Month in Review

August 2023

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

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CEO address

Welcome to our August edition of Month in Review

The Australian market appears to be going through a significant transition as the full effect of interest rate increases take hold and prompt some owners – particularly investors – to list their assets for sale ahead of the traditional "Spring Selling Season".

For example, the Commonwealth Bank reported last week that we had passed peak refinancing figures. The CBA have said the bulk of fixed rate mortgages will roll over between June and December 2023, and borrowers are currently seeking new lending arrangements in anticipation. But refinancing is not always an option for property owners.

Analysis has shown new listings rose nationally by around 1.6 per cent in June and many stakeholders believe this is just the beginning.

What's perhaps most significant is the rise in the number of investors among those vendors looking to sell their assets. We've seen analysis this month showing that new listings from investors nationally are tracking higher than they were both 12 months ago and pre-COVID.

Rising interest rates have played a major role in eroding net returns on property investments, as have increases in taxation and compliance. Many landlords appear to have reached their limit and have decided now is the time to release equity from their residential assets and redeploy the capital to a vehicle with better margins.

Looking to the rural sector and demand for property remains strong, particularly for A-grade large scale rural assets, but after several years of price growth, we could be on the verge of those gains losing steam. The rural sector does encompass a multitude of primary production operations often affected differently by various drivers. That said, the rural property sector will well worth monitoring over the near term.

Another sector which is showing initial signs of a change is industrial property investment. Seemingly unbridled price growth throughout the past few years is beginning to attenuate according to many of our contributors this month. Demand for industrial space remained buoyant post-pandemic. The net result saw prices continue to rise and yields tighten. But a look through this month's submissions suggests we could be at the start of a moderation in activity.

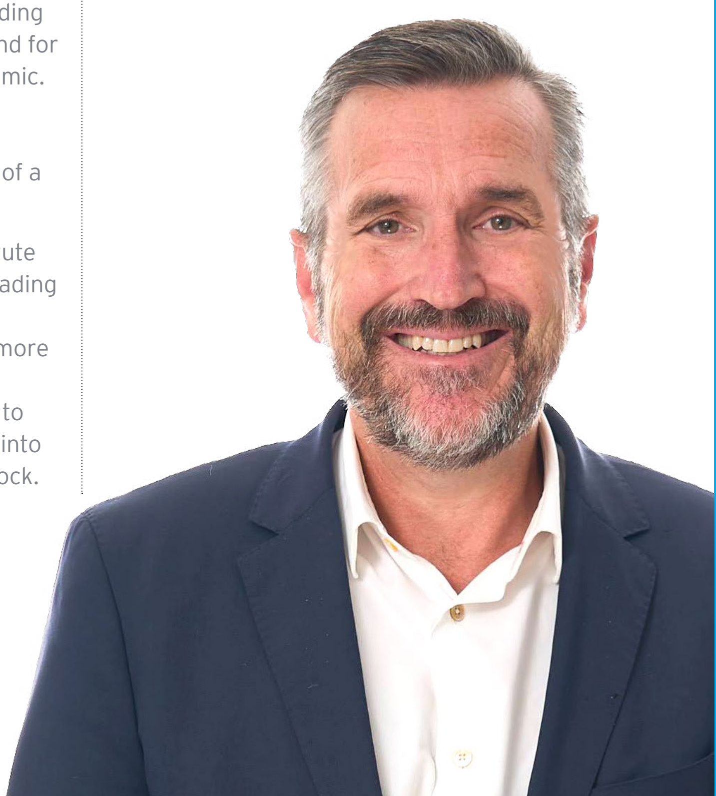
It's worth noting the Westpac-Melbourne Institute of Consumer Sentiment index dipped again heading into August. As this lack of confidence filters through, industrial asset owners are carrying more risk with some tenants' businesses likely to be tested should the economy tighten. According to our teams, buyers are beginning to factor this into their offers, particularly for less-than-prime stock.

What this also tells me is that portfolio managers who hold industrial assets should be cautious about their valuations over the next 12 months.

The best way to mitigate any risks and ensure a robust balance sheet will be to use independent, highly specialised professionals to assess asset values.

Gary Brinkworth
CEO

What's perhaps most significant is the rise in the number of investors among those vendors looking to sell their assets.



EXECUTIVE ADDRESS

HERRON TODD WHITE

Commercial

August 2023

National Industrial Overview

The combination of resilient property values, strong demand, affordability (price point) and limited supply makes the sub-$5 million price bracket an attractive segment for investors across the various industrial markets in Australia.

When evaluating industrial assets within this price range, there are two main markets to consider: strata-titled units and small, freestanding buildings.

Both of these categories have witnessed significant growth in recent years. Despite facing various challenges such as higher debt costs, escalating construction expenses and substantial increases in land values, markets in major cities have shown signs of stability in recent months. These macro factors have made it increasingly difficult for developers to deliver new projects at reasonable prices.

David Walsh
Industrial Director

The combination of resilient property values, strong demand, affordability (price point) and limited supply makes the sub-$5 million price bracket an attractive segment for investors across the various industrial markets in Australia.

In the western market, there is a trend of owner-occupiers purchasing leased properties with lease terms typically lasting up to 18 months. These buyers are content with the short lease term as they intend to occupy the property once the lease expires. As a result, the disclosed returns on these properties are relatively low since the investment return is not the primary consideration for the purchase. However, these properties do not appeal to investors who typically seek a longer lease term certain and higher returns due to increased costs associated with debt funding.

When we look at Sydney which is experiencing extremely low vacancy and is struggling with supply, the low end industrial market still has good demand and is still achieving strong rates, however due to the lack of supply, there is a little less activity currently with owner-occupiers being the most active. It is not uncommon in some of the precincts for these low-end assets to achieve rates over $8000 per square metre of lettable area and for rents to be north of $300 per square metre per annum.

In the south-east Queensland corner, there has been notable growth in both sales rates per square metre and industrial rentals. The three main markets have experienced significant growth in the land market in recent years, however combined with rising construction costs, this has created a challenging situation for developers. They must achieve high rates to ensure project feasibility and meet banking requirements for funding. Consequently, it has become increasingly difficult to initiate new projects, exacerbating the supply issue.

Brisbane reflects a similar trend to its coastal counterparts by experiencing significant growth in the low-end industrial market for strata units and small freestanding buildings. It is not uncommon for rentals to exceed $200 per square metre per annum net for strata units under 500 square metres, with rates per square metre ranging between $3000 and $5000. While some isolated projects have achieved rates above $6000 per square metre of lettable area, this is not the norm and typically applies to smaller units under 150 square meters with a high proportion of office space or projects with a higher spec.

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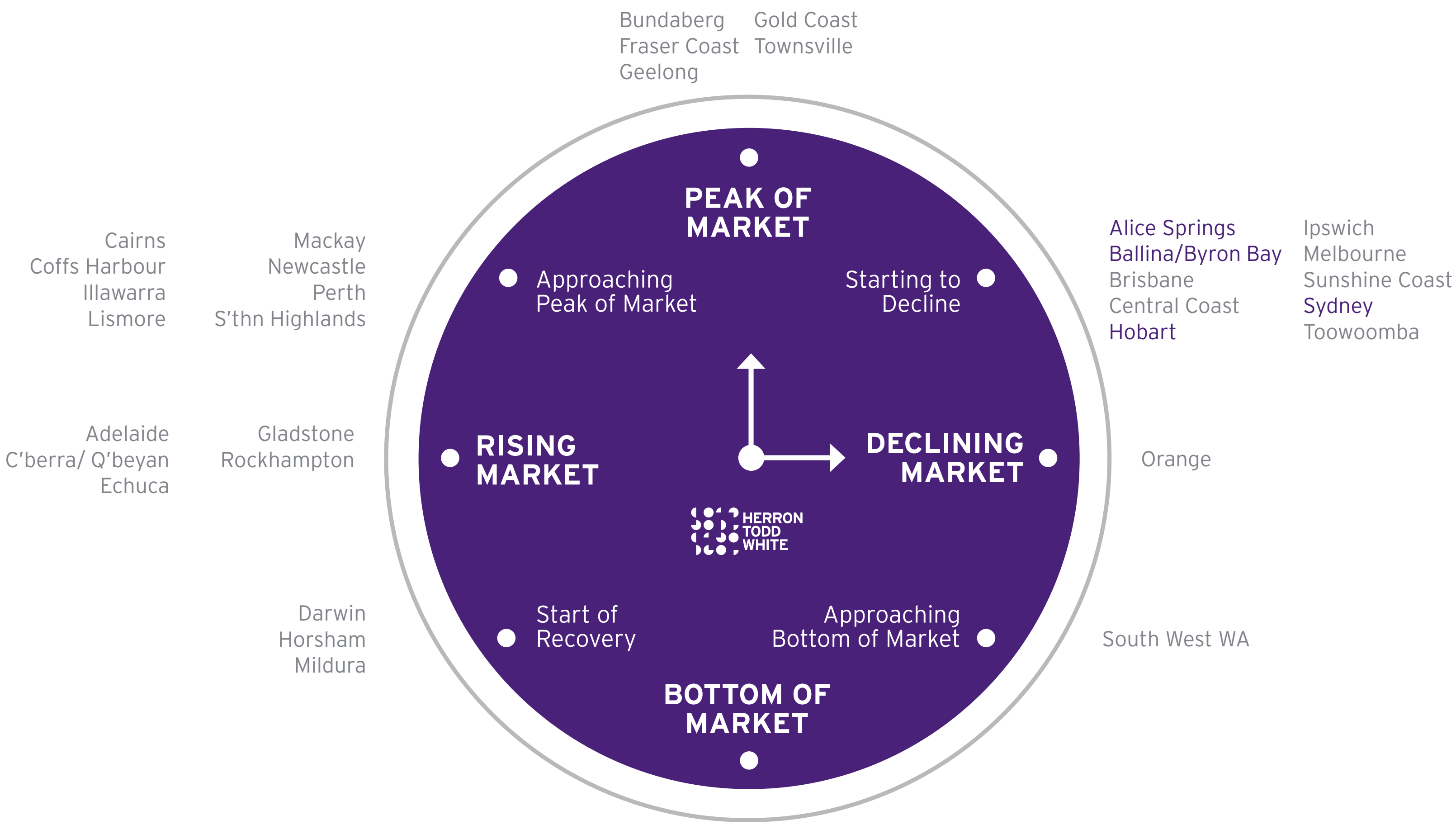
National Property Clock: *Industrial*

Entries coloured purple indicate positional change from last month.



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New South Wales - Industrial 2023

Sydney

The industrial market has performed well in Sydney, however this year we have seen demand slow and values are no longer deemed to be rising. We predict that this trend will continue throughout 2023.

Rents have continued to rise. This year we have seen some transactions in the rental market that indicate a rise of circa 30 per cent. The rising rents have improved yields which has led to landlords choosing to lease as opposed to selling. This is further limiting the supply of property to the market.

Entry level opportunities are limited to strata industrial units and storage units considering the current price points of industrial property.

We consider that it would be difficult to find anything below $1 million in the central western regions (Parramatta, Canterbury and Bankstown) that is newer and greater than 200 square metres. Older stock below $1 million would be limited to units less than 250 square metres.

Entry level buyers are therefore likely to be attracted to areas further west such as the Penrith, Hawkesbury or MacArthur regions where value levels are lower. Demand for these assets remains fairly strong.

Another popular entry level asset is storage units. Whilst traditionally being limited to parts of the Northern Beaches, inner west and southern Sydney areas, storage unit complexes or mixed industrial and storage unit complexes are becoming increasingly prevalent throughout western Sydney.

Newer developments include 1-13 Leland Street, Penrith and 5 Money Close, Rouse Hill. Both provide an affordable alternative to smaller industrial units which appear to be achieving record high capital value rates. Storage units at 1-13 Leland Street, Penrith start at $140,000 for a 31 square metre storage unit, or $4,500 per square metre.

5 Money Close, Rouse Hill Source: Herron Todd White

The lower capital values and increases in rents over the past two years have also seen storage units become increasingly attractive to investors with higher achieved yields than most other comparable industrial investments.

Looking ahead, the industrial market is tipped to see capital values hold given supply and demand but with lower levels of activity. Rents are tipped to continue to rise over the year.

Angeline Mann
Commercial Director

Entry level opportunities are limited to strata industrial units and storage units considering the current price points of industrial property.

Newcastle/Hunter Region

The common theme across recent history in the greater Newcastle industrial market is an issue of stock versus demand. In short, there is not enough stock! The demand is certainly evident, however most local agents simply do not have any significant levels of industrial stock available, particularly in the smaller sized units.

Smaller units are considered to be entry level in as much as they represent a low price point for entry and appeal to a section of the market for whom basic storage is the key requirement, although it is also common for these smaller units to be utilised by more established businesses for additional storage purposes.

We note that the Mayfield West and Morisset industrial precincts both still have a number of newly completed complexes and complexes under construction that comprise these smaller sized units. We also note that there has been a steady increase in the price point for purchasing these

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assets, particularly the brand-new units for which there is a clear demand over more established units. We would, however, point out that we are getting closer to the peak of this micro unit market, and we note that in the last quarter there have been limited sales listed as completed in this sector. Furthermore, the rising interest rate market and the tendency for new players to wait until there is a clearer picture on the interest rate front could see demand stabilise in the short term and there is a risk that prices and rates per square metre could contract.

We are very much in a holding pattern at present, and this is a function of both demand and the broader economic conditions. The smaller units up to 120 square metres do represent a reasonable entry level opportunity, however there are several risks in the market presently that should be considered by any new player.

Scott Beker
Valuer

Illawarra

The local industrial property market continues to surprise with its strength, showing no signs of wavering with strong sale prices and rents being reported. There is a severe shortage of supply throughout all areas of the region and agents are reporting strong owner-occupier interest at the entry level sub-sector which is predominantly for small bay strata warehousing.

In this space, the starting rate appears to be hovering in the $3750 to $4000 per square metre range (end price commencing at approximately $550,000), particularly for new tilt-up with a mezzanine office component and good parking provisions, while rates in the circa $4850 per square metre range (just under $700,000 end price) are being achieved in the northern suburbs of the Wollongong LGA.

With land supply limited and land values and construction costs elevated, it will likely be challenging for incoming developers to bring new stock to market, putting further upward pressure on existing stock. This is an owner-occupier driven market as the low yield environment deters most investors, although some are expecting to generate higher future returns via higher rents.

Scott Russell
Director

With land supply limited and land values and construction costs elevated, it will likely be challenging for incoming developers to bring new stock to market, putting further upward pressure on existing stock.

Victoria - Industrial 2023

Melbourne

The industrial sector has been the most active market for entry level buyers with both owner-occupiers and investors seeking property across all industrial regions of Melbourne. The largest volume of demand for these buyers has been primarily for new small warehouse units. These range in size from 150 to 450 square metres and consist of a high clearance warehouse space of up to at least eight metres and a small office and amenities component along with allocated parking. Whilst the first half of the year has seen a general slowing of sales activity across most segments of the market, the smaller warehouse unit market has continued to experience steady demand and take up of stock. It represents an affordable entry price point into the industrial market. The price will range from around $500,000 up to $800,000.

Buyers represent a cross section of trade based, building related businesses and are generally situated within the industrial estates where development is most prevalent. The usual fundamentals of industrial property remain in place with these warehouse unit developments having proximity to freeway infrastructure as the main catalyst for demand. New industrial estates follow the freeway access and these are also integrated within population growth corridors.

Epping is an example of this; situated on the northern suburban fringe within the Plenty Growth Corridor, it continues to experience rapid population growth. Expanding government and private services increasingly cater for the new residents and businesses. These include educational, medical and retail development. There are ample examples of new warehouse developments in this location. While there are some small projects, larger developments of up to 20 units are common. Values have increased over the previous twelve months and sales show building rates that can range from $3800 to $4800 per square metre.

Industrial rental growth has been perhaps the most dramatic factor in the market and it has combined with substantial leasing demand. Rentals for small warehouse units now range from $160 to $190 per square metre net plus GST and there is some belief they will continue to rise. The leasing market has evolved with increased demand and lower supply leading to longer leases of at least three-year terms, but more often with five-year terms. Incentives are currently almost non-existent and reviews of up to five per cent are common.

Investors comprise a high proportion of the warehouse unit market. They are attracted by rising rentals and longer leases with fixed income growth. This appears to contrast with other segments such as retail spaces where economic challenges continue to create uncertainty of returns.

Yields appear to be rising along with interest rates however the lack of investment sales to provide a more definitive guide means limited clarity at this time. Yields have been around 4.50% but are now more common above 5.00%. While there are some locational differences, the general levels of value and asset dynamics apply in the south-east and in the western region.

Increased land values across the regions place greater requirements for developers to maximise their likely returns. Warehouse unit developments can offer more attractive returns over the land.

The expectation is that development and demand will continue for small unit developments. The main risk for this type of asset is if an oversupply of new units coincides with an economic downturn. There is no prospect of this situation to occur in the foreseeable future.

Pete Brislin
Valuer

The industrial sector has been the most active market for entry level buyers with both owner-occupiers and investors seeking property across all industrial regions of Melbourne.

Queensland - Industrial 2023

Brisbane

Institutional and middle property markets often feature in the news headlines, but a large proportion of Brisbane's industrial market comprises local mum and dad buyers and investors. Unlike the institutional market, the sub $5 million price bracket has emerged as the most resilient micro industrial market, having weathered a softening investment market and a deteriorating economic climate. Whilst this is a positive for property values, demand for these assets has remained strong across both prime and secondary locations with supply still facing significant constraints.

Small businesses and first-time investors in today's market would be entering at a time of great supply challenges which, as seen in recent months, has resulted in some of the highest prices for industrial assets on record.

Owner-occupiers have dominated the strata market and lower price point bracket with capital growth evident through sale rates commonly exceeding $3000 per square metre across both smaller strata units and freestanders. Workstore units (sub 100 square metres) in inner city locations and the TradeCoast industrial precinct have also been consistently setting record sales rates which is a factor of the supply constraints and development costs for brand new units. In some instances, rates have achieved north of $6000 per square metre of lettable area which is reflective of the capital value growth in recent times. These high rates however are only limited to a handful of projects with the majority of rates sitting in the $3000 to $5500 per square metre range.

Investors have also been active in this space, albeit to a lesser extent, with these assets proving to be more insulated to interest rate rises than the institutional markets. Buyers with ample cash have found favour in these assets, looking to park their funds in a relatively stable asset class seeking returns of circa 5% to 6.5%, noting that rental growth has also edged yields upwards. Leasing conditions in the current market have been incredibly strong with tenant demand remaining strong against the tightest industrial vacancy on record, sitting below two per cent across Brisbane. Investors would find that securing a tenant would result in minimal leasing up periods and incentives, or purchasing a property with an imminent lease expiry would generally realise rental uplift.

This market is likely to remain stable, however for new market entrants, they should be wary of the price expectation differentials between buyers and sellers. Capital growth is strongly evident in the sector and yields have remained relatively stable for investors seeking a more cash driven return. Notwithstanding, the market is strongly competitive and is likely to remain a vendor's market for the foreseeable future.

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David Walsh
Director

Gold Coast

The Gold Coast industrial market has seen a surge in value for land, built form and rental rates alike over the past few years. Whilst low interest rates may have been the catalyst for this growth, the constrained supply and insatiable demand for entry level industrial product has seen the market hold its ground to date, despite the prevailing economic headwinds over the past 12 months.

On the central Gold Coast, the entry-level pricing for brand new strata-titled warehouse units typically falls within the range of $400,000 to $450,000. This price point is generally for very small units (circa 70 to 80 square metres) with restrictive use profiles (i.e self-storage only). There are some older units available for under $400,000, however these units often have lower clearance and are situated in average quality, masonry block complexes. It is not unusual to see rental rates in the $300 to $350 per square metre range (gross) for small units at low monthly price points.

For freehold industrial buildings, the entry-level price point is typically around the low to mid $2 million range. It's worth mentioning that sales below this level have occurred, however they are

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There are very few entry-level industrial opportunities available in the southern Gold Coast at present, as demand remains high relative to supply, particularly for properties suited to owner-occupiers with vacant possession. Due to recent significant value increases, it would be rare to acquire a freestanding industrial property under the $3 million price level or an industrial strata unit under $500,000.

The market for lower value strata units is very tight, with yields for owner-occupier sales as low as 4.5% recently and ground floor area rates commonly exceeding $6000 per square metre for smaller units or $5000 for medium unit sizes (even for older style masonry block construction). Similarly, the gross market rent for such units sits at over $300 per square metre quite regularly.

On the northern Gold Coast, while there has been substantial industrial development in the Yatala Enterprise Area over recent years, development of new strata complexes has been limited. Settled sales of existing concrete tilt panel units tend to reflect between $2500 and $3000 per square metre, however there have been reports of more recent sales of smaller units reflecting up to $4000 per square metre. Rental rates tend to reflect between $180 and $220 per square metre per annum gross.

At Upper Coomera and in the Coomera Marine Precinct, value rates for modern units tend to reflect between $2750 and $4000 per square metre, while there have been sales of small new units reflecting up to $5500 per square metre. Rental rates tend to reflect between $200 and $300 per square metre per annum gross.

In general the entry level industrial market across the Gold Coast is still exhibiting good demand however with several larger unit developments underway across the Gold Coast, it appears as though the supply chain is catching up.

Ryan Kohler
Director

Sunshine Coast

The Sunshine Coast industrial market has experienced significant levels of demand over the past 12 to 24 months. The sustained low interest rate environment coupled with significant growth in the region saw demand from investors and owner-occupiers alike significantly increase. As a result, a lack of land supply became a bi-product, which further fuelled price growth as a lack of future supply became a concern. As we are now in a landscape of increased interest rates, there is a greater risk of a softening of values achieved from commercial properties. The local industrial market looks to be the most resilient given the lack of supply of either land or built product.

Entry level industrial demand has been heavily driven by owner-occupiers in the sub 400 square metre strata title sector. We have seen record prices achieved for smaller strata titled units, sub 400 square metres, particularly over the past 18 months, as there remains limited stock on the market. We are currently experiencing rates of $4000 to $5000 per square metre for high quality strata units in tightly held and centrally located precincts such as Warana, Coolum Beach and Kunda Park. Rates above this level have also been evident in Noosaville. It is difficult to source a small strata-titled shed for under $3000 per square metre at present, with this being somewhat the starting point for new product, even in secondary, less central locations. Investment in this market is rare, as the premiums achieved from owner-occupiers do not present a viable return on investment from a yield standpoint with rentals typically up to $200 per square metre and therefore reversionary yields below 5% typical.

Although still hard to come by, better investment returns are found in the entry level, stand-alone market up to $2 million. Good quality assets with strong lease covenants are still achieving relatively sharp yields, although there may be opportunities for assets with short lease terms. As supply has dwindled, rents in this sector have increased significantly. This poses the potential to purchase an asset with short lease expiry that may be subject to below market rents which can be increased upon expiry. As the market strengthened, the yield disparity between A and B grade assets narrowed. As the impact of higher interest rates flows through and the market contracts, we believe that this gap is widening again. Good quality assets with attractive lease covenants will remain sought after, whilst higher returns will be available from secondary assets with weaker tenants.

Chris McKillop
Director

Cairns

Like many eastern seaboard property markets, the Cairns market has certainly experienced very strong growth over the past two years. This growth has placed significant upward pressures on the broader property markets including entry level industrial and industrial strata units. This market increase has rewarded investors and owner-occupiers with strong asset price growth and increased return on investment. Strengthening returns have increased entry level asset values from circa $1500 per square metre to circa $2500 to $3500 per square metre depending on size and quality. Market growth has also provided similar increases to rental values from 24 to 36 months ago, increasing from circa $120 to $140 per square metre to now have entry level price range asset rents achieving circa $170 to $200 per square metre. Additional pressure in the form of very low vacancy rates and strengthening demand from owner-occupiers has firmed entry level yields to circa 5% to 6%.

The 2023-24 boosts in infrastructure budgeted spending for the Cairns region include:

- **$343.7 million** towards a renewable energy wind farm in the Atherton Tablelands region (Kaban Wind Farm).
- **$37 million** on Cairns Hospital as part of the Capacity Expansion Program.
- **$30.9** million towards the duplication of the Cairns Western Arterial Road.
- **$5.6 million** in 2023-24 out of a $360 million total spend for development of the Cairns Marine Precinct Common User Facility, subject to approvals.
- **$8 million** to expand TAFE Queensland's Great Barrier Reef International Marine College.

Shane Quinn
Director

Townsville

Townsville's industrial market continued its positive trajectory of the past three years in the first half of 2023 with a large portion of the sales volume being in the sub $1 million price bracket underpinned by owner-occupiers and small-scale investors.

Entry level assets in the Townsville industrial sector range from basic warehousing and workshop properties to small scale strata units. Over the past 12 months the entry level price point for these strata units has ranged from $300,000 to $500,000 depending on the size, location and condition which shows an increase over previous years. The entry level price point for freestanding industrial assets ranges from $600,000 to $1 million which has also improved on previous years. Sales for entry level stock are analyzed to reflect yields between 5.5% and 7.5%. There is now very limited stock of freestanding entry level industrial assets below $500,000.

The prevalence of lease-back arrangements in the established market has also started to place upward pressure on existing owner-occupier value thresholds.

It is likely that the escalation in construction costs, supply chain issues and potential for extended delivery horizons may delay or inhibit new construction over the short term which will continue to increase demand for established stock.

Townsville region's 2023-24 allocation of infrastructure funding for the region is:

- **$1.06 billion** towards CopperString 2032, construction of the 1,100 kilometre transmission line from Townsville to Mount Isa
- **$7 billion** for state-owned, large-scale hydro ($6 billion for the Borumba project and $1 billion for the Pioneer-Burdekin project)
- **$58.2 million** at the Townsville University Hospital site.
- **$60.7 million** to widen shipping channels allowing for larger vessels to port.

Jamison Sayce
Associate Director

Wide Bay

Entry level single tenant or owner-occupied industrial properties have experienced major growth over the past three years. This growth has raised the cost of these entry industrial

Townsville's industrial market continued its positive trajectory of the past three years in the first half of 2023 with a large portion of the sales volume being in the sub $1 million price bracket underpinned by owner-occupiers and small-scale investors.

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investments from circa $250,000 to $300,000 to now pushing towards circa $450,000 to $500,000 and firmed yields to circa 6%. The majority of stock in this price range consists of community-titled light industrial premises in locations such as North Bundaberg, East Bundaberg, Pialba, Urangan and Dundowran.

Rental rates have increased from circa $80 to $90 per square metre to circa $125 to $150 per square metre for well-positioned tilt panel premises.

Supply remains very tight and construction of new stock has been low, contributing to the elevated value levels of between $1500 and $3000 per square metre improved. Sales towards the upper end of this range include showroom retail potential.

Recent transactions include:

- **5/52 Enterprise Street, Svensson Heights** – $570,000 reflecting $2714 per square metre improved and 5.42% AMY
- **4/3-5 Islander Road, Pialba** - $195,000 reflecting $1806 per square metre improved and 6.75% AMY
- **8/17 Liuzzi Street, Pialba** – $225,000 reflecting $1847 per square metre improved and 6.34% AMY

5/52 Enterprise Street, Svensson Heights Source: realcommercial.com.au

The Wide Bay region is projected to receive an injection of infrastructure funding. Projects in the region include:

- **$52.3 million** in 2023-24 out of a $1.2 billion total spend for the construction of the new Bundaberg Hospital.
- **$200 million** in 2023-24 out of a $4.869 billion total spend for the Queensland Train Manufacturing Program, Torbanlea (Maryborough).
- **$116.4 million** in 2023-24 out of a $1.2 billion total spend for pre-activities on the Paradise Dam improvement project.

Ben Harnell
Associate Director

Mackay

The entry-level end of the industrial market in Mackay has been thinly traded in the recent past. Typical entry level sales have been limited to the following light industrial units:

- **6/16 Transport Avenue, Paget** sold April 2023 at $375,000 in vacant possession with an area of 249 square metres to show $1506 per square metre.
- **13/25 Transport Avenue, Paget** sold December 2022 at $550,000 in vacant possession with an area of 340 square metres to show $1618 per square metre.

Additionally, we are aware of an older former bus depot at 10 Cooks Lane, Bakers Creek which is currently under contract of sale in vacant possession to intending owner-occupiers. The purchase price is sub $1 million and renovation works are required.

There has been limited leasing activity at this lower end of the market.

The industrial property in Mackay is heavily biased towards heavy engineering mining services.

Gregory Williams
Director

Toowoomba

Toowoomba's industrial market has been influenced by several factors over the past 12 to 18 months, including growth in the region's manufacturing and agricultural sectors, growth in e-commerce and the relocation of business into regional areas. Strong economic conditions resulted in continued demand for secure investment properties during 2022, resulting in record low yields, however economic conditions, in particular interest rate increases, have seen reduced demand in the first half of 2023.

There has been minimal speculative development of industrial property over the past two to three years with activity generally restricted to refurbishment of small industrial tenancies to attract tenants or for owner-occupation.

The majority of new construction activity has been by owner-occupiers who have outgrown existing premises and have developed or plan to develop premises in emerging industrial estates in the Charlton Wellcamp area to the west of Toowoomba. A negative impact of the above activity is that several large industrial buildings may be offered for sale or lease over the next six to 12 months.

The smaller owner-occupier and investor market is generally steady with very little activity over the past six to 12 months attributed to several factors:

- The small entry level industrial market is tightly held with a large percentage owner-occupied or owned by mum and dad investors who are more interested in the revenue stream than capital gain;
- There are currently only two strata industrial units listed for sale in Toowoomba, with some under construction. Strata units have historically been the entry point to industrial assets for both owner-occupiers and investors; having been over-supplied in the past, the market is now balanced;
- Availability of small industrial land is very limited with the price point for any vacant land exceeding 1500 to 2000 square metres well above the budget of smaller industrial users; and
- The current interest rate environment has and will likely continue to place pressure on the availability of funding.

