HERRON TODD WHITE

Month in Review

August 2022

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

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Disclaimer

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

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

Have interest rate rises already done their job?: *a message from our CEO*

Welcome to the August edition of Month in Review

The changing cash rate has been a central theme in property market conversations throughout most of 2022.

Interest rate settings are employed by the RBA to help keep annual inflation within a target range of two to three per cent. At the time of writing, the annual inflation rate had hit 6.1 per cent – the highest it's been in 30 years. Given this, it's little wonder the RBA has acted to increase interest rates so dramatically since April.

While rates may be designed to slow inflation, their impact on the nation's CPI growth takes time. In contrast, property markets tend to experience more immediate fallout. Both homeowners and investors find themselves with less borrowing power, so their enthusiasm for purchasing diminishes quickly. This has manifested in less buying activity and price attenuation lately.

But there's evidence now suggesting rate rises may have already done their job.

The recorded inflation rate is well above the RBA target, however the effect of rate rises takes time to filter through to the inflation figure. Changes made now, or even a few months ago, won't show up in the numbers for a while.

There are also indicators suggesting global inflation is already beginning to attenuate. The US has seen its inflation rate fall from 9.1 per cent in June to 8.5 per cent this month. Oil prices have also retracted from their June highs, which feeds through to the bowser and each household's bottom line. Australia's reopening of international borders will help alleviate the high demand for labour and ongoing technological efficiencies in areas such as the services sector are helping keep running costs to a minimum as well.

And it appears the bond market is coming to the same conclusion. The ten-year bond rate fell from a high of 4.1 per cent in mid-June, to 3.6 per cent just four weeks later.

Yet, with all this in play, RBA commentary suggests rate increases will continue with many economists predicting a peak of around 2.5 to three per cent by year's end.

While the RBA has its eye on inflation, is now the time for property investors to capitalise on current conditions? There certainly appears to be buying opportunities for those with access to funds. Our teams are reporting a slowing in market activity at ground level as well. This month's submissions about vacant land markets are reflecting the softening mood of some buyers.

So, have interest rate increases already done their job? Signs are that their impact is being felt. Unfortunately, only hindsight will accurately answer the question. For now, we must simply work with the best information to hand. That's why borrowers and lenders must draw on advice from seasoned professionals if they want to make the best possible decisions in this moment of change.

Please enjoy this edition of Month In Review.

Gary Brinkworth
CEO

While rates may be designed to slow inflation, their impact on the nation's CPI growth takes time. In contrast, property markets tend to experience more immediate fallout.

CEO

HERRON TODD WHITE

Coming into land

The ground beneath our feet is the foundation for our structures. Whether you're building your dream home, developing a high-rise tower or undertaking a commercial venture, it must all be anchored to the dirt in some fashion.

When you think about it, land is a kind of magical thing in the property realm. Its worth isn't simply the weight of the soil within a plot. It has value in response to position, location, outlook, productivity and stability.

And as the saying goes, they aren't making any more of it. It's this limited supply of liveable land that delivers another important driver of worth – and that's scarcity. This is why land appreciates in value over time, so you might as well pick up a decent chunk of it when you can.

An analysis of vacant land sales is a handy way to gauge the overall health of property market performance in each location. Knowing what people are willing to pay for allotments in particular suburbs delivers a study in locational relativity. Watching how quickly sales in estates are being made provides an insight on buyer confidence.

Of course, gathering and processing information about the vast array of land sales across this nation is a formidable task... at least it would be if you didn't have a network of property specialists on hand.

That's where we come in.

This month, our residential teams throughout Australia are delivering insights on vacant land markets across their service areas. We have specialists in the field who can let you know about price points, sales rates and sentiments. Our crew also provide a long list of the drivers that are influencing their markets right now, as well as some keen observations on where things are heading in the future.

It's this limited supply of liveable land that delivers another important driver of worth – and that's scarcity.

Stepping beyond the residential realm and this month's commercial submissions are all about entry level retail opportunities in our major centres. This market sector has weathered all sorts of challenges to date. While further hurdles might lay ahead, there are paths for investors wanting to break into the retail property market. When tackled correctly, retail investments can be a lucrative move, but you would only want to do so under the guidance of professionals. That's where Herron Todd White's teams deliver in droves.

Finally, our rural crews have provided a selection of observations about Australia's key primary production markets. In addition to their excellent commentary, some of our submitters have homed in on their own entry-level opportunities. For anyone eager to buy their first rural holding, this is an excellent set of submissions to study.

There we have it dear reader, this nation's finest collection of property musings. A guide like no other from a group of professionals who can help solve any real estate quandary you may have.

So, if you're keen to join the property fray, don't make a move without sage advice from our specialists. They have the know how to keep you on track and making smart decisions. It's a simple matter of reaching out to your local Herron Todd White office and posing the question.

FEATURE

HERRON TODD WHITE

HERRON TODD WHITE COMMERCIAL

Commercial

August 2022

National Retail Overview

The COVID rebound was evidenced by strong year-on-year national retail growth of 10.4 per cent in May, which continued a robust recovery from lockdowns. This period saw good sales from department stores, cafes, restaurants and takeaway food.

The outlook for retail is now looking more unsettled as the rapid escalation of interest rates coupled with significant inflation start to dent consumer optimism and household spending capacity. Whilst not yet statistically evident, the impact of interest rate rises will likely impact retail sales in the months to come. The most vulnerable retail markets are likely to be those catering to the discretionary end of the market. We note that the strong performance of large format centres over the past two years has now moderated significantly.

On a national level, vacancy rates have stabilized at circa seven per cent but this is not evenly spread, with CBD markets suffering the greatest impact from the loss of workers, tourists and students. The most dramatic effect was in Victoria where long-term lockdowns decimated CBD retail markets in particular.

Rent levels appear to have stabilized after debilitating lockdown periods, but there were also significant rental declines in major regional and CBD areas during COVID. Conversely, neighbourhood, large format and convenience centres have performed strongly and were the primary beneficiaries of lockdowns and work-from-home environments.

Difficult retail conditions notwithstanding, investment yields tightened significantly over the past five years with the market peaking around the start of 2022. In the prior two years, the market was characterized by very strong buyer demand in response to the weight of capital meeting limited stock.

However, the rising interest rate cycle which kicked off in May has created a buyer standoff (not unusual at this stage of the cycle), with investors expecting boom time prices and buyers anticipating (and requiring) softer yields. Whilst not even across all asset classes, there is now general acceptance that yields have softened by circa 50 basis points for most retail types from the peak, with the potential for this to blow out further should interest rates continue rising. For secondary properties with poor lease profiles, this softening is likely to be even greater.

In the specialized retail markets, there has also been moderation in yields with recent sales of service stations showing a slight softening. Fast food properties remain in high demand, but the extremely tight yields shown during the pandemic period are not likely to be sustainable.

There will continue to be opportunities arising in retail markets, with good population growth, significant infrastructure expenditure and the resumption of tourism likely to drive specific markets. However, prudent investors will increasingly need to be cautious if economic conditions deteriorate and interest rates rise further. There is an increasing need to look under the hood of retail investment properties as tightening economic conditions have the potential to create greater levels of tenant stress with consequent downward pressure on rentals.

Alistair Weir
Commercial Director.

There will continue to be opportunities arising in retail markets, with good population growth, significant infrastructure expenditure and the resumption of tourism likely to drive specific markets.

National Property Clock: *Retail*

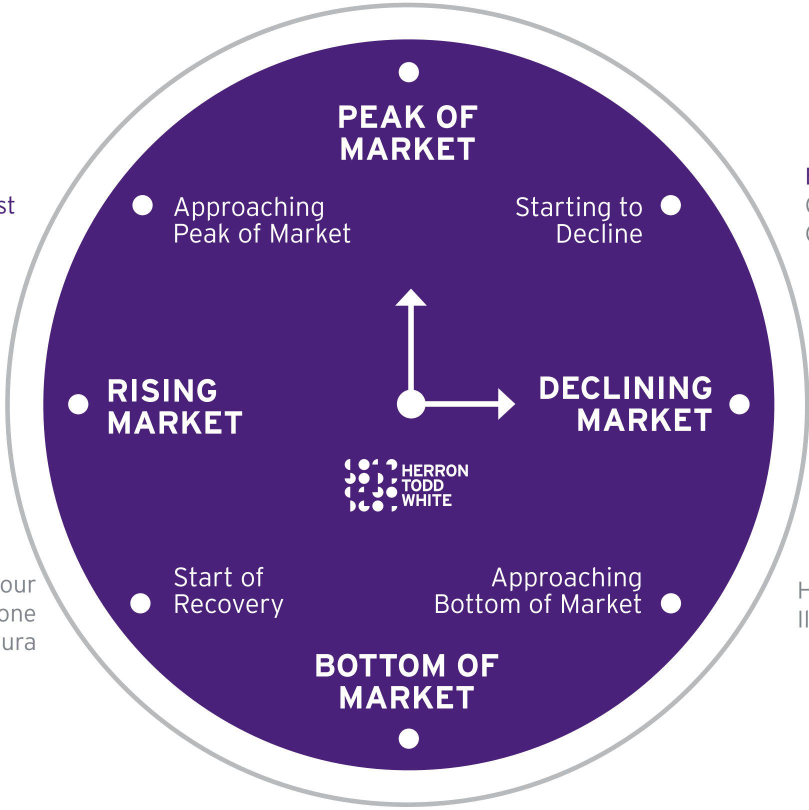
Entries coloured purple indicate positional change from last month.

Ballina/Byron Bay
Central Coast
Gold Coast
Newcastle
South East NSW
Sunshine Coast
Townsville

Fraser Coast

Brisbane
Geelong
Gippsland
Ipswich
Mid North Coast

Ballarat
Bendigo
Bundaberg
Burnie-Devonport
Launceston
Mackay
Rockhampton



Canberra
Darwin
Echuca
Esperance
Geraldton
Melbourne
Sydney
Toowoomba

Adelaide
Adelaide Hills
Barossa Valley
Coffs Harbour
Gladstone
Mildura

Hobart
Illawarra

Alice Springs
Cairns
Emerald
Lismore
Perth
South West WA

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New South Wales - Retail 2022

Sydney

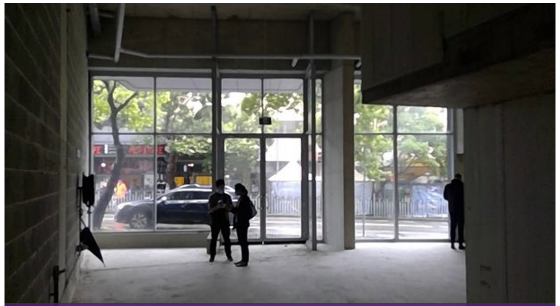
The retail sector in Sydney has been subdued in recent years, a trend that has continued in 2022. The retail sector has been slower to recover following the lockdowns of 2021.

Investors in the retail market are cautious and are typically looking for secure assets with long-term leases that deliver good returns. Potential for growth in the future also seems to be a common requirement. As a result, we have seen prime assets and those with national tenants performing well, however secondary assets and those with poor income streams have not performed as well.

Looking at entry-level retail, there is an abundance of stock available, in particular strata retail on the ground floor of mixed-use developments. It is still possible to purchase these units for under $1 million. In some instances these can be tenanted but often they are simply bare shell or new stock.

A great example of an entry level shop is a recent sale on New Canterbury Road, Petersham. This strata shop is near new and sold vacant without fit out. The 86 square metre shop sold for $700,000 and shows an analysed market yield of 4.25%. The sale included a car space and the shop benefits from provisions allowing food use.

Another example is the recent sale of an Australia Post outlet in Randwick for $1.65 million. This is a strata shop of 127 square metres with two car spaces. The lease was renewed for three years from December 2021. The net passing yield is approximately 5.10%.



Petersham retail space Source: Herron Todd White

Rents for retail shops remain subdued and secondary locations struggle to attract good tenants. Prime locations are seeing some increase in demand as we look to return to a new normal.

Over the next 12 to 18 months, there will be challenges for the retail market. Further interest rate rises during this year's second half and next year are likely to trigger a reduction in household spending which in turn will impact the retail market.

Angeline Mann
Commercial Director

We have seen prime assets and those with national tenants performing well, however secondary assets and those with poor income streams have not performed as well.

Wollongong

Conditions in the retail sector stabilised over the past 12 months after a period of uncertainty associated with the COVID-19 lockdowns that have plagued society since early 2020. Leasing agents are reporting improved conditions and positive absorption and this is particularly evident in the Wollongong CBD where empty shop fronts are beginning to fill. The downward pressure on rents evident over recent times appears to have eased as landlords have adjusted to the market reality. Notwithstanding the recent improvement, tenants are still benefiting from healthy incentives and letting up periods can extend to over six months.

Sales have been scarce with limited availability of stock although strata title opportunities exist in some of the newly completed mixed-use high-rise projects in the Wollongong CBD, many of which are more suited to service commercial businesses. Investor demand in the bulky goods and large format retail sub-sector remains sound despite interest rate increases but again this is a tightly held asset class and sales are limited throughout the region.

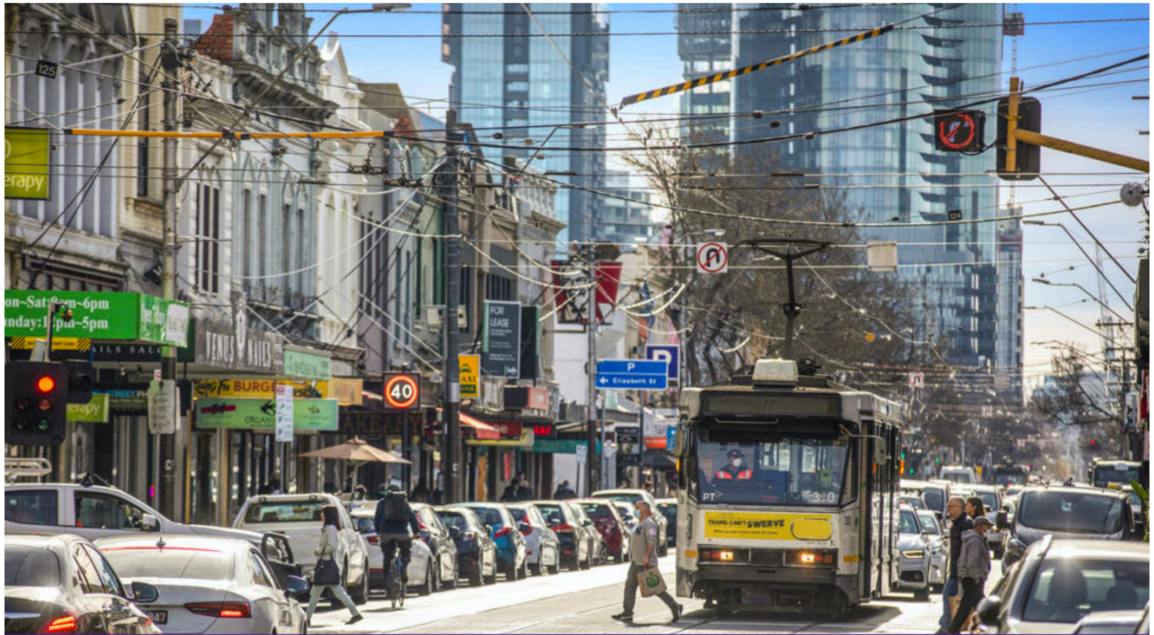
We think the local market will stay on its current course over the next 12 to 18 months - slow and subtle improvements - the one caveat being that interest rates do not spike significantly moving forward, as the market is highly sensitive to interest rate movements.

Scott Russell
Director

Victoria - Retail 2022

Melbourne

Household retail spending remained relatively buoyant following the end of COVID-19 lockdowns and restrictions with monthly retail sales increasing by 10.4 per cent in the 12 months to May 2022 (Australian Bureau of Statistics). However, rising interest rates together with an increase in COVID-19 case numbers appear to be negatively affecting consumer confidence which has dropped almost to levels experienced during peak COVID-19 pandemic lockdowns. Labour market figures are contradictory given the relatively low unemployment rate against increased job vacancy rates. Limitations in the supply chain and the increasing cost of labour are limiting the speed of recovery and growth within the retail sector. The hospitality sector in particular is being curtailed by an inconsistent supply of labour. Smaller scale owner operators within the retail market appear to be weathering the storm with the more innovative and agile retailers thriving.



Chapel Street shopping strip in South Yarra — Source: commercialrealestate.com.au

At its August 2022 meeting, the Reserve Bank of Australia decided to increase the cash rate by a further 50 basis points to 185 basis points. This follows the 25 basis point increase in May 2022 (the first increase since November 2010) and 50 basis point increases in June and July 2022. The Reserve Bank Governor has indicated that further increases in the cash rate will be necessary to normalise the cash rate between two and three per cent. The increasing cost of borrowing will place further pressure on household budgets and may have a negative impact on retail spending. With nearly all travel restrictions eased, spending on tourism and travel-related services is likely to divert spending away from retail. The possibility of reduced spending in addition to rising costs puts pressure on retailer affordability of occupancy costs. There appears to be a delineation in retail markets in Melbourne between CBD, inner to middle ring suburbs and outer ring suburbs as to what constitutes entry-level retail prospects.

There are very limited retail opportunities under $1 million in the CBD. These comprise small strata-titled units in secondary locations which may be vacant. Freehold properties in the CBD are tightly held and limited transactions occur. The recent sales that have occurred indicate that there is still good demand for retail properties in the range of $3 million to $10 million in the CBD with yields generally reflecting a range of 3.0% to 4.0%.

There are very limited retail opportunities under $1 million in the CBD.

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There are various opportunities to invest in the Melbourne retail market with a rise in premises for sale in a wide range of locations.

Inner to middle ring suburbs, typically underpinned by higher underlying land values and stronger residential demographics with more stable disposable income, appear to offer a range of entry-level retail prospects. Local neighbourhood retail strips with easy access to public car parking and good access to public transport are relatively highly sought by investors and tend to display lower vacancy levels. These well-located suburban investment prospects also appear to be benefiting somewhat from continued or hybrid work from home models. Such assets broadly transact less frequently and purchase prices are within the $1 million to $2.5 million range. Purchasers tend to be intending owner-occupiers seeking to utilise assets for retail and residential use or local providers of health and financial services purchasing tenancies which they occupy under lease. The benefit of quality local retail and service providers is not lost on many households within the middle rings. The tenancies still trading are those that benefit from high walkability scores and that have revised marketing strategies and invested in digital presence, accentuating their core service.

Entry-level prospects within the outer ring suburbs are predominantly reflecting retail assets transacting in the sub $1 million price range with entry purchase from $500,000 for a freehold premises and some strata units within neighbourhood shopping strips transacting from $300,000. These asset types tend to reflect aged building improvements possibly requiring capital expenditure prior to fitout works and those within owner's corporations in which common areas are being maintained but not necessarily improved. Many occupiers and recent purchasers of properties utilised lockdown periods to upgrade and improve internal amenity, particularly food and beverage retailers.

There is evidence of strata title units providing vacant possession being purchased by local operators, particularly those close to supermarket anchor tenants. Vendors in such sales are largely former owner-occupiers or investors who used the units for retailing of lower price range consumer items not relating to food or beverages. Such units are evidencing analysed market yields ranging from 4.50% to 5.75%. With decreased leasing demand in the outer suburbs, letting up periods factored into purchase due diligence calculations continue to typically remain longer than pre-pandemic levels and largely depend on landlord expectations and willingness to negotiate rent-free incentives or fitout works.

Retail rents in some areas appear to have stabilised somewhat with tenants confident to execute option terms, however anecdotal evidence tells us that the decision to renew in sub prime inner retail strips and open-air shopping centres is largely based on tenant demand for a particular location. Landlord goodwill to lessees throughout the pandemic and willingness to negotiate a more favourable rent for the tenant represent a large sector of lessees who have renewed in the outer ring.

There are various opportunities to invest in the Melbourne retail market with a rise in premises for sale in a wide range of locations. In the past 12 months, sale by private treaty continued to be the preference for secondary and tertiary retail locations. Higher vacancy levels are placing downward pressure on capital values and rental rates. Passive marketing with lower budgets is also more prevalent. There are fewer foreign investors than pre-pandemic and purchaser demand is largely by intending owner-occupiers.

During the remainder of 2022 and into 2023, the Melbourne retail investment market is expected to see a continuation of the varied results experienced over the past couple of years across different market segments. Depending on a range of factors, not least the increasing cash rate, yields are expected to remain somewhat stable for retail properties in strong retail locations with essential retail and service tenants. It is expected that yields may soften further for retail properties in secondary locations, particularly in areas with low tenant demand and high vacancy rates. It should be highlighted that should yields soften and if rental levels are not able to be increased, there will be significant downward pressure on capital values.

Helen Truelove
Valuer

Queensland - Retail 2022

Brisbane

The start of 2022 saw the retail market continue the recovery that began in late 2021. Effective vaccines and increased knowledge of the COVID-19 virus saw an increase in consumer confidence, which resulted in more consumer spending. This is especially true for food services, transportation and recreation services. The declining unemployment rate and the economic recovery resulted in consumers spending more and saving less compared to the year 2020. To offset this, the market has seen volatility due to inflationary concerns as well as anticipated cash rate and interest rate rises.

Entry level retail properties within the Brisbane CBD fringe area include smaller (sub-70 square metre) strata titled shops. An example includes a beauty salon at 20 Park Road, Milton with a Registered Strata Area (RSA) of 58 square metres which sold for $400,000 on 1 March 2022 with a passing yield of 8%.

A more recent example of an entry level retail property also in the CBD fringe is 114/247 Wickham Street, Fortitude Valley which has an RSA of 65 square metres and sold for $685,000 on 7 April 2022 with a passing yield of 7% and a rate per square metre over the RSA of $10,538.

Larger, more affordable, entry-level retail properties are typically further away from the Brisbane CBD. An example is the strata titled retail shop at 40 Browns Plains Road, Browns Plains which has an RSA of 125 square metres. The property sold in vacant possession for $820,000 on 2 March 2022 representing a rate of approximately $6560 per square metre over the RSA.

RECENT TRANSACTIONS				
MULTI-TENANTED RETAIL				
Date	**Address**	**Suburb**	**Sale Price**	**Initial Yield**
23/12/2021	155 Baroona Rd	Paddington	$7,550,000	6.01%
23/05/2022	44-48 Blackwood St	Mitchelton	$7,600,000	5.95%
LARGE FORMAT RETAIL				
Date	**Address**	**Suburb**	**Sale Price**	**Initial Yield**
25/2/2022	302 Anzac Ave	Kippa-Ring	$6,230,000	5.32%
03/6/2022	45 Osborne Rd	Mitchelton	$6,225,000	4.61%
MEDICAL				
Date	**Address**	**Suburb**	**Sale Price**	**Initial Yield**
11/3/2022	182 Beaudesert Rd	Moorooka	$2,975,000	6.17%
23/06/2022	79 Racecourse Rd	Ascot	$4,301,000	4.07%

The gross rents for large format retail properties in neighbourhood and sub-regional centres remained stable over the first quarter of 2022. In contrast, CBD rents recorded a decline of approximately five per cent while regional retail centres have only declined slightly. This demonstrates the challenging leasing conditions for properties within these subsectors. Towards the second half of 2022, landlords are anticipated to increase their rental incentives in order to secure good tenants.

155 Baroona Rd Source: realcommercial.com.au

Towards the second half of 2022, landlords are anticipated to increase their rental incentives in order to secure good tenants.

COMMERCIAL - RETAIL

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The first quarter of 2022 saw the Gross Domestic Product (GDP) rise by approximately 3.5 per cent. Towards the second half of 2022, the economic recovery for the retail market is expected to continue. Property analysts appear optimistic about the retail market despite inflationary concerns.

The cash rate is now 1.85 per cent (August 2022), with several more increases predicted. There are no retail property sales to date that confirm that yields are softening, however we feel that it is only a matter of time before they do. As with all cycles it will start with the secondary properties or forced sales and eventually filter into the prime assets.

Terry Munn
Director

Gold Coast

Despite generally strong conditions across the Gold Coast commercial market, the retail sector in central Gold Coast locations has been quite segmented. There is generally an oversupply of shops in the main retail hubs of Surfers Paradise and Southport (primarily the CBD areas), which provides a good depth of affordable (circa $500,000) options for owner-occupiers and investors alike. However, an oversupply of shops and fragile trading conditions have resulted in a number of shops remaining vacant for extended periods. Historically, this dynamic has hindered growth of both rental and capital value rates in these areas.

The Strand at Coolangatta — Source: realcommercial.com.au

Despite the previous comments, there has been relatively strong demand for affordable leased investment retail assets in these central markets, with demand largely driven by interstate private investors and self-managed superannuation funds.

In contrast to the above, retail opportunities in the southern Gold Coast and Northern New South Wales region have recently been transacting generally in the 5.5% to 6% net yield range, for sub $1 million strata units. Properties available for owner-occupation or with reasonable lease terms (of three years or over), tend to transact at the lower end of the range.

Currently, there are few properties on the market in this sub-$1 million range, with some asking prices reflecting yields of below 5%. In fact, two sales in Coolangatta have recently transacted below 5% due to relatively high outgoings, which is reflecting a tight sale market at present with

There has been relatively strong demand for affordable leased investment retail assets in these central markets, with demand largely driven by interstate private investors and self-managed superannuation funds.

investors taking a longer-term capital or rental growth viewpoint.

On the northern Gold Coast and reaching out to the Scenic Rim and southern Logan areas, there is some availability of retail product with a sub-$1 million price point, including strata units and a limited supply of lower end freestanding buildings.

Rental rates, value rates and yields for strata retail units vary widely depending upon location and quality. There are examples of several strong sales within the master planned estate of Yarrabilba, with sales reflecting in excess of $5,000 per square metre and yields ranging between 5.5% and 7.50%. There is still a level of interstate interest, with some purchases being made through buyer's agents, however this type of activity appears to be slowing.

Examples of entry-level properties include units in Beenleigh and Eagleby, which tend to reflect floor area rates of between $2,500 and $4,500 per square metre and yields of 6.00% to 8.00%, with quantum values down to as low as $100,000.

An example of a recent freestanding building sale is a property in Beenleigh (address withheld), which sold for $950,000. It comprises an older retail building (220 square metres) with a workshop (110 square metres) at the rear, constructed on a 630 square metre site. The tenancy status has been run down and it was purchased for owner-occupation. It has potential for future redevelopment. The sale reflects just under $3,000 per square metre of building area and circa $1,500 per square metre of site area improved.

Ryan Kohler
Director

Sunshine Coast

Retail assets on the Sunshine Coast have experienced a significant amount of value growth over the past two years in line with the general market. We have seen yields compress and rates per square metre increase significantly, especially for well-leased assets in prime retailing precincts. The main retailing and tourist precincts such as Hastings Street, Noosa Heads and Mooloolaba Esplanade, generally cater to a more astute buyer profile in excess of $1 million. Due to recent capital value growth, entry-level product is now typically confined to secondary retail locations and smaller hinterland and railway townships.

Entry-level retail properties will generally be restricted to strata titled. Although supply remains low at present, the overwhelming majority of stock is available in vacant possession as owner-occupiers tend to dominate this end of the market. The properties that do transact to investors typically reflect yields in the 6% range in the current market. The softer yields are a consideration of the short lease profiles to local tenants coupled with the secondary location and physical attributes of the property.

