HERRON TODD WHITE

Month in Review

July 2023

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

Contents

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Disclaimer

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

Herron Todd White accepts no responsibility for any reliance placed on the commentary and generalised information. Contact Herron Todd White to obtain formal, specific property advice on any matters of interest arising from this publication.

Executive address

Welcome to our July edition of Month in Review

We've seen two major announcements featuring the Reserve Bank in the past fortnight.

The first was the appointment of a new RBA governor. Michele Bullock, who has been the RBA deputy governor since April 2022, will take up the top job on 18 September, replacing Phillip Lowe who held the post for seven years.

The other important revelation was a cash rate pause at 4.1 per cent. While it's likely rates could rise again in the near-term, the decision to hold for now demonstrates the RBA is taking a steadier approach to cooling inflation. The unchanged cash rate will deliver some relief however it will take several months for any previous rate increases to be felt fully by households.

There is also an undercurrent of uncertainty among property owners at present. That's part of the reason behind an unseasonable jump in residential listing numbers throughout June and July. It appears some owners who'd held off selling over the past year or so are now looking to capitalise on a more balanced market. My suspicion is we'll continue to see additional properties hit the portals in coming months. Listing numbers may well amplify post-Christmas too. Consumer spending during the festive season combined with the full impact of rate rises to date will prompt many to rationalise their household finances in early 2024 and some will choose to sell down assets to help balance the books.

Which leads me to the other big challenge in population centres across the country. There are simply too few rental properties to meet the growing demand for shelter and the situation will become more imbalanced as immigration ramps up.

Attempts to relieve the burden on tenants have seen some sectors of government implement legislative changes. This has included discussions around limiting rent increases (or even freezing rents) and altering legislation to provide tenants with more certainty... but these moves are often to the landlord's detriment.

It's important to take a step back and consider what's happening in the rental space. The case is fundamentally one where low supply and high demand have resulted in tighter vacancies and higher rents. Any moves designed to ease rental pressures should probably focus on increasing supply. As such, a measured approach that doesn't overly interfere in an already fragile market where investors play an important role in the supply of housing would seem like the most effective strategy for our leaders.

Looking to the rural sector and our experts have noted that rising interest rates and softening commodity prices have tempered property buyer enthusiasm across many industries. After several years of impressive and seemingly relentless price growth, our teams are reporting that we're back to 2022 price levels in several locations and sectors.

There's also been an uptick in large operations and aggregated holdings being purchased by institutional investors.

A week may be a long time in politics, but a month is an eternity in property. With things moving so quickly and so dramatically, it's crucial to rely on advice from independent professionals working daily in their speciality markets.

Drew Hendrey,
Executive Director
Valuation & Advisory

There is also an undercurrent of uncertainty among property owners at present. That's part of the reason behind an unseasonable jump in residential listing numbers throughout June and July.

EXECUTIVE ADDRESS

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Commercial

July 2023

National Office Overview

There have been multiple headwinds hitting the office property sector across most major markets in recent times. Unfortunately, they don't appear to be easing as we head into the second half of 2023.

Of course, the wake of the pandemic included a change to the traditional in-the-office-every-day working week. Employees are demanding the option to go hybrid, or at least restructure their work time to ensure more flexibility – and that's meant office spaces that were once full are now under occupied. A look at this month's submissions – particularly from our Perth valuers – reinforces that. As the Perth team said, "So whilst the need for office space is almost certain to endure, building owners and landlords will have to be creative to entice employees back to the workplace in greater numbers."

Jason Stevens,
Commercial Director

Of course, this means capital investment in construction and fit out right at a time when building and financing costs are reaching new peaks.

This change in worker expectations has also arrived with a confluence of other factors which are impacting markets. There is a thirst for new talent in businesses, but the unemployment rate is at a record low, so competition is fierce. As such, building and business owners across Australia are trying to entice new workers by creating workplaces with features such as flexible floor plans, collaborative areas, ESG design elements and upgrades to technology infrastructure. These features are all about making the workplace an "experience destination".

Of course, this means capital investment in construction and fit out right at a time when building and financing costs are reaching new peaks.

Construction prices and turnaround times for all building works have blown out. It's not just with new builds either... refurbishment can be an expensive undertaking – particularly if you're striving to create "magnetic" workplaces.

This is all, of course, playing into property values. Commercial property success is contingent on maximising occupancy and rents. Owners with vacant metreage are needing to increase incentives to attract tenants, and that is directly affecting their bottom lines. Whilst there is the inevitable flight to quality during times like this, it is the secondary B and C grade buildings which are most at risk of long-term vacancies and decreasing asset values.

Interestingly, many markets are probably holding up better than Melbourne and Sydney. This is possibly a reflection of the flexibility and lifestyle some of these regional centres and smaller capitals can offer. It may also be the result of net interstate migration numbers. While the two big capitals have lost population, places such as Brisbane, Perth and some major regionals are seeing an uptick in their populations. As our Gold Coast valuers noted in their article for example, office vacancy rates are at record lows on the glitter coast.

A look across this month's submissions reveals just how challenging it is for the office sector at present, but thoughtful decisions during these times may also unearth great opportunities. For cashed-up owners with a long-term mindset, now is the time to take advantage.

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National Property Clock: *Office*

Entries coloured purple indicate positional change from last month.

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New South Wales - Office 2023

Sydney

The office market in Sydney has entered the downward part of the cycle. Softening demand from both owner-occupiers and investors is evident. Demand in the rental sector is also very subdued with incentives remaining high. This however, has not dampened the construction of new office buildings.

We have seen new construction predominantly in the institutional grade space most of which was committed pre-COVID-19 with some exciting projects being completed in 2022 such as Quay Quarter Tower.

There are new buildings planned for the CBD in the next few years, most of which will be premium grade office space. The focus of both the construction and design of these buildings is on sustainability, flexible working arrangements, adaptive workspaces, office user experience and amenities.

Post-COVID, there has been a move towards higher quality, more functional office space, something developers and landlords have been focused on. Tenants have been evaluating their office requirements with a real trend towards smaller space but of a high quality. In this current period of low unemployment and the difficulty in attracting talent, tenants are also looking for space that takes into account employee wellbeing and experience.

Also of high importance are location and proximity to infrastructure. In the Sydney CBD, new metro stations are under construction which will eventually provide seamless transportation options across the city.

Outside of the CBD, there is some new construction in Parramatta which is also following a similar trend as the CBD, focusing on premium product, particularly as occupiers see Parramatta as the second CBD and being closer to the new Western Sydney Airport.

The strong investment in infrastructure will mean we are well-placed in the future as a global business centre which will attract businesses and talent from around the world. It will take time to recover from the events of the past three years but future prospects remain better than ever.

Angeline Mann
Commercial Director

Newcastle

Refurbished office space in the Newcastle area can come in a number of different forms, from older style walk up offices that have undergone internal renovations to suit the needs of the current tenants, to whole building adaptive re-use transformations, turning once disused ex-woolstores into office space. This valuer has recently been through one such building in the east end of Newcastle that underwent such a transformation in the late 1990s. The Earp Gillam Bond Store was constructed in 1888 and it was the first warehouse of Newcastle merchant firm Earp Gillam & Co., founded in 1883, then-importers of groceries, flour, wine and timber. The warehouse was for the storage and handling of imported goods (per Wikipedia). The building lay derelict for many years before its adaptive renovation by Newcastle architects Suters Architects Snell in the 1990s. The building now provides high quality office accommodation with the upper levels enjoying expansive views of parks and Newcastle Harbour. Internally the property still hints strongly at its past with exposed brick throughout and historic relics including the building's old pulleys and oversized timber doors in place.

This great repurposing of an older building for office use is one of only a few examples however most new office stock coming to the market is by way of new construction. In our post-COVID lockdown world with more hybrid or work from home options available, the quality and use of these office spaces has improved considerably. An example is the recently constructed Darby Plaza that offers high quality end of trip facilities with towel service, plus secure bicycle and surfboard storage. Lifestyle enhancement appears to be a real key to bringing staff back to office spaces. High levels of informal and formal meeting areas are also on offer, where oftentimes work from

It will take time to recover from the events of the past three years but future prospects remain better than ever.

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home staff will come into the office for meetings only and the day to day is done at the home office.

Ed Thwaites
Director

Wollongong

The office benchmark has risen over recent times due to the completion of the Lang's Corner, IMB and Gateway on Keira developments. Additionally, the Wollongong CBD has seen the substantial refurbishment of around three older buildings within the past circa five years or so, including 83-85 Market Street which is now circa 70 per cent leased, 6-8 Regent Street which is near fully leased and 36-40 Young Street which is mostly owner-occupied by Illawarra Credit Union.

The standard now available for tenants has never been higher and this has seen the city attract new corporate tenants and enable established businesses to move up into higher quality space. Owners of older buildings will have to contemplate upgrading to compete, however as construction costs have risen, the feasibility of such undertaking is likely questionable. The same pressures will apply for developers looking to build new office towers as lease pre-commitments will need to be based on an economic rent to warrant new construction. At current rates, the market rent will not warrant this. Essentially, at this juncture it will take a government department to commit in order to justify new office development.

The A-grade vacancy rate at just under 24 per cent (as per the PCA Office Market Report issued in February 2023) is considered to be temporarily skewed due to the recent completion of Lang's Corner and this is resulting in increased incentives being offered to tenants, hence pushing down effective rents. We expect the A grade vacancy rate to normalise to sit in the order of five to ten per cent once the market absorbs this new supply.

Scott Russell
Director

The standard now available for tenants has never been higher and this has seen the city attract new corporate tenants and enable established businesses to move up into higher quality space.

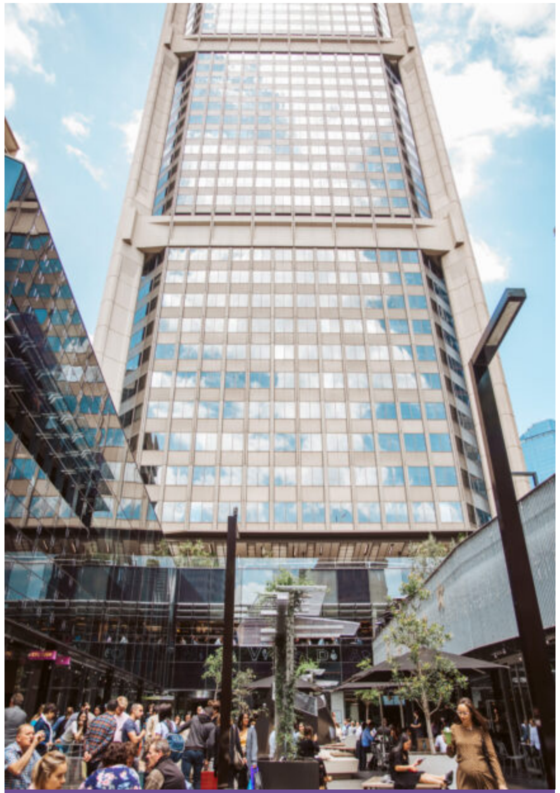
Victoria - Office 2023

Melbourne

The Melbourne office market continues to face downward pressure on values with the continuing escalation of interest rates and investor caution on the back of high vacancy rates and yield softening. There is further anecdotal evidence that investors are showing increased caution due to higher borrowing costs with new enquiry and general sales volumes having substantially decreased. In many cases, this is a precursor to flattening values and yield softening. Whilst it remains difficult to see just how far values have dropped because of limited transactions, the heightened interest rate environment is forcing financial difficulties on many which may force distressed sales leading into the back half of 2023, allowing good opportunities for astute investors to capitalise on.

There is speculation that vacancy rates are expected to peak. They were sitting at 13.8 per cent (all grades) as at 1 January 2023 for the Melbourne CBD however this was largely driven by B-grade stock rising 3.4 per cent to 20.8 per cent overall with premium grade stock falling from 10.9 per cent to 9.5 per cent. Whilst the trade-up for tenants continues with more vacancy in B- and D-grade stock, this ultimately leaves opportunity as a result of high development costs for new builds.

The new office hybrid model is still taking shape. Many believe now could be the time to reposition or refurbish older buildings and customise them to the new needs of the modern workforce. It is reported that REITs are now seeking B- and C-grade buildings which are ripe for repositioning as it may be more economical to reposition these buildings than to build new developments given the escalation of building costs. Some major refurbishments underway include: 500 Bourke Street with ISPT (35 per cent pre-committed); 85 Spring Street; 720 Bourke Street; and 235 Bourke Street.



500 Bourke St, Melbourne Source: ispt.net.au

There is speculation that vacancy rates are expected to peak.

In the post-COVID environment, there are a number of elements influencing office construction and refurbishment in Melbourne. These include: demand for modern and flexible workspaces; sustainability and energy efficiency; technological advancements in office technology; well-being and employee experience; and adaptive re-use for existing heritage buildings.

In summary, refurbishments can offer a cost-effective alternative to new construction as they leverage existing structures while still providing updated and attractive office spaces. Refurbished buildings can also help preserve architectural heritage and contribute to sustainable development by reducing the environmental impact associated with new construction.

Jason Stevens
Director

COMMERCIAL - OFFICE

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Queensland - Office 2023

Brisbane

It's clear that there is a real push by employers to get employees back into the office. Vacancy rates in Brisbane are slowly contracting and office utilisation is up.

SMEs in the sub 500 square metre market were the initial movers and we saw a huge take-up of speculative (spec) office accommodation post-COVID in 2021. Larger corporations have been more reluctant to push staff back into the office, however it appears there is a shift in sentiment now. Whilst these companies are unwilling to mandate a return to the office, they are using other measures by offering high end and creative office environments to encourage staff to return to the office.

We are now seeing a big uptick in tenant demand for pre-fitted, spec accommodation as volatile construction costs remain the biggest issue and are a massive deterrent for tenants. Broadly speaking, face rents have increased in line with the increased cost to provide quality office accommodation. However, unfitted warm-shell space is less desirable and larger incentives are warranted to account for the increasing fit-out costs and the timing it takes from start to finish.

New office development is limited and there is a reluctance to undertake new development due to the rapid escalation in construction costs over the past two years. These remain volatile, as the easing of supply constraints has been superseded by labour shortages. Additionally, office yields have softened considerably in a very short period of time

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due to the increasing cost of debt and uncertainty surrounding inflation.

The constraints on development are only likely to ease if construction costs moderate substantially, there is a contraction in office vacancies, there is considerable rental growth, or there is a very specific tenant requirement where they would essentially pay an economic rent in order to have a building purpose built. We consider that it may be a combination of these factors.

As construction costs impact the feasibility of new developments, existing office buildings remain attractive simply because they are selling at a level increasingly below replacement cost. Hence there is a desire to buy and reposition older office buildings if the fundamentals are there (good car parking, flexible floor plates, the ability to retrofit building services such as end of trip facilities and so forth).

Moving forward, we are likely to see the continuation of building upgrades in and around the CBD as landlords vigorously compete for tenants. There is still an ongoing move to prime and high A-grade quality buildings, however the looming problem in these markets is the growing level of lower A- and B-grade accommodation that needs to be backfilled. Competition in such markets will increase and incentives are unlikely to fall in the short to medium term. This will place further pressure on building owners to upgrade or face high vacancies, cash flow reductions and capital value losses.

For suburban markets, whilst there is an abundance of development sites, new development is entirely dependent upon need, with virtually no development outside of major pre-commitments. Speculative development is rare.

Edward Cox
Associate Director

Gold Coast

The Gold Coast office market has recently hit a record low vacancy, which has come on the back of a rush on internal migration during the COVID-19 pandemic and the subsequent growth in SMEs throughout the region. In historic terms, low vacancy rates have been a catalyst for new office development, however new supply additions have been fairly limited to date due to soaring construction costs.

Looking to the central Gold Coast, the full refurbishment of 21 Crombie Avenue, Bundall has been recently completed. A leasing campaign was launched earlier in the year, however we understand that the campaign was pulled after the

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The continuation of strong demand and no new supply continues to place upward pressure on rental rates across the Gold Coast region.

owners decided to occupy the building themselves. The building was purchased in October 2021 for $4.55 million with tenant Short Punch and Greatorix lawyers vacating shortly thereafter. The circa 1000 square metre, three-level building has been fully refurbished and repositioned with new services and provides a much-needed supply of good quality office accommodation to the Bundall precinct which has the lowest vacancy rate of any core-precinct on the Gold Coast.

Another interesting development is the complete refurbishment of 5-7 Marshall Lane, Southport by tenant Nexigen Digital, a large, Australian-owned digital marketing company. Nexigen Digital moved its headquarters from Melbourne in early 2022 after being attracted to the Gold Coast for lifestyle reasons. At this time, there was a lack of turn-key options for the tenant, who signed a four-plus-four-year lease (with option to purchase) and began a full internal refurbishment of the circa 650 square metre, two-level building.

The continuation of strong demand and no new supply continues to place upward pressure on rental rates across the region.

Strong demand is particularly evident in the educational sector for areas such as Southport where international student arrivals have rebounded and education operators look to re-establish premises in what was previously a core education hub. A strong rental in this space is the recent whole building lease of 56-58 Nerang Street, Southport, just west of the TAFE. The building was purchased off market in March 2023 for $6.35 million and subsequently leased on a 10-year term to an education provider at a strong rental rate that has not yet been disclosed to the market.

Further south, a recently completed office development at Mermaid Beach has reportedly achieved record rental rates for the location, with tenancies leased between $550 and $625 per square metre per annum gross, including car parking. The development has capitalised on post-COVID office trends where suburban localities close to the beachfront have become popular due to their attractive lifestyle benefits for users transitioning back from the work-from-home exodus during the pandemic, whilst also creating a central hub for office users away from the traditional CBD locations.

Concentrix building at Robina   Source: realcommercial.com.au

On the sales front, the former Austar and Foxtel building at Robina, now branded Concentrix after a major tenant, is under contract for $40 million to investment group Exceed Capital. The price reflects a discount on the 2015 purchase price which was $46 million. The passing yield is 8.5% and the Herron Todd White analysed yield is 8.16% after adjustments. This is a modern, circa 2000 built, multi-level building comprising six levels of office space plus two levels of basement car parking. The yield in the 8% range is reflective of, among other things, the higher interest rate environment and the short WALE of circa 1.5 years. The reflected rate per square metre is $4361 including car parks, based on a NLA of 9173 square metres.

Ryan Kohler
Director

Sunshine Coast

The Sunshine Coast office market is a relatively dispersed office market, with the main specific precincts located in Maroochydore, Birtinya, Nambour and Noosa and a number of smaller office precincts spread throughout the Sunshine Coast.

During the pandemic, Queensland recorded the highest population increase of a 2.2 per cent change in population for the 12 months to September 2022, being the highest growth state in Australia. The Sunshine Coast was a large beneficiary of this interstate migration. As a result of increased demand and diminishing supply levels, the Sunshine Coast currently has one of the tightest vacancy rates in Australia sitting at circa four per cent as at January 2023. Vacancy rates have tightened rapidly over the past three years having sat at circa 13 per cent in 2021.

Moving forward, construction and development of office accommodation will be driven heavily within the developing Maroochydore CBD known as Sun Central. Over the past one to two years, a number of new buildings have been constructed, offering A grade premium quality buildings with ESG credentials and EOT amenity. A number of

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these buildings that have been delivered to date are outlined to the right:

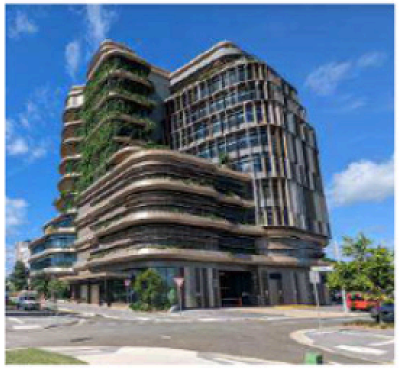
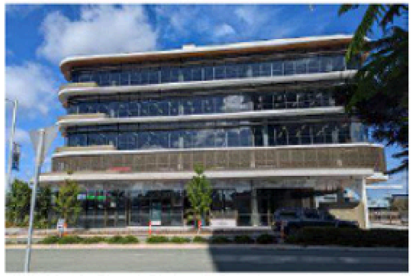
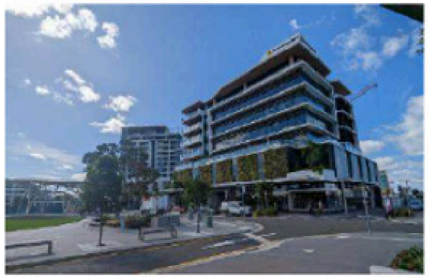
We note however there is a very large supply of proposed office accommodation in the medium to long term within Sun Central. The Maroochydore CBD is expected to comprise circa 150,000 square metres of office floor space and will be delivered over the next 15 or so years. The majority of the supply within the CBD however will be tenant-led.

Refurbishment of existing supply to date has not been overwhelming. The Sunshine Coast is somewhat an immature office market with the majority of good quality office accommodation across the Sunshine Coast having been developed over the past 15 years. Refurbishment is contained to the smaller, more established precincts developed in circa 1970 to 1990, such as pockets within Maroochydore, Caloundra and Nambour. As we see the Maroochydore CBD further develop over the coming years, drawing in occupants from older, existing spaces, we may see a push to refurbish buildings in secondary locations.

Jaydon McDowell
Associate Director

Mackay

A multi-level commercial property at 65-69 Sydney Street, Mackay sold for $8.2 million in March to show an analysed market yield of less than 7.0%. The buildings were completed in 1994 and 1996 and overall present as reasonably good quality office and retail accommodation. The buyers are Sydney based developers who aim to add value through refurbishing and reconfiguring the retail and office tenancies.

New Office Developments	Location	Comments
'Sunshine Coast Council's City Hall' 	54 First Avenue, Maroochydore	- Completed in December 2022 - 10 storey building, plus rooftop - 156 car parking spaces - 5-star Green Star and 5 star NABERS rated building - Net lettable area of 9,600sqm, comprising over 7,000sqm of council offices, plus additional office space and ground floor retail.
'A1 Building' 	41 First Avenue, Maroochydore	- Completed in March 2023 - Located at the entry to the Maroochydore CBD - Comprises a NLA of 2,677sqm, with ground floor retail, 3 levels of commercial office, rooftop terrace - one level of podium carparking with 33 carspaces - 5 star NABERS rated building, EOT facilities.
'Foundation Place' 	South Sea Islander Way/ 8 Market Lane, Maroochydore	- Completed late 2020 - 8 levels - comprises over 4,500sqm of NLA including 780sqm of ground floor retail, 5 levels of commercial office, rooftop garden. - 77 carspaces across 2 podium levels. - 5 star NABERS rated building, EOT facilities.

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The Willetts Road Health and Medical Hub at 93 Willets Road, Mount Pleasant adjacent to the Mater Hospital sold for $6 million in March.

A single-level office property at 17 Macalister Street, Mackay sold in May for $1.995 million.

This has been a relatively active period for substantial commercial property sales in Mackay and it appears that rising interest rates have not dampened buyer enthusiasm to any appreciable extent.

Greg Williams
Director

Cairns

The Cairns office market is relatively shallow and has experienced limited new development. The last large office building constructed in Cairns was the state government office tower completed in 2010. There have been several smaller (sub 2500 square metre) tenant-initiated design and construct projects completed, however there are no known significant new developments in the pipeline.

The recent redevelopment of the old Masters building into the new Centrelink premises has made available some larger areas in different buildings in the CBD, though there is limited demand for larger tenancy areas at the moment, with demand being mainly for smaller quality areas, of which there are limited available. An older 5000 square metre building in the CBD has been extensively refurbished and provides around 2500 square meters of as new space to the market. It is providing areas of any required size at around $400 plus per square metre gross.

Cairns Masters building prior to closure Source: realestate.com.au

Quality green star rated buildings in Cairns achieve high levels of occupancy due to their limited supply. Rent levels are typically $375 to $450 plus per square metre per annum gross and these figures have remained stable.

Lesser quality non-inner CBD and well exposed secondary space is in the $225 to $300 per square metre per annum rental range.

NDIS funding grants over the past two years appear to have driven rentals for secondary and suburban office tenancy areas. This funding has also increased owner-occupier activity in the smaller office market.

Investor demand remains strong but is limited by a shortage of stock available to purchase.

Shane Quinn
Director

Townsville

The outlook for the office market over the short to medium term is one of stability after a quantum shift in requirements during and post COVID-19.

Flexibility in the workplace is likely to be an ongoing key factor. Changing floor plate ratios and increasing acceptance of work from home arrangements have resulted in requirements for smaller office space and drivers for businesses to downsize, particularly in the SME sector.

With lower office space requirements, there is potential for ongoing downward pressure on rents and absorption particularly at lease reviews or renewals.

Sales activity for this sector is likely to soften throughout the remainder of 2023. Whilst we have seen strong capital growth and yield compression in the wider commercial market driven by southern investors (chasing regional yields), the Townsville CBD office sector is shallow and supply is limited, therefore we have not seen the same level of activity as other market sectors or that of metro areas. In any case the localised analysed yield spread is wide at 6.25% to 8.50% as to the price range. There have been limited sales in 2023 to quantify any softening in investment yields at this stage.

In the current uncertain times there is little impetus for pure new, large scale office developments targeting the private sector given the readily available level of office space at affordable rates. Excessive construction costs and ultimately the requirements for high tenant pre-committals based on economic rents are limiting new developments to purely government requirements. With multiple large projects underway in South-east Queensland, we are starting to see labour shortages which increases delivery risk of any proposed development.

Jamison Sayce
Associate Director

Toowoomba

There has been very little construction of new offices in Toowoomba over the past two years. New proposed developments include the following:

- **507-513 Ruthven Street, Toowoomba City** – Construction has commenced on a new building in the CBD for National Australia Bank. The building will contain a new bank branch and an office for NAB Business and NAB Agribusiness.
- **502 Ruthven Street, Toowoomba City** - Heritage Bank has announced that a 2800 square metre site has been secured within the CBD to be redeveloped into the bank's head office. The project is in the initial design and approval stage and is expected to consist of a new six or seven storey office building. Construction is projected to commence in 2024 and be completed in 2027.

The majority of recent activity in the office sector has involved refurbishment of existing buildings. This activity includes:

- **1B Kitchener Street, East Toowoomba** – purchased with vacant possession by Hutchinson Builders in early 2023 who are extensively refurbishing the first floor for owner occupation.
- **122 Margaret Street, East Toowoomba** – purchased with vacant possession by the FKG Group in late 2022 who is completing a refurbishment of the building. The building has reportedly been leased to a government department.
- **160 Hume Street, East Toowoomba** – purchased by a large accountancy firm in late 2021 and is reportedly to be extensively refurbished this year with the firm to occupy a large portion of the ground level and all of the upper level.
- **259 Ruthven Street, Toowoomba City** – this property was previously part of the Toowoomba Foundry. The property was purchased by a developer and has now been extensively refurbished and converted to commercial offices. A number of tenancies in the building have been leased with the balance being marketed for lease.

Ian Douglas
Director

South Australia - Office 2023

Adelaide

The Adelaide office market has shown positive signs throughout the first half of 2023 with further growth anticipated in the second half. We are positioned to receive record-breaking levels of office supply this year with local agents reporting 101,300 square metres to be introduced. According to the Property Council of Australia's office market report, Adelaide is currently at a 16.1 per cent vacancy rate which is expected to rise to 18.4 per cent due to the influx of supply. Yields are continuing the decompression trend, softening a further 12.5 basis points over Quarter 1 which is expected to continue throughout the year. These figures can be offset through prime gross effective rents continuing their trajectory, increasing a further 1.6 per cent over the first quarter.

Irrespective of the rising vacancy rates, Adelaide has experienced strong levels of pre-commitment with a great proportion of new supply warranting tenant interest. Two notable projects currently under construction are 60 King William Street and the Festival Tower, with pre-commitment levels of 94 and 90 per cent respectively. The Charter Hall building at 60 King William Street comprises 39,000 square metres of lettable area across the 14-floor development, being net zero in emissions targeting a 6 Green Star rating, 5 star NABERS and a platinum WELL certification. The building is underpinned by large public sector pre-commitments with NAB, Telstra and Services Australia all signing ten-year leases.

Figure 1- Charter Hall's 60 King William Street Source: Real Commercial, 2023

The Festival Tower comprises 45,000 square metres and is the tallest all-electric building in Adelaide achieving a 6 Green Star rating, 5.5 star NABERS and gold WELL certification. The building has received pre-committed tenants of Deloitte, Flinders University, Mott McDonald and Valo with completion scheduled for the end of the year. These buildings encapsulate the strength of tenant demand for state of the art facilities, hybrid workforce environments, end-of-trip facilities and ESG goals.

We have seen the impact on older generation prime and secondary spaces being refurbished in order to remain competitive with large levels of new accommodation coming to market. This existing stock is expected to be upgraded within the next

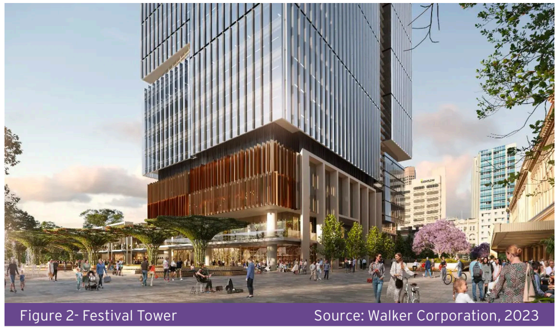


Figure 2- Festival Tower Source: Walker Corporation, 2023

market phase to attract and retain prospective tenants given the flight to quality factor still being a predominant trend. The Adelaide market has observed tenant centralisation with many tenants shifting from suburban accommodation to the CBD, resulting in a positive net absorption of about 5800 square metres in Quarter 1. South Australia's stamp duty exemption for commercial transactions positions Adelaide competitively against the larger cities of Melbourne and Sydney, with local agents reporting genuine interest from equity investors. The market has proven resilient irrespective of the changing macroeconomic environment with strong demand from both investors and occupiers.

Chris Winter
Commercial Director

We have seen the impact on older generation prime and secondary spaces being refurbished in order to remain competitive with large levels of new accommodation coming to market.

Western Australia - Office 2023

Perth

The most recent PCA Office Market Report indicates Perth's CBD total vacancy rate was 15.6 per cent for the six months to January 2023, almost unchanged from that recorded in July 2022 (15.8 per cent). The West Perth vacancy rate however demonstrated positive movement, recording a total vacancy rate of 13.2 per cent, down from 15.3 per cent over the same period. New tenant demand from emerging companies in the mining and resources sector, plus professional service firms, is considered to be a major contributing factor to this encouraging statistic.

Whilst this may prove to be the start of a recovery, there remains a visible vacancy factor in Perth's traditional office districts, particularly for non-premium grade accommodation. The level of occupancy, as opposed to vacancy, is proving to be a key statistical distinction in the performance of the office property sector given the work from home phenomenon. The hybrid working model appears to be here to stay and we expect companies to continue to reduce their workspace footprints.

Whilst the need for office space is almost certain to endure, building owners and landlords will have to be creative to entice employees back to the workplace in greater numbers. Refurbishment of existing space is an obvious solution, however it is also a costly exercise.

Many buildings were refurbished on a speculative basis by Perth CBD landlords even prior to the COVID-19 pandemic as a way to entice tenants during those subdued market conditions. Given this recent capital expenditure (on a speculative basis), landlords are perhaps reticent to spend further on refurbishments until the new normal around office demand is established in light of the shift to the hybrid office and work from home phenomenon brought about by the pandemic.

The performance of the Perth residential property market has also placed considerable pressure on the local construction industry. Labour shortages and construction material supply chain disruptions have contributed to a pronounced and rapid escalation in build and refurbishment costs across all real estate sectors, while also delaying project time-lines.

Nevertheless refurbished offices are expected to take on a different appearance than the traditional blend of partitioned offices and open plan workstations. Such space is likely to be designed for the hybrid worker with a focus on providing space for professional development, supporting company culture and encouraging social connection.

Features such as increased natural air circulation are also likely to be high on the agenda in a post-pandemic environment. Bespoke fit-outs for large workforces that adhere to the entity's environmental, social and governance policies are expected to become more prevalent. A building's NABERS rating perhaps takes on greater significance than in previous years.

In general, companies are continuing to take advantage of the considerable incentives on offer (either in the form of landlord works contributions or rental abatements) to relocate to premium and A-grade accommodation, creating a clear two-tier leasing market.

Tenant demand for large-scale floor plates greater than say 500 square metres has further softened as prospective occupants demonstrate a marked preference to secure smaller premises, citing the resilience of the work from home movement. Encouragingly there has been a pronounced uptick in activity in the 200 to 350 square metre market segment within the past nine months with upward pressure exerted on achievable face rental rates. Availability of this stock in certain fringe CBD locations is however constrained.

Whilst the need for office space is almost certain to endure, building owners and landlords will have to be creative to entice employees back to the workplace in greater numbers. Refurbishment of existing space is an obvious solution, however it is also a costly exercise.

