HERRON TODD WHITE

Month in Review

Residential

December 2023

Identifying the latest movements and trends for property markets across Australia.

CEO address

Welcome to our December edition of Month in Review

2023 has been another eventful year for Australian real estate. It's been filled with conflicting drivers that have pushed and pulled property values and market activity.

Interest rate movements have been a major influence. It's apparent from this month's submissions that in many centres, markets fluctuated in response to the rising cash rate. There was cautious optimism that the hold in April heralded the end of the cycle – but that didn't last long. Steady rates through July to October provided some hope we'd reached the peak, but the November increase – the first move for new RBA Governor, Michele Bullock – and subsequent commentary has caused pause for thought.

Then there's been the continued increase in construction costs. Price gains for a range of baseline materials have slowed but labour is now in short supply and as such, costs remain high and timelines extended.

Another huge issue has been the rental market. There simply isn't enough available housing to meet the demand for shelter and that's seen vacancy rates plummet and rents ramp up. The high cost of building has reduced the supply of new rental accommodation, while increased compliance and taxation caused many mum-and-dad investors to exit the residential investment market. And despite high immigration helping bolster the economy, there's little doubt that a record number of new arrivals has fuelled more demand for rentals.

Another piece of the property market puzzle is overall economic uncertainty in the face of high inflation and cost of living. This has occurred as households drain away the last of COVID-era savings and many move from fixed to variable interest loans.

What's perhaps most striking is that in the face of all these market levers pulling in different directions, property has proved a resilient and stable asset class for those with a long-term outlook. Values have, overall, increased this year and selling activity remains robust. It's been a safe haven for capital investment in 2023.

2023 has been another eventful year for Australian real estate.

This has all been founded in the lack of supply – both for sales and rentals. Without more supply, housing prices and rents will remain elevated and will likely increase into 2024 as well.

It's also been a year of significant change here at Herron Todd White, with plenty of good news to report.

In 2023 we embarked on the development of innovative platforms and internal systems that will enhance our client offering. We're also excited to be working with the CSIRO and Natters to help develop a new energy rating pilot program that will be a significant addition to the property landscape.

In addition, Herron Todd White welcomed a raft of new executives to the organisation's leadership team. The Board appointed Sheena Wilson as Chair and Andrew Wellington as Deputy Chair this year. Jarrod Harper joined as a new member of the Board and rural identity John McKillop became head of our Agribusiness division.

One final observation... we're seeing a heady amount of activity across our industry right through to the holidays. There appears to be an appetite among businesses to keep up their momentum which makes me optimistic about next year's property sector and the economy.

I and my entire team want to wish every one of you a happy holiday season. May you find plenty of time to relax with loved ones and enjoy all that the season has to offer. Thank you for all your support throughout 2023 and we look forward to catching up again next year.

Gary Brinkworth
CEO

National Residential Overview

The main talking point for the residential property market in 2023 has been interest rates. The Reserve Bank made 25 basis point increases in the cash rate in February, March, May and June, then took a four month break before increasing the cash rate by another 25 points in November. The RBA has made it clear that inflation is still well above the target range and further increases are possible.

The residential property market overall has experienced significantly reduced transaction activity. In many markets, properties have simply not come onto the market and the demand for homes has outstripped the supply of dwellings, causing prices to continue to rise, despite the total 1.25% increase in mortgage rates during 2023.

Kevin Brogan,
Head of Group Risk and Compliance

One characteristic is shared by most markets and that is resilience in the face of escalating serviceability challenges due to interest rate increases.

Market conditions in Adelaide, Brisbane and Perth have remained very strong all through 2023 with dwelling prices at an all-time high. This performance is almost matched by regional markets in South Australia, Queensland and Western Australia. Market conditions in Sydney, Melbourne and Canberra have not been quite as firm, with values at the end of 2023 below the peak achieved in the first half of 2022. The markets in Hobart and Darwin have been somewhat softer still, with a net reduction in dwelling values for 2023.

As is often the case, the headline figures can mask significant diversity between market segments defined by geographical area and price level, however one characteristic is shared by most markets and that is resilience in the face of escalating serviceability challenges due to interest rate increases.