We have seen rents generally remain stable across the sector however there have been signs of rental increases given the limited supply of tenancies in sought after locations. Rental demand remains weaker for secondary retailing locations.

Local agents are reporting that interest is beginning to soften across the retail market in light of rising interest rates, surging inflation and decreasing consumer confidence. Investors are becoming much more selective in their purchasing decisions whilst owner-occupier demand seems to be weakening. The increasing cost to operate a business is weighing on small business owners and appears to be flowing into the perceived demand from purchasers in this market.

Moving forward, we face considerable headwinds in the form of rapid inflation. As the cost-of-living increases, the level of discretionary spending in the economy is likely to reduce and therefore is likely to have an impact on the retail sector across the Sunshine Coast. Historically, this has resulted in some rental volatility and softening yields, though it appears too early for a clear indication of any definite trends yet.

Chris McKillop
Director

Townsville

New retail builds in the Townsville market are relatively few and have predominantly concentrated towards smaller scale strip retail or standalone fuel retailers in recent years. We envisage that retail development will slow on the back of increases in construction costs and short term forecast of the decompression in the cash rate.

Leasing demand is also relatively subdued in the retail sector which introduces design side risk of standalone multi-tenant assets without pre-construction leasing commitments. These factors may create further opportunities for refurbishment

Due to recent capital value growth, entry-level product is now typically confined to secondary retail locations and smaller hinterland and railway townships.

COMMERCIAL - RETAIL

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or repurposing of older retail buildings in the CBD and dated entry-level strip retail assets along major roadways.

Larger format retail centres and mixed retail centres appear to be performing well with rents stabilising in the $150 to $250 per square metre range, although sales are limited and tend to be well above the current investor sweet spot of $5 million.

A 3045 square metre fully leased mixed retail asset within the Domain Central cluster recently sold for $10 million, revealing an analysed yield of 5.57% and a WALE of just 2.14 years.

A more traditional suburban shopping centre acquisition is Mount View Plaza, comprising a 1.33 hectare site improved with a 1980s single level suburban shopping centre configured as a 2076 square metre full line IGA supermarket and nine retail tenancies, plus a detached retail building of 447 square metres providing two additional retail or showroom tenancies. The centre is partially occupied by ten tenants, reflecting a WALE of 3.41 years (by income). Mount View Plaza sold for $7.75 million reflecting an analysed yield of 7%.

Moreover, a recent local market-leading sale of a modern 295 square metre standalone Taco Bell restaurant achieved a price point of $4.41 million and a yield of 3.94% with an unexpired lease term of 7.95 years. This sale tends to confirm chatter from market commentators that investors are drawn to high profile fast food or low risk cash flow assets underpinned by attractive lease covenants.

The 18-month outlook may reveal continued tempering of activity as pressure continues on the cash rate and ultimately an investor's return on investment. Our analysis of sales that took place from 2006 to 2009 reveals that at least a 150 basis point softening in yields may be experienced. This may not have a major impact on debt free investors locking away long term cash flows in the sub $5 million bracket, although asset risk may be heightened for entry-level stock with sub-optimal cash flows or higher priced assets that are typically fully debt funded.

There is clear evidence within the market that outgoings have the potential to significantly increase in line with inflation and should the gross rental market fail to keep pace there is a risk of a reduction in net incomes.

Jason Searston
Director

Wide Bay

The retail market throughout the Wide Bay continues to demonstrate strong demand for tenanted investment properties. Significant yield compression occurred within the market over the past 12 to 18 months with low yields still being achieved despite the recent aggressive interest rate rises to date (August 2022). Yields still vary significantly depending on tenancy profile, WALE or unexpired lease term, quality of the property or building and location.

Overall the outlook for the Wide Bay retail market is relatively uncertain. We are unsure how the recent interest rate rises will impact the local property market moving forward. Additionally, a significant challenge impacting the smaller end of town is facing landlords with tenants on gross rentals. There is clear evidence within the market that outgoings have the potential to significantly increase in line with inflation and should the gross rental market fail to keep pace there is a risk of a reduction in net incomes.

Ben Harnell
Property Valuer

Mackay

Forty Winks signed a new ten-year lease over a 1097 square metre showroom in the Northpoint Homemaker Centre at Mount Pleasant in April. After incentives and allowances, the rental rate is consistent with other rents achieved in this complex in recent years. This tenancy became vacant after Reece Plumbing relocated.

Sydney Tools has taken a 2227 square metre retail warehouse tenancy at 185 Maggilo Drive, Paget adjacent to Bunnings Warehouse on a five-year lease. It provides a very basic standard of accommodation within a near triangular shaped floor plate but has extensive on-site car parking.

We are aware of a substantial mixed retail and industrial complex at 317-321 Nebo Road, West Mackay that is currently under contract of sale. The complex is fully let to Siemens, NQ Water Services, City Gates Automotive, Pool Smartz and Horseland. The property reflects a WALE of


317-321 Nebo Road, West Mackay Source: realcommercial.com.au

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1.31 years (by income). It is a very well exposed property in a precinct locally known as the City Gates and is located adjacent to the intersection of the Bruce Highway and the Peak Downs Highway. The contract price indicates a yield consistent with local evidence over the past 12 months.

Greg Williams
Director

Toowoomba

Entry-level retail investment opportunities in Toowoomba are limited to a few different property types and price points. A summary of these different sectors is as follows:

- Entry-level retail investment often consists of small stand-alone shops in suburban areas. These types of properties generally have secondary quality tenants (usually attracted by lower rental levels) and are often secured by short term leases only. Due to a high number of buyers in this price bracket (often these properties are similarly priced to residential properties), the yields achieved are often lower than would normally be expected.
- The CBD retail market offers investors opportunities between $425,000 and $6 million, with variance due to size and location within the CBD. In general this sector offers local quality tenants (the major national retail groups are located in Grand Central Shopping Centre), usually secured on shorter term leases.
- The other available option is retail showrooms. These are generally located within the CBD fringes. Entry-level opportunities however are generally limited to smaller stand-alone properties or strata units. This sector will occasionally feature national quality tenants which will result in a firming of the yield.

Other retail investment types such as shopping centres, national fast food and bulky goods retail generally sit in a far higher price bracket and are unaffordable to the average entry-level investor.

Ian Campbell
Valuer

Entry-level retail investment opportunities in Toowoomba are limited to a few different property types and price points.

South Australia - Retail 2022

There are affordable opportunities to invest in the Adelaide retail property market, although investing at this price point will likely mean that tenants are of a local nature, adding to the risk profile.

Adelaide

The South Australian suburban retail property market remains subdued with achievable rental figures not showing signs of increase. The retail market has faced significant difficulties since COVID-19 with multiple lockdowns having the largest effect on this sector of the property market, particularly for café, takeaway and gym uses. The retail market within the Adelaide CBD has also remained flat with the same issues pertaining to COVID being magnified as workers who would usually transit to the Adelaide CBD for work remained at home, in some cases permanently. This has resulted in lower foot traffic and patronage which has affected the cash flows of these businesses within the CBD, with landlords often having to provide incentives in 2021 which may still be in effect in 2022.

For entry level retail investments in Adelaide's northern suburbs, we have noted the sale at Unit 3, 323 Hampstead Road, Clearview in late April 2022 for $411,000, representing a passing yield of 4.75%. The property comprises a strata-titled retail unit of approximately 139 square metres within a group of four units, with a local barber shop tenant that has a lease until July 2025 providing a good level of security. At this low price point, the investment is very affordable and being located on an arterial road which services the northern suburbs, it has a good level of exposure.

For entry level retail investments in Adelaide's southern suburbs, we have noted the sale at Unit 3, 6 Lea Street, Hackham in mid-May 2022 for $300,000, representing a passing yield of 6.0% The property comprises a strata-titled retail unit of approximately 107 square metres within a group of seven units, with a local butcher tenant that has a lease until June 2024 providing a fair level of security. This price point is one of the most affordable retail investments in Adelaide.

As demonstrated in the two sales above, position and address affect sale price and yield. For example, Hampstead Road is an arterial road in the northern suburbs while Lea Street, although attached to Foodland and Post Office tenancies, is in a predominately residential area in the southern suburbs.

There are affordable opportunities to invest in the Adelaide retail property market, although investing at this price point will likely mean that tenants are of a local nature, adding to the risk profile. Landlords will struggle to secure stronger tenants as properties at this price point will typically be older, smaller and in secondary locations which stronger tenants will typically not desire.

The outlook for the retail property sector in the future remains unclear, with potential disruptions from COVID, the ever-present threat of online shopping, rising interest rates and inflation making it difficult to predict a positive outcome for the retail property market in the next 12 to 18 months. These uncertainties and rising costs for tenants will likely stifle landlords' attempts to secure higher rentals in the future, with tenants having less money left over to spend on rent.

Chris Winter
Commercial director

Retail shop at Unit 3, 6 Lea Street, Hackham   Source: realcommercial.com.au

Western Australia - Retail 2022

Perth

The Western Australian retail sector, having endured the worst of the trading restrictions imposed by the COVID-19 pandemic, has been bolstered by the cash surplus created by government stimulus measures, coinciding with the state's mining boom.

Certain retailers have found themselves achieving near record sales and revenue in 2022. No doubt there is some uncertainty about whether turnover will gradually align to historical trading levels.

Until recently, households had been well-placed to underpin retail sales on the back of the resilient state economy and strong growth in the residential property market, however household disposable income is likely to come under strain as a result of inflationary pressures on essential items but critically, recent successive interest rate rises. With more rate rises on the cards, our past experience suggests consumers will curtail their discretionary spending habits which acutely impacts the retail sector.

Investment-grade retail property (e.g. neighbourhood shopping centres) remains a highly sought after asset, often meeting key criteria that sophisticated investors and syndicates continue to seek such as long remaining lease terms (i.e. WALE), non-discretionary tenancy mix backed by strong lease covenants to anchor supermarket operators and sound locational attributes with a growing population catchment.

Prospective buyers, often based in the eastern states and seemingly undeterred by the recent interest rate rises, remain focused on the length of agreed lease terms, prospects for rental growth and depreciation benefits.

On a smaller scale, local activity centres and traditional high streets are retaining their appeal to customers for their convenience-based shopping, despite their much-publicised trading difficulties. Such assets present an entry-level investment option.

As demonstrated by the below sales, these low-end investments are demonstrating returns on par with the higher priced assets:

Lot #	Street #	Street Name	Suburb	Use	Sale Date	Sale Price	Passing Yield
24	291	Ocean Keys Boulevard	Clarkson	Juice Bar	May-22	$365,000	5.17%
3	39	Great Eastern Highway	Bellevue	Pet Shop	Mar-22	$450,000	5.27%
-	26	Foreshore Drive	Geraldton	Food & Beverage	Feb-22	$340,000	5.87%
10	663	Newcastle Street	Leederville	Café/Bakery	Nov-21	$1,050,000	5.02%
5	639	Beach Road	Warwick	Subway	Oct-21	$1,052,000	5.70%

Often, entry level investments are strata titled and situated in middle to outer ring activity centres. Tenants are commonly locally owned and operated entities. For this reason, such investments tend to carry a higher risk of tenant default. Tenants for these properties are often start-up businesses and local franchisees.

Nonetheless the relative affordability dictates similar properties are popular with local mum and dad investors and self-managed superannuation funds. Entry-level retail investments tend to be priced sub $1 million.

A large proportion of such properties however are owner-occupied, especially in the wake of the low interest rate environment in which it is more cost effective for a tenant to acquire a premises than make rental payments.

Rental rates have remained stable in recent times with supply of small scale retail tenancies

Prospective buyers, often based in the eastern states and seemingly undeterred by the recent interest rate rises, remain focused on the length of agreed lease terms, prospects for rental growth and depreciation benefits.

HERRON TODD WHITE COMMERCIAL

outweighing prevailing demand. Rental affordability, in the context of the tenant's business, is often front of mind and can play in to lease negotiations.

The outlook for retail property is considered highly uncertain, with many factors at play in the market including inflationary concerns, recent and likely further interest rate rises and national and international economic volatility due to a deteriorating global environment.

Above all, the retail sector is one that is constantly changing. Innovation and re-invention are critical in meeting the evolving needs of customers and are the keys to the Western Australian retail sector going forward.

Greg Lamborn
Director

Northern Territory - Retail 2022

Darwin

Darwin's dry season is in full swing at present and the city's population has swollen noticeably. This has been a boon to many local retailers who have survived a difficult few years in Darwin. Generally speaking, retail in tourist areas such as the Waterfront is in a much better position than 12 months ago.

There are limited opportunities in Darwin for a smaller scale investor to participate in the retail market. The larger centres such as Gateway and Casuarina tend to monopolise the shopper dollar because they can offer an air-conditioned environment (important even in this year's cool dry season) along with a controlled tenancy mix and easy parking, however petty crime in these larger centres continues to be a problem.

Despite the above, occasional opportunities arise for the smaller scale investor. There are a number of strata units in the CBD, Cullen Bay and suburban areas of Darwin that occasionally become available for sale and some of these are priced at no more than $200,000.

As with other smaller scale commercial property around Darwin, this market segment is dominated by owner-occupiers rather than investors. It is only when one steps up to the larger scale (say $1.5 million and above) that properties generate a sufficient yield for investors to be in a position to compete with owner-occupiers.

Retail property in Darwin has generally been stable in value over the past few years. Whilst retail trade conditions have improved, this is offset by an increasingly uncertain economic environment, especially with rising interest rates. Taking all these factors into consideration, we do not see a significant change in market conditions over the next 12 months.

Terry Roth
Director

Whilst retail trade conditions have improved, this is offset by an increasingly uncertain economic environment, especially with rising interest rates.

Residential

August 2022

National Residential Overview

There have been several significant events that have affected residential markets this year, but interest rate movements would rank among the most influential.

It's not entirely the immediate financial impact of higher rates either, but the sentiment fallout as well.

The second rate hike, which was 0.5 per cent in June, really stopped buyers in their tracks, some of whom had never participated in a market during rising interest rates. Most immediately took a wait and watch approach to their activity which, of course, had vendors reassessing their expectations.

But that was in June. What we're seeing now is some confidence creeping back as buyers (i.e., borrowers) become more comfortable with interest rate settings.

The pandemic created a number of different levers influencing the real estate landscape which continues as we transition to a COVID normal. There are a range of positive and negative drivers moving sales volumes and prices. As such, no one factor can determine market direction for long.

For example, homeowners have built impressive equity buffers during the pandemic, so most can comfortably delay selling decisions. In addition, investors are seeing low vacancy rates and high rental yields, which buys them more time in the market too.

But in the mix is a continued climate of interest rate increases in response to high inflation.

There are a range of positive and negative drivers moving sales volumes and prices. As such, no one factor can determine market direction for long.

Counter again to this is that global measures suggest this supply-led inflation cycle is beginning to attenuate. As such, interest rates may not move as high as predicted.

Meanwhile, open international borders will boost employment options for businesses and increase demand for accommodation. Also, rent increases and lack of availability are pushing some back to purchasing over renting. This should drive demand in affordable housing options.

What's been the result for vacant land in particular, given this is our theme for the month?

I see three primary factors influencing sentiment in land markets right now.

The first is the length of time it's taking to get new builds completed.

The second is continued supply chain challenges which are creating uncertainty on labour, materials pricing and delivery.

Finally, there's interest rates and where they're likely to land.

Interestingly, Herron Todd White has its own metrics to draw upon. We've been tracking our vacant land valuation activity since January 2018. Most of these assessments will be for purchaser finance.

The numbers show that activity peaked around August 2020 before trending back down through to February 2021. Since then, activity has slowed more gently. This trajectory looks set to continue based on our valuers' submissions this month.

Finally, let's touch on near city vacant land which is generally created via sub-dividable blocks. Given all the above factors around construction delays and costs, many small developers are electing to put projects on hold – particularly if the in-fill site includes a rentable home. This also means sub-dividable sites with an existing house can achieve a price premium above purely vacant sub-dividable land.

Overall, I believe spring 2022 will be an important period in gauging the confidence of buyers and sellers as we all settle into our financial new normal and property transactions hopefully return to long-term averages.

Ben Esau
National Director
of Residential

RESIDENTIAL

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National Property Clock: *Houses*

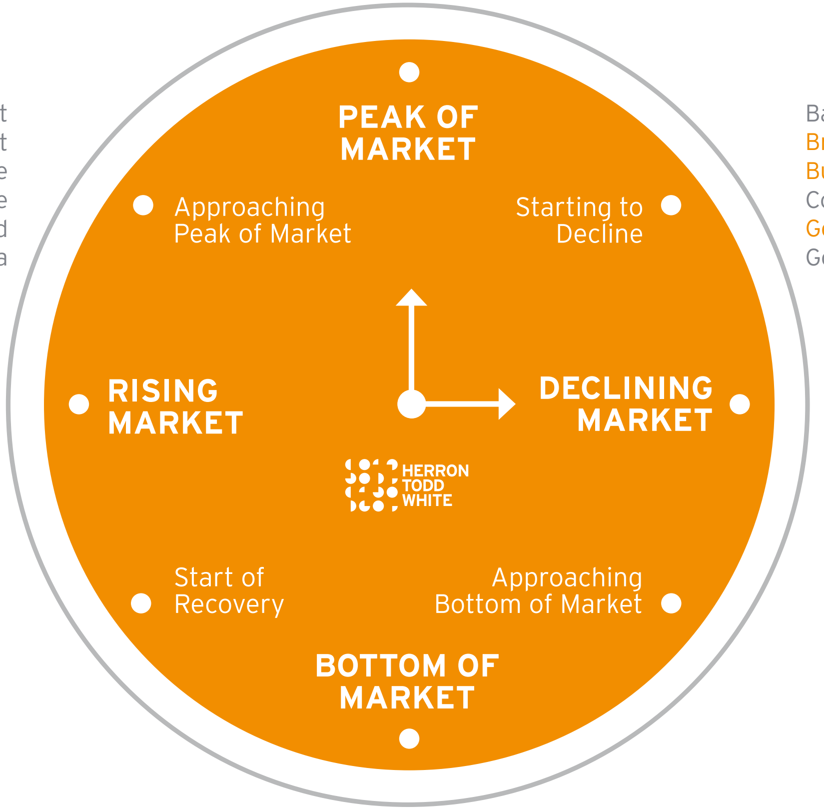
Entries coloured orange indicate positional change from last month.

Albany
Bathurst
Canberra
Central Coast
Dubbo
Illawarra
Mildura
South West WA

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

Ballina/Byron Bay
Brisbane
Burnie/Devonport
Coffs Harbour
Geelong
Gold Coast
Ipswich
Launceston
Lismore
Melbourne
Southern Highlands

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



Sydney

National Property Clock: *Units*

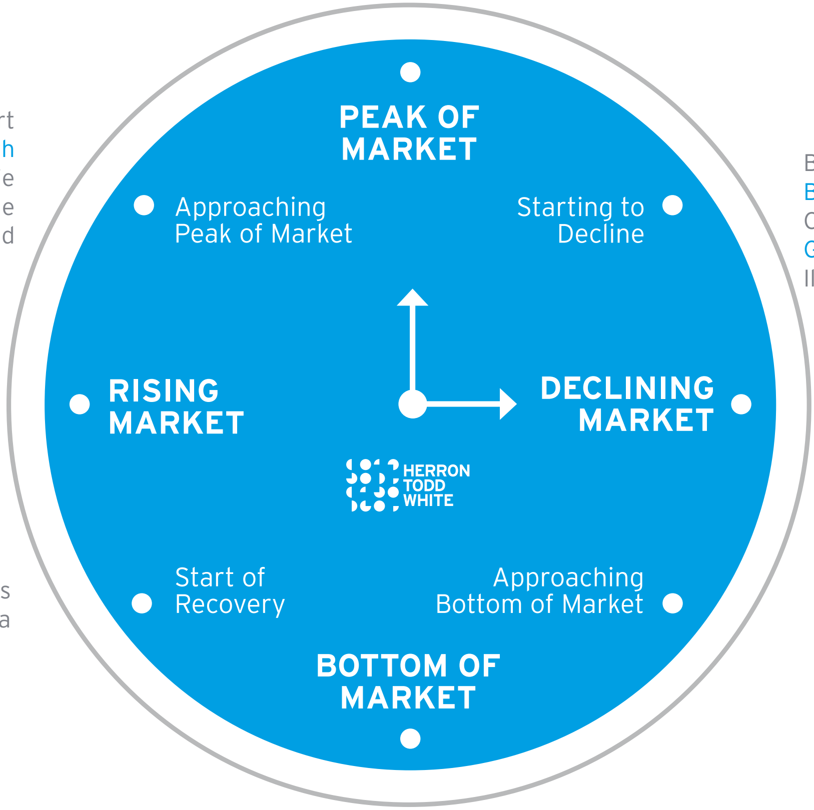
Entries coloured blue indicate positional change from last month.

Albany
Bathurst
Central Coast
Gold Coast
Mildura
South West WA

Adelaide
Adelaide Hills
Barossa Valley
Brisbane
Broome
Bundaberg
Hobart
Ipswich
Kalgoorlie
Newcastle
Port Hedland

Ballina/Byron Bay
Burnie/Devonport
Coffs Harbour
Geelong
Illawarra
Launceston
Lismore
Melbourne
Southern Highlands

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



Canberra
Sydney

Southern Tablelands
Toowoomba

New South Wales - Residential 2022

Sydney

The vast majority of vacant land in Sydney is located in new estates in the south-west and north-west. For those looking to build a new home in other, more established parts of Sydney, vacant land is generally scarce, meaning buyers need to look for older dwellings with a view to knockdown and rebuild.

The vacant land market, particularly in the growth centres of western Sydney, has been through a period of tremendous growth over the past two years, however there are headwinds that have recently hit, including interest rate increases along with escalating build costs, which are likely to take the remaining heat out of this market.

South-West Sydney

The past 12 months has seen a continuation of the previous 12 months where we have seen a significant and continuous growth in vacant land values across all areas of the south-western Sydney market. The entry point for this market has moved from $400,000 to $600,000 plus for your standard 300 square metre site.

The following are a couple of recent examples of continuing strong vacant land prices, whilst the greater residential market is experiencing a softening:

- A 439 square metre vacant parcel in Middleton Grange sold in December 2020 for $540,000. The parcel resold in June 2022 for $881,000, which is an approximately 63 per cent increase in 18 months.
- A 311 square metre vacant parcel in Catherine Field sold in March 2021 for $400,000. The parcel resold in May 2022 for $650,000, which is an approximately 62 per cent increase in just 14 months.
- A 372 square metre vacant parcel in Bradbury sold in July 2020 for $345,000. The parcel resold in June 2022 for $575,000, which is an approximately 66 per cent increase in 23 months.
- A 420 square metre vacant parcel in Menangle Park sold in March 2021 for $389,000. The parcel recently resold in June 2022 for $600,000, which is an approximately 54 per cent increase in 15 months.

5 Timbs Way, Catherine Field Source: CoreLogic

The typical factors driving demand are:

- lack of stock. There are several causes of this such as: developers drip feeding the market; the state government being slow to green light new land releases; and delays in vital services (such as sewerage and water). This last point has particularly become an issue around the Austral growth area;
- low serviceability of a loan (historically low interest rates – this is changing);
- broader increase in buyer demand from both owner-occupiers and investors. Whilst vacant land prices are increasing, they are still considered very affordable when the average price to buy a home in Sydney is now over $1 million and investors have been deterred from the unit market as a result of well-known building issues and stagnating rentals;
- the Western Sydney International Airport along with the Aerotropolis, which plans to bring a vibrant city to the west, providing jobs, entertainment and green space living.

The vacant land market has performed without a care in the world, buoyed on by a strong residential market. The price increases seem to have had no limit in the past 24 months. However, a number of external factors are quickly emerging which will provide new challenges to this market, which may turn buyers towards purchasing existing products and may make developers re-think pricing levels. These factors include:

- increases in interest rates;
- increases in building costs;
- flattening or softening of the broader market.

The latter two are considered the biggest challengers to the vacant land market in the next six to twelve months and serve as a big warning to buyers to do their homework before jumping into the vacant land market. We feel we are at the tipping point, where land owners are starting to realise that the purchase price of their land (if purchased within the past six months) and build cost is exceeding the market value for their completed project. Land holders are going to need to hold more capital to get projects over the line.

The south-western Sydney rural lifestyle and large lot vacant land market has also been going through unprecedented demand and growth. The three most significant factors we consider are driving this demand are:

- reduction in available rural lifestyle land due to rezoning within the south-west growth corridor and Aerotropolis;
- downsizers. These are cashed up buyers who have sold their acreage lots to developers but are looking to stay within their community or rural lifestyle setting;
- COVID-19 pandemic. With the introduction of working from home arrangements and the lack of travel options, buyers are flocking to semi-rural areas for a change in lifestyle.

The market for this style of land in 2022 is basically non-existent with most of the available stock being snapped up during the pandemic in 2021. The stock is tightly held and none is coming onto the market. In 2021, buyers were paying in excess of $2 million for one acre.

Western Sydney

The demand for residential land in the past 12 months has remained strong. The wider demand for new housing and the general value increases in the inner suburbs have pushed buyers further west into the growth corridors.

For western Sydney buyers, the vast majority of land available is in and around the north-west and south-west growth corridors in suburbs such as Box Hill, Marsden Park, North Kellyville and out to North Richmond in the north-west and Leppington, Oran Park, Austral and Catherine Field in the south-west.

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.

Since COVID began, land values have jumped significantly. We found that many families were deciding to move further west and buy land and build rather than continue to get outbid at auctions as the market was red hot.

A recent sale highlighting the strength of the land market is 230 George Street, Box Hill. This is a rectangular shaped 380 square metre vacant block with a 12.5 metre frontage. After selling for $579,000 in March 2021, it recently sold through Ray White Rouse Hill for $895,000 representing circa 55 per cent growth in just 14 months!

230 George Street, Box Hill Source: realestate.com.au

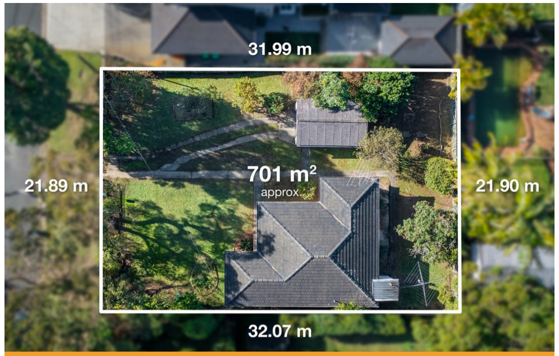
Another sale of note is 28 Brighton Drive, Bella Vista, sold by Century 21 Castle Hill. This property is an 803 square metre vacant parcel with a 27 metre frontage and sold for $2.83 million. This parcel last traded in December 2020 for $1.86 million, showing just under $1 million of growth in two years for the land alone!

28 Brighton Drive, Bella Vista Source: realestate.com.au

Moving forward, there is a thought that land price growth might stall in the short term as rising building costs and delays in construction might deter some buyers from a new build. Buyers may prefer to purchase an existing modern dwelling that caters for their needs but is just not brand new. This will help the existing dwelling market which offers dwellings with the same features only a few years old but ready to live in.