One The Esplanade Source: onetheesplanadeperth.com.au

Of the very limited stock put to market for sale in the past 12 months, high net worth investors and local syndicates are active, though often seeking opportunistic acquisitions of older stock and embarking on refurbishment programs which under prevailing market conditions are viewed as a necessity in order to compete for prospective tenants whilst re-positioning the asset in the market place.

Construction of new office space in Perth has been minimal in recent times. A quick glance towards Perth's CBD skyline reveals a handful of major projects are underway in Elizabeth Quay including Brookfield's One The Esplanade comprising some 57,000 square metres of floor space over 29 levels of which 85 per cent is leased to Chevron for their new corporate headquarters.

Other adjacent projects include a combination of apartments, short stay and mixed-use accommodation in addition to smaller office components. At the western end of the CBD, AAIG's Capital Square precinct has also taken shape on the site of the former Emu Brewery.

Greg Lamborn
AAPI - Certified Practising Valuer

Northern Territory - Office 2023

Darwin

The only significant construction underway in the Darwin CBD at present is the new campus of Charles Darwin University on an 11,000 square metre site adjacent to the GPO. Construction is well advanced, with the nine-level structure now at full height. Currently there are about 80 workers on site and the campus is scheduled to accommodate students during 2024. The CBD campus should provide significant benefits in enlivening the CBD. To date, the provision of suitable student accommodation in the CBD has been a major challenge.

Charles Darwin University   Source: Educations and Community Precinct

There is no office construction currently underway in the Darwin CBD. Over the past few years, it has been very apparent that the economics of new construction have not stacked up. Rising building costs and interest rate concerns have added further constraints deterring developers.

That situation appears to be changing. There is virtually no A-grade office space available for lease in the Darwin CBD and the laws of supply and demand dictate that rents should therefore increase. There is growing evidence that this is happening.

There are a number of suitable sites with development approval where the developer would undoubtedly pull the trigger if an adequate pre-commitment to lease was negotiated. However we would expect that pre-commitment would need to be based on $850 per square metre or higher for a project to go ahead.

Terry Roth
Director

There is virtually no A-grade office space available for lease in the Darwin CBD and the laws of supply and demand dictate that rents should therefore increase.

HERRON TODD WHITE

Residential

July 2023

National Residential Overview

The first half of 2023 saw price gains across most capital cities and while the discussion of a rebound has filled some circles, there are significant headwinds expected through the second half of the year that have the potential to make any recovery short lived.

The RBA left rates on hold in July, but their comments included a desire to observe how previous increases were affecting the market. Despite this wait-and-see approach, most commentators believe there are more rate rises to come in the near term.

This position aligns with major lenders who have recently flagged increasing stress among their borrower cohorts. There has been a lot of discussion around the number of borrowers coming off attractive fixed rate loans and onto significantly higher variable rates throughout 2023. Perhaps the impact will not be as immediate as some had predicted given borrowers have already demonstrated their resilience. It does beg the question, however, as to how long they can hold on at these new rates and with the threat of further imminent rises. The lag effect of interest rate increases may not just be the time taken for the new rates to be implemented by lenders but also how long stressed homeowners can stay liquid after the shock of this rate rise cycle. This may also escalate if we see any significant increases in unemployment over the next six to twelve months.

Ben Esau,
National Director
of Residential

Signs of stress in mortgage borrowers are being closely watched including via reduced savings and spending, increasing arrears and through increased property listings. Throughout the second half of the year, new listings may become a key metric to watch as they're currently below long-term averages. If we see increases – particularly in certain geographic or market sectors – this could lead to sharper declines in values. While the tight rental market may help absorb listings, buyers will continue to see their purchasing power diminish with higher rates impacting serviceability requirements.

Property values have their challenges ahead, however the continued rental shortage across most capital cities won't be resolved in the short term and it's causing real impacts on both tenants and CPI (inflation). Rental price increases are putting pressure on tenants. Calls for greater tenant protections are likely to amplify and rising interest rates will continue to put pressure on mortgaged landlords to pass these costs onto tenants.

Increasing supply initiatives such as affordable housing projects and converting commercial buildings into residential will not provide any immediate relief. As policy makers continue to look for short-term solutions to the rental shortage, we expect to see more focus on short-stay rentals and vacant investment properties… particularly within metro localities. Policy changes in these areas would seek to disincentivise short-term usage or vacancies and aim to push this stock back into the long-term rental market. Whilst these types of initiatives in isolation won't solve the problem, they may provide opportunities to demonstrate progress against a backdrop of growing public concern. That said, they may well disincentivise investors away from residential property too – not something we want in these tight markets.

All-in-all, the next phase of our post-pandemic economy has created a precarious remainder of 2023 for the residential property market.

Throughout the second half of the year, new listings may become a key metric to watch as they're currently below long-term averages.

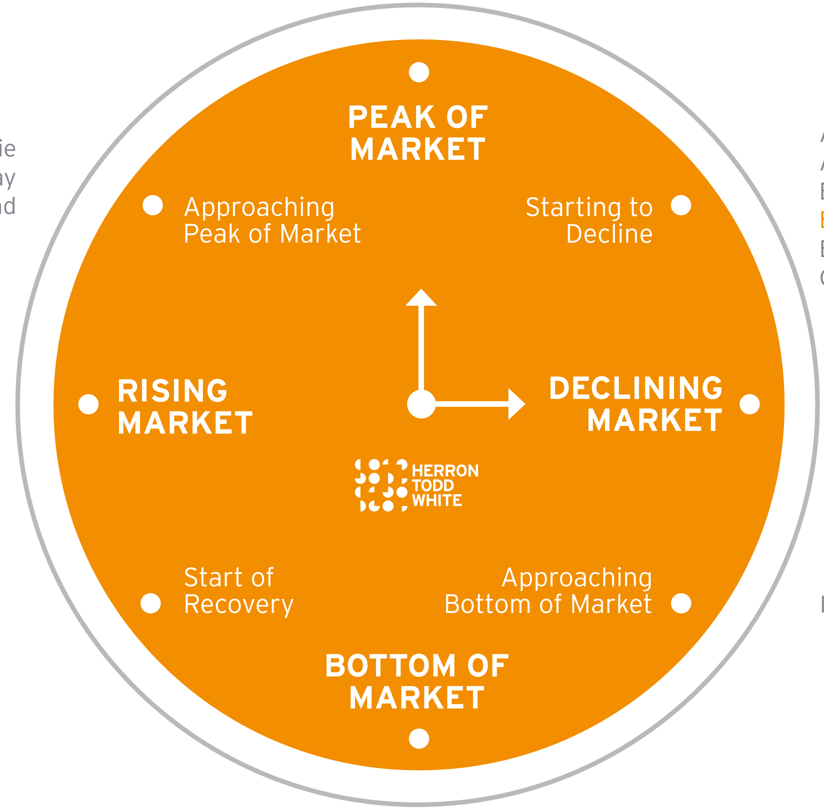
National Property Clock: *Houses*

Entries coloured orange indicate positional change from last month.

Albany
Alice Springs
Bathurst
Bundaberg
Canberra
Darwin
Dubbo
Fraser Coast
Mildura
Mount Gambier
Newcastle
Tamworth
Toowoomba

Cairns
Geraldton
Gladstone
Kalgoorlie
Mackay
Port Hedland

Adelaide
Adelaide Hills
Barossa Valley
Broome
Burnie/Devonport
Central Coast
Gold Coast
Launceston
Melbourne
Shepparton
Sunshine Coast



Emerald
Esperance
Karratha
Perth
Rockhampton
South West WA
Sthn Tablelands
Townsville
Whitsunday

Albury
Ballina/Byron Bay
Brisbane
Coffs Harbour
Geelong
Hobart
Ipswich
Lismore
Wodonga

Illawarra

Southern Highlands
Sydney

RESIDENTIAL

National Property Clock: *Units*

Entries coloured blue indicate positional change from last month.

Albany
Alice Springs
Bathurst
Brisbane
Broome
Bundaberg
Burnie/Devonport
Fraser Coast
Mildura
Mount Gambier
Newcastle
Shepparton
Tamworth
Toowoomba

Gladstone
Kalgoorlie
Mackay
Port Hedland

Adelaide
Adelaide Hills
Barossa Valley
Central Coast
Gold Coast
Ipswich
Launceston
Melbourne
Sunshine Coast

Cairns
Darwin
Dubbo
Emerald
Esperance
Geraldton
Karratha
Perth
Rockhampton
South West WA
Townsville
Whitsunday

Albury
Ballina/Byron Bay
Canberra
Coffs Harbour
Geelong
Hobart
Lismore
Wodonga

Southern Tablelands

Illawarra

Southern Highlands
Sydney

RESIDENTIAL

New South Wales - Residential 2023

Sydney

There are two big talking points when it comes to how the Sydney residential property market has performed in the first half of 2023. The first is that despite the RBA cash rate increasing eight times (and by three percentage points overall) to the end of 2022 and a further four times (one percentage point) so far in 2023, the bottom of the downturn appears to have been reached in the first two months of the year.

In fact, in the three months to the end of May, the median price growth across Sydney could almost be described as booming, with houses up five per cent and units 3.3 per cent over that quarter. There is no doubt that demand has increased as those holding out for the bottom of the market now have an increasing fear of missing out on it. On the supply side, new listings are down 17.7 per cent and overall listings are down 20.6 per cent, according to CoreLogic, which is further fueling this buyer fear of missing out.

Median value movements

Sydney	All Dwellings	Houses	Units
Month	1.8%	2.1%	1.1%
Quarter	4.5%	5.0%	3.3%
YTD	3.5%	4.0%	2.2%
Annual	-8.2%	-9.2%	-5.5%
Median Value	$1,052,810	$1,293,529	$797,806

source: CoreLogic Home Value Index as at 31 May 2023

It will be interesting to see what impact the May and June interest rate increases will have, along with any further increases as the year progresses. There is also an expectation that after several below average selling seasons, this winter and spring could see a flurry of new listings. It is hard to imagine that prices can continue to recover at the pace they did last quarter, particularly if the economy pushes closer to a recession later this year. One thing we have learnt about the Sydney market though is to expect the unexpected.

One thing we have learnt about the Sydney market though is to expect the unexpected.

The second talking point which has been prominent this year is rent affordability. With the vacancy rate across Sydney in the 1.3 to 1.5 per cent range (SQM Research), asking rents continue to increase at a fast pace. House rents were up 19.5 per cent in the past 12 months while units increased by 26.2 per cent, an indication of the lack of supply of rental properties. With immigration rates to be at above average levels over the next three years and new approvals for residential construction at a 10 year low, it's hard to see supply keeping up with demand in the short to medium term.

SQM Research Weekly Rents Index

Week ending 12 Jun 2023		($)	Change on prev week($)	Rolling month % change	Rolling quarter % change	12 month % change	3 year %(pa) change	7 year %(pa) change	10 year %(pa) change
Sydney	All Houses	972.73	2.27 ▲	1.0% ▲	3.2% ▲	19.5% ▲	14.9% ▲	4.5% ▲	4.3% ▲
	3 br Houses	908.83	-2.83 ▼	0.7% ▲	4.7% ▲	13.4% ▲	11.4% ▲	3.6% ▲	3.5% ▲
	All Units	658.82	2.18 ▲	0.0% ▼	3.2% ▲	26.2% ▲	11.4% ▲	3.8% ▲	3.7% ▲
	2 br Units	680.42	1.58 ▲	-0.2% ▼	3.2% ▲	25.3% ▲	11.8% ▲	3.9% ▲	3.9% ▲
	Combined	786.41	2.22 ▲	0.5% ▲	3.3% ▲	22.8% ▲	12.9% ▲	4.1% ▲	3.9% ▲

Sydney Weekly Rents Index

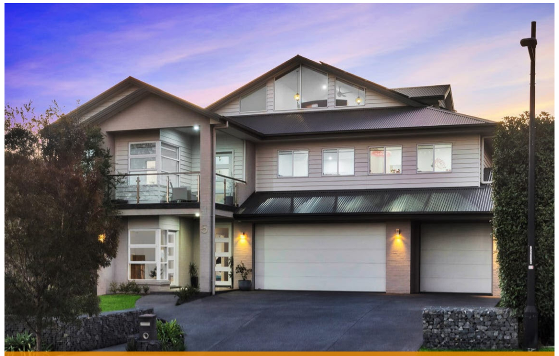
Source: SQM Research

South-Western Sydney

Six months in and 2023 has been a mixed bag. The Herron Todd White south-west team cannot remember a time when there have been so many differing opinions on what is happening in the market; be it local agents or media articles, it has been very challenging to silence out the noise and go with the facts.

Modern estates have held their value and in many cases we have seen an increase in prices over a 12 month period. One example is 5 Greta Avenue, Harrington Park, which sold in August 2022 for $1.7 million and resold in May 2023 for $2 million.

In Denham Court, 23 Nightshade Close sold in October 2022 for $1.395 million and resold in April 2023 for $1.41 million.



5 Greta Avenue, Harrington Park Source: realestate.com.au

The driving factors are affordability with working households still able to absorb interest rate and cost of living pressures and continued high demand for a modern product in a new estate offering a desirable community lifestyle.

Older, more established suburbs were initially impacted by interest rate rises as we saw value levels take a considerable hit with buyers adopting a sit and wait approach. However as the months have rolled on, this market has clawed back the value that was initially lost. First home buyers have re-entered the market as they are tired of waiting for interest rates to stabilise and investors are leveraging increased rents against their increased repayments. The result is values are back to what we saw 12 months ago.

In Bradbury, 5 Kullaroo Avenue sold in July 2022 for $700,000 and then resold in April 2023 for $725,000, while in Ingleburn, 146 Cumberland Road sold in May 2022 for $970,000 and then resold 12 months later for $1 million.

5 Kullaroo Avenue, Bradbury Source: realestate.com.au

Vacant land has been the hardest hit mainly due to the cost of construction with buyers looking towards constructed homes as a better and safer value option. This has been the most interesting finding for us in 2023 where built homes in a modern estate are at least holding their value whilst vacant land in the same estate is declining in value.

In Leppington, a 450 square metre vacant lot sold in April 2022 for $900,000 and then resold in April 2023 for $856,000, while in Rosemeadow, a 546 square metre vacant lot sold in January 2022 for $640,000 and then resold in April 2023 for $580,000. Finally, a 480 square metre vacant lot at 11 Mitchell Street sold in November 2021 for $890,000 and resold in May 2023 for $850,000.

When we think about the south-west unit market, we look towards the Liverpool CBD. This market has sat lifeless for a few years now and 2023 has been no different. A lot of planning is required to breathe life back into this market.

A two-bed, two-bath unit in Castlereagh Street sold in June 2018 for $508,000 and then resold in March 2023 for $488,000, while another unit on Campbell Street sold in April 2017 for $525,000 and then resold in March 2023 for $510,000.

36/15-17 Castlereagh Street, Liverpool Source: realestate.com.au

For those looking at a unit, Ed Square and Oran Park offer a wide range of amenities that go hand in hand with the unit market.

North Western Sydney
Property within western Sydney has seen some improvement over the past six months after a year of decline. Early 2022 was seen to be the peak and not so long after that we had back-to-back interest rate rises with inflationary pressures and a cost of living crisis impacting affordability.

The consistent feedback from agents over the past six months is that A-grade property, particularly modern family homes that need no work, are receiving solid enquiry and are achieving

On the demand side, borrowers have now adjusted to the new normal of what they can afford, and many feel we have reached the bottom of the cycle and are in a recovery phase.

HERRON TODD WHITE

strong prices, whereas B and C-grade property is struggling. Many of these B and C-grade properties require renovations in the short to medium term and with the cost of renovating sky high at the moment, many buyers are simply avoiding these properties.

The recent months of price growth is mostly off the back of low stock levels. On the demand side, borrowers have now adjusted to the new normal of what they can afford, and many feel we have reached the bottom of the cycle and are in a recovery phase.

There have been some extraordinary results so far this year including 1 McLeod Road, Middle Dural which sold for a reported $14 million via local agent William Brush of LJHooker Dural. This is a local record and a Hills District record. This property is a six-bedroom, five-bathroom luxury dwelling with home theatre room, billiard room, designer features throughout as well as a resort style pool and outdoor entertaining area. The land area is five acres and is mostly cleared.

1 Mcleod Road, Middle Dural Source: realestate.com.au

Another strong result was 47 Fairway Drive, Kellyville selling for $2.875 million via Sunny Gandhi of The Agency. This property is a modern five-bedroom, three-bathroom dwelling with a two-car garage and is positioned on a 795 square metre battleaxe block.

This sale is impressive given the property does not have a pool and is improved on a battleaxe block. This is reportedly a record sale for a battleaxe block in the area.


47 Fairway Drive, Kellyville Source: realestate.com.au

With the more recent rise in median prices, the question remains how much wind is in the sails and how long will this continue? We consider that as long as supply levels are limited then prices will hold or slightly improve. If a large volume of supply does enter the market, then expect some reductions in any recent gains.

North Shore

The residential market on Sydney's North Shore began 2023 in the midst of uncertainty, driven by rising interest rates and a continued increase in construction costs. However, as is often the case with this historically well-performing market, it didn't take long to see a stabilisation in prices and in recent months a return to market growth. This has certainly gone against the general trend with most property professionals expecting continued weakening conditions throughout the first half of 2023.

The prestige market has been the most resilient with blue-chip suburbs such as Killara, Warrawee and Mosman experiencing very strong sale results in recent months. In Killara we saw the recent sale of 31-33 Springdale Road for reportedly around the $19 million mark. The property comprises an architectural residence with seven-bedroom accommodation, an eight-car garage, expansive landscaping and a full-sized tennis court with pavilion, set on approximately 2470 square metres of land. Interestingly, this property previously sold in July 2021 for $16.3 million, an increase of almost 17 per cent over less than two years.


31-33 Springdale Road, Killara Source: realestate.com.au

On the Upper North Shore we saw a record sale in Warrawee for a home on highly regarded Chilton Parade, selling for around the $20 million mark. This record sale shows the current and continued growth being experienced in this sector of the market. On the Lower North Shore, Mosman is always a good barometer of market performance in the prestige sector. According to realestate.com.au, the median price in Mosman at the start of the year was $4.8 million with the current median price sitting at $5 million. Although this increase is a far cry from the peak of the market in 2021, it is further evidence that the market is again on the improve.

A surprising sector of the North Shore market has been the continued growth in the new build product. We have seen multiple sales, especially on the Upper North Shore, of newly constructed, high-quality homes selling well above market expectations. The suburb of St Ives has seen a number of such sales in 2023, the most recent being the sale of 9 Karoom Avenue, selling in late May for $6.96 million. This property comprises a five-bedroom, four-bathroom, high quality residence built by Homestead Homes, and is positioned on approximately 986 square metres of land.

9 Karoom Avenue, St Ives Source: realestate.com.au

According to realestate.com.au, the current median price in St Ives of $2,806,500 is slightly lower than it was at the start of the year, being $2.85 million. This is further evidence that the upper end of the market is performing better than the lower end on the North Shore, likely due to these buyers being less impacted by rising interest rates.

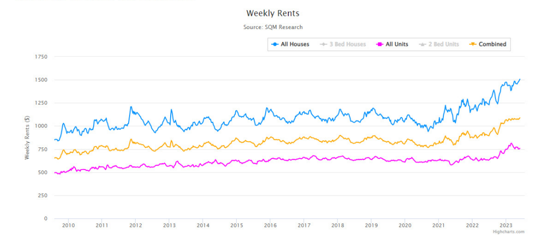
In recent weeks, although maybe not yet evidenced in data, there is a feeling of the general market experiencing improved market sentiment across most suburbs on the North Shore. It does appear that interest rate shock has now subsided with buyers feeling more confident about where they stand going forward.

We expect the next six months to have continued steady growth at a more normalised rate in comparison to the past couple of years, but it does appear that declining prices have been relatively short lived. Of course, this is on the assumption that there are no major economic changes in the coming months, which is certainly not a given considering current inflation issues and an ever-increasing chance of a recession.

Northern Beaches

The Northern Beaches residential market has bottomed out after recording consecutive monthly price rises since April 2023. Market metrics all point towards underlying strength across all value levels and property types. Auction clearance rates are sitting at a healthy 75 per cent (all data to week ending 4 June 2023, source: CoreLogic) and continuing to improve. Weekly asking rent is at an all-time high, sitting at $1507 per week for dwellings and $758 per week for units (as at June 2023, source: Sqmresearch.com.au).

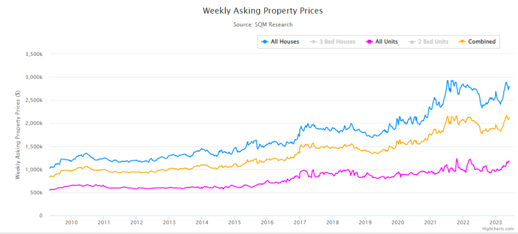
WEEKLY RENTS
REGION: NORTHERN BEACHES



Northern Beaches weekly rents Source: SQM Research

Weekly asking prices are sitting at about $2.8 million for dwellings, which is significantly higher than the previous six month benchmarks and bordering previous all-time highsset in 2021, creating a compelling argument that the market has well and truly turned a corner (as at June 2023, source: Sqmresearch.com.au).

WEEKLY ASKING PROPERTY PRICES
REGION: NORTHERN BEACHES



Northern Beaches weekly asking prices Source: SQM Research

A recent illustration includes 16/57 Gladstone Street, Newport selling for $1.02 million in May 2023. The sale comprises a circa 1960s, two-bedroom, one-bathroom unit, providing previously updated interiors throughout. The result is a significant uplift from a previous sale in the complex in July 2022 for $875,000 (Number 7) which presented in a reasonably similar condition throughout.

16/57 Gladstone Street, Newport Source: realestate.com.au

There has also been a notable increase in international buyer enquiry for prestige properties of late. We are aware of a number of prestige sales involving international buyers; these prospective buyers were not necessarily the successful purchaser but did promote healthy competition and drove price growth and we anticipate this trend to continue moving forward.

Inner West

The inner west region of Sydney generally experienced a strong increase in sale prices over the first half of 2023, beginning between February and March 2022. Areas such as Newtown, Haberfield, Petersham and Marrickville which experienced a decrease in capital values over the course of 2022 are now experiencing sharp increases in value, especially detached housing.

Properties that were withdrawn from the market in 2022 are now selling in 2023. Much of this somewhat sudden increase in value is attributable to the lack of listings on the market for sale in the area, as well as an increase in demand from prospective purchasers who held off during 2022 and are returning to the market feeling optimistic in relation to an end to the RBA's consecutive increases in the cash rate.

The table below indicates a 20 per cent decrease in the overall number of listings of houses between January 2023 and May 2023 in the inner west, in comparison to the same period in 2022.

Inner West house listing numbers

Number of Listings of Houses	2022	2023	% difference
January	668	552	-17%
February	990	830	-16%
March	1086	910	-16%
April	1045	725	-31%
May	961	785	-18%
Total	**4750**	**3802**	**-20%**

Source: SQM Research

The story is similar in regard to the number of strata titled listings in the inner west. The table below indicates a 14 per cent decrease in the number of listings between the two periods. The data also indicates that April and May 2023 both experienced a 21 per cent decrease in listings in comparison to the number of listings in April and May 2022.

Inner West unit listing numbers

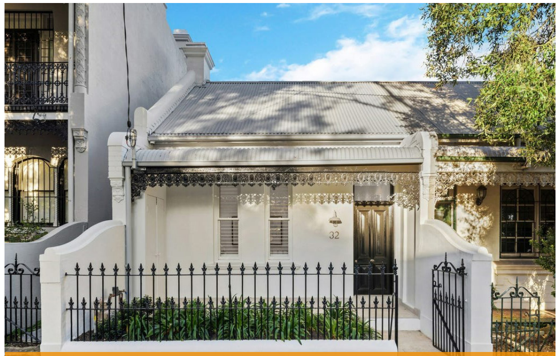
Number of Listings of Units	2022	2023	% difference
January	1577	1417	-10%
February	1857	1648	-11%
March	1884	1750	-7%
April	1958	1540	-21%
May	1965	1548	-21%
Total	**9241**	**7903**	**-14%**

Source: SQM Research

The uplift in overall value levels has been the most surprising thing to occur in the first half of 2023. Given the uncertainty surrounding the economy as well as inflationary pressures and consecutive increases to the cash rate, it was expected that the market downturn in 2022 would continue for the majority of 2023.

There is still some uncertainty about whether the increase in capital values in the past three to four months will continue in the short to medium term, given the RBA has signalled further increases to the cash rate are expected as it continues to battle inflation. The toll of inflationary pressures on the economy may impact demand from prospective buyers and a large portion of borrowers coming off fixed rate home loans over the course of the next twelve months may increase the number of listings on the market should they not be able to continue to service their mortgage at the adjusted rate.

However, examples of the uplift in value over the course of February to June 2023 can be observed from recent sales. An example of this is the sale of 32 Malcolm Street, Erskineville in June 2023. The property comprised a renovated and extended semi-detached Victorian era house with four-bedroom and three-bathroom accommodation on an approximately 203 square metre parcel of land. The initial price guide was quoted between $3 million and $3.3 million. The property was sold at auction for $4.2 million, setting a suburb record for Erskineville.



32 Malcolm Street, Erskineville Source: realestate.com.au

Meanwhile in Sydenham, along a thoroughfare position, 48 Railway Road sold for $1.651 million in May 2023. The property previously sold for $1.42 million in August 2022. This equates to a capital gain of $231,000 or approximately 16 per cent across the nine-month period between the sale dates.

In summary, the inner west market has definitely recorded an uplift in value in the first six months of 2023. However given the uncertainty surrounding interest rates and the economy, it is difficult to predict whether this trend will continue for the second half of the year. Should the number of vendors resisting putting their property on the market for sale continue, given the uncertain economic conditions and historically high rental return environment, demand could continue to outstrip supply despite further increases to the cash rate.

Inner Sydney
With the end of 2022 and the beginning of 2023 marking the current bottom of Sydney's housing market, prices across inner city suburbs began to improve with rising rents driving investors back to high yielding units, first home buyers cashing in their incentives and upsizers bargaining on rate rises pausing, or at the very least slowing.

CoreLogic last week reported 5.6 per cent growth over the past three months for properties within the city's upper quartile (the top 25 per cent most expensive homes – being circa $2.3 million and above), many of which are within Sydney's inner suburbs. It is worthwhile noting that more affordable properties have only recovered by 2.6 per cent over this same time period, however upper quartile properties fell further during 2022 and remain around 11 per cent cheaper than during the market's peak in January 2022. One such example is 29 Suffolk Street, Paddington which was on the market for around 200 days (RP Data) asking around $3.5 million from April 2022, however after changing agents and riding out the trough of the market, the property sold for $3.855 million in May 2023.


29 Suffolk Street, Paddington Source: CoreLogic

Sydney's rental market has been on fire since interest rates began to rise, causing a reduction in the number of investors entering the market and providing properties for lease. Some of the most notable rental rebounds have been within Sydney's inner city, with people leaving the area for greener pastures during the pandemic contrasted with current strong demand from returning domestic and international migration. More modern, easy care apartments are faring the best with areas such as Zetland posting large rental increases. One such example is 7/106 Joynton Avenue, a 2002 built one-bedroom unit with parking, which recently leased for $740 per week. The property last leased in February 2022 (prior to interest rate rises) for a more manageable $550 per week. Agents are noting that these rental increases are driving the sub-$1 million price point.

Another player in this market segment is the first home buyer, who receives tiered stamp duty discounts up to $800,000, increasing to $1 million after 1 July 2023. Properties such as 2D/12 Arthur Street in Surry Hills, a one-bedroom unit with one car space which sold in June for $773,000, appeals to both investors and first home buyers. This is proving to be a competitive marketplace with this unit selling in only 10 days and an asking price of $650,000.

Eastern Suburbs
The south-eastern suburbs of Sydney continue to defy the pressure of higher interest rates. Although we saw a dip in the market in 2022 due to the rapid increase in interest rates, the end of the downward interest rate cycle is approaching, bringing more certainty into people's minds about what financial decisions they can make.

Suburbs such as Maroubra, Coogee, Randwick, Kensington, Kingsford, Matraville, Chifley and Little Bay have always been considered value for money compared to the northern part of the eastern suburbs. They offer good proximity to schools, universities, shops, beaches and medical facilities and buyers don't seem to be hesitant to spend big, especially on dwellings that have been renovated or are newly built.

This particular market segment is still commanding high prices mainly due to inflation and high construction costs as people are hesitant to build or renovate because of the uncertainty in material and labour prices. These particular properties do better compared to properties that require renovations. We do think a change will come as higher interest rates put pressure on businesses to stay competitive. The Australian Bureau of Statistics reports that building approvals have been trending down and are the lowest since 2011 which means less work will be available for those in building and construction and this will hopefully result in the cost of materials and labour reducing.

A recent example of the market still performing well at the lower end price point is 188 Oberon Street, Coogee which is a single level, semi-detached house that sold in June 2022 for $2.37 million and recently transacted at auction for $2.88 million, resulting in a $430,000 profit in 12 months with only a circa $30,000 renovation. The agent reported to have so much interest with pre-auction offers he advised the vendor not to take any offer and go to auction.

HERRON TODD WHITE


188 Oberon Street, Coogee Source: realestate.com.au

Properties at the more premium end of the market range are attracting good interest from buyers who have been sitting on the fence waiting for the market to drop and returning expats looking to re-establish themselves in Sydney. An example is 6-8 Bellevue Street, Maroubra which is two streets back from Maroubra Beach and is a single level, updated 1950s dwelling which sold for $3.375 million in September 2019 and just recently transacted for $5,518,888 in the same condition with the agent reporting the monster price after spending 13 days on the market.

After an expected slow start to the year, demand for properties in Sydney's inner south region remains stable due to proximity to the CBD and the return of international students. Townhouses and ground floor units offering substantial outdoor areas attract a premium in the Zetland and Waterloo area as buyer preference changes with the sustained requirement for working from home.

The rental market remains strong also due to international students and immigration. Rental listings are down 18 per cent year on year as of March, with gross yields now common above the five per cent mark.

Prices for both units and dwellings in the sub $10 million bracket remained relatively stable over the first quarter with some early signs of improvement in the second quarter, albeit with fewer listings.

The graph below illustrates total property listings for both units and houses in the eastern suburbs, showing reduced numbers compared to the previous year.

Eastern Suburbs listings Source: CoreLogic

Construction costs remain high. A valuation was conducted at the beginning of the year for a property in Randwick for a proposed rear self-contained studio (45 square metres) comprising a combined bedroom, living and dining and one bathroom above a proposed two-car garage with basic landscaping totaling approximately $400,000.

Discussions with the builder revealed current labour shortages were unprecedented and unlike anything they had encountered before. This in addition to the fixed building costs resulted in higher quotes to cover further unexpected labour and material cost rises.

What has surprised us about the market in the past six months is Sydney's deepening rental crisis due to insufficient housing supply, economic factors, changing migration patterns, changing work preferences and affordability challenge. The rental market is currently a landlord's market where we are likely to see rents rise further.

Another somewhat surprising element of the first half of 2023 is the strong activity in the trophy home market. As has been the case in other recent market downturns, this market simply went into hiatus in 2022 as prices across most markets tumbled. Buyer demand built up over this time and with more stock coming to market, particularly in autumn, this market has gone into over-drive.

As at the time of writing, PriceFinder was reporting 15 sales above $15 million in the eastern suburbs, with several other high-profile sales reported in the media not included in those numbers. As reported in Domain, the eastern beaches record was smashed with the sale of a house in Tamarama in May for $45 million. The single level, four-bedroom, two-bathroom home set on 1100 square metres of land with expansive ocean and coastline views knocked off the previous beaches record of around $30 million set by 3 Tipper Avenue, Bronte in April.


31 Gaerloch Avenue, Tamarama Source: Domain

The high-end prestige unit market is also seeing its share of big results as can be seen by the recent sale of a large Paddington penthouse in mid-June, which smashed the Paddington record, house or unit, with a reported $20 million plus price tag. With four formal bedrooms, four bathrooms including two master ensuites, multiple living areas, multiple balconies, five car garaging, 353 square metres of living area and 106 square metres of outdoor area, the unit was advertised by Ben Collier of The Agency as a "home in the sky".