Some of the stronger markets have been urban fringe or regional locations. The lifestyle benefit of these became more widely recognised as a significant attribute through the period of COVID restrictions. A characteristic of these locations is a generally static supply of land and dwellings in the face of continued demand, which has driven shorter marketing periods and higher prices.

The lifting of international travel restrictions after COVID has resulted in a catch up phase for overseas migration that has added to demand for residential property and fuelled significant rental growth.

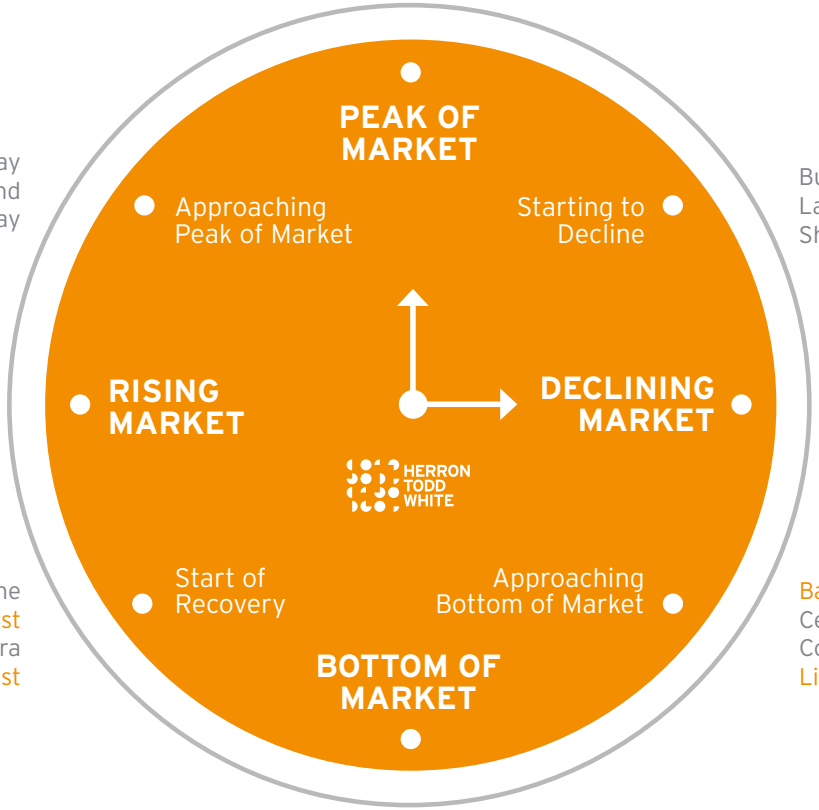
The strength of many markets has served to mask the impact of escalating building costs for residential construction. However, builders have continued to face challenging cost conditions throughout the year and many have succumbed to the financial pressure and ceased trading. These difficulties have contributed to a decline in the number of new dwellings being added to the residential supply and this has contributed, in some areas, to continued price increases.

While the strength of the market has been good news for homeowners, it has continued to adversely impact those looking to enter the property market. Prospective first home buyers have had to contend with high inflation, rising mortgage rates and higher rents.

As we end the year, the market is expecting that further interest rate increases may be on the cards. Listings are starting to increase and there are signs that this increase in supply is not being matched by buyer activity. The resilience of the residential property market is set to be tested again in 2024.

National Property Clock: *Houses*

Entries coloured orange indicate positional change from last month.