Northern Beaches

A lack of recent land releases has resulted in buyers searching within established suburbs for knock-down rebuild opportunities. Sites that tick all the boxes are always popular, particularly as site issues can become problematic during the design process and potentially increase construction costs. Areas including Belrose, Frenchs Forest, Forestville, Beacon Hill and Allambie Heights have properties available in the vicinity of $1.8 million to $2.2 million depending on the characteristics of the site. This represents a roughly ten per cent discount on their capital values from the peak of the market last year. A recent example is 25 Fitzpatrick Avenue, East Frenchs Forest. The property sold in June 2022 through JDH Real Estate for $1.8 million and represents a knock-down rebuild opportunity in an established suburb.



25 Fitzpatrick Avenue East, Frenchs Forest Source: CoreLogic

After an exhaustive six-year investigation, the New South Wales Department of Planning has decided to shelve the controversial Ingleside Precinct. The precinct was initially exhibited in 2016 and envisaged 3400 new homes that would have created the largest subdivision on the peninsular in decades. That number was subsequently slashed to 980 in 2018 due to extreme bush fire risk. After further review, consultation and backlash, the New South Wales government has sensationally withdrawn its pursuit and will hand control back to Northern Beaches Council.

North Shore

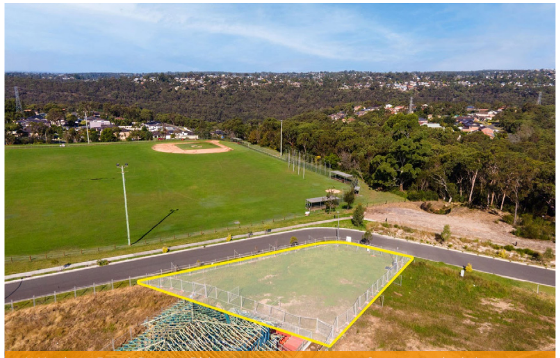
Vacant Land on Sydney's North Shore is increasingly harder to come by as heritage restrictions compound an already highly contested market. Sites with no development restrictions are often highly sought after as buyers are afforded the opportunity to build from scratch. In light of these issues, St Ives is a popular and relatively affordable North Shore suburb for knock-down and rebuilding. 31 Willis Avenue, St Ives is a good representation of current land value, having sold for $2.75 million in July 2022. The property has a land area of 909 square metres and a 22 metre frontage.

We have also seen an increase in properties sold with dual-occupancy and subdivision potential. New state guidelines have created the ability to construct and subdivide dual-occupancies in a number of LGAs that were not previously permissible and we expect this trend to continue as more and more developers become aware of these new possibilities. This is supported by the recent sale of a 1088 square metre site at 1 Bligh Street, Northbridge. This property sold in June 2022 for an incredible $6.2 million with CDC approval for the construction of a detached dual-occupancy.

1 Bligh Street, Northbridge Source: CoreLogic

Southern Sydney

The southern suburbs of Sydney do not have many new subdivisions, with only a small number around Barden Ridge, Menai and Greenhills Beach in recent years. In Barden Ridge, vacant land with land area between 550 and 800 square metres has generally been selling in the $1.2 million to $1.4 million range over the past 12 months. 41 Unaipon Road, Barden Ridge, within the Ridgeway Estate, sold in June for $1.4 million. The property has a land area of 789 square metres and sold with development approval for a modern two-storey dwelling with pool. It was purchased off the plan in March 2021 for $1.039 million, realising a 35 per cent increase in 15 months.



41 Unaipon Road, Barden Ridge Source: realestate.com.au

The main driving point for vacant land in these estates is obtaining a clean site with no need to demolish existing improvements, remove vegetation, or do significant excavation works, saving time and money. The downside is that with rising building costs, there is no option to live in the existing dwelling while waiting for the right time to renovate or knockdown and rebuild.

There are also occasional vacant land sales in established areas, but these were rare in the first half of 2022. A 772 square metre corner site at 918 Princes Highway, Engadine sold in January for $800,000. In June, a 521 square metre vacant lot sold in the popular McRae's Estate at 45 Penshurst Avenue, Penshurst, for $1.05 million. Also in June, a 607 square metre vacant lot at 35 Carinya Road, Picnic Point, sold for $1.515 million, located opposite the Georges River and with development approval for a new prestige dwelling.

Inner West

The inner west region of Sydney does not provide too many opportunities to secure single use residential vacant land sites, given the majority of the area is established and several different heritage overlays protect redevelopment in many of its suburbs. As such, buyers looking to secure a new home tend to buy older dwellings which can be demolished, or if situated in heritage protected areas, buy period homes and extensively renovate and extend or alter the floor plan. Given the recent increases in interest rates in May, June and July of 2022 coupled with the ongoing difficulties in securing building supplies, this market has softened in recent months especially for properties towards the lower end of the market. This is illustrated in the recent sale of a dilapidated dwelling at 6 Denning Street, Petersham which sold for $1.04 million on 5 July 2022. The sale price was slightly above its 2021 Valuer General Land Value assessment of $1.03 million.

Although a softening in sale prices is being witnessed in the $1 million to $2 million value range of the market, properties towards the prestige or upper end of the market still appear to be achieving strong results. This is partly due to a lesser reliance on mortgage finance by these buyers who are therefore less affected by increases in interest rates, as well as the tightly held nature of these properties.

Recent sales at auction beyond vendor expectations include a property in close proximity to and with expansive views of the Parramatta River at 12 Dorking Street, Cabarita, which sold for $4.72 million on 25 June 2022. The property is a post-war era dwelling on a lot that's prime to be redeveloped with a large contemporary home. Additionally, 137 Annandale Street, Annandale sold for $5.5 million on 9 July 2022 and comprised a dilapidated detached Victorian terrace home on a large 664 square metre allotment. The buyers are reported to be looking to complete an extensive renovation of the property.

12 Dorking Street, Cabarita Source: realestate.com.au

Therefore the future of this market segment in the inner west over the course of the short to medium term indicates it will continue to soften given the reduction in overall market sentiment for lower priced properties. Land and development opportunities for higher priced properties may experience a softening in the coming months should the general market continue to decline or there is as any decline in the equities market or general economy.

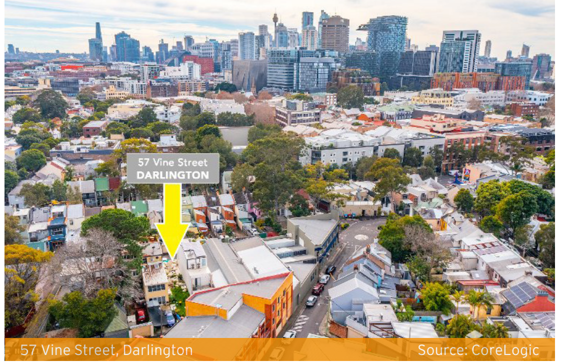
Eastern Suburbs/Inner City

Vacant land is extremely rare in the inner and eastern suburbs with no recent estates released to the market. Instead, buyers looking to secure a building site generally need to look for older or dilapidated dwellings to knockdown and rebuild.

A rare exception was the sale of 163 O'Sullivan Road, Bellevue Hill in June for $4.975 million, with a 557 square metre land size, 12 metre frontage and located opposite Woollahra Golf Course and less than a kilometre to the harbour at Double Bay. The property previously sold for $4.775 million in May 2021 with the original basic single level dwelling, which was demolished and removed between sales. The surprisingly limited growth since the previous sale may be an indication of the softening market in recent months along with the high cost of building at the present time.

163 O'Sullivan Road, Bellevue Hill Source: CoreLogic

In the suburb of Darlington on the southern fringe of the CBD, a vacant land site of just 130 square metres and 4.6 metre frontage sold in January for $1.6 million. The property had development approval for a tri-level home with five bedrooms and four bathrooms. The property previously transacted in April 2013 for $765,000.



57 Vine Street, Darlington Source: CoreLogic

Shaun Thomas
Director

Byron

The vacant land market in the Byron Shire remains constrained by a lack of supply. Apart from a limited supply of land in the final stage of an estate at Mullumbimby and a newly released estate at west Byron Bay, buyers must be prepared to shop around for the rare vacant lot in an established town or village or for a newly created lot subdivided off a larger parent site by an enterprising homeowner or investor.

Prices for land vary widely according to size, location, views, topography and utility but generally the closer to Byron Bay or the beach, the higher the price. As a guide, the lower priced end of the market will start at around $700,000 with asking prices in the better located parts of Byron Bay coming in at $3 million or more. These non-developer lots however are relatively scarce.

As far as developer lots are concerned, the Tallowood Ridge development at Mullumbimby is reaching the end of its growth with expressions of interest being taken for the final stage. Recent resales of land in earlier stages of this estate are in the range of $725,000 to $850,000 for easy sloping lots.

The Harvest estate at west Byron Bay, off Ewingsdale Road, is a new estate released earlier this year with sites in general from 400 to 800 square metres and off-the-plan sales from $1.5 million to $1.8 million with settlements delayed until construction work is completed.

Another factor that may influence the vacant land market at present is the high cost of building materials and delays and wait times being experienced in the construction industry. Although we have no empirical evidence at this stage, it is reasonable to expect that some buyers of land may put off their decision to buy or develop their land due to the current high costs associated with housing construction. With the housing market cooling, the option of buying a newly built or renovated house that is move in ready may offer more appeal than waiting six to twelve months for a house to be built while battling cost escalations along the way.

The broader residential market in the Byron Shire has begun to cool in recent months as a result of the general decline in economic activity brought on by higher inflation and the resulting upswing in interest rates to curb inflation. This is in contrast to the very strong market experienced throughout the course of 2021 and the resultant softening in the market may increase the affordability of vacant land for potential buyers, particularly those long-suffering first home buyers.

Mark Lackey
Property Valuer

Clarence Valley

In early 2022 vacant land in the Clarence Valley was in high demand as prices were increasing and the pressure of missing out was strong. Low interest rates fueled the demand and land developers were hurriedly trying to finish their new estates so marketing could take place. Since those early months the climate has changed somewhat due to several significant factors. Interest rates have begun to rise and the threat of higher interest rates looms. There now is a real shortage of building supplies and builders to undertake work. The cost of construction has significantly increased too. There is subsequently less interest and demand for vacant land in the area.

Vacant land within the Clarence Valley is seen as a cheaper option than areas to the north such as Ballina and also areas to the south such as Coffs Harbour. Residential prices in South Grafton start at around $150,000 and at around $200,000 in Grafton up to the higher end in Yamba or Iluka at around $450,000. Grafton, Yamba and Iluka have sufficient stock levels available and these prices are stacking up in valuation assessments.

It seems that the negative issues mentioned earlier will remain for the medium term and so we could probably expect a continued reduction in demand going forward. This applies also to rural residential sites. However, of note is the rural residential suburb of Gulmarrad which still appears to feature reasonable levels of demand and in some cases, prices being paid are above market expectations and are unsupportable.

The strength and future of the vacant land market in the area is being hindered by the negative issues surrounding increases in interest rates, limited building construction supplies and higher costings, however the Clarence Valley is a cheaper option for many which will likely help the vacant land demand and steady value levels going forward.

Simon Evans
Valuer

As a guide, the lower priced end of the market will start at around $700,000 with asking prices in the better located parts of Byron Bay coming in at $3 million or more.

Coffs Harbour

Not much has changed in 12 months when discussing the vacant land market throughout the Coffs Harbour region; the market can be described as thin with very limited supply and strong demand.

> *Not much has changed in 12 months when discussing the vacant land market throughout the Coffs Harbour region; the market can be described as thin with very limited supply and strong demand.*

Recently we have seen the completion of stage 2 of the Moonee Beach estate's 63 lots (13 kilometres north of Coffs Harbour) which were sold off the plan 12 to 18 months ago and ranged in price between $300,000 and $400,000 for 550 to 750 square metre sites. We have already seen one re-sale within this stage at $669,000 (564 square metres) which previously sold for $385,000 in 2021, showing a 73 per cent increase in value. Stage 3 of this estate which is currently under construction has also hit the market with the first release being 65 lots (27 sold) ranging in size from 601 to 751 square metres with asking prices ranging from $520,000 to $590,000 and display lots ranging from $485,000 to $780,000. Release 2 is also on the market with asking prices from $485,000 to $505,000 for standard residential blocks. Based on the one resale to date, these blocks may be worth a punt for the investor if the capital gain continues to show an increase of circa 73 per cent.

It must be said that the price achieved is also a reflection of the scarcity of developed land which is causing premiums to be paid for available ready to build on products within the more sought-after residential locations.

Moving closer to town, Coffs Harbour has several developments currently being marketed. One of these is High View Estate with 28 lots of varying size sites from 545 to 1690 square metres with asking prices between $430,000 and $585,000. 13 have sold to date. Stage 4 of the Elements Estate south of Coffs Harbour CBD is also being marketed with three lots still available with asking prices ranging from $320,000 to $333,000 for 550 square metre sites of steeper contour.

Other examples of the increased market movement for vacant land within Coffs Harbour are: 165 Pearce Drive (level 639 square metre site) sold for $320,000 in March 2021 and resold in March 2022 for $500,000 (showing a 56 per cent increase in 12 months); and 184 Shephards Land (sloping 865 square metre site) which previously sold for $260,000 in December 2020 and resold for $450,000 in February 2022 (showing a 73 per cent increase over 14 months).

165 Pearce Drive, Coff Harbour Source: realestate.com.au

South of Coffs Harbour and approximately eight kilometres from the CBD is the developing estate known as Sawtell Commons located at Bonville. A recent release has 44 lots available with an average size of 640 square metres. There are no sale details to date, with no advertised price list and construction still underway.

We are also seeing some land developments coming on line in the Bellingen Shire which have been desperately required to address housing shortages in the area. The seaside township of Urunga has welcomed the opening of the Black Wattle Estate which is a master planned community with 41 lots within stage 1 now for sale. Asking prices range from $370,000 to $700,000 for 600 to 1450 square metre size sites with level house pads and construction commenced.

The popular township of Bellingen has stage 1 of Taylor Rise Bellingen, a 42 lot development currently for sale with prices ranging from $450,000 to $520,000 for 600 to 1500 square metre land sizes. It is only early days of the development with no ground broken to date.

The picturesque hinterland township of Dorrigo has seen the biggest land release in 20 years with 19 lots available within the Hinterland Estate ranging in size from 650 to 2,800 square metres. Asking prices are from $200,000 to $275,000 representing the most affordable land in the region. Stage 1 (eight lots) has sold out with the 11 lots remaining for sale well worth a look for buyers thinking of a green change.

As can be seen from the above, land values have significantly risen over the past 12 months which reflects the general strength of the property market over this period which we all know by now was driven by the COVID pandemic, government regulations and record low interest rates. Moving forward, as interest rates rise and inflation takes hold of the household budget, one would envisage the vacant land market to soften and these record increases in value start to reduce. However, there is a definite lack of supply across the entire Coffs Coast region which will be a continuing factor and while the appetite for buyers remains strong for new product, any ready to build land may still warrant a premium price.

Grant Oxenford
Property Valuer

Central Coast

As we navigate our way through the middle of 2022, the property market on the Central Coast is at a crossroads with much uncertainty entering the market. Macro-economic factors such as the ratcheting up of interest rates, tightening labour market, building material shortages and widespread cost of living pressures are contributing to the declining local property market sentiment. In recent times agents have publicised that we are now entering a buyer's market after sellers capitalised on the extraordinary growth seen across the Central Coast over the past 18 months. In this edition we will drill down into the residential vacant land market and provide some telling insights into how that market has performed, emerging land estates to keep an eye on and what opportunities currently exist.

The Gosford CBD and surrounding suburbs established itself in the modern era more than half a century ago and vacant land parcels are now few and far between. Over time, town planning controls have adapted to encourage higher density development. Developers of low to high rise unit developments have entrenched themselves, capitalising on a historically long-term rising property market and at the same time satisfying community needs. It is here that developers will acquire multiple adjoining parcels with the intent to amalgamate and develop further. Although vacant land parcels are rare, there have been examples of older style dwellings being demolished and removed and sold off as residential vacant land with approvals in place for higher density development. In recent times, we have seen land banking sites commence construction, activating approvals with developer margins retained due to the lower buy in costs. Agents have reported a decline in developer activity for development sites currently advertised for sale with feasibility concerns at the forefront due to higher buy in costs to acquire land, increased building costs and end value uncertainties.

Vacant land in our acreage markets has always been in short supply. There are opportunities to purchase vacant land sites in areas such as Peats Ridge, Kulnura, Yarramalong and Cedar Brush Creek, however these are mostly undeveloped bush blocks, requiring bespoke designed dwellings to be built to incorporate their surroundings.

In the Matcham acreage market, we have seen limited buyer opportunities for vacant land sites, however a recent sale at 415 Oak Road, Matcham appears to be an opportunistic purchase, currently under contract for $980,000. Surrounded by $3 million plus established properties, the scope of development on this 8,155 square metre lot provides endless possibilities with a building envelope already determined to take full advantage of the northerly aspect and bushland views on offer.

415 Oak Road, Matcham Source: CoreLogic

Crangan Bay is a newly formed suburb of the Central Coast located between Gwandalan and Lake Munmorah. Over the course of this year, we have received instructions from lending institutions to value vacant land allotments and also provide on completion valuations of proposed new dwellings. The new Crangan Bay Estate offers and advertises lakeside living. Lots currently under civil construction range from 450 to 1300 square metres. Stages 1 and 2 have all sold out and Stage 3 is to be released later this year. The land contracts we have sighted for Stages 1 and 2 have been off the plan sales dated 2020 and 2021. Given all that has happened in the past 12 months with the unprecedented market growth, buyers of these lots have achieved some outstanding growth, all before registration and settlement has taken place. For example, Stage 1 was released in 2020 and achieved sale prices in the low $300,000s and today we are assessing current market values ranging from $450,000 to $600,000 depending on lot characteristics.

As we navigate our way through the middle of 2022, the property market on the Central Coast is at a crossroads with much uncertainty entering the market.

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Proposed Crangan Bay Estate

Other nearby new land release estates share a similar story. Latest statistics from CoreLogic shows that the median land value in Wyee from April 2021 to March 2022 increased from $297,500 to $473,000, a 59 per cent gain in value.

Recent Median Sale Prices (Land)

	Wyee
Period	Median Price
March 2022	$473,000
February 2022	$471,000
January 2022	$471,000
December 2021	$467,500
November 2021	$465,000
October 2021	$452,000
September 2021	$327,500
August 2021	$300,000
July 2021	$300,000
June 2021	$300,000
May 2021	$297,500
April 2021	$297,500

Source: CoreLogic RPData

Further south on the Peninsula, vacant land and sales of vacant land are very limited. Instead, it is common for properties with older dwellings to be purchased with the intention of eventually demolishing for a new build, or re-selling as vacant land.

An example of a sale of this nature is at 180 Ocean Beach Road, Woy Woy. This was an older dwelling which was demolished prior to selling in September 2021 for $785,000.

Similarly, 86 Karingi Street, Ettalong Beach was originally purchased in June 2017 for $640,000 with an older dwelling. The dwelling was demolished and the vacant land re-sold in June 2021 for $1.125 million with an approved development application for two townhouses. This sale is also a fairly accurate representation of the price growth in this area in recent years.

Todd Beckman
Valuer

Tamworth

The central north-west New South Wales area of Tamworth has typically produced steady residential development sites throughout the past decade. Vacant land sales volumes within residential estates have significantly increased in the past 12 to 18 months. The Tamworth residential vacant land market has been inundated with local and out of town enquiries. This demand has been primarily driven by affordable land prices in comparison to other regional centres (Dubbo, Mudgee, Orange). Also, the strong general property market and incentives to build have influenced the Tamworth vacant land market.

Tamworth city is currently offering vacant land allotments within a number of estates, most of which are expanding any residual land available to accommodate current new home construction demand. This upward pressure from buyers has put immense pressure on new allotment registration, development construction time frames and further new land releases.

The most active suburbs in the Tamworth area are Calala (Redbank Estate and The Outlook) and North Tamworth (The Meadows, Windmill Hills Estate and Northern Lights Estate). These estates all offer a range of vacant land sites from 600 square metres to larger 1000 square metre allotments. Price differentials are largely influenced by soil types (which dictate house slab class), topography and aspects.

Let's talk price points.

Generally speaking, most residential vacant land within the Calala, Hillvue and North Tamworth locations ranges in price from $155,000 to $220,000. These allotments typically have land areas of 650 to 800 square metres.

Future development has been fast tracked, however wet weather conditions, civil works and construction disruptions and land registration backlogs have delayed further developed land from entering the Tamworth market.

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Rural residential land within the Moore Creek area (land sizes ranging from 2000 square metres to one hectare sites) have a price range of $240,000 to $390,000.

Current strong market activity is expected to continue for the short to medium term mainly due to constraints on available stock. Future development has been fast tracked, however wet weather conditions, civil works and construction disruptions and land registration backlogs have delayed further developed land from entering the Tamworth market. The medium to long term outlook for the Tamworth vacant land market is that demand will taper off, leaving local markets and the construction industry to gain some ground on the recent and current spike in local residential property markets.

Nick Humphries
Property Valuer

Newcastle

The ability to build your own home is the main driving force behind any desire to buy land. With many display home villages being available and the wide range of homes on offer from builders, vacant land desirability is very much at its peak. With the emergence of dual occupancy becoming attractive to the investor, demand for land is coming from many different directions.

For the past five to ten years, established areas such as Medowie, Chisholm, Cameron Park, Cliftleigh and Thornton have been thriving with vacant land sales. In recent years this has been extended to emerging suburbs such as Lochinvar, Louth Park, Farley and the surrounding Maitland suburbs. Maitland is the most evolving regional area in the Newcastle and Hunter Valley with many suburbs expanding rapidly.

Vacant land will always be an attractive option for the family and investor purchaser due to the options of flexibility with design and location as opposed to an existing dwelling.

The single most important factor is value. As Newcastle and Lake Macquarie LGA regions have risen sharply in value over the past five years, the Maitland regional area is generally considered to be the lower value alternative, providing good value for money for any land buyer. As with any emerging region, the capital growth in suburbs such as Cliftleigh, Aberglasslyn and Gillieston Heights has risen sharply in the past few years indicating that purchasers have made sound choices when considering where to buy their land.

Some indicative price points are:

- Medowie - $400,000 to $500,000
- Bellbird - $300,000 to $400,000
- Chisholm - $500,000 to $800,000
- Cameron Park- $450,000 to $600,000
- Lochinvar- $300,000 to $400,000

With the high number of vacant land sales and resales in the area, vacant land valuations meet the valuer's approval without too much dispute or concern.

Vacant land sales are linked to the construction industry and as the construction industry goes through tough times, currently the appetite from purchasers wanting to build their own homes will decline for fear of rising build costs and construction delays. The appeal of purchasing an existing dwelling will return whilst the construction industry remains unpredictable.

During COVID, we saw a high demand for rural residential lifestyle blocks with a large number of buyers relocating from CBD locations. The appeal of large blocks, good views and an element of space will be attractive to most buyers however with a lack of general availability and rising prices for lifestyle blocks, affordability is the key to market demand.

Land within established areas is rare but available. Most comes from subdividing land from the main site and some are from demolished homes.

Recent sales include 8 Wakal Street, Charlestown, NSW 2290 on 8 July 2022 for $780,000, and 11a Park Road, Garden Suburb, NSW 2289, on 29 June 2022 for $600,000.

Vacant land will always be an attractive option for the family and investor purchaser due to the options of flexibility with design and location as opposed to an existing dwelling. As property becomes more expensive, vacant land appeal will be driven by the cost of the completed project and the desire to wait before occupation.

Corner blocks of vacant land will always attract investors with the options of creating villas or detached dwellings with their own street frontage as opposed to units on sites.

Alex McLeish and Darren Sims
Valuers

Shoalhaven

As we are now past the halfway point of the year, there is a distinct feeling that the Shoalhaven residential property market has stalled. Multiple interest rate rises, cost of living pressures and increasing inflation levels are all contributing towards a shift in the market and this may exacerbate the current flattening and softening market conditions. Vacant land sites in new subdivisions are still limited in supply. Let's take a quick look at vacant sites and see how their sales are tracking in the wake of this current slowdown.

The landscape for vacant sites has changed recently in the Shoalhaven region and rising building costs are a big reason behind this. Many builders are advising that they are months behind schedule as a result of the recent wet weather. The wet weather combined with the lingering effects COVID has had on the building industry with a difficulty in sourcing materials and escalating costs is resulting in many potential land purchasers reconsidering their options. It is fair to say that a house built 12 months ago would have cost considerably less than a house built today.

A new residential subdivision in Tapitallee, known as Tangala Estate, has seen a couple of positive sale results in terms of resales. This estate consists of acre sized allotments. According to our research, there have been two resales in the estate and both of these sold for higher than the original sales. There is to be another release in this estate in the coming weeks of approximately 24 lots. It will be interesting to see the sale results of these new lots, remembering that the first 25 lots all sold on the first day last year.

There is also another new subdivision in the region in Cambewarra, known as Talyors Estate. This estate consists of more standard residential sized sites and was very popular when they were first released. There are still some sites remaining and we believe that this is the result of rising interest rates and the increasing costs of living combined with the uncertainty of rising costs in the building industry. We believe that many potential purchasers are taking a wait and see approach.

Joshua Devitt
Associate Director

Illawarra

Current urban development and the geography of the region really limit the expansion of urban areas in the Illawarra. 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 Shellharbour City Council in Shell Cove. 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.

Over the past 10 years, demand for land has largely matched the wider housing market. When the market was booming (2013 to 2017 and 2020 to 2021), vacant land values skyrocketed and competition to purchase blocks was tough – in some cases you had to win a ballot to have the opportunity to purchase a lot. At other times during slower markets, developers have had to offer incentives to drive sales. In 2012 it was possible to purchase a 450 square metre lot in Stockland's Brooks Reach (Horsley) subdivision for $185,000. Today, ten years on, the going rate for a 450 square metre lot in Horsley is $550,000 to $600,000.

The housing market in the Illawarra today has slowed and as a result, demand for vacant land is lower. We saw in the most recent downturn (2018 to 2019) that when the market dried up, there was an abundant supply of both new developer lots and attempted re-sales of vacant lots in the larger estates. Purchasers would then be able to take their pick and find the most motivated vendor to buy from at a reduced price. Values of blocks in some of these estates reduced by 15 to 20 per cent. While there is no indication that this is where values are heading this time around, there is potential for price reductions yet again if demand slows to a trickle and new developments and re-sales of registered lots continue to come to market.

Looking at the very limited vacant land market outside the growth corridors shows us where land values have got to in certain pockets. A 460 square metre, regular shaped and easy sloping lot in Allen Street, Austinmer recently sold for $1.5 million. A 650 square metre corner lot with a gentle slope on Scobie Crescent, Bellambi sold

The biggest driver historically behind the Southern Highlands market growth has been Sydney buyers as they realise there is an alternative to the urban environment.

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for $911,000 in May and a 460 square metre allotment with a moderate to steep slope in Backhouse Road, Lake Heights sold last month for $455,000.

Chris McKenna
Region Director

Southern Highlands

The biggest driver historically behind the Southern Highlands market growth has been Sydney buyers as they realise there is an alternative to the urban environment. Like other regional locations across New South Wales, the pace and level of sales has benefited from the COVID pandemic over the past 18 months as identified by well-known demographer Bernard Salt, noting the upward trend of Sydney buyers fleeing city living to regional locations. These buyers are known as VESPAS (Virus Escapees Seeking Provincial Australia). This does encapsulate the mood as individuals and increasingly millennials and young families seek more space and better lifestyle choices, whilst still being able to be located in the Goldilocks zone – just the right travel distance (90 minutes) from Sydney.