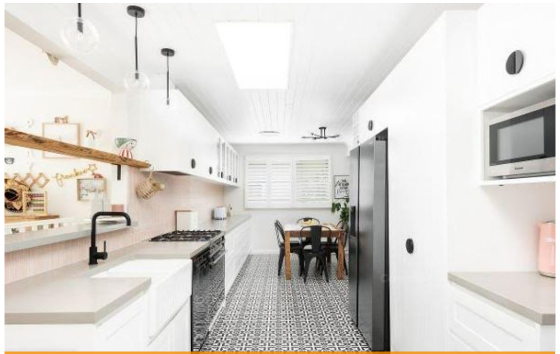
10/18 Flinton Street, Paddington Source: Domain

Southern Sydney

Suburbs in the western half of the Sutherland Shire, including Kirrawee, Sutherland and Jannali, are more affordable than suburbs closer to Cronulla. Further to the south are suburbs such as Heathcote and Engadine, which are other relatively more affordable suburbs in the south. Each of these suburbs have their unique characteristics, however they all have a train station with local shops, close access to primary and high schools, reasonably good road access in and out of the Sutherland Shire, and of course, numerous cafes and parks.

Almost any type of detached dwelling is performing strongly particularly in the past couple of months. A recent case study is 14 Wylie Street, Kirrawee which sold in May 2023 for $1.45 million. The selling agent is quite active in the area and originally had a price guide of approximately $1.2 to $1.3 million, however after a few days on the market it was evident that interest would be above $1.3 million. Initially they were taking offers prior to auction however due to the high demand they decided to proceed to auction after 14 days on the market (RP Data) which resulted in the final price of $1.45 million. Based on our observations there appears to be an increase in off-market sales particularly within the lower end of this market ($1 to $1.5 million).

14 Wylie Street, Kirrawee Source: Domain



14 Wylie Street, Kirrawee Source: Domain

Strata-title properties within smaller scale apartment buildings and townhouse or villa complexes are also holding steady or seeing slight price increases. However buyers are a bit more discerning with these property types and seek fundamental things such as good natural light, aspect, size, layout and accommodation mix, walking distance to services and amenities, quality of the development and other property-specific considerations.

Recent trends could be telling of the future state of the apartment market as affordability issues mean more people are trading backyards for balconies just to live in the right neighbourhood.

However, investors are slowly understanding the risks associated with medium to high-rise tower apartments in the Canterbury-Bankstown region including potential construction defects, higher vacancy rates, more supply of new stock, lack of capital growth and the challenges of buying in buildings that are predominantly owned by investors, often many overseas investors. The off-the-plan purchase market has already felt these effects with a significant downturn in this demand.

Undersupply is already an issue with many owners sitting tight not wanting to punt on the already uncertain market. Unit supply issues especially in the Canterbury-Bankstown region will continue to decrease due to the undersupply of new projects either under construction or in the approval stage.

Lower average incomes and higher tenancy rates in Canterbury-Bankstown are reflected in smaller and lower quality accommodation. It is more a matter of affordability rather than preference, leading to slower price increases over time. Although undersupply remains an issue, this region is still waiting for the market to turn, especially in the unit domain which has seen a sharp decrease in sales activity over the past 12 months.

Prospects for the region remain positive – with borders open and overseas migrants and international student numbers increasing, this will continue to increase rental demand.

Shaun Thomas
Director

Lismore / Casino / Kyogle

"To me
Coming from you
Friend is a four-letter word
End is the only part of the word
That I heard
Call me morbid or absurd
But to me
Coming from you
Friend is a four letter word"
Friend is a Four Letter Word (Cake 1996)

It is blatantly clear that the friendly relationship between the borrower and low interest rate environment is at an "end". Thanks to a 12th hike in the RBA rate since 4 May 2022, which was as welcome as the "searing pain of a meniscus tear to the left knee whilst walking down a dodgy spiral staircase", the property market has, in a word, gone quiet for the Lismore, Kyogle and Casino region.... and that is essentially the half time memo for 2023.

In the recent past, a one-to-three week selling period for a property placed on the market was generally the norm. Now, that frenzied activity has softened. Allow anywhere between two to three months for a successful result (assuming the initial asking price is right). However, it has also been noted that any perceived negative features in a property, e.g. steep driveway, unkempt landscaping, are somewhat exacerbated under the prevailing market conditions as potential purchasers adopt a more inquisitive stance. Vendors and purchasers have modified their expectations and the market has transitioned back into a more normal state.

It is blatantly clear that the friendly relationship between the borrower and low interest rate environment is at an "end".

At the beginning of 2023, it was predicted that the property market for the Lismore, Casino and Kyogle Council regions would likely soften due to the cumulative impact of rising interest rates and the ongoing challenges of the flood recovery effort, particularly in the flood-affected areas of Lismore City, Coraki and surrounding rural areas.

Well, the property market has definitely slowed to a point where even vendors are taking heed of the advice offered by real estate agents. Demand for properties in flood free locations remains subdued particularly at the top end of the market.

Well established and modern homes in the suburb of Goonellabah that reached the glass ceiling, shattering heights of the $1 million plus price bracket, may well find that such price levels would be difficult to repeat in this current market cycle.

Given that the recent flood events are still fresh in the minds of the local community and the region at large, it is difficult to surmise the overall dollar impact these two flood events (approx. 14.4 metres AHD on 28 February 2022 and 11.40 metres AHD on 30 March 2022) will have on real estate due to a likely extensive period of repair and recovery over the next few years at least.

Rental accommodation queries have softened of late as the supply of rental properties improves across the board for houses and units. This will eventually result in softening rental rates for the first time in nearly a decade which would be welcomed by tenants.

One standout is the larger rural lifestyle properties around Kyogle in the 2474 postcode which still command a relatively high price despite the talk of an overall fall in price levels in the region.... go figure.

In summary, the property market generally within Lismore, Kyogle and Casino certainly has softened, as predicted, over the past six months and if the RBA threatens to increase rates again before the end of the year, we could expect further softening sales activity and market conditions.

Vaughan Bell
Property Valuer

Clarence Valley

The Clarence Valley features a variety of property types from prestige ocean side to large rural bushland properties. Near the ocean in Yamba, the cheapest house price since the start of 2023 was $550,000 along busy Yamba Road. The most expensive to transact was $7 million with ocean frontage to Convent Beach. The cheapest unit was $480,000 for a two-bed, one-bath near the West Yamba shopping area. The most expensive unit was a penthouse three-bed, two-bath on Yamba Hill with good westerly views at $1.32 million.

In the historical hub of the Valley, Grafton is a more affordable option while offering good amenities. The cheapest house since the start of 2023 was $320,000 being an older style three-bed, two-bath near busy roads. The most expensive in Grafton was $1.05 million for a circa 1900 federation style refurbished dwelling with pool and tennis court. The cheapest unit was very basic at $149,000 and the most expensive was a three-bed, two-bath at $480,000.

It is clear that lenders are stricter now than six months ago and the cost of living is greater. These factors are restricting value levels and sales volumes. The broader economy is seen in a negative light and this is impacting sales of properties in holiday precincts and prestige properties.

Simon Evans
Property Valuer

Coffs Harbour

Halfway through the year and interest rate rises are having the required effect of slowly applying the handbrake to the market. The highs of the COVID market seem such a long time ago and in hindsight was a false market driven by government intervention and record low interest rates. I'm sure there would be a few anxious property owners who purchased during that period feeling a bit uneasy knowing it may be some years before they see any positive equity return to their properties.

If I had to be pushed for a percentage decrease in the market since the peak in early 2022, I would say about 10 per cent on average for the Coffs Coast region. We have seen some evidence of decreases of up to 20 per cent in certain cases, however the more popular blue-chip locations have remained relatively stable. The most affected properties are entry level single residential homes in the suburbs. During the highs of the COVID market it was rare to find a single residential home under

This is your bread-and-butter type product which appeals to a wide variety of purchasers in any market and can readily be sold or rented.

$750,000 which would have bought you an older 25- to 50-year-old dwelling on a 400 to 700 square metre site. Today that property is worth circa $650,000 which represents about a 10 to 15 per cent reduction in value. This is the direct result of purchasers having less borrowing capacity as interest rates rise.

Conversely, the entry level market at $400,000 to $600,000, being mainly older style low rise units, has seen strong sales activity in recent months especially in the beachside locations. This is due to the affordability factor for first home buyers and downsizers, and returns for investors showing respectable rental returns of $400 to $600 per week. This is your bread-and-butter type product which appeals to a wide variety of purchasers in any market and can readily be sold or rented.

Not surprisingly the more popular beachside locations such as Sawtell and The Jetty at Coffs Harbour have seen no real evidence of reduction in values, being sought after locations where supply is generally low and demand is high. Values in these areas for single homes typically range from $1 million to $2 million which are second or third homes or out of town discretionary income purchasers who are not as affected by the interest rates rises.

We have definitely seen a reduction in the number of out-of-town purchasers which has resulted in less prestige sales above $2 million, although surprisingly there are still sales ticking over in the $2 million to $3 million bracket in the more popular beachside and rural residential locations which are sustaining the value levels in this price range, albeit with longer selling periods and more negotiation.

The market which has slowed significantly is vacant land. We have seen very little sales activity in this market sector. With building costs remaining high and values decreasing for the built product, the reality is that it is the land values that are reducing. Sales analysis shows underlying land values for a suburban block of land in Coffs Harbour are now in the $400,000 to $500,000 range. Twelve months ago they were in the $500,000 to $600,000 range. We are seeing some developers recognise this factor and price accordingly in new stages of the estates, whilst others remain at the higher levels and will continue to achieve slow sales rates.

In short it has become a buyer's market, one which will not remain forever so if you have any spare dollars, you should be looking at investing over the coming months as the old adage says buy in the low and sell in the high.

Grant Oxenford
Director

Newcastle

As we move towards the end of the first half of the year, the local market has provided a generally stable response to successive interest rate rises. The expectation of overall property price depreciation has not materialised but growth has been limited too.

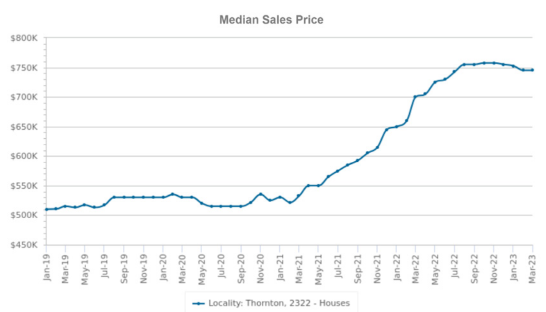
As would be expected in a generally weak market, demand for property has fallen with less aggression in the bidding process and property taking longer to achieve a sale, however this is probably what would happen in a normal market which is not overheating.

Location-wise, higher demand suburbs are performing well with well-presented property at sensible asking prices achieving sales without too much trouble compared to those where vendors or agents with high expectations are failing to attract buyers. Older property that appears dated or semi-modern is also achieving less interest mainly due to the construction industry providing less certainty over timescales and rising build costs making renovations expensive.

Over the course of the past six months, the lower end of the market has again attracted interest. The sub $800,000 price bracket with reasonable presentation has performed well compared to the prestige market which is falling short due to selling prices not meeting expectation and marketing times being extended due to the lack of active buyers. Mid-range properties between $1 million and $3 million have generally seen some activity in demand suburbs, however buyers are becoming more selective when considering a property.

Vacant land sales have seen a fall in demand with some vendors or owners struggling to recover from their off the plan purchase price at the height of the market. Agents generally report a weakening in demand mainly due to rising build costs, extended build times and risk of price variations due to delays.

This month we have considered the local Thornton market, a reasonably-priced suburb with a mix of vacant land, semi-modern dwellings and new dwellings.



Thornton median price Source: Pricefinder

The median house price appears consistent with the market as a whole. During the later part of 2022, the market reacted to the rising interest rates without truly reflecting a change in sale prices. As we entered 2023, the weakening market slowly affected values although not particularly noticeably due to the slight reduction before starting to stabilise as buyers adjusted to the changing financial situation.

Darren Sims
Property Valuer

Central Coast

We entered 2023 with uncertainty and now that the first two quarters of the year have passed, the picture isn't any clearer. It was expected that inflationary pressures would ease and a pause on interest rate rises would occur. Momentarily, it did! However, after a one month pause, we were then handed two more rate increases when many economists had thought we had reached the terminal rate. So whilst we live in uncertain times, how has the Central Coast property market performed so far in 2023?

Broadly speaking, the Central Coast property market has shown resilience to date. Yes, I think we all can agree that property values have fallen from their peaks in November and December 2021, however when we are assessed against regional markets nationally, the decline in values has been less severe. This is mainly due to our geographical location with our market partly driven by buyers from Sydney with a mindset that our region is an affordable alternative. This buyer mentality is spread across all segments of our market, although one in particular viewed as a major beneficiary is the prestige property market.

Prestige property sales in the region have been steadily transacting from rural residential, waterfronts and beachfront properties. A standout sale so far this year was a property at 5 Tudibaring Parade, MacMasters Beach. The property is located on the beachfront with an architecturally designed masterpiece that incorporates sustainable design concepts. The property was sold by McGrath Terrigal in May 2023 for $10.5 million after spending 68 days on the market.

Our market partly is driven by buyers from Sydney with a mindset that our region is an affordable alternative.

HERRON TODD WHITE

5 Tudibaring Parade, MacMasters Beach Source: CoreLogic

Another eye catching sale in the first half of the year was the penthouse unit at 16/8 Terrigal Esplanade, Terrigal. Known as The Star of the Sea unit resort complex, the penthouse unit sold in January 2023 for $6.5 million. The unit captures wide-spanning ocean, beach and parkland views with accommodation comprising four bedrooms, three bathrooms, balcony and terrace areas all over a 346 square metre footprint. Common areas within the complex are extensive with highlights being indoor and outdoor swimming pools, a tennis court and gymnasium and sauna facilities.

The Star of the Sea Source: CoreLogic

When we turn to the entry level and upgrader market across the Central Coast, the interest rate rises are having an impact on these market segments. Discussions with local real estate agents confirm there are supply shortages while numbers at open home viewings are on the rise. Although demand remains at encouraging levels, we are still seeing properties taking longer to sell and even price reductions in marketing campaigns occurring. We are not seeing any signs of an increase in distressed mortgagee in possession sales just yet, however with the average mortgage holder enjoying healthy wealth buffers from the period of record low interest rates, we foresee a lag time in receiving instructions for valuations required for disposal purposes from mortgagees.

The national building industry has had its challengers since COVID-19 arrived at our shores and became intertwined into society. As building costs remain at high levels, the appetite for vacant land has dried up in more recent times which has been exacerbated by the current broader economic conditions. We have been receiving instructions to value vacant land sites in newly formed subdivisions in Warnervale and Hamlyn Terrace that were purchased off the plan prior to soil being turned. Many of the vacant land sales occurred in historically stronger markets with values now being adjusted due to the prevailing weakening market conditions. This has the potential for landowners to lose deposits due to funding shortfalls with adjustments required if re-sold on the current market. The volume of vacant land sales has slowed in the local area with many buyers wary of the challenges of appointing a builder and the risks associated with building companies going into administration. There seems to be a reluctance for builders to enter into fixed price building contracts and they are generally only offering cost plus arrangements.

The rental market on the Central Coast has been historically strong with an inherent short supply of rental properties available on the market. Discussions with existing tenants at many of our property inspections has uncovered recent increases in rental prices, leaving tenants with few options - either re-sign a lease and absorb the rental price increase or be back at the mercy of the rental market stampede with other wiling tenants. In some areas such as Bateau Bay, Shelly Beach and Toowoon Bay, the cause of rental properties in short supply has been due to the emergence of the short term rental market with Airbnb accommodation growing within the region. Whilst our region is seen as a tourist location or an easy to get to weekend getaway destination, the volume of short term rental properties is expected to impact the wider rental market mechanics.

Todd Beckman
Associate Director

Tamworth

As we come to the midpoint of the 2023 calendar year, the Tamworth residential markets have generally experienced stabilizing conditions in the past three months. Whilst the region has not experienced a decline in property values, there has been a decline in transactional sales numbers. The number of residential sale transactions typically drops in the cooler months of the year; this has certainly been the case this time round. According to EAC Red Square, in the 2022 second quarter (1 April to 30 June) there were a total of 438 residential transactions in the Tamworth postcode of 2340 (with land areas of greater than one hectare). The number of transactions for the second quarter of 2023 is currently at 120 property sales. This number is considerably lower than

Despite the strong construction activity in the past two years, rental property vacancy rates have remained extremely low in Tamworth city.

the same period in 2022, which reflects a large decrease in vacant land registration and sales and investor activity in the entry and mid-level market segments.

Also evident in the Tamworth market is the return of buyer resistance (resulting in longer sale periods or days on market) for residential property priced over $1.2 million. Whilst this buyer threshold has increased in the past few years, it is apparent that the upper market segments within regional residential markets can experience above average volatility. This is largely due to the limited number of available properties on the market at any given time and the lower potential buyer pool population. That being said, demand has remained for property located in the traditional highly regarded locations of East Tamworth, Forest Hills, Moore Creek and Nemingha, Calala and Loomberah (for small rural residential property).

Despite the strong construction activity in the past two years, rental property vacancy rates have remained extremely low in Tamworth city. This has put upward pressure on rental prices. Anecdotal evidence indicates rental values have increased approximately 18 per cent in the past 12-to-14-month period. This has been the strongest growth in residential rental values in over a decade. Furthermore, we expect that these rental value levels will be sustained in the medium term due to continued inflationary pressures on active property developers and the greater construction industry which will stall a large percentage of new housing to the Tamworth market in the short term.

Interest rates are the primary factor influencing market segment conditions, so all eyes are on the next announcements from the RBA. The Tamworth region has been somewhat insulated from larger property market swings due to the relative affordability of our residential markets. We expect that the winter months will reflect more traditional (subdued) sales numbers, with property values to remain generally flat to stable.

Nick Humphries
Property Valuer

Illawarra

As we come into the winter months we are able to review how the year is playing out in the Illawarra property market. The year started in decline with the overall market having softened through 2022 on the back of interest rate rises. This continued into 2023 and CoreLogic reports that in April 2023, house prices across the Illawarra had declined 13.7 per cent over the previous year which is amongst the largest decline in Regional New South Wales. Units declined by 5.2 per cent over this time.

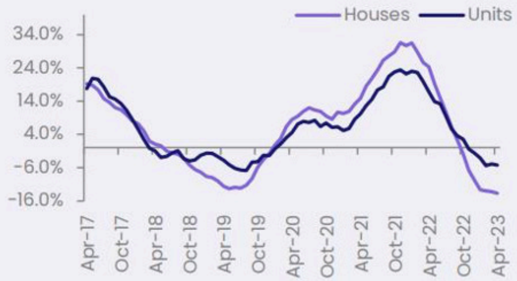
As we reach the mid-point of the year, there are early indications that the decline has slowed and we may have hit the bottom of the market with May 2023 recording a 1.6 per cent rise in overall residential property prices in the region. This was the third month in a row with a rise in prices following months of decline.

Chris McKenna
Region Director

Home Value Index April 2023

The change in house and unit values over the year to April 2023 is recorded at:

	HOUSES	UNITS
	-13.7%	-5.2%
Upper quartile	-14.5%	-7.4%
Lower quartile	-12.2%	-3.3%
Median Value	$947,473	$678,601



Illawarra price movements

Source: CoreLogic

RESIDENTIAL

Shoalhaven/Nowra

Well, what a difference a year makes. This time last year the market was still quite strong as we undertook our half-time review. However, since May 2022, interest rates have continued to rise. This has put downward pressure on property prices and has continued to slow the property market. Rising interest rates combined with increasing cost of living expenses have had a negative impact on the Shoalhaven residential property market. Let's take a look at how the Shoalhaven market is performing in our half-time review.

The Shoalhaven residential property market has continued to slow as interest rates and cost of living expenses have continued to rise as the Reserve Bank struggles to contain inflation. Inflation levels are simply too high in the Reserve Bank's eyes and their main trigger for lowering inflation is to increase interest rates. Local agents advise there is less interest at open houses, lower auction clearance rates and more days on the market. Agents advise that educating vendors in terms of achieving a more realistic sale price is currently a big hurdle. Popular coastal holiday suburbs such as Vincentia, Huskisson and Culburra Beach that were in high demand and saw a rapid rise during the COVID boom period in 2022 seem to have been hit hardest by the current market conditions. It is fair to say that a property purchased in 2022 is worth considerably less in the current market. It is also evident that the current high construction costs are having a negative impact on the sale of vacant land in newly released subdivisions. This could result in an oversupply of land on the market as many vendors cannot afford to build their new home and need to sell their vacant land site.

With more rate rises predicted by the Reserve Bank in the second half of 2023 and media talk of a possible recession, the next six months could very much see the market continue to decline. It will be interesting to see how the Shoalhaven residential property market performs for the remainder of the year.

Joshua Devitt
Associate Director

Southern Highlands

As the financial year wraps up and the cooler months have arrived in the Southern Highlands, it gives us the opportunity to take a look at how the calendar year to date has panned out in our region. As a general rule, 2023 started with the broader residential market in decline and this has continued with the ongoing rises in interest rates eating into individuals' and families' disposable incomes. Overall, we have noticed the entry-level market still seemingly ticking over. While decreased overall values are evident at this price point, there is enough government stimulus for first home buyers to indicate that the sub-$800,000 market is arguably the most active. Given an overall lack of supply across the board and coupled with very limited sub $1 million dollar homes available in the broader Southern Highlands, this entry-level market has held its own through these softening conditions.

Our mid-range market appears to be the most impacted. Many properties between $1 million and $2 million, which had previously been highly sought after due to lifestyle upgrades when money was cheap, are now some of the worst affected. A significant number of these properties also fall into the category of not having any particularly scarce attributes (e.g., project homes in suburbia). As a result, buyers have more choice when looking at this style of property which can lead to significant discounts being required to achieve a sale.

Our biggest surprise has probably been the prestige market, which has certainly slowed down as the year has progressed. However, we have still seen multiple sales in the $5 million plus bracket. This provides us with a good indication that tree changing is still popular among higher net worth individuals who see the Southern Highlands as a fantastic place to base their families. This is due to the high-quality schooling available within the region, as well as the fantastic proximity to Sydney, which enables individuals the opportunity to commute to Sydney multiple times a week with minimal impact on the family unit. Overall, local agents have reported that there is still reasonable activity in the $5 million to $8 million bracket. However, the $8 million plus bracket is showing more resistance, with buyers in this range being very particular about their desired assets and willing to wait for the correct property to become available.

Kurt Bismire
Associate Director

As a general rule, 2023 started with the broader residential market in decline and this has continued with the ongoing rises in interest rates eating into individuals' and families' disposable incomes.

Victoria - Residential 2023

Melbourne

The current year has reached its halfway point and the market is showing signs of stabilising. Interest rate increases combined with the high cost of living have negatively impacted the market but despite this, the demand for properties in Melbourne is still evident.

Rental properties have become scarce, with limited supply and high demand causing rent prices to increase significantly over the past six months.

For those looking to own their own home, the outer suburbs of Melbourne have become a viable option, as many owners are now able to work from home, negating the need to live close to the Melbourne CBD.

Inner City

As we approach the halfway mark of 2023, the property market in Melbourne's CBD and inner suburbs has seen a decline in prices since the COVID-19 pandemic property spike. However, there has been a recent increase in house prices in the inner city market.

In Richmond, the median price for a two-bed unit is $625,000 and the median price for a three-bed unit is $1.1 million. Unit prices are still down by 11.3 per cent from last year. Currently, there is a unit on the market with two bedrooms, two bathrooms and one car space listed at $570,000 to $600,000, which is below the median market price and a good purchase for the area.

305/71 Abinger Street, Richmond Source: realestate.com.au

305/71 Abinger Street, Richmond Source: realestate.com.au

The rental market in 2023 has experienced a significant increase in demand due to a shortage of properties available to rent. In Southbank, the median rental price for units is $580 per week which is a 32.3 per cent increase from the previous year. Currently, a two-bedroom unit with two bathrooms and one car space is available for rent at $725 per week, which is above the median rental price in the area.

201 Normanby Road, Southbank Source: realestate.com.au

201 Normanby Road, Southbank Source: realestate.com.au

As we approach the halfway mark of 2023, the property market in Melbourne's CBD and inner suburbs has seen a decline in prices since the COVID-19 pandemic property spike.

As property prices in Melbourne's inner city suburbs continue to remain lower than last year, buyers can still take advantage of the current market conditions before prices increase.

East

Despite the Reserve Bank's decision to increase interest rates for a 12th time in June, we've observed an overall increase in home prices across metro Melbourne. Throughout the east, we have seen inconsistent performance across the board, with some suburbs noticeably impacted by rising mortgage stress and cost of living pressures, whilst others remain seemingly unfazed.

Prestige suburbs, particularly those with a median house price of over $2.5 million such as Camberwell and Balwyn, appear to have weathered the interest rate rises particularly well, with prices sustaining positive year on year growth and remaining in a flattening but upward trajectory driven by the return of Chinese purchasers.

Many suburbs around the middle of the market have seen a downturn in home values, with Box Hill and Glen Waverley experiencing house price reductions of 6.8 and 1.4 per cent respectively. Similar performance has been observed in outer suburbs such as Rowville and Lilydale which have reported 1.9 and 3.5 per cent year on year house price falls.

If interest rates continue to rise in conjunction with surmounting cost of living pressures, it's likely that prices will fall further, particularly around the middle to lower end of the market, whilst prestige suburbs which demonstrate a lower vulnerability to these factors may remain more resilient.

What is most surprising about the performance of the eastern property market in the first half of 2023 is how resilient prices have been despite the rapidly rising interest rates. This is likely a result of reduced supply being met with stable demand.

7 Dower Street, Camberwell Source: realestate.com.au

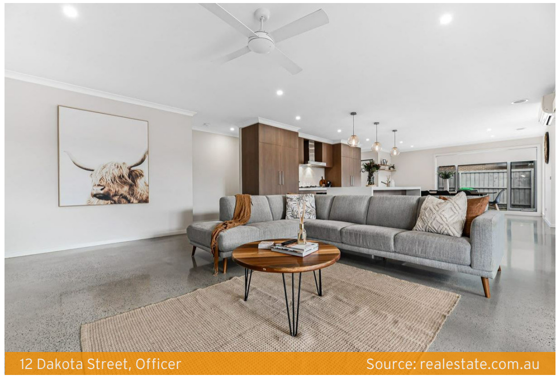
13 Rupicola Court, Rowville Source: realestate.com.au

South-East

Melbourne's south-eastern property market demonstrated modest performance throughout the first half of 2023. The area has experienced a small increase in sale prices, with early indications of stabilisation.

The property market in Officer has demonstrated resilience in terms of house prices, with the median house price standing at $686,500, an increase of 1.7 per cent from the previous year. The suburb has also experienced an increase in rental prices for units, with a current median of $475 per week, reflecting a 10.5 per cent growth rate. A four-bedroom, two-bathroom, two-car garage house is currently on the market, listed at a price of $845,000 to $895,000, slightly above the suburb's median.

12 Dakota Street, Officer Source: realestate.com.au



12 Dakota Street, Officer Source: realestate.com.au

Recent data shows that rental prices in the Bayside region, specifically Cheltenham, have increased significantly across all property types. House rental prices have increased by 3.4 per cent since last year, with a median of $600 per week, while unit rental prices have increased by 7.1 per cent with a median ask of $450 per week. A two-bedroom, one-bathroom, one-garage unit is currently available for rent at $500 per week.

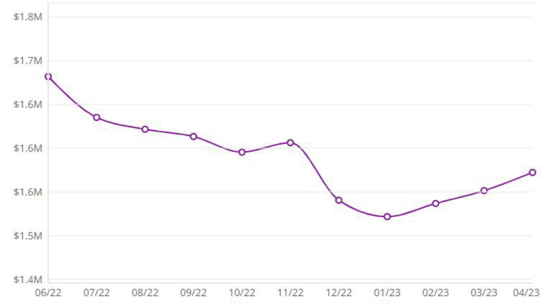
2/38 Wilson Street, Cheltenham Source: realestate.com.au

2/38 Wilson Street, Cheltenham Source: realestate.com.au

Outer North

The property market in 2023 has most certainly already had its fair share of fluctuations which is due to multiple factors. Surprisingly, both inner suburbs such as Carlton North and Fitzroy North as well as outer northern suburbs such as Mickleham and Sunbury have been relatively stable overall in terms of median property values with slight increases only being noticeable in the past two to three months.

Price points in both the inner and outer north have had fascinating results where there is an apparent commonality in the interests of home buyers. The inner north suburb of Carlton North for example is an area where the median house price sits at approximately $1.57 million as seen below and is an area commonly known for its heritage listed properties which sit in between the affordable and prestige price range. The scarcity mixed with the uniqueness and history of heritage properties is certainly a driving factor for price increases in the inner northern suburbs which have the potential to grow even further.



Median House Price for Carlton North Source: onthehouse.com.au

The outer north provides homebuyers with the ability to purchase large homes on a relatively affordable budget and as such, has sparked migrants and first homebuyers to move to these areas.

12 Frangipani Way, Mickleham Source: realestate.com.au

12 Frangipani Way, Mickleham Source: realestate.com.au

In the past six months, Mickleham has also had price increases and the median house price now sits at roughly $700,000. A recent example is the four-bed, two-bath, two-car home at 12 Frangipani Way, Mickleham which sold for $670,000 in June.

All in all, it is surprising that even with the cost of living constantly increasing and despite some news headlines, the property market still has very large amounts of activity with prices even increasing over the past six months.

Western Suburbs

Just like that we are halfway through 2023! What a rollercoaster for real estate it has been. The first six months of 2023 saw the end of huge increases in property values. High profile builders across Australia have gone into liquidation. Homeowners are feeling the pinch, especially those coming off record low fixed interest loans, coupled with higher cost of living expenses.

So, you may think this is all leading to doom and gloom for the property market, but many parts of Melbourne's western suburbs are still seeing increases whereas some areas in the west are not.

Some established suburbs where a three-bedroom house has a median price point of $1,222,125 include Niddrie and Ascot Vale. Both of these

So, you may think this is all leading to doom and gloom for the property market, but many parts of Melbourne's western suburbs are still seeing increases whereas some areas in the west are not.

suburbs had negative growth over the past 12 months. On average they have declined by 8.87 per cent – definitely not a nice position if it puts a property owner in negative equity.

In the current market, $1 million does not buy you much as demonstrated in the sale below at 118 Hotham Road, Niddrie. This was sold in March 2023 for $1.18 million.

118 Hotham Rd, Niddrie Source: realestate.com.au

118 Hotham Rd, Niddrie Source: realestate.com.au

Let's take a look at another four suburbs where a three-bedroom house has a median price tag of just $565,375. These suburbs include Truganina, Tarneit, Fraser Rise and Werribee. In the past 12 months, on average, these suburbs have seen an average increase in price of 2.1 per cent. Not one of these suburbs had a price decline.

You can also get much better value for money here with the house below at 9 Rivoli Close, Fraser Rise selling in May 2023 for $625,000.

9 Rivoli Close, Fraser Rise Source: realestate.com.au

9 Rivoli Close, Fraser Rise Source: realestate.com.au

A lot of this will likely come down to increasing budget restraints. The table below shows an example of a loan repayment on two different mortgage amounts over 30 years.

Loan comparison table

Loan Amount	Monthly Repayment with Interest @ 3.5%	Monthly Repayment with Interest @ 5.5%	Difference in Monthly Repayment
$500,000	$2,245	$2,839	$594
$1,000,000	$4,490	$5,678	$1,188

Source: Herron Todd White

With buyers needing to be more aware of their spending, this changing economy and market could simply come down to a matter of owning your own piece of real estate and where to get the best bang for buck. Melbourne's western suburbs demonstrate that you can still have the best of both worlds an affordable home and property growth.

Geelong

When looking for affordable properties in the Geelong region, those who prefer to be closer to Melbourne's CBD can look to Lara where the median price is currently $705,000. Lara's property prices have held steady in the past 12 months despite the constant interest rate increases, showing only a 1.4 per cent decrease.

For those looking to head closer to the surf coast, Mount Duneed, Charlemont and Armstrong Creek are the most affordable with respective median prices of $742,000, $627,000 and $690,000.

To be within minutes of Torquay's finest beaches you must be willing to spend, with the median price point at $1.3 million. Further prestige markets along the most desirable places on the surf coast include Anglesea with a median price of $1.7 million and Barwon Heads at $1.8 million.

In central Geelong, Newtown is a favourite among locals with a number of cafes and schools popular with residents. With a median price of $1.2 million, Newtown has shown a price decrease of close to six per cent over the past 12 months with the opportunity to buy into the suburb at a discounted price. Herne Hill is a more affordable area of Geelong located not far from Newtown however boasts a median price of $740,000 for those who have a lower budget to work with.

The Geelong region is able to provide options for all different kinds of home buyers based on their desired lifestyle, location and most importantly their budget.