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

Cairns
Emerald
Geraldton
Mackay
Port Headland
Whitsunday

Burnie/Devonport
Launceston
Shepparton

Esperance
Gladstone
Kalgoorlie
Karratha
Perth
Rockhampton
South West WA
Sydney
Townsville

Albury
Broome
Hobart
Port Macquarie
Wodonga

Brisbane
Gold Coast
Illawarra
Sunshine Coast

Ballina/Byron Bay
Central Coast
Coffs Harbour
Lismore

Geelong
Ipswich
Melbourne
Southern Highlands

National Property Clock: *Units*

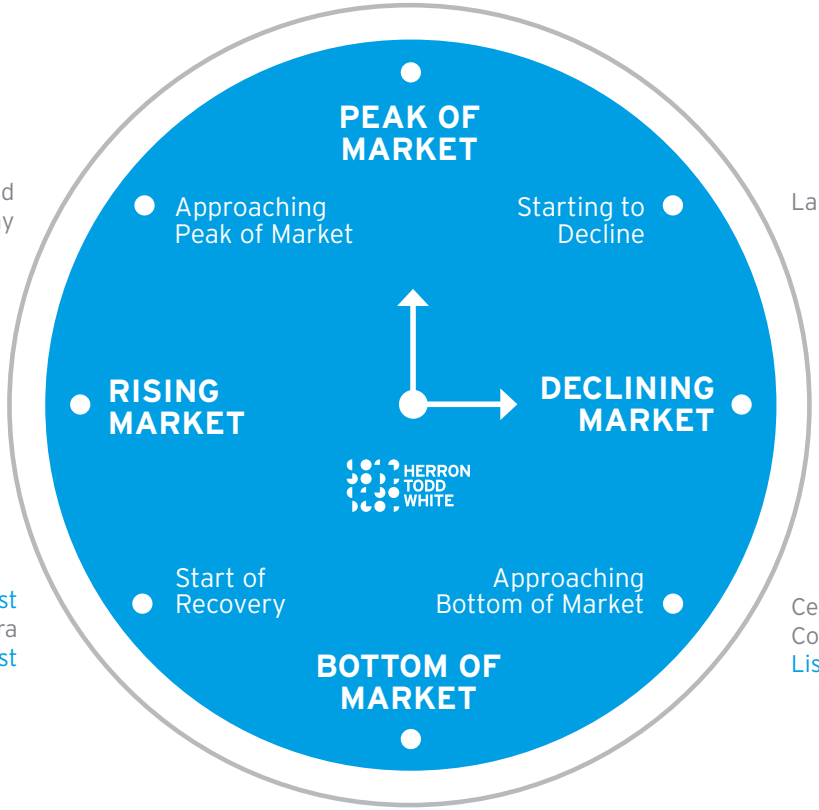
Entries coloured blue indicate positional change from last month.

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

Emerald
Mackay
Port Hedland
Whitsunday

Brisbane
Cairns
Darwin
Dubbo
Esperance
Geraldton
Gladstone
Ipswich
Kalgoorlie
Karratha
Perth
Rockhampton
South West WA
Sydney
Townsville

Gold Coast
Illawarra
Sunshine Coast



Launceston

Albury
Ballina/Byron Bay
Canberra
Hobart
Newcastle
Port Macquarie
Wodonga

Central Coast
Coffs Harbour
Lismore

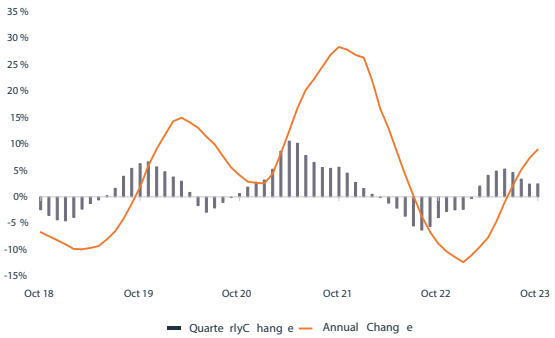
Geelong
Melbourne
Southern Highlands

New South Wales - Residential 2023

Sydney

At the start of this year, we were coming off eight consecutive months of interest rate rises with the likelihood of several more to come, so it was expected the price falls of 2022 would continue at least for the first half of 2023.

Despite four further interest rate rises by June, the Sydney residential property market defied all predictions and bottomed out in the first quarter before enjoying a period of good growth throughout the year. As at the end of October, Sydney dwelling values were just 2.2% below the previous peak in January 2022 according to CoreLogic, with almost all of the 2022 declines expected to be recovered by the end of the year.