The above is supported by the low level of listings for smaller industrial properties within the region.

Opportunities exist within fringe or secondary industrial areas that are progressively transitioning from residential properties through development of small industrial workshops, generally by existing businesses looking for their own space.

Ian Douglas
Director

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South Australia - Industrial 2023

Adelaide

In the first half of 2023, there was a notable increase in the state government processing compulsory property acquisitions along South Road and affected areas from construction of the Torrens-to-Darlington (T2D) road project. The T2D is the last stage of a 78-kilometre north-south transport corridor and proposes a 10.5 kilometre stretch of upgraded motorway along South Road at a reported cost of $15.4 billion and impacting 524 residential and commercial properties.

Local agents have estimated the number of displaced tenants and occupants equates to a commercial/industrial supply gap of approximately 35,000 square metres of lettable area that must be absorbed in other metropolitan areas of Adelaide. This is increasing the amount of market participants, particularly owner-occupiers, which is placing upward pressure on rental rates and price points for vacant possession assets.

31 Grove Avenue, Marleston is a recent example of the effect compulsory acquisitions are having on the market. Offered for sale via public auction by McGee's Property, this vacant possession converted office/warehouse property was listed with a price guide of circa $1million. Being located in close proximity to Richmond, a suburb heavily impacted by the T2D, the selling agents noted over 50 enquiries for the property. After multiple offers, the vendor accepted an offer of $1.3 million prior to the auction date.

Similarly, 7 Henry Street, Stepney, a small-scale office/warehouse building offered for sale with a periodic tenant, achieved a sale price of $1.65 million after being marketed for less than one month with an asking price of $1.3 million.

On top of the elevated level of demand for established assets, Adelaide is experiencing an under-supply of new industrial stock. The rising interest rate environment, rising difficulty in securing capital and uncertain supply chains has reduced the appeal of speculative construction. Therefore, whilst there are a number of high-density industrial parks in the pipeline, practical completions are not expected until early 2024.

Many of the mooted projects include community-titled, market-entry-level style tenancies – circa 150 to 200 square metres of lettable area. In the past 12 to 18 months, high-density industrial developments have been absorbed quickly by the market, predominantly by owner-occupiers for reasons already noted above.

Located at 36-44 Port Road, Alberton are seven units including Ryderwear Gym with the warehouses contracted as vacant possession at a rate of approximately $3000 per square metre with building areas ranging from 265 to 285 square metres.

36-44 Port Road, Alberton Source: realcommercial.com.au

Closer to the Adelaide CBD is 126-132 Frederick Street, Welland achieving prices of $3400 per square metre for 250 square metre warehouses and $4000 per square metre for 133 square metres. Discussions with local agents indicate lease negotiations are typically not requiring incentives for smaller scale buildings, further supporting the strength of the market. Some local agents are also noting rental rates for industrial tenancies under 1000 square metres lettable area have increased 15 to 20 per cent since the COVID-19 outbreak.

Whilst vacant possession industrial assets are in high demand, there have been limited investment sales of industrial assets across Adelaide in 2023. Given the official cash rate determined by the Reserve Bank of Australia has risen from 1.35 per cent in July 2022 to 4.10 per cent in July 2023, access to funds has become harder for investors and with yield expectation for vendors still at 2022 levels - circa 4.5% to 5.0% for properties with WALE of more than three years, transaction numbers have reduced significantly.

In the short-term, should the cash rate stabilise, it is likely some vendors who have secured rental growth from negotiated new leases or market rent reviews to existing tenants will begin to test the market. However, at present the investment market segment appears to be in a holding pattern.

Ben Millar
Property Valuer

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Western Australia - Industrial 2023

Perth

The more affordable industrial assets across the Perth metropolitan area tend to be located within secondary industrial precincts. Development in these estates typically comprises a not insignificant volume of small scale, often strata-titled industrial (warehouse and/or factory) units, however entry level assets in the sub $500,000 bracket can be found in all industrial precincts throughout metropolitan Perth.

These types of assets are popular with small business owners and also hobbyists or those requiring more space simply for storage purposes.

The historically low interest rate environment has provided small businesses with a conducive, cost-effective opportunity to acquire such property at occupancy cost levels (i.e. mortgage repayments) that often prove more competitive than renting similar accommodation. An owner-occupied premises also avoids the ongoing problem of regular rent reviews where rental liabilities can escalate through the duration of the lease term as opposed to mortgaged property where payments can be fixed.

Often, owner-occupier business proprietors incorporate such property holdings in self-managed superannuation funds whereby the related business pays a rental to the superannuation fund. Such an arrangement enables the asset and the rental payments to remain with the owner essentially, as opposed to being lost to a third-party investor landlord.

Demand for entry-level stock has resulted in strong capital growth in the past 12 to 18 months.

Accordingly, the market for such assets is primarily driven by owner-occupiers with the level of rental return derived from these properties, particularly in the current interest rate environment, often insufficient to satisfy the appetite of a private investor. Therefore, properties subject to a lease may potentially achieve lower sale prices in comparison, as the purchase price tends to be dictated by the target yield.

The different motivations of the two market participants for acquiring a comparable property can lead to two notably different values being applicable.

The quality of tenants that tend to occupy these low-end industrial properties should be carefully scrutinised as part of any potential acquisition by an investor. Such tenants are often susceptible to fluctuations in cash flow and the security of tenure can be feeble.

Whilst re-letting such premises can prove a costly exercise in the event of vacancy, prospective landlords should be encouraged by the prevailing strong industrial leasing climate. Rents for modern strata-titled industrial units and small-scale green-titled properties are now circa $120 to $140 per square metre per annum net.

Pricing is a function of a variety of factors but typically rates per square metre of floor space for these strata-titled industrial units start at circa $1250 per square metre for an older style, basic quality unit in an outer lying suburb to as a high as say $3500 per square metre in the prime industrial estates closer to the CBD. Aside from location, other key drivers of value for these types of property include age of construction, floor area and quality of specification.

Recent sales of similar leased properties around Perth indicate market yields tend to range between 5.50% and 7% with variation in yield largely a function of age and quality of improvements, location, quantum of value and nature of lease covenant.

A plethora of options exists in Perth's southern suburbs including Cockburn Central, Bibra Lake, Forrestdale, Canning Vale and O'Connor. Suburbs such as Wangara and Malaga in the north are not in short supply either plus there remain recent additions to the marketplace in the newly developed Tonkin Highway Industrial Estate located east of the Perth CBD. Despite the prevalence of such developments, there is limited stock available for acquisition.

For both owner-occupiers and investors, newly constructed units also carry the added benefit of depreciation benefits, making modern units more sought after in the marketplace relative to older stock.

The local industrial property market is, arguably, at the peak of the sector's property cycle. Demand for entry-level stock has resulted in strong capital growth in the past 12 to 18 months. Market rental rates for such assets have also shown pronounced uplift over this period. The clear lack of supply in the market, especially for contemporary built-form facilities, is likely to hold the key to the sustainability of the industrial market performance for the remainder of the year.

Greg Lamborn
Director

Northern Territory - Industrial 2023

Darwin

The Darwin industrial property market is dominated by smaller scale property providing domestic services to the Greater Darwin area. Darwin's original industrial precinct was centred around Winnellie and Berrimah but has expanded to Pinelands and Holtze with some larger, older style property, Tivendale and Wishart accommodating newer subdivisions and Yarrawonga adjacent to Palmerston CBD. There is also a small industrial area further out on Spencely Road at Humpty Doo.

Larger scale property is mainly located in the East Arm Logistics Precinct, close to the Port of Darwin, the terminus of the Darwin-Adelaide rail line and with road train access to the Stuart Highway (via Tiger Brennan). There are relatively few entry level opportunities in this area.

Demand for smaller scale property has come almost exclusively from owner-occupiers or their related superannuation funds. Investors are not particularly attracted to this market segment due to inadequate yields, because rents have been suppressed by the ready supply of vacant space and also vacant land. The risks perceived by such investors, even on a small scale, have seen them largely absent from the market.

A relatively high proportion of current industrial property sales involves tenants taking advantage of the opportunity to purchase their premises, with loan payments not that much higher than their current rent payments, despite rising interest rates.

It is difficult to envisage more than a modest improvement in market conditions for smaller scale industrial space in Greater Darwin. Demand could rise due to one of several mooted major projects going ahead. If this does occur, then the oversupply of vacant land means that developers could soon construct small scale strata units to satisfy that demand.

Terry Roth
Director

A relatively high proportion of current industrial property sales involves tenants taking advantage of the opportunity to purchase their premises, with loan payments not that much higher than their current rent payments, despite rising interest rates.

Residential

August 2023

National Residential Overview

The residential property market is affected by the same macro-economic factors across the country. Anyone needing to borrow money to purchase a property will be facing the challenge of higher mortgage repayments. Although there has been a pause in cash rate adjustments by the Reserve Bank (after twelve increases), inflation remains well above the target rate and further changes to the cash rate can't be ruled out.

If you are a purchaser of vacant land, this is only one of several challenges. Construction costs have increased well above CPI, so once you have purchased the land to build your dream home, you need to find a builder who can construct it at a reasonable cost and in a reasonable timeframe. You will also need to live somewhere during construction and for many this means renting a home at a time when most markets are seeing significant rent increases. If you already own a home, your mortgage repayments will have been increasing. And then we are back to where we started – even though the rate of inflation is coming down, consumer prices are still going up and the general cost of living continues to present its own challenges.

So what does this all mean for the residential vacant land market and, in particular, land prices? As always, the answer to this question highlights the diversity of residential property markets in Australia and, in many cases, the resilience of those markets.

Land in master planned large subdivisions is potentially more affected by cost pressures. By their very nature, these subdivisions create a significant supply of residential blocks. Where these subdivisions are designed to increase the availability of housing at the lower end of the price scale, potential purchasers are more likely to be borrowing near the limit of their ability to service the loan and may be more affected by cost constraints. This can impact the volume of land sales and prices. An example from Rosemeadow in Sydney is a 546 square metre site that sold for $640,000 in January 2022 and resold in April 2023 for $580,000.

The demand for vacant residential land in established suburbs is still sufficient to offset cost pressures, due to the comparatively restricted supply of such sites. One such example is a 200 square metre block in Richmond (inner Melbourne) that sold for $1.34 million in February.

Downward pressure on the value of vacant residential land in rural living areas has been counteracted in many locations by a shortage of supply. These areas became popular during COVID and have remained so due to the lifestyle benefits of working from home. In many such areas the supply of vacant land with a dwelling entitlement is fixed – the zoning will not allow for the creation of more lots by subdivision. When such a residential block comes on the market, it is often sought after by many potential buyers whose competitive bidding results in short marketing periods and firm prices.

All of this is affecting buyer behaviour and some buyers are weighing up the costs and uncertainty of building and making the safer choice to purchase an established dwelling. Other buyers are purchasing land and waiting to build later, in the hope that construction costs will eventually fall. Whatever they choose to do, all potential buyers of vacant land are well advised to thoroughly research the market and building costs to make sure they can fund the construction project.

Kevin Brogan,
National Director,
Group Risk and Compliance

The demand for vacant residential land in established suburbs is still sufficient to offset cost pressures, due to the comparatively restricted supply of such sites.

National Property Clock: *Houses*

Entries coloured orange indicate positional change from last month.

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

Cairns
Emerald
Geraldton
Gladstone
Kalgoorlie
Mackay
Port Hedland
Whitsunday

Burnie/Devonport
Gold Coast
Launceston
Shepparton
Sunshine Coast

Esperance
Karratha
Perth
Rockhampton
South West WA
S'thn Tablelands
Townsville

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

Sydney

Central Coast

Geelong
Illawarra
Melbourne
Southern Highlands

RESIDENTIAL

National Property Clock: *Units*

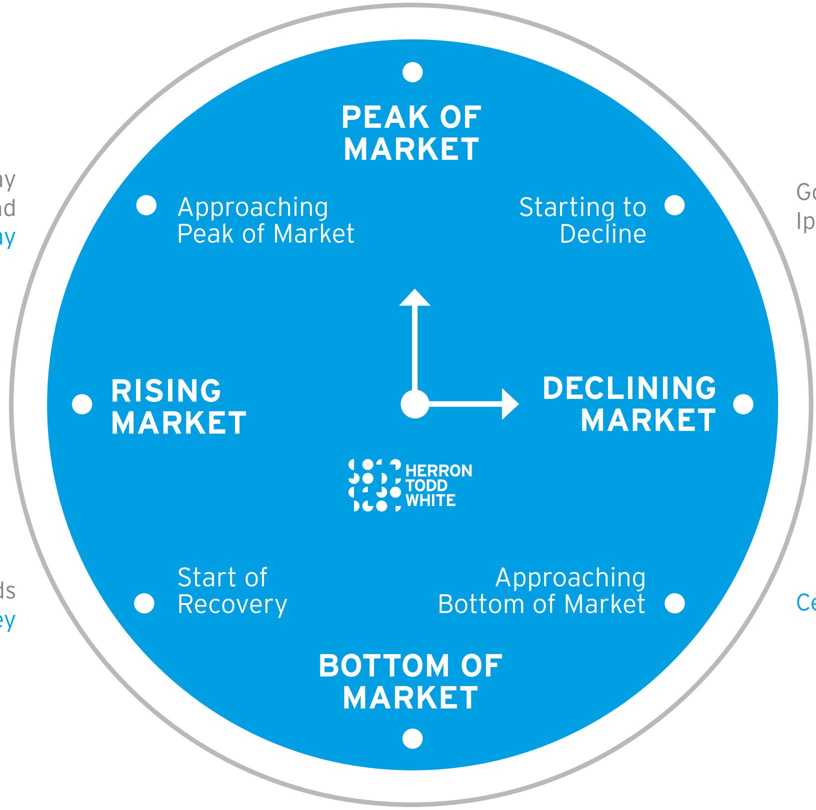
Entries coloured blue indicate positional change from last month.

Adelaide
Adelaide Hills
Albany
Alice Springs
Barossa Valley
Bathurst
Brisbane
Broome
Bundaberg
Burnie/Devonport
Fraser Coast
Mildura
Mount Gambier
Shepparton
Tamworth
Toowoomba

Emerald
Gladstone
Kalgoorlie
Mackay
Port Hedland
Whitsunday

Gold Coast
Ipswich
Launceston
Sunshine Coast

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



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

Southern Tablelands
Sydney

Central Coast

Geelong
Illawarra
Melbourne
Southern Highlands

HERRON TODD WHITE

New South Wales - Residential 2023

Sydney

After a couple of years of very strong growth, vacant land in new estates in Sydney's north-west and south-west growth corridors generally saw a decline throughout 2022 and into 2023. Increased building costs, defaulting builders and a significant increase to the cash rate over the past 12 months have significantly impacted demand for this product.

There were however some exceptions to the rule with some developments seeing growth through this period, while vacant land in established areas remains rare and highly sought after when they do become available. We do expect demand for vacant land to strengthen over the short to medium term as building costs moderate, interest rates move through the peak of the cycle and population growth continues through higher-than-average immigration rates.

North Western Sydney

Western Sydney buyers in the market for land will have to venture around the north-west and south-west growth corridors for their best chance of new land. Suburbs such as Box Hill, Marsden Park, North Kellyville and out to North Richmond in the north-west to Leppington, Oran Park, Austral and Catherine Field in the south-west offer a number of fully serviced blocks ready to build your dream home on.

Aside from resales, the supply of new land is mostly controlled by larger developers drip feeding lots to ensure demand remains high. This has resulted in strong price growth over the past 12 to 18 months.

As the market improved we found many families were deciding to move further west and buy land and build rather than continue to be outbid at auctions as the market was red hot. As the wider market cooled, so did land prices with higher interest rates, inflation and the soaring cost of building resulting in a reduction in demand for land.

It appears that demand has not completely disappeared with some solid results for land occurring throughout the north-west.

A recent example includes 40 Pridham Avenue, Box Hill, a slightly irregular shaped inside lot of 343 square metres with a 10-metre frontage selling for $700,000 in June 2023 after transacting for $600,000 in July 2022. This represents a 16 per cent uplift over 12 months and a rate of $2040 per square metre.

40 Pridham Avenue, Box Hill Source: realestate.com.au

Another sale on the same street was 93 Pridham Avenue, a regular shaped inside lot of 251 square metres with a 13 metre frontage selling for $590,000 in June 2023. This reflects a rate of $2350 per square metre.

For more value, buyers can head further west to North Richmond where 23 Irrigator Drive recently sold for $735,000. This block was 612 square metres with a 16 metre frontage and reflects a rate of $1200 per square metre.

23 Irrigator Drive, North Richmond Source: realestate.com.au

Moving forward, the future for land in Western Sydney is a pretty safe bet. Combining the high level of government infrastructure being spent in the region and the lack of new housing, master planned estates will continue to be popular as they offer a one stop shop for residents with schools, shops and parks all forming part of the plan.

Moving forward, the future for land in Western Sydney is a pretty safe bet.

The only issues that can derail these estates are a large volume of supply hitting the market, further increases to building costs and sharper inflationary pressures. Regardless many people still prefer living in a new home; like the rest of us, they will just have to scale back their plans to suit their budget or buy a smaller block further away.

South Western Sydney

This time last year we reported on the impressive gains in the vacant land market, however we move forward to the present day and incredibly this market has done a 180-degree turn.

For years the south-west vacant land market has been a strong investment, however this market has been the hardest hit of all property markets mainly due to the cost of construction with buyers seeing completed homes as a better and safer value option.

We have seen off-the-plan purchases fall off a cliff due to builders not willing to commit to locking in building contracts until the land is registered which creates hesitancy for buyers as they don't know the total outlay required to buy and build their dream home.

We don't want to sound like alarmists but sale knock backs have become a bigger issue due to a weakening market. While the interest is still there, people need to be more prudent than ever and do their homework before buying land – look at recent sales and not just within your development but within the local area, speak to local agents not affiliated with the development, research building costs and make sure you feel confident that you can comfortably fund the project.

The following is a small snapshot of sales that could go for pages and pages that show the declining land values in the last 12 months.

In Leppington, 18 Gaudry Street, a 450 square metre vacant land site, sold in April for $856,000 after selling for $900,000 a year earlier, representing a five per cent decline in value. This is still well above the original purchase of the lot in October 2020 for $495,100.

18 Gaudry Street, Leppington Source: CoreLogic

In Rosemeadow, 42 Illyra Street, a vacant site in a new estate, sold for $580,000 in April. The 546 square metre lot previously sold in January 2022 for $640,000, representing a nine per cent decline over the period between sales. In Camden, a vacant site at 11 Mitchell Street sold for $850,000 in May, 4.5 per cent below the $890,000 it previously sold for in November 2021.

Northern Beaches

New land releases have become increasingly rare, as Warriewood and surrounding precinct projects (Ingleside and Frenchs Forest) have either been cancelled or are focusing on denser living opportunities in the form of unit complexes, townhouses and attached housing.

One of the final housing estates in Warriewood is a project known as Kailani by Meriton. This 22-lot residential subdivision is located at 2 Macpherson Street, Warriewood and consists of a mixture of vacant sites and house-and-land packages.

Lots range in size between 224 and 388 square metres, although a majority of the development has been sold. Vacant land in the estate is priced from about $1.78 million and the last remaining blocks range between 254 and 259 square metres, equating to about $7000 per square metre of land.

Kailani, Warriewood Source: Domain

Outside of Warriewood Valley, land availability will typical occur in the form of knock-downs in established suburbs or the rare two to three lot subdivision.

35A Queens Avenue, Avalon Beach sold in April 2023 for $950,000 and comprises a battle-axe shaped, moderately sloping, 954 square metre parcel of land offering filtered Pittwater views. The site sold previously in March 2021 for $1.29 million. The site would be difficult to develop and this has unfortunately been exacerbated by the challenging construction industry climate, placing downward pressure on value levels.

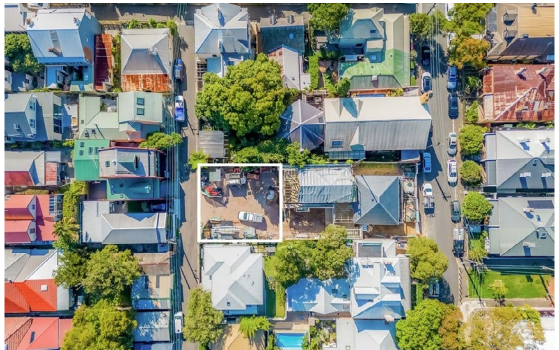
Another example is 6 Fabian Place, Mona Vale, selling in March 2023 for $1.9 million. Situated in an established area, the site comprises a slightly irregular shaped, easy sloping, 745 square metre parcel of land affording a north-east aspect. The sale represents a more traditional block of land that would appeal to families looking to building a conventional home in an established suburb.


6 Fabian Place, Mona Vale Source: realestate.com.au

Inner West

Vacant land in the inner west of Sydney is a scarce commodity. In regard to suburbs within the Strathfield, Burwood and Canada Bay Local Government Areas - which are largely unaffected by heritage protections - sales of dilapidated and dated homes generally reflect their land value and are generally demolished for the construction of new homes.

The last sale, and only sale, of a vacant parcel of land in the inner west occurred in Balmain, which comprised a brownfield site and sold with


2C Waite Avenue, Balmain Source: realestate.com.au

development approval for the construction of a single dwelling house. The original parcel of land was a dual access block, with the original dwelling maintained on the front lot and the outbuildings demolished and cleared, which represents the sale at 2C Waite Avenue, Balmain. The sale occurred in May 2023 for $2.5 million. The parcel comprised an approximate 255 square metres of land which reflects $9804 per square metre of land area.

Further west in the well-regarded suburb of Strathfield, new, large, substantial and luxurious homes are a popular choice amongst buyers. As such, sales of older homes generally reflect land value. 39 Augusta Street, Strathfield sold in June 2023 for $3.36 million. The property comprises a post-war era 1950s home with DA approval for a new, substantial tri-level dwelling on an approximate 632 square metre parcel of land. The sale reflects $5316 per square metre of land area.

39 Augusta Street, Strathfield Source: realestate.com.au

Underlying land values have followed the wider market, with definite increases observed in prices over the course of February 2023 to July 2023. This correlates with the general lack of listings for sale on the market during this time period and is further fueled in well-regarded areas such as Balmain and Strathfield, given the scarcity of listings in the higher end, established, modern prestige home market. These allotments are generally viewed as a gateway into the prestige market by the majority of buyers in this price bracket. Additionally, greater stability in the general construction industry over the course of the past six months has also improved sentiment in this market.

Inner Sydney

Within Sydney's inner city, vacant land sites are few and far between, often tightly held by neighbouring owners and seldom coming to market. Those that do come to market are typically larger blocks that have been subdivided and are known as infill sites. Inner city living is popular with many demographics for many reasons including lifestyle, education and employment and therefore demand for housing is consistent. However, properties within the inner city can be older in style and built for the lifestyles of yesteryear and may not always have broad market appeal today. For example, they may not have ensuites or modern electrical capabilities and as such there is a segment of the market that seeks vacant blocks to build a new home, or extensively renovate or rebuild a run-down dwelling.

Inner city renovations and construction are often time consuming and difficult due to narrow access, busy roads and surrounding developments. As a result they are often expensive projects to undertake and this makes the newly built product highly desirable within the market place, often attracting a premium.

The most recent vacant land sale within inner Sydney was 22 Martin Road, Centennial Park which sold on 6 March 2023 for $11 million. This is a 784 square metre block in a very prestigious section of the suburb of Centennial Park, originally part of a double block belonging to the neighbouring property. Enquiries of the City of Sydney Development Application Tracker do not show any lodged applications for construction at this stage.


22 Martin Road, Centennial Park Source: realestate.com.au

At a more affordable price level, 342 South Dowling Street, Paddington, a very dilapidated three-bedroom, one-bathroom property on 101 square metres in a busy but sought-after position sold on 17 May 2023 for $1.525 million. Renovated properties on similar blocks along the street have sold for $2 million to $2.5 million, although it is important to consider the scale of work required on a property of this age as well as difficult access from a busy road with no rear lane. Enquiries of the City of Sydney Development Application Tracker do not show any lodged applications for construction at this stage.


342 South Dowling Street, Paddington Source: realestate.com.au

The demand for vacant blocks within the inner city is closely tied to the demand for the completed product, being new and renovated dwellings, with many agents regularly reporting that modern and well-renovated properties are highly sought after by busy inner-city professionals.

Eastern Suburbs
The eastern suburbs do not generally have many traditional vacant land sites, although when these sites are listed, they are in high demand, sell quickly and for strong price points (especially if unencumbered).

We think that if construction costs continue to rise, this may impact the desirability of builders to develop, which may cause a higher supply of vacant land sites to become available. Historically, a change will come as higher interest rates put pressure on businesses to stay competitive. The Australian Bureau of Statistics indicates 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. This will hopefully result in the cost of materials and labour coming down. In saying this, profit margins on brand new builds continue to maintain strength in a testing and uncertain market period.

A recent example of the market still performing well at the lower end price point is 9 Leonard Avenue, Kingsford which is a vacant block (446 square metres) which sold in July for $2.91 million.


9 Leonard Avenue, Kingsford Source: CoreLogic

The fact that there are very limited vacant blocks available maintains demand and a strong price point in this market. We further note that there is only one residential vacant land property currently on the market in the eastern suburbs at the time of writing (excluding larger scale development sites). The site at 25 Smith Street, Eastgardens, on 486 square metres of land and with CDC plans for a five-bedroom home, is listed for sale through McGrath Maroubra.

Southern Sydney
Land in the Sutherland Shire is scarce and when it comes up for sale either via a dwelling being demolished or subdivision, sells quickly. However in recent times since construction costs have skyrocketed, land sales seem to be taking a hit in value especially if the land is not level.

We think that if construction costs continue to rise, this may impact the desirability of builders to develop, which may cause a higher supply of vacant land sites to become available.

RESIDENTIAL

HERRON TODD WHITE

Whilst there have been some land estates released to market over the past decade in suburbs such as Greenhills Beach and Barden Ridge, there have not been any recent releases. The last vacant land sale in the Sutherland Shire was in November 2022 of a C2 zoned site on which no residential or other buildings can currently be built.

Those looking to build a new home therefore need to look at dated homes ready for renovation or knockdown and rebuild. One such recent example is 228 Forest Road, Gymea, which sold for $1.542 million in June. The property comprises a dated single level fibro home with two bedrooms, one bathroom and detached single garage on a 667 square metre allotment with a 12-metre frontage.

228 Forest Road, Gymea Source: CoreLogic

In the Canterbury-Bankstown region there have been a few more vacant land sales in 2023. These include a 556 square metre vacant site at 15 Colechin Street, Yagoona, which sold for $1.01 million in April. Vacant land at 67 Robertson Road, Bass Hill sold for $1.5 million in June, comprising 1069 square metres of land with development approval for two freestanding homes with granny flats. A third vacant land sale was at 6 Usher Crescent, Sefton, for $1.3 million in July. The land size is 898 square metres with development approval for a dual occupancy.

67 Robertson Road, Bass Hill Source: realestate.com.au

Dual occupancy sites generally saw weakening demand throughout 2022 and into early 2023 as increasing build costs and falling property prices often made new projects unviable. As building cost increases continue to moderate and property prices continue to recover, we expect these sites to be more in demand in the medium term, particularly when interest rates begin to fall again.

Shaun Thomas
Director

Lismore / Casino / Kyogle

"Surely there's a way I could acquire this land
Only in the past lie the tears
Surely there's a day I can say, I bought that vacant lot today
Some illusion to keep it through the years
Only if I tried could I repay the debt at that rate
Nothing of the funds can be shared
Only could I try to get by on a sigh
Just because, just this once, it was mine"

Vacant land. That one ingredient that begins the journey of building that investment vehicle or stepping stone property to something better or even a forever home. The mystery of a plot of land isn't a problem to solve, but a reality to experience.

Demand for land in these parts has been a rollercoaster of activity over the past five years. There was a time when people camped out on the site for the auction arranged on the following day for the first stage in a new estate and prices continued to bounce upwards as prospective purchasers pounced on the offerings like a pack of yapping jackals high on Berocca. Now...things have become much more sedate.

To be sure, the land is still in demand... it's just not selling within a week or two. Give it two or three months.

Lismore City is currently blessed with a number of residential estates which are expanding and providing an adequate supply of residential lots for the market, particularly within the suburb of Goonellabah where most of the activity is taking place. These include Eastwood Estate, Mt Pleasant Estate, Waterford Park, Hidden Valley, Valley View Estate and Sanctuary Hills Estate. However, whilst the supply is still there, the demand has softened within the past six months. Why? The combined punch of a rise in interest rates and the ongoing increase in building costs has had a dampening effect on the number of owner-occupiers looking to upgrade. Expect sale price levels to range around the $375,000 to $450,000 for cut, levelled and retained allotments which afford views and ease of building envelope. The more sloping lots tend to figure around $250,000 to $350,000 depending on steepness.

There seems to be little appetite for infill lots for the simple reason that there is really no supply.

The demand for land in Lismore City, Casino and Kyogle is relatively subdued and with interest rates at much higher levels compared to a year ago, it is likely to stay that way for the short to medium term.

Whilst Lismore City has a 400 square metre minimum lot size, there are not too many corner or level lots with a land area greater than 800 square metres that don't have a dwelling already plonked in the middle of them. Further west, regional towns such as Casino are at a pivotal point. There is or soon will be a genuine lack of residential lots available for sale. It is unclear as to the reason for the lack of developer interest as the demand from the general market appears to be relatively stable, particularly as the price level for a similarly level lot is substantially lower than the prices achieved in Goonellabah. The remaining blocks from the latest residential land estate have sold and even had some resales not long after which pushed the price level from $200,000 to $220,000 to $280,000 in the space of six months (December 2021 to June 2022). But now there is nothing available, apart from a handful of lower lying blocks in town which have been available for over 12 months with little interest shown.