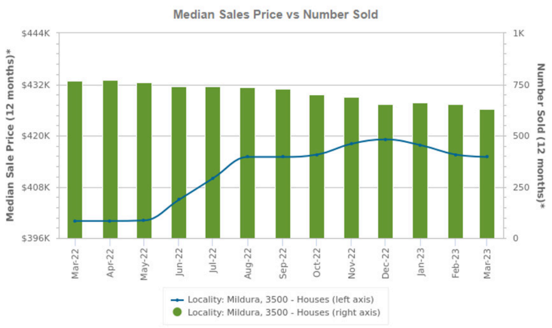
Perron King
Director

Mildura

The residential property market in Sunraysia has proven to be resilient thus far in 2023, with values for most classes of property holding at levels seen during the latter part of 2022. While rising interest rates have contributed to a sentiment that the market has reached its peak, a combination of limited supply and an active local economy has meant that there are still buyers wanting to buy and sales occurring.

However it is evident that selling periods have lengthened and fewer properties are selling each month compared to the more heated market conditions of 2021 and 2022.

Data compiled by CoreLogic suggests that the rolling 12 month median house price at the end of March 2023 of approximately $415,000 has declined only marginally below the peak seen in December 2022, however this is a rolling 12 month



Mildura median price and sales volume Source: RPData

median figure and is expected to be slightly lower once the final data becomes available for June.

As shown in the above chart, the volume of sales, also expressed over a 12 month rolling average, have steadily decreased since March 2022.

Our observation is that houses and units at the lower end of the market are continuing to sell well and also with relatively short marketing periods, while the upper end of the local market is the segment which is seeing longer selling periods and greater buyer resistance.

The strength at the lower end of the market, at a price point below say $400,000, appears to be mostly due to a large pool of investors and first home buyers still active in the market. First home buyers still have to compete with investors chasing the strong rental returns available in the local market, most of which are older detached dwellings or units.

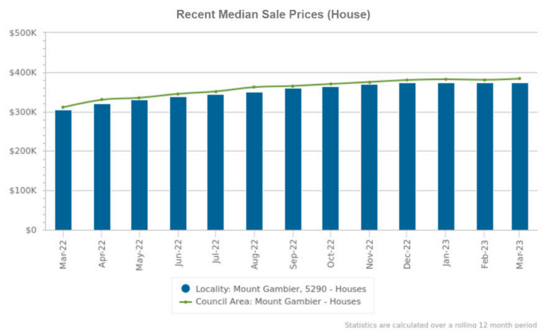
Meanwhile dwellings in the range of $600,000 to $800,000 primarily suited to owner-occupiers are experiencing longer marketing periods, with many purchasers in this price segment now taking their time and lacking the urgency that was present during the peak of the market. This segment is likely to be most affected by the impact of higher interest rates and reduced borrowing power.

Many local agents are reporting a drop in listings in recent weeks indicating the market may not have been expecting the most recent interest rates rises and some vendors might be choosing to hold off listing their home for sale until a clearer picture emerges.

Jake Garraway
Valuer

Mount Gambier

The Mount Gambier housing market has still been performing strongly in the past 12 months despite the current interest rate environment. In the past six months we have seen the median house price stabilise and stay consistent at $375,000. The graph below shows the increase in the median house value in Mount Gambier over the past 12 months.



Mount Gambier median sale price Source: CoreLogic

We continue to see strong sales in the $350,000 to $450,000 price range. Properties in this price bracket range from three- to four-bedroom homes with one or two bathrooms. These price points are still quite affordable for most demographics. This range appeals to a wide variety of buyers such as first home buyers, investors, downsizers and growing families. Investors have particularly been interested in this price range due to the strong yields it offers.

The $550,000 to $700,000 price range has seen an increase in buyer demand. Properties in this range are large character style properties within the CBD and modern properties offering large dwelling sizes. We have seen an increase in the purchase of modern properties and we expect this is due to buyers opting to purchase rather than build given the increased prices and build time in the construction industry.

Below is an example of a modern home that has just sold in Mount Gambier. 13 Buffalo Crescent is a four-bedroom, two-bathroom, four-car home built in 2016 and located on a 948 square metre allotment. The home was first sold in 2020 for $395,000 and has just re-sold for an increased price of $600,000.

The median unit price in Mount Gambier unlike houses, has seen an increase in just a few months from $250,000 to $265,000. This increase is due

13 Buffalo Crescent, Mount Gambier Source: CoreLogic

13 Buffalo Crescent, Mount Gambier Source: CoreLogic

to the increased demand from buyers wanting to enter the property market at a lower price and they can do just that buy purchasing a unit. We are also seeing increased investment in this type of property due to strong yields.

Adrian Castle
Director

Queensland - Residential 2023

Brisbane

Brisbane in the first half of 2023 has lived up to its reputation of being among the most forgiving of capital cities when it comes to property price movements.

The initial signals of price softening in response to the first interest rate increase in May 2022 became more pronounced as the year progressed. Less property traded and sellers who required a sale needed to get very realistic about their prices.

However, when rates were put on hold in April 2023, confidence seeped back into our market. Buyers felt they could borrow again and were more certain their repayments weren't going to blow out. Maybe buying budgets were reduced but at least there was the ability to move forward with a purchase.

Of course, 2023 has had its uncertainties with two rate rises in May and June. That's taken a little wind out of the sails. In addition, dire warnings about the state of the economy have seen some buyers and sellers hold back on major decisions. Of course, listing numbers have remained low so prices are being bolstered by this too.

All in all, the numbers tell the story with the latest CoreLogic data revealing that house prices in Brisbane have rebounded. Their numbers to the end of June show our city's median house price of $725,000 reflects a 1.3 per cent gain over the month, and a three per cent increase over the quarter. While our annual figure reflects an 8.2 per cent fall on the same time last year, this could be wound back fairly quickly if those short-term increases continue.

Inner city

The inner ring of suburbs continues to be enviously resilient. We're talking suburbs such as Paddington, Red Hill, Kelvin Grove, Herston, Ascot, Hamilton and Newmarket in the north. In the south, this would include West End, East Brisbane, Dutton Park and Norman Park. These suburbs are all highly desirable with ready access to the CBD along with attractive lifestyle services and facilities. While there's differing performance across property type and price point, if you are holding real estate in these addresses, you are probably feeling pretty comfortable about its value holding up.

Units are attracting strong interest, particularly from young buyers. This cohort is driven by affordability and lifestyle, and many need to escape the rental crisis. As such, second hand stock is proving to be most appealing. A good size unit in a three-storey walk up complex with ready access to café zones, services and facilities can be secured from around the $400,000s. We expect demand for these properties will continue as rental vacancy rates stay tight.

28/9 Dunmore Terrace, Auchenflower which sold for $405,000 in June this year is a good example. This is a two-bedroom, one-bathroom, one-car unit with excellent local views. It appears to have been partially renovated as well.

28/9 Dunmore Terrace, Auchenflower Source: realestate.com.au

Detached housing in the inner suburbs remains in hot demand, particularly if it has the right fundamentals and no secondary location detriments (i.e. a busy road frontage or undesirable surrounding uses). There's a range of housing types from renovators through to grand mansions on offer, and a raft of recent ultra-luxe property sales have occurred this year as well.

That said, for more "median priced" housing in the inner city, buyers have become a little more discerning in 2023 compared to 2021, although values have remained stable as there's limited stock available for purchase.

Units are attracting strong interest, particularly from young buyers. This cohort is driven by affordability and lifestyle, and many need to escape the rental crisis.

RESIDENTIAL

HERRON TODD WHITE

Suburban Brisbane

The inner-mid suburbs to the north include areas such as Wavell Heights, Northgate, Stafford and Stafford Heights.

Since the start of 2023, markets across most property types have strengthened in comparison to prices at the end of 2022. Interest rate rises have of course been a dampener, however a lack of quality listings has meant buyers don't have it all their own way. In fact, agents are reporting very low stock levels and some properties in good locations (e.g. not on a busy road or flood affected) have been getting 50-plus groups through their open homes.

Modestly priced housing and units are seeing good buyer demand in this ring. As with other locations, there's a large proportion of purchasers looking to escape the dire rental market. Despite rising interest rates, those who can pull together a deposit are keen to buy to avoid the insecurity of living in a rented home. Both prices and rents have been strong across units and townhouses, as buyers and tenants chase affordability without sacrificing good location.

We are also seeing a surge of investors interested in securing themselves a bit of Brisbane. Given rising rental returns and tightening vacancies, this makes perfect sense.

You can buy vacant land in the inner ring and build a home, but increasing construction costs have seen demand for this property type wane. As such, ready-to-move-in homes are enjoying solid demand and price premiums. New builds located within 10 kilometres of the city are achieving prices of around $2.8 million to $3 million, with some savvy sellers making a profit of almost $1 million-plus on their new constructions.

Agents are reporting very low stock levels and some properties in good locations (e.g. not on a busy road or flood affected) have been getting 50-plus groups through their open homes.

Two examples of new-build sales are 34 Cressey Street, Wavell Heights which sold for $2.825 million in April and 265 Banks Street, Ashgrove which sold for $3.05 million in May.

34 Cressey Street, Wavell Heights   Source: realestate.com.au

265 Banks Street, Ashgrove   Source: realestate.com.au

34 Cressey Street, Wavell Heights is a five-bed, three-bath, two-car home on 556 square metres of land. It has been beautifully finished in neutral tones and includes an inground pool. 265 Banks Street, Ashgrove has a resort-style finish with five-bedroom, three-bathroom, two-car accommodation and feature pool.

It will be interesting to see how profit margins continue to track for those looking to complete high-end house-flips in these areas.

Now to mid-ring addresses north of the city. We've found that suburbs such as Ferny Hills, Arana Hills, Everton Hills and sections of Keperra are taking a little longer to recover from the post-interest-rate-rise softening in buyer demand. In fact, many who bought in early 2022 in that set of suburbs might find their values are similar – if not slightly lower – than what they paid back in the first half of 2022.

The exception is attached housing with modern townhouses in the mid ring having performed well, particularly over the past six months. This is being driven by the relatively affordable price point for townhouses and a lack of supply in the second-hand townhouse market. New townhouses are the lead performer with most developments sold out at elevated price points, dragging the established townhouse and unit markets up with it. Expect a quality townhouse being sold off-the-plan to achieve somewhere between $850,000 and $900,000 in these locations.

There's limited activity in the prestige market throughout the mid-north, however prices have been solid and demand steady. Price growth has been minor given there's a ceiling price in these locations and that interest rates can affect buyer confidence here more than they do closer to the CBD.

One interesting property type we see in these mid-ring areas is duplexes. This product appeals strongly to investors wanting to maximise their yields which is, of course, all important in a rising cost environment. The double rent a duplex generates simply makes it easier to service loans and cover other holding costs. Of course, high rents and low vacancies are helping make property investments of this type even more popular.

Vacant land is an option in the mid ring, although supply is limited. Small estates are dotted about the place, as are one-off splitter blocks. Of course, while they can be found, demand isn't overwhelming. The rising cost of building and extended construction periods all mean that many would-be owners are a bit gun shy when it comes to building.

In the mid-outer south and south-east, families dominate the buyer pool. Carindale is a case in point, as are pockets of Wynnum Manly. Good quality family homes in desirable positions are still getting plenty of demand although buyers are a bit more budget conscious. As with many other areas, a lack of listings is helping to firm up prices.

In Carindale, homes of decent calibre will be priced over $1 million. A great example is 16 Holland Place, Carindale which is a well presented but reasonably standard four-bed, two-bath, two-car suburban home on a 456 square metre lot. This property sold for $1.1 million in June.

16 Holland Place, Carindale Source: realestate.com.au

Less sought after areas in the south-east are Lota and Hemmant where most of the price pain is being felt by homes that would be classed as B-grade. If, for example, you front a busy road or are adjacent to an undesirable feature, then buyer demand has faded. This could be particularly painful for anyone who purchased at the peak of the price boom. When values are up, many of these secondary homes are snapped up by desperate buyers. As soon as the market slows, they are the first to feel the brunt.

That said, if your home is in a good spot – say, close to schools and shops – then prices between $800,000 and $1.5 million can be expected as there's a lack of quality listings available for purchase.

Units and townhouses are also performing well. Like many other suburbs across Brisbane, this property type is finding favour in the south-eastern suburbs due to its relative affordability. First homebuyers and ex-renters are very active in this sector. Townhouses in Calamvale, Algester and Sunnybank sub-$700,000 are performing strongly.

When values are up, many of these secondary homes are snapped up by desperate buyers. As soon as the market slows, they are the first to feel the brunt.

Some slightly cheaper suburbs in the south include Kuraby and Cornubia. In Kuraby, standard houses between $800,000 and $1.3 million are performing well as price-sensitive buyers seek somewhere to call their own. Step further out to Cornubia and you'll discover rural residential property enjoying good sales activity in the $1.7 million to $2 million range. Again, a lack of good stock is bolstering demand.

Looking now to the outer north and this is, again, where buyers chase affordability. Our teams have noticed a softening of values across most outer-north suburbs as well as reduced sales activity.

Detached housing in the outer north is priced around $500,000 to $800,000, and this is where there's been a slowdown, although property below $500,000 is seeing plenty of enquiry according to local agents.

The outer north is where you'll discover acreage as well. Rural residential properties have softened in price to varying degrees dependent on the finishes, position and the level of improvements and ancillaries. This product was very popular during COVID when remote working and isolation were desirable. Now, however, many businesses are transitioning back to office-based employment and the viability of living so far from work isn't great. We are seeing property that would have traded for $1.1 to $1.3 million during the pandemic now achieving $900,000 to $1.1 million.

An example is 49 Hermitage Place, Morayfield which sold in May this year for $1.025 million. This is a lowset brick home with four-bed, two-bath, four-car accommodation set on a 3001 square metre site. There's also an outdoor entertainment

DENTIAL

area, inground pool, 54 square metre shed and fruit trees.

49 Hermitage Place, Morayfield Source: realestate.com.au

Townhouses and units are available in the outer suburbs and are an affordable option for first homebuyers and investors with prices often below $450,000.

This area also sees vacant land sales although demand has reduced this year and resulted in extended selling periods. Land prices have softened, and the team has noted evidence of resales below their original purchase figures. This has translated to less construction activity as well – unsurprising given the elevated cost of construction.

As for the rental markets, local agents have told us many previous renters are looking at buying, with most having a sub-$500,000 budget. This does give them some limited options in the detached housing market, or more choices across attached housing.

Western corridor and other development zones
The western corridor takes in a range of housing through some of our region's most significant growth suburbs. It also incorporates the satellite city of Ipswich and surrounds.

But let's kick off in suburbs such as Springfield, Greenbank, New Beith, Boronia Heights and Park Ridge. These are at the start of the growth corridor extending south away from the Ipswich Highway.

Rural residential property is always of appeal here although acreage property priced above $900,000 has seen a moderating in demand. This is no doubt in response to rising interest rates where buyers have had to temper their budgets.

There's been steady to slightly improved price performance for well-established homes on standard size lots in the $600,000 to $900,000 bracket. For this money you can secure a reasonable dwelling on a traditional suburban site – perfect for families. It's well worth searching the option in some of the earlier stages of Springfield for example. This four-bed, two-bath home at 3 Lyons Court, Springfield sold in June for $840,000. The home is positioned on a 640 square metre site and includes a small yard with an inground pool.

3 Lyons Court, Springfield Source: realestate.com.au

In the newer estates such as throughout Springfield's latest releases and Ripley, there are allotments available for purchase. While in some of the higher priced localities this market has slowed somewhat as building costs and construction times have blown out, our valuers report that vacant land remains appealing – and house-and-land projects are stacking up to valuation. Perhaps it's the plethora of project builders delivering decent quality homes at economies of scale.

The sector that's performed strongly is newly completed homes. Buyers who want to move into something without the hassle of paying increased construction costs and having to wait for the build to finish are choosing to pay a slight premium for completed properties.

One market performance that may surprise long-term property stakeholders is townhouses. There were large scale townhouse projects developed in these areas throughout the 1980s and into the 1990s, with many purchased at prices that were considered above value at that time. Demand for this product has strengthened in the past few years and we are seeing some capital growth in the current market. We suspect, given this product has always been designed for and marketed towards renters, that many of these new buyers are folks looking to exit the rental market by securing their own home. Can you blame them? With older townhouses trading for around $200,000 to $300,000, it's a very attractive option.

Let's now look at the more established areas in and around Ipswich. Prices are holding steady for detached housing in Ipswich's more desirable suburbs. Demand remains solid with Brisbane residents – particularly renters – keen to buy a property. Ipswich is, after all, relatively affordable compared to Brisbane. In addition, its transport links are excellent via train, bus and the main highway. Ipswich has also evolved wonderfully over the past few decades and offers a mix of attractive lifestyle facilities, retail options and schooling.

Again, townhouses have been a bit of a surprise package. Ipswich has traditionally appealed to

HERRON TODD WHITE

detached house buyers – no doubt because of its proximity to the start of regional rural areas in south-east Queensland. Townhouses were pretty much shunned by locals not too many years ago. That certainly isn't the case now. We've seen prices for all types of townhouses firm up this year.

Brisbane is a beacon of hope on the Aussie property landscape. While it's obvious from this submission that there are softening markets in the wake of interest rate rises, our long-term outlook remains healthy. With those ever-present 2032 Olympics featuring constantly in promotional advertising, coupled with high infrastructure spends and record net state migration, it seems like Brisbane and south-east Queensland more generally are well positioned to enjoy stable prices in the near term and good growth prospects over the longer term.

David Notley
Director

Gold Coast

It would be fair to say that over the past six months, the Gold Coast property market has been quite erratic. At the same time, it could be said that the market has also been rather resilient. After a modest pullback in property prices last year, a rebound has been noticeable since around February and March across a number of market segments. Like the price spike we experienced in 2021, this sudden rebound has come rather unexpectedly, but will it be short-lived?

Fluctuations in market activity have been evident across the coast in 2023. Whilst there has been no real shortage of buyers, there certainly has been a critical shortage of available stock in some areas. Currently supply has reached dire levels at the affordable end of the market and subsequently we have seen some upward movement in prices, particularly for units at the entry level.

The RBA raised the cash rate multiple times this year, yet locally, this has by no means completely diminished consumer sentiment. Certainly there is less buyer urgency which has resulted in fewer sale transactions, but confidence in the market is still there. The coastal suburbs appear to be showing the most resilience where values are holding firm and rental demand is very strong. Even at the top end of the market buyer confidence is relatively high and we are seeing huge sale prices still being achieved. Many of the selling and buyer agents we talk with have noted that new or fully renovated properties in the inner suburb areas are still attracting strong premiums from both local owner-occupiers and out of town buyers. In the beachside areas, new and near new luxury apartments are particularly attracting the attention of Sydney and Melbourne buyers.

Down south in the region close to the Tweed border, again much of the recent market activity appears to be in the coastal suburbs. The market for property priced under $1 million has particularly remained fairly robust thanks to good levels of owner-occupier demand and a lack of supply.

Buyers are still showing their enthusiasm to secure secondhand apartment stock in areas such as Coolangatta, Kirra and Tugun when they hit the market. We understand that the majority of new unit developments have sold out prior to commencement of construction, thus leaving an obvious under supply in these suburbs. Among these buyers are a growing number of renters and first home buyers who are seeing greater appeal in purchasing an apartment right now because of the very tight rental market.

Residential units in Coolangatta Source: realestate.com.au

Residential units in Coolangatta Source: realestate.com.au

On the other hand, if we travel a little further south into the Tweed region, we have observed a slight downturn in market activity and prices for detached housing in the $1.5 million to $2.5 million price bracket. Some of the areas showing signs of cooling in this price range include Casuarina, Kingscliff and Pottsville with agents also reporting that there are fewer buyers attending open homes and listed stock is taking longer to sell. The slowdown in this segment may be attributed to the sharp rise in interest rates which has led to higher borrowing costs. Interestingly, the higher priced (prestige) market in this region seems to be showing greater resilience. From the local feedback we have been receiving, we understand that a good portion of recent transactions of prestige homes have been cash purchases, therefore, these types of buyers have been impervious to any potential increase in the costs of borrowing.

In the more central areas of the Gold Coast we are observing similar trends. The market at the more affordable end is still quite buoyant, whereas the market for mid-tier property has been more inconsistent, and the prestige end is somewhere in the middle, tracking at a stable level.

Looking back over the past six months, it's the sales of townhouses, units and apartments in the centrally located suburbs priced between $400,000 and $800,000 that are driving the recent rebound in market activity. The recent uptick in property values can simply be put down to a critical shortage of stock and a surge in demand.

The sheer undersupply in this market segment has been an all too familiar situation for buyers, which at times has encouraged many vendors to be overzealous with their asking prices. As a result we have seen some positive price movement in recent months. Some recent transactions which demonstrate the buoyancy at the lower end of the market segment are:

7/1374 Gold Coast Highway, Palm Beach recently sold for $610,000. This is a single level, two-bedroom, one-bathroom walk-up strata unit situated just 150 metres away from the beach. The unit features a basic but partly updated interior with single basement car space. Interestingly, a directly comparable style two-bedroom, one-bathroom unit featuring a slightly superior fitout sold in December 2022 for $568,000.

1374 Gold Coast Highway, Palm Beach Source: CoreLogic

21-27 Markwell Avenue, Surfers Paradise Source:CoreLogic

Over in Broadbeach we recently noticed that a one-bedroom, one-bathroom unit with original fitout in a resort style walk-up complex on Surf Parade sold for $450,000. Other very comparable style one-bedroom units (presenting in similar condition) within the same complex have sold in the past six months in the vicinity of $400,000.

Close to the Surfers Paradise CBD, a 38 square metre studio apartment in a resort style walk-up complex on Markwell Avenue was recently purchased for $355,000. The same property sold twelve months earlier for $280,000 in similar condition.

As mentioned earlier, sale prices and market activity for mid-tier property (between $1.5 million and $2.5 million) across the central suburbs have been quite erratic overall, but well-located and realistically-priced properties are still attracting steady to good interest and are selling within relatively short time periods. Properties located within suburbs regarded as secondary locations or properties which require significant works that fall in this price range on the other hand are taking much longer to achieve a sale and are occasionally selling well below the price a buyer would have expected to pay twelve to eighteen months ago.

Below we have noted a few recent sales which emphasise how variable the market has been in this price bracket lately.

14 Maureen Court, Broadbeach Waters sold a couple of months ago for $2.4 million. The property comprises a circa 1980s, part two-storey, four-bedroom plus studio, three-bathroom dwelling that presented in mainly original and dated condition. The property occupies an appealing canal-front position within the locality. We understand that the property previously sold off market around a year earlier for $2.45 million in similar condition.

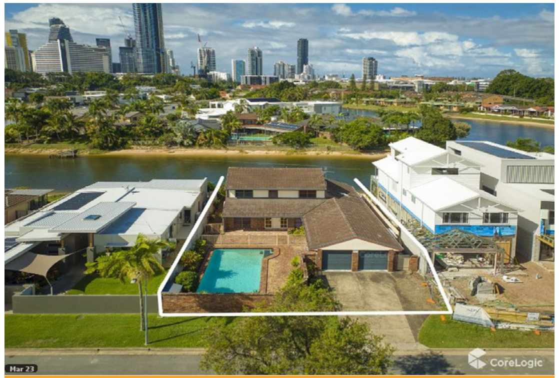
A single storey, three-bedroom, two-bathroom canal-front dwelling with swimming pool at 11 Ensenada Court, Broadbeach Waters sold recently

Looking back over the past six months, it's the sales of townhouses, units and apartments in the centrally located suburbs priced between $400,000 and $800,000 that are driving the recent rebound in market activity.

for $1.58 million. The same property sold in late 2021 for $1.555 million in much the same condition.

In Benowa, a mostly renovated, well presented, five-bedroom, two-bathroom dwelling with three-car garage and swimming pool in Deborah Avenue within the Benowa Waters estate sold a couple of months ago for $1.76 million. The property had previously transacted in early 2022 for $1.94 million.

Just down the road towards the Benowa State High School, a refurbished two-storey, four-bedroom, three-bathroom home with two-car garage and swimming pool in Lambros Avenue sold recently for $1.485 million, having sold in November 2021 for $1.475 million.



14 Maureen Court, Broadbeach Waters sold recently for $2.4 million after changing hands in early 2022 for $2.45 million Source: CoreLogic

According to the latest feedback from agents, the prestige end of the market has been holding fairly well and we are seeing strong prices still being achieved for both prestige units and dwellings across the Gold Coast, but mainly in the beachside areas and canal-front estates. The strongest sales results appear to be for modern style, as new or renovated properties where very minimal works are required.

18 Bluejay Street at Burleigh Waters Source: CoreLogic

18 Bluejay Street at Burleigh Waters recently sold at auction for $3.72 million and is a great example of a strong sales result which defied everyone's price expectations, given that it is not a waterfront home. The Jayson Pate designed, circa 2019 built, modern contemporary style, five-bedroom, three-bathroom residence is on a 741 square metre non-waterfront allotment. The property presented in immaculate condition at the time of sale and features included swimming pool, ducted air-conditioning, gate house, outdoor barbecue, good to high quality finishes such as Calacatta Oro marble benchtops, polished concrete floors, Dynalite lighting control system and media room. Prior to this sale, the highest price achieved in the street was $3.5 million in June 2022 for a broadly comparable style, circa 2021 built, two-storey dwelling with four bedrooms, three bathrooms and two-car carport on a 641 square metre site.

Moving away now from the central beachside areas and into the more suburban and rural residential localities and you'll notice that the market is running at a slightly slower pace. Suburbs such as Elanora, Reedy Creek, Robina and Varsity Lakes which generally experienced a decline in prices in 2022 have now stabilised. Further out, the acreage lifestyle localities of Currumbin Valley, Tallebudgera, Tallebudgera Valley, Bonogin, Mudgeeraba, Tallai and Worongary also seem to have stabilised after a softening in the market post the peak in early 2022.

Heading further north and let's bring our attention to the suburban residential estates along the M1 corridor for a moment. Again, the property market here has been a bit patchy and hard to fathom at times. At the beginning of the year, in localities such as Pacific Pines, Coomera, Upper Coomera and Ormeau, the market for housing showed signs of stabilising after a period of weakening prices in 2022. Sales activity remains noticeably down and properties have reportedly been taking much longer to sell this year, however there have been periods when market activity appears to surge again and then settle.

In these northern areas of the Gold Coast first home buyers have recently been quite active in the market for housing priced between $475,000 and $650,000. Due to the stock shortage in this price bracket, first home buyers can't be too selective with the purchasing options available as there are other types of buyers who are also actively seeking to secure similarly priced property.

A three-bedroom duplex unit in Glentree Avenue, Upper Coomera was recently listed on the market with an asking price of $549,000 Source: CoreLogic

A freestanding three-bedroom villa in Ormeau recently sold for $550,000
Source: CoreLogic

Another major driver within this market segment has been the substantial lift in market rental prices. Affordability stress is very evident with many tenants and recent commentary from some agents suggests that more and more tenants are shifting into the housing market as buyers. This year we are also hearing stories of tenants in the local area who have been burdened by cost of living pressures leaving the Gold Coast altogether in search of more affordable accommodation in other regions. Younger people are also moving back to family homes. It's not uncommon to hear about rents rising by more than 25 per cent upon lease renewal hence forcing people to seek alternative accommodation options.

Staying on the northern Gold Coast and there has been an emerging trend with regard to National Rental Affordability Scheme (NRAS) leased residential properties. The NRAS was introduced by the Australian government in 2008 and is set to be phased out across the nation in 2026.

The scheme was put into action to lower rental costs for low to medium income households and increase the number of affordable rental housing through offering financial incentives for housing providers to decrease their rent. We have noticed that various townhouses and units in the area with their NRAS lease terms ending are now trickling back onto the market. Reportedly, the market rents and sale returns for these properties are now much improved compared with the benefits of the combined NRAS rent and benefits under the scheme. These properties are generally being snapped up quite quickly.

The market for detached housing in the northern corridor between $650,000 and $1.2 million has been less active over the past six months, prices have pulled back slightly or have been static at best. Despite the slowdown agents continue to report low stock levels. We have seen several sale transactions reflecting a decline in prices having previously changed hands say 12 to 18 months ago. At the prestige end of the market, the demand for good quality housing appeared to be losing all momentum, but general market activity has since firmed again. Notably we have seen strong sale prices within the Coomera Waters area between $1.25 million and $2.15 million.

Conversely, the market for waterfront homes in the Calypso Bay estate at Jacobs Well appears more fickle. This estate surged in popularity during 2021 and 2022, mainly driven by interstate buyers, but now we are seeing an oversupply of stock with reportedly circa 30 properties currently listed on the market. We understand that a canal-front home recently went under contract for just above $1.7 million after spending around 18 months on the market. The vendor was initially seeking offers over $2.1 million.

It's not uncommon to hear about rents rising by more than 25 per cent upon lease renewal hence forcing people to seek alternative accommodation options.

Calypso Bay waterfront estate at Jacobs Well Source: realestate.com.au

Whilst it may not be the case in Calypso Bay, in most other areas of the Gold Coast demand is still outstripping supply and there appears to have been a positive shift within the overall market since the beginning of this year. If interest rates stabilise in upcoming months as some economic experts have forecast, the positive sentiment may even carry on into 2024. Nevertheless, there is still a degree of uncertainty which lingers within the market as we continue to face cost of living pressures, high debt costs and other economic headwinds. Watch this space!

Sam Gray
Associate Director

Sunshine Coast

Over the past 12 months, the strength of the local economy has been challenged by a number of economic headwinds, notably high inflation, affordability concerns and the rapid increase in borrowing costs/interest rates from May 2022. There was some optimism at the start of 2023 that increases in interest rates were at or near the end with agents reporting some confidence coming into the market when the RBA paused the increases in April. But this little bump in confidence appears to have evaporated with the last two increases, with a cumulative total increase of four per cent.

There is now clear evidence that the property market and the economy in general has slowed. Agents are confirming this with overall enquiry softening and urgency dissipating. The market is becoming more segmented and is very much property and location specific. Properties with any issues are showing greater discounting than good quality dwellings in sought after locations. The declines currently being experienced fall somewhere between five and 15 per cent.

There are a number of factors or fundamentals helping to underpin the property market. These differ significantly from the last slowdown which was post the Global Financial Crisis (GFC).

Firstly, unemployment levels remain incredibly low. The table below shows the most recent LGA unemployment rates. As you can see the unemployment rate for the Sunshine Coast LGA is 2.6 per cent which outperforms the Queensland and Australian rates at 3.6 and 3.7 per cent respectively (source: ABS).

Quarter	Sunshine Coast: Unemployed people	Sunshine Coast: Labour force	Sunshine Coast: Unemployment rate %	Regional QLD: Unemployment rate %	Queensland: Unemployment rate %	Australia: Unemployment rate %
2022						
- December	4,694	177,726	2.6	3.6	3.9	3.7
- September	5,075	176,272	2.9	4.0	4.2	4.0
- June	5,818	173,694	3.3	4.4	4.5	4.3
- March	6,730	172,473	3.9	4.7	4.9	4.6

Unemployment numbers Source: ABS

Secondly, people are still moving to the Sunshine Coast, Noosa and Gympie regions. The most recent ABS population growth statistics show that the 2020-21 year had an increase of 2.3 per cent or 7727 people. This has no doubt slowed from previous but is still a pretty healthy number. This ranks it as second on the list of the ten fastest growing LGAs in Queensland.

Qld ranking	LGA	Annual growth 2019–20	Annual growth 2020–21
		— % —	
1	Ipswich (C)	3.2	2.7
2	Sunshine Coast (R)	2.6	2.3
3	Logan (C)	2.4	1.8
4	Fraser Coast (R)	1.7	1.8
5	Livingstone (S)	1.8	1.6
6	Moreton Bay (R)	2.1	1.5
7	Gympie (R)	1.1	1.4
8	Whitsunday (R)	2.4	1.3
9	Mackay (R)	1.6	1.3
10	Isaac (R)	1.8	1.1

Population growth Source: ABS

Finally, supply of available property for sale remains relatively low. For rentals it remains extremely low. Post the GFC we saw supply levels increase significantly through most sectors of the market which when combined with the weakening demand, had the effect of softening values. Some of the declines were circa 20 per cent and above. An example of this is the canal-font estate of Noosa Waters in Noosaville which at present has seven canal-front properties currently listed for sale, whereas in circa 2011/2012 there were more than 100 listings.

So, when looking at market specifics generally, the price point in certain areas is the key. Generally across the Sunshine Coast, properties at the lower value level of the spectrum are still performing pretty well on the proviso the property is reasonably well presented. These lower points obviously vary between areas – in the hinterland areas, this is values under the $500,000 to $600,000 level and in the coastal areas, values below the $800,000 level.

As we move through the upper value bands right up to the high-end prestige markets, the volume of buyers tends to fall away. At these levels you typically find people upgrading or maybe moving from another area. Sometime these buyers can struggle if they can't exit their current property.

One aspect of this and most markets that really changes is that when a property is well located, is modern and has a high amount of market appeal, the demand almost seems to come out of nowhere. Premiums are still being paid for modern or recently built/completed dwellings with these buyers clearly not wanting to go through the time and effort that goes into constructing these modern higher end properties. A recent example of this is a Castaways Beach sale which is a large high-quality dwelling with ocean views but is located on the western side of the main coastal road selling for in excess of $10 million, a clear record for the area.