Change in Sydney dwelling values — Source: CoreLogic

During the first half of the year, new listings remained constrained compared to previous years which put upward pressure on prices. Spring has seen the rate of growth decline however, as

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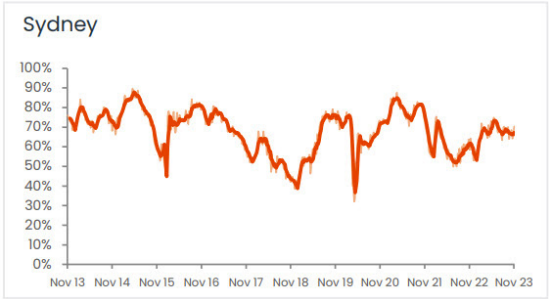
increased listings have provided buyers with more choice. New listings in Sydney were up 22.8% in October compared to the previous year, while total listings were 2.2% higher, according to CoreLogic.

Auction clearance rates have been consistently above 70% throughout 2023 which generally results in strong price growth, however it too has shown a slight weakening over recent months as auction listings increased.



Auction Clearance rates — Source: CoreLogic

On the rental side, vacancy rates across Sydney fell to 1.2% in October according to SQM Research, the lowest they have been since May 2010. This was down only slightly from January when it was 1.3% and this has led to a slight slowdown in the rate of rental increases across Sydney, although weekly asking rents were still up 16.3% for houses and 17.3% for units across the 12 months to mid-November.

Net immigration escalated to 454,000 over the past 12 months and a large percentage of this intake is into Sydney and mainly impacts the rental market. With immigration levels to remain high over the next few years and new dwelling and new unit approvals at 10-year lows and continuing to soften, there is likely to be a continued shortfall of supply of housing which will continue to put upward pressure on prices and rents.

Investor lending activity, as a percentage of all new lending activity, continued to trend upwards throughout 2023 on the back of improving rental yields, now at 40.2% of new lending in New South Wales according to the ABS. New home buyer lending also increased in the first part of 2023 but has fallen in the past six months as increasing interest rates combined with rebounding property prices took their toll.

North West Sydney

The north-west of Sydney once again defied the critics with many suburbs leading the charge to recovery. The beginning of the year was considered the bottom of the market and since then there has been month on month growth with values returning to 2022 levels.

Whilst many have not recovered to the previous peaks, there has been a strong recovery on the back of a lack of quality stock.

The lack of stock had more influence over the market's performance than the multiple back to back interest rate rises. Many thought a sharp rise in interest rates and the ominous mortgage cliff would lead to a flood of desperate sellers and a wipeout of the market. This did not occur and it appears that many households switched from fixed to variable with little fuss, although time will tell as the months continue with more rate rises and increasing cost of living pressures.

The most surprising aspect of 2023 was the predicted mortgage cliff and wave of forced sales that were predicted to flood the market. The other surprise was strong price growth in the suburbs which defied downward pressure from rising interest rates.

In addition, the prestige rural acreage market continued to go from strength to strength throughout 2023, recording some record results and more recently, Bec and Lleyton Hewitt returning to the Hills district with the purchase of a luxury dwelling in Glenhaven for $10.3 million.

Below is an indication of how some suburbs in the north-west have performed over the past 12 months according to CoreLogic:

- Castle Hill median house price improving 10.7%
- Blacktown median house price improving 5.2%
- Marsden Park median house price improving 3.3%
- St Mary median house price improving 1.5%

Earlier in the year we predicted the bottom of the market was nearby but what took us by surprise was the quick rebound. Whilst value levels might not be back to where they were in 2022 the recovery is well and truly on.

North Shore

As expected, 2023 has been another interesting year for the North Shore residential property market. In line with the Sydney market in general, factors at play have included rising interest rates, limited supply in comparison to demand and continued high construction costs in conjunction with the associated supply issues. Each sector of the market has performed slightly differently, depending on how it was impacted by the above factors.

As predicted in our February edition of the Month in Review, newly constructed and fully renovated products were the strongest performers throughout the year. This market strength follows on from the trend which started in the second half of 2022 and was particularly evident on the Upper North Shore, with suburbs such as Turramurra and St Ives the best examples.