Finally, Kyogle found itself in a similar predicament two years ago, but thankfully new residential lots have come on stream in the past 12 months, being the extension of the Mayfield Estate on the far north fringe of the town. Sale prices are now hitting the $230,000 to $250,000 mark compared to the initial stages about two years ago when the price was closer to $125,000 to $150,000. There are other small pockets of development in the satellite suburb of Geneva, approximately three kilometres west of Kyogle, but nothing of significance has sold in recent times.

One of the bright spots on the land market for Kyogle is the interest expressed in the vacant rural residential estate known as Kyogle Views on the south side of the town off Runnymede Road where resales of vacant lots have achieved around $280,000 to $310,000 compared to around $230,000 to $250,000 a year earlier.

In summary, the demand for land in Lismore City, Casino and Kyogle is relatively subdued and with interest rates at much higher levels compared to a year ago, it is likely to stay that way for the short to medium term.

Vaughan Bell
Property Valuer

Clarence Valley

Across the Clarence Valley the general easing of market trends has seen a noticeable decrease in land sales. Whilst some data isn't yet showing a decline in land sale values, locations such as Gulmarrad, Yamba and Maclean are recording sales below the level set at the end of 2022. Additionally, the rate of sale and recorded level of buyer enquiry is severely reduced and time on market extended.

In terms of rural land, there appears to be less momentum given raised building and associated costs. However, a number of these purchases are still turning over given the genuine demand for rural or income producing stock land.

With a number of residential estates commenced either pre or during the COVID pandemic due to come to fruition, there may be perfect conditions for an oversupply of this type of land and reduced asking prices to ensure a relatively quick take up.

While by no means is land considered a poor investment, it is certainly a time to be frugal and consider all associated costs and a longer term or holistic approach.

Caitlin Davies
Property Valuer

Coffs Harbour

The general slowing of the market has also had an impact on vacant land; gone are the days when we were seeing buyers backed up for what little available land was for sale. Although there is still not an abundant supply of available ready to build land within the region, local agents are reporting modest enquiry rates with downward pressure on values. The main cause of this is building costs remaining high whilst the market softens as a result of increasing interest rates. Therefore, as the values for the existing built product reduce and the cost to build stays high, the pressure is then placed on the underlying land value to also reduce in line with market pressures.

From a valuation perspective, if the land values remain at the higher level and build costs are what they are then the resultant end value, (i.e. cost of land plus build cost) will exceed the actual assessed value of the property based on sales of existing built product. This may then cause considerable issues when trying to secure a loan from a financial institution. We are already seeing this scenario play out for owners who purchased land 12 to 18 months ago and are now looking to build.

As far as availability of land, the Domain website shows 72 lots currently for sale within Coffs Harbour of varying size and contour, however

HERRON TODD WHITE

generally speaking, standard residential lots range between 400 and 1000 square metres with average asking prices in the $375,000 to $500,000 range, showing average rates per square metre of between $700 and $1000. Moving north along the beachside suburbs to Woolgoolga, Domain lists a further 87 properties for sale, again varying significantly in size, contour and price with the standard residential lots east of the highway listed in the $475,000 to $700,000 range.

To the south of Coffs Harbour there are approximately 30 lots available in the Sawtell Commons Estate at Bonville, being level sites from 450 to 650 square metres at values ranging from $480,000 to $680,000. This shows around $1000 to $1100 per square metre of land and represents the highest price per square metre for land within the location.

Sawtell Commons Estate, Bonville   Source: realesate.com.au

Looking to the west, the Bellingen Shire also has several new estates on the market being Taylors Rise north-west of the town centre comprising 42 lots currently under construction ranging from 600 to 1627 square metres at prices from $435,000 to $550,000 in the first two stage releases. A little further down the road sees the opening of the latest stage of McCrystal Drive, Bellingen with all lots having an asking price of $390,000 for varying sizes of 602 to 1947 square metres.

As can be seen, there is very little land for sale under $350,000 within the region. If you are looking for the more affordable locations then you will need to travel a little further afield to the picturesque hinterland area of Dorrigo within the Bellingen Shire were you can purchase land for under $300,000. The Hinterland Estate has 17 lots recently completed ranging from 627 to 3587 square metres and asking prices from $240,000 to $300,000. The positive aspect of the Dorrigo area is the announcement of a major infrastructure project, the upgrade of the Dorrigo Arc Rainforest Centre and Dorrigo Escarpment Great Walk in Dorrigo National Park. This is a $56.4 million planned upgrade to the existing centre to provide a world-class tourist attraction which will provide job opportunities in the medium to long term. Like most major infrastructure projects of this nature, it will only benefit the local economy which results in increased demand and long term property prices.

To sum up the vacant land market, it's much like the other market sectors, slow but steady with potential for negotiation and as the building industry also slows, more opportunities to build the dream home will arise.

Grant Oxenford
Director

Newcastle

The Greater Newcastle and Hunter Region has been a popular location for buyers for quite a number of years due to the relatively low values in comparison to the more expensive Newcastle city suburbs. As land becomes scarce in the city, the outer fringe is the place to look at currently for land buyers.

Historically, suburbs such as Fletcher, Cameron Park, Chisholm, Thornton and Gillieston Heights started the most recent boom for vacant land sales with later additions in Cliftleigh and Medowie becoming popular. As the desire to create more housing, semi-rural locations have replaced the more established areas for the creation of land sales including opportunities at Farley, North Rothbury, Heddon Greta, Cessnock and most recently Buchanan.

The peak of the market in late 2021 and early 2022 saw plenty of growth for off-the-plan purchasers with many investors seeing good returns for their early commitment with some deciding to cash in without laying a brick. As economic changes started to take effect in mid 2022 coupled with difficulties in the building industry around the availability of trades and materials, the desire for land started to require more thought and care. Many off-the-plan purchasers in 2021 have now fallen foul of the troubles in the building industry due to early signing of build contracts only to find variations for building costs taking effect due to the time delay between the agreement to build and actual construction. In some cases, build costs have increased 10 to 20 per cent, not always budgeted for by the landowner.

As these effects become more noticeable, potential buyers are starting to think twice about purchasing land, especially 18 months in advance with many agents now reporting difficulty marketing large sub-divisions in areas particularly desirable for investors. One recent experience was in the Heddon Greta / Buchanan corridor where the suburbs will be joined by an interconnecting subdivision at Averys Rise. In mid 2022, vacant land equated to circa $700 per square metre however the most recent vacant land sales equate

Whilst demand for vacant land has reduced over the past 12 months, it is considered a short-term delay rather than the end of the cycle.

to circa $620 to $640 per square metre due to a declining level of interest. As these sales are analysed for dwelling and duplex construction, the common outcome is an over capitalisation due to the increasing build costs alongside falling vacant land prices.

The more established owner-occupation led subdivisions such as Louth Park, Cameron Park and resales at Fletcher have relied heavily on growing house prices to prevent over capitalisation generally with many of the land sales being on short turnarounds for construction, effectively reducing the risk of over capitalisation.

In contrast to the outer lying areas, inner city land is scarce and highly desirable including knockdown and rebuild opportunities. Available land can achieve inflated prices due to lack of supply and good levels of demand provided the pricing is right for the area and having regard to the potential development value.

Development land for multiple dwellings currently has limited demand due to economic factors such as high interest rates, rising build costs and material shortages. Whilst these sites have been very popular over the past five years, the cycle is at a pause until these factors reduce their impact on profitability.

Whilst demand for vacant land has reduced over the past 12 months, it is considered a short-term delay rather than the end of the cycle as demand for housing will continue and house price growth will recover when economic factors have less impact on everyday life. The issues in the building industry regarding lack of trades and material shortages will slowly recover over time to bring more stabilisation to build costs which will reduce the risk of cost variations between build contracts and construction commencement.

Over time, vacant land has always been highly desirable to build a dream home or create a good investment and as the current issues settle, demand will return.

Darren Sims
Property Valuer

Central Coast

The Central Coast has a multitude of land release estates, many in their second and third stages. The northern areas such as Warnervale, Crangan Bay and Gwandalan offer average sized blocks from around 400 to 850 square metres with easy access to the M1 freeway. Other northern areas such as Hamlyn Terrace, Woongarrah and Wadalba are selling smaller blocks with proximity to schools and shopping.

These suburbs are not limited to single estates either as Hamlyn Terrace is releasing land through the five separate areas of Cedarwood, Hamlyn Grove, Magnolia, Jacaranda and The Vale on Virginia estates. Warnervale has four separate estates running - Rosella Rise, Ivory, The Meadows and Honey Myrtle estates as does Woongarrah with Summerlands, Madison Rise, Ridge Park and Hilltop Park estates. These residential land estates are selling off the plan from the low $400,000s to mid $600,000s.

The central areas such as Glenning Valley offer land in the next upper price point from $600,000 in an estate known as The Glades.

When we look to the southern areas of the central coast, limited vacant land is available due to this area being well established. Commonly, older style housing occupying sought after locations are demolished to make way for brand new housing in the form of a replacement dwelling or even higher density development such as villa, townhouse and low rise unit complexes. Two examples of vacant blocks sold recently in Avoca Beach and Umina Beach can be seen below, both with ocean views. 26 Onthonna Terrace, Umina Beach is a 585 square metre steeply sloping block which sold for $900,000 in February with the potential for spectacular ocean views. 4 Surf Rider Avenue, North Avoca was a similarly sloping 569 square metre block which sold for $850,000 in January with the potential for good ocean views from a second level as seen below.

26 Onthonna Terrace, Umina Beach Source: CoreLogic

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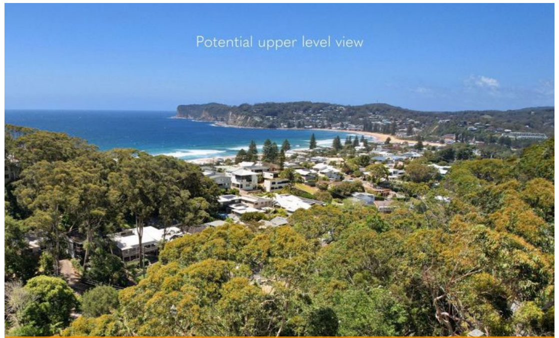


4 Surf Rider Avenue, Avoca Beach Source: CoreLogic

Resales of vacant land in newly formed residential estates are not seen very often, however in recent times we have seen a growing number of vacant land blocks going back on the market for sale once the estate has been developed and registered. The changing market sentiment can be traced back to the changed economic climate over the past few years with construction costs escalating and interest rates rising, putting loan serviceability at risk for people who bought off the plan prior to the current economic cycle. Some resale examples include 28 Watergum Road, Woongarrah, a 614 square metre block that sold for $600,000 in February and 12 Childers Circuit, Wadalba which sold in February for $473,000.


28 Watergum Road, Woongarrah Source: CoreLogic

12 Childers Circuit, Wadalba Source: CoreLogic

Developers always keep a keen eye on the local market and availability of land to develop. One savvy developer acquired a site in June for $3 million at 37 Avoca Drive, Avoca Beach, considered a dress circle location with an approved DA for four luxury townhouses.


37 Avoca Drive, Avoca Beach Source: CoreLogic

Another sale that attracted the interest of developers was 25 Webb Street, East Gosford. An older style cottage currently exists on site, however sitting on 1005 square metres and surrounded by villa and townhouse complexes, the opportunity to develop couldn't be missed. The property was sold in June for $1.668 million.


25 Webb Street, East Gosford Source: CoreLogic

Finally, for the readers who enjoy something a little out of the ordinary, I ask you first, what would you expect to pay for a block of land in a beachfront location in Pearl Beach? If you are unsure, please read on. The sale of 36 Coral Crescent will give you an idea with the land selling in December 2022 for $6.2 million. Now most of us would assume a house is included, however as the image demonstrates below, you get a piece of beach, beside the beach.


36 Coral Crescent, Pearl Beach Source: CoreLogic


Todd Beckman
Associate Director

HERRON TODD WHITE

Tamworth

Land in the regional centre of Tamworth, north-west New South Wales has historically been available by way of measured and staged land releases and occasional zoning changes within local government. Local and medium size regionally-focused developers have dominated the residential vacant land market in the past 10 years, with larger corporate (entity) developers entering the Tamworth residential development scene in the past five years.

Demand for vacant land has generally been driven by the residential new home construction, relative affordability of vacant land prices and competitive new home construction market. Currently, the vacant land market is considered stable, with a large decrease in sales transaction volumes apparent within the Tamworth postcode of 2340 for residential vacant land sales. This significant decrease has largely been due to the exodus of tree changers/out-of-town buyers/investors within the local markets. Whilst sales volumes have dropped, sale prices have remained stable and, in some cases, reflected slight increases in value from the previous calendar year, indicating that there is relatively constant local owner-occupier buyer demand within Tamworth.

Locations within Tamworth that provide the majority of vacant land stock include the North Tamworth and Moore Creek area. Estates such as The Meadows and Windmill Hill in North Tamworth and Eagle View and Moore Creek Gardens in Moore Creek offer vacant land sites ranging from 700 up to 4,000 square metres. The North Tamworth precinct (including North Tamworth, Moore Creek, Upper Moore Creek, Daruka and Hallsville) has been the largest and fastest growing residential area in the Tamworth area for the past 10 years. The area still has a number of land releases within existing residential estate developments and englobo land sites to develop. The location offers a range of standard building blocks up to low density rural residential land sites with elevated, panoramic views. Land prices range from $199,000 up to $450,000 in this particular area.

Other areas of notable mention with residential land available include The Outlook, Calala and The Peak, Hillvue.

Calala has had a number of residential developments perform well historically, with the majority of residential estates being fully developed and almost built-out in the past 12 months. The Outlook at Calala is the last remaining vacant land development with substantial future releases.

The extension of the of The Peak estate provides a controlled release of residential vacant land sites with golf course frontage (to the Longyard Golf Course), whilst offering common property amenities including indoor swimming pool and gym facilities.

Overall the vacant land market is steady in the Tamworth area. Sale prices in the area are relatively affordable in comparison to other similar regional New South Wales areas. We expect that vacant land prices will remain relatively stable in the next six months leading up to the end of year period. The market will largely by influenced by the construction industry as it continues to work through supply chain issues and a backlog of new home project commitments. Vacant land releases have been slowed with new stage construction delayed for some of the existing residential developments and selling periods (days on market) of existing, ready to build stock increasing.

Nick Humphries
Property Valuer

We expect that vacant land prices will remain relatively stable in the next six months leading up to the end of year period.

Illawarra

Urban development in the Illawarra is significantly constrained by its geographical attributes with the escarpment to the west and ocean to the east. There are a number of identified growth areas for new housing. The majority are within West Dapto, Calderwood, Tullimbar, Shell Cove and Kiama. These areas have a range of current and future proposed residential subdivisions ranging from piecemeal developments around Kembla Grange through to the major urban planning developments by Lendlease in Calderwood and the nearly complete Shellharbour City Council build around the Shell Cove Marina. Demand for land in these new estates is largely driven by the unavailability of land elsewhere in the Illawarra along with the other property market factors. Vacant land opportunities outside of these areas are very rare so if your dream is a new home, your options are usually to buy and build in a new estate, or purchase an older home in an existing suburb, knock it down, and rebuild.

Demand for land largely matches the wider housing market and vacant land values have skyrocketed during boom years with competition to buy land being tough, in some cases requiring winning a ballot to have the chance to purchase. However in slower or declining markets, a flood of resales compete with developer stock to cause an oversupply and values tumble. In the past 18 months there has been the added difficulty of increased construction costs forcing some land buyers to abandon their dream of building a home and returning their land to the market.

Values of 450 square metre lots in Wongawilli and Stream Hill currently sit between $550,000 and $600,000, approximately 10 to 15 per cent lower than at their peak and there are over 30 lots currently on the market either from the developer or as resales in the 2530 and 2526 postcodes. In Calderwood and Tullimbar, the bottom of the market includes smaller terraced lots under 400 square metres and current values for these sit around $400,000 with regular shaped level 450 square metre sites valued at around $500,000. Again there is also an abundance of supply with over 30 lots available for sale, with purchasers able to take their pick and find a vendor willing to meet their price.

Outside the growth corridors, vacant land remains in short supply. North of Wollongong, sales of vacant land in 2023 include a narrow sloping 900 square metre lot on Pass Avenue, Thirroul for $910,000 and a 480 square metre lot fronting Joyce Lane in Corrimal for $715,000. There are a number of small subdivisions with lots still available including four lots at 56 High Street, Thirroul and ten lots at McCann Circuit, Wombarra.

Chris McKenna
Region Director

Shoalhaven/Nowra

The vacant land market is considered particularly volatile and is facing uncertainty as we head into the second half of 2023 in the Shoalhaven region. Like other sectors in the market, the vacant land sector is being heavily impacted by the rising interest rates and increasing cost of living pressures. However an added pressure impacting the vacant land market is the continued flow on effects of the cost of construction factors as a result of post COVID-19 influences. Let's take a look at how the market is performing and where we think it might be at the end of 2023.

Many landowners who purchased land off-the-plan 12 months or so ago are advising that their original cost pricing by a builder has now increased substantially. Since COVID-19, the cost of construction has increased remarkably and the sourcing of materials and labour has been difficult. And while labour and material shortages are less of an issue now and the cost to build has plateaued in recent times, it is fair to say that a house built 12 months or so ago would now cost significantly more to build today.

Due to the uncertainty surrounding some builders' timelines and the current cost escalations being experienced, many vendors have been forced to resell their land as they cannot now afford to build the building contract they signed prior as the cost to build has increased.

The lack of supply of vacant land may be the key determining factor in counteracting some of the uncertainty surrounding purchasing vacant land. There is a limited number of newly completed subdivisions or future planned subdivisions in the Shoalhaven region apart from the new planned development in Cambewarra. This lack of supply might counteract the current negative connotations associated with purchasing land at the moment. However as we progress towards the end of the year we predict that due to the current high costs in the industry, vacant land values will be adversely affected as potential purchasers will prefer to buy a house and land than a vacant lot.

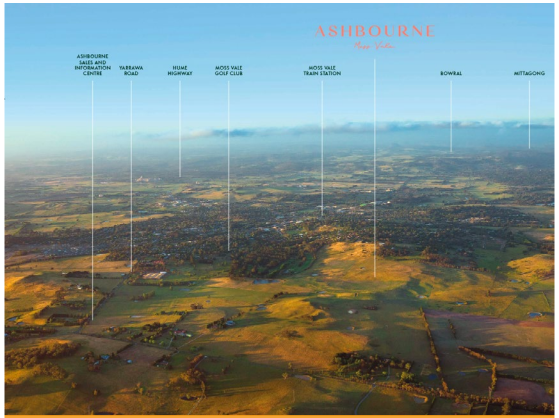
Joshua Devitt
Associate Director

Southern Highlands

The vacant land market in the Southern Highlands: a short-term lull or long-term investment? The Southern Highlands, encompassing Bowral, Moss Vale and Mittagong, has experienced a notable decline in major new subdivisions in recent years. This decline coincided with a significant increase in construction costs towards the end of COVID, leading to a reduction in overall demand. However, the strong demand for housing in the area and its identification as a government growth region suggest that this lull in demand may be a temporary setback.

The most recent significant land release in the region was the Ashbourne Estate in Moss Vale in 2021. This estate is poised to dominate the local market's supply of vacant land for years to come. Spanning a significant 124 hectares, the estate offers a range of lot sizes from 450 square meters up to 2,000 square meters. The demand for land in high-quality, master-planned estates stems from the scarcity of available land near the three major

The vacant land market in the Shoalhaven region is considered particularly volatile and is facing uncertainty as we head into the second half of 2023.



Ashbourne Estate, Moss Vale Source: ashbourne.com.au

hubs (Bowral, Moss Vale and Mittagong). Outside of these major hubs, vacant land opportunities typically consist of small, piecemeal developments that lack the green spaces, playgrounds, cycleways and other amenities customary in larger developments. With careful planning and timed releases, it is unlikely that the vacant land market in the Highlands will become oversaturated in the long term. This style of new estate remains highly sought after, especially in coveted areas like the Southern Highlands.

Construction prices are likely to continue influencing the demand for vacant land in the area. However, the Southern Highlands has a discerning clientele that typically demands a higher quality and level of finishes compared to neighbouring regions such as Shoalhaven or Wollondilly. The area's affluent demographic has prompted established project home builders to expand their reach from south-west Sydney towards Moss Vale and as a result they are erecting high-quality display homes to cater to the established local community and the steady influx of tree-changers from Sydney.

While the Southern Highlands experienced a decline in major new subdivisions and a temporary dip in demand due to increased construction costs, the long-term outlook remains promising. The area's continued attractiveness as a housing destination and its designation as a government-identified growth region suggest that the current lull in demand is likely to be short-lived. Moreover, the scarcity of vacant land near major hubs and the preference for high-quality master-planned estates among buyers contribute to the overall strength of the market. Although ongoing fluctuations in construction prices may impact demand, the Southern Highlands' affluent demographic and appeal to tree-changers from Sydney present favourable conditions for investment in the vacant land market in the longer term.

Kurt Bismire
Associate Director

Mount Gambier

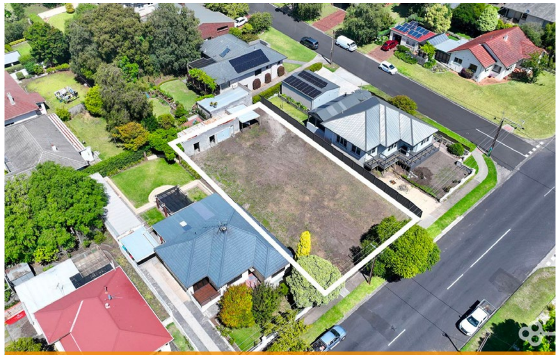
Vacant land across the Mount Gambier area performed strongly throughout 2022 with buyers still riding on the back of the government's Homebuilder grants. Demand was strong initially however, the start of 2023 has seen the market begin to stabilise due to the challenges of local building cost increases, interest rate rises and longer construction timeframes.

Most land sales are occurring on the fringe over the Mount Gambier city in Suttontown, Compton, Worrolong and OB Flat where a number of new land divisions have opened. Land sizes vary in these divisions with allotments from 600 to 1500 square metres in neighbourhood zone allotments and rural living size allotments from 3000 to 6000 square metres.

An example of a resale block in a rural living location is 18 Algernon Road, Compton. This block is located on the outskirts of the town in an area established between 2020 and 2022. The blocks in this area range from 3000 to 5000 square metres and the majority have a scenic outlook. 18 Algernon Road has a land size of approximately 3245 square metres and in 2022, sold for $140,000. It resold for $242,150 in April this year.


18 Algernon Road, Compton Source: realestate.com.au

In Mount Gambier we do occasionally have inner city blocks come to market in a variety of areas however they are generally from an established property that has been previously split or demolished. As they are inner city, we do see these blocks achieve strong prices due to their location. An example of a larger CBD allotment is 101 Crouch


101 Crouch Street South, Mount Gambier Source: realestate.com.au

101 Crouch Street South, Mount Gambier Source: realestate.com.au

Street South, Mount Gambier. This block is in a desirable location, located a stone's throw away from the town's largest tourist attraction, Blue Lake. Situated on 794 square metres, this block recently sold for $285,000.

In recent months, local agents have advised that vacant land enquiries have dropped off with many agents reporting the demand for the vacant allotments in most parts is not there compared to previous years. A number of divisions which saw all new land releases sell in the first few weeks are now seeing land sit on the market for months without much enquiry. We believe this is due to the uncertainty within the building industry, consistent interest rate rises and the general increase in the cost of living placing pressure on affordability. We expect the vacant land market to continue to slow with extended selling periods becoming more typical.

Adrian Castle
Director

Warrnambool

Demand for land in most estates has fallen away noticeably in recent months and it has been a common sight to see resales at losses occurring. Local agents report residential land as being the toughest product to move in spite of some very early signs of stabilisation appearing in this space.

These parcels are generally sought after by first time property purchasers and those looking to undertake a new build. To a lesser and more sporadic degree these parcels had been selling to entry level investors.

Land in the Logan's Beach Coastal Village estate has so far shown itself to be the exception with demand and values holding up.

2 Astbury Court in the Logan's Beach estate sold for $620,000 in early 2023 Source: CoreLogic

The sale of 5 Brebner Close, Warrnambool gives a good indication of the price point for an infill parcel within a desirable central locale. This parcel was the last available within the small pocket of higher end townhouses and sold for $370,000 on 1 June. The parcel is sloping with a relatively small building envelope offering some ocean glimpses from a two-storey build.

5 Brebner Close, Warrnambool Source: CoreLogic

Warrnambool is fortunate not to feature any points of major delay or access issues when travelling between the beach or CBD outward to the fringe low-density areas or the numerous satellite townships. Combine the ease of access and mix of land sizes, landforms and picturesque views on offer and it all makes for a very desirable segment of the market. While this segment has not been immune from recent softer market conditions, it typically performs well and we expect it to bounce back in robust fashion.

At the higher end of the price range, large parcels along the Hopkins River or featuring coastal frontage have been transacting well over the past 12 months.

495 Hopkins Point Road, Allansford Source: CoreLogic


87 Rodger Place, Bushfield Source: CoreLogic


9 McLaws Court, Winslow sold for $299,000 Source: CoreLogic

495 Hopkins Point Road, Allansford is a 16.15 hectare rural parcel with a broad section of river frontage which sold for $1.35 million in late January 2023.

Stepping down in price are the most established and well-regarded pockets of low-density lifestyle parcels in Bushfield and Woodford, both situated approximately 10 kilometres north of the Warrnambool CBD. 87 Rodger Place, Bushfield, a one-hectare parcel featuring larger established trees, made $610,000 in November 2022.

Smaller satellite townships such as Winslow generally feature greater availability of stock with far lower prices achieved. 9 McLaws Court, Winslow (3485 square metres) is a good example of a typical new parcel.


Adrian Castle
Director

Victoria - Residential 2023

Melbourne

Many factors contribute to the value of land including size, location and permitted use. Variations in these factors are why a small inner urban block may be comparable in price to a large rural acreage parcel. This month we will explore the different vacant land markets across our part of Victoria, assessing their performance and seeing what factors may be determining their market value.

East

Throughout Melbourne's east, we've observed great variation in the performance of land sales in recent times.

In the more affluent suburbs of Melbourne's eastern suburbs where land is at low supply and high demand, sale prices indicate strong performance which seems to defy any of the current adverse market pressures at play.

6 Grange Road, Kew, an 860 square metre vacant allotment, sold at the end of June for a staggering $4.35 million, or $5058 per square metre. Given its size, condition and zoning, the site has potential to be used for development.

For comparative reference, a nearby allotment of similar size at 62 Normanby Road, Kew, sold in May 2021 for $3.2 million, or $3827 per square metre.

These market defying trends have been observed across most property types in many of the affluent eastern suburbs.

Whilst the east is not typically known as a growth corridor compared to other parts of Melbourne, there are a number of new estates popping up on the outer urban fringe. Initial developer sales in 2021 saw instances of purchasers spending upwards of $1200 per square metre to secure an untitled lot in Lilydale's Kinley Estate, with parcels generally ranging between 300 and 600 square metres.

Recent sales of land in nearby established pockets of Lilydale and surrounds have demonstrated reduced sale prices despite very limited supply. The property at 7B Autumn Grove, Mooroolbark, a 500 square metre vacant lot, sold in late June for $535,000. This reduced demand for vacant land is likely attributed to rising costs and extreme uncertainty in the construction industry.

In the Yarra Valley, sales of land have remained relatively steady. Large holdings can often be snapped up at surprisingly low prices, with narrow demand being credited to limited amenity and heavy encumbrance from zoning and overlays which can greatly restrict land use. The property at 10 Shelly Harris Court, Kinglake, a 2.7 acre site, sold in March for $505,000.

In the more affluent suburbs of Melbourne's eastern suburbs where land is at low supply and high demand, sale prices indicate strong performance which seems to defy any of the current adverse market pressures at play.

10 Shelly Harris Court, Kinglake — Source: realestate.com.au

Kinley Estate — Source:

South East

The Melbourne South-East Growth Corridor, managed by the Casey City Council and Cardinia Shire Council, is a key component of Melbourne's expansion plans. Located about 48 kilometres south-east of the CBD, this corridor comprises a substantial amount of untapped land. The primary hubs within this area are Cranbourne, Berwick, Clyde, Clyde North, Pakenham and

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Officer, which serve as focal points for growth and development.

Shire planning map Source: local council

Affordability and access to amenities are key factors driving the preferences of first home buyers and young families. Consequently, there is a growing demand for available vacant land in the south-eastern region of Melbourne.

To mitigate the impact of high construction costs, many young families and first home buyers are opting to purchase land first and delay building for a few years, prioritising financial considerations.

The rise in vacant land in Melbourne's south-east growth corridors can be attributed to factors such as continuous population growth, limited land availability and the desire for spacious properties and personalised homes. Government initiatives, including grants for first home buyers, have further stimulated the demand for affordable vacant land.

Despite the recent interest rate hike, the suburbs in the south-eastern region have experienced fairly consistent growth and show no signs of a slowdown. The future outlook remains positive, with rising prices and strong demand expected to persist due to the increasing need for affordable vacant land.

The south-eastern established middle suburbs of Melbourne have limited vacant land availability, although there are occasional opportunities for land splits. These suburbs carry higher price tags compared to the growth corridor due to their established nature and close proximity to the Melbourne CBD. The scarcity of vacant land in these areas significantly drives up prices, reflecting the strong demand.

However, it's worth noting that the development potential of the Malvern East Lot has a notable impact on its price. Noble Park and Malvern might be among the last few suburbs where reasonably priced vacant land can still be found in proximity to the Melbourne CBD.

Currently in Noble Park a vacant land allotment is listed at $400,000. It occupies 241 square metres and shares land with another parcel.