Castaways Beach sale Source: realestate.com.au

In the unit market, a lot of the above rings true. The divide between the holiday and the permanent occupancy continues. Smaller holiday units with relatively higher body corporate fees tend to linger on the market with demand being pretty soft. Permanent occupancy units remain highly sought after especially modern and ready to go. A recent sale is unit 401, Botanica Riverside Residences on the banks of the Maroochy River which sold in April 2023 for $3.95 million after being purchased from the developer in 2018 for $2.525 million.

Maroochy River property sale Source: realestate.com.au

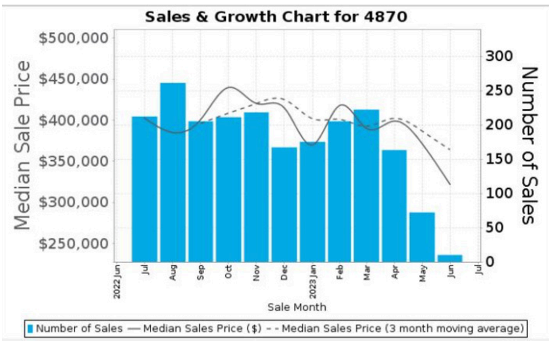
So when people ask me how our work is going, my response has been that we have slowed down from the peak times. Sale volumes in 2022 and early 2023 were generally at or around the 2019 levels, the last normal year we had. As I have previously mentioned, it feels like that little bump in confidence has evaporated. What can't be overlooked though are the current fundamentals in the market at present.

Stuart Greensill
Director

Cairns

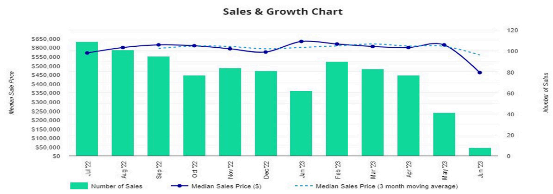
The Cairns residential market continues to perform strongly in 2023 with no evidence of a slowdown or reduction in prices.

The lower end of the market (sub $500,000 range) is the stand out performer in the Cairns postcode of 4870 with both houses and units showing increases over the past six months. Values for property over $500,000 have shown more modest increases with the effects of interest rate rises and consequent affordability issues being more pronounced for higher value properties. There is significantly less property on the market and the lack of stock has resulted in increased competition and in some instances a spike in the achieved sale price above that which can be supported by similar local market evidence. The proportion of cheaper unit sales as a percentage of overall house and unit sales has increased in recent months and this is evident by the fall in the median price in the Cairns postcode of 4870.



Cairns sales and price growth Source: Pricefinder

Sale numbers in the Cairns northern beaches postcode of 4879 have demonstrated a definite downward trend from February 2023 to April 2023 excluding the January 2023 holiday period. It is interesting to note that the median price has remained relatively stable over the same period which is in contrast to the median price trend in Cairns which has shown a definite downward trend.



Northern beaches data Source: Pricefinder

The downward trend in Cairns is due to the relatively higher number of cheaper priced units in this postcode and the market movement to lower-priced, more affordable property in an environment of higher interest rates and lower mortgage affordability.

Danny Glasson
Director

Gladstone

The Gladstone market continues to show signs of stabilisation for the most part. Recent sales are indicating no change in values from six months ago and only minor increases from 12 months ago. Some agents have reported slight decreases in value however that is not something I have seen yet. This does not need to set alarm bells ringing. This is a fairly typical sign of the market stabilising. When we look back on this time period in years to come, the data will show slight increases and slight decreases in value but the trend line will remain stable.

Activity remains consistent and demand remains reasonably strong. Buyer profiles have changed slightly with most being local purchasers or investors. The interstate migration to Gladstone appears to have slowed. Multi offers are still being received on some property types, predominantly for good quality established family homes or rural residential properties typically in the $600,000 to $800,000 bracket. The days of most property types getting multi offers are definitely behind us.

Vacancy rates for the 4680 postcode remain at approximately two per cent according to SQM Research which still indicates a tight rental market and rentals continue to increase albeit at a slower rate than in the past.

The main driver of Gladstone's market continues to be its affordability. Our price points are now significantly below our neighbours to the north (Rockhampton) and south (Bundaberg). The fundamentals of our market remain strong and so despite the stabilisation that has occurred, we still predict capital growth for the region in the future.

Regan Aprile
Director

Bundaberg

The Bundaberg market continues to show signs of having reached the peak of the market. Recent sales are indicating no change in values from those that occurred six months ago. Agents are reporting that the length of time on the market is increasing from two days to two months, which is a marked slowdown from the market's shark feeding frenzy of the recent past.

The combination of rising interest rates and cost of living pressures appear to be contributing to this easing of sales volume.

Residential rental vacancy rates are still less than one per cent. Sales volume in the upper end of the market above $1 million have softened considerably. Sellers' expectations are also beginning to drop in line with what buyers are willing to pay.

Megan Matteschek
Property Valuer

Mackay

The Mackay residential market has been strong for a number of years and has continued to perform well throughout the first half of 2023. Local agents have been reporting strong enquiries from people moving into the region. This has put pressure on an already extremely tight rental market, with letting agents stating it is very common to receive multiple rental applications, including offers to pay above asking rents and even up to six months rent in advance to secure a property. This in turn has seen pressure being placed on the owner-occupier residential market as migrants and locals compete for a place to live. The vacancy rate currently sits below one per cent and rental values are increasing in line with this demand. To exacerbate matters, agents are reporting diminishing rental supply with approximately 80 to 90 per cent of purchasers in the market being for owner-occupiers, so rental properties hitting the market are not being kept in the rental pool.

The market for dwellings in Mackay has been strong since the recovery in 2017 with modest growth seen every year since. Into the first half of 2023, agents are reporting strong demand still exists in the market with slightly reduced stock. Agents are still reporting multiple offers received on some properties listed. However, we have only seen minor price growth, with the market appearing to have hit a sweet spot with buyers and sellers. With rising interest rates and cost of living pressures, purchasers are not willing to put in the large haymaker bids seen over the past couple of years. If properties are priced incorrectly, even in this market they appear to be sitting on the market for extended periods.

Jade Shuttlewood
Valuer

Fraser Coast

From the start of 2021, all sectors of the property market on the Fraser Coast experienced strong demand from local, intra and interstate buyers. This demand continued into 2023, however recent consecutive interest rate rises coupled with increasing inflation appears to have cooled the market, with prices and demand steadying indicating the peak of the market has been reached. Selling periods have extended to around one to three months and sales activity has eased, however recent sales show very little change in values from those that occurred six months ago. The rental market, which was already tight, sees a significant shortage relative to demand with the vacancy rate continuing to sit below one per cent. Increases in rental values are being experienced on the back of this strengthening demand. The Fraser Coast has several big developments in the works for the area along with significant infrastructure investment which will continue to drive demand in the area. Relatively low stock and delays in construction will continue to sustain prices for existing property.

Doug Chandler
Director

Emerald

At half time, a quick review of the scorecard shows that the Emerald market has come off the significant increases experienced in 2022. While most sectors and locations are still showing gradual increases in median sale prices, sales volumes have either stabilised or declined.

Median residential and rural residential sale prices are gradually increasing however the sub $400,000 market is showing the greatest improvement and activity. Sales of units have increased slightly from 2022 levels however median sale prices remain stable. Of note, the only estate in Emerald to experience reductions in both volumes and prices in 2023 is Maranda Heights Estate.

Rental demand remains high, supply is limited and median rentals have been improving throughout the year.

Kellie Blomfield
Valuer

Whitsunday

The Whitsundays market continues to show strength across all market sectors. Local agents report that while demand has softened over the past 12 months, supply has also reduced, possibly at a greater rate than demand and has therefore had the effect of keeping the market tight for purchasers. Local agents report multiple offers are still being received across all sectors. Rental vacancies in the Whitsundays remain extremely tight, with very limited available properties, which in turn has forced rental values up. It is not uncommon for a modern four-bedroom dwelling in Cannonvale to rent above $800 per week.

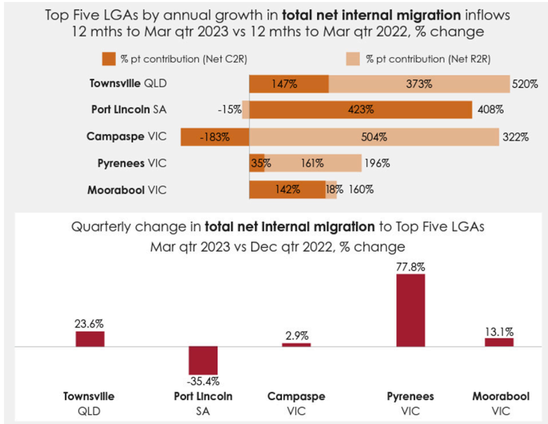
This increasing market and rental values in Airlie Beach and Cannonvale has had a flow on effect into the Proserpine market. The close proximity to Airlie and the relatively lower prices have seen the market in Proserpine become more active over the past 12 months. Affordability is the main driver in this market.

The Bowen market also saw increased activity over the first six months of the year. Large infrastructure projects and migration to Bowen for employment have seen the market very solid this year. Rentals are extremely tight with limited availability. Local agents are reporting limited available stock with multiple offers received on almost every property listed across all sectors of the market.

Michael Denlay
Director

Townsville

Townsville has topped the annual growth in net internal migration list, with more than a 500 per cent annual increase according to the latest Regional Australia Institute net internal migration inflows data (over the year to March 2023). Nearly three-quarters of net inflows came from other regional areas.



Internal migration Source: Regional Australia Institute

This has allowed our property market to remain strong across all sectors.

The rental market remains very tight with limited vacancies. This has in turn driven the investor market with multi-unit dwelling sales (duplexes, flats buildings) selling increasingly fast with multiple offers. Gross yields generally range from five to eight per cent depending on location and quality.

The outer suburban housing market continues to gain ground with sales occurring at a steady pace as the fringe and inner suburbs become less affordable (by our local market standards). Prices have increased as the bottom of the market continues to climb faster than the middle and top end.

The fringe market continues to experience price growth with more buyers than sellers and agents reporting good numbers at open homes, generally with multiple offers being tabled. A good sales strategy will result in strong sale outcomes.

The rural residential market continues to be the most sought-after market at present with the highest volume of sales in land and established houses. Townsville is gifted with multiple estates north, south and west of the city all within easy commute of the city if required. Strong prices are being seen in all areas with no sign of easing in the near future.

Lastly, the inner-city housing market continues to run hot, generally limited only by supply. There continues to be more buyers than sellers and the 4810 postcode delivers at present with strong sales being achieved in all suburbs. There appears to be no abating of the current appetite for this stock.

Jamie Martin
Valuer

Rockhampton

This month we take a half-time break to review the 2023 year to date. Wow, what can I say? To our surprise, despite rising inflation and rapid interest rate rises, the Rockhampton and Capricorn Coast regions have continued to fire in a big way. Market sentiment is still extremely strong with record sale prices continuing to be achieved. In many cases, sales agents are still reporting multiple offers with eventual sale prices still achieving well above the listed sale price, particularly for good quality stock that requires minimal to no maintenance, renovation or repair. This is being fuelled by a combination of factors including:

- Increased cost of construction
- Extended build times
- Difficulties securing trades in a reasonable time frame
- A very tight rental market, with rising rental prices
- Migration from interstate and metropolitan areas causing demand for housing to outstrip supply for both owner-occupiers and investors
- Large scale infrastructure projects currently underway or proposed in the near future fuelling demand for a skilled and well-paid workforce.

To name a few standout sectors of the market, small to medium acreage sales (five to 100 acres) within 30 kilometres of Rockhampton or Yeppoon have been red hot, with very little choice now available below $700,000 for established homes of this nature west of Rockhampton and not much under $1 million between Rockhampton and the Capricorn Coast. Newly constructed and well-appointed residential estates such as Edenbrook in Rockhampton or the Shoals on the Capricorn Coast are also very hot with sale prices showing strong rises in the past 12 months because of the above factors.

In summary, our region is still seen as a relatively affordable area to either relocate or invest in compared to many of our southern markets, which appear to be feeling the squeeze a lot more.

Alistair Gunthorpe
Valuer

Toowoomba/ Darling Downs

The Darling Downs coverage area (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 the Moree Plains area to the south) fared well during the pandemic, but like the rest of the nation, households are now feeling the pressure of rising inflation and repeated interest rate rises that continue to place demands on household budgets.

It is widely recognised that there is currently a limited supply of new stock entering the market which has continued to support home prices and has mitigated some of the downward pressure from the consecutive interest rate rises. Agents have continued to report that competition for properties listed for sale (if appropriately priced) remains steady to strong in particular market segments. This is replicated throughout the entire region, which is still demonstrating a variance between supply and demand.

Given this, we consider our markets to continue to show a slower rate of price decline than that of metro localities. Even while rising borrowing costs constitute a barrier to price growth, our coverage area continues to be supported by affordability, migration patterns and lifestyle preferences which are evident in vacancy rates around the region, which are still at historical lows:

Current Rental Vacancy Rates

Toowoomba, Kingaroy & Roma	0.9 per cent
Dalby	0.3 per cent
Warwick	0.1 per cent
Stanthorpe and Goondiwindi	0.0 per cent
Chinchilla	1.3 per cent
Gatton and Plainland	1.2 per cent

The median home value in Toowoomba (4350) is currently $525,000, which is still showing a 14 per cent increase in the past 12 months. The median value of units is roughly $385,000, showing a 24 per cent increase. With little vendor discounting, properties are typically spending 13 days on the market (on average) if priced and marketed appropriately.

Major infrastructure developments also continue to impact the Toowoomba property market with the Toowoomba Public Hospital redevelopment currently in the first phase of construction, creating jobs and population growth as people move to the area to work on the project. Another significant project is the $175 million Wellcamp Entertainment Precinct which is nearing commencement and has secured $40 million in funding from the state government.

We now examine the inner, middle and outer rings of Toowoomba. The outer ring suburbs fall into the category of satellite suburbs, with the inner ring being within two kilometres of the Toowoomba CBD and the middle ring being within five kilometres of the Toowoomba CBD.

The inner ring suburb of Newtown recorded the highest proportion when it came to house sales, totalling 73 sales in the past six months. 71 per cent of the sales were in the sub $499,000 bracket. The more established neighbourhood of Newtown offers homes with renovation possibilities on large blocks.

An example is 39 Glenvale Road, Newtown which sold for $420,000. It is a two-bedroom, one-bathroom dwelling with three car accommodation on a 1229 square metre block.

39 Glenvale Road, Newtown Source: CoreLogic

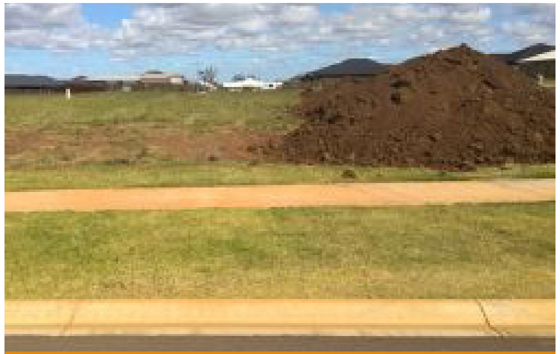
Kearneys Spring, situated in the middle ring, has achieved a higher proportion of unit sales with 30 in total and 80 per cent of these being in the sub $399,000 bracket. Kearneys Spring is an established suburb with new residential development within the south-west corner. It is close to the University of Southern Queensland, schools, parks and big name retailers.

2/227 Nelson Street, Kearneys Spring sold for $270,000. It is a two-bedroom, one-bathroom modern townhouse with one car accommodation in a complex of 28.

2/227 Nelson Street, Kearneys Spring Source: CoreLogic

Land development in Toowoomba is limited with only a handful of land releases available, two in the mid-ring suburbs of Kearneys Spring and Middle Ridge with Meringandan West also being a popular choice situated in the outer-ring (20 kilometres north-west of the CBD). Of the 71 parcels of land sold in the past six months, 33 per cent of sales were in Kearneys Spring.

20 Cadel Evans Drive, Kearneys Spring sold for $245,000. It is a near level, vacant 603 square metre lot with all local services available.



20 Cadel Evans Drive, Kearneys Spring Source: Herron Todd White

The most surprising feature about the first six months of 2023 was not only the level of sales activity across Toowoomba but the number of sales in the premium ($900,000 to $1.499 million) market segment to the prestige market segment (above $1.5 million) categories. The most popular suburbs were the affluent Mount Lofty and East Toowoomba, generally featuring well-established homes, range views and close to modern conveniences.

When you think of prestige, Hervey Street, Mount Lofty comes to mind and number 43 does not disappoint. This is a tastefully renovated six-bedroom, four-bathroom dwelling which further accommodates six cars. Ancillary improvements include an inground pool, full size tennis court and detached three-bay garage. The property sold for $2.025 million in March 2023.

43 Hervey St, Mount Lofty Source: CoreLogic

Toowoomba's crème de la crème is 2 Fletcher Street, Redwood, which sold for $4.925 million in March this year. Built in 2018, this six-bedroom, three-bathroom home is the epitome of luxury. It not only has the swimming pool and second-to-none valley views, it provides a home to 14 vehicles. Advised living area is 1112 square metres on a 3632 square metre allotment.

2 Fletcher Street, Redwood Source: CoreLogic

It is believed that current property prices generally being observed in Toowoomba and the Darling Downs coverage regions are in a stabilisation phase. During the pandemic, prices in the region increased rapidly, but since the year's beginning, prices have begun to generally stablise with potential buyers being slightly more cautious in their approach to purchasing property. Overall, given current market conditions, a prudent purchaser can feel confident in investing in various localities throughout the Darling Downs coverage area, given that a main driving force in our region is still the allure of affordability.

Marissa Griffin
Director

South Australia - Residential 2023

Adelaide and regions

The South Australian metropolitan property market remained stable throughout the first half of 2023. March quarter data released by the state government indicates that the metropolitan median house price has risen marginally year on year, albeit to a record high of $675,000. Market activity in regional South Australia has remained strong with the non-metropolitan (major towns) median house price rising to $374,500 which is a 15.2 per cent increase year on year.

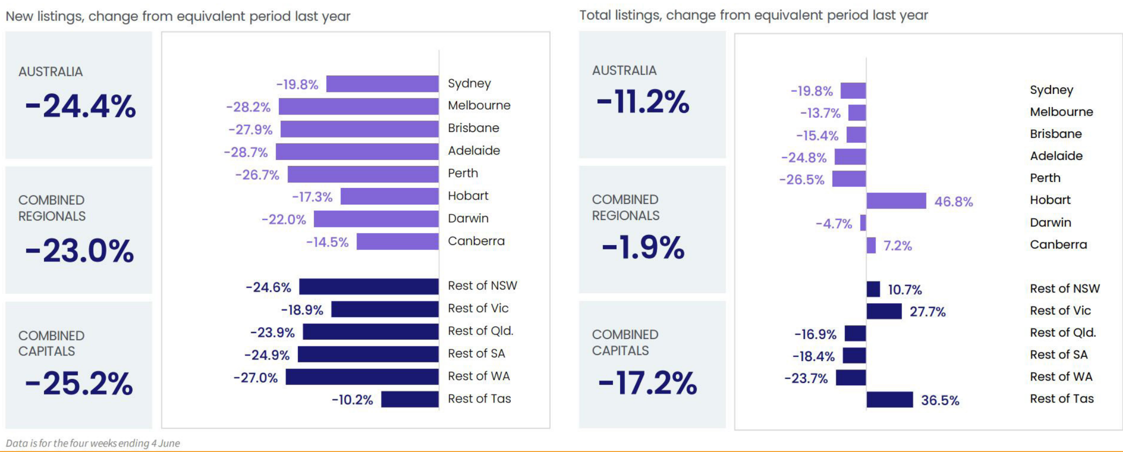
In June, the RBA lifted the cash rate by 0.25 per cent taking it to an 11 year high of 4.10 per cent. At the time of writing, we're seeing mixed messages on whether rates will be increased again in July. The current interest rate environment continues to be a major talking point around many dining tables and office water coolers. Stock levels remain low within the metropolitan area with new listings and total listings down 28.7 per cent and 24.8 per cent year on year respectively. Days on market have also tightened. Low stock levels appear to be the catalyst for price levels remaining stable.

Market activity has been mixed throughout the metropolitan area. Many of the affordable outer metropolitan regions have achieved year on year price growth whilst the inner metropolitan regions representing the middle and upper price points of the market have seen reductions.

At the affordable end, the Playford Council north of the CBD continues to perform strongly. Of the 24 suburbs which recorded sales data in Quarter 1 of 2023, all but one achieved price growth year on year. Strongly performing suburbs were Andrews Farm, Davoren Park and Munno Para West which achieved median house price growth of 23.24, 31.58 and 16 per cent respectively. Examples of available stock in these suburbs include 36 Oxford Drive, Andrews Farm, a circa 2013 single level detached conventional dwelling disposed as three bedrooms and two bathrooms and 32 Westbury Street, Davoren Park, a circa 1960s single level ex-SAHT maisonette disposed as three bedrooms and one bathroom. These properties are listed with asking price ranges of $490,000 to $520,000 and $270,000 to $290,000 respectively.

32 Westbury St, Davoren Park Source: realestate.com.au

The middle ring had mixed results in the first half of 2023. The middle ring is characterised by 1960s to 1980s dwellings on medium to large allotments as well as small pockets of character dwellings and newer infill development. North of the city are the four neighbouring suburbs of Clearview, Enfield, Blair Athol and Kilburn. Each of these suburbs has similar characteristics and all performed strongly in 2021 and 2022. Price growth within Clearview, Enfield and Blair Athol



Listings Source: CoreLogic

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has cooled with median house price movement showing -4.17, 0.99 and 1.84 per cent respectively from Quarter 1, 2022 to Quarter 1, 2023. Kilburn has however bucked this trend, pushing on strongly with growth of 17.65 per cent in the same period. Recent sales in the area include 3 Way Street, Kilburn, a fully renovated circa 1960s conventional dwelling disposed as four bedrooms and two bathrooms on an allotment of 805 square metres for $906,000 and 32 Devon Street, Enfield, a circa 2019 single level conventional dwelling disposed as three bedrooms and two bathrooms on a 301 square metre allotment for $740,000.

3 Way St, Kilbur Source: realestate.com.au

32 Devon St, Enfield Source: realestate.com.au

In last year's corresponding Month in Review, the middle ring suburb of Sheidow Park south of the city was picked as one to watch after median house price growth of 46 per cent year on year to Quarter 1, 2022. After this period of strong growth, the median house price has since seen a 9.8 per cent reduction from Quarter 1, 2022 to Quarter 1, 2023. The surrounding suburbs of Trott Park and Hallett Cove have similarly seen a slowing in price growth however not to the extent of Sheidow Park.

Activity in the inner ring's $1 million to $3 million price bracket has slowed. Agents are reporting reduced numbers through opens whilst appropriate pricing is becoming a factor as vendors grapple with the prospects of a stabilising market. Suburbs within the inner ring's Burnside and Unley council areas are showing signs that the price levels are beginning to be impacted by the stabilising market. Of the 22 suburbs in the Burnside Council area which recorded sales data in Quarter 1 of 2023, 16 recorded reductions in their median house prices year on year. Similarly, of the 14 suburbs in the Unley Council area which recorded sales data in Quarter 1 of 2023, nine recorded reductions in their median house prices year on year. Examples of available stock in these council areas include 14A Cranbrook Avenue, Magill, a circa 2016 modern two-level dwelling disposed as six bedrooms and three bathrooms on a 602 square metre allotment having an asking price of $1.275 million and 15 Ramage Street, Unley, a circa 1890 renovated character dwelling disposed as four bedrooms and two bathrooms on a 418 square metre allotment having an asking price of $1.475 million. The suburbs of Magill and Unley have recorded marginal price changes of 0.55 and -3.63 per cent respectively over the 12 months to Quarter 1, 2023.

14A Cranbrook Ave, Magill Source: realestate.com.au

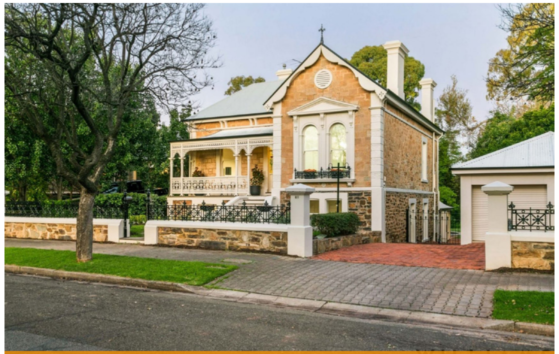
15 Ramage St, Unley Source: realestate.com.au

At the top end of the market; transactions in the $4 million to $6 million price bracket have reduced. Searches have revealed 10 recorded transactions in the greater metropolitan area in this price bracket

Agents are reporting reduced numbers through opens whilst appropriate pricing is becoming a factor as vendors grapple with the prospects of a stabilising market.

HERRON TODD WHITE

in the six months to June 2023 whilst 30 recorded transactions occurred in this price bracket between June and December 2022. Sales of significance in this price range include 41 Miller Street, Unley, achieving $4.66 million, 55 Church Terrace, Walkerville, achieving $4.5 million and 6 Church Road, Mitcham for $5.6 million.



41 Miller St, Unley Source: xgxgxgx

6 Church Rd, Mitcham Source: realestate.com.au

In the first six months of 2023, market growth has stabilised throughout both metropolitan Adelaide and greater regional South Australia. The waters are muddied as the market grapples with rising interest rates and reducing stock levels. Both purchasers and vendors should remain confident when entering the market given South Australia's historical track record of marginal price fluctuations.

Nick Smerdon
Valuer

HERRON TODD WHITE

Western Australia - Residential 2023

Perth and regions

The start of July brings us to the halfway point in the year giving us a chance to catch our breath and take a moment to have a look at the picture the market has painted so far in 2023.

The buzzword for the year in Western Australia has most definitely been supply – namely the lack thereof. We started 2023 with significant concerns about the dwindling level of houses listed for sale and the slow rate that they were coming on to the market, and unfortunately this issue just keeps worsening. The cost of housing is reaching crisis levels for some sections of the market and we're quite concerned that this hasn't been front page news more often. Government solutions to date have simply not been up to the task. It's a tale of the haves and the have nots unfortunately and the gap is widening rapidly. There are those who remain in a decent financial position and may have considered cancelling their Netflix subscription but have largely been unaffected so far. On the other side are those who are really, really starting to hurt. Default rates are increasing, financial assistance programs are being inundated and every rate rise feels like another nail in the coffin. It's extremely dire for some sections of the market, and rampant inflation and extremely strong migration are exacerbating the pain rapidly.

Looking at the Perth metro area, the median house price has risen $20,000 to reach $550,000 in the past year according to REIWA however this does not reflect the strength of the market, but more so reflects the high percentage of supply coming to market that is below the median house price.

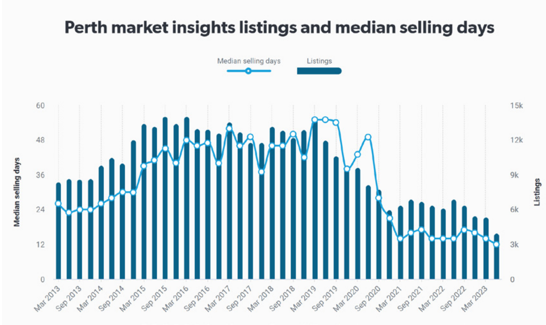
The bulk of the supply coming to market is from two sources:

1. investors who have been in a negative equity position since the last housing cycle ended in 2014 who can now sell for a profit; and
2. investors who purchased a property between 2019 and 2021 who are cashing in an often significant capital gain.

Without this supply, the situation would be even more dire.

For example, looking all the way back to March 2019, REIWA reported 13,898 listings on the market, with a median selling period of 55 days. Now looking at March 2023, REIWA reported 5379 listings, with a selling period of just 14 days and it's likely that the June quarter will continue to track lower. On a weekly basis, the volume of sales is higher than the volume of new listings and it is only a matter of time until the median house price being reported in the media surges to show the true growth occurring at each value level. We are seeing some staggering examples passing across our valuers' desks, however the majority of these are still at the lower value levels in the market.

The buzzword for the year in Western Australia has most definitely been supply – namely the lack thereof.



Perth market listings and median selling days Source: CoeLogic

Looking at the $1 million to $2 million market in Perth, it seems to be going through its own mini cycle. There seems to have been a slight pause for properties in this price range throughout April, and then it surged incredibly strongly throughout May and June. Agents have been reporting very solid demand with large home open attendance rates and multiple offers being presented. Some suburbs no longer have price guidance provided by selling agents - it's up to the buyer to work out what they believe the property might be worth.

Looking at the inner suburb of Leederville, 4 Tennyson Street is a circa 2012-built three-level dwelling on a 216 square metre block. The property sold in July 2020 for $1.03 million and sold again in February this year for $1.325 million.

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4 Tennyson Street, Leederville Source: CoreLogic

In Perth's apartment market, there has been a steady increase in values over the past year, however it seems to have stabilised now, mainly due to the lack of quality supply coming to market. Despite the price growth slowing, there is still a fair amount of activity due to the rental returns on offer, particularly by eastern states investors. 1805/238 Adelaide Terrace is a good example of the growth the apartment market has seen over the past few years. The is a one-bed, one-bath unit with one car bay that has a living area of 65 square metres. The apartment was purchased off the plan in February 2021 for $480,150 and sold as new for $530,000 in May this year. This type of product appeals to the investor market largely due to the rental returns on offer. We estimate this property would rent for $700 per week, equating to a gross yield of 6.9 per cent.

1805/238 Adelaide Terrace, Perth Source: CoreLogic

Looking at the prestige market in Perth, values have remained pretty stable over the past six to 12 months. For example, 47 Irvine Street in Peppermint Grove, which is a circa 2019 built five-bed, five-bath house on an 831 square metre block sold in January 2022 for $7.77 million, and sold again in February this year for $7.85 million.

47 Irvine Street, Peppermint Grove Source: CoreLogic

Given the lack of available evidence and supply issues, it can be quite difficult to gauge how the market is truly performing if you're not immersed in it daily as the market is extremely segmented and the backstory of each sale is not always obvious to the public.

Looking at Perth's northern suburbs, we have not seen the huge growth or many recent re-sales that make you go "WOW" like some other areas. There has been a small uptick over the past couple of months, but it has not been huge. This has mainly been driven by the limited stock on the market and properties are tightly held. Agents in the area are continuing to express that they know multiple people wanting to sell, but they need somewhere else to live first. They are happy to try an offer subject to the sale of their home, but this then leads to a chain of similar transactions resulting in a tenuous and stressful outcome.

Older units in areas such as Scarborough appear to represent an opportunity in the market as they are currently taking longer to sell than the traditional owner-occupier product, and for the first time in a long time, these are becoming quite attractive to investors given the strong yields they offer. For example, 19/72 Stanley Street in Scarborough is

19/72 Hastings Street, Scarborough Source: CoreLogic

In Perth's apartment market, there has been a steady increase in values over the past year, however it seems to have stabilised now, mainly due to the lack of quality supply coming to market.

a renovated two-bed, one-bath unit with one car bay in a pretty modest-looking complex a short walk from the beach. The property sold in April for just $360,000. We estimate this would generate a rental income of approximately $430 per week, which results in a gross yield of 6.2 per cent.

Further up the coast in Alkimos and Eglinton, we have seen demand remain strong and values are rising as a result. Demand is underpinned by eastern states investors who are seeing value in the coastal suburb which is located 42 kilometres from the Perth CBD, but we are also seeing plenty of evidence that buyers' agents in the east coast are directing masses of their clients into certain suburbs. This is boosting demand for short periods of time but we strongly recommend that buyers do their own research as to the suitability of some locations for investment purposes. Other surrounding areas such as Butler, Jindalee and Quinns Rocks are also showing some growth but not as much as Alkimos or Eglinton. 6 Helmsman Avenue in Alkimos for example, is a four-bed, three-bath dwelling of 230 square metres of living area with a pool. The property was constructed in circa 2014 and is on a 531 square metre block. The property was purchased in November 2021 for $700,000 and sold again in April 2023 for $780,000.

6 Helmsman Avenue, Alkimos Source: realestate.com.au

Within the southern metro suburbs, we have continued to see strength from interstate investors looking to maximise their returns. Detached dwellings on over 500 square metres in the $300,000 to $600,000 range have remained popular choices for these investors, especially in coastal suburbs around Rockingham and Mandurah. In the likes of Warnbro and Port Kennedy, we have seen value increases of 20 to 50 per cent in the past two years. For example, 54 Montoro Drive in Port Kennedy is a four-bed, two-bath property on a 600 square metre block built in circa 2002. The property sold in March 2021 for $425,000 and was recently sold in March 2023 for $535,000. That is a good 25.9 per cent growth!