As evidence of such a strong market, we saw the prime result of 9 Karoon Avenue, St Ives in May this year, selling for $6.96 million. This newly completed Homestead Homes residence comprises high quality, five-bedroom, four-bathroom accommodation with a double garage, in-ground swimming pool and landscaped grounds. This is a property style currently in very high demand in these areas.

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

The new-build sector continued to benefit from high demand, resulting from unwillingness of most owners to assume the risk of undertaking their own project considering the current construction environment. This being said, construction costs and supply issues appear to have subsided in recent months, so we expect to see this sector of the market cool slightly as we head into 2024. On the back of these stabilising build costs, we may also see demand for renovation projects return after this property type was relatively weak throughout the year.

Much to our surprise, the real estate landscape in the lower North Shore has exhibited robust signs of recovery, rebounding from the mild declines observed in the middle of 2022. Despite a 12% decline in the Sydney median price throughout 2022, the limited availability of properties for sale in desirable locations in 2023 has fueled substantial growth. Property values have now rebounded to their previous peak, last witnessed

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at the close of 2021 and early 2022, when the cash rate was a mere 0.1%. This recovery, especially in the face of the current 4.35% cash rate, proved challenging to anticipate and calculate.

Certain locations characterised by tightly held properties and minimal new constructions coupled with a lower-than-expected number of distressed sales have allowed capital growth to defy conventional underlying factors. The demand for renovated properties has continued to surge in 2023, driven by the perceived high cost of construction and delays in council approvals.

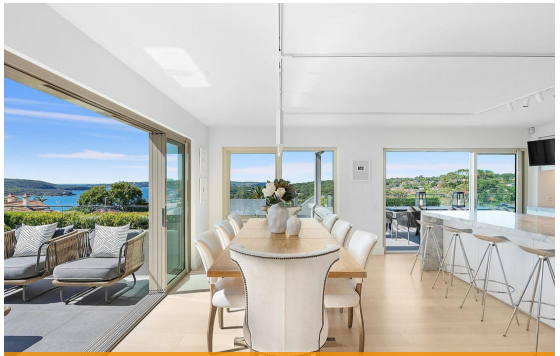
A noteworthy example is the property at 26 Muttama Road, Artarmon, which transacted in April 2022 for $3 million. Following a comprehensive internal renovation and external cosmetic update, the Californian Bungalow was resold for $3.75 million in August 2023, potentially yielding a lucrative return for the vendor who embarked on this astute renovation project during a time of major uncertainty.

26 Muttama Road, Artarmon Source: realestate.com.au

Another very strong sector of the market throughout 2023 was the prestige downsizer product, particularly on the Lower North Shore. This sector usually correlates with the performance of the higher end prestige market in these suburbs and that appears to be exactly what happened throughout 2023.

In suburbs such as Mosman, Cremorne and Neutral Bay, we continued to see the high end prestige market perform well, being less impacted by rising interest rates. The sale of these prestige family homes resulted in downsizers having more cash at their disposal for their next purchase, typically an over-sized unit within a relatively small unit complex. These downsizers usually desire to stay within the same suburb and with limited supply available of the product they demand, sale prices are typically very strong.

A very good example of this is the sale of 4/53-55 Muston Street, Mosman which occurred earlier in the year for $8 million. This three-bedroom, two-bathroom unit had a comparatively large internal living area of almost 190 square metres and had been recently renovated to a high standard. This unit also has three separate outdoor areas and an elevated position, appreciating views over Middle Harbour. The unit benefited from two secure car spaces in side by side configuration, another well-regarded feature appealing to the downsizer market.



4/53-55 Muston Street, Mosman Source: realestate.com.au

The unit market in the Lower North Shore in 2023 has witnessed modest growth, driven in part by first-time homebuyers capitalising on government stamp duty benefits. Many of these buyers, having faced significant rental increases over the past 12 to 18 months, have opted to transition to home ownership. The market has also seen a boost from expatriates and Sydney residents returning to the city for work, as remote work allowances during the pandemic are no longer applicable.