2/31 Callander Road, Noble Park, Vic 3174 Source: realestate.com.au

Outer North

Vacant land sales in the Outer North have certainly risen in popularity although cooled overall in the past six months. This is due to a number of reasons, for example holding the land for investment purposes, building a future home on the land or even some environmental organisations purchasing land in order to keep it from being developed.

Within the inner city of Melbourne there is a very low number of vacant land blocks for sale as the majority of these areas e.g., Carlton North, Fitzroy and Richmond, contain dwellings with heritage overlays protecting them from being wholesale demolished. To get a grasp of the prices, this 200 square metre piece of vacant land located in Richmond sold for $1.34 million in February this year, a rate of $6700 per square metre.

30 Rowena Parade Richmond, Source: RP Data

Listed at just $324,000, Lot 331 Fairview Street, Beveridge is double in size (400 square metres) and roughly a quarter of the price of the sold listing in Richmond, which can certainly be enticing for anyone who has an interest in purchasing vacant land.

Overall, the vacant land market is and will always be a good investment. As the population grows and inner suburb land prices grow, people tend to move out in search of larger and larger blocks of land for affordable prices.

Western Suburbs

The western suburbs have shown a significant decrease in volumes of land sales in the past year while prices have remained stagnant. With the well-publicised issues of the construction sector due to labour shortages and the cost of materials, it is

With so much doubt cast over the construction industry, vacant land may not be the best investment at present, as established homes may currently be a safer option than building.

no wonder land sales are taking a hit with enough doubt leaving people reconsidering whether they wish to build a new house.

Tarneit and Truganina have both typically been strong areas in terms of growth. This is due to their proximity to transport links to the CBD and the affordability for first home buyers which has shown little to no growth over the past 12 months.

Tarneit has grown from a median price of $342,200 in April 2022 to now a median value of $357,500. Truganina has shown a larger increase in value for those who purchased recently with the value increasing from $337,300 in April 2022 to now a current median value of $412,000.

Werribee has shown much the same trend as Tarneit with land sales significantly down while land values have decreased from $335,000 in 2022 to $323,000 in 2023. Werribee's neighbouring suburb Wyndham Vale also shows a decrease in land sales volumes however unlike Werribee has shown a slight increase in median value, rising from $287,000 in 2022 to $295,000 in 2023.

With so much doubt cast over the construction industry, vacant land may not be the best investment at present, as established homes may currently be a safer option than building.

Geelong

Vacant land sales in Geelong are still popular around areas such as Armstrong Creek, Charlemont and Mount Duneed due to great local amenities such as schools, shops, public transport and employment opportunities.

Demand for vacant land is not as strong as it has been previously which can be due to a number of factors such as the ever-climbing and uncertainty over interest rates as well as the turbulence in the construction industry with a number of builders both large and small going into liquidation.

Armstrong Creek has shown a significant decrease in land sales per annum as well as the median price showing minimal growth from $361,000 in October 2022 to $365,000 currently. Charlemont shows a similar story with a reduction in land sales per annum however the median sale price has increased from $320,000 in October 2022 to $355,000 currently.

Mount Duneed follows a similar path with land sales per annum in decline while also showing a slight decrease in price, dropping from $359,900 in October 2022 to $352,700 currently.

Bannockburn is also becoming a popular area in the Geelong region for those looking for larger land areas whilst also remaining relatively close to the Geelong CBD. Land sales have shown a slight decrease compared to previous years however prices have remained steady with a median sales price of $580,000 in October 2022 and currently sitting at $585,000.

Perron King
Director

Mildura

After a period of sharp increases in vacant land prices during 2021 and early 2022, we have seen reduced demand over the past six months. Local agents are reporting enquiries for vacant allotments have dropped off with many buyers taking a wait and see approach, in expectation that values may decline in coming months. While rising interest rates have contributed to the slowing demand, the more significant factor appears to be the dramatic rise in construction costs. The result has been that buyers are favouring established dwellings over new builds.

The median land price in the Mildura region rose from around $169,000 in April 2022 to $190,000 in March 2023. We anticipate that when more current data becomes available, the median value as at June 2023 may show a decrease which would be the first decline in a long time.

The most affected segment will likely be the standard allotments in the range from 600 to 700 square metres in new subdivisions given there are more available in this sector of the market. Vacant land within the inner city and larger rural residential allotments of between 2000 and 4000 square metres surrounding Mildura will likely hold their values going forward due to the more limited supply.

Jake Garraway
Valuer

Queensland - Residential 2023

Brisbane

Land is a baseline asset type when it comes to assessing value. It's the foundational building block of all property types anchored to the earth.

Land also allows for valuers to flex their fundamentals around comparisons. You are gauging relativity between elements such as land size, elevation, aspect, position, dimensions and so on when comparing one block to another. There's no need to qualitatively compare more fluid housing elements such as design, condition, layout and so on when you're dealing with land.

As a general observation, vacant land markets across our region should all be softening given the recent performance of some drivers. Rising interest rates coupled with increased construction costs and blowouts in build times should be giving pause to anybody thinking about buying a block.

However, as we've said before, property markets are more complex beasts than some commentary may lead you to believe. Different locations and price points within the same region will vary in performance.

So… what's happening with land sales in south-east Queensland and how are things set to pan out in various locations over the coming months?

South

Kicking off south of the CBD and our first observations are for Rochedale located approximately 10 kilometres from the city. Demand for vacant land from owner-occupiers remains surprisingly good because of limited available stock. The result has seen wait lists at some developments with buyers keen to secure a site for their future home.

Rochedale also delivers excellent access to services and facilities. Families in particular appreciate what's on offer. Price wise though, you still need some decent dough at your disposal. 400 square metre sites are selling for $800,000 to $900,000 while smaller blocks of 300 square metres will set you back $650,000 to $750,000.

Our valuers report that market conditions are likely to remain fairly strong here for land over the medium to long term.

Stepping out to Logan Reserve and Park Ridge where developments such as The Ridge and Tillerman are located, there remains fairly strong demand for vacant land among both local and interstate investors in this comprehensive southern region. A huge component of this is the area's affordability. You can only imagine how impressed southern buyers are when they can acquire a property for well below the cost of a Melbourne beach box. Then there's the impressive rental returns being generated by homes here, with very little vacancy to worry about. This means a relatively affordable investment can be built just 25 kilometres south of Brisbane's CBD.

For reference, land in Logan Reserve is priced around $300,000 for a 400 square metre block and $270,000 for 300 square metres, while Park Ridge price points reflect circa $340,000 for 400 square metres.

While some have speculated that building costs are keeping vacant land sales subdued in other locations across the nation, we expect market conditions to remain relatively strong in this investor-friendly location. We also note that homes being built on blocks at this price level have seen building cost increases settle down a bit more in comparison to more expensive constructions.

North

Looking to the mid-outer north, vacant land markets in this area is considered generally slow. Sale rates have eased with increased concern over builders being able to complete construction. As such, we've seen transactions where extended or delayed settlement on the land is attractive to some buyers.

The counter to this is larger master-planned communities and more substantial developments with good access to amenities such as schools, childcare, parks and transport. Allotments here are enjoying stronger demand than some of the smaller subdivisions a bit further removed from facilities and more targeted toward investors.

You can only imagine how impressed southern buyers are when they can acquire a property for well below the cost of a Melbourne beach box.

North Brisbane projects a bit closer to the city and in desirable suburbs with solid homeowner appeal – such as Bridgeman Hilltop in Bridgeman Downs – are performing fairly well. The developer of Bridgeman Hilltop, Oxmar, reported to our valuer just recently that their most recent stage has almost sold out, and it's all to local owner-occupiers. They said there appeared to be a little more confidence in this area. They did note that, in contrast, sales rates were down in more fringe projects such as those in Narangba.

We have also noticed that market activity remains fairly buoyant in projects where the developer has control over construction. For example, developers such as Ausbuild are seeing higher sale rates in their developments in comparison to many other projects. This seems to be because their involvement in the construction elements of the transaction delivers more certainty to buyers, as opposed to purchasers needing to source an independent builder. Ausbuild estates such as Montrose at Morayfield and The Sanctuary at Warner are great examples.

Another comment we've heard of late is where there's been immediate re-sales in new estates upon registration, the few lots that are coming back on the market are taking much longer to sell (two to three months or more in some instances). Advice from builders and developers' selling agents is that there is very limited first home buyer enquiry at the moment, and the majority of new builds and land sales have been to second and third home buyers and upgraders.

In the Caboolture area, there are three main developments transacting, those being Central Springs which has around 1000 lots, Pumicestone Pocket and Kings Landing which are both of around 50 lots each.

Central Springs is in its final stage however sale rates have been very slow. We are predominantly conducting "upon completion" valuations of house-and-land packages in this estate, but an example of a recent vacant land contract is $359,000 paid for a 400 square metre site. That said, comparable sales would suggest this price may not stack up.

Pumicestone Pocket and Kings Landing are heavily investor focused and are predominantly sold as house-and-land packages. We have been able to support the original price paid for land bought off the plan that's now coming up for settlement, however the construction component is often coming in short.

Rural residential land sales are very scarce in the Caboolture area at present too. They are typically 3000 square metre lots selling for around the $500,000 to $525,000 mark and are either found via small subdivisions or splitters.

Moving a bit closer into the mid ring and an area where there's plenty of traditional housing block activity is Upper Kedron where the market is dominated by owner-occupiers looking to build family homes. Buyer appeal is driven by a combination of a lack of supply, proximity to the CBD (12 kilometres), price point and decent demand for new dwelling and constructions.

We have also noticed that market activity remains fairly buoyant in projects where the developer has control over construction.

Cedar Woods, Upper Kedron   Source: Cedar Woods

In Upper Kedron, Ellendale Estate is a master planned development by Cedar Woods. Several stages remain in the project with most of them selling out prior to titles being sealed. That said, interest rate rises and a general fall in buyer confidence across all property market sectors have slowed the project's sale rate slightly with a handful of lots still available in the most recently released stage.

Land in this newest stage ranges in price from $500,000 to $840,000 for allotments of 430 to 1537 square metres (we do note that the larger allotments have fairly unfavourable topography).

Sites in the previous stages of the development continue to stack up on valuation both for the vacant land and to-be-constructed-dwelling approaches. Many of the off-the-plan land sales in the previous stages are valuing above their contract price come settlement which means these buyers have some equity in their property as soon as they take possession.

Here are a few land resales in the development:

22 Fitzgerald Place, Upper Kedron QLD 4055 - $570,000 on 08 June 2023. A rectangular shaped, near level, inside allotment that is at road level. The site faces south-east with no significant views. Land area is 428 square metres. Originally sold by the developer off-the-plan for $530,000 on 1 September 2021.

22 Fitzgerald Place, Upper Kedron Source: realestate.com.au

32 Fortis Crescent, Upper Kedron QLD 4055 - $485,000 on 20 January 2023. A slightly irregular shaped, near level, inside allotment that is at road level. The site faces north with bushland views and frontage. Land area is 400 square metres. Originally sold by the developer off-the-plan for $429,000 on 24 December 2020.

32 Fortis Crescent, Upper Kedron Source: realestate.com.au

119 Tooloom Circuit, Upper Kedron QLD 4055 - $621,500 on 23 February 2023. The property is a slightly irregular shaped, easy sloping, terraced, inside allotment that is slightly below road level. The site faces east with local views achievable. Land area is 858 square metres. Originally sold by the developer off-the-plan for $499,000 on 16 March 2021.

119 Tooloom Circuit, Upper Kedron Source: realestate.com.au

While demand remains good in this location, there is some risk that increased supply might attenuate price rises to a degree. Additional lots are due to come online in neighbouring developments, such as The Quarry in Keperra towards the end of 2023. The first stage of that project will feature 29 lots with prices reportedly ranging from $580,000 to $850,000. On completion there's expected to be around 500 new homes here with non-residential facilities including retail and childcare, and community spaces such as a pool, green areas, barbecue areas and more.

The Quarry Source: Frasers Property

The Quarry's first stage Source: Frasers Property

As in many other areas with new construction, increases in construction and financing costs are putting downward pressure on vacant land prices here. However, demand exceeds the current supply of listings and completed dwelling resales in the area are achieving a premium on their original land-plus-build figure. This has resulted in overall value growth. Any further increases to construction or financing costs, decreases in demand or increases

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HERRON TODD WHITE

to supply may upset the balance of course, which would have a negative impact on values moving forward.

Suburbs towards the Brisbane City Council's northern boundary include Bracken Ridge, Taigum and Bald Hills. These locations deliver a mix of housing types. There are small land developments dotted among the raft of established housing built from approximately 1970 onwards.

Demand in these areas is being driven predominantly by owner-occupiers looking for affordable areas that are well serviced and have good road and public transport connectivity.

What we've noted is that most estates in the area have been sold out months, or even years, in advance.

Price points range significantly. Bracken Ridge sees 400 square metre blocks selling for the late $400,000s through to $550,000, while 450 square metre sites in Taigum are achieving $650,000.

Despite this there's an undersupply of available stock for both land and completed housing. Even in the face of higher construction costs and builders being less available than most owners would like, the process of building a new home as opposed to buying an existing one remains attractive to many buyers. Of course, this confidence may change quickly if financial circumstances get worse for households looking to build.

In established suburbs just beyond the inner-city fringe, housing density means large scale estates are not an option. Therefore, those looking to build a new home need to look for knockdown options or splitter blocks created by small developers.

That said, construction risks have made these vacant sites less appealing to many buyers compared to a few years back. Of the most recent sales, there was a 400 square metre block in Hendra positioned east of Nudgee Road that sold for $1.035 million. In Clayfield we've see allotments priced between $940,000 and $1.25 million, although that latter sale included a knockdown home.

Overall, vacant land prices in this locality will continue to stabilise, but they do remain sensitive to both construction sector challenges and potential further interest rate rises.

Looking to rural village lifestyle land sales activity in the north and we're seeing sale rates slowing in areas such as Samford Valley. Whilst there have been a few sales in recent months at record-setting levels for vacant land, we note that these are in very tightly held locations where the opportunity to purchase is rare.

Two recent sales are:

- **7 Cannington Court, Samford Valley** - $1.8 million on 27 September 2022. A 1.04 hectare site with town water available; and

7 Cannington Court, Samford Valley Source: realestate.com.au

26 Sovereign Way, Samford Valley Source: realestate.com.au

- **26 Sovereign Way, Samford Valley** - $1.7 million on 29 May 2023. A 9573 square metre site with town water available. This property was marketed and sold by the owner rather than a local agent.

In Dayboro/Kings Scrub there is a 12 lot subdivision that previously sold out off-the-plan two years prior to registration. A few of the sales fell over and the vendor has since discounted the asking price on these sites. The first sales were circa $900,000 to $950,000. Now, the asking price is approximately $830,000 for two hectares.

One other area in the north worth mentioning is Newport. Newport is a Stockland developed water-lifestyle estate, and it remains popular with buyers. Many of the blocks, particularly on the lakefront, have seen a $100,000 to $200,000 uptick in value between their original purchase price and eventual settlement. This is a sizeable bump in equity for those buyers as they take possession.

West

Brisbane's inner west includes some of the city's most desirable suburbs. The inner west is dominated by established housing on traditional homesites, many of which are around the 400 square metre mark. Because of population density, there is limited stock of vacant land available for purchase. Most inner-city sales cater to second or third homebuyers. Whilst there is still demand for vacant land, the premiums associated with the COVID-era boom have dissipated. There's been a general drop in values (or vendor expectations) over the past 12 months too. Most buyers of vacant land in the inner ring can afford to sit on their sites without the need to begin building ASAP.

A notable example of two vacant land sales is 61 and 61a Rockbourne Terrace, Paddington. These newly subdivided lots of 405 square metres each both sold in September 2021 for $1.25 million and $1.3 million respectively. 61 Rockbourne Terrace has recently resold for $1.135 which represents a 9.2 per cent discount on the original purchase price.

Brisbane's mid-to-outer western suburbs deliver a unique mix of housing. There are suburbs such as Chapel Hill and Kenmore dominated by mid-century design homes that have evolved towards 1970s and 1980s construction and are now seeing very contemporary builds. Head further west and you progress through to rural residential property – some with ultra-prestige homes – before returning to more traditional housing in Bellbowrie and Moggill.

Vacant land supply is limited in most areas of the western suburbs especially in the inner ring, but the outer suburbs do have some offerings.

Moggill has a new small residential development of 27 lots called Country Club Estate. Lots are priced from $529,000. Land prices have increased significantly in Moggill and Bellbowrie due to a lack of supply combined with rising values for established housing. Agents advise that 17 of the 27 lots in the estate sold mostly to local buyers withinthree weeks of their market launch, and all have sold at asking price. The lots average 2000 square metres and the estate will be more upmarket given its river-edge location.

Country Club Estate Source: realestate.com.au

There are also some smaller subdivisions in Kenmore, Chapel Hill and Fig Tree Pocket. Demand in these addresses remains good given the calibre of homes in the area and the relative scarcity of land.

The market in the mid to outer west has remained reasonably stable over the past 12 months. Few people have wanted to list their property for sale however demand is still high. In fact, the cost of construction doesn't seem to have deterred too many from purchasing a vacant block in these areas.

Western Corridor and Ipswich
The western corridor is considered one of south-east Queensland's most dynamic growth zones with plenty of development occurring throughout the past three decades.

Of late, however, buyer demand has slowed as the impact of increased building costs and rising interest rates bite into the confidence of both homebuyers and investors.

New estates in the growth corridors of Ripley, South Ripley and Deebing Heights have seen previously purchased vacant lots being put back on the market through local agents. This is due to some buyers being unable to now afford to build. With holding costs also higher than when initially purchased 12 to 18 months ago, the only resolution for these owners is to on-sell their blocks. Some estates are even offering rebates to entice buyers, although list prices are often still above market levels in our opinion.

The average price points in this corridor are $300,000 to $325,000 for a standard 350 to 400 square metre site.

Despite the slowdown since last year, market conditions have improved very slightly of late with more re-sales being purchased compared to six months ago. We believe prices in the medium to long term will be maintained as the area is still relatively affordable in comparison to other markets.

Other areas in the western and south-western corridors are Greenbank and Spring Mountain where there's an active mix of owner-occupiers and investors (although across both areas the higher percentage of purchasers are homebuyers).

Master planned estates are doing well with facilities helping drive demand. For example, the development of the Orion Shopping Centre and its affiliate commercial properties in Springfield Lakes is helping drive demand for land in Spring Mountain.

Price points in Spring Mountain reflect $360,000 to $500,000 for 300 to 600 square metres of land.

Greenbank has developments such as Everleigh and Covella where sites are being actively marketed. A 300 square metre block in Greenbank will set you back from $270,000 and larger blocks are priced around $380,000. The good news for buyers here is that most are stacking up to valuation. Prices have remained stable over the past 12 months with slight increases in some cases and we expect that to continue in the near term.

Overall, we think buyers who have the ability to purchase property with the right fundamentals and service any loan over the medium to long term may unearth some great opportunities in our region.

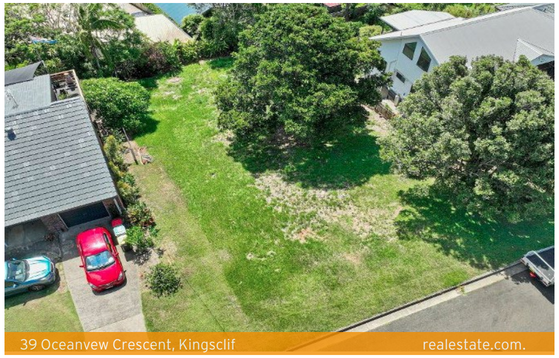
David Notley
Director

Gold Coast

Far Northern NSW

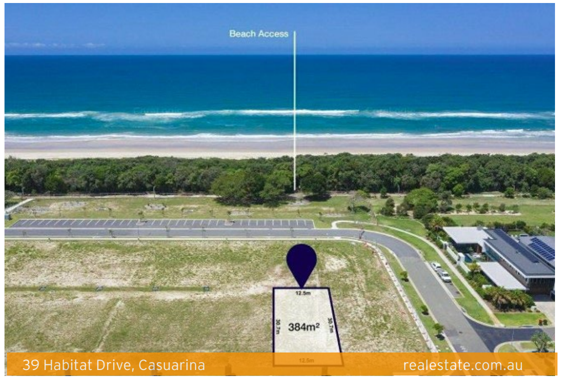
Vacant land within the Tweed Shire is becoming scarce. The land that was previously available within the Coastal areas of Kingscliff and Casuarina, now has dwellings either completed or under construction. These were popular with buyers looking to build a new home and enjoy the coastal lifestyle close to the beach that Kingscliff and Casuarina can offer.

A vacant site sold on Kingscliff Hill in June 2023 for $920,000. The property situated at 39 Oceanview Crescent, Kingscliff has a land area of 607 square metres and westerly aspect with local and distant hinterland views. The site falls from road level and



39 Oceanvew Crescent, Kingsclif realestate.com.

There has been a recent resale within the Habitat development at Casuarina. The land within this development was originally sold by the developer at the beginning of 2019 and sold out immediately. Since this time, the market within Casuarina and other surrounding beachside localities has improved substantially – although it has softened recently. Regardless, there are still some strong resales within this development. These include 39 Habitat Drive, Casuarina which sold in February 2023 for $1.3 million. The site comprises a 384 square metres inside allotment that provides a level building platform. It was originally purchased from the developer in February 2019 for $585,000. It then resold in March 2021 for $1.075 million. The recent sale in February this year indicates there is strong demand evident within the Tweed Shire beachside localities.



39 Habitat Drive, Casuarina realestate.com.au

Another recent vacant land sale in Casuarina was 36 Kamala Crescent which sold in April 2023 for $1.825 million. The land is level at road height and is positioned opposite an esplanade park which provides direct access to Casuarina Beach. It has a land area of 552 square metres and vehicular access is taken via an access easement/laneway on the property's rear western boundary.

36 Kamala Crescent, Casuarina realestate.com.au

Southern Gold Coast

The southern/beachside suburbs of the Gold Coast have limited land available for the construction of a new dwelling. These suburbs include Miami, Burleigh Heads, Palm Beach, Currumbin, Tugun, Bilinga and Coolangatta. Purchasers have been choosing to purchase older-style dwellings for demolition and subsequent construction of a new and high-quality dwellings. However, we have noted a slight decrease in demand for these types of properties. Construction cost increases and pressures have had an impact on the "demolish/new construction" approach with some buyers now choosing to pay a premium for a renovated, new or near new dwellings.

Southern Gold Coast suburbs have always been sought after by all purchaser types, including local buyers looking to upgrade their principal home, retirees looking to downsize into a beachside unit, first homeowners, interstate purchasers looking to move close to the popular southern beaches and investors looking for strong rental returns. However, we have seen the interest rate rises and new home construction pressures, are finally having a softening effect on the demand for these southern Gold Coast suburbs. Purchasers are

The southern/beachside suburbs of the Gold Coast have limited land available for the construction of a new dwelling.

finding their borrowing capacity diminishing and any potential equity they had in their homes, also decreasing in the softening market.

Recent land sales within the southern suburbs of the Gold Coast include a vacant site at 120 Nobby Parade, Miami which sold in April 2023 for $1.19 million. The site is level at road height and has a land area of 405 square metres. It was reportedly on the market for approximately 65 days. The site was previously purchased in May 2021 for $1.07 million. The market improved in the interim but is now softening.

120 Nobby Parade, Miami realestate.com.au

Slightly further west, a vacant site at 5 June Court, Miami sold in January 2023 for $1.15 million. It has a land area of 612 square metres and a level topography. It previously sold for $1.18 million in July 2021 and was improved with a circa 1975 modest low set brick and tile dwelling.

5 June Court, Miami realestate.com.au

In April 2023 a vacant site sold at 5 Bellbird Avenue, Burleigh Waters for $1.3 million. It has a land area of 637 square metres and level building platform.

5 Bellbird Avenue, Burleigh Waters realestate.com.au

Central Gold Coast

The search for vacant land within the coastal and inner suburbs of the Gold Coast has become a quest marked by scarcity. With stock levels at an all-time low across the Coast, the region's allure remains as strong as ever. An interesting trend has emerged lately, suggesting a slight upturn in the demand for land and knockdowns since late 2022, particularly within the coveted canal-front estates as a result of some confidence returning for land for new building projects.

This shift has been particularly evident in the sought-after areas, where the promise of waterfront living continues to capture the imagination of potential homeowners.

The latest agent feedback offers an insight into the current landscape of this market, noting that many prospective landowners are displaying a keen interest in securing vacant lots only if they are fully prepared to plan and build straight away and avoid prolonged holding costs.

The Gold Coast, obviously known for its stunning beaches and vibrant lifestyle, remains a prime destination for those in pursuit of building their dream home.

Focusing our attention to the central suburbs briefly, and some recent notable sales of vacant land include:

43 Merrimac Boulevard, Broadbeach Waters which reportedly sold in May 2023 for $1.46 million. The property is a 587 square metre, slightly irregular shaped, near level, vacant site which has a northerly frontage to the canal. The property is slightly disadvantaged by being positioned at the end of the canal and having a narrow water frontage which limits boating access. Initial asking price for the lot was $1.595 million and required a selling period of just less than six months. It's worth noting that the property previously sold in July 2020, improved with an older style dwelling, for $950,000.

120 43 Merrimac Boulevard, Broadbeach Waters realestate.com.au

A vacant site at 4 Lunar Court, Benowa sold in May 2023 for $875,000. The property is a regular shaped, near level, internal 735 square metre allotment which has been cleared and provides a good building pad. The site faces north to the street and has limited local views. Situated in a cul-de-sac street. Reportedly sold very quickly, within first week of the marketing campaign. It appears to be a strong sale result given the recent sales activity within the immediate area. We note that 13 Lunar Ct, Benowa sold in July for $975,000 which was improved with a three-bedroom lowset dwelling with pool on a 1109 square metre allotment.

4 Lunar Court, Benowa realestate.com.au

There seems to be increased ‘knockdown and rebuild’ activity between Mermaid Waters and Bundall. We note that 7 Fiesta, Surfers Paradise sold earlier this year for $1.55 million. It comprises an irregular shaped, 759 square metre canal front site with older style 1970’s knock down dwelling which has since been demolished post sale. The property is also slightly disadvantaged having a narrow water frontage and being affected by some traffic noise from the main local thoroughfare within the locality.

A unique vacant block recently transacted at 25 Meadowlake Drive, Carrara earlier this year for $875,000. The property is situated within an exclusive gated estate known as ‘Mountainview Estate’. The 701 square metre site has rear frontage to the Palm Meadows Golf Club with good views of the watercourse and fairways. According to Core Logic the property got snapped up on the first day of being listed.

25 Meadowlake Drive, Carrara realestate.com.au

Northern Gold Coast Growth Corridor

In recent months, agents have reported a lack of stock and a softening in enquiry levels, with properties typically experiencing upwards of a month on the market and discrepancies between vendor and buyer expectations. This is largely due to buyers (both investors and owner occupiers) having a more cautious approach in the current market. This being due to recent interest rate rises and the uncertainty surrounding future rises, and vendors chasing prices experienced in early 2022 at the peak of the market.

The northern localities of the Gold Coast have seen some recent sales of vacant land, some of which are representing good value. These include a site at Lot 24, Flaxton Drive, Yarrabilba which sold at the beginning of August 2023 for $300,000. It has a land area of 637 square metres and occupies a corner position with a near level building platform. It was previously sold by the developer for $272,000. The new sale price is still considered good buying, particularly given its corner position and allotments of similar size are selling for $320,000 plus within this locality.

Another vacant allotment that represented relatively good value is 41 Dysart Drive, Holmview which sold for $243,000 in June 2023 as a delayed developer sale. It has a land area of 457 square metres and is elevated above road level with local and distant hinterland views. The allotment has been registered for over two years and is considered good value when compared to the adjoining allotment at 43 Dysart Drive which resold for $300,000 also in June 2023 with a similar land area.

Gold Coast/ Scenic Rim Western Corridor

Over the past few years various rural residential localities have seen significant growth in capital values with towns such as Beaudesert, outperforming many suburban suburbs. Low interest rates and the government’s initiatives

Over the past few years various rural residential localities have seen significant growth in capital values with towns such as Beaudesert, outperforming many suburban suburbs.

to support homebuyers have also contributed to the previously strong property market within this region. Although the past few years have seen significant growth and sales volumes, 2023 YTD has seen a significant drop in sales volumes.

2 Giles Grove, Worongary realestate.com.au

There are several small subdivisions which have been developed in the western corridor of the Gold Coast and the Scenic Rim and have offered new vacant residential sites ranging from approximately 250 square metres to over 600 square metres. The majority of the land within the developments has been snapped up and buyers have been either locals or interstate investors. We are aware of a recent vacant land sale within an established and built-up locality of Worongary. 2 Giles Grove, Worongary recently transacted for $463,000 and has a land area of 414 square metres and is easy sloping with a corner position.

Jerusha King
Associate Director

Sunshine Coast

There is a belief on the Sunshine Coast that vacant land is constrained. When looking at large estate product, yes, there aren't many of those. Our ex-low lying, coastal cane land certainly restricts that. We do however have a number of infill subdivisions in and around the coastal and hinterland areas that give great options for buyers in this space.

The current state of play is that like other market sectors, the changed economic conditions with increasing interest rates and higher costs of living are having an impact on the vacant land market. The other issue that has been having a big impact is the uncertainty surrounding the construction industry. Discussions with a number of builders indicate that this remains an issue but that there have been some early signs of the supply and cost issues abating which is a good sign. One thing that has been mentioned is that the pipeline of work is diminishing so this will also have an impact with trades and builders needing to be a bit keener on pricing to win the work.

