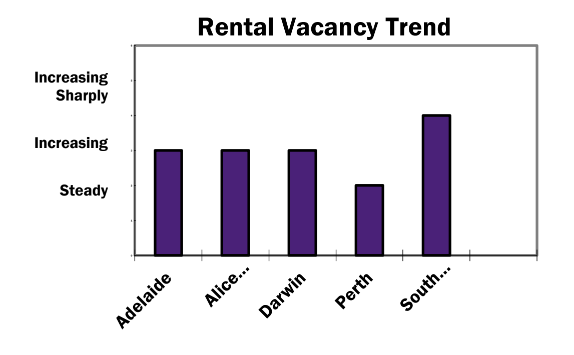

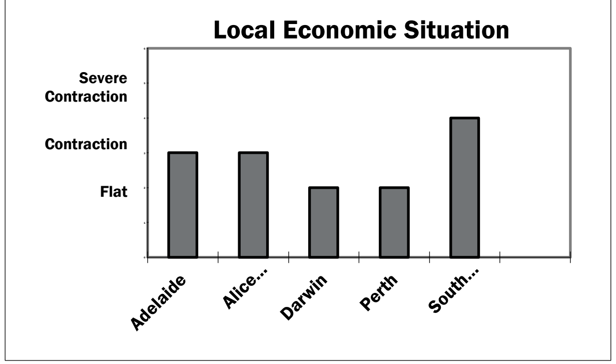

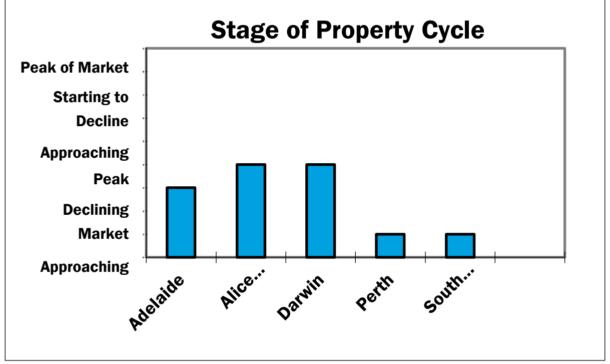

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