The prediction we made in February regarding the unit market hasn't played out quite as expected. We assumed that dramatically increasing rental returns would negate rising interest rates which were occurring at the same time, resulting in expected strong demand and a return of investors to the market. Although the unit market has remained relatively steady, it hasn't performed as well as we had expected.

Continued strong rental returns throughout 2023 have again been off set by a continuation of rising interest rates. This has been particularly evident in higher density unit developments, with supply and demand appearing to be relatively balanced throughout the majority of the year and investors remaining quiet. Until we start to see a definite end to interest rate increases, or even potential future rate decreases, we don't expect any great change in the high density unit sector. In saying this, with continued strong rental returns and significant increases in immigration, this could be a sector to watch in 2024.

Northern Beaches

The Northern Beaches residential market surpassed expectations, demonstrating resilience and moderate growth throughout the year. Despite initial concerns and uncertainties, the market experienced strong demand levels coupled

with a shortage of supply and strong rental demand, which drove property values higher than anticipated after a weak 2022.

Freshwater (13%) and North Curl Curl (12%) led the charge from an annual median growth perspective for housing, whilst Fairlight (13%) topped the unit market and experienced strong growth relative to other areas including Manly (2.3%) and Dee Why (1.8%) (source: CoreLogic). This positive trend underscores the underlying strength and resilience of the market.

A typical sale in Freshwater around the suburb median was 41 Wilson Street, Freshwater, which sold in August for $3.4 million. The two-storey 1970s home with five bedrooms, two bathrooms and double carport, is set on a 455 square metre allotment.

41 Wilson Street, Freshwater Source: realestate.com.au

We were correct in stating the worst of the market downturn was over, however did not anticipate the returning strength in the market place, rather predicting a period of stabilisation. Some notable highlights include the $32.18 million record sale in Clontarf as well as the sudden and sharp rental growth that saw an upwards of 30% lift inside a six month period.

Southern Sydney

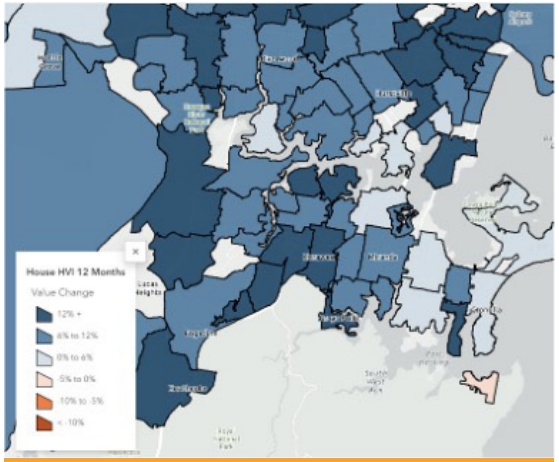
The year started slowly on the back of a subdued 2022 spring, with buyer confidence down on the back of rapidly rising interest rates. Buyers appeared hesitant to purchase new properties while mortgage refinancing also remained at below average levels.

Near the end of the first quarter of 2023, despite further interest rate increases, there was noticeably more buyer activity with a growing sense that prices had bottomed out. First home buyers and upgraders appeared to be the most prominent buyers with investors generally taking more of a back seat.

By August, after several months of increasing prices, listings notably increased and were well above 2022 levels, however local agents also noted a high percentage of owners getting approvals but not following through to listing their property for sale. The November interest rate increase has appeared to take the final bit of heat out of the market for 2023, with some vendors who were going to list prior to Christmas now holding off until the new year.

In the Sutherland Shire, Barden Ridge (16.3%) for houses and Miranda (8.4%) for units saw the largest annual median value increases according to CoreLogic. For the St George area, Banksia houses (19%) and Dolls Point units (13.2%) saw the largest annual median price increases, while for the Bankstown area, Lakemba houses (17.5%) and Condell Park units (11.9%) were the best performers.