54 Montoro Drive, Port Kennedy Source: RP Data

Whilst much of the growth we are seeing in the market is evidence based, unfortunately, we are also seeing some interesting sales tactics as people take advantage of the very high volume of out of area buyers in the marketplace. In one example in Kelmscott, we saw a property purchased in March for $320,000. The property was immediately placed back on the market and the marketing strategy was altered. Rather than being advertised as a house and granny flat as it was when purchased, it was advertised as two dwellings with multiple income streams. An unfortunate eastern states-based buyer agreed to purchase the property for almost double the March purchase price, with no supporting evidence to justify the increase apart from speculative rental returns.

In the south-west of Western Australia, the market has held up well. The majority of localities, especially the coastal suburbs, have seen median house price gains over the past 12 months of between five and 15 per cent. A couple of exceptions to this is West Busselton which has seen a 29 per cent increase over the past 12 months and Witchcliffe which had a decrease in the median house price of 10.9 per cent.

West Busselton is a diverse suburb which includes executive standard homes with frontage to Geographe Bay, older more established homes built in the 1990s and newer developments closer to the Busselton Bypass. The locality has something for all tastes and the lower (more affordable) section of this market has been very active given its access to the ocean, the CBD, schools and recreation facilities.

Witchcliffe is a small town located approximately 10 kilometres south of Margaret River. These smaller towns often have very low sales numbers which makes it difficult to determine any significant trends, however this is a locality that is worth keeping an eye on. It has experienced a flurry of development activity over the past few years, the majority of which has been in the Eco Village which is a large sustainable self-reliant community development which envelopes the eastern side of the town, although there have also been further residential subdivision developments completed west of the town, resulting in a large number of vacant lots being available.

The upper end of the market, i.e. over $2 million, saw a number of transactions at the start of the year but has been much quieter as the year has progressed. One exception was a property in Eagle Bay which is currently under offer for $8.75 million as at April 2023. This is a large character home on a 2261 square metre lot which has direct beach frontage and also features a tennis court. The dwelling has been renovated and features good ocean views from the upper level.

In the Great Southern region, the market has been strong particularly for coastal localities with ocean views. Middleton Beach in Albany has been the standout performer in this region with a median house price gain over the past year of 41 per cent. Other strong performers include Centennial Park (25 per cent) and Collingwood Heights and Milpara (both 18 per cent).

There is currently continued strong demand in the Esperance area across most price sectors and property types with demand outweighing supply. This has been the case for some 24 months now and the market is largely being driven by first and second home buyers, along with local farming families investing their well-earned gains from multiple successful harvests in a row. There is some investor demand in addition to demand from local business operators looking for workers' accommodation, who are competing with home buyers to secure the limited supply currently on offer.

43 Twilight Beach Road, West Beach for example, sold in nine days above asking price at $920,000 with no renovations after it last sold in May 2020 for only $680,000.

43 Twilight Beach Road, West Beach — Source: CoreLogic

Interestingly there has been a higher level of activity for townhouses and villas located in close proximity to the coast and Esperance town centre over the past six months, with few transactions in this market in the preceding 12 months. 10/77 The Esplanade, Esperance, sold in four days above the asking price at $382,000, an increase of $62,000 with the flooring being updated since its purchase only 12 months prior.

10/77 The Esplanade, Esperance — Source: CoreLogic

In the Great Southern region, the market has been strong particularly for coastal localities with ocean views.

Moving back up the coast to Jurien Bay, the area has experienced strong growth as a direct result of the COVID-19 pandemic and has experienced sustained interest as a holiday location, but also now as an idyllic location for those who work remotely. The median sale price has increased from $426,000 last year to $520,000 currently.

Jurien Bay market activity — Source: REIWA

12 Halfmoon Way comprises a circa 2016, four-bedroom, two-bathroom home situated on a 713 square metre allotment. It sold in April this year for $570,000 and previously sold for $395,000 back in 2020, representing a $175,000 increase in price in the span of three years (44 per cent increase).

12 Halfmoon Way, Jurien Bay — Source: CoreLogic

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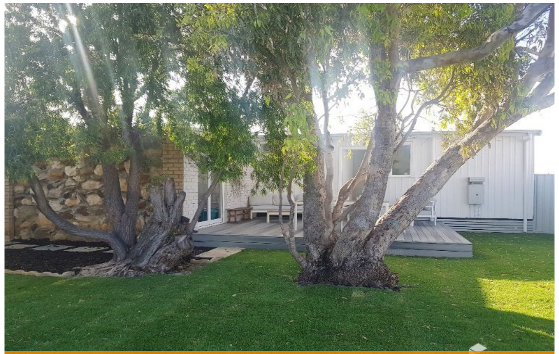
Another example in Jurien Bay is 22 Dalton Street, a circa 1975, renovated three-bedroom, onebathroom home situated on an 809 square metre allotment located a stone's throw from the beach. It sold in March for $479,000 after previously selling back in 2021 for $385,000.



22 Dalton Street, Jurien Bay Source: CoreLogic

Taking a look at Geraldton, the area has taken a slight dip in terms of growth and median sales price with statistics revealing a $2000 drop in median house sales price compared to last year thus far. Although sales activity remains active within the area, history reveals the Geraldton market appears

Geraldton market activity Source: REIWA

to be more price sensitive compared to other regional areas.

20 Quarry Street is a circa 1965, four-bedroom, one-bathroom home which sold in February this year for $307,500. The property sold a few years back in 2021 for $314,000, consequently resulting in a slight loss. This is certainly not a common occurrence but does show the sensitivity of value within the town.

20 Quarry Street, Geraldton Source: CoreLogic

Conversely, Kalgoorlie-Boulder represents yet another market driven by the supply constraints for both buyers and renters. The suburb of Boulder has seen a 25.5 per cent growth in median values (REIWA) and we are seeing a significant uplift at the lower end of the market. Properties that were simply not transactable a couple of years ago now have buyers lining up.

Kalgoorlie itself has seen a rental growth of 18.3 per cent (REIWA) and buyer demand remains strong as a result. An interesting example of the price evolution in Kalgoorlie is 18 Butler Street, Piccadilly which comprises a circa 1925 built, renovated, two-bedroom, one-bathroom home on a respectable 506 square metres of land area with a one car carport. This property sold in July 2019 for $199,000 then again in June 2021 for $220,000 representing a circa 10 per cent growth over that time period. It has since sold again, this time for $269,000 in March 2023 showing a further 22.27 per cent growth in a slightly shorter time period.

18 Butler Street, Piccadilly Source: CoreLogic

22 Graeme Street in Lamington also illustrates a similar growth pattern over a two-year period. The property comprises a circa 1990 built, four-bed, two-bath dwelling on a 1012 square metre block. The property sold in May 2021 for $444,000 and was recently sold in April 2023 for $535,000. These figures represent a 20.5 per cent increase in that 19-month period – a healthy growth rate to say the least.

22 Graeme Street, Lamington Source: CoreLogic

The growth in capital values in some parts has come about by increasing east coast investor activity. With vacancy rates at all-time lows, the opportunity for higher rental returns on properties seems to be ever-increasing since the end of the COVID pandemic. This is enticing investors from over east to come roaring back into the Western Australian market.

An example of the rental returns that can be achieved is illustrated with the sale of 3/270 Egan Street in Kalgoorlie. This property is a circa 2002 built, three-bed, one-bath townhouse that sold in August 2021 for $212,000 and re-sold in January 2023 for $279,000. This represents a circa 31.6 per cent increase in its value over a 16-month period which is certainly a healthy return. In terms of rental returns however, this is where the property provides its greatest benefit. Advertised for rent in March 2023, the asking rent of $630 per week portrays the investor nature of the recent purchase and shows a rental return of circa 11.74 per cent per annum. This figure is well above average figures and is one that will have potential investors licking their lips.

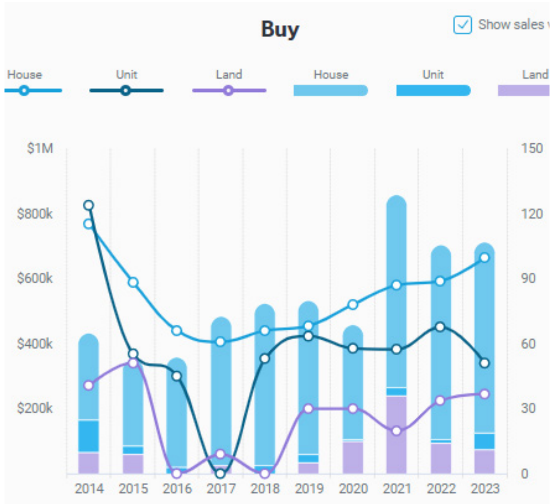
3/270 Egan Street, Kalgoorlie — Source: CoreLogic

Shifting to the north-west coastal town of Exmouth, the area has continued to show positive growth over the course of 2023. As demand is driven by its lifestyle and the pristine ocean surroundings, it continues to be a popular destination for both tourists as well as those looking to live a more relaxed lifestyle. 6 Potshot Street is a partly renovated circa 1970 home that provides three bedrooms, two bathrooms and a generous 896 square metre block, and sold for $660,000 in March this year. It previously sold in 2021 for $535,000 which equates to a 23 per cent increase over the course of two years.

6 Potshot Street, Exmouth — Source: CoreLogic

6 Potshot Street, Exmouth — Source: CoreLogic

A touch to the north (by Western Australia standards at least), Karratha is a town dependent on resources activity. It's not a mining town per se, but rather a port and processing town. The suburb of Baynton has seen the median house price increase from $592,000 last year to $665,000 this year. The number of homes for sale experienced a slight fall from 90 last year to 88 this year. The median unit sale price plummeted from $451,000 last year to $340,000 this year, albeit with no real supply to tell the true story. The town has experienced better supply than expected, with a local resource company offloading a decent amount of its housing stock, which is a good outcome for the overall stability of the town.



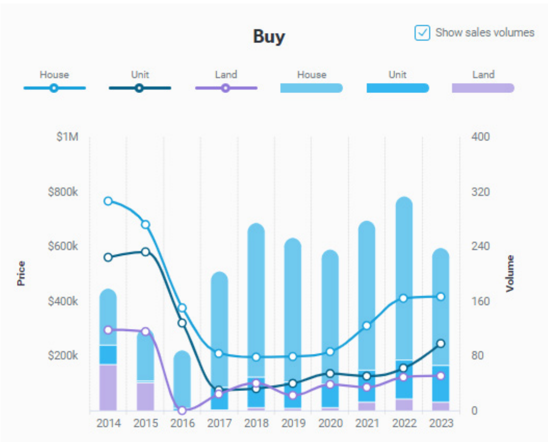
Baynton Market Activity — Source: REIWA

This 2012 built five-bedroom, two-bathroom property at 127 Bajamula Drive, Baynton is on a 544 square metre lot featuring a double carport and store room and sold in March this year for $700,000. The property transacted in May 2021 for $625,000 which is a modest 12 per cent rise over the past two years.

HERRON TODD WHITE

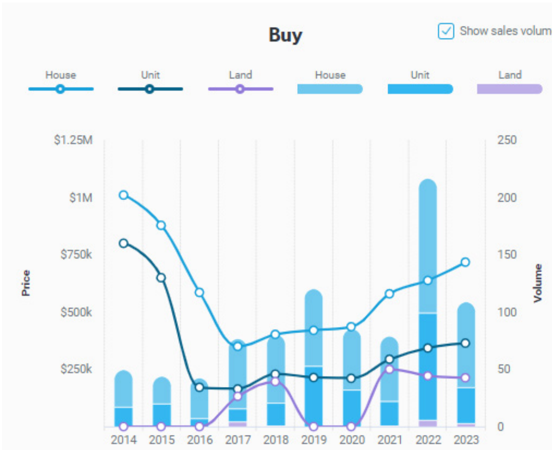
127 Bajamula Drive, Baynton Source: RP Data

Further up the coast in Port Hedland, the rental market remains very tight although values appear to have stabilised recently. The South Hedland market has shown an ever so slight increase in the median house price from $410,000 last year to $416,000 this year while the number of houses for sale on the market dropped from 240 last year to 173. The opposite is prevalent for the unit market as the median unit price increased from $155,000 in 2022 to $245,000 in 2023, an increase of 58 per cent, with the volume of units on the market remaining steady throughout this period.



South Hedland Market Activity Source: REIWA

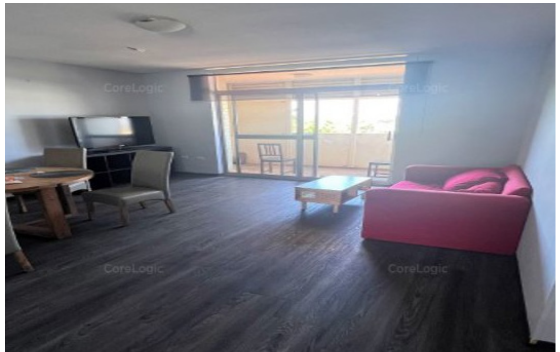
The Port Hedland market has shown a solid increase in the median house price from $638,000 last year to $718,000 this year, an increase of 12.5 per cent. The volume of houses listed for sale dropped from 118 last year to 75 this year, contributing to the growth in the median house price as supply declines. The median unit price has also increased, rising from $343,000 last year to $364,000 this year. Interestingly the volume of units on the market dropped from 93 last year to 31 this year, partly due to the West End Buyback Scheme which affects an area of town saturated with residential units.



Port Hedland Market Activity Source: REIWA

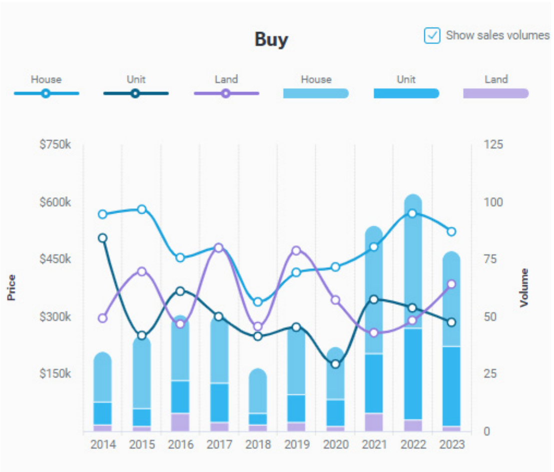
This 1972 built three-bedroom, one-bathroom partly renovated apartment at 402/15-21 Welsh Street, South Hedland sold in February 2023 for $183,000. The property sold for $125,000 in August last year showing a growth of 46 per cent within one year and it was only a few years ago that these units were transacting for $60,000. This increase may have been driven by investors in the market looking for housing that is attractive to companies and produces consistent rental returns as the unit is likely to rent for in excess of $550 per week.

402/15-21 Welsh Street, South Hedland Source: RPData



402/15-21 Welsh Street, South Hedland Source: RPData

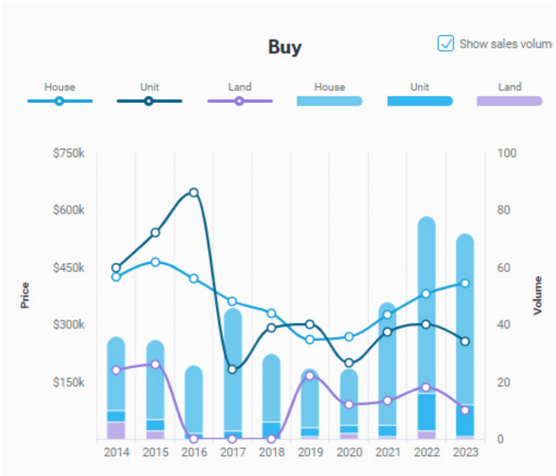
Continuing our trek along the north coast of Western Australia, Broome is recognised as a tourism hotspot and benefited from high rates of local travel throughout the COVID period. The residential market appears to have peaked, and we are now seeing the median house price drop from $570,000 to $522,000 – noting this is for Broome the suburb as opposed to the whole townsite. Activity is sporadic and demand within Billingurr in particular remains strong. The unit market has also experienced a similar outcome, declining from $322,000 in 2022 to $285,000 this year, with the volume of units on the market falling from 40 to 35. This highlights a decrease in demand in the Broome residential market resulting in declining growth.



Broome Market Activity Source: REIWA

Staying in the Kimberley, Kununurra is located only 25 kilometres from the state's border with the Northern Territory. The discontinuation of the Argyle diamond mine resulted in negative repercussions on the town's economy and residential market, however, again the COVID pandemic boosted the townsite overall, once we got past the local travel restrictions imposed by the government.

The residential market has experienced an increase in the median house price from $380,000 in 2022 to $407,000 in 2023, growth of seven per cent. The number of houses on the market has remained stable with 62 houses on the market last year and 60 at present. The unit market has underperformed, albeit on a low volume of transactions, with the median unit price dropping from $300,000 last year to $255,000 this year, a 15 per cent decrease.



Kununurra Market Activity Source: REIWA

We note a 2013 built four-bedroom, two-bathroom property in Kununurra on a 588 square metre lot with a three-bay carport is currently under contract for $690,000. The property was sold in 2021 for $540,000 showing a solid 28 per cent growth over the past two years. The property has a GROH tenant with a three-year contract in place and an opportunity to extend which makes it a highly attractive investment.

As the above information shows, supply issues around the state have resulted in price growth in most areas, however limited supply in many locations has stifled activity and it's hard to gauge real growth in the marketplace. Stock continues to be soaked up faster than it is being put out to the market.

Increasing interest rates may have indeed had an effect on demand however this is limited to some market segments, and the level of demand coming from the eastern states in particular is quite staggering. Rental return expectations are being increased by the month which is enticing investment purchases even further especially. The foundations for price growth are very strong. It will be interesting to see what happens to stock levels for the remainder of 2023, as we may well run out in the Perth metro area!

Chris Hinchliffe
Director

It will be interesting to see what happens to stock levels for the remainder of 2023, as we may well run out in the Perth metro area!

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Northern Territory - Residential 2023

Darwin

The market as a whole has remained resilient through many of the rate rises. The last few have started to pinch and this is reflected in signs that the market is starting to taper off. Throw in cost-of-living pressures, a tourism season which appears to be slower than previous years, issues with crime across the Territory, and confidence in the market has been dented which has resulted in slower sales activity across the residential sector in Greater Darwin.

Across most sections of the market, minor year on year reductions of values have been evident and there has been an easing in total sales volumes with a marked reduction in the number of properties on the market. The median value for a dwelling in Darwin now sits at $560,000. This is down 4.4 per cent from 2022 and it should be noted that home prices are still regarded as relatively affordable compared to other capital cities.

There has been a push for high-quality properties which have been well-renovated and demand is remaining firm, while demand for secondary quality stock is easing. Cost of materials and a tight labour market have made it less affordable to refurbish and renovate dwellings, which means more buyers are chasing a finished product than a home that requires immediate capital investment.

A good example to illustrate the relative affordability is a recent sale of a four-bedroom, two-bathroom, ground level home on a 900-plus square metre allotment in Leanyer which sold for $545,000 in May. The property didn't require immediate cosmetic renovation works, however the kitchen and bathrooms were dated. If the purchaser was to update the kitchen and bathrooms and maybe extend the living by enclosing a portion of the veranda, the cost associated would likely be reflected in the increase of value. This property is at the lower end of the price range for the suburb. Given Leanyer is approximately 15 minutes from the Darwin CBD and two minutes to Lee Point Beach and Darwin's largest shopping centre, Casuarina Shopping Centre, the suburb will always remain popular with families with quality schooling and many privately built homes in the area that were constructed throughout the 1980s. Finding a property such as this for mid $500,000 even with the current interest rates rises is still relatively affordable for many households.

The rise in the cost to construct new has resulted in a rise in the number of contracts for land and build not being supported by secondary market sales evidence.

The rise in the cost to construct new has resulted in a rise in the number of contracts for land and build not being supported by secondary market sales evidence. With the tight labour market and escalating cost of materials, the cost to construct a new home has now escalated 15 to 20 per cent over the past 18 months. This has not been an issue in previous years and we are seeing evidence of new homeowners needing to rethink the design of their homes and level of finishes to bring it in line with what they can afford and what the market is supporting.

41 Sanford Street, Leanyer Source: realestate.com.au

41 Sanford Street, Leanyer Source: realestate.com.au

The unit and townhouse market has firmed. It was the best performing market segment across Greater Darwin for 2022 and throughout the first half of 2023, the trend appears to have continued. The unit and townhouse market often follows the dwelling market as purchasers become priced out and this is reflective of how this segment has performed. The market is still some way off its peak in 2014/15 with affordable three-bedroom apartments still available below $500,000 in the Darwin CBD and two-bedroom units in Palmerston still available below $250,000. With limited new stock currently in the pipeline and being brought to the market in the immediate future, supply is not likely to change. The projection is that this segment remains stable as people become price point orientated and paying a mortgage and other associated costs is often cheaper than renting.

I expect the market to either remain steady or decline slightly from this point as we move further into 2023. With further rate rises likely on the horizon, the intended consequence of the middle class reining in spending is likely to materialise. The Darwin market is a smaller real estate market in comparison to the southern markets and can move quickly with the confidence of the population. Right now, with an increase in crime as highlighted in the news, increased interest rates and a slower tourism season, confidence is lower than it was 12 to 24 months ago. The Darwin market has shown signs of resilience when other markets have faltered; pair that with a resilient population of residents and the market can quite easily swing the other way.

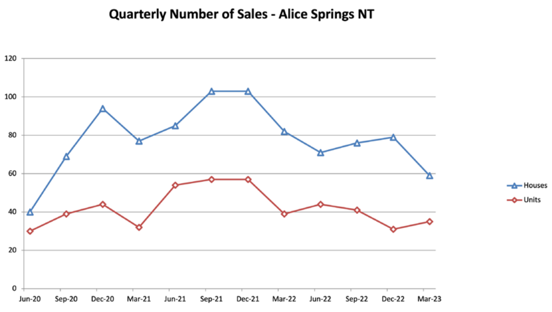
Cameron McDonnel
Valuer

Alice Springs

Statistics provided by the REINT for the March 2023 quarter show that the market continues to slow after a rapid upturn in activity in the latter half of 2021 and early 2022. Transaction numbers for the quarter totalled 59 dwelling sales and 35 unit sales for a total of 94 sales compared with 110 for the December quarter and 121 for the corresponding three month period in 2022. After the spike in activity in the latter half of 2021, transaction numbers seem to be dropping back to the levels that have been prevalent since the beginning of the COVID pandemic in early 2020.

The median house price has remained almost steady at $520,000 (down $7000 on the previous quarter) after peaking at $531,000 in the June 2022 quarter. This reflects an annual reduction of 1.4 per cent. The median unit price has been fluctuating over recent quarters and after peaking at $381,000 in the December 2022 quarter, the median unit price has eased back to $365,000, representing a 4.4 per cent reduction for the quarter. Coincidentally, the unit median price sat at $365,000 at the same time last year.

The following graph illustrates current market trends in terms of transaction numbers. The upturn in activity can be clearly seen, commencing in the June 2021 quarter and then beginning to taper off in the first quarter of 2022.



Source: REINT

Local agents are reporting that there is currently a larger than usual number of properties on the market and that the all-important days on market figures are increasing. Some report the number of active listings being as high as 200 houses and units, with anecdotal evidence suggesting that an average number of listings usually sits between 100 and 120. This would indicate that supply is exceeding demand, which usually results in prices dropping in order for supply and demand to fall back to equilibrium. As yet, we have not seen any evidence of a slide in values, although this may eventuate in the coming months if this trend continues. There are unconfirmed reports of the Northern Territory's net migration being in the negatives, with more people leaving than are coming here to settle. Add this to the current rising interest rate environment and we have perfect conditions for a market slowdown. This trend seems to be equally affecting all market segments, from smaller one- and two-bedroom units all the way

After the spike in activity in the latter half of 2021, transaction numbers seem to be dropping back to the levels that have been prevalent since the beginning of the COVID pandemic in early 2020.

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through to prestige residential and rural lifestyle properties.

Property industry professionals are surprised at this slowdown, after enjoying some buoyant conditions over the past two years and real estate agents are definitely having to work harder for their commissions than was the case back in the latter half of 2021 and early 2022. It was not difficult to predict that things would have to slow down, as the results achieved during that period were unsustainable for such a small and isolated market as Alice Springs, but certainly the suddenness and severity of the slowdown has surprised everyone.

Where do things go from here? Well, that's the crucial question. It is thought that this reduced level of activity could become the new normal for the coming months, possibly leading to a reduction in the market in the latter half of 2023.

Peter Nichols
Valuer

Australian Capital Territory - Residential 2023

Canberra

As we are six months into 2023, it's time to see how the residential property market in Canberra is playing so far. Core Logic's Home Value Index (3 April) revealed the median value for all dwellings in Canberra has remained high at $828,175 while the median value for houses is $944,809 and units had a median value of $595,998.

The ACT has long been the quiet achiever in relation to investor returns – as a small segment of the overall stock in Australia it can be overlooked but the returns speak for themselves. Long term future growth looks promising following the ACT government's recent release of population projections that forecast the city will grow to 784,000 people by 2060 and the median age will be 37, up from 35 in 2021. The inner north Molonglo Valley and Belconnen are identified as expecting the fastest growth in this period, boosted by overseas and interstate migration according to the projections.

Rents are strong in the luxury end of the market. Water view apartments in Kingston on the Kingston Foreshore are within walking distance of Lake Burley Griffin, a lively café culture and close to the ACT's big attractions. Being in a strong location makes investment virtually risk free in terms of attracting tenants, with other such locations being Barton, in the city, and Griffith, in the inner south and close to the defence headquarters in Campbell or Kingston. Mr Teodorowych, Principal of Boris Property, said that 43 per cent of people here are employed by the public service, which translates to Canberra having the highest per capita income. People are paid well here because of the public service which drives up incomes in the private sector.

The ACT has long been the quiet achiever in relation to investor returns.

House prices barely moved at -0.2 per cent for a median of $946,463 but units and townhouses edged upwards for the second consecutive month at 0.5 per cent to bounce back over the $600,000 mark. Standalone houses are down, at -2.6 per cent for the year and -11.1 per cent over the past 12 months, but still way ahead of pre-pandemic levels. Units and townhouses are still down marginally for the year at -0.3 percent and -2.7 percent for the 12 months but on the way back up, driven particularly by buyers looking for value and deterred by the still high price tags for standalone houses and higher interest rates eating into their borrowing capacity.

The latest Domain House Price Report revealed Canberra's most affordable suburbs in which to buy a house and Richardson took the prize as the cheapest, with a median house price of $775,000, up 1.7 per cent year on year.

This was followed by Latham, where the median was $795,000, down 6.5 per cent and Holt at $796,500, up 4.1 per cent. Of the top 10 most affordable suburbs, three were located in Tuggeranong, four in Belconnen and three in Gungahlin. Dunlop was the tenth most affordable suburb, growing 6.3 per cent to a median of $850,000.

SUBURB	REGION	PROPERTY TYPE	MEDIAN PRICE	YOY CHANGE
Richardson	Tuggeranong	House	$775,000	1.7%
Latham	Belconnen	House	$795,000	-6.5%
Holt	Belconnen	House	$796,500	4.1%
Macgregor	Belconnen	House	$800,000	1.3%
Moncrieff	Gungahlin	House	$800,000	-13.9%
Banks	Tuggeranong	House	$800,000	6.0%
Chisholm	Tuggeranong	House	$830,000	1.2%
Casey	Gungahlin	House	$835,000	0.6%
Ngunnawal	Gungahlin	House	$841,000	10.8%
Dunlop	Belconnen	House	$850,000	6.3%

Canberra House Price Report — Source: Allhomes

Overall, the market in April was flat, putting an end to the price falls precipitated by the Reserve Bank's war on inflation and its steep interest rate escalation. House prices in the national capital are set to grow between two and four per cent according to Domain's forecast. Despite this, the median price will still be lower than the $1.17 million peak of June 2022 after the largest peak-to-trough fall of all the capital cities. Unit prices are likely to see growth of between one and two per cent.

Michael Qu
Assistant Valuer

Tasmania - Residential 2023

Hobart and regions

National media indicates an overall average increase in residential property prices of around 0.4 per cent last month. There does not yet appear to be evidence of that out in the field down here in the Hobart region. Properties are sitting on the market for much longer with price corrections inevitable.

Gone are the days when agents would offer properties for sale at offers over a certain amount and achieve 20 per cent more than suggested. In fact, if a property is listed for sale in that fashion, we as valuers are finding that the sale price is very close to the price guide and more often than not, is slightly below.

Recent conversations with leading agents indicates an increase in interest in properties under the $750,000 mark. As early as four to six weeks ago, agents were saying attendance at open homes was dismal with only one or two prospective purchasers attending. Fast forward to today and interest has spiked with numerous attendees. Maybe it is due to the fact that we are all of the opinion that we are about to reach the peak of the ever-increasing interest rate cycle and prospective purchasers know exactly what they can afford.

Vacant land prices have taken a big hit over the past six to 12 months due to increasing interest rates (holding costs for a non-income producing asset), construction costs, labour and material shortages and inflationary pressures. A new release of land in a subdivision south of Hobart is actually being listed for sale as offers invited. Never have I seen a new land release being marketed in this way. It must be a sign of the times.

Prestige properties seem to have taken a bit of a hit in the later quarter of 2022 and first quarter of 2023. Demand and interest for such properties is now on the improve as we are reaching the top of the interest rate cycle.

One thing that has surprised me over the past six months is the fact that the vacancy rate for rental properties has been at an all-time low and you would NEVER see a house or unit with an agent's sign out the front. Now it is not uncommon to see "for rent" signs popping up all over the place. This may indicate that the rental market has peaked as in the past, properties would already have the following tenancy already approved prior to the current tenant vacating. This is good news for potential tenants and maybe the end of a very good run for investors. I can't see rental values decreasing with migration increasing, however hopefully this market has plateaued.

Mark Davies
Valuer

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Rural

July 2023

Northern NSW

In the New South Wales eastern Riverina, Southern Highlands and Southern Tablelands values appear to be holding firm. Agents are reporting a downturn in enquiry, however genuine buyers are securing assets at levels set during 2022. A number of transactions have occurred on highly sought-after properties. Opportunistic vendors motivated by the perceived peak of the market have sold at strong levels to a combination of adjoining neighbours, families with local farming interests and investment funds seeking to deploy capital into the security of the agricultural sector.

Recent sales include:

- **Argyle - Galong.** The Graham family property in Galong has sold to two local farming families;
- **Boambolo – Yass** (758.7 hectares). Owner Rob Topfer (Boambolo Pastoral) sold to Murdoch, owners of the adjoining Cavan Station, for $15.5 million including water at $492,000 and plant and machinery estimated at $400,000. The property consists of 40 hectares of spray irrigation, 300 hectares of arable grazing and 418.7 hectares of non-arable grazing. Improvements include a homestead, shearing shed, hay sheds and machinery sheds. The overall sale reflected $17,600 per hectare;
- **Warranoy – Berthong.** The Caldwell family secured Warranoy in a strong bidding war with Steve Phillips (successful buyer part Argyle);

The rural market in the New England Tablelands continues to perform well with several strong sales despite rising interest rates, softening commodity prices and lower rainfall. There is generally a lack of listings which is contributing to increased demand, albeit at lower levels than we were seeing through 2021 and 2022. Throughout the first six months of 2023 the notable recent sales include:

- **Thuddungra, Ebor** sold in June 2023 for $4.1 million. This 293 hectare holding adjoins the Guy Fawkes National Park and escarpment on the eastern and northern boundaries with the Cathedral National Park located to the west. Comprising open and light timbered grazing with a mix of improved pasture and native grasses, the sale reflected $13,993 per hectare or $5663 per acre.
- **Messines, Aberfoyle** sold for $6.05 million in May 2023. This 575.77 hectare holding is located approximately 30 kilometres east of Guyra and features a long fertiliser history, however is mostly native grazing country. This sale reflected $10,508 per hectare or $4,250 per acre.
- **Abermala, Enmore** (near Armidale), sold for $5.2 million in April 2023. This 460-hectare holding is located approximately 25 kilometres south of Armidale and features long reliable frontages to Mihi Creek and Salisbury Waters, however had no recent fertiliser history and was cleared native pasture grazing only with basic dated fencing. The property had a standard set of structural improvements including a three-bedroom brick home. This sale reflected $11,304 per hectare or $4575 per acre which was at the higher end of expectations. It was purchased by an established local grazier.
- **Ellerslie Park, Brushy Creek** sold for $3.6 million in late March 2023. Located west of Guyra this 320.37 hectare holding features modern infrastructure, predominantly open grazing with some heavier timber on the southern boundary and good water. This sale reflected $11,237 per hectare or $4545 per acre.
- **Park View, Guyra** sold for $2.9 million in late March 2023. Located west of Guyra this 200.70 hectare holding is improved with a good set of steel cattle yards with mostly improved pasture. This sale reflected $14,449 per hectare or $5856 per acre and was of a size in which a dwelling entitlement would be possible, subject to council approval.