The main land estate on the Sunshine Coast is Aura at the southern end. It's reported that when completed over coming decades, there will be circa 20,000 homes and 50,000 people in the estate. The other estate that pinches some news headlines is Harmony at Sippy Downs which when complete will provide circa 4800 homes. From discussions with these developers, we have seen the sale rates slow but interestingly blocks are still selling above long term averages. Allotment sizes range from 100 to 500 square metres with the most popular allotments of 250 to 400 square metres selling for between $300,000 and $400,000. Time to registration of the lots remains an issue with affordability being key moving forward so there may be a swing to more of the smaller size allotments. Owner-occupiers and investors continue to be active in this market.

Through the hinterland townships there are a number of infill subdivisions that continue to perform pretty well but equally there has been a slowing in that market. These are where you can find the larger more traditional size allotment of 600 to 700 square metres that can be secured for circa $400,000 to $600,000 depending on size and location. Buyers tend to be people looking for a little more space with these areas providing good communities and that small town feel yet still being well located. In many instances these areas are circa 20 minutes from the coast.

The rural residential markets continue to remain pretty scarce with the values varying significantly given they are dependent on so many attributes. One thing that really helps this vacant land market, and also others, is that values paid for the built product remains, albeit with some softening. This has assisted making the land purchase and the building of the house viable. In the past we have seen problems when the land and house build costs are not supported by the built product.

Gympie to the north of the Sunshine Coast has become a really viable option for people. People have been looking to this area given the affordability and that it is an easy drive to the coast. Over the past few years a number of estates have come online. The lots are the larger more traditional size between 600 and 700 square metres and can be secured for circa $200,000 to $300,000 with some 2000-plus square metre lots available from as low as circa $250,000.

There has been a slowing in the market on the back of the economic conditions and we all know the issues that have been plaguing the construction sector. The next issue could be if the values paid for the built product decrease to a point where the land and build cost are not viable. Clearly it's too early to tell but the fundamentals are that the demand for rentals remains strong and that there appears to be a general under supply of housing.

Stuart Greensill
Director

Gladstone

The vacant land market has been relatively subdued over the past 12 months. While vacant land is still selling, the rate of sale is significantly lower than previous years.

Tannum Blue and Hill Close are small lot estates developed by Economic Development Queensland. The unsold lots in these estates were sold in one line to other development companies late in 2021. Lots in these estates are being sold primarily to investors at prices that are typically well above current market levels.

Jabiru Estate in Glen Eden is also selling lots targeted more towards owner-occupiers. Jabiru provides the only large flat blocks available in the region with land areas ranging from 602 to 1480 square metres and prices between $105,000 and $220,000.

The balance lots of the first stages of Riverstone Rise on the fringe of Boyne Island were recently sold in one line to a project marketer and are now being sold primarily to investors at above market prices. The original developer of Riverstone Rise (Devine) has recently started marketing the next stage of the estate. This stage marks the first new lots that will have been released in this estate in over 10 years. The stage comprises 42 lots ranging in size from 540 to 1500 square metres, with prices starting from $144,000.

We expect demand and value levels to remain stable and steady for the foreseeable future which is in line with how the rest of the market is currently performing.

Regan Aprile
Director

Bundaberg

The Bundaberg region residential property market has experienced a period of strong growth over the past three years. A number of factors have driven growth in the region including high demand for residential properties and low stock volumes. As such vacant land prices have experienced strong growth.

The types of buyers for this market segment include a mixture of investors and owner-occupiers. Tight rental vacancy rates have encouraged investors to look at new builds to meet ongoing rental demand. Increasing construction costs, delays in supplies and labour shortages have provided an additional challenge for new builds, however demand is still evident.

Currently there are parcels of residential land available in a number of modern estates throughout the region including: The Ridge at Branyan with Stage 2 land prices starting at $240,000; Edenbrook Estate in Norville starting from $270,000; Belle Eden in Ashfield with land starting from $229,000; and Kalkie Heights in Kalkie with land parcels starting from $210,000. These estates offer lots ranging from 600 to 1200 square metres with modern amenities in close proximity to schools, shopping and various health services.

The coastal areas are proving popular with Beachlinks Estate and Bargara Rise Estate at Bargara providing residential land parcels located a short driving distance to local beaches, shopping and amenities.

Beachlinks Estate initially sold out in 2021 however a number of resales have occurred in this estate including 5 Wisteria Street which sold for $170,000 in June 2021 and resold for $260,000 in February 2023 (an approximately 53 per cent increase in value).

Bargara Headlands Estate is proving to be very popular due to the easy walking distance to local beaches and the availability of ocean views to select properties. An example of a recent resale in this estate is 23 Fraser Avenue which sold in February 2021 for $190,000 and resold in April 2023 for $310,000 (an approximately 63 per cent increase in value).

Upcoming developments include Seacrest Estate (off Hughes Road, Bargara), Southbeach Estate at Elliott Heads and Ocean Heights Estate also at Elliott Heads.

Market conditions at this point in time remain steady with demand remaining strong and stock levels low, however the residential market is subject to local and global economic conditions and the current cost of living pressures and increases in interest rates may eventually soften demand for vacant land.

Megan Matteschek
Property Valuer

Mackay

The Mackay area offers numerous options when it comes to vacant land availability.

In recent times vacant land sales have slowed. This is due to rising interest rates, cost of living increase and the rise in building costs. There are a few established estates such as The Waters at Ooralea, Kerrisdale Estate in Beaconsfield and Richmond Hills in Richmond, that are progressing to new stages, so we can see there will be more stock available in the coming months and leading into early 2024.

Other areas with land stock available are Mackay Harbour, Andergrove and Shoal Point offering land sizes from 150 up to 900 square metre lots. Average size lots of 110 to 450 square metres range between $50,000 and $175,000. Lot sizes of 450 to 900 square metres range between $175,000 and $480,000 depending on location.

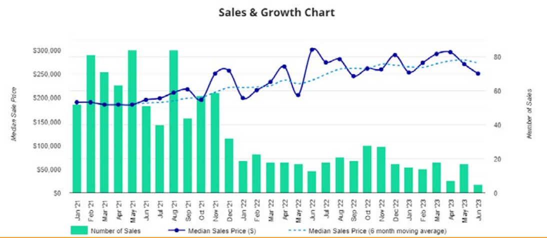
With limited housing stock available for rentals and sales, people are having to look at purchasing land to build on as owner-occupiers.

Kym Cook
Valuer

Hervey Bay

From the start of 2021, all sectors of the property market in Hervey Bay experienced strong demand from local, intra and interstate buyers. This demand continued into 2023, however the 12 interest rate rises since May 2022 coupled with increasing inflation appears to have cooled the market, with prices and demand steadying.

The supply of available housing stock is improving, with selling periods now extending to around one to three months. The cost of construction has risen considerably over the past 12 months as a result of an influx of building activity. Most new estates have sold out of house and land packages and the supply of developed land stock is also limited, however there are now various new land estates across numerous suburbs being developed, which will alleviate demand once fully completed.



Hervey Bay land sales and growth chart Source: PriceFinder

As indicated by the above graph, 2021 was a busy period for land sales and a majority of those sales were off the plan and have only settled in the past six months. Vacant land prices across Hervey Bay have risen significantly over the past 12 months with older established suburbs close to the beach achieving record prices well over $250,000 for standard size lots. The median price at January 2021 was $190,000 and is now at $250,000 however volumes have dropped dramatically. There are some resales occurring from the 2021 sales with some examples being:

- **76 Frederick Circuit, Eli Waters** (450 square metres) - $163,000 in October 2021 to $220,000 in January 2023;
- **27 Canecutter Court, Kawungan** (701 square metres) - $178,755 in November 2021 to $265,000 in Janauary 2023;
- **23 Quarterdeck Avenue, Pialba** (600 square metres) - $195,000 in March 2021 to $295,000 in April 2023.

We caution that some estates selling to non-local investors are contracting at prices considered above market and not supported by resale evidence. Settlement risk in some estates may also become a concern due to high construction costs and interest rates.

Doug Chandler
Director

Emerald

Demand for vacant residential land in Emerald is low, primarily due to the high cost of construction. In 2023, RPData reports that there have been only six sales of vacant residential and rural residential land in Emerald and there are 18 actively marketed vacant residential allotments which range in price from $50,000 to $190,000. Buyers of vacant land in the current market with the intent to build new dwellings would likely need to be able to independently fund a significant portion of the build.

Nogoa Rise is a Central Highlands Regional Council subdivision with larger than average allotment sizes located on the south-east side of Emerald in a flood free area, with a number of available vacant residential allotments. Asking prices have recently been reduced in this estate according to selling

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agents and online listings. Maranda Heights Estate also has available vacant residential land for sale and is a well-regarded estate, however in 2023 there have been no recorded sales of vacant land in this estate.

The Echidna Valley Estate located approximately 10 kilometres south of Emerald CBD is a rural residential estate that has been built over four stages and comprises allotments ranging in size from approximately 4000 square metres to five hectares. Asking prices in this estate range from around $100,000 for a smaller block to $180,000 for larger blocks. Sales have been steady in 2023 compared to 2022. This is likely due to the lack of supply of rural residential properties in Emerald and the price point in this estate being considerably lower than other rural residential areas in Emerald due to its distance to the centre of town, varying quality of dwellings and potential access implications during floods.

While construction costs remain at current levels and interest rates are still threatening to rise, it is expected that demand for vacant residential land will remain low.

115 Coates Street, Laidley Source: CoreLogic

Kellie Blomfield
Valuer

Whitsunday

The vacant residential market in the Whitsundays has seen significant growth over the past few years in line with the general residential market. Resales within estates in the Whitsundays have shown increases over the past two years of between 30 per cent and 50 per cent. Low stock levels and strong demand have pushed prices up during this period. Limited stock levels will continue to keep land prices higher, although increased building costs and rising interest rates have had an effect.

Jamie Martin
Valuer

Townsville

While the price of land in Townsville has continued to increase in recent times, the demand seems to be slowing as buyers with the intention to build become established and interest rates rise.

Developments in the suburbs of Burdell, Shaw and Julago appear to be expanding at the greatest rate around Townsville, while smaller developments such as Fairways in Rosslea are expanding to their final stages with limited remaining stock.

Burdell in particular has seen a significant increase in infrastructure in recent years, with North Shore providing a shopping centre, schools, pub, service stations and fast food options. There have also been talks of greater levels of service towards the southern end of Townsville in the Elliot Springs estate in Julago.

Generally, 450 to 650 square metres of vacant land in these newer developments in Shaw and Burdell have sold recently for between $170,000 and $200,000 and around $150,000 to $180,000 in Julago. Rebated sales also appear to be making appearances around Burdell in particular which may encourage continued market transactions.

Jensen and Alligator Creek have been the most notable suburbs with regard to larger, rural residential style blocks. Pockets of subdivided land are appearing in Alligator Creek, such as the small development of 13 lots on Bonsmara Drive. The Eden Park estate in Jensen is reaching the end of its development, however some larger blocks generally ranging in size from half an acre to an acre are still yet to be sold in the neighbouring estate, The Orchard.

There is limited opportunity to buy vacant land in established suburbs around Townsville. Many buyers who wish to live in older suburbs are generally required to buy an already established property, demolish and rebuild.

Connor Bryant
Valuer

Rockhampton

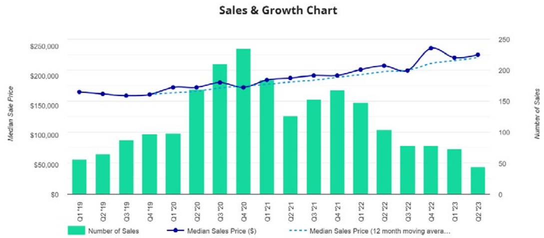
This month we take a look at how the vacant land market is tracking and from all reports there seems to be strong demand for vacant allotments in the Rockhampton, Gracemere and Capricorn Coast regions. The general consensus is for larger blocks that provide room for the house, shed, pool and enough yard for the kids to play generally between 800 and 1100 square metres for low density residential allotments while acreage blocks between 4000 square metres and one hectare are in demand for rural residential zoned property.

In Rockhampton, Edenbrook estate in the northern growth corridor continues to expand with the latest stage Oscadia having sold or either placed on hold over 90 per cent of its available lots. Pricing for these lots generally sits between $200,000 and $240,000 depending on the size, elevation and aspect. A number of builders are also now actively securing allotments themselves, completing house and land packages which they can market at an exact price and provide the purchasers with a more realistic time frame for completion by selling off the plan. For a similar lot size on the Capricorn Coast, you can expect to pay north of $280,000 when there is an ocean glimpse and a level building site. At the lower end of the scale, Gracemere still offers plenty of value for those on a budget with 600 to 800 square metre allotments available for sub-$150,000.

Tanby Heights current stage known as Canomie Park offers one to 1.5 acre sized rural residential allotments which are fully serviced and mostly offering pleasant rural and mountain views between $300,000 and $400,000 depending on the topography and building site however when getting close to Yeppoon, similar size allotments in Barmaryee and Inverness often jump up above $400,000, again depending on the view and topography.

The 2021/2022 price increases to building materials and blow outs to building time frames which occurred at an unprecedented rate now appear to have regained some form of control as we enter the latter half of 2023. This is now making it a more reasonable prospect for buyers considering acquiring land and building their dream home which appears to be dominated by owner-occupiers with investors still preferring the existing home or unit market for immediate access to a financial return.

The below graph shows a combined summary for vacant land sales in the greater Rockhampton region including Gracemere and the Capricorn Coast over the past four years.



Vacant Land Sales in Greater Rockhampton Source: PriceFinder

Despite the number of sales reducing in 2023 (largely due to available supply and delayed settlement records of new allotments) it is noted the median price has maintained constant growth, rising from about $155,000 in mid 2019 to a peak of $240,000 in late 2022. It is also evident that the peak number of sales from late 2020 to late 2021 also coincided with the time when building time frames and costs were at their worst. In summary all indicators suggest the vacant land market here in Central Queensland is currently in a good position with future growth expected to be strong as people continue to migrate from the cities and interstate to regional Queensland with many seeking a perceived better level of value and/or a lower cost of living while being able to change jobs or work remotely.

Alistair Gunthorpe
Valuer

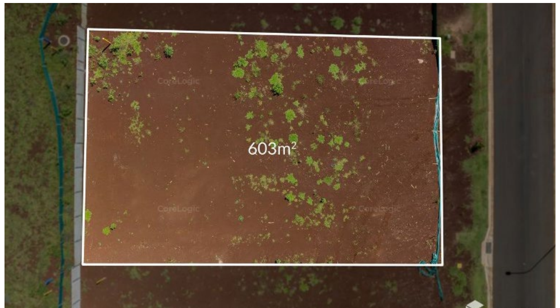
Toowoomba/ Darling Downs

In Toowoomba, new estates in the north, north-west and south contain the majority of vacant land parcels. The vacant land market experienced significant growth over the past two years, especially in the growth centres of Kearneys Spring, Middle Ridge, Cranley, Cotswold Hills and Meringandan West. However, there have been and continue to be challenges that have occurred in this market segment, including the continued interest rate environment, continued concerns relating to construction costs, the limited supply of available vacant land and firmer lending guidelines. Due to these challenges buyer urgency has notably decreased from its peak during the COVID stimulus years and the general residential property market has moved from a buoyant/strong market to showing signs of stabilising.

Nethertheless, vacant residential land in the suburbs of Middle Ridge and Kearneys Spring is still seen as an attractive option for local buyers and has seen some sustained positive market movement (based on re-sales) during the previous 18 months.

The following are examples of continuing robust vacant land prices within these suburbs:

A 603 square metre vacant parcel in Middle Ridge sold in February 2022 for $330,000. The parcel resold in April 2023 for $500,000, which is an approximately 52 per cent increase in 14 months.



17 Catherine Circuit Middle Ridge Source: CoreLogic

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A 613 square metre vacant parcel in Kearneys Spring sold in May 2022 for $240,000. The parcel resold in May 2023 for $295,000, which is an approximately 23 per cent increase in just 12 months.

3 McEwan Crescent Kearneys Spring Source: realestate.com.au

Infill and splitter blocks are few and far between at present in the more established suburbs of Toowoomba and surrounds mostly due to the fact that there is still new development occurring and vacant standalone blocks coming onto that market. Given this, in the more established areas of Toowoomba, prospective purchasers are generally on the lookout for properties that have redevelopment or renovation potential.

A vacant parcel of land within the established residential suburb of North Toowoomba comprising a land area of 474 square metres sold in August 2021 for $237,500. The parcel resold in January 2023 for $280,000, an approximately 18 per cent increase in 17 months.

13 Wyndham Street North Toowoomba Source: CoreLogic

The outlying suburb of Cotswold Hills is generally attracting non local purchasers within the vacant land market segment. Although recent sales evidence suggests that Cotswold Hills has a reasonable level of demand, in some instances, purchase prices for these allotments (depending on size and location) have been considered above market expectations and unable to be supported by the most recent re-sale evidence available.

Lockyer Valley

This area spanning multiple regional councils such as Lockyer Valley, Ipswich and Scenic Rim continues to be a growth corridor roughly following the transport links of the Warrego Highway, Cunningham Highway and Brisbane Valley Highway. Developer direct sales at various estates have performed well over the last year with new stages being opened up and continuing to turn dirt.

A particular area of growth is the fast-growing suburb of Plainland, which is located on the Warrego Highway, approximately 70 kilometres west of Brisbane or approximately 50 kilometres from Toowoomba. Generally buyers in this locality appear to be relocating from the outskirts of Brisbane and Ipswich. This area continues to develop and given its location and attributes it is thought to be an important growth corridor with a Catholic high school, Aldi, McDonald's and Bunnings being among the recent developments, and more commercial construction underway. A particular estate within this suburb is Plainland Crossing with 37 lots available within stage 11 of the master-planned community and a further 31 lots being available in stage 12.

XGxgxgx Source: Google Maps

According to the most recent data from CoreLogic, the median land value increased within this suburb by 62per cent between April 2022 and March 2023, from $195,000 to $316,625. Herron Todd White valuers report there is still strong demand for these vacant lots which are still selling quickly. Agents continue to report that the Lockyer Valley has some of the most affordable vacant land in south-east Queensland and they are continuing to see buyers from Ipswich and Brisbane's western suburbs signing contracts for house and land packages, to secure a larger more modern home in the future.

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Recent Median Sale Prices (Land)

Period	Plainland Median Price
March 2023	n/a
February 2023	$316,625
January 2023	$279,900
December 2022	$250,000
November 2022	$245,000
October 2022	$243,500
September 2022	$241,000
August 2022	$241,000
July 2022	$239,900
June 2022	$233,450
May 2022	$205,000
April 2022	$195,000

Lockyer Valley median land sale prices Source: CoreLogic

Residential Lifestyle

With many buyers moving from CBD locations, we observed a high demand for residential lifestyle blocks during COVID stimulus years. Most purchasers were drawn to larger blocks, views and a sense of space.

The community of Kensington Grove (suburb situated to the north-east of Plainland), with estates featuring land sizes of between 3000 and 8000 square metres, is noteworthy given its levels of demand, and in certain circumstances, sale prices being paid for vacant residential lifestyle allotments have been above market expectations (based on available re-sales). For example, a 3000 square metre vacant allotment recently sold for $380,000 as opposed to the average price of $180,000 for the same product in early 2020.

Rural Residential

Rural residential allotments of one to 10 hectares continue to be popular among those looking for a tree change. Within a two-hour drive of Toowoomba, the Lockyer Valley, Granite Belt and Western Downs regions all have allotments between one and 10 hectares. Buyers in this market are driven by standard property characteristicssuch as cost, location and land size as well as characteristics unique to rural properties including topography, views, accessibility and services offered. Rural residential land across the Darling Downs entity service area has been popular with limited supply. This market segment is generally more thinly traded given that it represents a lifestyle choice to buyers. Personal preferences, presentation and motivation of both the purchasers and vendors can impact heavily on the ultimate sale price and can result in wider market parameters than those experienced for more traditional style vacant residential properties.

344 Meringandan Road, Kleinton, located approximately 20 kilometres from the Toowoomba CBD is a moderately sloping, slightly irregular shaped allotment comprising a land area of 2.84 hectares with district views. This vacant lifestyle allotment achieved a sale price of $520,000.

A further example is the sale at 115 Coates Street, Laidley, located within close proximity to local amenities provided in the regional township of Laidley (within the Lockyer Valley area) and approximately 60 kilometres from Toowoomba. The property is a rectangular shaped allotment of 7.32 hectares with local and district views and features a dam, and achieved a sale price of $1.14 million. The property was listed for sale for approximately five months with an initial listing price of offers over $1.175 million.

We consider the typical factors influencing demand for vacant residential allotments across the Darling Downs entity coverage region continue to include:

- Limited available stock. Estates that had been carrying excess stock are now fully sold which continues to make it challenging for first home builders to enter the market, with various resales in these estates recording steady growth within less than a year or two of ownership;
- Demand from investors and owner-occupiers. The cost of vacant land has continued to rise over the previous 12 months, even with the broader residential property market (including the established residential property market) now showing signs of stabilising, given that vacant allotments are still thought to be very affordable compared to the average cost of other localities including metro localities;
- The numerous commercial projects planned or under construction within the Toowoomba region, notably the new Toowoomba Base Hospital's construction, continue to create employment opportunities to support the need for more housing options including further releases of vacant land;
- A challenge facing potential purchasers and existing owners of any property type is the serviceability of mortgages given the current interest rate environment which have continued to increase over the previous 12 months which has, and may continue to have, a negative impact on the ability to make repayments on a higher loan amount and/or limit the ability to construct a new dwelling on these allotments;
- A further continued challenge facing buyers of vacant allotments is the cost to build a modern home, the ability to source suitably skilled builders and tradespeople and that extended construction times which are still being experienced, especially now that we are seeing signs of the established residential property market beginning to stabilise, where is some instances the cost of construction, plus the purchase of the vacant allotment do not equate to added value on a dollar per dollar basis (as perceived by the market and based on

available resales).

Overall, we foresee this market sector to continue to perform at a stable rate generally throughout all areas that we service in the short term with the possibility of some cooling in demand in line with general market conditions. We maintain that a prudent purchaser can feel secure in investing/purchasing in various localities throughout the Darling Downs area, given the continued investment in infrastructure developments the allure of affordability, liveability and the potential for future growth, being what continues to make Toowoomba and surrounds one of Australia's best regional cities. However, as always, it is still important to recognise that there continues to be an element of uncertainty as to how the local economy will continue to respond to the current levels of inflation, continued cost of living pressures and the current interest rate environment and any prudent potential buyer or seller in this market segment should be mindful of the potential for volatility moving forward.

Marissa Griffin
Director

South Australia - Residential 2023

Adelaide and regions

Demand in the vacant land market has stabilised since the height of the home builder grant growth of 2020 to 2022. Land continues to be popular with both investors and first home buyers due to the lack of available stock of established homes and the government grants available for the construction and purchase of new homes. An abundance of land remains available in the established metropolitan areas as well as suburban subdivisions and the outer greenfield developments.

Within the traditional metropolitan area, the largest proportion of vacant land can be found within master plan subdivisions. These developments comprise both privately owned land and land being developed through joint ventures between Renewal SA and associated partners. An example of this is Oakden Rise within the suburb of Oakden, north of the CBD. Within these developments there is a focus on higher density living. Allotment sizes typically begin at 150 square metres for townhouse style lots and reach a ceiling of 500 square metres for traditional detached dwelling lots. Price points vary broadly from location to location with allotments typically ranging in price from $200,000 to $550,000.

Oakden Rise Master Plan Source: Villawood Properties

Greenfield offerings are most commonly found in both the outer northern, southern and south-eastern suburbs. These developments are typical of easily accessible areas centred on existing community infrastructure. South-east of the city is the ever-expanding satellite suburb of Mount Barker which benefited from the expansion of the South Eastern Freeway. Land in Mount Barker ranges in value from $100,000 for townhouse style allotments to $475,000 for 1500 square metre allotments. The outer northern suburbs have benefited from the completion of the Northern Connector transport corridor. This region has greenfield subdivisions in multiple former regional townships which, through the metropolitan area's expansion, now form part of suburban Adelaide. Expanding townships include Virginia, Angle Vale and the greater Gawler area. Land areas in these region's subdivisions range from 300 to 1,800 square metres with prices ranging between $130,000 and $450,000.

An abundance of land remains available in the established metropolitan areas as well as suburban subdivisions and the outer greenfield developments.

Vacant land within established middle and outer ring metropolitan suburbs typically comprises allotments of sub 500 square metres which have been split from a parent allotment. Density restrictions within the inner ring and demand for more expansive homes sees allotments ranging in size from 400 to 1500 square metres plus. Land within these regions comes in the form of cleared vacant sites and larger allotments improved with dilapidated or underutilised dwellings which have been advertised on the basis of land value. Within these markets, the rate per square metre has a greater focus. In the middle and outer rings, land rates range between $250 and $1500 square metres. Within the inner ring and western beachside suburbs, land rates typically begin at $1500 per square metre and reach a ceiling at $3,500 per square metre.

Examples within the middle and outer rings include:

- **35 Fairview Terrace, Clearview**, a 404 square metre site which achieved a sale price of $371,000 equating to $918 per square metre;
- **48 Greville Avenue, Flinders Park**, a 530 square metre site which achieved a sale price of $610,000 equating to $1150 per square metre; and

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Lot 11 Lomond Crescent Morphett Vale Source: realestate.com.au

- **Lot 11 Lomond Crescent, Morphett Vale**, a 300 square metre site which achieved a sale price of $250,000 equating to $833 per square metre.

Examples within the inner ring and beachside western suburbs include:

- **18 Elderslie Avenue, Fitzroy**, a 1072 square metre improved site which achieved a sale price of $2.605 million equating to $2430 per square metre;
- **60 Church Terrace, Walkerville**, a 1662 square metre improved site which achieved a sale price of $3.8 million equating to $2286 per square metre; and

18 Elderslie Avenue, Fitzroy Source: realestate.com.au

7 Sunlake Place, Tennyson Source: realestate.com.au

- **7 Sunlake Place, Tennyson**, a site of 337 square metres with direct marina frontage which achieved a sale price of $1.2 million equating to $3560 per square metre.

Rural lifestyle allotments of one to 20 hectares remain popular with those seeking a lifestyle change. Allotments of this size can be found within a one-hour drive of the CBD throughout the Adelaide Hills, Fleurieu Peninsula and northern Adelaide Plains. Buyers in this market are motivated by typical property attribute such as price point, location and land area as well as attributes specific to rural properties such as gradient, views, access and available services.

Lot 104 Pfeiffers Road, Woodside Source: realestate.com.au

Lot 32 Parkers Road, Gawler Belt Source: realestate.com.au

Entry level lifestyle allotments are typically found in the Adelaide Plains ranging in price between $300,000 and $550,000 with similar allotments in the Adelaide Hills and Fleurieu Peninsula ranging between $400,000 and $1 million plus. Examples of these lifestyle allotments include:

- **Lot 32 Parkers Road, Gawler Belt**, a hammerhead shaped near level allotment of 5.85 hectares which achieved a sale price of $581,000; and
- **Lot 104 Pfeiffers Road, Woodside**, an undulating irregular shape allotment of 5.62 hectares which achieved a sale price of $787,500.

The market for vacant land appears to have stabilised with price levels continuing to reflect those seen at the height of the market in 2021 and 2022. The broader property market is entering a new phase as interest rates continue to create challenges for purchasers and existing mortgage holders. Price levels for vacant allotments are expected to remain stable in the short to medium term.

Nick Smerdon
Valuer

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Western Australia - Residential 2023

Perth and regions

Western Australia is bigger than many countries in the world and Perth claims the crown for being the geographically longest city in the world, so one would assume that there is an abundance of land and supply will never dwindle throughout this great state. Incredibly Western Australia is experiencing a land supply shortage at the moment and even with reduced demand at present, there remains a dire need for new supply to come into the market.

It's been 12 months since our last land update and we will deep dive into analysing what has changed (if anything) in the vacant land market in Western Australia and what is on the horizon.

Let's start the discussion in Perth with how cheap available land actually is. As per the most recent UDIA State of the Land report, our median vacant land price sits at $228,000.

This compares to Sydney with a median vacant land price of $716,381, Melbourne at a median of $382,125 and the overall national capital city average of $391,546. Perth has had the lowest price growth in the vacant land sector out of all the capital cities, being the only city with price growth in the single digits (six per cent).

Greenfield Market Performance Summary Table

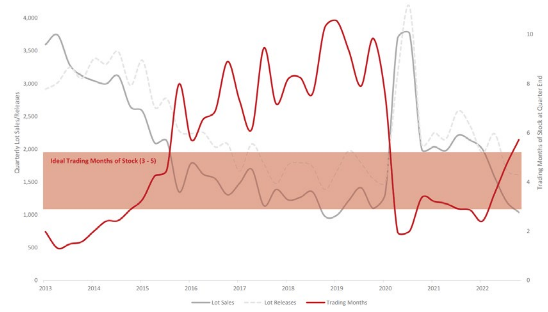
	Annual Net Land Sales	Average Annual Number of Active Estates Per Quarter	Median Lot Size (SQM)	Median Lot Price	Median Land Price ($/SQM)
2012	9,416	140	465	$227K	$487
2013	13,741	140	448	$238K	$532
2014	11,805	141	427	$261K	$612
2015	8,144	153	389	$253K	$650
2016	6,259	162	375	$237K	$633
2017	5,700	167	375	$226K	$603
2018	4,828	164	375	$222K	$591
2019	4,728	181	375	$217K	$579
2020	10,770	187	375	$215K	$573
2021	8,363	162	375	$215K	$574
2022	5,813	150	375	$228K	$607

Source: UDIA State of the Land 2023

Analysis of greenfield market performance nationally shows sales have taken a significant nosedive, with a 49 per cent annual reduction in sales activity in 2022. Perth experienced a 30 per cent reduction in greenfield lot sales. Throughout the year, there were 5810 sales recorded, averaging approximately 484 lots per month. This figure is 31 per cent lower than the average sales volume over the past ten years. Furthermore, the market concluded the year with a monthly net sales rate of 346, indicating a 28 per cent decrease compared to the average rate in 2022. The period from December 2021 to the close of the December 2022 quarter saw a consistent downward trend in sales, with an average quarterly decrease of 16 per cent.