The median price of vacant land across the Wingecarribee Shire increased 44 per cent (to January 2022) to $635,000.

As has been noted in previous Month in Reviews, looking at final stage vacant land sales and new infill type developments in precincts such as Renwick (Mittagong) has seen prices of $710,000 achieved for a 580 square metre block, with Moss Vale (Darraby) seeing vacant land sales of $850,000 plus for 1000 square metre blocks when a year ago, similar sized blocks in the same estate were selling at around $460,000.

The recent release of Stage 1 of Asbourne Estate Moss Vale which will eventually comprise a master planned community of up to 1500 lots ranging in size from 450 to 2000 square metres saw 85 land lots sell in one day to a total exceeding $40 million. This being said, with the vagaries of the economy, financial markets, political environment and building costs, we anticipate a continued slowing in the pace of sales across all asset classes in the Southern Highlands as buyers and financiers tread with caution.

The continuing light on the hill for the Southern Highlands region is the significant influx of the VESPAS and infrastructure is now front and centre as a priority for local government, which combined with a coordinated staged release of land to market in line with required infrastructure upgrades should ensure the risk of an oversupply of land within the local market is minimised.

Tim Stevens
Valuer

Victoria - Residential 2022

Melbourne

It is slim pickings for those looking for land in Melbourne's inner suburbs. Buyers wanting to purchase land in Melbourne will need to look further out at newer developing suburbs and housing estates. Rarely will there be vacant land to purchase in Melbourne suburbia, and when the odd chance of a unicorn does pop up, it is usually a knocked down dwelling or a larger lot that has been subdivided. These subdivided lots are often in the backyard and sold as a battle-axe shaped block or smaller than a traditional lot of land. Due to this shortage, the most accessible areas for vacant land would be in the outer suburbs in Melbourne's south-east and west. Both ends of Melbourne boast estates with plenty of newly developed lots of land, ready to be built on.

In saying this, the construction industry in Australia is under a lot of pressure with the limited and expensive supply of materials and labour inhibiting the confidence of those looking to buy new land to build on. Many prospective home builders are turning from building their dream home from scratch to purchasing a recently renovated or ready to move into home to avoid the stress and headache of this construction crisis. As it is a risky time to build, the vacant land market isn't in as high demand as it used to be.

Melbourne Inner City

Due to the obvious lack of supply of vacant residential land within the metropolitan Melbourne area, the very few sites that do become available are sold at a premium. In a city that has been vastly developed, the option of purchasing land and building a home is made near impossible by the unfeasible prices and limited availability.

When these opportunities do arise, they are generally being utilised for multi-level developments in an attempt to generate a revenue that will cover the high land costs. This is a result of the highest and best use principle. However, small lots in the 80 to 250 square metre range often hit the market in inner city fringe locations such as Fitzroy, Abbotsford and Collingwood in the price range of $900,000 to $2 million.

South-East

Melbourne's south-east provides an abundance of vacant land that can be purchased on the urban fringe in areas such as Clyde, Cranbourne, Pakenham and Officer. Typically, these old farmlands are located within the urban growth corridor and once a precinct structure plan has been developed, they are converted into estates. The majority of lots range between 175 and 600 square metres and can be purchased for anywhere between $250,000 and $500,000. Some of the larger developments are still under construction, with staged releases being offered in Elliston, Smiths Lane, Meridian and Orana.

Moving closer to the CBD and vacant land becomes a scarce resource, which ultimately leads to a much higher price point. Due to this, land owners have the opportunity to create wealth through subdivisions. In the bayside, it is becoming increasingly common to see larger lots in neighbourhood and general residential zones subdivided and sold off. This offers competitors within the market the opportunity to purchase in desirable locations at a much more affordable price.

The sale of 15 Moonda Grove, Cheltenham is a prime example of a much smaller lot. It sold for $640,000.

15 Moonda Grove, Cheltenham Source: realestate.com.au

Outer East

Having a range between $400,000 and $450,000, it is possible to purchase vacant land in Melbourne's eastern suburbs. Vacant land in the Healesville area generally containing a site area of 10,000 square metres is being sold for around that price range.

There are zoning factors such as green wedge zoning, rural conservation and farming zoning that may prohibit certain planning permits from being pursued. Aside from that, if a property contains zoning that has dwelling entitlements, great opportunities can be seen in the Yarra Ranges area.

In contrast, the relatively more expensive Chirnside Park, located approximately 40 kilometres east of the CBD contains vacant land options that offer variability for those looking to buy with a greater budget. The same price range for traditional Yarra Ranges land ($400,000 to $450,000) will get a minimum of 400 square metres of land in Chirnside Park. With the Chirnside Park area, you're getting more of a quality-based suburb with no nuances of zoning restrictions prohibiting the use of development or gaining a planning or building permit.

21A Lancaster Place Chirnside Park VIC 3116 is currently listed with an asking price of $390,000 to $425,000 Source: Domain

Within the eastern suburbs, there are far less estate developments in comparison to other areas such as the south-east and western suburbs of Melbourne. The suburb of Lilydale is one of the rare locations that is offering new development. The Kinley estate is an example of this. It is currently offering compact vacant land sales within a range of 130 to 140 square metres with a price range of $400,000 to $500,000.

Inner and outer North

Vacant land sales boomed during the pandemic however the Reserve Bank interest rate rises have resulted in a flattening and land sales are coming off the boil after two years of supercharged activity. Factors such as rising interest rates, inflation, supply interruptions and end of pandemic era government grants have all contributed to the dampening of both supply and demand.

Factors such as rising interest rates, inflation, supply interruptions and end of pandemic era government grants have all contributed to the dampening of both supply and demand.

The northern suburbs have seen a lot of vacant land sales in areas such as Sunbury and Mickleham. Estates such as Kingsfield, Everly and Rosenthal have seen large volumes of vacant land sales with 75 per cent of the buyer pool being first home buyers and other owner-occupiers and the remaining 25 per cent being investors. Sunbury is about a 48-minute drive from the Melbourne CBD and is currently offering lots from 350 square metres starting at the $340,000 mark. Mickleham has estates which are also selling a large volume of lots such as Botanical Estate, Merrifield and Trijena. Land prices in these areas are starting at $290,000 for 320 square metre lots. Affordability plays a large factor for buyers acquiring land in these areas.

Cheaper land is desirable for buyers despite being further out from the city due to construction costs continually increasing.

Western Suburbs

When looking at Melbourne's key growth areas, the western suburbs are in the top place on savvy purchasers' lists due to the government investing billions of dollars in infrastructure, roads and railways to better connect the outer west to the CBD. More and more people are looking to buy their own piece of land in Melbourne, which is a scarcity in the metro ring suburbs. Vacant land is in abundance in developing residential areas such as Tarneit, Melton and Wyndham Vale. There are many developers in these areas who have curated the ideal community lifestyle with schools, parks and shopping centres nearby which attract many buyers to purchase their own bit of land.

Taking a closer look at the current vacant land market in the Tarneit and Truganina area alone, we are able to see that there are over 700 vacant lots for sale in this current market. On offer, there are a range of different land sizes available at all different price points ranging from $280,000 to $500,000 for the land alone.

This gives buyers the opportunity to purchase land at an affordable price point compared to the rest of Melbourne. Estates such as The Grove in Tarneit and Mt Atkinson in Truganina offer house and land packages which also provide an easier option for purchasers who want to build their own home straight away.

In saying this, there is buyer caution at the moment, with the increased stress on the construction industry due to inflated build and labour costs causing many people to think twice whether they really want to start fresh on newly cut land or buy an existing home. This raises concern for developers that they may face an oversupply of vacant land sites all within close proximity of each other.

Geelong

It is evidenced that land developments such as Armstrong Creek, Charlemont, Mt Duneed and Lara are still proving popular within the market, as sales in these regions continue to grow. It has been apparent with some local agents that some

Melbourne's median lot price for the March 2022 quarter was $370,000, compared to $377,000 for Geelong

buyers are camping out overnight to secure land in Villawood Properties' Armstrong estate.

These areas provide great local amenities such as schools, shops, employment and public transport. It's no wonder land in these growth areas has been selling quickly. In Armstrong Creek, discussions with local land estates indicate that due to the strong demand, clients are being advised to register early or face a long wait.

The lack of readily available titled land in this region is impacting the price expectations of the limited titled land on the market. Melbourne's median lot price for the March 2022 quarter was $370,000, compared to $377,000 for Geelong, according to the latest Greenfields market report by property analyst Research 4. Geelong's new land price has shot up from $295,000 just under a year ago due to strong demand for housing in the region.

Demand has been strong across the Bellarine Peninsula, with $11 million worth of land selling in 24 hours in a newly released estate in St Leonards earlier in the year, however we have seen demand slow over the past two months.

The Geelong area boasts a more rural offering compared to areas closer to the Melbourne region; areas such as Batesford and Drysdale have a plethora of rural, low-density sites listed for sale. Properties currently listed range from one to nine hectares in size and offer both farmland and low-density residential living.

With areas such as Armstrong Creek, Charlemont and Lara in the Geelong region being home to a number of large residential property developments, we have seen very high demand over the past 24 months. As demand for these vacant lots falls as predicted over the coming months, we should see prices begin to lower.

Perron King
Director

Queensland - Residential 2022

Brisbane

One of the many great things about Brisbane is the broad expanses of undeveloped land our region covers, creating plenty of opportunities to develop blocks within a commutable distance of the CBD. Along most compass points you will find housing estates as well as splitter blocks in built up areas where land is at a premium.

But the process of developing and releasing land takes time. Over the past year and a half in particular, demand has strongly outstripped supply. Developers scarcely pre-release a stage and it's sold out. Construction activity throughout 2021 was being fuelled by government incentives and low interest rates.

Of course, this year, things have turned. Rising rates have slowed activity more generally but the biggest impact on the land market appears to be construction cost increases. Labour and materials are becoming unjustifiably expensive and the wait time for both has blown out phenomenally.

So, as a general observation, we now sit in a moment of change. There's qualitative evidence that owners are putting off building new and instead looking to purchase established homes or just sitting tight and waiting. In this environment we'd expect sale rates on vacant land to slow throughout the rest of 2022.

That's the general temperature anyway. Of course, various locations and price points will see their markets operate at different speeds, so let's dig down and take a look at what's happening in the Brisbane land market.

South

Looking to our southern corridor and there remains solid demand for land from first homeowners and other owner-occupiers. Much of the new-home market is driven towards smaller blocks as these are the most affordable, relatively speaking. There's some investor activity too with traditional detached homes and dual occupancy construction gaining attention in the landlord market.

The locations where most vacant land is available include Spring Mountain, Logan Reserve and Rochedale. These growth zones have gained popularity and while prices have increased, they remain relatively affordable compared to other addresses.

There are several planned estates throughout Greenbank and Park Ridge too. For example, Everleigh in Greenbank is one of the largest projects in the area with some facilities, such as the local primary school, already established. The attraction here for buyers is affordability as well as proximity to shopping and major transport routes. The project has abundant parks and greenspace as part of its masterplan too.

Some of the other estates throughout this area include Covella and Harvest Rise in Greenbank, as well as Madison Park, Birchwood, Chambers Ridge Park and Carvers Reach which are all in Park Ridge.

Looking at price points and a 400 square metre block in Spring Mountain will fetch around $320,000. In Rochedale, a 350 square metre site sells for $500,000 while Logan Reserve blocks of 450 square metres sell for $300,000.

As already mentioned, there are some market headwinds at present, but that hasn't translated into land prices just yet. Blocks remain scarce so prices are holding up, although there are very initial signs of softening in some instances.

Our experts in this region note that ongoing construction cost increases could lead to further market softening. In fact, this high demand for construction has been exacerbated by large releases of small-block stages in many local estates. New buyers will need to factor in longer wait times and construction premiums, and that's bound to play into price and sales volumes flattening or falling.

North

The northern development corridor is delivering a mixed bag of performance according to our valuers.

There's qualitative evidence that owners are putting off building new and instead looking to purchase established homes or just sitting tight and waiting.

Estates on the fringe of our service area have seen a slowdown. These are traditional size blocks in our most affordable suburbs such as Morayfield and Burpengary. They are mostly located in large master planned subdivisions with prices of $275,000 to $360,000 for a 400 square metre site.

Sales agents advise that during the peak of activity, they could sell out a new stage in most developments within 24 hours. That same volume is now taking closer to a month to sell out. That said, there is still good demand with buyers continuing to register their interest. Also of note is that once a stage has sold out off the plan, listings remain tight. In many instances it takes six to 12 months between signing a contract of purchase and the site being finally registered and titled.

Our valuer's prediction is that new construction here, which is dominated by first homebuyers, will slow in the coming months. Purchasers are becoming more cautious in the wake of interest rate rises and negative publicity about build costs and builders going into liquidation.

Sticking with the northern corridor but moving a bit closer to Brisbane's centre and we're looking at land in Warner, Mango Hill and Bridgeman Downs.

Vacant land remains at a premium in these areas. Land sales in estates throughout all these suburbs have seen stages sold out off the plan. The dominant buyer type is owner-occupiers, many of whom come from the local area but are upsizing.

Some of the most prominent estates include Capestone in Mango Hill where demand has been strong in the latest releases where the lake and parkland are in proximity. Land prices in the newest stages range from the mid $500,000 up to $785,000 for sites opposite the lake. This most recent stage was well publicized as selling out in less than three hours to predominantly owner-occupiers. The already good prices achieved in earlier stages of the Capestone project are supporting these latest prices. A word of caution for buyers though is to be careful of overcapitalisation. Rising construction costs could see new owners paying a premium to build their dream home, especially on lakeside allotments. The total land plus build contract may be a challenge to stack up in some instances.

Most of the purchasers here are upsizers who have experienced significant price growth in their current homes and are leveraging that to purchase and build.

Estates of note in Warner include Ausbuild's Warner Sanctuary project and the development named AVID which will comprise approximately 400 allotments.

Warner Sanctuary's price point in its initial release was around the $400,000s. Prices strengthened in stages two and three to the point they essentially auctioned off the third stage via a tender process. We do not have final figures for these lots, but some sources suggest sales prices in stage 3 exceeded those in stages one and two by up to 30 per cent. As for completed house-and-land product, it's reported that packages will start in the mid-$800,000s for investor stock on smaller lots.

Looking to Bridgeman Downs and a great example of the land market here is the Lomandra Park project where pricing went from the low-to-mid $500,000s through to the $700,000s within its first stage. On-completion housing is stacking up to valuation too.

Construction in these inner-northern corridor suburbs doesn't seem as sensitive to interest rate rises as the outer lying and fringe areas. Most of the purchasers here are upsizers who have experienced significant price growth in their current homes and are leveraging that to purchase and build. Discussions with developers such as Ausbuild have suggested most of their purchasers have plenty of equity in their homes and now have the financial buffers to spend significant amounts on their new builds.

At the moment vacant land sales in these closer suburbs continue to perform well on the market with re-sales showing capital gains. Of course, if established housing becomes more affordable this could well lead to a softening in demand for vacant property.

Before we leave the northern corridor, let's touch lightly on the rural residential market.

Fringe addresses have seen strong demand for rural residential sites. The land is generally constrained with a limited number of blocks coming onto the market which is helping to keep prices strong. Morayfield prices range from $550,000 to $625,000 while in Burpengary East, rural residential sites can achieve $700,000 to $850,000. The medium- and long-term prospects for this sector are yet to unfold under changing market conditions.

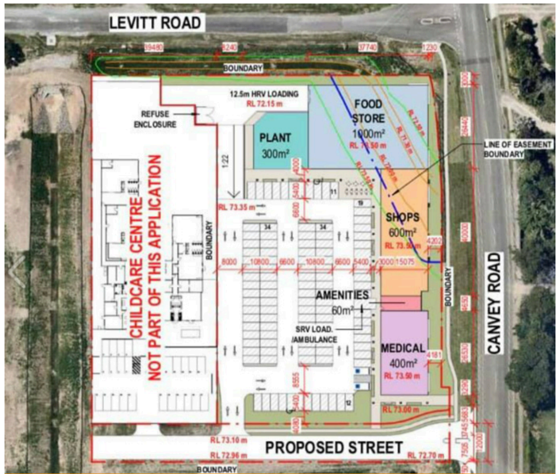
Middle ring and inner addresses

The vacant land market in the north-western ring remains active.

Some of the most recently released lots are in The Gap and Upper Kedron areas. These blocks appeal primarily to local owner-occupiers who are upgrading to larger homes, although there are some first homebuyers as well.

Allotments in the Upper Kedron estate of Ellendale have been mostly absorbed by local buyers with few lots still on the market. Upper Kedron continues to be a strong growth corridor, supported by a new Transit Oriented Development in Ferny Grove – Ferny Grove Central – and the Ellendale Retail Centre both of which are under construction.

Ferny Grove TOD Source: FernyGroveCentral.com.au



Ferny Grove Central Source: Brisbane City Council - Development Approval


Ferny Grove Central Source: Brisbane City Council - Development Approval

The main driver behind demand is a lack of fully serviced vacant residential allotments in the wider region.

Interestingly, delays around construction and approvals have seen us valuing land up to one and a half years after it was contracted in the Upper Kedron development. There's been significant market improvement over this time period, so these contract prices are easily being supported (and exceeded) by our valuer's recent reassessments.

Information on recent sales in current stages is somewhat limited. However, one representative of the developer has provided us an example where a rectangular shaped 744 square metre lot which is cut, levelled and retained and features bushland views is asking for expressions of interest at around $895,000.

One other recent confirmed resale in the estate is 26 Bendigo Place, Upper Kedron which sold for $710,000 in February this year. The property is a slightly irregular shaped, gently sloping, inside lot positioned slightly below road level. The land faces south-east with bushland views and frontage.


26 Bendigo Place Upper Kedron Source: realestate.com.au

The developer has informed us that pricing in the newest release of the estate reflects an average of around $1300 per square metre. This is an increase on previous stages – with contracts dating from the first half of 2021 – which reflect closer to $1150 to $1200 per square metre.

Some other interesting points of note are that while demand remains strong, there has reportedly been less buyer enquiry, so demand appears to be softening from previous highs. That said, most enquiries being received are genuine, with many proceeding to purchase.

The big concern for most buyers (and builders) is ongoing increases in construction costs. The developer's representative we spoke to said builders are now hesitant to sign fixed-price contracts because of materials and labour cost increases. Those that do are including rigorous cost escalation conditions in the agreement.

Interestingly, lots purchased during the first half of 2021 prior to significant general market improvement have an advantage. Since the

The big concern for most buyers (and builders) is ongoing increases in construction costs.

purchase date, construction delays have put off builds, but capital gains have increased land values. These buyers are mostly still able to cover recent cost increases through financing because the rise in their land value has offset the increase in construction costs.

Moving forward into the next stages of the development, increased dwelling construction costs may become an issue when capital gains are more subdued.

All in all, however, current demand exceeds supply. Assuming no significant downturn in the general property market in the near future, the vacant land price in the area should remain buoyant.

Splitter blocks

Splitter blocks are most prominent within the 10-to-12-kilometre ring of the CBD. This radius sees few estate-style vacant land projects being marketed with most allotments created via small subdivisions or splits.

Price and performance can vary by location of course, however we have homed in on a couple of northern addresses to demonstrate the strength of this vacant land sector.

Looking directly north first up and splits are very popular in around the 10-to-12-kilometre radius where post-war dwellings on 809 square metres exist, as well as smaller low to medium density allotments with adequate street frontage.

Some examples include Banyo and Nudgee where prices range from $650,000 to $720,000 for a 400 square metre site. Nundah is now achieving sale prices in the early $800,000s for 400 square metre lots which will be an impressive number for long-term locals to hear about.

A couple of recent sales include Lot 36/29 Newby Street, Nundah which is a 405 square metre site that's under contract for $810,000, and 23 Forrest Street, Nudgee which is a 405 square metre site under contract for $712,500.

23 Forrest Street, Nudgee Source: realestate.com.au

Some of the most active markets for infill vacant allotments in the inner north-west are situated in areas such as Mitchelton, Everton Park, Everton Hills, Arana Hills and Keperra. Some sales of note include:

- 3 Lesina Street, Keperra sold 13 April 2022 for $615,000

A 405 square metre allotment sale to an owner-occupier. The property is an irregular shaped, near level, inside lot with a suitable building site which is naturally contoured and positioned slightly above road level. The lot is cleared and faces north with no significant views. Access to the property is easy and direct. Located within proximity of the train line.

- 45 Arbor Street, Ferny Grove sold 06 May 2022 for $630,000

A 404 square metre site providing a rectangular shaped, easy sloping, inside lot that is naturally contoured and positioned slightly above road level. The lot is cleared and faces east with no significant views.

- Lot 2/8 Grove Avenue, Arana Hills sold 14 March 2022 for $525,000

A 322 square metre rectangular shaped, gently sloping, inside lot with a suitable building site which is cut and positioned at road level. The lot is cleared and faces east with no significant views.

Limited listings continue to be the theme in this sector, so prices remain buoyant. Most purchasers are owner-occupiers which bodes well for long-term capital growth as well.

That said, the availability of builders coupled with rising residential construction costs is posing a risk. If you add the relatively high price being paid for vacant inner and mid ring land to these elevated construction contracts, it can be hard to justify the end result. Part of the reason is that established home value growth has softened, so it can be easy for an owner to overcapitalise based on recent confirmed sales. Anyone looking to do a build must tread carefully.

David Notley
Director

Gold Coast

Is it the right time to be buying a block of land?

Escalating building costs, construction material shortages and the lack of available builders and labour on the Gold Coast have lately given buyers in this market plenty to be concerned about.

Our teams (with boots on the ground) provide some insight on how the land market has been recently performing in their respective service areas and note some of the potential challenges ahead.

Tweed Shire and Southern Gold Coast

Over the past year, the main hurdle for buyers in this market within the Tweed Shire is simply that they have had to contend with a scarcity of stock, especially in beachside locations. The new land releases around the Tweed Shire have therefore attracted strong buyer interest. Residential estates which have recently offered vacant lots in the area include Kingscoast at Cudgen, Casuarina Beach at Casuarina, Altitude Estate and Latitude Estate in Terranora and Panorama at Kunghur which consists of larger sized residential allotments.

We understand that all stock within these estates has more or less sold out now with the odd lot coming back on the market and re-selling for a higher amount than the original sale price.

The Kingscoast estate at Cudgen is situated on the western side of Tweed Coast Road and only a few minutes' drive west of the popular township of Kingscliff. Lot sizes within the estate typically range between 400 and 800 square metres and recent sales in the latest stage have reportedly been in the early $700,000s and into the $800,000s.

For example, lot 111 Julius Way within the Kingscoast estate at Cudgen is reportedly under contract as at June 2022 for $820,000 according to McGrath Tweed Heads.

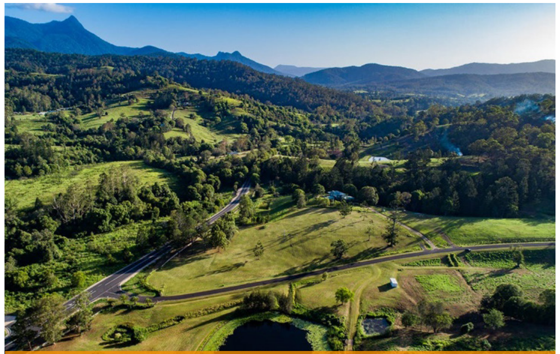
Lot 111 Julius Way in the Kingscoast estate Source: realestate.com.au

At Casuarina Beach in Casuarina, a beachside estate, we are aware of a flat 384 square metre vacant lot for sale with an asking price of $1.6 million. This lot is approximately within 100 metres of the beach and provides a cleared and level site. The property previously sold in March 2021 for $1.075 million. The last confirmed sale of a similar sized lot within the same street was in June last year for $1.2 million.

Closer to the state border, lots in the latest stage of the Altitude Estate at Terranora have typically been selling for between $590,000 and $880,000 and only a few blocks remain. Lot sizes here typically range between 487 and 1269 square metres.

The general feedback from local agents who operate in these areas are that buyer enquiry for land has definitely dropped off over the past six months, however due to the shortage of stock, prices are remaining firm. The biggest issue for buyers searching for land right now is that there is increased trepidation regarding the costs of building a new home and the length of time it may take to finish the project.

Down in Kunghur in the Tweed Valley, the developer of the Panorama estate which adjoins Kyogle Road sold the majority of their land stock over 12 months ago and the land was all registered at the time. We have been advised that house construction has not commenced on any of those sites and unfortunately several owners have resorted to living on-site in caravans on a temporary basis. One of the new landowners in this estate advised how difficult it was to find a builder who would even quote on building in this location, which is approximately a 30-minute drive from Murwillumbah and a one hour drive south-west of Tweed Heads.


Panorama Estate, Kunghur Source: realestate.com.au

Moving north over the border and agents are still reporting good buyer interest for rural and lifestyle lots in the southern Gold Coast hinterland, particularly within the Currumbin Valley and Tallebudgera Valley areas. The increased demand appears to be coming from both locals and out of towners seeking a tree change since the pandemic hit. Despite the strong interest in this area, there has been very limited sales activity of acreage lots this year within these suburbs. The main reason for this is that there has basically been no vacant land available for buyers. As a result, those acreage sites that have become available to the market have been fetching premium prices. Recent sales have typically ranged between $1.05 million and $3 million.

We note that Lot 25, 1105 Currumbin Creek Road, Currumbin Valley reportedly sold in June this year for $2.5 million. The property comprises a

We have been advised that house construction has not commenced on any of those sites and unfortunately several owners have resorted to living on-site in caravans on a temporary basis.

4.24-hectare rural parcel that provides good usable land suitable for horses. The land is fully fenced and features a small dam. The main building envelope features good views of the surrounding valley.

Overall, the progress of new house projects in suburbs near the border has been sluggish, with many house constructions taking well over 12 months to complete. A combination of factors has been at play which has not helped the current situation, including tough border closures in 2021, a very wet summer followed by major flooding events in the region, Councils being inundated with development applications in the past 12 months and blowing out approval times, and of course, materials being difficult to obtain and a shortage of labour.

The border issues are behind us but in the Tweed area, the fallout from the recent flooding, approval times, materials and labour problems are going to stay for some time to come. Until these issues are resolved, building a new home is unfortunately going to continue to be a long painful process for some time to come. Given the current climate, it could still be another 12 months before these issues start to ease.

Gold Coast Central Areas

Vacant land is very scarce within the popular beachside suburbs of the Gold Coast and therefore there are very few opportunities currently available for buyers. In the suburbs of Miami, Burleigh Heads, Palm Beach, Currumbin, Tugun, Bilinga and Coolangatta, the strong demand for new, modern style detached housing has pushed purchasers who cannot find vacant sites (to build a new home) into purchasing older-style dwellings and then carrying out demolition of the old house and then re-building. However just recently we have noted a slight softening in demand for these types of properties. Soaring construction costs, supply issues and other pressures have had an impact on the demolish and new construction approach with some buyers now choosing to pay a premium for a fully renovated or near new dwelling instead.

A vacant house site in Glenelg Avenue, Mermaid beach sold earlier this year.
Source: realestate.com.au

As mentioned, sales of vacant sites close to the beach have been scarce this year, however we are aware that a 403 square metre vacant lot in Glenelg Avenue, Mermaid Beach sold earlier this year for $1.4 million. The property comprises a rectangular shaped, level allotment with 10 metre street frontage and medium density residential zoning and is located within 700 metres of the beach.