Recent interest rate rises have thinned out some potential buyers although the buyers remain strong and appear undeterred by interest rate rises and softer commodity prices. The continued buyer interest as syndicated purchasers is also strong, with syndicated purchasers tending to outbid stand-alone buyers.

A tipping point may come whereby further interest rate rises will outweigh capital growth and potentially result in a market correction.

A strong indicator as to future rural grazing property values is commodity prices for sheep and beef which have softened significantly in

Opportunistic vendors motivated by the perceived peak of the market have sold at strong levels to a combination of adjoining neighbours, families with local farming interests and investment funds seeking to deploy capital into the security of the agricultural sector.

recent times. A continued softer commodity price may result in a slight correction in property values, however we are yet to witness this.

The majority of buyers presently are existing local landholders looking to expand, out of district graziers chasing high performing country or investors looking to take advantage of rural property capital growth.

Advice from selling agents is that supply of rural property stock is low and demand has remained steady to strong which has assisted in rural property land values.

Buyers and existing landholders are becoming mindful of:

- elevated risk of El Nino and drought in the second half of 2023
- national and state herd numbers and demand from feedlots and Abattoirs
- supply of rural properties hitting the market
- Further and ongoing interest rate rises.

A key point is that because the supply of rural stock on the market is low, demand is then intensified on the limited stock on the market, keeping values firm despite demand weakening.

Angus Ross
Director

Southern NSW

The larger scale corporate segment of the market has seen increased activity in the past 12 months and several large transactions occurred in the first half of 2023. Green Park Aggregation at Rand in the southern Riverina is an example

The larger scale corporate segment of the market has seen increased activity in the past 12 months and several large transactions occurred in the first half of 2023.

of a strong sale recently completed by a corporate farming group who had neighbouring operations. The aggregation comprises four adjoining holdings known as Green Park, Romani, Burnleigh and Karimba (2559 hectares) and one non-adjoining holding known as Moolah (309.10 hectares) which is located 3.5 kilometres to the north-east. The reported sale price was $39.335 million as well as additional payments for crops underway, plant and equipment. At $13,715 per hectare for the land and substantial improvements, this sale represents a strong result for arable mixed farming country in that area, superseding per hectare rates paid for much smaller holdings in the past 12 months.

Further west, Gundaline Station, a 14,924 hectare irrigation and grazing holding with over 6000 hectares of flood irrigation and 12,500 megalitres of groundwater licences, high flow river licences and substantial plant and equipment, recently transacted for around $120 million. This property sold to an overseas-based clothing manufacturer looking to vertically integrate their production and source cotton from Australia which their clients and end users (major fashion labels) regard to be a suitably safe and ethical producer of fibre compared to many other nations involved in cotton production. To the east, Warranoy, a 1644.24 hectare mixed farming property at Wallendbeen, was purchased by a local private farming operator for $28 million. These sales and others across the state confirm larger corporate and family-owned operators are looking for opportunities in this segment of the market and are prepared to pay a premium for scale rather than attempt to organically expand operations over an extended period, particularly in tightly held areas.

Andrew Garnsey
Valuer

Central Tablelands / Central West NSW

In the Central Tablelands there appears to be less stock available for sale and some slowing of sales volumes. The sales occurring appear not to be pushing new highs in their local area as we were frequently seeing over the past several years, but rather are showing similar dollar per hectare

Canowindra landscape   Source: Craig Johnstone

We note several recent sales which occurred in late March:

- The 364 hectare Whitney Green, 432 Byng Road, Byng, located 23 kilometres south-east of Orange is a vacant grazing property with mostly open country, well fenced and with an automated/monitored reticulated water system and cattle yards. It sold on 24 March 2023 for $4.58 million, its sale price indicating $12,582 per hectare overall;

- Also sold on the same day was the 145 hectare Almarlea, 310 Sewells Creek Road, Essington. Located eight kilometres west of Oberon, it is an improved property with mostly open pasture improved country with a history of running seed-stock and commercial cattle. It sold for $3.16 million which indicates $21,793 overall including buildings.

Craig Johnstone
Valuer

Echuca/Deniliquin

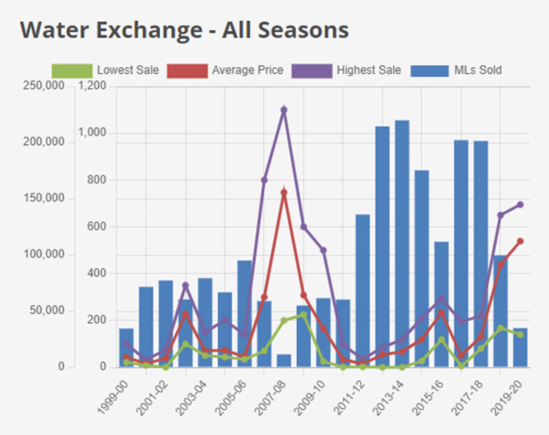
The current rural market remains relatively strong, however there are signs of a steadying with agents reporting reduced enquiry and a couple of recent sales at below general expectations.

The rising interest rates, declining commodity prices with particular regard to sheep and cattle, and costs of production appear to be factors in the steadying levels of value.

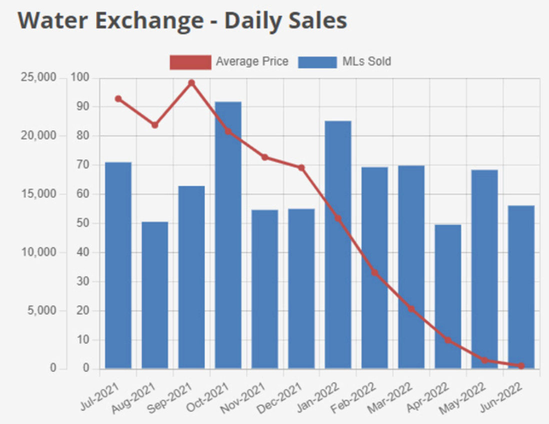
Recent sales in autumn 2023 indicate that values are holding, however we note there are one or two sales at levels well below market expectations.

The general outlook in northern Victoria and the broadacre irrigation areas of south-west New South Wales is for the market to steady in the next 12 months.

The three wet years along with a reasonable autumn break in 2023 have resulted in most dams being at near 100 per cent capacity. The temporary market for water (New South Wales Murray River above the Barmah Choke - Zone 10) has seen recent transactions at less than $1 per megalitre. Noting that in the dry year of 2019/2020, water on the temporary market reached $600 per megalitre.



Water Exchange - All Seasons Source: Murray Irrigation Limited



Water Exchange - Daily Sales Source: Murray Irrigation Limited

John Henderson
Director

Wide Bay

Wide Bay rural sector property prices are being reported as stable possibly due to slim recent sales activity of larger primary producing land holdings. This evidence has not provided key indicators of how the current volatility in the commodity markets has impacted property values of the respective horticultural land holdings. The high supply volumes of both macadamia nuts and Hass avocados along with the continued softening of the respective wholesale market prices could soon provide a catalyst for a waning of the confidence previously shown in the associated property values. The opposite is apparent with the current strength of the global sugar prices (up 35 per cent for the year to US$0.25 per pound (as at 14 June 2023)) and a further positive outlook could spark renewed interest and sales activity of sugar cane producing properties.

Tasmania

The Tasmanian rural property market has shown reasonable resilience during the first half of 2023 with sales appearing to hold at similar levels to 2022, despite agricultural specific and broader economic headwinds. However, real estate agents are generally reporting waning enthusiasm from local buyers as debt servicing increases due to continuing RBA interest rate rises combined with retreating commodity prices for cattle, prime lambs and wool tightening cash flows and impacting farmer confidence. Conversely, these same agents are noting the pendulum has swung in favour of corporate buyers who are still actively seeking scaled rural properties, especially blue-chip assets or properties with development upside.

Notable 2023 sales thus far include the settled 1048 hectare King Island grazing property Reedy, located towards the northern tip of the island, for approximately $22.66 million in March 2023. The property was purchased by a New South Wales domiciled buyer with extensive existing holdings on the island, and due to its sandier soil types, will complement their existing Angus cattle operation in wetter years. This sale shows an overall ex-building rate of approximately $21,000 per hectare, which is in line with 2022 sales of similar country throughout the broader state of Tasmania.

Another is the unsettled sale of 3,387 hectare Stonehenge in the Southern Midlands, situated to the east of Oatlands.

Stonehenge Source: Nutrien Harcourts

The land comprises a mix of black soil flats, cleared arable grazing country and steeper run country. Water assets include approximately 187 hectares developed for centre pivot irrigation which is supported by 1,360 megalitres of surety 5 and 6 winter and summer take water entitlements. Structural improvements include a c1887, seven-bedroom sandstone Victorian era homestead, sandstone outbuildings, a manager's residence, a five-stand shearing shed with enclosed sheep yards, shearers' quarters and a set of steel cattle yards. Initial reported price expectations were circa $25 million however it is understood to have achieved a lower sale price that shows an approximate improved rate per hectare of $6,000. Again, if this sale price crystallises, it would appear to be in line with 2022 Midland sales of similar land types and of a similar level of development.

David Robertson
Valuer

HERRON TODD WHITE

Property Market Indicators

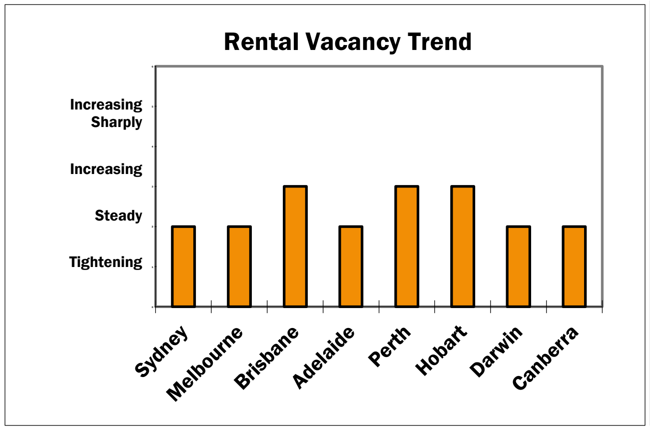
July 2023

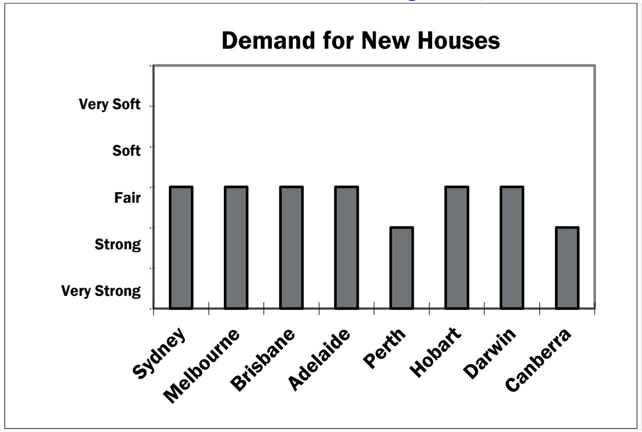
Capital City Property Market Indicators – Houses

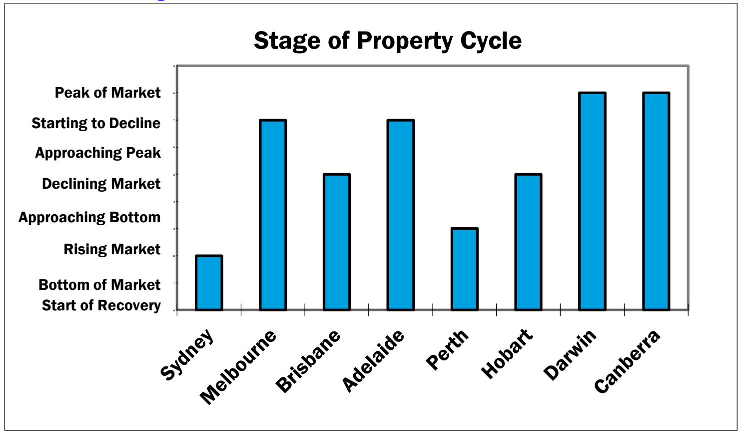
Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand
Rental Vacancy Trend	Tightening	Tightening	Steady	Tightening	Steady	Steady	Tightening	Tightening
Demand for New Houses	Fair	Fair	Fair	Fair	Strong	Fair	Fair	Strong
Trend in New House Construction	Steady	Steady	Steady	Increasing	Steady	Increasing	Declining	Declining
Volume of House Sales	Increasing	Declining	Steady	Declining	Steady	Steady	Steady	Increasing
Stage of Property Cycle	Bottom of market	Starting to decline	Declining market	Starting to decline	Rising market	Declining market	Peak of market	Peak of market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Occasionally	Frequently	Occasionally	Almost never	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



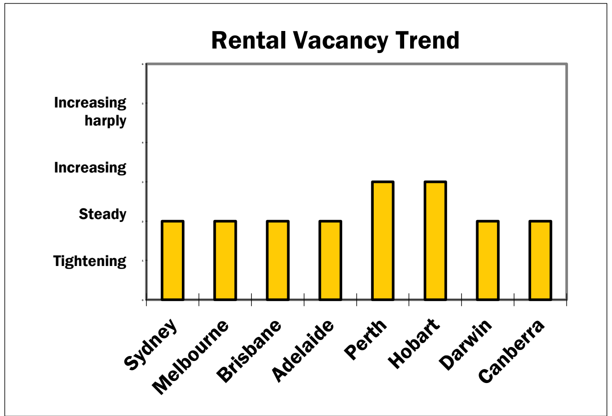


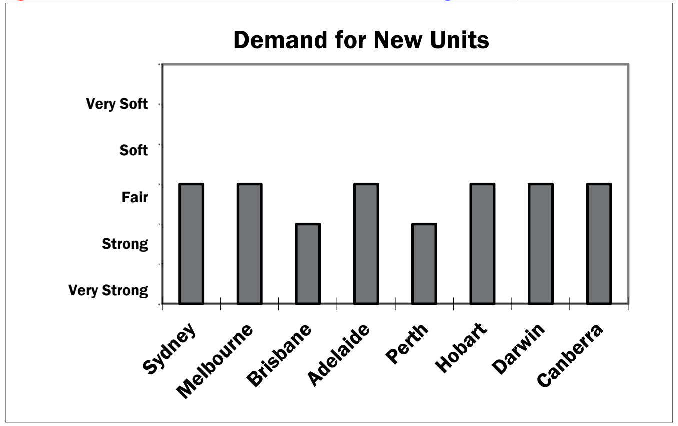


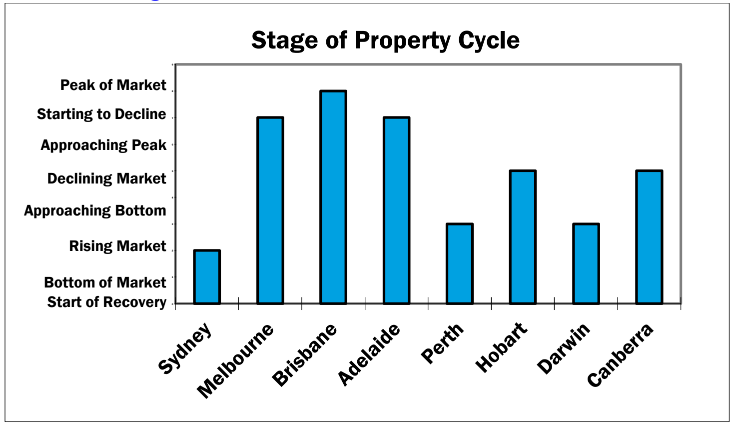
Capital City Property Market Indicators – Units

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





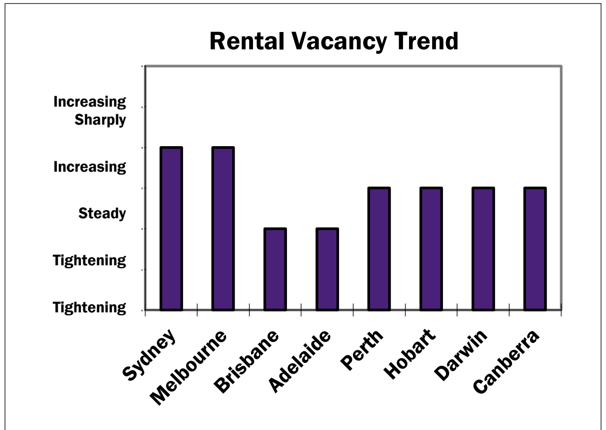


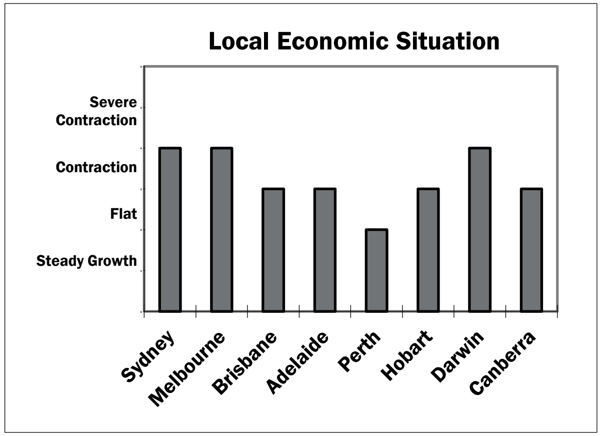
Capital City Property Market Indicators – Office

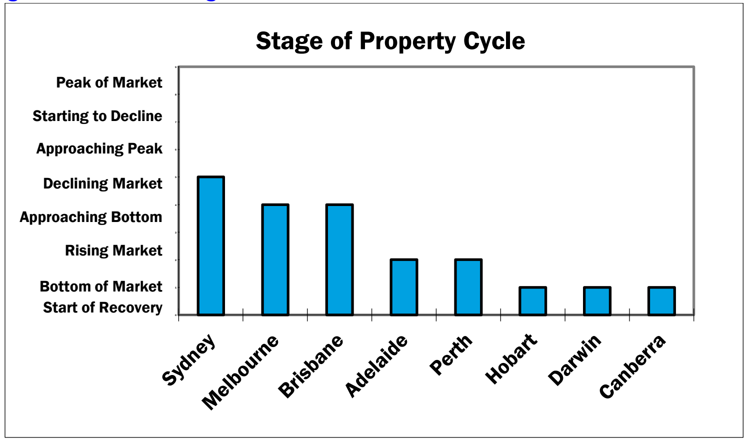
Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Balanced market	Over-supply of available property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

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

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







East Coast New South Wales Property Market Indicators – Houses

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

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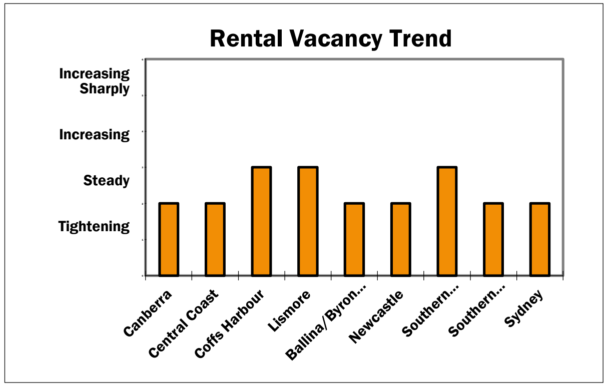
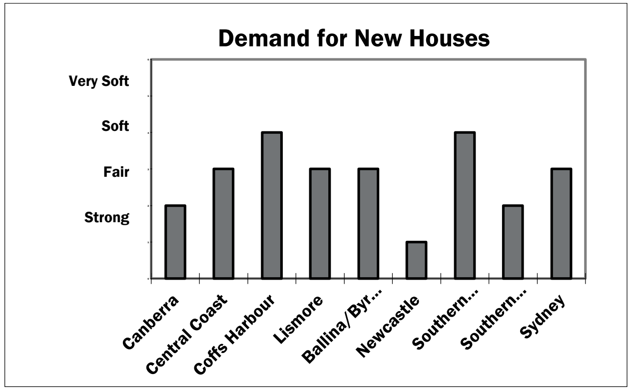
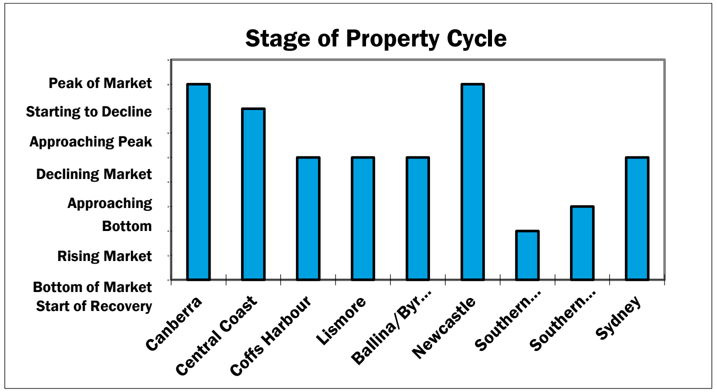
Blue entries indicate change from previous month to a lower risk-rating







Country New South Wales Property Market Indicators – Houses

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

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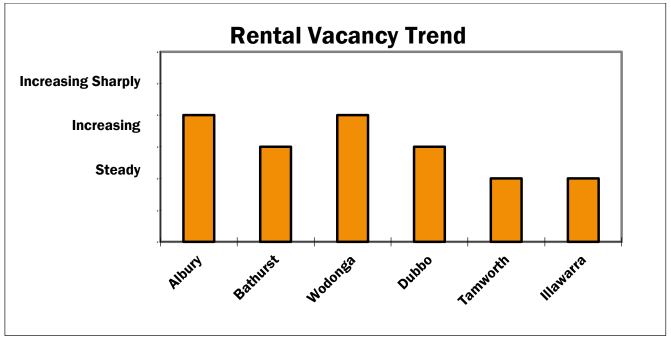

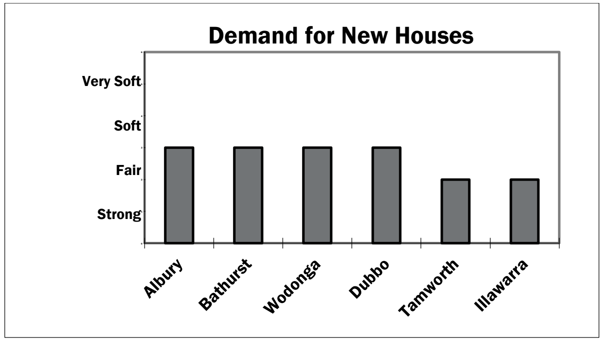

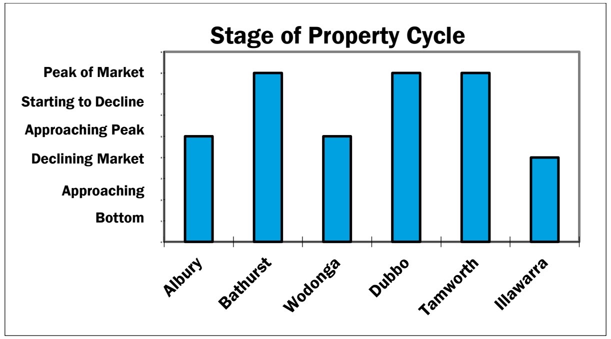

East Coast New South Wales Property Market Indicators - Units

Factor	Canberra	Central Coast	Coffs Harbour	Lismore	Byron Bay/Ballina	Newcastle	Southern Highlands	Southern Tablelands	Sydney
Rental Vacancy Situation	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Balanced market	Severe shortage of available property relative to demand
Rental Vacancy Trend	Tightening	Tightening	Steady	Tightening	Steady	Tightening	Tightening sharply	Steady	Tightening
Demand for New Units	Fair	Strong	Fair	Fair	Strong	Strong	Fair	Fair	Fair
Trend in New Unit Construction	Declining	Declining	Declining	Steady	Declining	Declining	Declining	Steady	Steady
Volume of Unit Sales	Steady	Increasing	Steady	Steady	Steady	Increasing	Declining	Steady	Increasing
Stage of Property Cycle	Declining market	Starting to decline	Declining market	Declining market	Declining market	Peak of market	Bottom of market	Start of recovery	Bottom of market
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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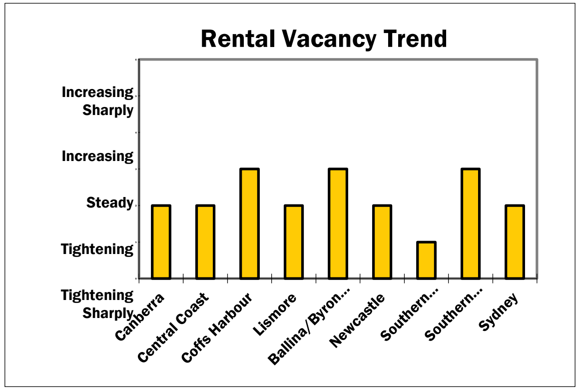
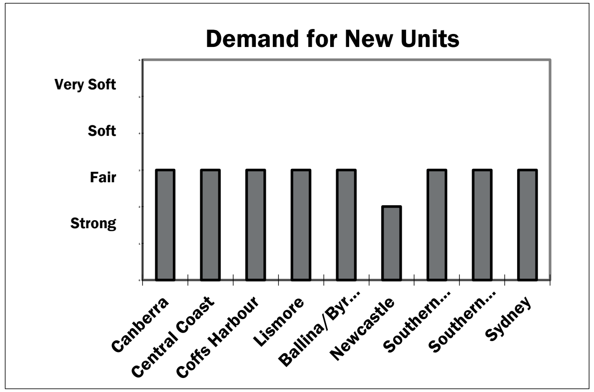
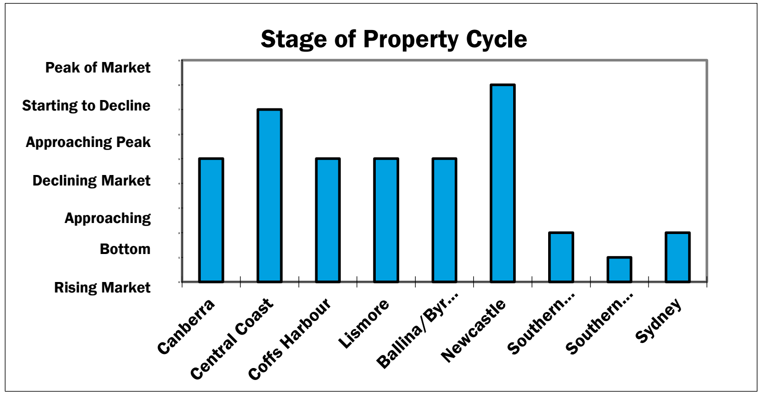
Blue entries indicate change from previous month to a lower risk-rating





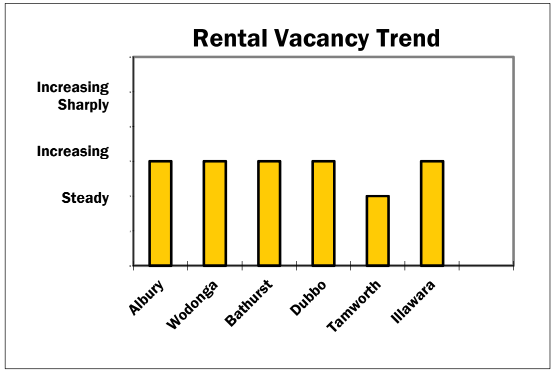


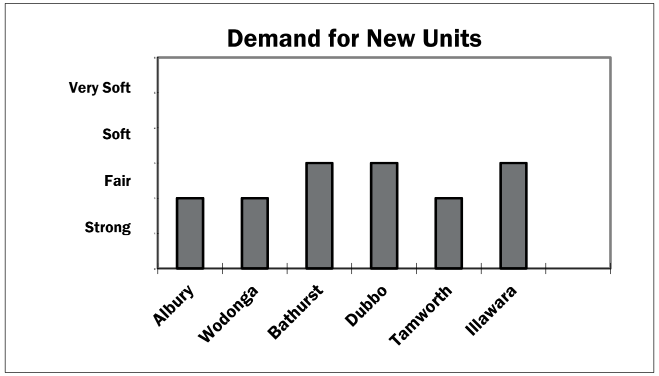
Country New South Wales Property Market Indicators - Units

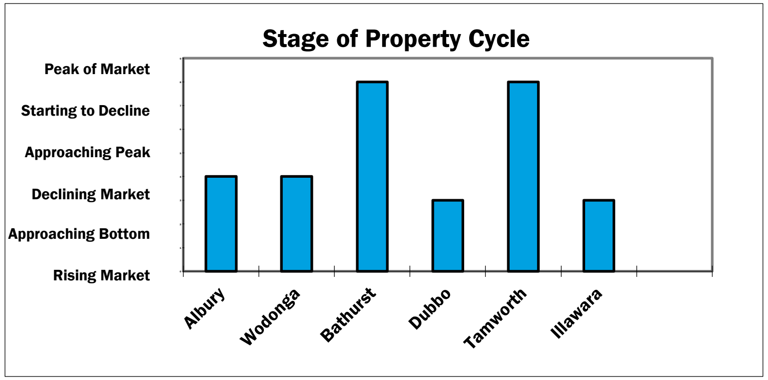
Factor	Albury	Wodonga	Bathurst	Dubbo	Tamworth	Illawarra
Rental Vacancy Situation	Shortage of available property relative to demand	Shortage of available property relative to demand	Balanced market	Balanced market	Shortage of available property relative to demand	Shortage of available property relative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

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

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







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

Factor	Canberra	Central Coast	Coffs Harbour	Lismore	Ballina/Byron Bay	Mid North Coast	Newcastle	South Est NSW	Sydney
Rental Vacancy Situation	Balanced market	Balanced market	Balanced market	Over-supply of available property relative to demand	Balanced market	Balanced market	Over-supply of available property relative to demand	Balanced market	Over-supply of available property relative to demand
Rental Vacancy Trend	Steady	Tightening	Tightening	Steady	Steady	Tightening	Increasing	Steady	Increasing
Rental Rate Trend	Stable	Stable	Stable	Increasing	Stable	Stable	Declining	Stable	Declining
Volume of Property Sales	Steady	Increasing	Steady	Steady	Steady	Declining	Steady	Steady	Declining
Stage of Property Cycle	Start of recovery	Start of recovery	Rising market	Declining market	Declining market	Starting to decline	Starting to decline	Peak of market	Declining market
Local Economic Situation	Flat	Steady growth	Flat	Flat	Flat	Flat	Flat	Steady growth	Contraction
Value Difference between Quality Properties with National Tenants, and Comparable Properties with Local Tenants	Large	Significant	Significant	Significant	Small	Large	Large	Significant	Significant

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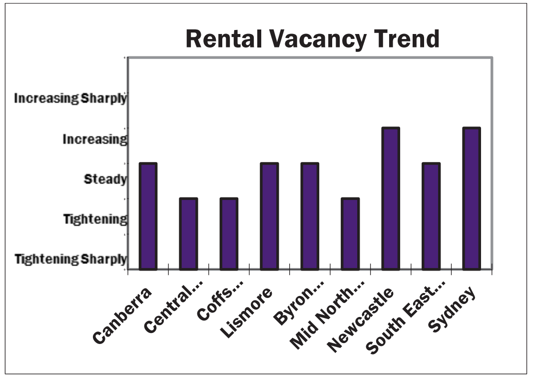
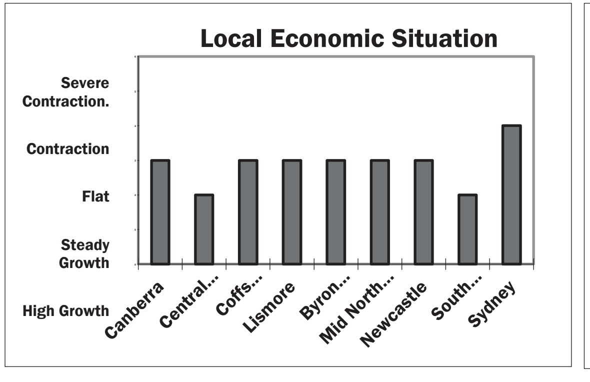
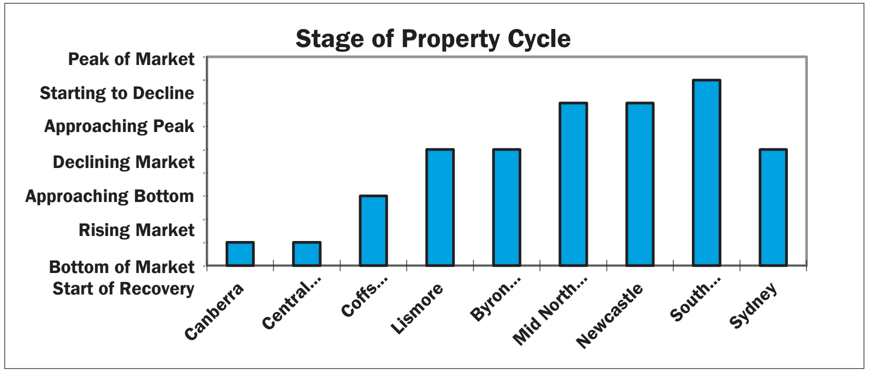
Blue entries indicate change from 3 months ago to a lower risk-rating