Developers released a total of 7470 lots into the market during 2022. This quantity represents a 20 per cent reduction compared to the previous year and the average release volume observed over the past decade. It is also noteworthy that the release quantum in 2022 was 43 per cent lower than the peak recorded in 2014. These statistics highlight a noticeable decrease in the supply of new vacant land entering the market.

Greenfield Market Activity



Source: UDIA

When examining the broader context, it is evident that Perth's share of total national land sales has averaged around 19 per cent since 2008. However, over the past year, this share has dropped to 15 per cent. The reduced sales volumes indicate a waning interest in vacant land, while the decrease in new lot releases by developers further limits the availability of fresh land parcels. This combination of decreased demand and supply points to a scenario of limited availability of new vacant land in the Perth market, yet demand in the established market remains red hot - hence we are playing a waiting game of waiting for building costs to decrease, which will increase demand for vacant allotments and then we are back on the merry-go-round.

Perth has had the lowest price growth in the vacant land sector out of all the capital cities, being the only city with price growth in the single digits (six per cent).

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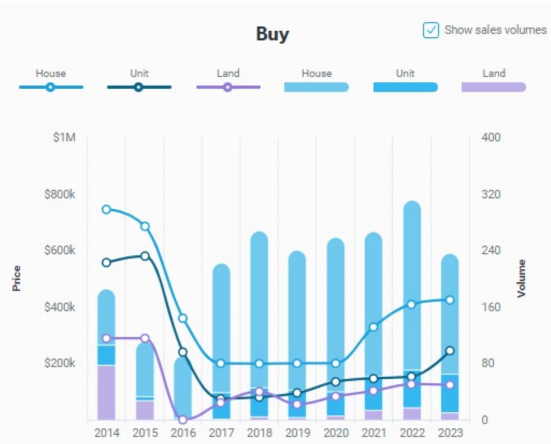
Moving to specific areas where vacant land is prominent, the north-east mortgage belt suburb of Brabham is an example of a developing suburb with multiple estates completed or in development. In 2021, land sales volume showed 446 sales at a median price of $217,000. Then in 2022, the sales volume dipped to 191 sales with a median land price of $234,000. Going into 2023 and volumes have now dropped to 88 sales with a median price of $256,000.



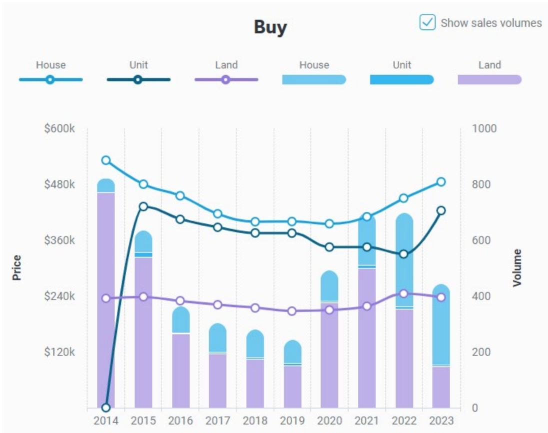
Brabham sales median and volume Source: REIWA

With construction cost increases stabilising, the need for vacant lots to build new dwellings on becomes more and more apparent as the demand for housing increases. Supply constraints are being observed in all sectors – land, owner-occupier and investor – and the easiest way to introduce new stock to the market is being hindered by the lack of titled land combined with the cost and time required to build a dwelling at present.

In the northern coastal suburb of Alkimos, we have seen a large drop in vacant land sales in recent months and values are showing early signs of decline. According to the REIWA, there were a

A flurry of new planning requirements is actually making it harder and more expensive to deliver infill housing supply in established areas.

whopping 500 land sales in 2021 in Alkimos, largely due to the multiple land estates happening in the area and the building stimulus packages released by the state and federal governments – which created far too much demand in a very short period of time. The median land price was $218,000, mainly because many of these lots were readily available, with land developers not incurring the higher construction cost increases as yet. Fast forward to 2022, when 355 allotments sold with a higher median price of $245,000. Now over halfway through 2023, only 150 land sales have been recorded at a lower median price of $237,000. This makes for pretty grim reading, especially when construction costs are still high and a lot of the stock that was expected to be absorbed by potential first home buyers this year and last year was absorbed in 2021. Many first home buyers or people looking to build in the coming years decided to do so but the issues that the dual state and federal



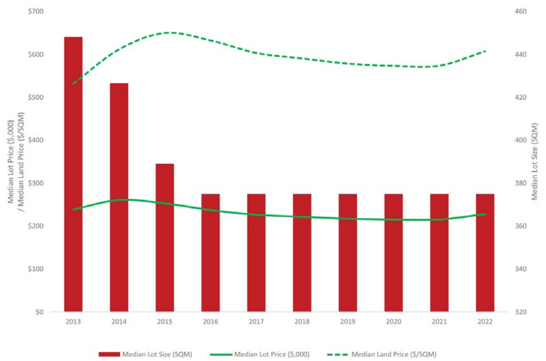
Sales volume and median price in Alkimos Source: REIWA

government grants caused have contributed to what is now a dire issue of a lack of supply, lack of builders, significant construction costs and unknown construction timelines. What a shemozzle!

Naturally, land being a finite resource means that it is becoming rarer and rarer to find as you work your way from the mortgage belt to sought-after suburbs closer to the CBD. The desire to have space for a growing family with a front and back yard has resulted in the sprawl of Perth city, a metropolitan area that now boasts a span of approximately 150 kilometres.

Interestingly though, the new greenfield developments popping up on the urban fringe tend to be on the smaller side anyway, with a median size of 375 square metres. The reason? It's primarily due to state government planning policies dictating a minimum lot ratio in new estates whereas the same planning codes don't have the same impact in established areas, resulting in a bizarre situation where we have medium to high density around the CBD, low to medium density in the middle ring and then back to more medium density in the outer mortgage belt. The flow on effect is an increased need for infrastructure such as train lines and main roads, during a time when we are more green-minded and looking at ways to reduce emissions and be more sustainable. By amending residential design codes to be more financially sympathetic to infill housing within the established inner suburbs, we would be able to provide more land supply in more desirable areas and pause our urban sprawl however there are few (if any) practical ways that such an ideal is being actively supported by government policy. Rather the opposite is happening; a flurry of new planning requirements is actually making it harder and more expensive to deliver infill housing supply in established areas.

Median Lot Price, Land Price ($/sqm) and Median Lot Size



Source: UDIA

Despite the (apparently) well-intentioned planning codes targeting 47 per cent of new residential construction within Perth and Peel regions to be infill housing, the mounting list of costs, including public open space contributions (in areas with ample public open space) and school contributions (in areas with ample public schools) and the pending Medium Density code are all having the opposite effect. These policies are working together to remove any profit-making ability for developers targeting smaller scale developments, which are the bread and butter of infill housing sites. These sites are too small for larger developers hence we have the obscene situation where the government is talking about a housing crisis but actively implementing policies preventing new supply from being financially feasible.

Development of infill high-rise apartments have generally been considered to fall in the too hard basket due in large part to the NIMBY mentality of some local councils, the complex administrative and financial hurdles and now we add on the almost impossible nature of securing a fixed price building contract which increases the financial hurdles.

However when the right block presents itself (generally in prestige areas where premiums can be made on capitalising views to offset the higher costs), developers pounce. Finding these elusive blocks can be a hard task, but not impossible. Currently there are a couple of options available on the south side of the river in Applecross and Mount Pleasant with development potential for high-rise mixed use apartments - if one can secure a fixed price building contract or financing for the currently prevalent cost-plus contracts in the marketplace.

The happy middle ground appears to be the medium density projects, large vacant lots that have been tightly held for decades that are prime for subdivision into duplex or triplex lots. One example is 96 Rome Road, Melville, an 865 square metre R35 zoned cleared block which allows for development of up to three lots, which sold in May for $795,000. However sites such as this will be captured in the pending Medium Density Code, so we encourage any speculative investor or developer to ensure they understand the new requirements prior to committing to such a site, as what has already been developed on neighbouring blocks is no longer a guide as to what is permitted to be developed.

96 Rome Road, Melville Source: RPData

A number of these blocks have already been prepared and subdivided prior to being offered up for sale, such as 33 Richmond Street, North Perth, which was bought as a full 814 square metre R40 block by a developer in 2021 for $1.425 million and is now being offered for sale in three subdivided lots with the lots having the potential to be sold for between $550,000 and $600,000 each.

33 Richmond Street, North Perth Source: RP Data

While supply of large vacant lots can be difficult to come by, alternative options for investors and developers are also available. A recent example

51 Walpole Street, St James Source: RP Data

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is 51 Walpole Street in St James, an established 1960s home on a combined 2049 square metre R40 corner block which sold in May for $1.5 million. Remnant sites such as these are becoming increasingly difficult to find.

In 2022, there was a 20 per cent annual decrease in new multi-unit completions, which totalled 2033 units. This decline can be attributed to a dramatic softening in the multi-unit pipeline. With fewer new units entering the market, there may be a decrease in available options for potential buyers or renters, resulting in increased competition and higher values for existing units. This is already playing out in some aspects of the apartment market but it feels like there is much more to come.

The number of completed units in 2022 stands at a striking 71 per cent lower than the peak supply achieved in 2016. In fact, it represents the lowest level of new stock delivered since 2013. The reduced number of completed units also reflects a cautious approach by developers in response to market conditions, as well as a shift in focus towards alternative property types or locations that offer better prospects for sale or rental returns. The reality is that the base cost of apartment construction has increased so much that they are no longer feasible anywhere except premium locations.

When analysing the distribution of new unit completions, the central city and inner-city areas of Perth within a five-kilometre radius of the Perth metro area accounted for the majority share of new supply in 2020, with 56 per cent of the total completed stock for the city. Additionally, the inner-middle ring of Perth, spanning between five and ten kilometres from the city centre, contributed 22 per cent of the new stock.

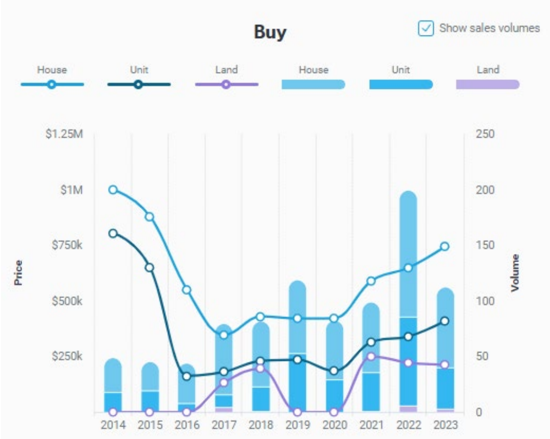
Infill development of larger lots in and around the Perth CBD is crucial for increasing population density and maximising the use of existing infrastructure. The decline in new multi-unit completions in 2022 and the low levels of completed units compared to the peak supply indicate the importance of carefully managing urban development to ensure sustainable growth. We are now at a stage where government policy should be supporting new apartment developments, but the government appears to be appalled by the idea that a developer might make a profit from a development, yet is unable to provide any meaningful supply of its own into the market. By concentrating development efforts in established areas, there is an opportunity to direct infrastructure spending towards enhancing existing services and amenities. This approach can lead to more efficient resource utilisation and a more vibrant, well-connected urban environment while minimising the need for costly expansion of the metropolitan area.

By concentrating development efforts in established areas, there is an opportunity to direct infrastructure spending towards enhancing existing services and amenities.

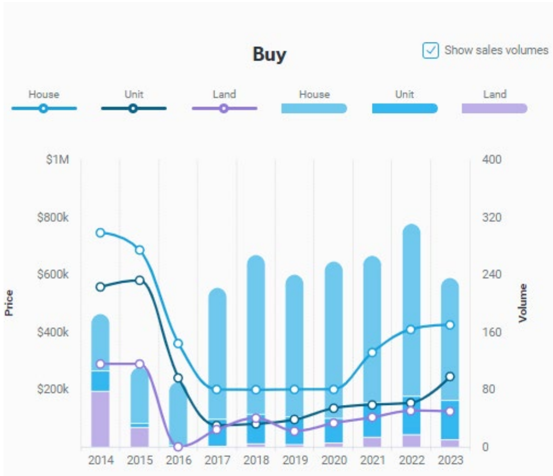
Regional Western Australia has headed in a similar trajectory, as the costs for building in these areas have been increasing over the past few years due to inflationary pressures ultimately diminishing demand for vacant land, coupled with the cost of bringing the land to market.

Looking at the land market in Karratha in the Pilbara region, there has not been much activity at all in recent times. This is mostly due to the extremely high construction costs in the area resulting in a situation where you are better off purchasing an existing dwelling and conducting a renovation if necessary. A few multi lot transactions have occurred to some local corporations, but otherwise there is very little land activity to report. There are lots available to purchase through the state government land agency, however the construction costs combined with the requirement to build a dwelling within a certain period of time have killed demand.

In both Port and South Hedland, there is no shortage of stock available to purchase, however very few transactions have occurred over the past 12 months. Only three lots sold in Port Hedland in the past 12 months and just 10 in South Hedland. The median land price in both locations has also declined. This is due to the increased building costs and supply shortages that remain massive issues and whilst our team has seen examples of building costs in South Hedland being far more affordable than in Karratha, the sums still don't stack up against the established housing market at present.



Port Hedland sales median and volume
Source: REIWA



South Hedland sales median and volume Source: REIWA

Similarly, the demand for land in the coastal town of Exmouth is also low. This is largely due to the increased cost of building. Inflation has impacted the building sector in Exmouth as it has the rest of Australia, however construction in the isolated town introduces many challenges not witnessed in larger urban locations. Builders face supply and logistical issues such as transporting building materials to the remote town which creates delays in building and ultimately deters potential land buyers.

Finally, in Kalgoorlie-Boulder, vacant land sales have also been relatively slow. In one of the only new developments (Greenview at Karlkurla), there have been 13 sales in the past 12 months, and only one of those was in the past six months. The sale was an 800 square metre lot for $200,000. Building costs and supply chain issues appear to be the main barrier to people buying land in Kalgoorlie, as there is an undersupply of available housing throughout the greater Kalgoorlie region but the building equation does not stack up compared to the established market. This may change in the short to medium term, as good quality existing housing is commanding a distinct premium at present.

It may be time to land some land but you might have a hard time finding some! The supply constraints that have been gaining momentum are still outstripping the dwindling demand for not only established housing but also for vacant land. The lag in the time it takes for supply to be added to the market creates quite the purchaser urgency at the moment given the lack of options at present and with established dwellings on the market also in short supply, the market desperately needs new housing stock to be added. With construction cost increases levelling off and build times coming back to slightly more acceptable time frames (for most builders) it has made conditions for vacant land purchases more viable and we may possibly see a slight uptick in demand for new lots in the latter half of this year.

Western Australia's migration figures will be key to what happens next in our market. We are already in a housing crisis and additional population growth will continue to provide challenges and place upward pressure on values throughout the state.

Chris Hinchliffe
Director

Northern Territory - Residential 2023

Darwin

Darwin offers three master planned communities with land on offer including Lee Point, Northcrest and Zuccoli, all appealing to various buyers and price points. Generally speaking however, the Darwin and Palmerston regions have limited new land supply offerings as a result of a lack of suitable development sites and delays in titles. Demand for new houses and land is still present across the region despite continuously rising construction costs and limited government stimulus.

The Lee Point estate in Darwin's northern suburbs is located just 18 kilometres north-east of the Darwin CBD with the appeal of being a premium seaside community. The estate offers land ranging from 400 to 600 square metres priced between around $650 and $750 per square metre. Buyers in this estate usually include second homeowners looking to upgrade as well as interstate working professionals. New builds in Lee Point typically include upgraded finishes with typical house and land costs sitting above $700,000.

The Northcrest master planned estate is situated in Berrimah just 13 kilometres from the Darwin CBD and conveniently located midway between the CBD, Casuarina and Palmerston. Northcrest has land offerings between 400 and 700 square metres priced between $500 and $550 per square metre. Buyers in Northcrest typically include first and second homeowners with house and land generally sitting above $600,000, a slightly higher price point in comparison to similar products in Zuccoli.

Zuccoli is a large master planned community located in Palmerston and situated 25 kilometres from the CBD. Zuccoli is a great option for first home buyers, being the most affordable new housing estate in the region and offering a family-friendly lifestyle. Zuccoli offers lots generally ranging in size from 400 to 700 square metres priced between $400 and $500 per square metre. New builds in Zuccoli range from basic dwellings to upgraded finishes, as well as some completed with pools. Zuccoli has also seen an increase in demand from investors building larger dwellings with several private ensuite bedrooms suitable for private leasing to maximise rental returns, and although such builds aren't uncommon, they're not typical for Zuccoli.


Zuccoli Aspire Estate Source: ZuccoliAspire

The Northern Territory offers limited government stimulus for new builds in comparison to other states with just a $10,000 First Home Owners Grant, but demand hasn't lacked. Across all of Darwin and Palmerston, the values for new builds are stacking up to the costs of building them as people are willing to pay premiums for new products, with little to no changes in land prices over the past 12 months. The market has seen minor fluctuations in buyer confidence on the back of each interest rate rise, but this hasn't affected general demand and values. Any future changes in demand for vacant land will likely follow the rest of the housing market, although, as with most, the future for the land market remains uncertain as interest rates and construction costs continue to rise.

The rural residential land market has all but stalled with little to no stock readily available. The last available blocks in existing subdivisions are now sold which is putting pricing pressure on the limited number of remaining blocks in newer subdivisions. The 75-lot rural estate The Grange in Humpty Doo proved popular, offering land sized from one to two hectares, and seeing a noticeable increase in land prices for blocks under two hectares. This is not dissimilar to the nearby Savanna Acres estate in Bees Creek which offered acreage blocks between 4000 and 9000 square metres, appealing to those looking for a lifestyle change whilst being a short drive from Palmerston City. The allocation in these subdivisions all but exhausted quickly, with some new land releases on offer in very limited numbers.

There are limited options for urban infill with sparse land availability, so the focus remains on titling new land in the previously mentioned estates, but

The allocation in these subdivisions all but exhausted quickly, with some new land releases on offer in very limited numbers.

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it's not impossible to find infill blocks. 11 Bradhurst Court in the premium, bayside suburb of Bayview offers 820 square metres of land and sold for $405,000 in September 2022.

The Palmerston region has also seen some infill blocks on the market in suburbs such as Farrar and Johnston which sit between $350 and $500 per square metre for larger blocks ranging between 600 and 1000 square metres. We have seen some small development sites sold throughout the year including 1 Kirkimbie Court, Farrar, which sold for $425,000 in May 2022 and comprises a 1750 square metre corner block with medium density zoning, suitable for multi-lot development.

The biggest hurdle in land subdivisions continues to be that the pace of planning, developing, titling and delivering a subdivision is generally slower than the rate it is absorbed by the market.

Megan Cornish
Valuer

Alice Springs

This month's article is going to be short and sweet. Vacant land for sale in and around Alice Springs is scarce, with much vacant land that could be used for future residential development either tied up with Native Title claims, allocated as Crown Land or owned by Aboriginal Corporations with little thought applied towards possible development. It must be said that medium to high density land development in Central Australia generally proves to not be economically viable due to the high cost of acquisition of land and then the overall cost of installing the necessary infrastructure required of a residential land development. The sale price of the end product (that would be palatable to purchasers) would not re-coup development costs and allow a reasonable return on investment for the developer.

The NT Government recognised these barriers to land development a number of years ago, and through the Land Development Corporation commenced developing land at Kilgariff, a location south of the Alice Springs township and in proximity to the airport. Stage 1 has now been fully sold and the vast majority of the 80 lots released have now been built on. Stage 2 has now been on sale for approximately 12 months, with blocks in this stage reflecting an increase in values of up to 25per cent compared with stage 1. As with stage 1, 80 blocks are being released for sale, (with 52 lots being offered up as stage 2A) ranging between $192,000 and $233,000 for single dwelling lots and between $290,000 and $540,000 for multiple dwelling lots. In stage 1 an 800 square metre block was generally selling for $170,000 whereas a similar sized alllotment in stage 2 will set you back between $200,000 and 215,000. At the initial release, a large number of the blocks offered up for sale were placed under contract, indicating a general acceptance of the higher prices by the general public. However, a number of these contracts have since fallen over and as at the time of writing this article, only 20 lots have settled, the most recent in January. Construction is underway on several of these allotments.

It is expected that with recent increases in building and material costs build contracts will reflect a higher overall rate per square metre than in the past. This factor, combined with the higher land prices is going to result in higher overall house plus land costs and it remains to be seen whether the total investment cost will exceed the final market value of the completed home. This has certainly been the experience of our neighbours in Darwin. This may prove to be a stumbling block for buyers with a high Loan to Valuation Ratio, and may in fact have been a major factor in the high fall over rate of land contracts.

The shortage of vacant land for sale is mirrored in the rural residential segment, with very few listings at present. It is known that there are a couple of rural lifestyle developments currently being discussed but we are also aware that one proposed rural residential development application was refused by the local council, on the back of numerous objections put forward by the general public.

Peter Nichols
Valuer

Australian Capital Territory - Residential 2023

Canberra

The ACT is unique. It's constrained by tight borders and the release of new land to the market is almost 100 per cent government controlled. All of this makes land supply a contentious and complex topic. It's also an emotive one, especially as the housing affordability crisis continues because land supply is about more than blocks, it's about homes. But not only is endless land supply physically impossible – it's also limited by economic, environmental and political factors. The Territory government says it is planning for an increase of about 30,000 dwellings in the ACT over the next five years to increase the total housing supply in Canberra from 180,000 dwellings to around 210,000.

Canberra's north and west are still growing with the Molonglo Valley (Whitlam), Gungahlin (Taylor, Throsby, Jacka, Moncrieff) and the Ginninderry/ Parkwood project near West Belconnen. The latter should – if everything goes to plan – see the ACT's border moved to incorporate some of New South Wales. Conservation Council Executive Director Elle Lawless says there's no need for further expansion beyond the existing footprint of the city. "Instead, we should be focusing on higher-density living and being more creative with our approach to that ... such as duplexes or houses going up instead of out," she said. "Making sure we have green space in the suburbs is also important for mental wellbeing and family time."

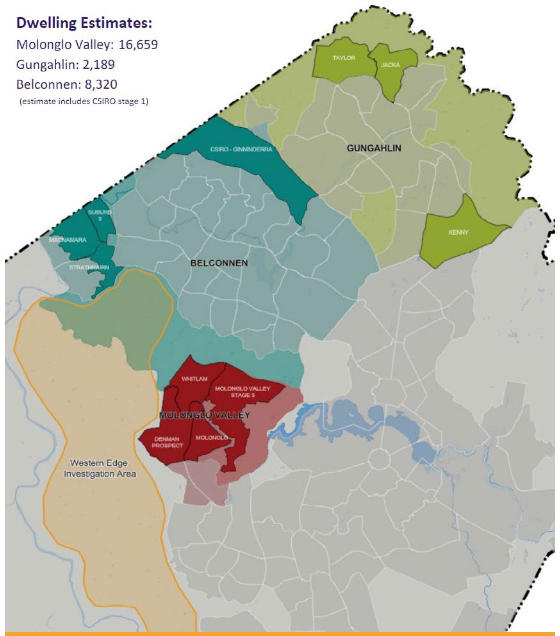
The way land in new suburbs is released and sold in the ACT continues to be of concern to Canberrans, who believe it is not delivering the homes they want as many still want to live in detached houses."

There are currently three greenfield development areas in Canberra supplying land to support new homes:

- Gungahlin district: almost complete with two suburbs remaining for release – Kenny and Jacka, and the suburb of Taylor in development with substantial housing construction underway;
- Molonglo Valley district: the main greenfield development growth area in the ACT;
- Belconnen district: Ginninderry in the west of the Belconnen district has a master plan to supply land for new dwellings through to 2052 in a cross-border development. The New South Wales supply in the planner's pipeline of 5,000 dwellings is not included in the ACT supply figures.

Assessing and preparing land for future greenfield development are lengthy processes. Two areas have been strategically identified for further investigation to support potential future residential growth. This work will include a full assessment of environmental issues as a first step to determine future use and suitability for expansion of the city.

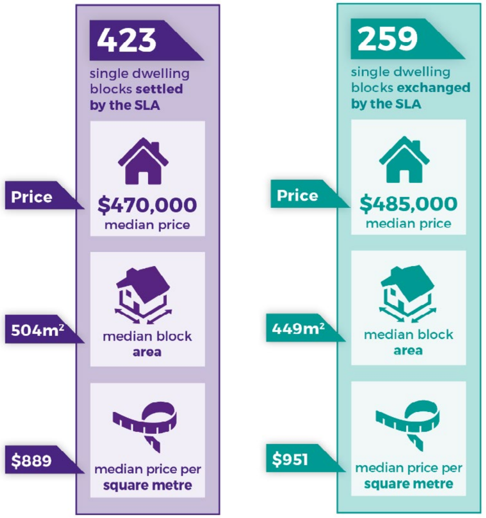
The ACT government's Indicative Land Release Program (ILRP) is an annual statement of land supply intentions for the next five years. The 2022-23 ILRP for years 2022-23 to 2026-27 was published alongside the 2022-23 ACT budget. The ACT Planning Strategy 2018 and the ACT Housing Strategy 2018 underpin the development of the



Remaining greenfield estates and western edge investigation area, June 2022
Source: ACT Land and Property Report 2022

ILRP. That is, to contribute to an equitable, diverse, and sustainable supply of housing for the ACT community and support land release to deliver a liveable, compact and efficient city. The residential land supply program for 2022-23 to 2026-27 provides for the release of land to support 16,417 dwellings over the next five years. Residential land in Canberra's greenfield suburbs is sold to home buyers, builders and developers by the Suburban Land Agency (SLA), an entity responsible for delivering the ACT government's suburban development program. Land is also delivered by private sector developers or through joint ventures between the Territory and the private sector.

Suburban Land Agency (SLA) estates



SLA estates Source: Suburban Land Agency

Over the period January 2022 to December 2022, the SLA exchanged on 259 single dwelling blocks with a median price of $485,000, a median block size of 449 square metres and a median price per square metre of $951.

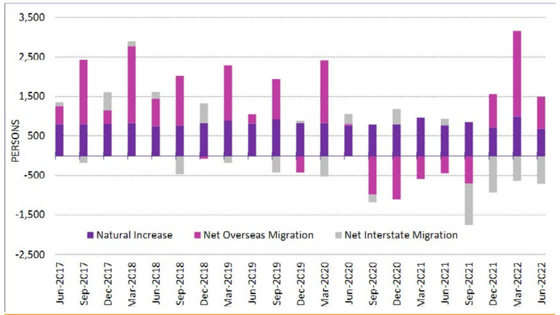
Compared to the six months to June 2021:

- the median price increased by 2.1 per cent;
- the number of single dwelling blocks exchanged increased by 15.6 per cent;
- the median price per square metre increased by seven per cent; and
- the median area decreased by 16.9 per cent.

In terms of the factors driving development and buyer appeal, population would be one of the main

In terms of the factors driving development and buyer appeal, population would be one of the main ones.

ones. The ACT's estimated resident population as at 30 June 2022 was 456,652 people, an increase of 3328 people from 31 December 2021. The increase in the ACT's population growth over this period was the result of a net inflow of 2982 people from overseas migration and 1682 people from natural increase (births less deaths), partially offset by a net outflow of 1356 people to interstate migration (Figure 3). The ending of COVID-19-related international travel restrictions resulted in significant net overseas migration inflows in both the March quarter 2022 and the June quarter 2022. Net interstate migration has continued to record an outflow for the fourth consecutive quarter to the June quarter 2022. Natural increase has continued to contribute positively to overall population growth.



ACT population growth by component, June quarter 2017 to June quarter 2022 Source: ABS, State and Territory Population publication

Mortgage interest rates would be the other main factor that drives development and buyer appeal, which are affected by the cash rate set by the Reserve Bank of Australia (RBA). This action has a far-reaching effect on the whole economy and particularly on property values across the country.

If there's a change in the cash rate by the RBA and lenders decide to pass that on to their variable-rates, borrowers' home loan repayments will also change accordingly.

The time taken between the exchange of a contract to settlement is another factor driving buyer appeal, which is an indicator of whether the land is being sold off the plan or ready to start building a home. The median time between exchange and settlement for single residential blocks has averaged around three months in the past three years. There is a high degree of volatility in these results in each six-monthly period which varies due to availability of stock ready to build on and availability of finance. Over the six months from January to June 2022, the median settlement period was 2.4 months. This is a slight increase from the 2.1 months recorded in the July to December 2021 period. The increase in median time between exchange and settlement was influenced by increased settlement timeframes for residential blocks in Taylor (up from 1.9 months from July to December 2021 to two months from January to June 2022).

Michael Qu
Assistant Valuer

Tasmania - Residential 2023

Hobart and regions

Vacant land in Hobart and surrounding suburbs has suffered big time recently with massive price reductions all across the board.

Increased interest rates, inflationary pressures and high construction costs have put a big dampener on this particular market.

Agents trying to sell vacant land in new subdivisions are now offering land for sale advertised as "offers invited". What does that tell you?

I recently had a conversation with a prospective purchaser looking at a block of land in a good location in Kingston (south of Hobart) where the asking price was circa $400,000. Sure, this block would have sold for this figure early last year when conditions were favourable. An offer has now been accepted (subject to sale and finance) for a much reduced $300,000. This represents good buying as the block has the potential to have two townhouses built on site.

Buyers are tending to toward established houses that may need some cosmetic maintenance in the short term. This turns out to be much more affordable than buying a block of dirt without any income production, then adding on the elevated construction costs and before you know it you are in the hole for $750,000-plus whilst making mortgage repayments and rent on top.