If you look at the recent sales activity for vacant residential land within the central spots of the Gold Coast, you'll find that most of the sales are lots with canal or lake frontage offering water views. The demand for vacant waterfront allotments within the central Gold Coast suburbs of Mermaid Waters and Broadbeach Waters has been strong over the past twelve months, mainly due to their scarcity.

This year, only a small number of vacant canal front allotments have been offered to the market and transacted, with sale prices varying from $1.7 million to $5.025 million.

Overlooking Merrimac Boulevard at Broadbeach Waters. Source: realestate.com.au

Earlier this year, a vacant site on Merrimac Boulevard, Broadbeach reportedly sold off market by Kollosche for $1.785 million. The property comprises an irregular shaped, 632 square metre south-facing waterfront allotment with narrowed nine metre rear canal frontage.

Very similar to what is being experienced in the beachside suburbs, local agents are now reporting that the appeal of finding a vacant site or even a site with a knock down with a view to immediately rebuild has waned of late. Building a new home in the current climate will potentially be an expensive and lengthy process.

Looking further inland and in the more affordable established suburbs of Southport, Labrador, Ashmore and Molendinar, there has been the odd

Overall, the progress of new house projects in suburbs near the border has been sluggish, with many house constructions taking well over 12 months to complete.

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vacant house lot that has transacted this year, but overall, vacant sites here are certainly very scarce.

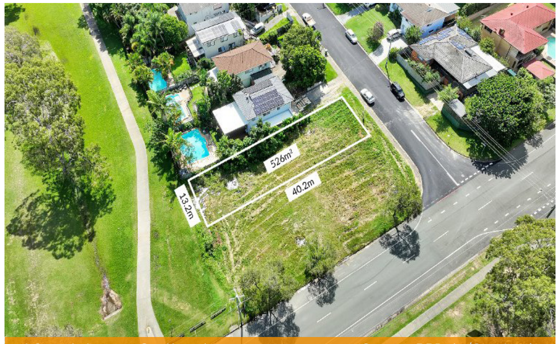
There has also been a real shortage of detached housing stock and with asking prices for improved properties skyrocketing in the past 18 months, so has the demand and asking prices for vacant land.

Local agents have reported that buyers looking for vacant sites in Southport and Labrador are generally looking to either build an upmarket modern style dwelling or a duplex pair. We note that the Gold Coast City Council in the past couple of years has been allowing duplex developments on land with low density residential zoning provided that they are suitable infill blocks that meet certain criteria. Sites in a corner position or internal lots with suitable size and dimensions and those within proximity of light-rail infrastructure have been looked upon favourably by Council in the application approval process.

Developers have also been very active in the Southport area this year with many hunting for suburban lots with old knock down houses that have a medium density residential zoning. The patch which has been in their sights is the area that borders Queen Street to the north and Minnie Street to the south. These lots typically range in size from say 600 square metres to 1050 square metres which are mostly improved with older style, very modest quality dwellings of very nominal added value. Many of the recent sales here that basically represent land value have been purchased off market. Some have even been bought with the intention of potentially amalgamating two or more lots into a larger parcel for higher density developments.

The recent sales noted below broadly outline the prices being achieved for land in these established suburbs in 2022.

- **119 Falconer Street, Southport** sold in April this year for $1 million. The property comprises a 607 square metre, rectangular shaped, easy sloping internal lot and was sold with development approval for three x three-level townhouse units. It has medium density residential zoning with an RD5 designation. The land was improved with a basic, older style high-set dwelling of no considerable added value.
- **4 Gurrah Avenue, Southport** sold in April 2022 for $705,000. The property comprises a 526 square metre rectangular shaped, easy sloping, internal vacant lot which backs onto a park corridor and is zoned low density residential. The property last sold in August 2020 for $457,000.
- **237 Wardoo Street, Southport** sold earlier this year for $680,000. The property comprises a 607 square metre, slightly irregular shaped, internal vacant lot which fronts a busy thoroughfare and is zoned low density residential.
- **14 Forrest Avenue, Molendinar** sold earlier this year for $705,000. The property comprises a 632 square metre, rectangular shaped, easy sloping, internal lot with low density residential zoning. It was sold improved at the time with a 1975 built brick and tile dwelling providing two-bedroom, one-bathroom accommodation. We understand that post sale, the dwelling has been demolished and the site cleared with initial site works completed for construction of a new dwelling.



4 Gurrah Avenue, Southport Source: RPData/CoreLogic

237 Wardoo Street, Southport Source: RPData/CoreLogic

Western Gold Coast
The M1 west area in summary has an overall lack of vacant land stock across the majority of its suburbs. Over the past 12 months, the strong property market coupled with a shortage of land throughout the Gold Coast has resulted in significant price increases for available land being sold by developers.

There are a number of recent small subdivisions

Over the past 12 months, the strong property market coupled with a shortage of land throughout the Gold Coast has resulted in significant price increases for available land being sold by developers.

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which have been developed within the area that have offered new vacant residential lots, typically ranging in size from 250 square metres to over 600 square metres, but from what we understand, this new land supply has all been snapped up. Lots within Niche Glade and Hillview Estates in Maudsland have all sold and only a small number of blocks remain to be sold in the Stonewood Estate at Oxenford and in the more exclusive Riverina Estate at Nerang. Buyers of these lots have been a mix of local and interstate investors.

The Riverina Estate is a 180-lot master-planned residential estate situated on the eastern fringe of Nerang which features a man-made lake and has frontage to the Nerang River. This estate has attracted strong buyer interest since its launch with the estate offering house sites at broad ranging price points, selling from $360,000 to $1.15 million. The premium sites in this estate have river or lake views. We note that the developer has increased pricing in the final land release in comparison to the first stage land release to reflect the strong demand and short land supply within the suburb and surrounding areas.

A render and artist's impression of the Riverina Estate at Nerang
Source: Openlot.com.au

Up until mid this year, the demand for acreage lots had been very strong. Local agents reported keen interest in the rural residential areas of Mudgeeraba, Worongary, Tallai, Nerang and Maudsland, however vacant sites have been very short in supply. A recent search on realestate.com.au indicates that there are a small number of lots available for sale at the moment with land sizes ranging from 4000 square metres to three hectares and asking prices ranging from $750,000 to $2 million (for larger lots with panoramic coastal and city skyline views).

Some noteworthy vacant land sales this year include:

- **1 Walcoy Place at Worongary** sold earlier this year for $900,000. The property comprises a 4900 square metre slightly irregular shaped, easy sloping corner allotment which has been mostly cleared. The property has a good building envelope and features good views of the bushland and rural residential surrounds. We note that the adjoining lot (4698 square metres) which is broadly comparable sold in November last year for $840,000.
- **28 Chevron Rise in Highland Park** sold in April this year for $955,000 and is one of the last remaining vacant land blocks in the suburb. The property comprises a 1586 square metre sloping parcel featuring excellent coastal and city skyline views to the east. A similar but smaller block in the same street sold in November 2020 for $550,000.

28 Chevron Rise in Highland Park Source: RPData CoreLogic

28 Chevron Rise in Highland Park Source: RPData CoreLogic

Gold Coast Northern Corridor
From Coomera and up towards the northern reaches of the Gold Coast, dampened demand and slowed sales activity for vacant residential sites during the 2019 to 2020 period resulted in stagnated land prices and subsequently various incentives were offered by developers at the time to entice buyers. These incentives included rebates, bonus landscaping and fencing or even a free pontoon for lots with canal frontage.

Local agents reported keen interest in the rural residential areas of Mudgeeraba, Worongary, Tallai, Nerang and Maudsland, however vacant sites have been very short in supply.

Whilst prices for new land stock in this section of the Gold Coast have continued to rise in 2022, the recent interest rate rises and the continued difficulties within the construction industry have suddenly cooled demand.

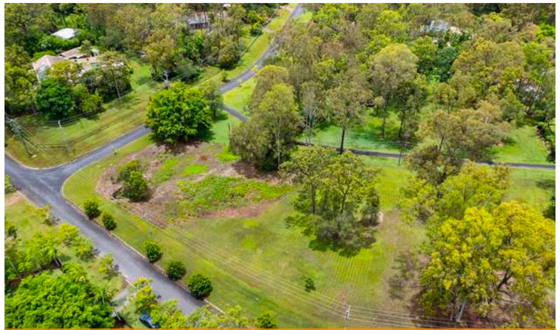
During this time there was generally a good supply of lots (both developer stock and non-developer stock) for buyers to choose from. Buyers who purchased lots but then decided to move on before building a new home in many cases struggled to offload their block of land quickly. Re-sales of land would usually result in a sale price below the price originally paid to the developer due to the good supply of new land available in competing estates. Developers were also slow to open new land or new stages due to unsold stock.

In late 2020 and early 2021, we witnessed a surge in demand for residential land and this was mainly driven by first home buyers and investors. By late 2020 and early 2021, the forward momentum in this market segment had continued to the point that land supply was tightening and subsequently some developers increased their land prices, and all incentives were curtailed. Corner blocks or lots with a land size of 500 square metres or greater appeared to be the most sought after due to their limited availability. Developers appeared to be focusing on supplying mostly small sized (say smaller than 400 square metre) lots in order to keep their prices attractive for buyers.

The strong levels of demand for vacant land within the developing suburban areas of the northern corridor in 2021 resulted in land values spiking and developers took the opportunity to significantly adjust their pricing for new land stock. The asking prices for standard residential lots jumped from $200,000 to $350,000 back in early 2020 to a price bracket of $400,000 to $500,000. With land supply being rapidly absorbed, developers faced challenges of keeping up with the levels of buyer demand. Across a few estates where stock within the new stages had been pre-sold in 2021, we have recently noticed lengthy delays in developers completing civil works for these new land releases and thus causing stress for buyers who are eager to get building on their new lots.

Whilst prices for new land stock in this section of the Gold Coast have continued to rise in 2022, the recent interest rate rises and the continued difficulties within the construction industry have suddenly cooled demand. Despite this, a few developers are trying to sell their smaller blocks for more than $500,000 now. With re-sale prices of existing homes now showing early signs of softening due to easing market activity, some corrections in developers' asking prices may be on the cards. This drop in demand and the future incoming new stock may pose an oversupply situation similar to the conditions experienced in 2019 and 2020.

In the past twelve months there has also been phenomenal demand for rural residential sites, especially for established areas such as Willow Vale, Upper Coomera, Wongawallan, Kingsholme, Ormeau and Ormeau Hills and some parts of Pimpama. During the low demand period a couple of years ago, it was generally quite easy to purchase a site of one to two acres in size at a price under $500,000. Strong demand in 2021 and 2022 drove prices up very quickly and it became normal to pay $650,000 to $900,000 for similar sized lots and just above $1 million with an old house on it that needed upgrading (further capital expenditure). Today, the availability of vacant rural residential sites is very limited. Local agents report that lots with elevated views or suitable for large sheds or with good access to the M1 are particularly in high demand as they are suited to home based businesses. Unlike the standard lots in the new estates, we expect the future supply of acreage sites in this region to remain tight, as developers appear to be focusing on opening new small lot estates and therefore prices for acreage lots should hold firm for a little longer.



A vacant parcel in Doherty Court, Ormeau sold for $900,000 earlier this year
Source: realestate.com.au

Final Note

The residential property market is certainly showing signs of cooling off and with the pressures of high inflation and interest rates on the rise, this may curb the appeal for vacant residential land in the next twelve months. With established housing, you know what you are getting, however when purchasing land and committing to building

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a new house, at the moment there are too many unknowns, and the risks appear to be far greater.

Sam Gray
Associate Director

Sunshine Coast

When talking vacant land, it's pretty clear that the Sunshine Coast has been playing catch-up. Over the past two years we have seen a high level of demand not experienced before. The effects of COVID-19, remote working opportunities and government stimulus have all led to the significant uplift in sale volumes.

As we have seen in other markets, the changed economic conditions with increasing interest rates and higher costs of living are having an impact on the vacant land market. Another issue is the uncertainty surrounding the construction industry. When all these issues are combined, it's fair to say that confidence is being eroded.

New releases in the main land estates such as Aura at the southern end of the Sunshine Coast and Harmony at Sippy Downs were being sold out within a day or two of being released, with the numbers in each release varying anywhere from 30 to 70 lots. From discussions with these developers, we have seen the sale rates slow but interestingly are still selling faster than 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 lot has been an issue with affordability being key moving forward so there may be a swing to the smaller size allotments.

In the hinterland townships, there are a number of infill subdivisions which have also been performing well but equally there has been a slowing in that

As we have seen in other markets, the changed economic conditions with increasing interest rates and higher costs of living are having an impact on the vacant land market.

market. These are where you can find the larger, more traditional size allotment of 600 to 700 square metres which can be secured for circa $500,000 to $600,000 depending on size and location. Buyers tend to be people looking for a little more space and these areas provide good communities and that small town feel, yet remain well located. In many instances these areas are circa 20 minutes from the coast.

In the rural residential markets, vacant land remains pretty scarce. One thing that really helps this market and also others is that values paid for the built product have increased. This has been helping offset the increases in land values and building costs. Where you previously had the ability to purchase a completed property for at or below replacement cost, this is now simply not the case.

There is little doubt that there has been a slowing in the market on the back of the aforementioned issues. Previously we have identified the pressure being experienced throughout the construction sector as an issue that will affect the market. The next issue could be whether 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, so we will just have to wait and see.

Stewart Greensill
Director

Gladstone

Gladstone and the surrounding residential areas of Boyne Island, Tannum Sands and Calliope have seen a fairly reasonable rate of sale of approximately eight lots per month over the course of 2022. Now we know this is nothing compared to the high demand seen in 2021 however represents reasonably steady demand, especially given that it's a likely minimum 12 month wait (at least) before a dwelling can be built with a mainstream local builder.

Vacant land is actively being sold in four estates in the region. Tannum Blue and Hill Close are small lot estates that were 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 and Riverstone Rise on the fringe of Boyne Island are also selling lots and are targeted more towards owner-occupiers. Jabiru provides the only large flat blocks available in the region with land areas ranging from 602 square metres to 1480 square metres and prices between $100,000 and $160,000. We expect competition to increase over the next 12 months with a number of new projects and estates in the pipeline. Demand should remain stable to steady for the foreseeable future with a similar rate of sale.

June Button
Property Valuer

Mackay

Vacant land in the Mackay region showed significant growth and sales rates on the back of government building grants and boosts throughout 2021. The rate of sales has slowed in 2022 as supply reduces on the back of previous demand. We are currently seeing new lots being created in estates such as Richmond Hills, Kerrisdale and Beaconsfield Heights, plus new land available in Plantation Palms.

Land prices have steadily increased across this period, however one issue arising has been the increased cost to build and backlogs facing some builders from the large amount of contracts entered into in 2021. These have been major hindrances in 2022. Builders have been faced with massive increases in costs and supply chain issues which have resulted in increased prices for end purchasers.

Rural residential land right across the district has been extremely popular with limited supply and good demand available.

Mick Denlay
Director

Hervey Bay/Maryborough

Hervey Bay and Maryborough have experienced significant price growth for vacant land since January 2021 due to local and interstate migration. Initially, the Home Builder grant was a main driver for demand, however since this has ended, lots are still being purchased at list price or in some cases above. Construction timeframes and escalating costs are a concern for a large number of landowners with some owners potentially no longer able to afford to build a house.

Most vacant land in Hervey Bay that is titled has sold and agents report that most of the untitled lots in the pipeline are still receiving good interest and mostly sold out. Estates such as Foreshore, Azure, Pinnacle, The Springs, Indigo Blue, Kingston and Jindilli and Timbers Reserve in Maryborough all have balance land available, so supply into

Land which has proven to be a winner in the popularity stakes is oceanfront and ocean view land with these being hard to find and record prices being recorded.

the future is ensured. With the current change in economic conditions, rising interest rates and rising construction costs, settlement risk of the untitled lots is a concern looking forward. Landowners may be willing to walk away from their deposit rather than settle. Time will tell as to whether demand is strong enough to soak up those lots that don't settle, otherwise we could experience an oversupply in the medium term.

Doug Chandler
Director

Emerald

Emerald vacant land sales volumes and prices experienced a boost throughout 2021 which have now stabilised in 2022. The increase in demand in 2021 was due to the government programs and grants however this demand is stabilising on the back of increasing construction costs.

Currently new stock is situated in Mayfair Ridge Estate, Maranda Heights Estate and Nogoa Rise Estate with approximately 85 lots available. The average rate of sale for the past two years has been approximately 16 lots per year and so at the current level of demand there is sufficient supply. Future supply will be sourced from the balance land in these existing subdivisions.

Kerry Harrold
Residential Valuer

Whitsunday

Vacant land within the Whitsunday regions shows significant growth and sales rates on the back of Government building grants and boosts through 2021. The rate of sales has slowed into 2022, as supply reduces on back of previous demand.

There is a limited supply of vacant land, there are a few new subdivisions getting ready to come on the market in Cannonvale, Jubilee Pocket and also Cannon Valley, these small subdivisions need to complete their earthworks and install services and also Titles will need to be issued.

Land prices have increased across this period, however one issue arising has been the increased cost to build and backlogs facing some builders from the large amount of contracts entered into in 2021. These have been major hurdle in 2022.

Builders have been faced with massive increase in costs and supply chain issues which has resulted in increased prices for end purchasers.

Land which has proven to be a winner in the popularity stakes is oceanfront and ocean view land with these being hard to find and record prices being recorded.

Rural residential land right across the district has been extremely popular with very limited supply.

We are still, overall, extremely affordable here in the Whitsundays.

Noelene Spurway
Valuer

Rockhampton

Over the past 12 to 18 months, there has been an extraordinary level of demand for vacant land in the Rockhampton and Capricorn Coast areas.

Vacancy rates in the Rockhampton region remain at critically low levels, with supply unable to meet demand, resulting in rents increasing.

For instance, the Capricorn Coast has seen the median vacant land price increase from just under $200,000 in 2020, to $220,000 in 2021 and now $270,000 to date in 2022.

We have seen resales of vacant land in established areas improve with limited land available in new estates over this time period. This coincided with the federal government's Home Builder Grant, which came to an end on 31 March 2021 (after being extended from 31 December 2020). This saw a significant preference towards new home construction at the time.

The Queensland Master Builders Association reports increased building costs due to supply shortage of materials as a result of increased demand - a direct result of the Home Builder grant (now ended) as well as ongoing disaster recovery work. Further, many materials imported to the country are experiencing supply chain shortages due to COVID-19. Delays in construction as well as significant increases to building costs are being experienced.

Whilst market values have continued to improve, these increased costs are being accepted in the marketplace, however historically low interest rates and relatively easy access to credit, which seem to be the dominant drivers in the current market, are on the move. The Reserve Bank of Australia started increasing the official cash rate in May 2022 with economists forecasting further increases during this year. There is also significant commentary around cost-of-living pressures and inflation. There is a risk that these factors may have a slowing effect on the market and potentially cause the costs of construction to not be fully realised in the market. This has the potential to see vacant allotments re-listed for sale rather than being constructed on and may lead to lesser demand for vacant allotments in the medium to long term.

Vacancy rates in the Rockhampton region remain at critically low levels, with supply unable to meet demand, resulting in rents increasing. Vacancy rates remain extremely tight and have been at less than one per cent since June 2020. This is expected to continue with a number of significant infrastructure projects underway including Rookwood Weir, the Rockhampton Ring Road and the Shoalwater Bay military training area expansion. Each project is anticipated to provide an economic benefit across a number of sectors, including employment in the short to medium term and housing needs will need to continue to meet demand. Therefore the need for new land in our northern growth corridors will continue, albeit at a more sustainable pace leading into the future.

Alistair Gunthorpe
Valuer

Toowoomba/Darling Downs

The coverage area of the Darling Downs entity is vast, being bound by the Scenic Rim and Brisbane Valley to the east, the south Burnett to the north, the Queensland and Northern Territory border to the west and northern New South Wales and Moree Plains area to the south, with many localities being a major beneficiary of the Australian government Home Builder grants, with a surge in vacant residential land sales and building approvals since the grant announcements in June 2020.

Focusing primarily on the Toowoomba region and the growth corridor of the Lockyer Valley and Scenic Rim and the areas west of Ipswich, this fuelled a residential construction boom that occurred from mid-2020, throughout 2021 and the beginning of 2022, generally for first-time homeowners. As a result, land sales and construction costs increased and the supply of land became scarce. Developers are still generally reporting a strong demand for vacant allotments (from both owner-occupiers and investors) and estates that had previously carried leftover stock are sold out. This has been largely driven by the affordable entry level price point (in comparison to areas closer to Brisbane) and the migration of purchasers from larger city centres to these satellite suburbs that are offering all general amenities in their master plans, generally larger allotment sizes and varying construction style options. We believe that the vacant residential land market is reaching its peak in the Toowoomba and Darling Downs area as buyers' extreme urgency to purchase a block of land appears to have eased slightly.

The majority of new estates are concentrated in Toowoomba's western suburbs, including Glenvale, Harristown, Torrington and Cotswold Hills, as well as in nearby Highfields and Kleinton to the north and Westbrook, Wyreema and Cambooya to the south.

A recent sale of a vacant allotment at an affordable entry price within a newly completed residential estate, The Glen, was 10 Channing Court, Glenvale for $226,000 in March 2022, comprising a 600 square metre allotment. Prices within this estate started at $180,000 and all 33 blocks were sold.

The Glen Source: RP Data

Based on current rates of sales and price point, Kearneys Spring and the well-established Middle Ridge suburb to the south of the city are the most popular locations. Typically, traditional blocks (approximately 600 square metres) average $180,000 (as highlighted above), but in Kearneys Spring, the price range increases to between $240,000 and $325,000, with larger lots in desirable locations often selling for more than this amount.


14 Sorrento Drive, Kearneys Spring Source: CoreLogic


22 Entabeni Drive, Kearneys Spring Source: CoreLogic

There are very few infill blocks available for sale in established areas in or around Toowoomba although there has been a slight increase in larger established blocks being subdivided and then on-sold. 5 New Street, Mount Lofty sold for $425,000 on 24 May 2022 and comprised an 825 square metre allotment. This property previously sold in August 2021 for $385,000 which shows the strength in the vacant residential land market in well-established localities.

5 New Street, Mount Lofty Source: RP Data

There have been changes to the town planning process that have and will continue to encourage new construction. The biggest change has been seen in the reduced minimum lot sizes. Vacant land was once sold with an average land area of 600 to 700 square metres, however with each new estate that has been developed, we have seen a reduction down to as low as 350 to 500 square metre blocks being sold.


Dawn Drive, Glenvale Source: RPData

On 13 April 2022, an article "Toowoomba Regional Council now 'concerned' by land supply, as developers issue 'dire' warning over available lots" was published in The Chronicle. It stated that Toowoomba Regional Council was worried about the shortage of housing and land availability and is working to increase the region's supply of new lots in response to rising demand from developers. According to town planner Andrew Bullen, Toowoomba will only have 1000 lots available in the future, far less than the 4000 to 5000 lots required to sustain a robust market over

Vacant land was once sold with an average land area of 600 to 700 square metres, however with each new estate that has been developed, we have seen a reduction down to as low as 350 to 500 square metre blocks being sold.

the following five years. Mr Bullen asserts that addressing some of the issues with residential land that is in front of the courts, bringing forward more property (for development) and streamlining the development assessment process would all help Toowoomba's housing needs.

A sample of development sites recently approved by Toowoomba Regional Council are:

1. a 1.7 hectare site on Rowbotham Street, Middle Ridge will be subdivided into 11 residential lots ranging from 968 to 2652 square metres (application lodged);
2. a two hectare site on Dallang Road, Middle Ridge will be subdivided into 42 residential lots ranging from 600 to 1,200 square metres (development completion is due in October 2022); and
3. a 17.1 hectare site on Kleinton Road, Highfields will be subdivided into 148 residential lots which will have an average size of 750 square metres up to 1178 square metres (council approved).

The Lockyer Valley and the area west of Ipswich have continued to deliver available residential vacant land stock. This area spans multiple regional councils such as Lockyer Valley, Ipswich and Scenic Rim and 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 past year with new stages being opened up and continuing to turn dirt.

Herron Todd White valuers report there is still strong demand for these vacant lots which are still selling quickly. Even though the market is cooling with the increase in interest rates, there is still a fear of missing out with the majority of these smaller parcels selling predominantly to investors from Brisbane, Ipswich, New South Wales and Victoria.

Estates in the Plainland area offering vacant land of 500 to 600 square metres are currently selling in the vicinity of $250,000. The image below displays current sites and planned construction at a development site along the Warrego Highway in Plainland.

Plainlands Source: Pricefinder

Kensington Grove is a suburb situated to the north-east of Plainland and offers larger 3,000 to 4,000 square metre vacant blocks which are currently selling at between $320,000 and $350,000. Walloon located west of Ipswich with road and rail links offers newly developed 350 square metre parcels for approximately $180,000 and 550 square metre allotments for between $260,000 and $280,000. Rosewood, a town west of Ipswich, has a population of approximately 14,000 and offers 450 square metre parcels for around $200,000 to 1600 square metre parcels for $285,000. The below picture shows current and future development of one estate east of Rosewood township.

Kensington Grove Source: Pricefinder

Fernvale on the Brisbane Valley Highway offers 400 to 600 square metre allotments for up to $270,000. Agents report that the Lockyer Valley has some of the most affordable vacant land in south-east Queensland. They are seeing cashed up buyers from Ipswich and Brisbane's western suburbs who have recently sold for profit signing contracts for house and land packages regardless of the increasing build costs and trades time delays to secure a larger more modern home in the future.

Infill and splitter blocks are few and far between at present in the Lockyer Valley and surrounds mostly due to the fact that there is still new development occurring and vacant standalone blocks coming onto that market. Some subdivided L-shaped blocks in the Glenore Grove area have recently come onto the market with some buyer interest due to their proximity to Gatton and Laidley.

The challenge now facing buyers who have purchased vacant allotments or will purchase future vacant allotments throughout the Darling Downs service area is the availability of suitably skilled tradespeople with the current strong demand for their services now drastically extending construction times, and increasing construction prices, where in some instances, the added value of improvements plus the land purchase is not currently reflected as added value on a dollar per dollar basis (as perceived by the market).

As highlighted above, whilst there are future developments proposed and a number of estates currently under construction within our service area which will continue to provide growth for the supply of land into the future, current sale prices and values may be impacted if the market weakens from its current position. It is also difficult to predict how the local economy will respond to higher inflation, cost of living pressures and interest rate rises as well as the global economic environment and the potential for volatility moving forward. Given these factors, it remains difficult to predict how this market will perform going forward.

Marissa Griffin
Director

South Australia - Residential 2022

Adelaide

Vacant land across the metropolitan area received record levels of demand and strong price growth throughout 2020 and 2021 on the back of the Homebuilder grant. Demand in this market began to stabilise in early 2022 as purchasers and developers dealt with the challenges of material shortages, building cost increases and delayed construction time frames in the building industry. An abundance of land remains available in the established metropolitan areas as well as suburban subdivisions and outer greenfield developments.

Within the traditional metropolitan area the largest proportion of vacant land can be found within the master plan subdivisions. These developments comprise both privately owned land and land being developed through joint ventures between Renewal SA and associated partners. Examples of these developments include Northridge in the suburb of Enfield, north of the CBD and Hamilton Hill in the suburb of Woodforde, east of the CBD. Within these developments there is a focus on higher density living. Allotment sizes begin at 100 square metres for townhouse style allotments and reach a ceiling of 600 square metres for traditional detached dwelling lots. Price points vary broadly from location to location with allotments ranging in price from $140,000 to $450,000.