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	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand
Rental Vacancy Trend	Steady	Tightening	Steady	Steady	Tightening sharply	Steady	Steady	Steady
Demand for New Houses	Fair	Fair	Soft	Fair	Strong	Fair	Fair	Fair
Trend in New House Construction	Increasing	Steady	Increasing	Increasing	Steady	Increasing	Increasing	Increasing
Volume of House Sales	Declining	Declining	Declining	Steady	Steady	Steady	Steady	Steady
Stage of Property Cycle	Declining market	Starting to decline	Starting to decline	Peak of market	Peak of market	Declining market	Starting to decline	Starting to decline
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Almost never	Occasionally	Occasionally	Almost never	Occasionally	Occasionally

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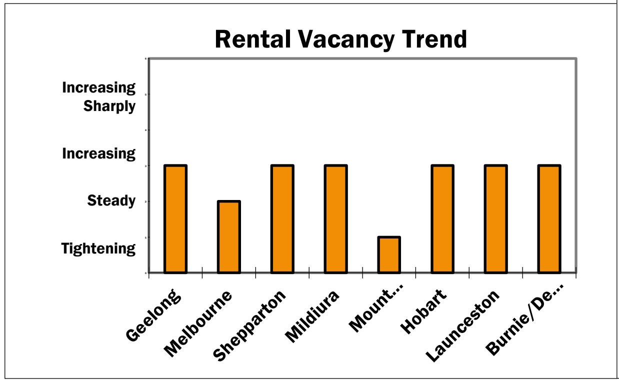

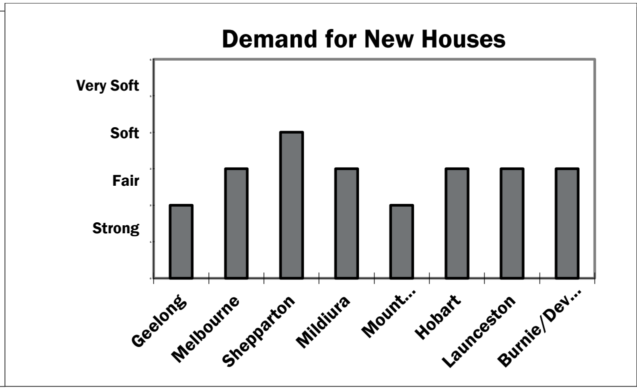

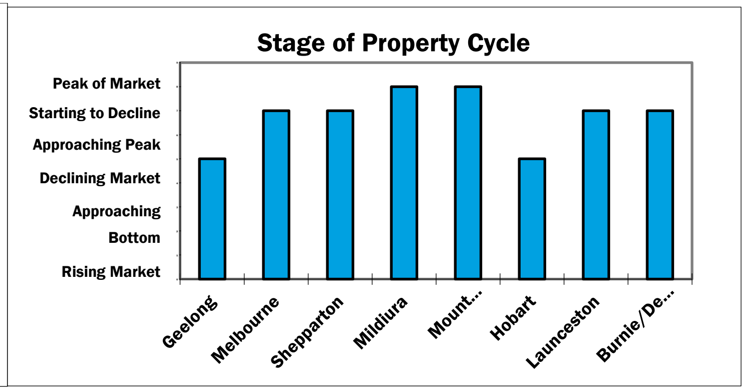

Victorian and Tasmanian Property Market Indicators – Units

Factor	Geelong	Melbourne	Shepparton	Mount Gambier	Mildura	Hobart	Launceston	Burnie/Develport
Rental Vacancy Situation	Balanced market	Balanced market	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
Rental Vacancy Trend	Steady	Tightening	Tightening	Tightening sharply	Steady	Steady	Steady	Steady
Demand for New Units	Soft	Fair	Fair	Fair	Fair	Fair	Fair	Fair
Trend in New Unit Construction	Increasing	Steady	Declining	Steady	Increasing	Increasing	Increasing	Increasing
Volume of Unit Sales	Declining	Declining	Increasing	Steady	Steady	Steady	Steady	Steady
Stage of Property Cycle	Declining market	Starting to decline	Peak of market	Peak of market	Peak of market	Declining market	Starting to decline	Peak of market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Almost never	Almost never	Occasionally	Occasionally	Almost never	Occasionally	Occasionally

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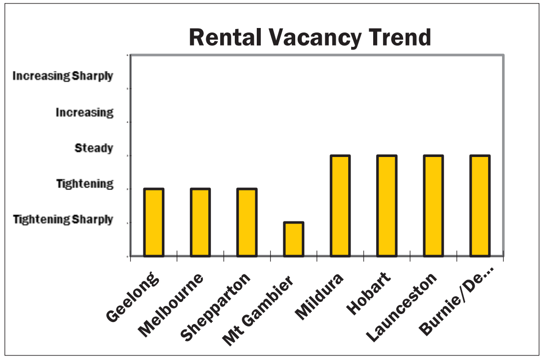

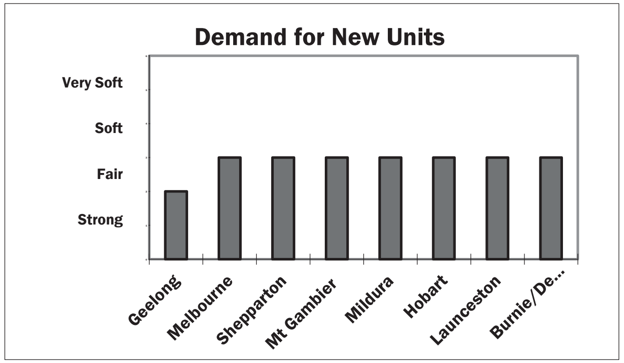

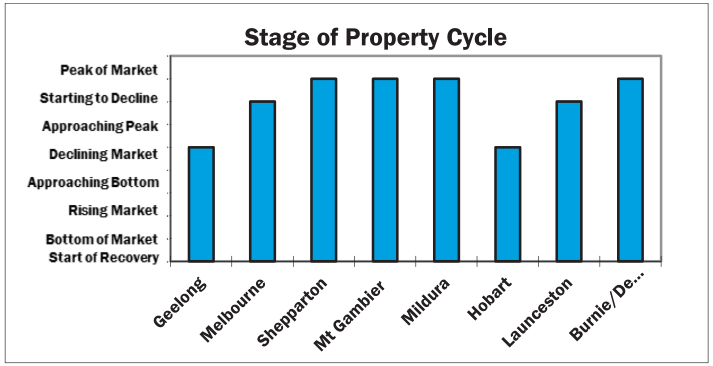

Victorian and Tasmanian Property Market Indicators – Office

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

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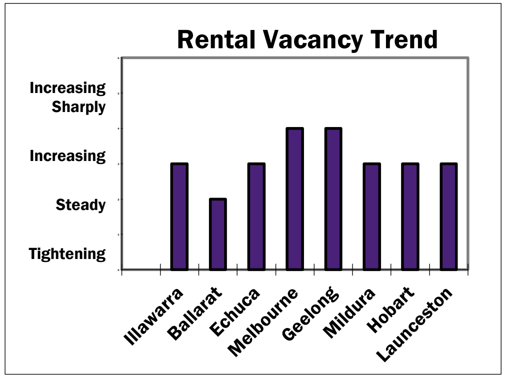

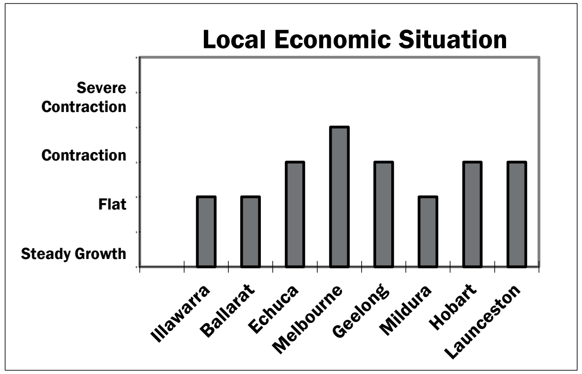

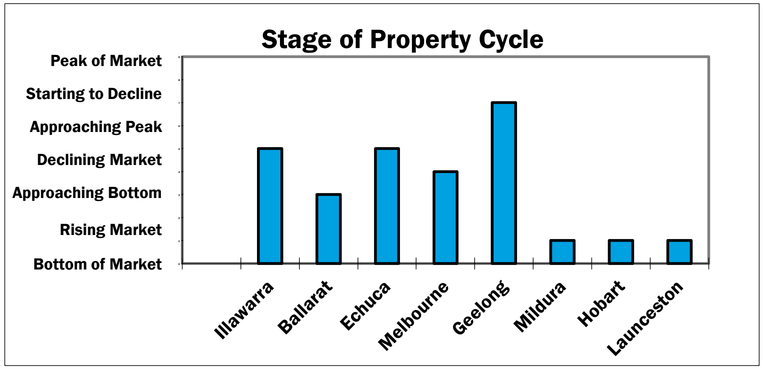

Queensland Property Market Indicators – Houses

Factor	Cairns	Townsville	Whitsunday	Mackay	Rockhampton	Emerald	Gladstone	Bundaberg	Fraser 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	Balanced market	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	Severe shortage of available property relative to demand
Rental Vacancy Trend	Tightening	Tightening	Tightening sharply	Steady	Steady	Tightening	Steady	Steady	Steady	Tightening	Steady	Tightening	Tightening	Tightening sharply
Demand for New Houses	Fair	Fair	Fair	Fair	Strong	Strong	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair
Trend in New House Construction	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady
Volume of House Sales	Declining	Increasing	Steady	Increasing	Increasing strongly	Steady	Increasing	Steady	Declining	Declining	Steady	Steady	Steady	Increasing
Stage of Property Cycle	Approaching peak of market	Rising market	Rising market	Approaching peak of market	Rising market	Rising market	Approaching peak of market	Peak of market	Peak of market	Starting to decline	Declining market	Declining market	Starting to decline	Peak of market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Almost never	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally

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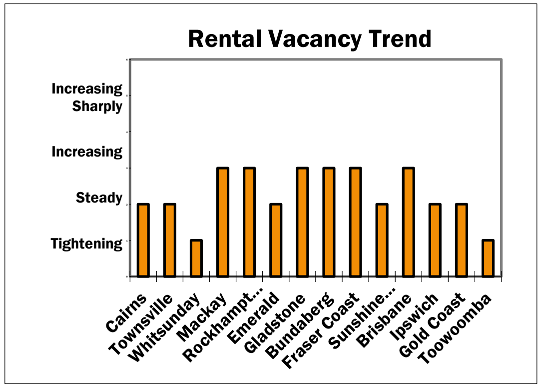

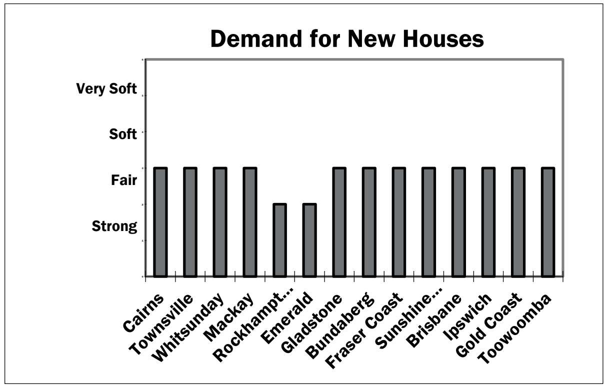

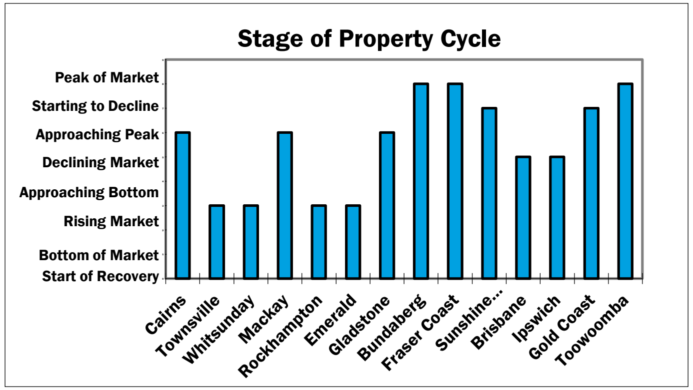

Queensland Property Market Indicators – Units

Factor	Cairns	Townsville	Whitsunday	Mackay	Rock-hampton	Emerald	Gladstone	Bundaberg	Fraser Coast	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	Balanced market	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand
Rental Vacancy Trend	Tightening	Tightening	Tightening sharply	Steady	Steady	Tightening	Steady	Steady	Steady	Tightening	Tightening	Tightening	Tightening	Tightening
Demand for New Units	Fair	Soft	Strong	Fair	Fair	Very soft	Fair	Fair	Fair	Fair	Strong	Fair	Soft	Fair
Trend in New Unit Construction	Steady	Increasing	Steady	Steady	Steady	Increasing strongly	Steady	Steady	Steady	Steady	Steady	Steady	Increasing	Steady
Volume of Unit Sales	Increasing	Increasing	Increasing	Increasing	Increasing	Increasing	Declining	Steady	Declining	Declining	Steady	Steady	Declining	Increasing
Stage of Property Cycle	Rising market	Rising market	Rising market	Approaching peak of market	Rising market	Rising market	Approaching peak of market	Peak of market	Peak of market	Starting to decline	Peak of market	Starting to decline	Starting to decline	Peak of market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Almost never	Occasionally	Occasionally	Occasion-ally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasion-ally	Occasion-ally	Occasionally	Occasionally

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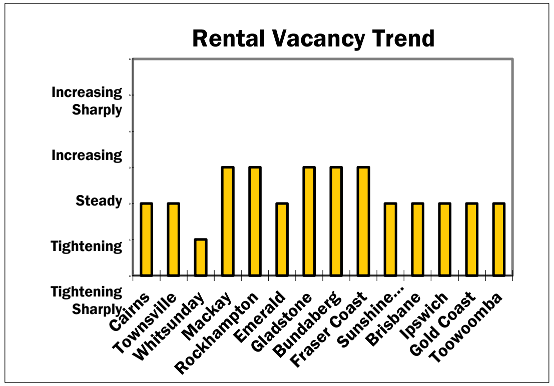
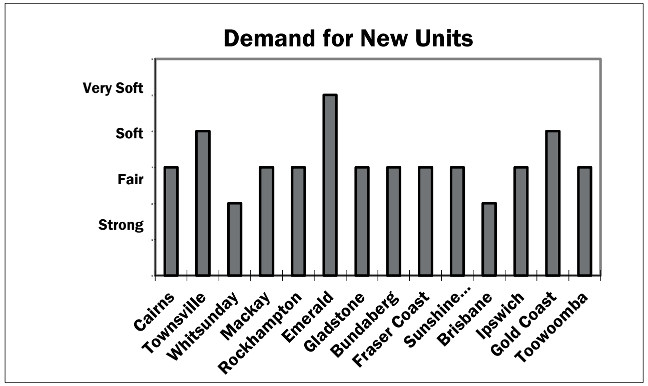
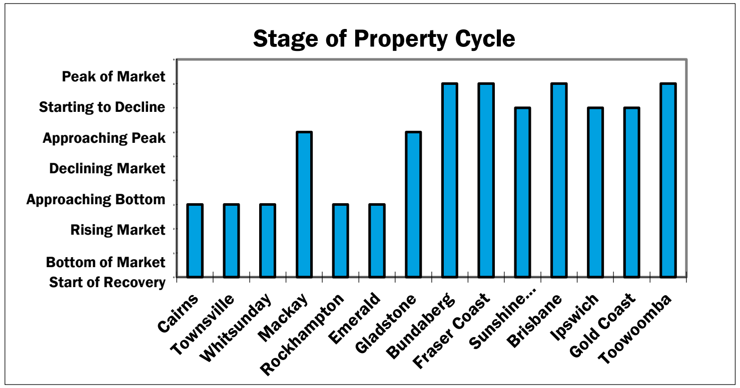




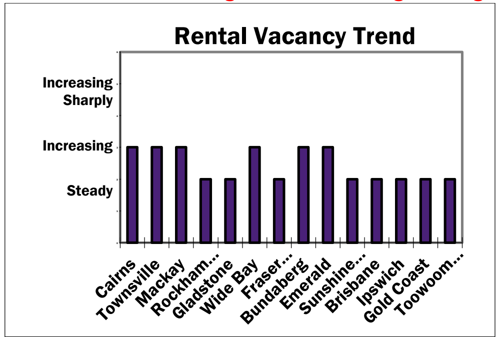


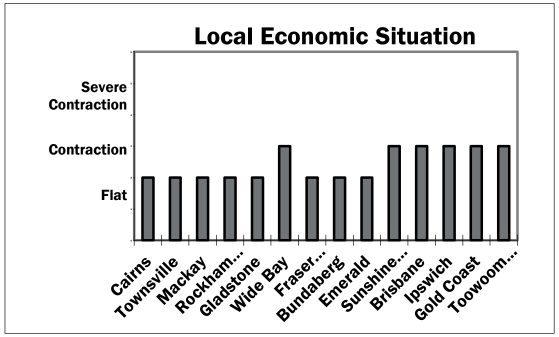
Queensland Property Market Indicators – Office

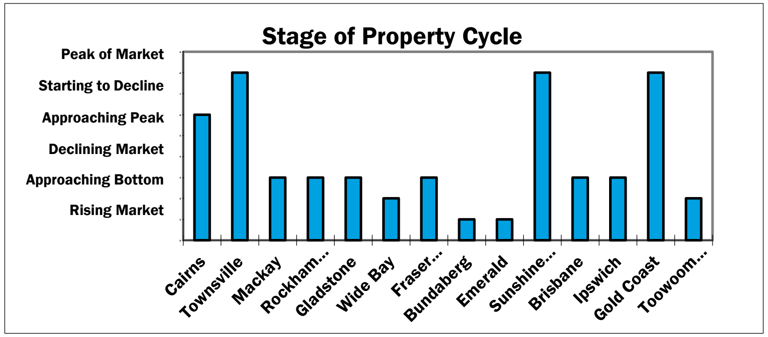
Factor	Cairns	Townsville	Mackay	Rockhampt-on	Gladstone	Wide Bay	Fraser Coast	Bundaberg	Emerald	Sunshine Coast	Brisbane	Ipswich	Gold Coast	Toowoomba
Rental Vacancy Situation	Balanced market	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Balanced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

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

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







SA, NT and WA Property Market Indicators - Houses

Factor	Adelaide	Adelaide Hills	Barossa Valley	Alice Springs	Darwin	Perth	Geraldton	Kalgoorlie	Karratha	Port Hedland	Broome	South West WA	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	Steady	Steady	Tightening	Steady	Steady	Tightening	Increasing	Increasing	Steady
Demand for New Houses	Fair	Fair	Fair	Soft	Fair	Strong	Fair	Fair	Strong	Strong	Strong	Soft	Soft	Fair
Trend in New House Construction	Increasing	Increasing	Increasing	Increasing	Declining	Steady	Declining	Declining	Declining	Declining	Declining	Increasing	Increasing	Declining
Volume of House Sales	Declining	Declining	Declining	Declining	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Declining	Declining	Increasing
Stage of Property Cycle	Starting to decline	Starting to decline	Starting to decline	Peak of market	Peak of market	Rising market	Approaching peak of market	Approaching peak of market	Rising market	Approaching peak of market	Starting to decline	Rising market	Peak of market	Rising market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Frequently	Frequently	Frequently	Almost never	Occasion-ally	Occasion-ally	Occasion-ally	Occasion-ally	Occasion-ally	Almost never	Occasionally	Occasionally	Occasionally	Almost never

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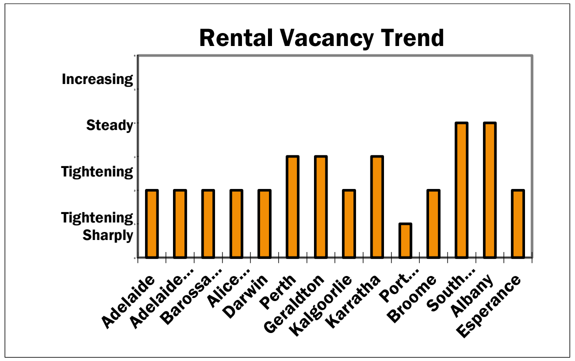

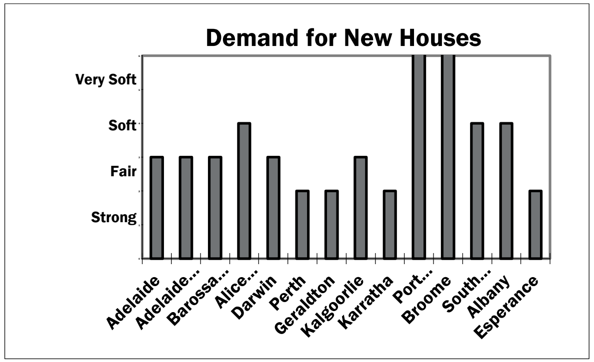

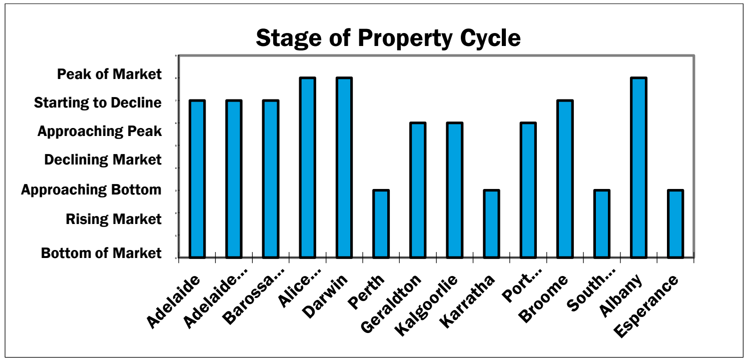

SA, NT and WA Property Market Indicators – Units

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	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	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	Steady	Steady	Tightening	Steady	Tightening	Tightening	Tightening sharply	Tightening sharply	Steady
Demand for New Units	Fair	Fair	Fair	Fair	Soft	Fair	Strong	Fair	Fair	Strong	Strong	Strong	Strong	Strong	Fair
Trend in New Unit Construction	Increasing	Increasing	Increasing	Steady	Increasing	Declining	Increasing	Steady	Steady	Steady	Steady	Steady	Declining significantly	Declining significantly	Steady
Volume of Unit Sales	Declining	Declining	Declining	Steady	Declining	Increasing	Steady	Steady	Steady	Steady	Steady	Steady	Increasing	Increasing	Steady
Stage of Property Cycle	Starting to decline	Starting to decline	Starting to decline	Peak of market	Peak of market	Rising market	Rising market	Rising market	Approaching peak of market	Rising market	Approaching peak of market	Peak of market	Rising market	Peak of market	Rising market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Frequently	Frequently	Frequently	Occasionally	Almost never	Almost never	Occasionally	Occasionally	Occasionally	Occasionally	Almost never	Almost never	Occasionally	Occasionally	Almost never

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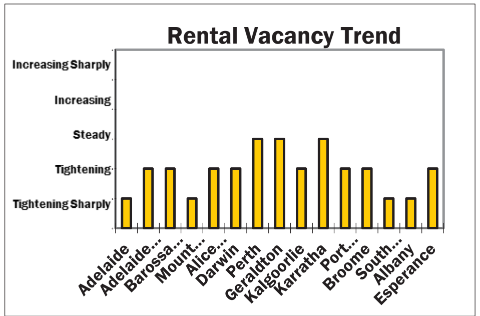

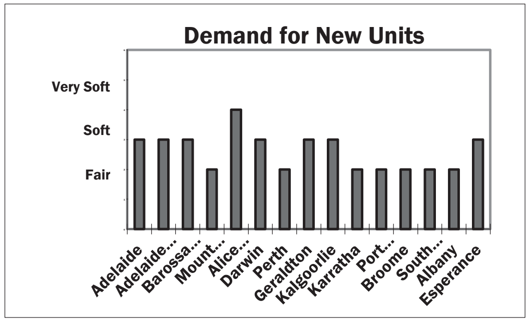

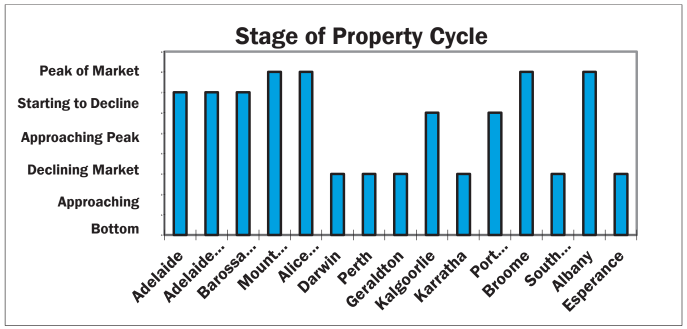

SA, NT and WA Property Market Indicators – Office

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

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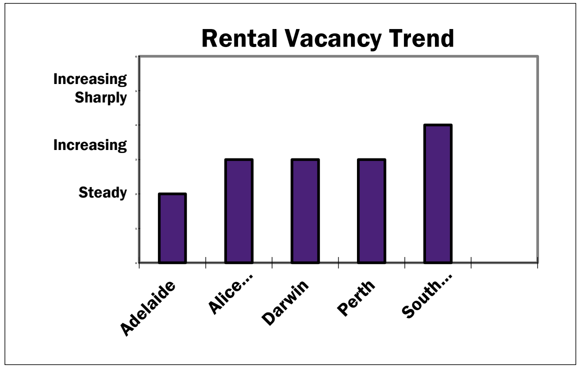
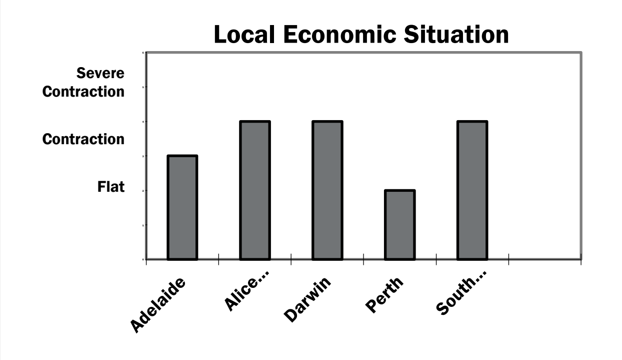
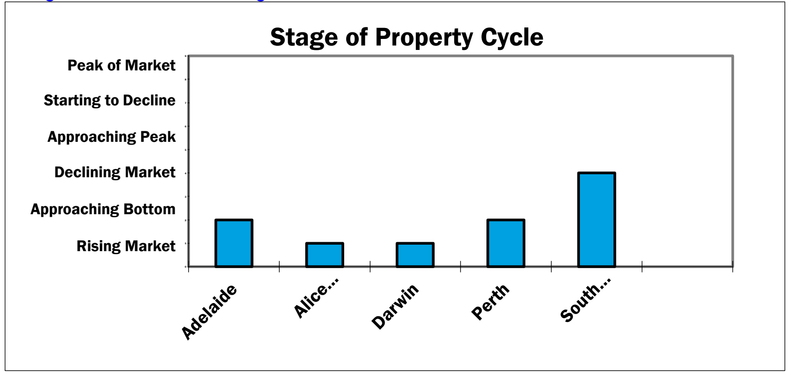






TALK TO YOUR LOCAL EXPERT

Commercial

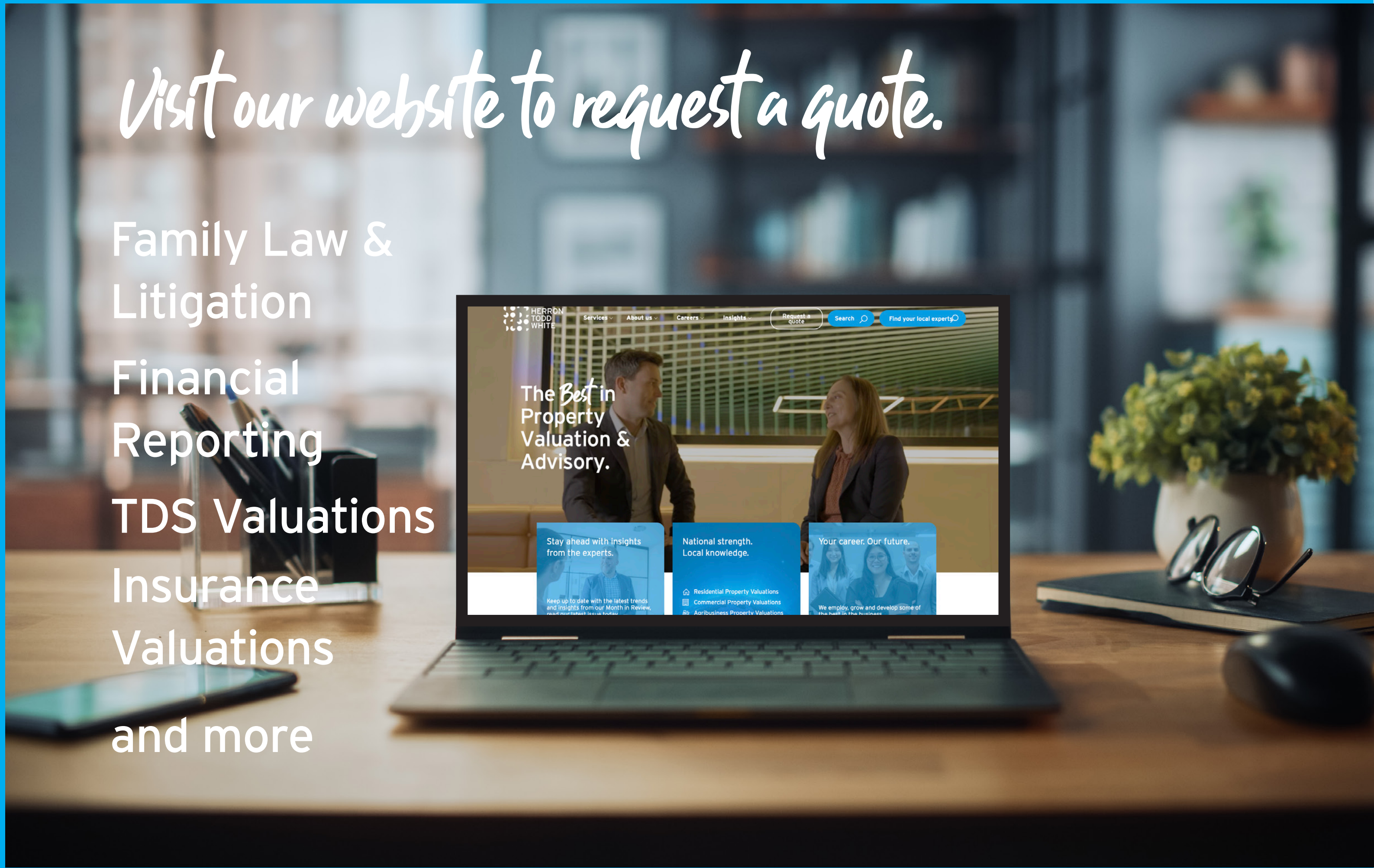
NT	Terry.Roth@htw.com.au
SA	Chris.Winter@htw.com.au
QLD	Alistair.Weir@htw.com.au
ACT	Scott.Russell@htw.com.au
VIC	Jason.Stevens@htw.com.au
WA	Greg.Mullins@htw.com.au
NSW	Angeline.Mann@htw.com.au
TAS	Andrew.Peck@htw.com.au

Residential

NT	Will.Johnson@htw.com.au
SA	Jarrod.Harper@htw.com.au
QLD	David.Notley@htw.com.au
ACT	Angus.Howell@htw.com.au
VIC	Perron.King@htw.com.au
WA	Brendon.Ptolomey@htw.com.au
NSW	Matt.Halse@htw.com.au
TAS	Andrew.Peck@htw.com.au

Rural

NT	Frank.Peacocke@htw.com.au
SA	Graeme.Whyte@htw.com.au
QLD	Will.McLay@htw.com.au
ACT	Scott.Fuller@htw.com.au
VIC	Graeme.Whyte@htw.com.au
WA	Luke.Russell@htw.com.au
NSW	Angus.Ross@htw.com.au
TAS	Graeme.Whyte@htw.com.au



HERRON TODD WHITE

www.htw.com.au

1300 880 489
admin@htw.com.au