Flip it around where you can buy a modest home for $750,000 (by Hobart standards) in the outer suburbs (within 10 kilometres of the CBD), not pay rent and mortgage repayments at the same time and add your own touches over time. Sure, you must pay the stamp duty but the benefit of doing this far outweighs building from scratch.

When the market was red hot, some people (including real estate agents) were purchasing blocks of land off the plan subject to the release of title (which may take up to 12 months) and doing it on an "or nominee" basis so that when settlement was approaching and blocks of land were in short supply, they could sell the block at an inflated price to someone else who was in the market . Well, this worked early on in the piece, but now these entrepreneurs are stuck with a non-income producing asset and paying for it in more ways than they would like. I contemplated doing this and was glad I didn't, that's for sure.

Once the world gets back to some form of reality regarding stable interest rates, inflation and normal construction costs, I am sure the demand for vacant land will improve.

Let's see what the newly appointed RBA Governor Michele Bullock can do to bring things back to what we were used to pre-COVID times.

Mark Davies
Valuer

Agents trying to sell vacant land in new subdivisions are now offering land for sale advertised as "offers invited". What does that tell you?

Rural

August 2023

Southern NSW

Seasonal conditions for much of the Riverina south and east of Wagga have been wet in the past couple of months which contrasts with the northern and western Riverina which has been looking for moisture to assist with crop establishment and pasture growth.

A couple of recent wet changes have helped top up moisture levels again and farmers are now looking for a bout of sunny weather to help crops along and carry out spraying and fertilizer applications. Given recent declines in livestock values and a softening in grains and oilseed pricing, how the season plays out will have a big impact on farming incomes as growers chase yields and weight gain to counteract the reduction in farm gate prices for commodities. Discussions with farmers and agents point to these factors coupled with higher interest repayments leading to a softening in appetite for expansion and a corresponding likely decrease in demand for rural land at current value levels. Property sales are still occurring, however the depth of buyers in the market, particularly for small to medium scale mixed farming properties, has notably decreased and some properties are staying on the market longer with vendors having to reduce expectations to get a deal done.

Andrew Garnsey
Valuer

Mildura

Much of western Victoria experienced well above average rainfall in May and June which has set up a very promising start to the cropping season. Crops have germinated well and have full moisture profiles, which is helping farmers feel confident about the coming harvest. While there are few properties currently being marketed, we expect to see a continuation of good demand for any land that comes on the market, particularly for smaller parcels.

Much of western Victoria experienced well above average rainfall in May and June which has set up a very promising start to the cropping season.

Irrigators in the Murray and Goulburn Valley are also feeling confident, with the new irrigation water year starting with full allocations almost assured. The cost of leasing water has started the new water year at around $80 to $100 per megalitre which is higher than seen at the end of June, however still well below the longer-term average price. A lot of water has been carried over into the new season in both Victoria and New South Wales and there is a possibility that a fair amount of this carried over water will be lost if the key water storages do spill in the coming spring.

In the horticultural sector there are currently several table grape vineyards being marketed and this will prove a good test of value levels. Properties being marketed range from small vineyards within the irrigation districts to larger holdings suited to corporate scale buyers.

There are also several citrus orchards being marketed and while no sale can be confirmed at the time of writing, it is understood that negotiations are at an advanced stage on at least one of these properties at a price considered to be in line with levels observed over the past two to three years. Growers are reporting that the current navel and mandarin harvest is proceeding well, with stronger export returns expected.

There is real concern in the local wine grape industry that production will continue to decline. The decision by Treasury Wine Estates (ASX TWE) to close its Mildura winery and sell its locally owned vineyards of approximately 500 hectares, as well as a separate 480-hectare vineyard near Bordertown in South Australia highlights an industry-wide shift away from producing bulk red wine for export markets. The TWE winery was built in 1973 and reportedly has been crushing around 50,000 tonnes per annum in recent years however has capacity to crush much higher volumes. TWE will continue to source some grapes from the region which will be contract crushed by third party wineries.

The Murray Valley Winegrowers' 2023 grape crush report for the Murray Darling and Swan Hill regions indicated that total grape production declined to approximately 205,000 tonnes, which was well down on the previous year's crush of 327,000 tonnes. The average annual crush for the five years from 2018 to 2022 was approximately 350,000 tonnes.

While much of the decline in 2023 was a result of downy mildew outbreaks following very wet weather last spring, many growers are also electing to mothball or clear their red varieties due to their lack of profitability. The average price received for the main red varieties (Shiraz, Cabernet and Merlot) was reported to be approximately $335 per tonne, which is approximately 50 per cent of the price received in 2020.

Most white varieties and also Pinot Noir were in more balanced demand, with the average price for white varieties being down by between 5 and 10 per cent on levels received in 2022. This sector is less affected by the loss of the key Chinese market and therefore appears more resilient.

Graeme Whyte
Director

East Gippsland Rural

The rural property market in the East Gippsland region of Victoria has remained steady in recent times with limited sales in any given year especially in the Highland valleys of Omeo and Buchan.

Whilst lifestyle purchasers do play a part in the local market, especially nearer the East Gippsland Lakes, the market has remained largely underpinned by the grazing industry with limited influence from the booming dairy industry in the south and east of the region.

Recent noteworthy transactions include Lakeviews near Johsnonville which transacted for $3 million for the circa 109 hectare parcel with frontage to the Tambo River and extensive views over the East Gippsland Lakes. The sale reflected $27,455 per hectare to set a district record.

Lakeviews Source: Elders Yarram

Agents have reported a recent drop off in enquiries but given the lack of supply of larger scale holdings coming to the market, it is likely the market will remain steady for the short to medium term.

Further south, the 362.6 hectare grazing property Carinya near Darriman trasnacted late last year for $5.4 million or $14,880 per hectare for a well-developed grazing property which has hisotically focused on wool and prime lamb production but is also suitable for mixed farming and grazing.

Carinya Source: Elders Yarram

The Ridge south of Bairnsdale transacted in May this year and comprises a 516 hectare mixed cropping and grazing property consisting of mostly red gum plains country. The sale realised $3.85 million or $7500 per hectare.

The Ridge Source: Bill Wyndham & Co

Whilst there has been a recent softening in the cattle and lamb markets, this has yet to flow through to the rural propery market in East Gippsland. Agents have reported a recent drop off in enquiries but given the lack of supply of larger scale holdings coming to the market, it is likely the market will remain steady for the short to medium term.

John Gunthorpe
Director

NT/Kimberley

The number of settled sales in the NT has been a little quiet this month, however we are aware of reported sales under contract of two medium-scale northern cattle stations which have been marketed now for extended periods. Unfortunately, however, details will have to remain confidential until settlement but we can say that if these transactions do finalise they will reflect continued price growth for NT pastoral.

In a similar vein, we are aware of a large freehold aggregation south of Katherine that is receiving good interest and a sale looking likely to secure the relatively rare offering of large freehold areas (several thousand hectares) much of which is already cleared. The land is without developed irrigation or a significant groundwater licence, nevertheless, the 1000 to 1100 millimetres mean annual rainfall has continued to attract good enquiry. Over in the East Kimberley's Ord Irrigation

Area the sale of 517-hectare Voyager Farm for $7.675 million (settled at the end of May) was the first large irrigation property sale in the ORIA since mid 2022. Voyager Farm was a Quintis (Indian sandalwood) property situated around 15 kilometres from Kununurra in Ord Stage 1 and comprised all furrow irrigation established to sandalwood (to be harvested) on well regarded, self-mulching clays with standard 17 megalitres per annum allocation and suitable for a wide range of crops grown in the Ord River Valley.

Voyager Farm, Ord River Irrigation Area   Source: Google Maps

The buyer is a well-known farmer from outside the region but who has over the past couple of years purchased other local properties and has now made this property in the Ord part of his northern Australian farming empire. The sale will involve the buyer remediating much of the land post sandalwood harvest so is a little tricky to analyse bare, but at this stage the sale looks to owe the buyer at least $17,000 per hectare (ready to plant).

Frank Peacocke
Director

HERRON TODD WHITE

Property Market Indicators

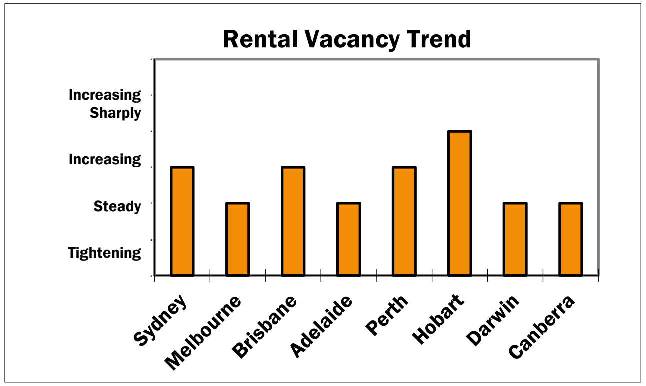
August 2023

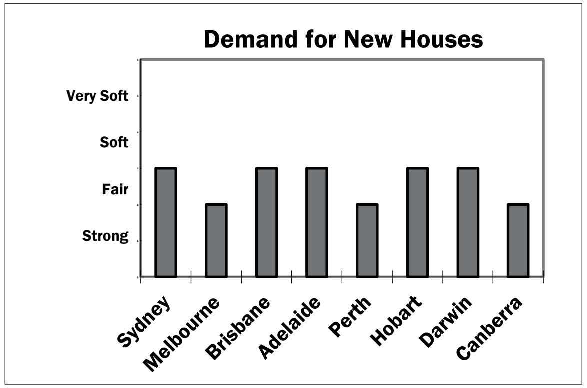
Capital City Property Market Indicators – Houses

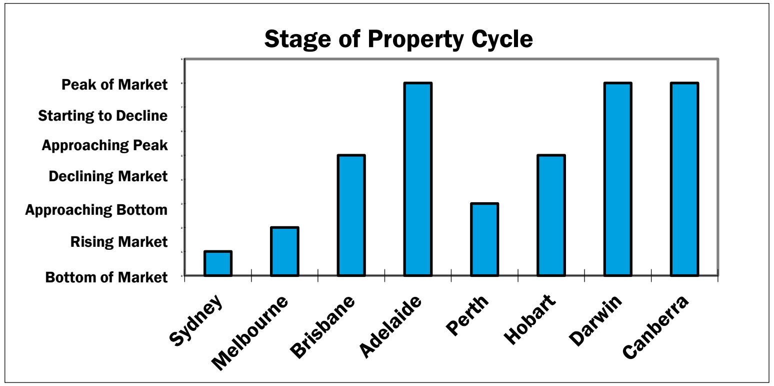
Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property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

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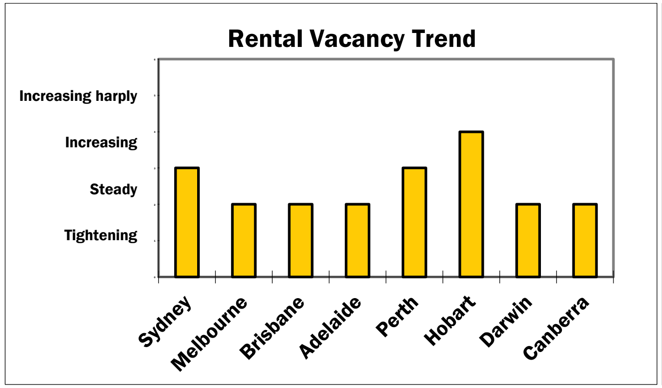
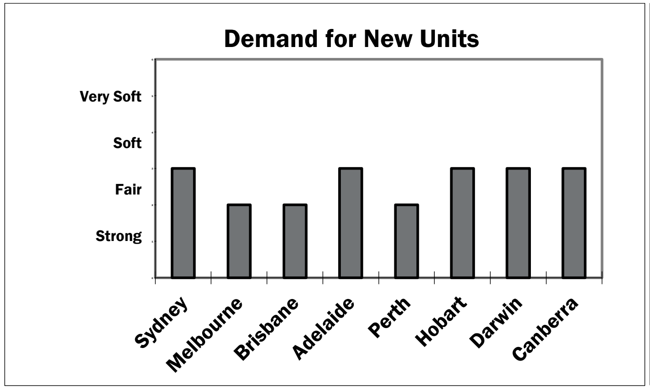
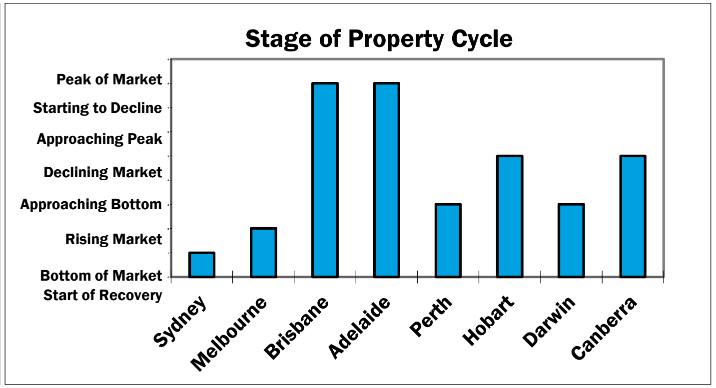


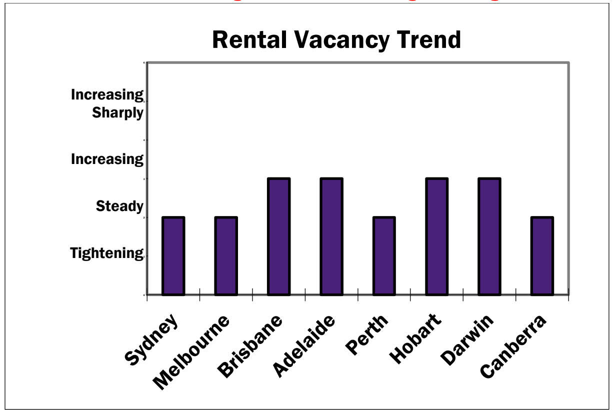


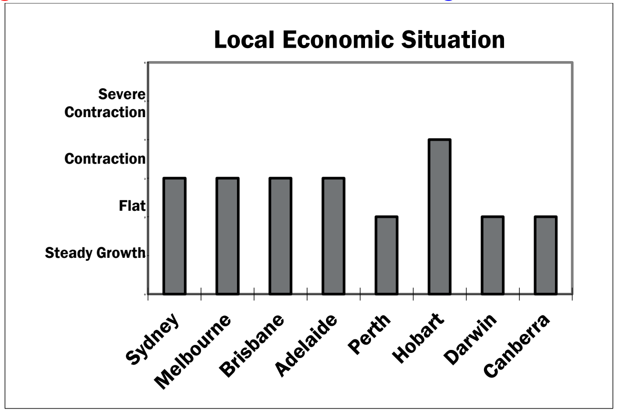


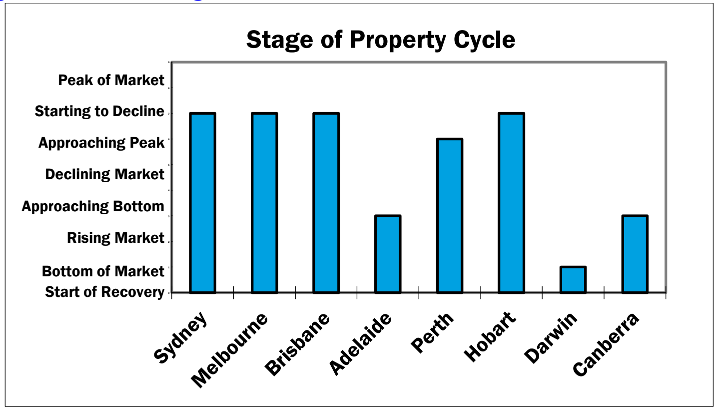
Capital City Property Market Indicators – Industrial

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

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







East Coast New South Wales Property Market Indicators – Houses

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

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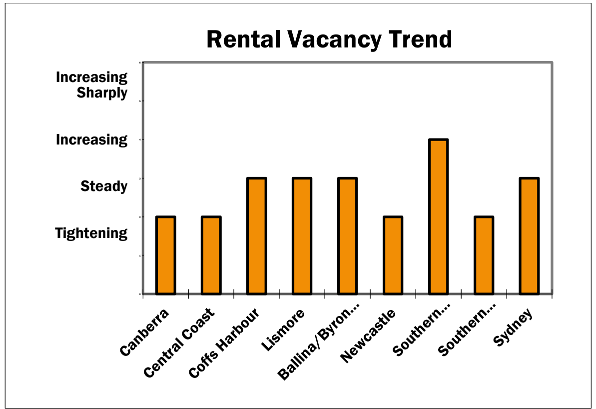

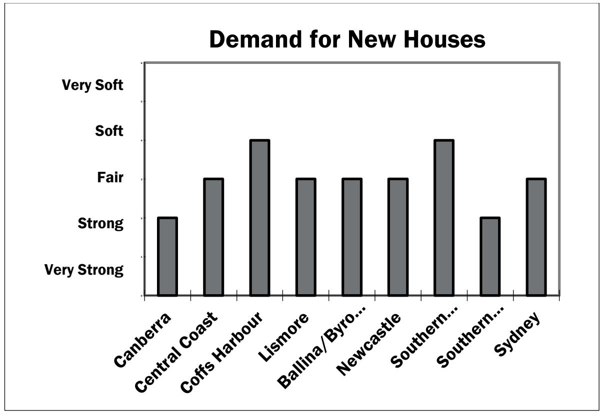

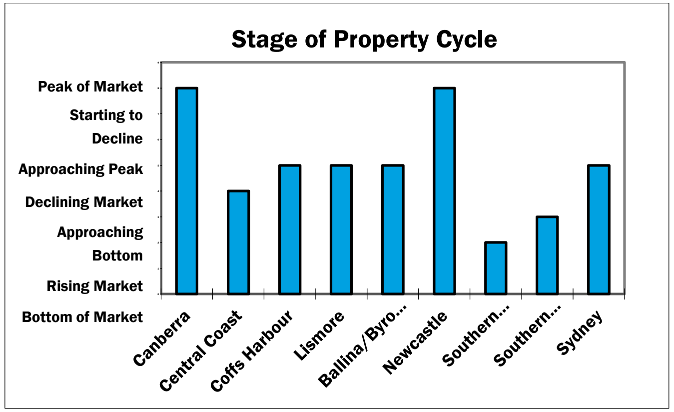

Country New South Wales Property Market Indicators – Houses

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	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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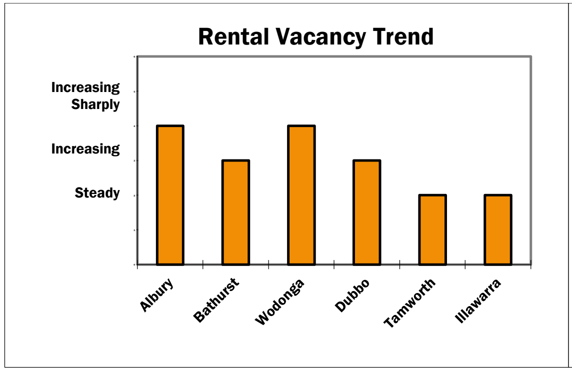

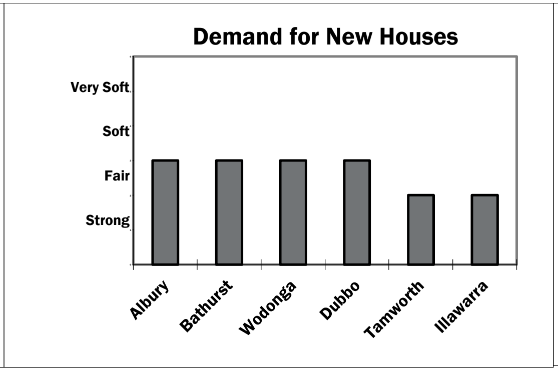

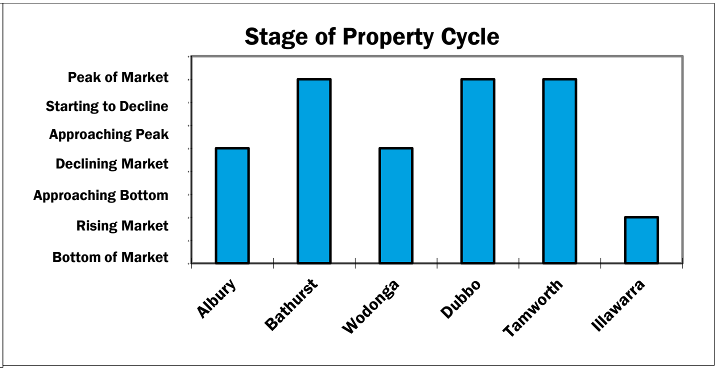

East Coast New South Wales Property Market Indicators - Units

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	Balanced market	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	Steady	Steady	Tightening	Tightening sharply	Steady	Steady
Demand for New Units	Fair	Strong	Fair	Fair	Strong	Fair	Fair	Fair	Fair
Trend in New Unit Construction	Declining	Declining	Declining	Steady	Declining	Steady	Declining	Steady	Steady
Volume of Unit Sales	Steady	Increasing	Steady	Steady	Steady	Increasing	Declining	Steady	Steady
Stage of Property Cycle	Declining market	Approaching bottom of market	Declining market	Declining market	Declining market	Declining market	Bottom of market	Start of recovery	Start of recovery
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Almost never	Almost never	Almost never	Occasionally	Frequently	Occasionally	Frequently

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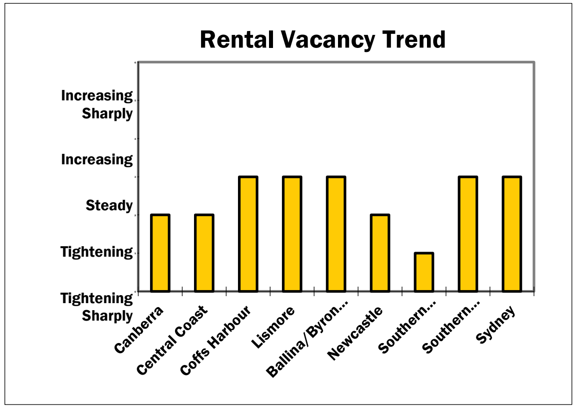

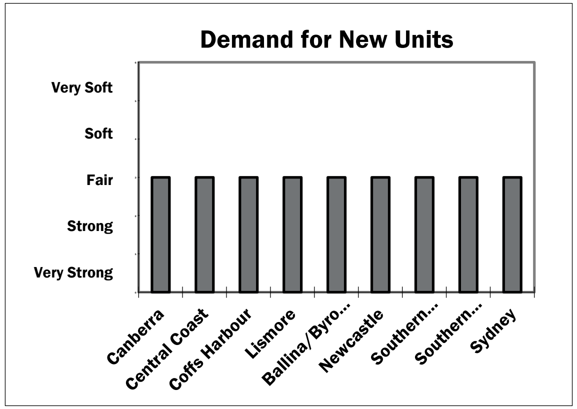

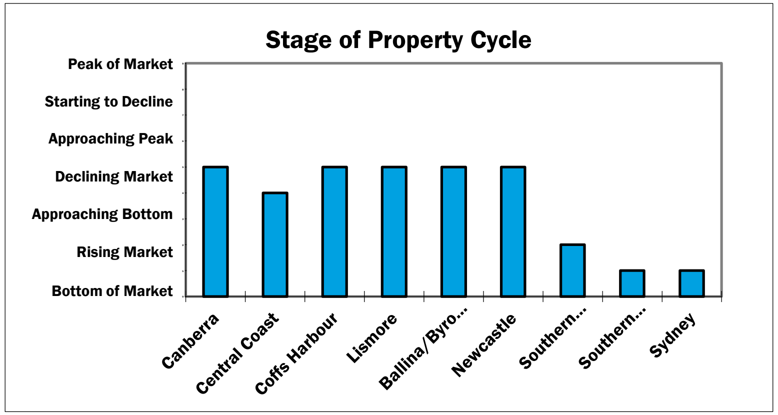

Country New South Wales Property Market Indicators - Units

Factor	Albury	Wodonga	Bathurst	Dubbo	Tamworth	Illawarra
Rental Vacancy Situation	Shortage of available property relative to demand	Shortage of available property relative to demand	Balanced market	Balanced market	Shortage of available property relative to demand	Shortage of available property relative to demand
Rental Vacancy Trend	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	Bottom of market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Almost never	Occasionally	Occasionally	Frequently

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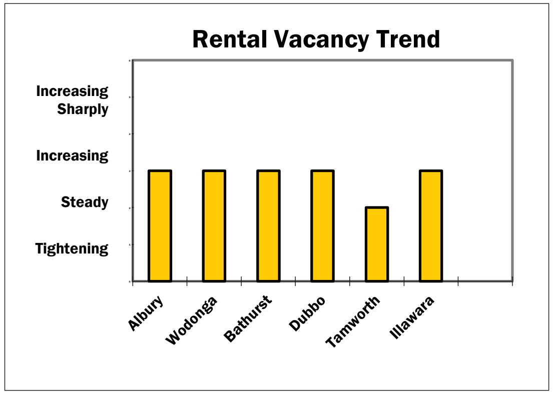

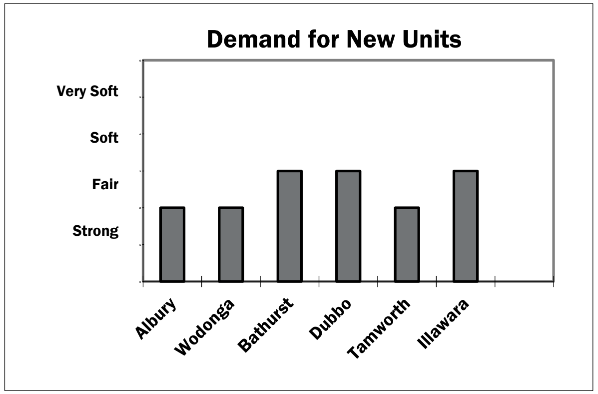

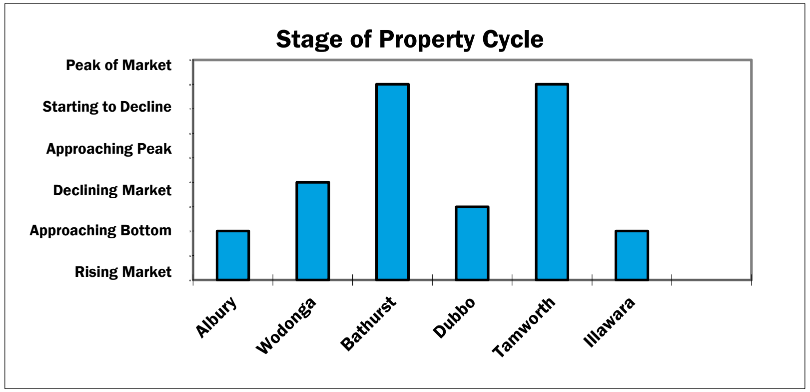

East Coast & Country New South Wales Property Market Indicators – Industrial

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

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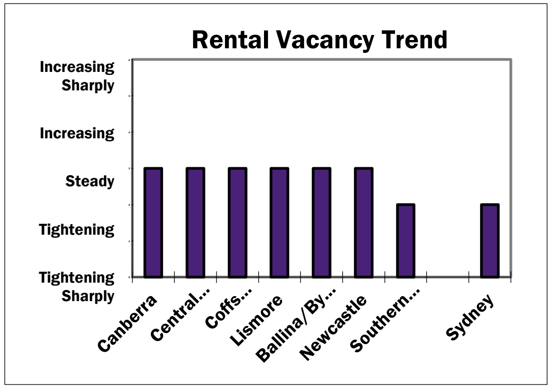

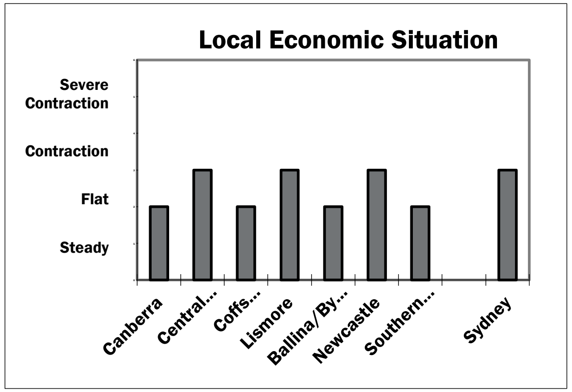

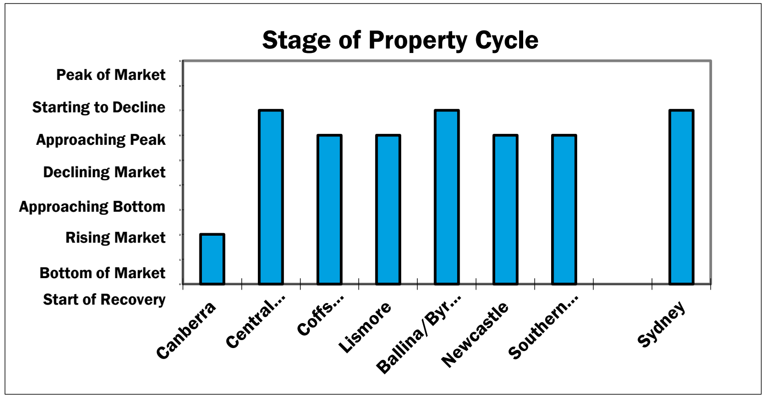

Victorian and Tasmanian Property Market Indicators – Houses

Factor	Geelong	Melbourne	Shepparton	Mildura	Mount Gambier	Hobart	Burnine/ Devenport	Launceston
Rental Vacancy Situation	Shortage of available property relative to demand	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	Balanced market	Shortage of available property relative to demand	Shortage of available property relative to demand
Rental Vacancy Trend	Tightening	Tightening	Steady	Steady	Tightening	Increasing	Steady	Steady
Demand for New Houses	Fair	Strong	Soft	Fair	Fair	Fair	Fair	Fair
Trend in New House Construction	Increasing	Increasing	Increasing	Increasing	Increasing	Increasing	Increasing	Increasing
Volume of House Sales	Steady	Steady	Declining	Declining	Declining	Declining	Steady	Steady
Stage of Property Cycle	Bottom of market	Bottom of market	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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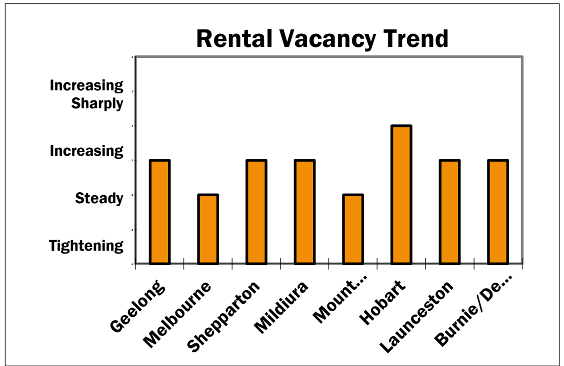