Hamilton Hill Master Plan   Source: hamilton-hill.com.au

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

Greenfield offerings are most commonly found in both the outer northern and south-eastern suburbs. These developments are typical of easily accessible areas and centre 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 in the early 2000s. Medium density development has accelerated within this region in the past ten years with approximately 18,500 people residing in the area in 2021 and a projected population of 60,000 by 2036. Land in Mount Barker ranges in value from $100,000 for townhouse style allotments to $350,000 for 1200 square metre allotments. The outer northern suburbs have benefited from the completion of the Northern Connector transport corridor. This region is dispersed with greenfield subdivisions occurring within multiple former sub 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 regions' subdivisions range from 300 to 1200 square metres with prices ranging from $140,000 to $300,000.

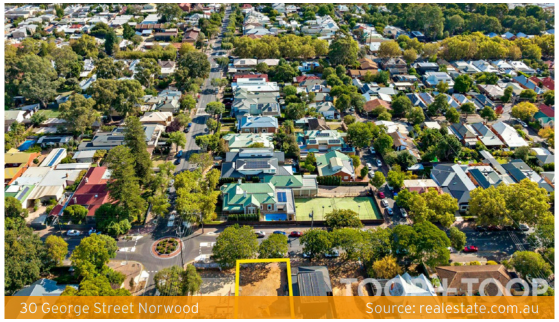
Vacant land within established middle and outer ring metropolitan suburbs typically comprises allotments of sub-500 square metres which have been split from a parent allotment. Density restrictions within the inner ring and demand for more expansive homes and site improvements see allotments ranging in size from 350 to 1500 square metres plus. Land within these regions comes in the form of cleared vacant sites and larger improved allotments which have been advertised as land, allowing vendors to proceed to market without having to outlay additional funds for demolition or pre-sale renovation. Within these markets, rate per square metre has a greater focus. In the middle and outer rings, land rates range between $250 and $1500 per square metre. Within the inner ring and western beachside suburbs, land rates typically begin at $1500 per square metre and reach a ceiling at $3000 per square metre.

Examples of these within the middle and outer rings include: 28 West Avenue, Northfield a 348 square metre site which achieved a sale price of $370,000 equating to $1063 per square metre;

54 Old Honeypot Road, Old Reynella, a 312 square metre site which achieved a sale price of $300,000 equating to $961 per square metre; and 128a Halsey Road, Elizabeth East, a community titled site of 382 square metres which achieved a sale price of $95,000 equating to $249 per square metre.

54 Old Honeypot Road, Old Reynella Source: realestate.com.au

Examples within the inner ring and western suburbs include: 18 Holder Road, North Brighton, a 400 square metre site which achieved a sale price of $815,000 equating to $2037 per square metre; 30 George Street, Norwood, a 356 square metre site which achieved a sale price of $1.17 million equating to $3286 per square metre; and 28 Waterman Avenue, Vale Park, a site of 606 square metres which achieved a sale price of $1.26 million equating to $2079 per square metre.



30 George Street Norwood Source: realestate.com.au

The market for vacant land has been resilient, with price levels and demand stabilising in the first half of 2022 as the intrinsically linked building industry faced challenges.

28 Waterman Avenue Vale Park Source: realestate.com.au

Rural lifestyle allotments of one to ten 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 attributes such as price point, location and land area as well as attributes specific to rural properties such as gradient, views, access and available services. Entry level lifestyle allotments are typically found in the Adelaide Plains ranging in price between $250,000 and $450,000 with similar allotments in the Adelaide Hills and Fleurieu Peninsula ranging between $300,000 and $1 million plus.

Examples of these lifestyle allotments include: 181 Hayman Road, Lewiston, a regular shape near level corner allotment of 1.75 hectares which achieved a sale price of $435,000; and Lot 71 Blight Road, Mount Barker, an undulating regular shape allotment of eight hectares with local views and dam which achieved a sale price of $760,000.

Lot 71 Blight Rd, Mount Barker Source: realestate.com.au

The market for vacant land has been resilient, with price levels and demand stabilising in the first half of 2022 as the intrinsically linked building industry faced challenges. The broader property market appears to be entering a new phase as interest rates begin to rise and consumer confidence softens. The market for vacant land is expected to follow a similar trend to the greater property market in the short to medium term.

Nick Smerdon
Property Valuer

Western Australia - Residential 2022

Perth and regionals

Western Australians and in particular those in the Perth and South West localities have an almost unquenchable demand for new homes. As such, demand for vacant land acts as a lead indicator to market forces. This demand has been exacerbated over the past two years because of government stimulus brought into an already tight market and has resulted in unprecedented pressure on the construction industry. Perth is inarguably one of the most sprawled metropolises in the world. Our thirst for new land to build our McMansions appears to know no bounds, or does it? Are we beginning to see a reduction in the rate of sprawl? In this month's article we are going to look at the availability and trends of vacant land in Western Australia and attempt to paint a picture of what the vacant land market is currently doing and in what direction it seems to be heading. From land size trends to price trends, we're going to do a deep dive into the Western Australian vacant land market.

Perth Land Trends - Size and Price

The UDIA has reported that the Perth greenfield land market decreased 14 per cent from 2020 to 2021 with 9297 lots released over the year, whilst the median lot size remained the same at 375 square metres. Over the past decade, median lot sizes decreased from 479 square metres in 2011 to 375 square metres in 2021, demonstrating that land sizes have been sacrificed to meet Perth's constant love of new house-and-land packages whilst maintaining affordability and in particular, targeting first home buyers with finance friendly house and land packages. Accordingly, median land prices have also decreased as shown below.

REIWA's statistics for the January to March 2022 quarter show that Perth metropolitan land sales have had a slow start to 2022, achieving only 863 sales in comparison to 2864 in the quarter ending March 2021. The number of sales is also lower than pre-pandemic levels which achieved 1576 and 1323 sales respectively in the March 2018 and 2019 quarters. We can expect this has resulted from rising construction costs and increased wait times as well as the ending of building grants, but also due to a chronic shortage of titled lots (the demand caught many developers by surprise and the development timeline is notoriously slow due to red tape), delays in site contractors and a chronic shortage of labour. Western Australia recorded one of the highest construction cost escalations with a 7.9 per cent increase at the end of 2021 and 13.2 per cent of lots were returned to the market by potential buyers in the same year, indicating that there was already some level of uncertainty from the land end users.

Greater Perth Greenfield Market Performance Summary Table

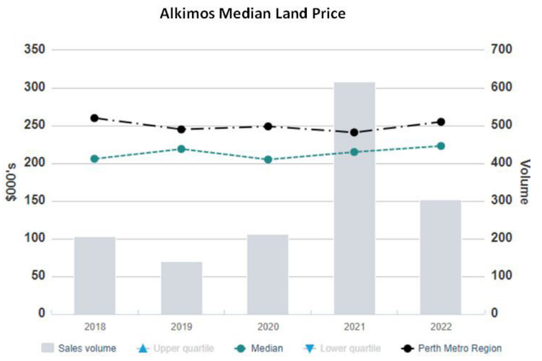
	Annual Net Land Sales	Average Number of Active Estates Per Quarter	Median Lot Size (SQM)	Annual Median Lot Price	Annual Median Land Price ($/SQM)
2011	5,421	124	479	$230K	$479
2012	9,416	140	465	$227K	$487
2013	13,741	140	448	$238K	$532
2014	11,805	141	427	$261K	$612
2015	8,144	153	389	$253K	$650
2016	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	8,364	162	375	$215K	$574

Source: UDIA

Breaking down the Perth metro land market now, we will take a look at how the outer areas of this vast city are performing in comparison to infill land.

Northern Coastal Corridor

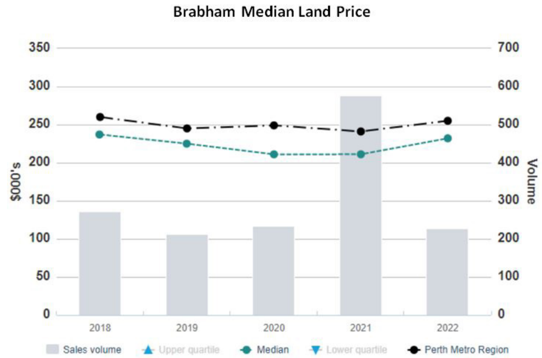
Alkimos is an appealing outer northern suburb that has become increasingly popular over recent years as it boasts an affordable coastal location. Situated 35 kilometres from the Perth CBD, it now comprises a range of its own amenities including shopping, schools and childcare facilities and will soon be accessible via the freeway and rail link extension. The median land price commonly sat between $200,000 and $220,000 over recent years, without any significant movement experienced. Recent data has shown a massive increase in sales volume in 2021 as a result of the HomeBuilder grant, but median land prices remained similar to pre-pandemic prices, being $219,000 in 2019 and $215,000 in 2021 due to a consistent supply of new product hitting the market. Land prices have continued to remain stagnant in the first half of 2022 with land continuing to come to market at relatively stable prices.



Source: REIWA

North-Eastern Corridor

Brabham is another young suburb in Perth's north-east that is characterised by its affordability and convenient location that will soon be accessible by train. The suburb has also experienced fluctuating demand in recent years. It became a massively popular location in 2021 as the government building grants were introduced. With a large supply of new land and huge demand for new properties, land sales increased by 40 per cent from 2020 to 2021, with the median land prices remaining similar at $211,000. In the first quarter of 2022, the median land price increased to $232,000, showing the movement in values as a result of increased demand. New land is still on the market with prices remaining stable at present.



Source: REIWA

Southern Corridors

Perth's southern suburbs are continuing to sprawl with modern estates seeing further development. Suburbs such as Hammond Park, Treeby and Wandi continue to develop with land estates in these suburbs growing. To allow for this growth these estates are pushing further out, with Hammond Park spreading further west of the Kwinana Freeway, Treeby further inland and Wandi pushing south as these suburbs continue to grow due to the surge in demand over the past two years. Due to these suburbs having the ability to grow, land prices have been relatively stable with only marginal increases seen, as shown by the below graph that represents land prices in Hammond Park over the past 12 months.

Source: RPData

We are also witnessing other suburbs in the area that haven't previously seen any significant residential development begin to grow as a result of Perth's urban sprawl. Forrestdale in Perth's south-east and Anketell in the south are experiencing large scale residential development as Perth continues to expand. Land in these newer developments is generally more affordably priced due to the slightly inferior location compared to more traditional residential estates. For example, a 400 square metre lot would generally sell for approximately $250,000 in Anketell's Albero estate, while a lot of this size in Treeby's growing Calleya Estate, located 15 minutes closer to Perth's CBD, achieves low to mid $300,000s.

Pushing further south to the coastal areas between Rockingham and Mandurah, there is still a strong supply of land available and suburbs such as Madora Bay, Lakelands and Meadow

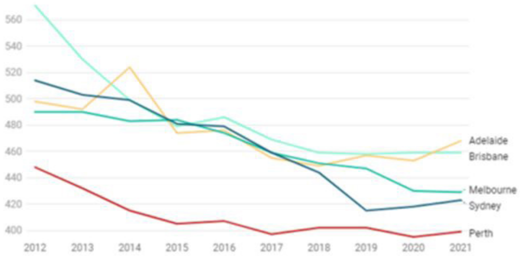
Springs are continuing to grow. These suburbs often offer larger blocks than are available in closer proximity to Perth's CBD with the majority of lots in the 400 to 600 square metre range. Due to these suburbs being approximately 45 minutes from Perth, these lots are affordably priced with 400 square metre lots of land available for around the $200,000 mark.

Infill Opportunities and Trends

Vacant land in a sought-after location in close proximity to the Perth CBD is becoming harder and harder to come by without heading to the outskirts of the city. This is clearly not sustainable as Perth is already one of the most sprawled cities in the world, stretching 150 kilometres from Dawesville to Two Rocks. As we move towards a greener way of living, government policies and planning are attempting to address this glaring issue by allowing zoning for a significant level of infill.

For a long time, Perth has been an immature city when it comes to higher density living around the CBD area, although much of this was caused by a lack of appropriate developments over a long period of time, i.e. many developers were targeting investors with subgrade developments compared to what owner-occupiers required in order to transition from traditional housing to apartment living. All developed, large cities that would compare in population to that of our own are far more population dense and are heavily based around city centres whether that be cultural centres or business centres.

Average site area of house approvals in Australian capital cities (m²), 2012 to 2021

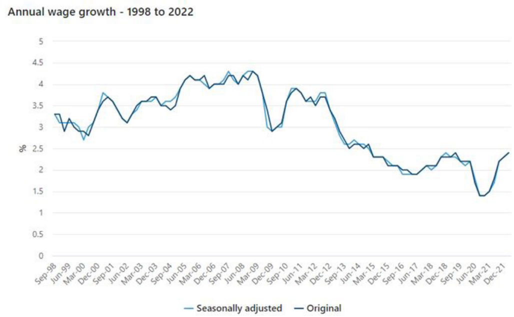


Source: Australian Bureau of Statistics

Data taken from the Australian Bureau of Statistics shows the reduction in site area of new dwellings for the major population centres of the country and interestingly, Perth with all its opportunity for further sprawl is in reality showing the smallest lot sizing of all the capital cities. This illustrates a very conscious shift to a higher density style of development whilst maintaining a freestanding dwelling – resulting in the sacrifice of the traditional backyard. These figures are a direct result of suburbs such as Balga, Westminster and Nollamara having older 1960s built homes on 1000 square metres of land being bowled over and two, three or even four new group dwellings replacing them. This infill is precisely what Directions 2031 and beyond had envisioned for the LGAs to allow rezoning for such infill to occur, however in hindsight it potentially has not achieved the density required to develop appealing infrastructure that required far higher population bases to generate amenable amenity.

Vacant land in a sought-after location in close proximity to the Perth CBD is becoming harder and harder to come by without heading to the outskirts of the city.

A core driver for reduced lot size demand is housing affordability. Wage growth has stagnated and has sat below 2.5 per cent since December 2014 and considering property prices are increasing at a faster rate, this is creating a much larger gap between the two points of reference. Smaller lots with smaller houses become more desirable simply for their affordability and infill lots allow for buyers to be able to purchase products at a better price point whilst not having to compromise on location (i.e. moving out to the fringes).



Source: Australian Bureau of Statistics.

One of the major hurdles we are now going to see with infill in the inner city is of course the construction cost blowouts that are occurring. It's making infill development more and more unfeasible for developers. These increased costs are also affecting new land supply out in the fringes where supply is also constrained – however as demand has declined in line with supply, we are largely seeing values holding.

This leaves us with a huge question of where we are going to be able to find new vacant land to address the massive supply shortage the market is currently experiencing. Interest rate rises may cool demand slightly but the demand for workers is still at unprecedented levels and net migration remains strong, albeit constrained by a lack of accommodation. There is a significant opportunity to address this demand by increasing supply in the inner city suburbs along the arterial roads such as that seen in the past decade on Charles Street and Fitzgerald Street with low and medium rise apartment buildings being developed, however the only way for developers to green light these projects would be to develop in lower cost environments or push unit prices higher to cover the margin loss so we do not expect to see an increase in such supply in the short term.

With Directions 2031 clearly stating the desire for infill housing to comprise of almost 50 per cent of the new housing required, there is a clear framework in place to promote these developments to occur, however it appears that the government stimulus in the past has been promoted on the wrong side of the equation – i.e. we need supply stimulated, not demand. The current conditions will limit opportunities in the short term, however when construction costs return to normal levels there is certainly a vast array of infill sites that will become attractive to develop. With this in mind, it would be fairly safe to assume that the supply squeeze we are seeing will subside and infill and greenfield lots will once again hit that tipping point in feasibility for investors and developers to increase supply to the market. We would expect to see some signs of this in the coming 12 months.

Regional Western Australia

Residential developments in the major centres in the South West saw a massive increase in demand during the pandemic as a result of the state and federal government building subsidies. The available vacant lots sold out overnight leaving developers scrambling to develop new stages. Each release generally saw an increase in values and much of the land sold again very quickly with limited incentives. Vacant land sales peaked during 2021 and have now returned to sales numbers similar to pre-pandemic levels, largely due to a backlog in supply and increasing interest rates, and open borders may dampen local demand.

Further north in Broome, a combination of no rental housing available, government building stimulus and a reinvigorated holiday sector has resulted in a rejuvenated demand for vacant allotments.

The most striking increase in values appeared to be in Dunsborough Lakes where vacant land value increased in some cases by over 40 per cent compared to pre-pandemic levels. Price pressures are likely to remain in this locality due to the lack of substantial future land developments on the cards in Dunsborough.

Margaret River also saw a significant rise in value during this period with some areas achieving increases of around 35 per cent compared to pre-pandemic values. Standard lots were selling for around $245,000. Other areas such as Kealy and Vasse achieved increases of circa 20 per cent with lots selling for approximately $230,000. Treendale and Dalyellup achieved moderate growth of around 10 per cent and 5 per cent respectively with land available for under $200,000. These areas still have adequate stock available, with further stages of land development being completed in Yalyalup, Eaton, Millbridge, Witchcliffe and West Busselton.

Given the increasing cost of developing infill sites, the number of such developments in the major centres of Busselton and Bunbury have remained steady from pre-pandemic numbers despite the increase in demand. The majority of these developments consist of rear strata lots created behind existing houses.

In the Pilbara region, South Hedland has no real shortage of stock available to purchase, however very few transactions have occurred over the past year, mainly due to high construction costs and established housing being a more affordable purchase option – although that gap has well and truly narrowed. It is unlikely that we will see any significant increase in activity until there is a correction in building costs to make building a more attractive option.

Further north in Broome, a combination of no rental housing available, government building stimulus and a reinvigorated holiday sector has resulted in a rejuvenated demand for vacant allotments. For almost a decade, it was difficult to transact vacant land in Broome and the market was extremely price sensitive. This has transformed in what feels like an incredibly short period of time to the point that there is now a chronic shortage of land. Local builders are confident they can continue to increase construction supply, however the lack of titled vacant lots is causing significant frustrations.

Meanwhile, the southern coastal town of Esperance in Western Australia's south-east has seen very little activity in the vacant land sector of the market, with transactions being few and far between since the closing of building grants, resulting in no movement in land values. This is largely on the back of the rising construction costs which have made building a very unattractive option, resulting in significant price increases in the established market. It is worth noting however that there were multiple transactions of development sites over the past 12 months, although the currently low demand for land will likely leave these sites undeveloped for a period of time.

In summary, vacant allotments in sought after areas are hard to come by and adjustments in values have often been governed by the level of pre-pandemic supply. The market in these areas remains extremely tight and we do not expect any significant decrease in demand in 2022, however as more supply does come to market late in the year, we may see a decrease in demand into 2023 – but this is largely dependent on what happens on the construction side. If costs begin to return to pre-pandemic levels, the summation of land and building costs may begin to reflect current market conditions again as opposed to the current premium over and above existing housing stock.

Chris Hinchliffe
Directo

HERRON TODD WHITE RESIDENTIAL

Northern Territory - Residential 2022

Darwin

There are three master planned communities in which someone can look to purchase land in Darwin: Lee Point; Northcrest; and Zuccoli. All three suburbs offer the purchaser something different with Lee Point a premium beachside location and Zuccoli a more affordable option. All developers are producing allotments of similar size with the vast majority of land being developed coming in at 400 to 500 square metres.

Pricing across these three different master communities varies from circa $400 per square metre in Zuccoli to circa $650 per square metre at Lee Point, with Northcrest sitting in the middle at circa $550 per square metre. The purchaser for Zuccoli is different to the purchaser in Lee Point. In Zuccoli you will often find the first home buyer and someone looking to enter the market for the first time. The typical three-bedroom, two-bathroom build will often sit within the range of $550,000 to $600,000 for land and build. In Lee Point, the buyer is often someone looking to upgrade or a professional who has moved from down south. The owner here will look to upgrade the finishes in the home and the typical land and build for a three-bedroom ground level home will sit in the mid $700,000s.

When comparing this to what you get for an established home in a similar location, the new build price stacks up as good value, even when taking into account the rising costs of construction that have been well documented across Australia.

There is no significant stimulus offered to someone looking to build new with no government grants currently on offer. This did stimulate the market in 2021, but there have not been any major signs of the market slowing down. The new land releases are selling well according to the sales managers at each development. There is still a significant amount of future land supply and this is illustrated in a recent publication from HTW Director Will Johnson. The analysis shows that with current sell through rates within the ongoing developments, there is still another 10.25 years of future land supply available within these communities. This does not take into account the land supply of the future suburbs of Holtze and Kowandi which should house 15,000 people as earmarked by the Territory Labor Government.

There are limited options for urban infill with a swathe of land available for redevelopment, so the focus is on titling new land in these three communities along with Durack Heights. The biggest hurdle faced when speaking to other professionals in the industry is that the pace at which land can be planned, developed, titled and delivered to the new owner is slower than what the potential uptake can be.

Cameron McDonell
Valuer

Alice Springs

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 to possible development. It must be said that medium to high density land development in Central Australia generally proves not to 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 recoup development costs and allow a reasonable return on investment for a developer.

The Northern Territory 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

When comparing this to what you get for an established home in a similar location, the new build price stacks up as good value, even when taking into account the rising costs of construction that have been well documented across Australia.

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The shortage of vacant land for sale is mirrored in the rural residential segment, with very few listings at present.

1 has now been fully sold and the vast majority of the 80 lots released have now been built on. Stage 2 has recently been released for sale with blocks in this stage reflecting an increase in values of up to 25 per cent compared with stage 1. As with stage 1, 80 blocks are being released for sale, (with 52 lots being offered up in 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 generally sold for $170,000 whereas a similar sized allotment in stage 2 will set you back between $200,000 and $215,000. A large number of the blocks offered for sale have been placed under contract, indicating a general acceptance of the higher prices by the general public. Once again, this could be attributed to the lack of choice and it is not known at this stage how many blocks have been purchased by builders. No settlements on any of these blocks have been completed as separate titles are yet to be issued.

We are yet to see any building contracts for dwellings to be constructed on stage 2, however 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 cause a number of contracts to fall over.

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 when or if these come to market is unknown and word is that the developers have a number of issues to be resolved with the approval authorities before things can move further forward.

Peter Nichols
Valuer

Australian Capital Territory - Residential 2022

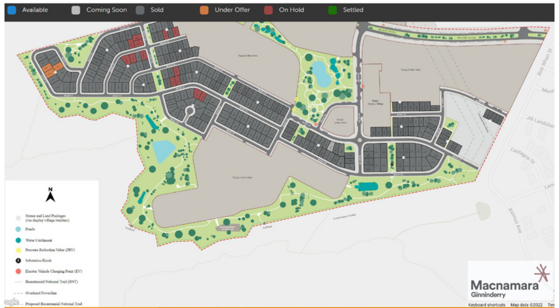
Canberra

Vacant land in Canberra is, and has been, scarce for a while as land releases are becoming minimal due to more areas in Canberra becoming established. This is due to land in established areas being hard to come by as most established areas have dwellings already built with many of those properties either being renovated or knocked down and rebuilt. We have seen a slight increase in knockdown rebuilds over the past couple of years due to the government incentives and the demolition of Mr Fluffy sites where loose-fill asbestos was found in the properties. These properties therefore had to be demolished which has created some vacant land that would either be built on or sold off to be redeveloped. Some of these blocks have been allowed dual occupancy and unit titling where it would otherwise have been prohibited (ACT Planning, 2022).

In a report by the Canberra Times, Steve Harding, the Project Director for the Macnamara land release, said that there are several overall driving factors for vacant land in Canberra which include government stimulus, low interest rates and the factor that people have a fear of missing out.

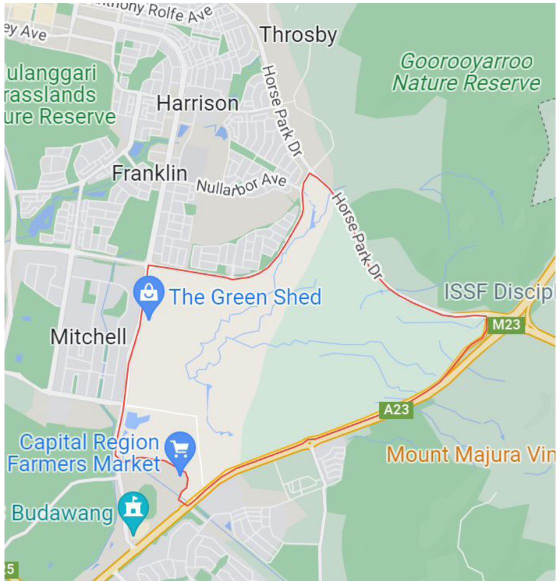
When land releases do occur, they are highly popular, with people registering their interest as quickly as possible. The Canberra Times said that when land in Macnamara was released earlier in the year, almost 1000 people had registered their interest in the first blocks. When registration opened on a Thursday, there was already huge demand before the end of the day. The first release saw 71 blocks of land and 55 house and land packages. Prices for the blocks of land started at $377,900 for a 350 square metre lot with the highest price being $763,600 for the largest block at 935 square metres. For the first release, the average block size was 536 square metres (The Canberra Times, 2022). The price per square metre for these blocks of land varied between $815 and $1080.

The second release of Macnamara saw 51 ballot blocks, 35 Brindabella View blocks and 31 house and land packages. This release has already been completed with all 51 blocks of land sold. The block areas ranged from 420 to 693 square metres with prices starting at $547,200. The largest block at 693 square metres sold for $735,500. The average price of this release was $617,578 while the average block size was 537 square metres. The price per square metre for the second release of the blocks of land varied between $1061 and $1303. Due to the high demand of the first land release, the price of the second land release was higher per square metre.



Macnamara Land Release — Source: Ginninderry Master Plans, 2022

The ACT Government has a planned indicative land release program which has been in place from 2019 and is planned to last till 2023. In 2019, land was released in three regions being Gungahlin, Molonglo Valley and Belconnen. With this land release, the suburbs of Taylor, Throsby, Whitlam and Strathnairn were created in which vacant land was available but has since been developed or is currently being developed. The remaining land in Taylor, Throsby and Jacka was released between 2020 and 2021 with the final suburb Kenny being released between 2021 and 2023. Since the suburb of Kenny is closer to Canberra City then the other land releases, we



Suburb of Kenny — Source: Google

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are expecting the land prices per square metre to be higher than those of the Macnamara land release and the other land releases in Taylor, Throsby, Whitlam and Strathnairn.

The government has also planned to release more land in Whitlam in the Molonglo Valley region with new suburbs being planned to the east of John Gorton Drive (ACT Planning, 2022). Land in Watson is also being prepared to be released from 2021 with the final stages of Kingston Foreshore being ready to be released in 2021 to 2022. Part of the Kingston Foreshore release is the East Lake urban renewal precinct which is expected to be ready for release from 2022 to 2023.

Allhomes stated that the median land price was the most affordable in the inner north region of Canberra at $330,000 whilst the most expensive was in the Molonglo Valley at $515,000. The reason for inner north land prices being the most affordable land could be due to the block sizes being smaller than the block sizes in the Molonglo Valley region.

Looking outside of Canberra in the regions of Googong and South Jerrabomberra, land prices are not much cheaper. The lot below located in Googong recently sold for $460,000 which worked out to be roughly $996 per square metre.

Lot 1525 Maccauley Avenue, Googong Source: Zango

Another lot located in Tralee is currently on sale for $550,000 with a size of 433 square metres. The price per square metre was higher than the lot in Googong being roughly $1,271 due to the lot being located on a corner block and also Tralee being located closer than Googong to Canberra.

Lot 640: 1 Melicope Street Tralee Source: Zango

In Bungendore and Braidwood, land prices are cheaper as they are located further away from Canberra. 29 Station Street, Braidwood is listed for $435,000 with a land size of 3,640 square metres. This gives a price per square metre of roughly $200. Another land sale, 11 Solus Street, Braidwood is listed for $350,000 with a block size of 1123sqm. The price per square metre works out to be roughly $312.

The current market conditions are stable in the region of Canberra as we have seen a slight weakening from the top of the market at the start of the year, however we have seen prices stabilize over the past month. In terms of whether vacant land is an investment opportunity, if we base our assumption on the past few years then we can say that it has been a good investment as land prices have been increasing in the past few years. Looking to the future we can see that as more land is released by the ACT Government, land prices will start to stabilize and increase at a slower rate than what we've seen in the past few years.

Nicole Claughton
Assistant Property Valuer

Tasmania - Residential 2022

Hobart and surrounds

Vacant land sales in the greater Hobart area appear to have slowed due to higher build costs. Dwelling construction costs escalated quite rapidly in the past 12 months because of labour and material shortages. Uncertainty with regard to interest rate rises is always in the back of the minds of prospective purchasers too.

In our region there are areas with high volumes of vacant land including Rokeby, Austin Ferry, New Norfolk, Kingston and Sorell.

The general consensus among property professionals is that vacant land prices will maintain their current position in the short to medium term.

New Norfolk, in particular The Mills Estate, is proving quite popular with tree changers according to local agents. The price point for The Mills Estate is circa $240,000 for a standard housing block. The Mills Estate upon completion will house approximately 800 residences, a hospital, childcare centre, boutique hotel, retirement home/living, mountain bike tracks and other facilities.

The general consensus among property professionals is that vacant land prices will maintain their current position in the short to medium term.

Inner city blocks within proximity of Hobart's CBD that can be split are extremely rare. Suburbs such as Kingston (south of Hobart) and Waranne (eastern shore of Hobart) have proven popular in the past. Waranne is somewhat less expensive than Kingston, however local developers tend to be shying away from splitter blocks due to escalating construction costs.

The benefit of finding a splitter with an existing home as opposed to a vacant splitter is that it will generate a rental income whilst you decide how to proceed.

Mark Davies
Valuer

Kingston Beach
Source: ourtasmania.com.au

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Rural

August 2022

Northern Tablelands & North West

The demand for rural properties throughout the majority of the Northern Tablelands and north-west New South Wales has remained strong as have values, however we are witnessing a decrease in the number of sales in 2022 in some areas which is due to a general lack of listings.

Figure 1: Throughout the Armidale LGA the number of rural sales (150 hectares plus) peaked in June 2021 and has remained relatively consistent throughout 2022. The median six month moving average sales price appears to have peaked from February 2021 to July 2021 with a fluctuation of the median sale price influenced from high end transactions in February 2021 and November 2021.

Figure 2: Transactions (150 hectares plus) within the Walcha LGA have also decreased throughout 2022 with peaks in transactions seen in December 2020 and December 2021. The median six month moving average sales price increased throughout the first six months of 2022.

Figure 3: Transactions (150 hectares plus) within the Tamworth LGA have remained relatively consistent over the past two years with peaks in September 2020, March 2021 and October 2021. There is generally a larger volume of lifestyle holding transactions in comparison to Walcha and Armidale which reflects in the sales volumes. Demand and market values for lifestyle properties have increased significantly over the past 18 months, as have listings, which has contributed to the number of transactions and the increase in the median six month moving average sales price throughout 2022.

Angus Ross
Property Valuer & Rural Director

The demand for rural properties throughout the majority of the Northern Tablelands and north-west New South Wales has remained strong as have values.

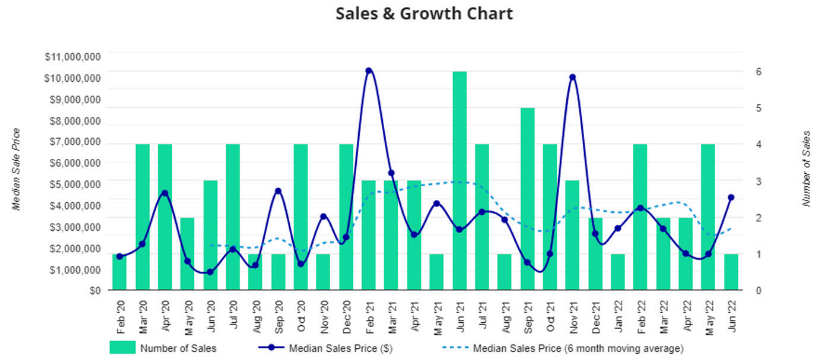

Figure 1 Source: Pricefinder

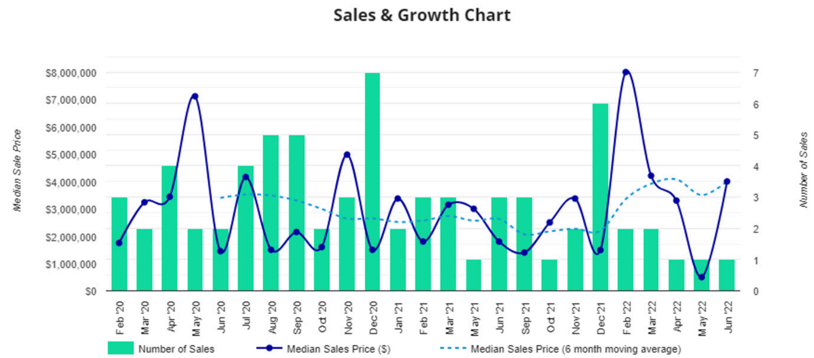

Figure 2 Source: Pricefinder

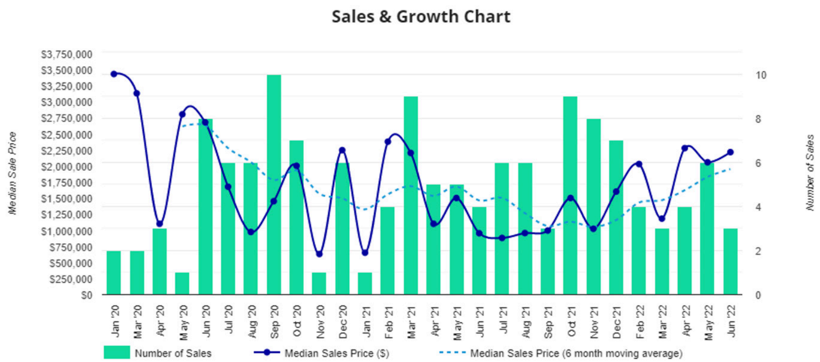

Figure 3 Source: Pricefinder

HERRON TODD WHITE RURAL

Western District of Victoria

There is currently lots of talk in the office about how the emerging negative economic fundamentals will impact rural land values, however our observations are that scaled grazing property sales around Hamilton are still transacting strongly, despite these headwinds. The majority of the parcels are selling to local (or nearby) district farmers or farming families from other areas seeking geographic or climate diversification.

As recently as mid May 2022 (after the May 2022 RBA interest rate rise) a 1013-hectare mixed grazing property called Wykeham near Dunkeld sold for $22.5 million (agent's advice). Analysis reflects an underlying land rate of $21,250 per hectare for red gum grazing country in the Dunkeld area, which has an annual rainfall of 700 millimetres.

Wykeham - 560 North Boundary Road, Dunkeld Source: xgxgxgx

Taking this analysis further in the table below, if we look at the sale of Wykeham on a productive unit basis, we find that with an estimated stocking rate of 15 DSE (dry sheep equivalent) per hectare shows $1,400 per DSE for the land only component of the sale. When we compare this to the productive unit capacity only of other recent

	Wykeham	Tuloona	Yiddinga	Banool	Rocklands
Land Area (Ha)	1,013	2,442	1,486	1,304	1,065
SaleDate	26-May-22	01-Jan-22	10-Dec-22	17-Nov-22	21-Oct-21
"Ex Buildings" $/Ha Land Value	$21,250	$11,340	$12,780	$14,760	$10,180
Stocking Rate (Winter DSE/Ha)	15	11	10	13	10
Land Value $/DSE (Rounded)	$1,400	$1,000	$1,300	$1,050	$1,000

local scaled grazing property sales showing around $1000 to $1300 per DSE for the land component, Wykeham appears (using this metric only) to support the continuing strength of this market sector.

David Robertson
Valuer

Riverland region of South Australia.

Over the past two years, we have seen a plateau in values for wine grape, citrus and almond properties in the Riverland district of South Australia. The period from 2015 to 2020 had seen substantial growth where the value of vineyards had doubled, albeit from a very low base.

Growers have reported very low prices received for uncontracted red varieties in the 2022 season. It appears that most wine companies were holding high stocks of wine leading into the harvest, with little to no storage capacity and therefore were reluctant to buy uncontracted fruit. As a result, many uncontracted growers were unable to secure purchasers for their fruit and the grapes were not harvested. We have been advised that wineries are liaising with contracted growers about reducing inputs during the current growing season to minimise yields.

There have been few sales subsequent to the 2022 vintage which we attribute to reduced buyer sentiment and overall uncertainty within the winegrape industry. The lack of recent sales evidence means the ramifications of the 2022 harvest are yet to be analysed, however it is reasonable to expect a decrease in wine grape property values until sufficient export markets can be found to increase demand for red variety wine grapes.

While a large proportion of the irrigated plantings in the Riverland are wine grapes, the majority of new development is centered around almond and citrus plantings. In December 2021, a large development site with a cleared area of over 3140 hectares was purchased for $19 million. Soil mapping indicates the property could be developed with up to 2500 hectares of almonds. Other large horticulture developments in the region include a 200-hectare table grape property which is due to be completed in spring 2022.

While returns from horticultural crops can fluctuate widely, on average the return on capital is much higher than obtained from less intensive farming activities. The entry cost is therefore typically lower than for cropping or grazing properties. For a new entrant wanting to enter the

The period from 2015 to 2020 had seen substantial growth where the value of vineyards had doubled, albeit from a very low base.

HERRON TODD WHITE RURAL

wine grape industry during the current downturn, a living area of say 50 hectares will still likely cost in the order of $1.4 to $1.6 million plus water, machinery and working capital.

Brenton Pankhurst
Director

Western Australia

Are there entry-level opportunities in the wheatbelt anymore? After witnessing a heated selling season in which new benchmark sales were achieved in a number of localities, it is appearing less and less likely. The majority of sales throughout the wheatbelt were purchased by existing medium-to-large scale local and regional operators, with corporate purchasers also active in the market.

Although quickly rising input costs (fuel, fertiliser, pesticides etc) are currently covered by high commodity prices, it is very difficult to break into the broadacre market without existing operational efficiencies and cost reductions. The start-up cost involved in a broadacre operation, in conjunction with the risk and rising interest rates, results in this type of purchaser not being able to compete in the current market.

Existing operators, on the back of multiple average-to-good seasons, are in a prime position to expand. If the (rare) offering to the market is geographically favourable, then demand is very high with premiums paid to secure the property and entry level operators are further priced out. Even in the far eastern wheatbelt, the amount of arable land you could purchase with $2 million has almost halved over the previous five years.

XGxgxgx Source: xgxgxgx

Luke Russell
Valuer

Although quickly rising input costs (fuel, fertiliser, pesticides etc) are currently covered by high commodity prices, it is very difficult to break into the broadacre market without existing operational efficiencies and cost reductions.

RURAL

HERRON TODD WHITE RURAL

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Property Market Indicators

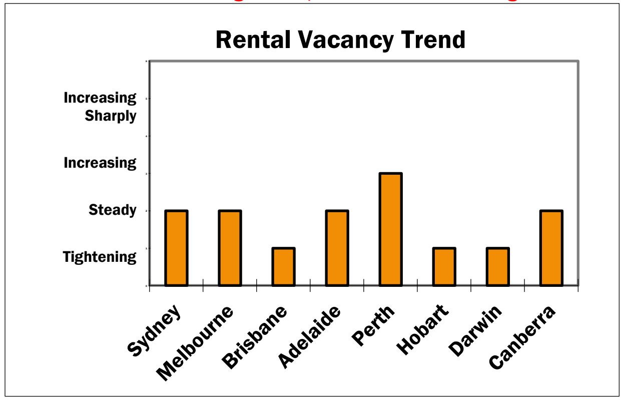
August 2022

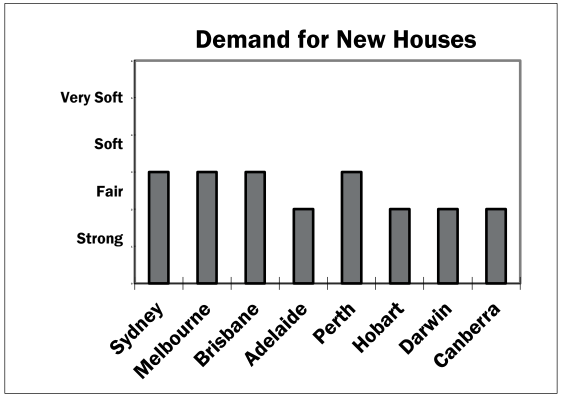
Capital City Property Market Indicators – Houses

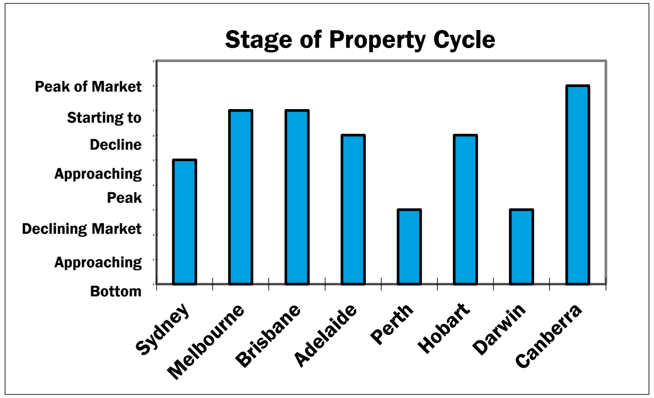
Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	Shortage of available property relative to demand	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to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

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

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





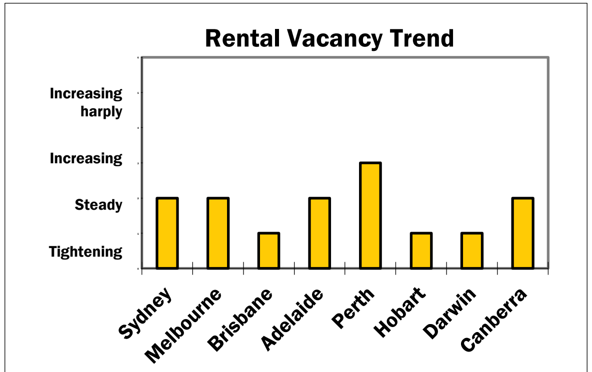


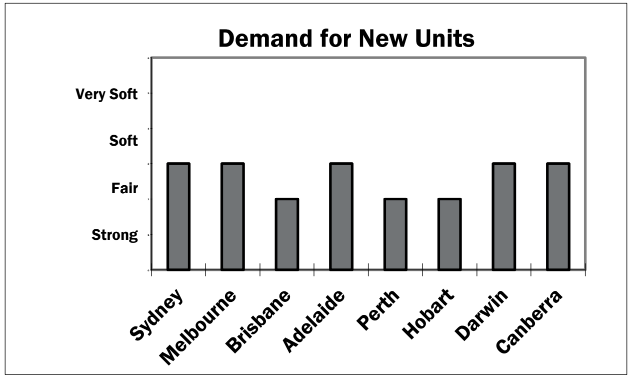
Capital City Property Market Indicators – Units

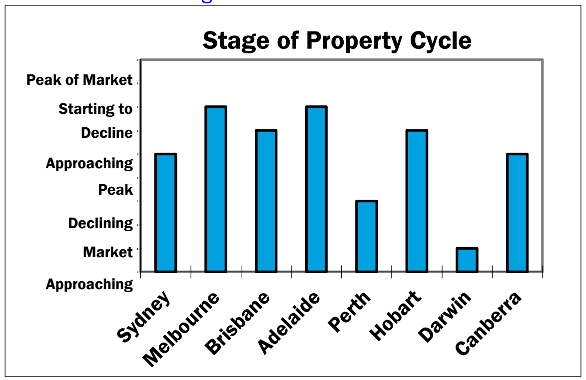
Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	Shortage of available property relative to demand	Balanced market	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available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

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

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





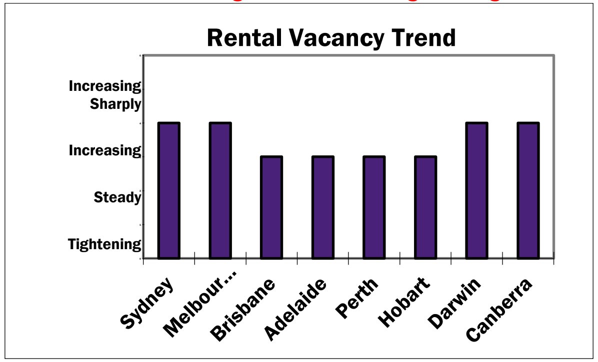


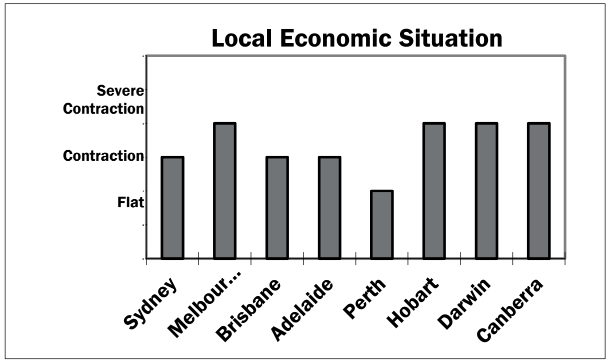
Capital City Property Market Indicators –Retail

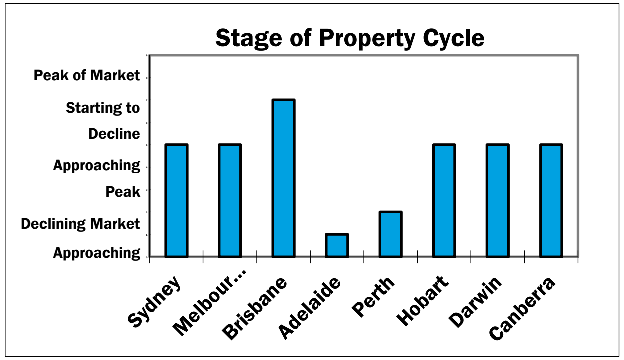
Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	Over-supply of available property relative to demand	Large over-supply of available property relative to demand	Over-supply of available property relative to demand	Balanced market	Over-supply of available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

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

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





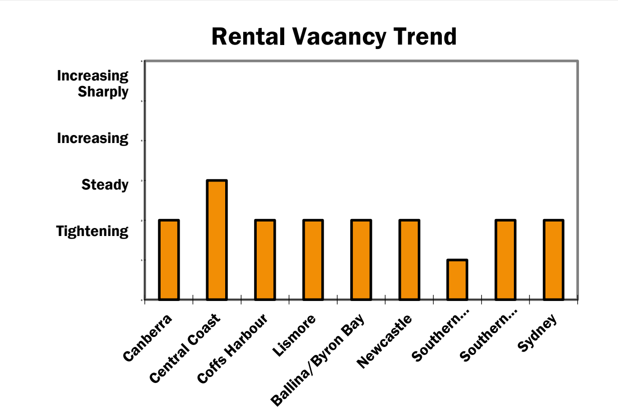


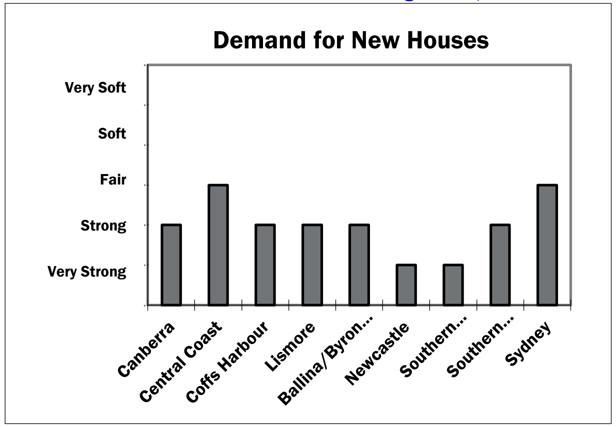
East Coast New South Wales Property Market Indicators – Houses

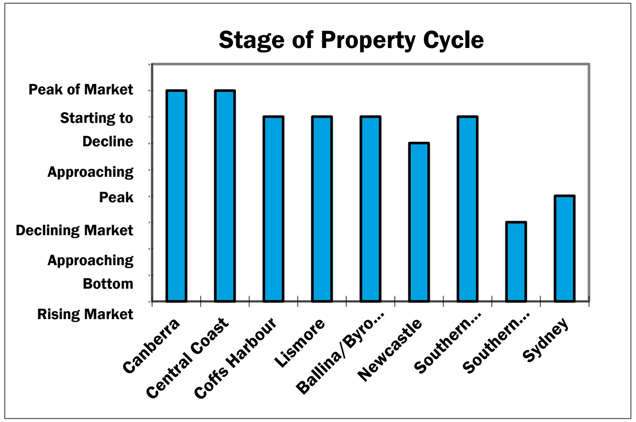
Factor	Canberra	Central Coast	Coffs Harbour	Lismore	Byron Bay/Ballina	Newcastle	Southern Highlands	Southern Tablelands	Sydney
Rental Vacancy Situation	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand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

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

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



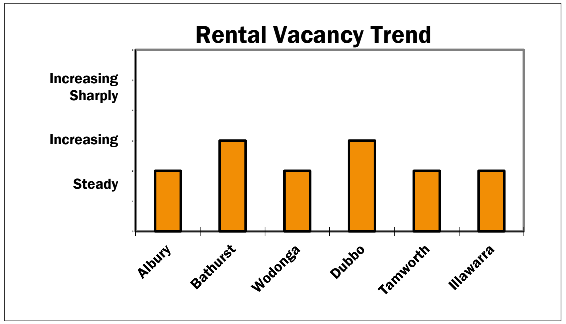


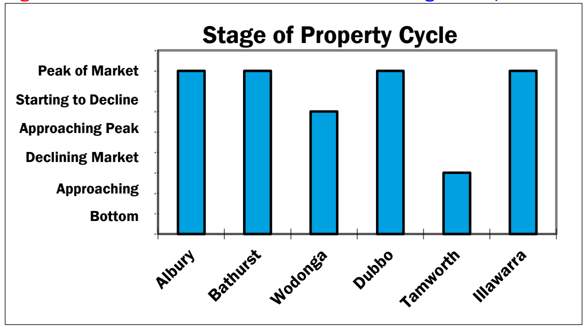


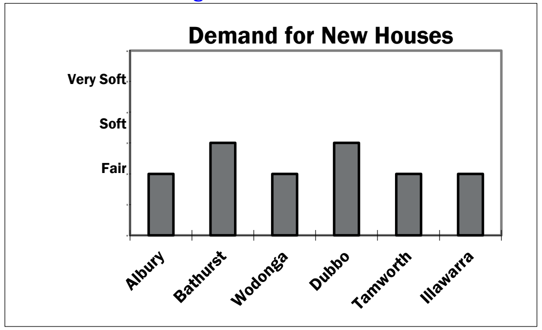
Country New South Wales Property Market Indicators – Houses

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

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



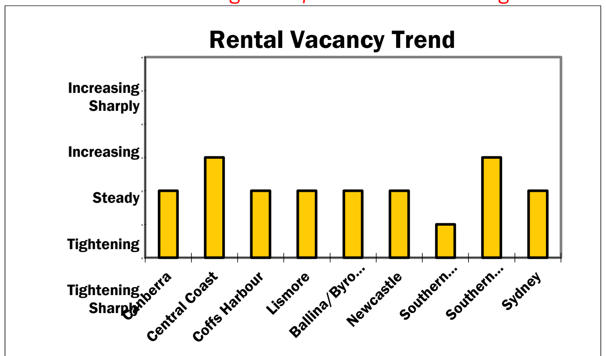


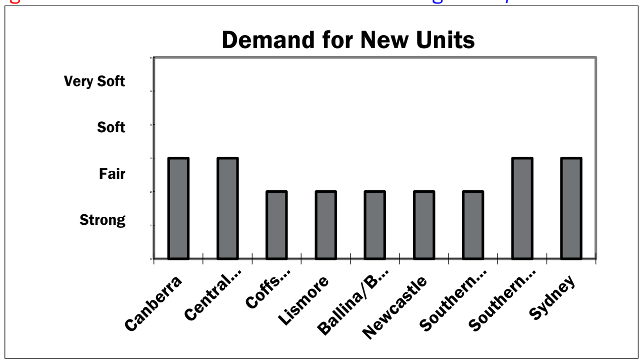


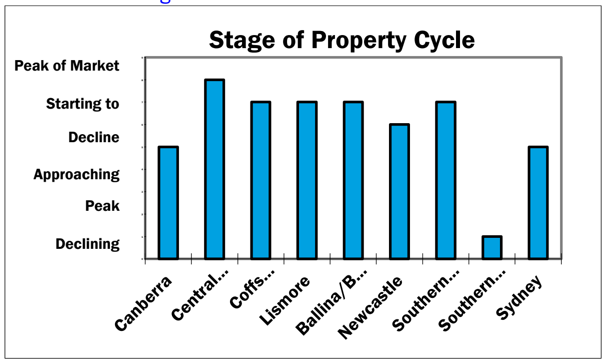
East Coast New South Wales Property Market Indicators - Units

Factor	Canberra	Central Coast	Coffs Harbour	Lismore	Byron Bay/Ballina	Newcastle	Southern Highlands	Southern Tablelands	Sydney
Shortage of available property relative to demand	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand
Tightening	Tightening	Steady	Tightening	Tightening	Tightening	Tightening	Tightening sharply	Steady	Tightening
Fair	Fair	Strong	Strong	Strong	Very strong	Strong	Strong	Fair	Fair
Declining	Declining	Declining	Steady	Steady	Declining significantly	Declining	Declining significantly	Steady	Steady
Steady	Steady	Increasing	Increasing	Increasing	Increasing strongly	Increasing	Increasing	Steady	Declining
Declining market	Declining market	Peak of market	Starting to decline	Starting to decline	Starting to decline	Approaching peak of market	Starting to decline	Start of recovery	Declining market
Occasionally	Occasionally	Occasionally	Almost never	Almost never	Almost never	Occasionally	Frequently	Occasionally	Frequently