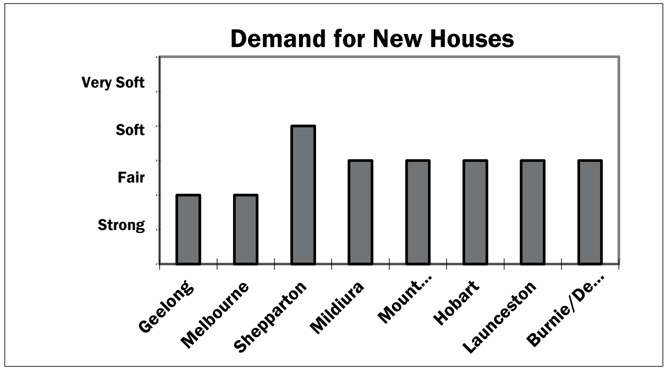

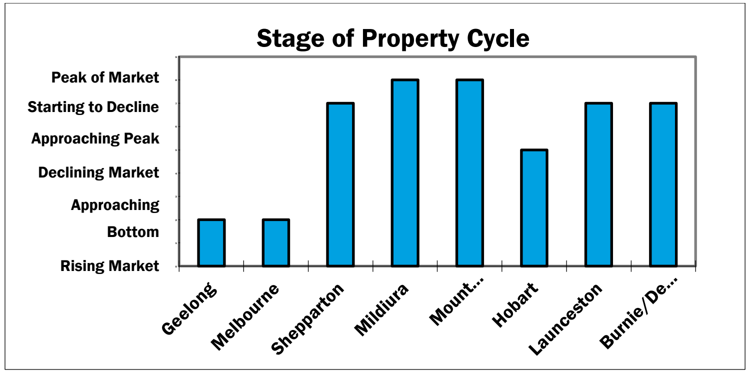

Victorian and Tasmanian Property Market Indicators – Units

Factor	Geelong	Melbourne	Shepparton	Mount Gambier	Mildura	Hobart	Launceston	Burnie/Develport
Rental Vacancy Situation	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Shortage of available property relative to demand
Rental Vacancy Trend	Tightening	Tightening	Tightening	Tightening	Steady	Increasing	Steady	Steady
Demand for New Units	Fair	Strong	Fair	Fair	Fair	Fair	Fair	Fair
Trend in New Unit Construction	Increasing	Steady	Declining	Steady	Steady	Increasing	Increasing	Increasing
Volume of Unit Sales	Steady	Steady	Increasing	Steady	Steady	Declining	Steady	Steady
Stage of Property Cycle	Bottom of market	Bottom of market	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	Occasionally	Almost never	Occasionally	Occasionally	Almost never	Occasionally	Occasionally

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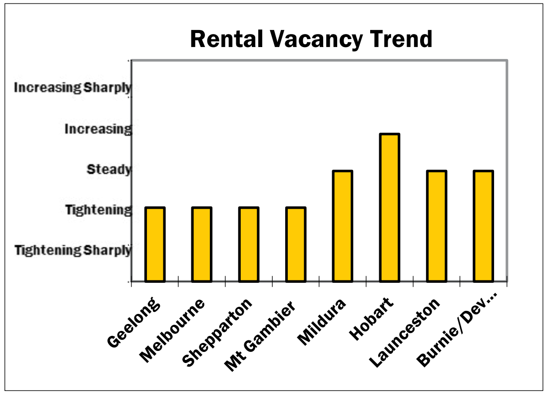

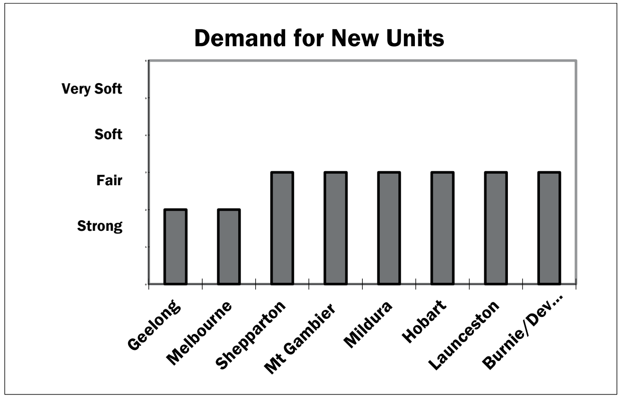

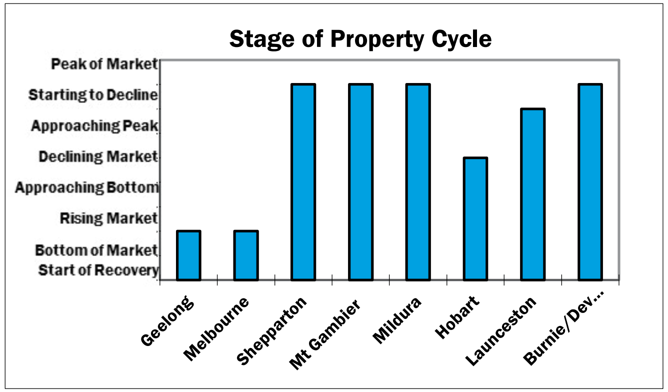

Victorian and Tasmanian Property Market Indicators – Industrial

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

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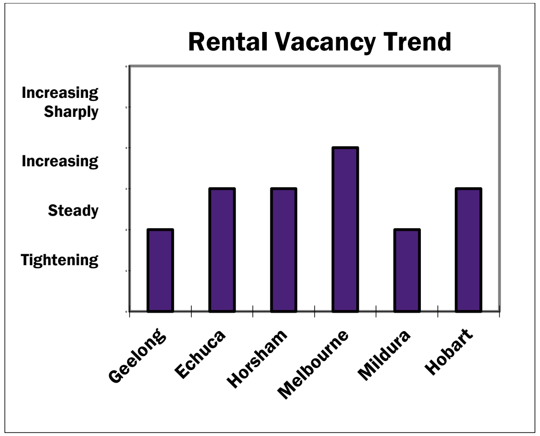
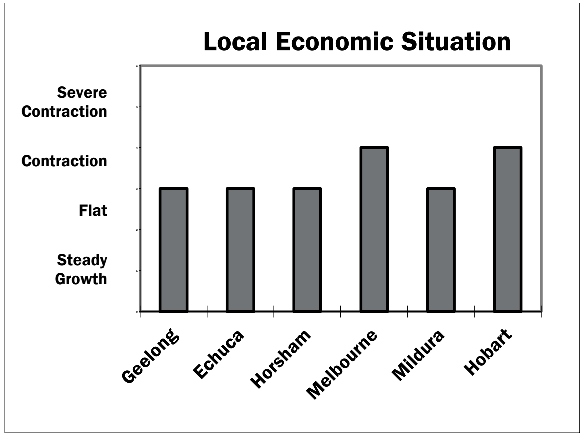
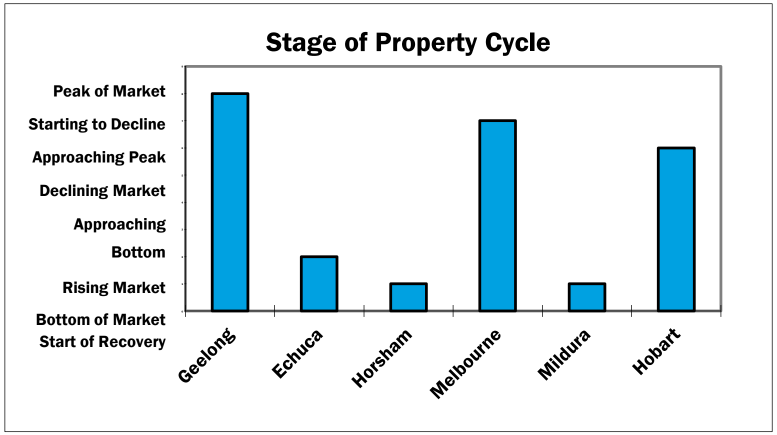




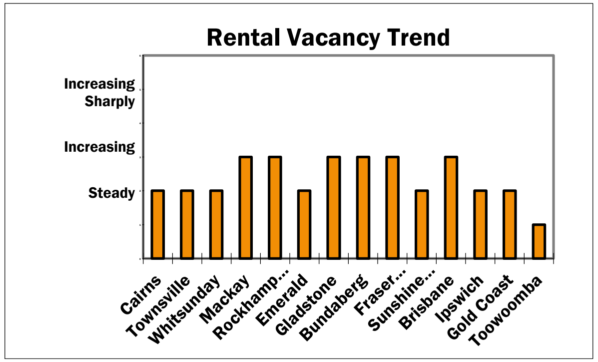


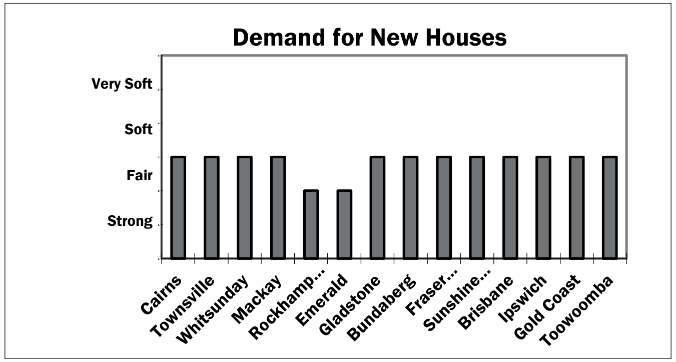
Queensland Property Market Indicators – Houses

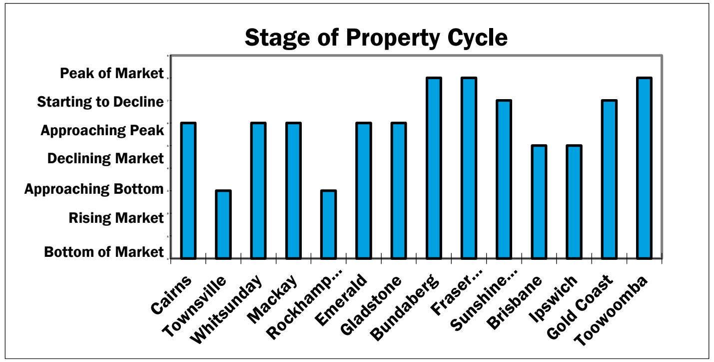
Factor	Cairns	Townsville	Whitsunday	Mackay	Rockhampton	Emerald	Gladstone	Bundaberg	Hervey Bay	Sunshine Coast	Brisbane	Ipswich	Gold Coast	Toowoomba
Rental Vacancy Situation	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	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	Steady	Steady	Tightening	Steady	Steady	Steady	Tightening	Steady	Tightening	Tightenin g	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	Declining	Increasing	Steady	Steady	Steady	Steady	Increasing	Increasing	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	Approaching peak of market	Approaching peak of market	Rising market	Approaching peak of 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	Occasion-ally	Occasionally	Occasio nally	Occasionally

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

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





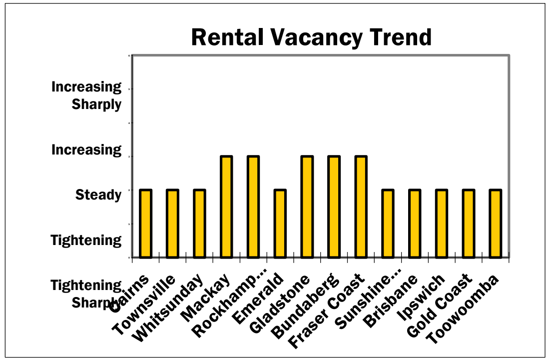


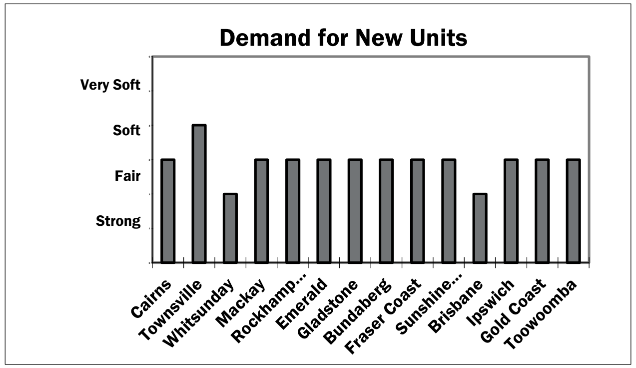
Queensland Property Market Indicators – Units

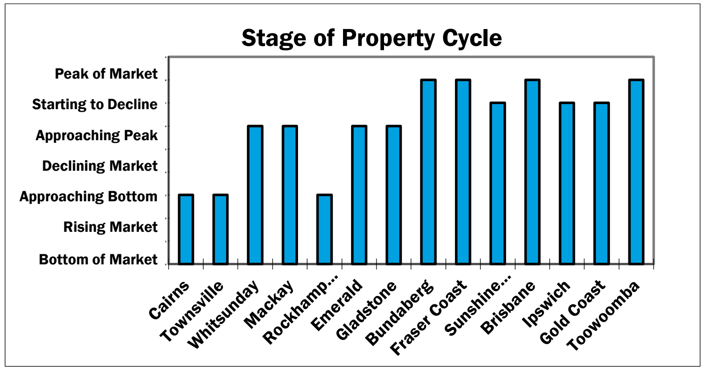
Factor	Cairns	Townsville	Whitsunday	Mackay	Rock-hampton	Emerald	Gladstone	Bundaberg	Hervey Bay	Sunshine Coast	Brisbane	Ipswich	Gold Coast	Toowoomba
Rental Vacancy Situation	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available 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	Steady	Steady	Tightening	Steady	Steady	Steady	Tightening	Tightening	Tightening	Tightening	Tightening
Demand for New Units	Fair	Soft	Strong	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Strong	Fair	Fair	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	Steady	Declining	Steady	Declining	Declining	Steady	Steady	Declining	Increasing
Stage of Property Cycle	Rising market	Rising market	Approaching peak of market	Approaching peak of market	Rising market	Approaching peak of 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

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

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







Queensland Property Market Indicators – Industrial

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

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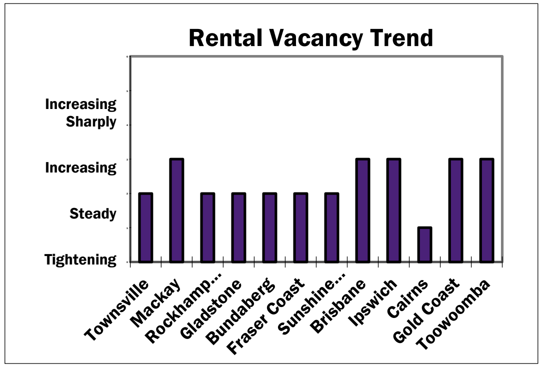
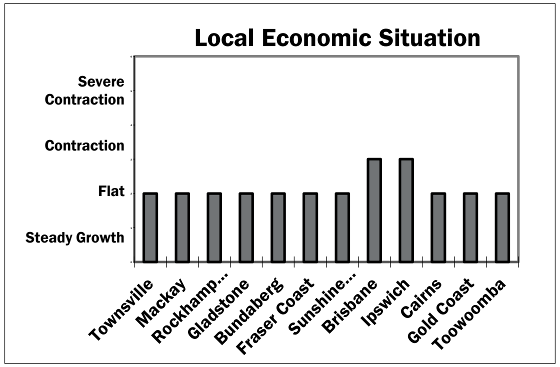
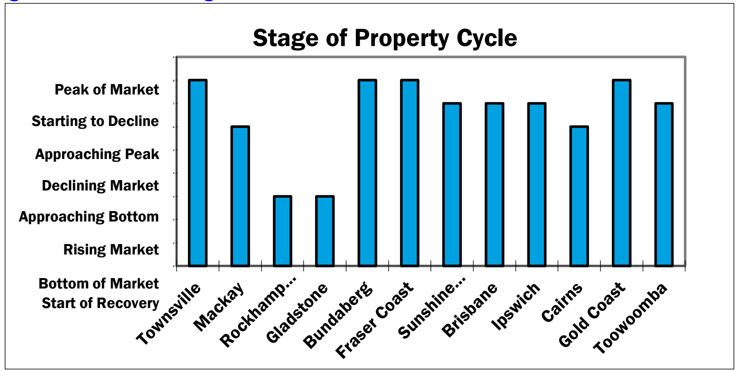
Blue entries indicate change from 3 months ago to a lower risk-rating





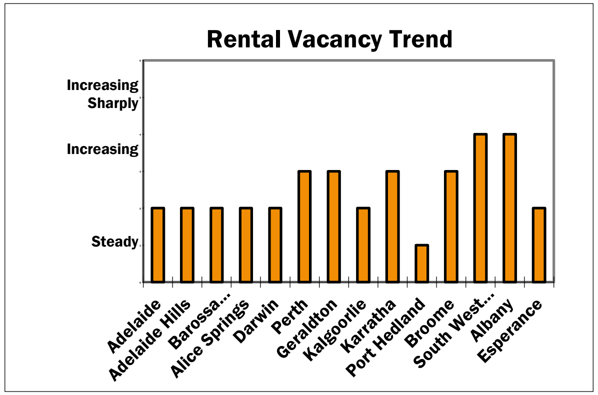


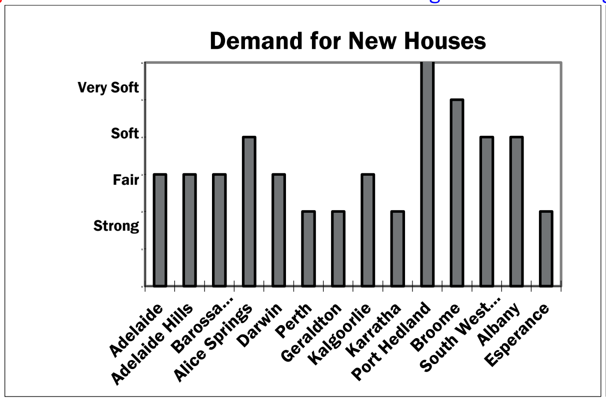
SA, NT and WA Property Market Indicators - Houses

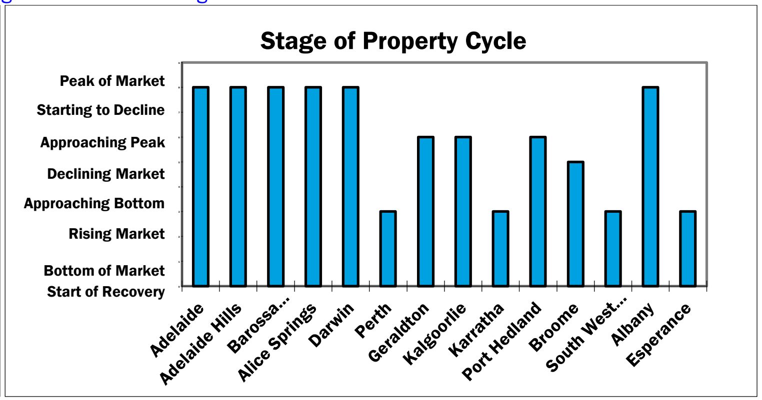
Factor	Adelaide	Adelaide Hills	Barossa Valley	Alice Springs	Darwin	Perth	Geraldton	Kalgoorlie	Karratha	Port Hedland	Broome	South West WA	Albany	Esperance
Rental Vacancy Situation	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage 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	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	Peak of market	Peak of market	Peak of market	Peak of market	Peak of market	Rising market	Approaching peak of market	Approaching peak of market	Rising market	Approaching peak of market	Declining market	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

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

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





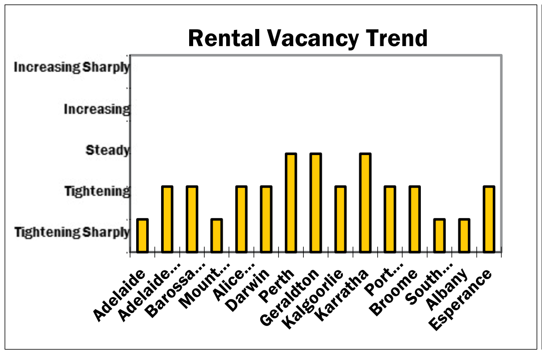


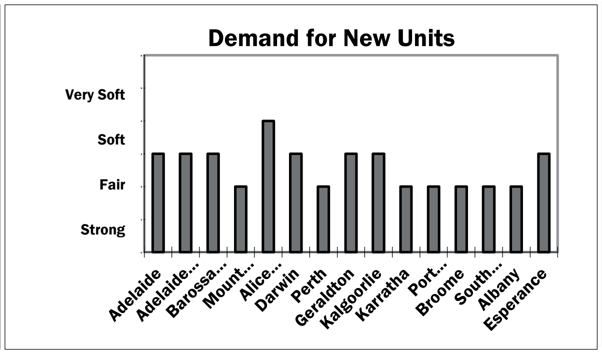
SA, NT and WA Property Market Indicators – Units

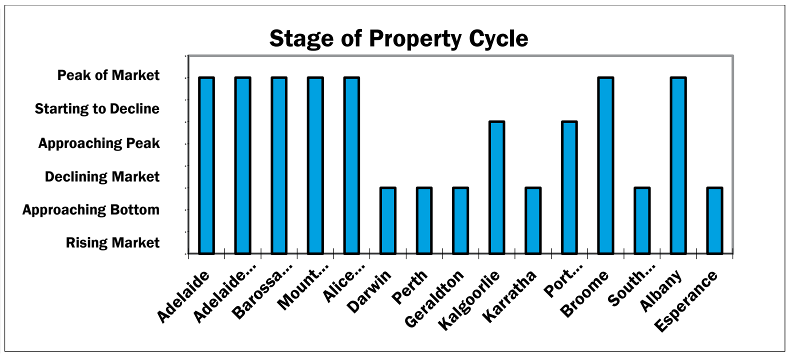
Factor	Adelaide	Adelaide Hills	Barossa Valley	Mount Gambier	Alice Springs	Darwin	Perth	Geraldton	Kalgoorlie	Karratha	Port Hedland	Broome	South West WA	Albany	Esperance
Rental Vacancy Situation	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available property relative to demand
Rental Vacancy Trend	Tightening	Tightening	Tightening	Tightening	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	Peak of market	Peak of market	Peak of market	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

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

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







SA, NT and WA Property Market Indicators – Industrial

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

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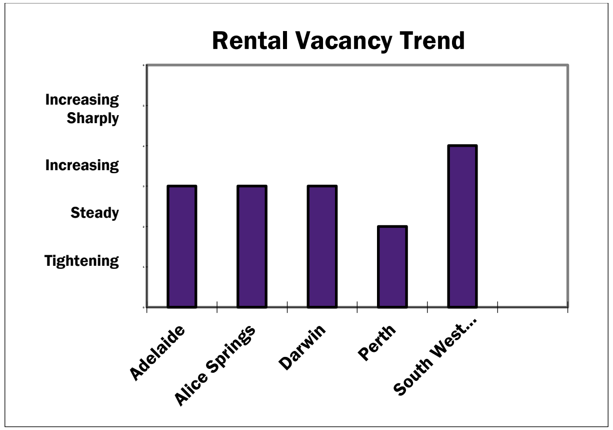

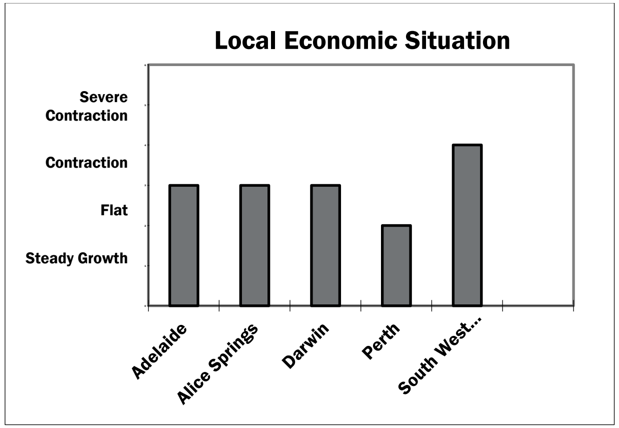

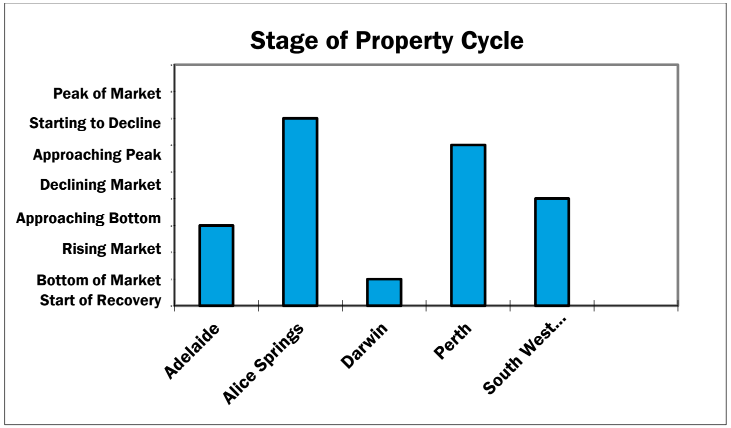

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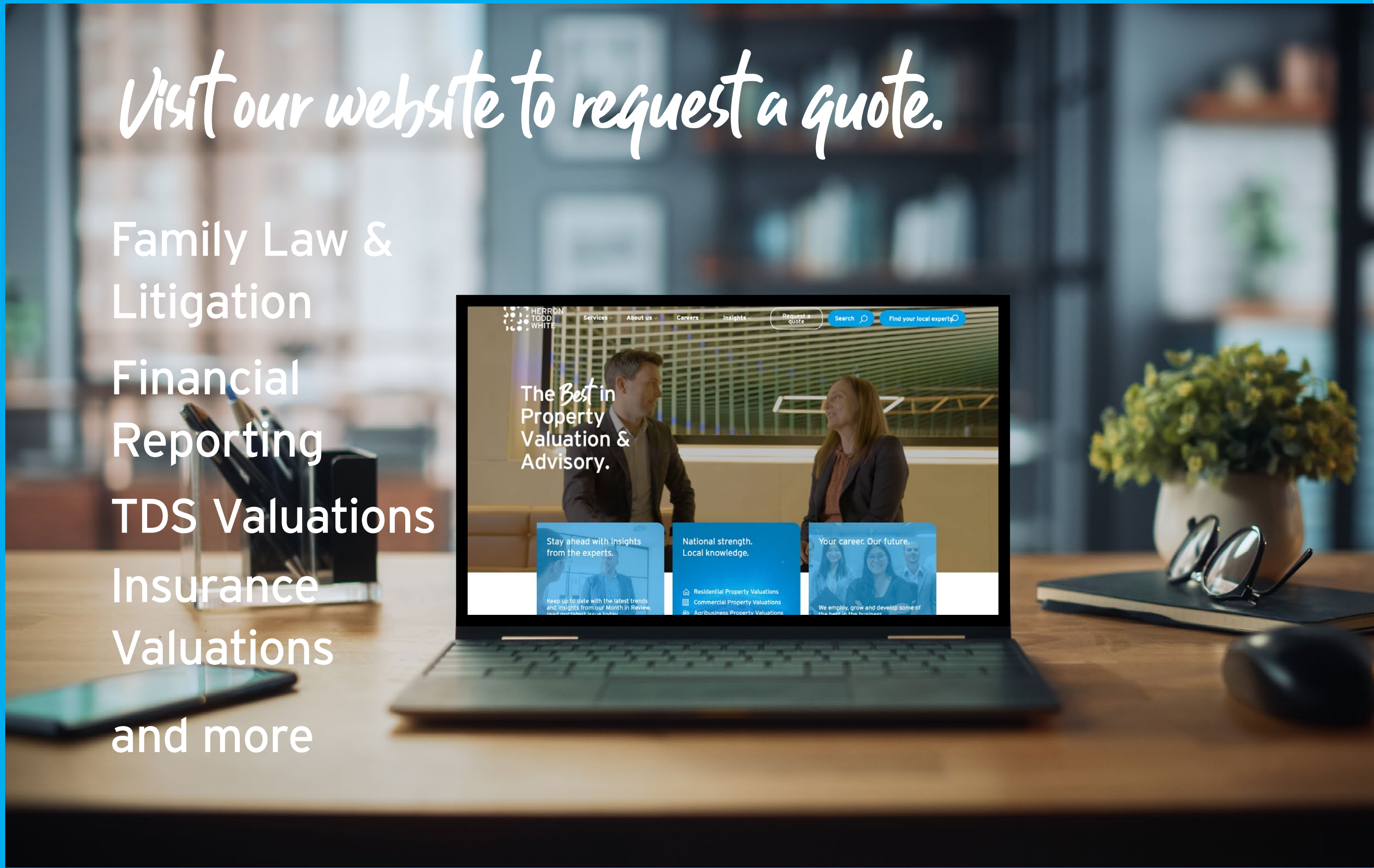

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