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







Country New South Wales Property Market Indicators - Units

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

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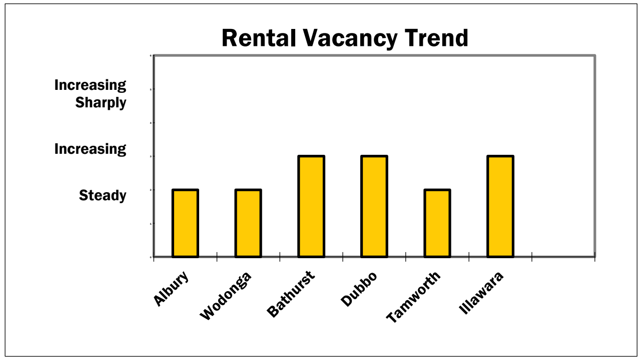

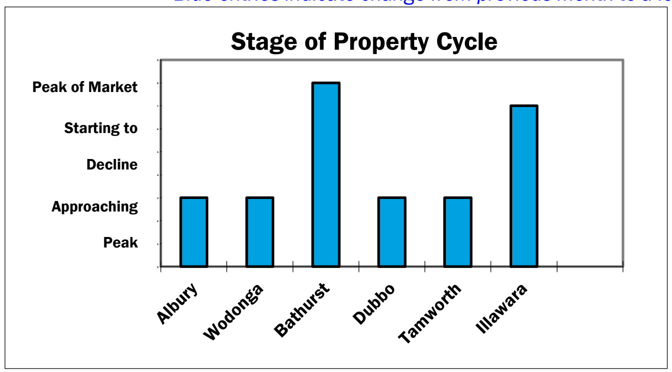

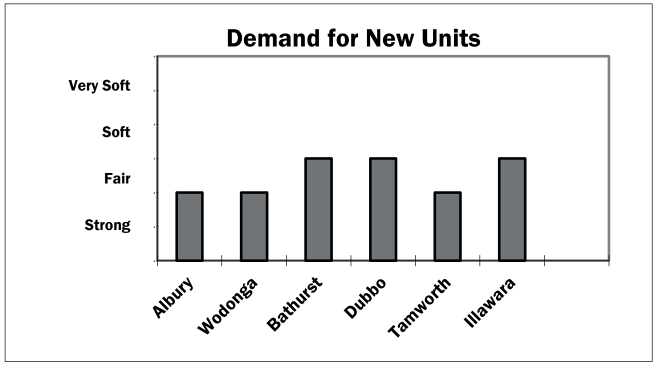

East Coast & Country New South Wales Property Market Indicators – Retail

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

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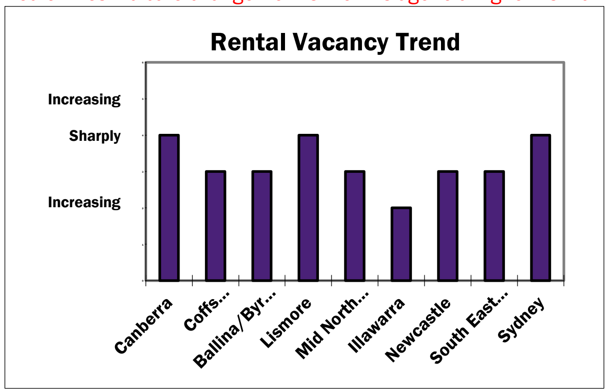

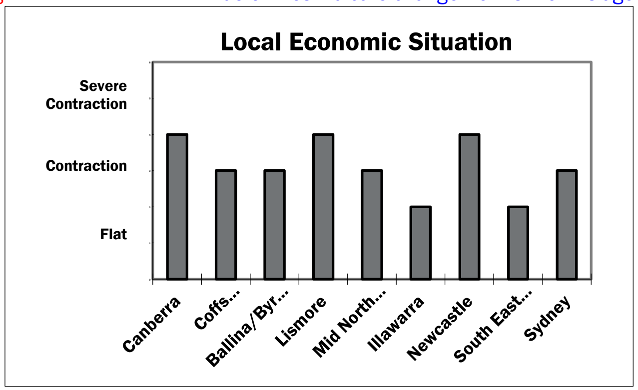

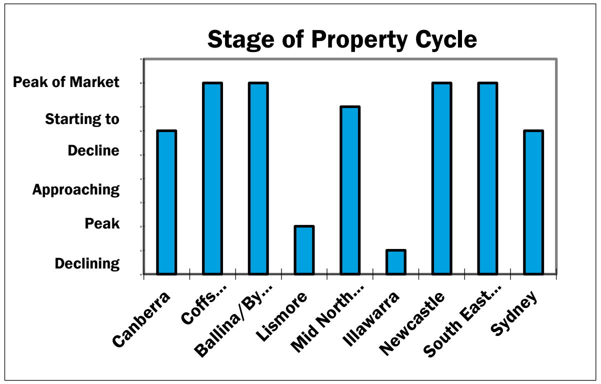

Victorian and Tasmanian Property Market Indicators – Houses

Factor	Geelong	Melbourne	Shepparton	Mildura	Mount Gambier	Hobart	Burnine/ Devenport	Launceston
Rental Vacancy Situation	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
Rental Vacancy Trend	Steady	Tightening	Tightening	Tightening	Tightening sharply	Tightening sharply	Steady	Steady
Demand for New Houses	Fair	Fair	Very strong	Fair	Very strong	Strong	Fair	Fair
Trend in New House Construction	Steady	Steady	Declining significantly	Steady	Declining significantly	Declining significantly	Increasing	Increasing
Volume of House Sales	Declining	Declining	Increasing strongly	Steady	Increasing strongly	Increasing strongly	Steady	Steady
Stage of Property Cycle	Starting to decline	Starting to decline	Rising market	Peak of market	Rising market	Approaching peak of market	Starting to decline	Starting to decline
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Very frequently	Frequently	Frequently

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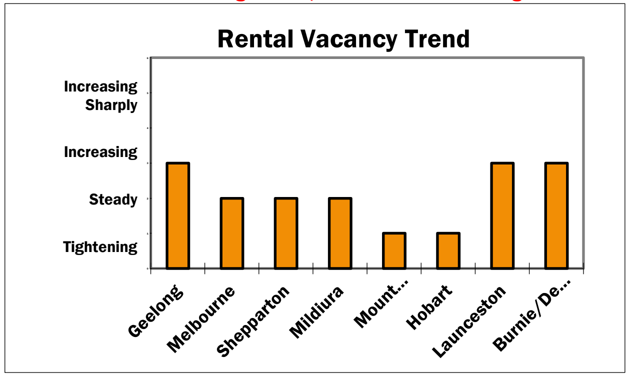

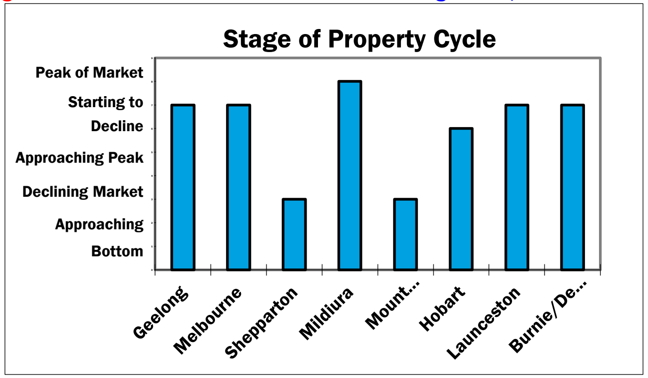

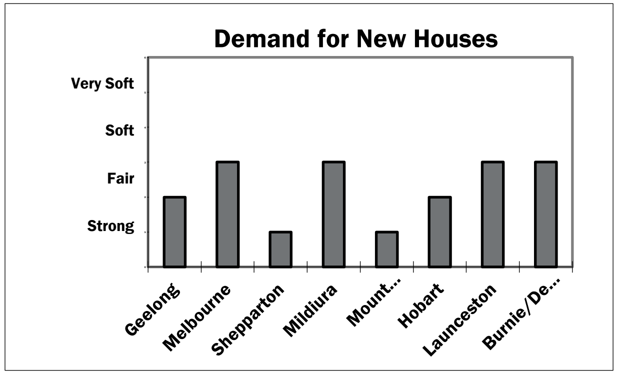

Victorian and Tasmanian Property Market Indicators – Units

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

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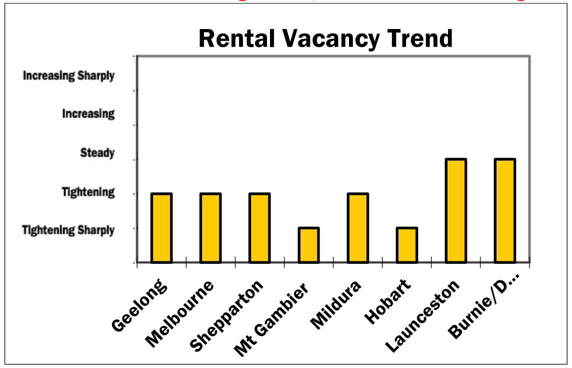

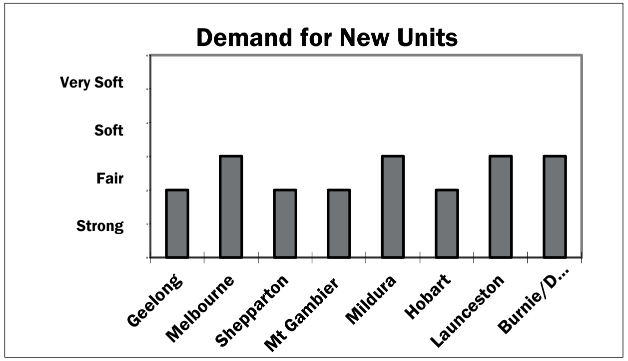

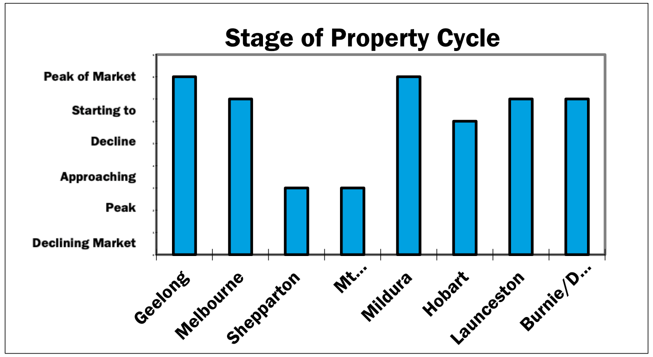

Victorian and Tasmanian Property Market Indicators – Retail

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

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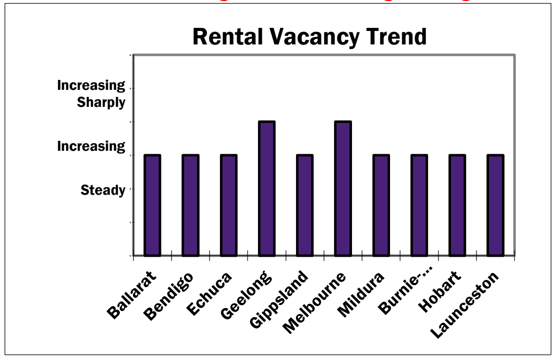

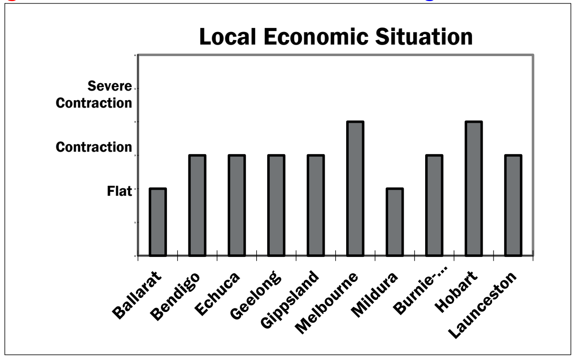

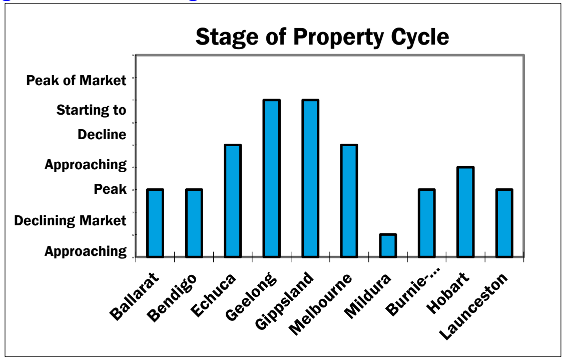

Queensland Property Market Indicators – Houses

Factor	Cairns	Townsville	Whitsunday	Mackay	Rockhampton	Emerald	Gladstone	Bundaberg	Fraser Coast	Sunshine Coast	Brisbane	Ipswich	Gold Coast	Toowoomba
Rental Vacancy Situation	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand
Rental Vacancy Trend	Tightening	Tightening	Tightening	Steady	Steady	Tightening	Steady	Tightening	Tightening	Tightening sharply	Tightening sharply	Tightening sharply	Steady	Tightening sharply
Demand for New Houses	Strong	Fair	Strong	Fair	Strong	Strong	Strong	Strong	Very strong	Very strong	Fair	Fair	Fair	Very strong
Trend in New House Construction	Declining	Steady	Declining	Steady	Steady	Steady	Steady	Steady	Declining significantly	Declining significantly	Steady	Steady	Steady	Declining
Volume of House Sales	Increasing	Increasing	Increasing	Increasing	Increasing strongly	Steady	Increasing	Increasing	Increasing	Increasing	Steady	Steady	Steady	Increasing strongly
Stage of Property Cycle	Rising market	Rising market	Rising market	Rising market	Rising market	Rising market	Rising market	Approaching peak of market	Approaching peak of market	Rising market	Starting to decline	Starting to decline	Starting to decline	Rising market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Almost never	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasion-ally	Occasionally	Occasio nally	Frequently

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

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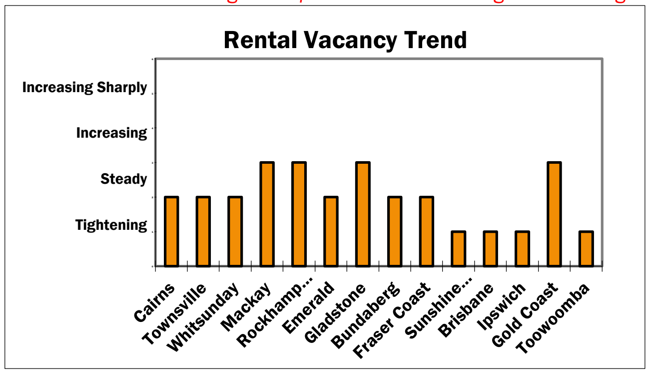

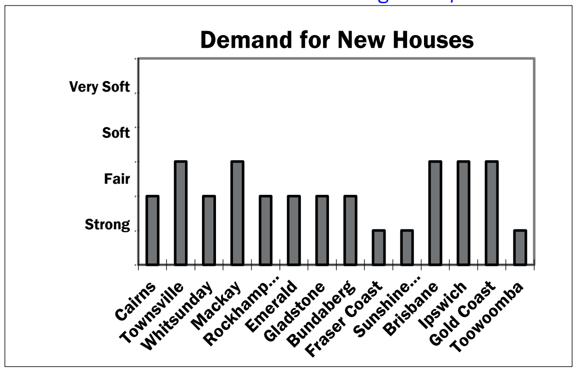

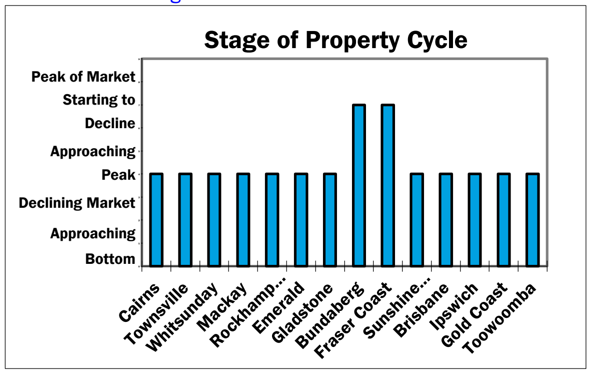

Queensland Property Market Indicators – Units

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

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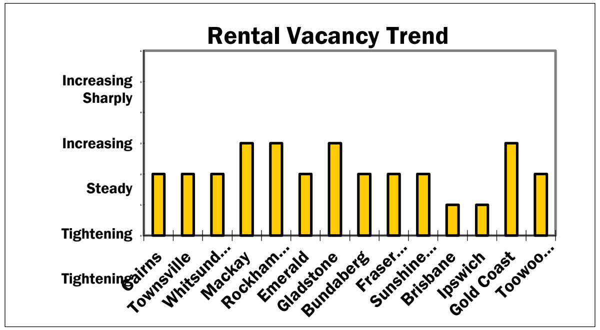
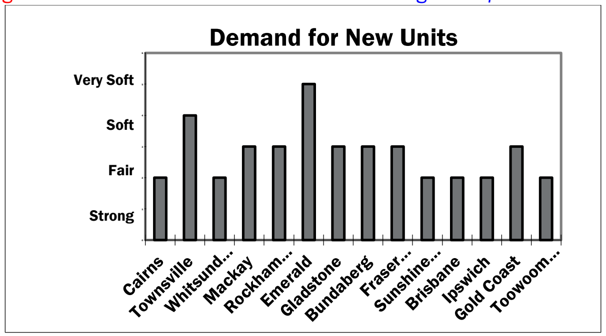
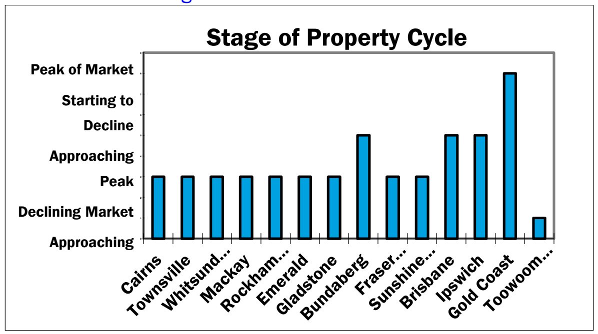




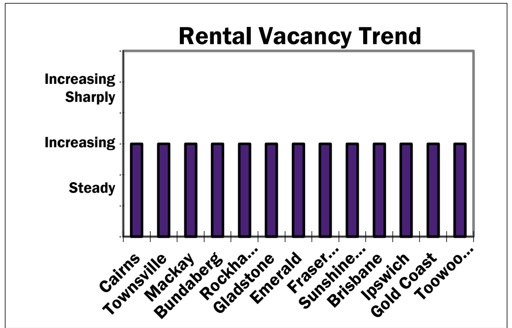


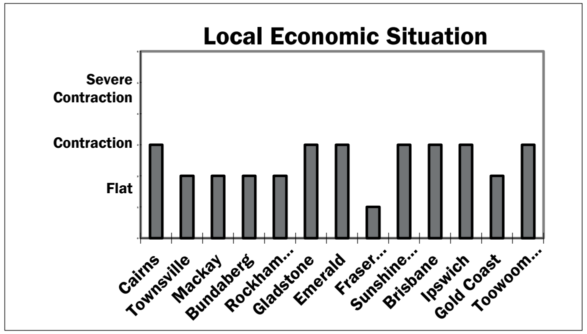
Queensland Property Market Indicators – Retail

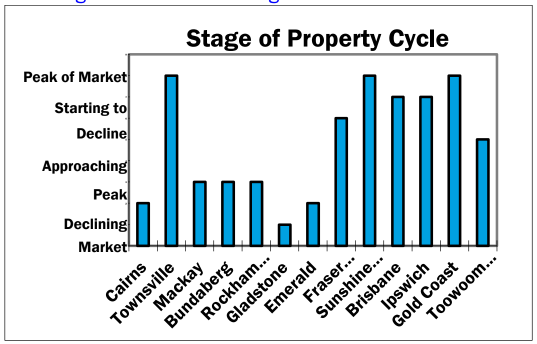
Factor	Cairns	Townsville	Mackay	Bundaberg	Rockhampton	Gladstone	Emerald	Fraser Coast	Sunshine Coast	Brisbane	Ipswich	Gold Coast	Toowoomba
Rental Vacancy Situation	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Balanced market	Balanced market	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Balanced market	Balanced market	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Balanced market	Over-supply of available property relative to demand
Rental Vacancy Trend	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady
Rental Rate Trend	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Declining	Declining	Stable	Stable
Volume of Property Sales	Steady	Steady	Steady	Increasing	Steady	Steady	Steady	Increasing	Steady	Declining	Declining	Steady	Steady
Stage of Property Cycle	Bottom of market	Peak of market	Rising market	Rising market	Rising market	Start of recovery	Bottom of market	Approaching peak of market	Peak of market	Starting to decline	Starting to decline	Peak of market	Declining market
Local Economic Situation	Flat	Steady growth	Steady growth	Steady growth	Steady growth	Flat	Flat	High 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	Significant	Small - Significant	Significant	Significant	Significant	Significant	Small	Large

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

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





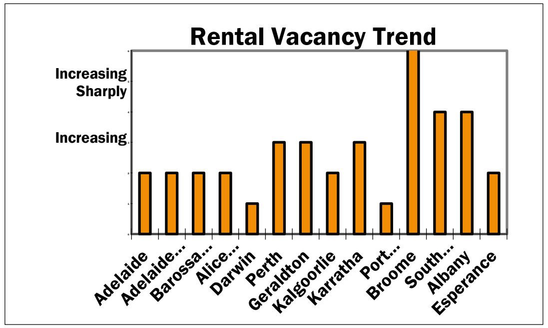


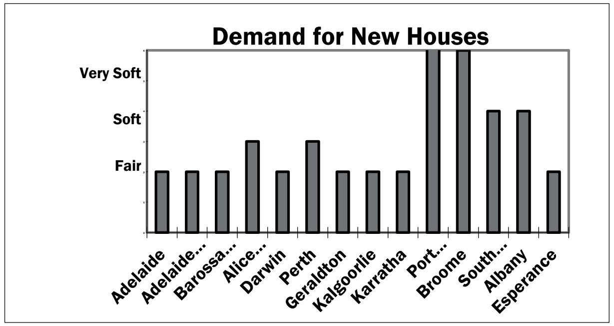
SA, NT and WA Property Market Indicators - Houses

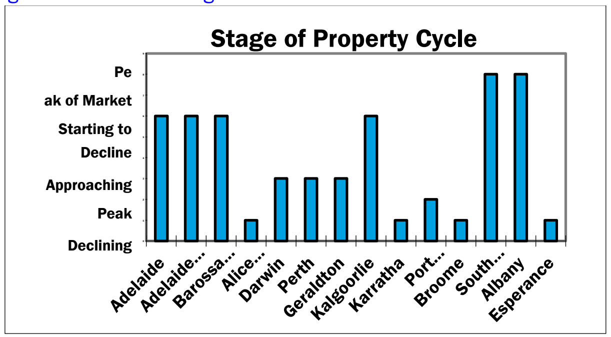
Factor	Adelaide	Adelaide Hills	Barossa Valley	Alice Springs	Darwin	Perth	Geraldton	Kalgoorlie	Karratha	Port Hedland	Broome	South West WA	Albany	Esperance
Rental Vacancy Situation	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage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

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

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







SA, NT and WA Property Market Indicators – Units

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

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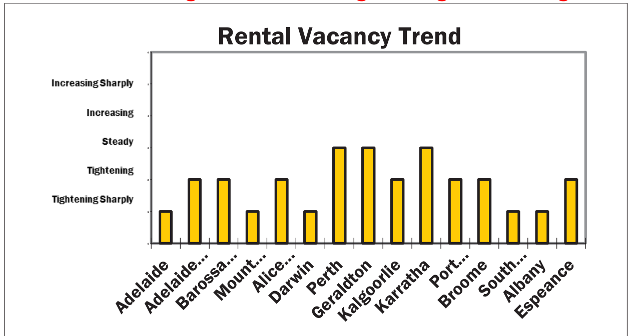
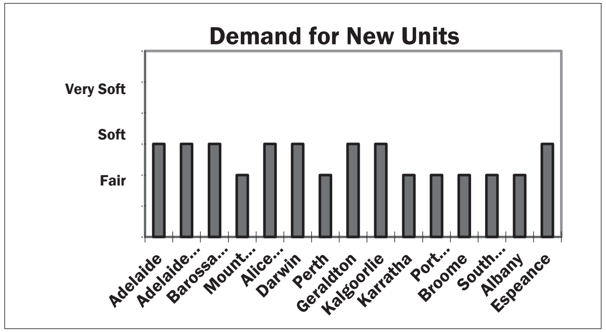
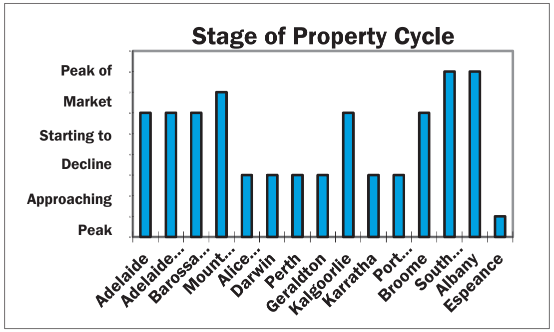


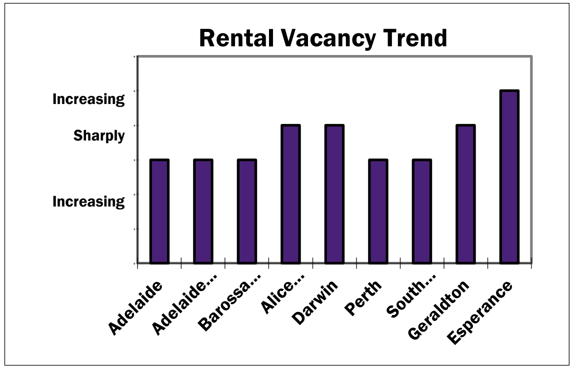


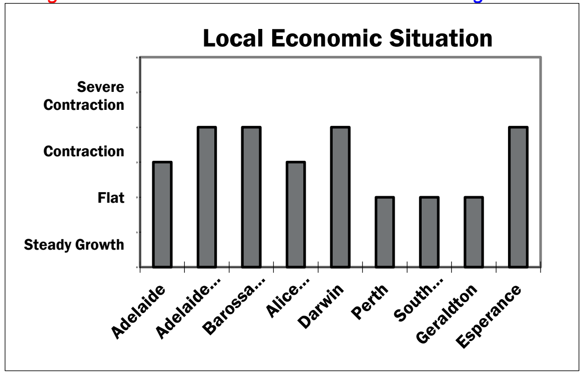


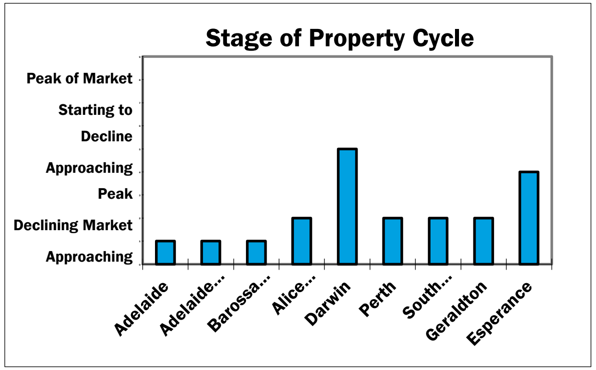
SA, NT and WA Property Market Indicators – Retail

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

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







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TALK TO YOUR LOCAL EXPERT

Commercial

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

Residential

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

Rural

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

HERRON TODD WHITE

Telephone 1300 880 489
admin@htw.com.au
htw.com.au