The most surprising aspect about the southern Sydney property market in 2023 was how quickly the market recovered the losses of 2022 despite interest rates continuing to increase along with other inflationary and cost of living



12 Month House Value Changes to November Source: CoreLogic

pressures throughout the year. This surprised many property and economic experts, who were expecting further falls throughout 2023 with perhaps a levelling out and slight recovery in the second half of the year.

The big talking point of 2023, as covered in last month's edition, was the continued demand for top end units in Cronulla, with several sales above $10 million.

Inner West

The Sydney inner west residential property market experienced a surprisingly strong year for capital growth, with values for most property types increasing throughout 2023. The year began with subdued market conditions in January and February, following on from the softened conditions in 2022.

A feeling of optimism took over the market circa March 2023, with many buyers taking the opinion that the RBA was at the height of the cash rate increases attributable to the slowing inflation data being reported at the time. The renewed confidence

amongst some buyers as well as the low levels of properties on the market for sale have been the major catalysts for strengthened sale prices throughout 2023.

Additionally, investment grade properties in the sub $1.5 million value range, which attract large investor demand, also experienced value uplifts which were partly due to the continued strengthening of the inner west rental market.

Our prediction at the beginning of 2023 included a continued market contraction throughout 2023, given the increases in the cash rate limiting borrowing capacities. This proved to be incorrect as most property types have recorded increases in value levels since January 2023. The resilience in the market and the upward trajectory of sale prices have been the most surprising trends in 2023.

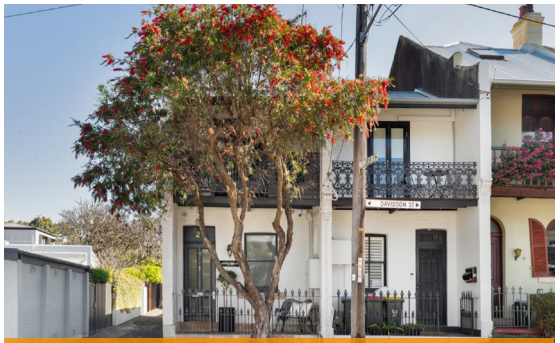
We also predicted that investment properties including residential apartments closer to the Sydney CBD in areas such as Annandale and Camperdown would perform better than most property types in the inner west given the strong rental returns currently being achieved. This was partly correct as these investment grade properties experienced capital growth throughout 2023, however they did not outperform the wider market. This may be attributable to a higher number of investment properties on the market in comparison to properties attracting owner-occupiers.

In summary, the general market in the inner west has regained most of the capital value lost in the last three quarters of 2022. A number of sales have occurred which indicate a new market peak has been achieved (surpassing value levels in December 2021). Two examples include the sales of 199 Sydenham Road, Marrickville for $2.2 million in September 2023 which previously sold for $2.128 million in December 2021 and 89 James Street, Leichhardt which sold for $1.98 million in August 2023 and previously sold for $1.6 million in February 2021.

199 Sydenham Road, Marrickville Source: realestate.com.au

However, it is also important to acknowledge that properties which were bought for strong results at the time of purchase in 2021 or were sold by a distressed vendor in the current market can lead to a capital loss. Two examples of this occurred at 84 James Street, Leichhardt which sold for $1.992 million in September 2023 and was initially purchased for $2.005 million in December 2021, as well as 21 Davidson Street, Balmain which sold for $2.11 million in October 2023 and was initially purchased for $2.375 million in October 2021.

The resilience in the market and the upward trajectory of sale prices have been the most surprising trends in 2023.


21 Davidson Street, Balmain Source: realestate.com.au

In closing, although the inner west residential market has performed well in terms of capital growth in 2023, the continued increase in interest rates and cost of living pressures throughout 2023 may lead to a plateau in capital values moving into 2024.

Inner Sydney

As noted at the start of the year, the higher median property values of Sydney's inner city makes the area more sensitive to interest rate movements. With consecutive rate rises throughout Quarter 1, market activity was low and prices continued to adjust downwards. However in April, with the first rate pause in ten months, agents began reporting a general sentiment in the market that rates were levelling off and this began to show in the statistics, with CoreLogic reporting a 1.8% jump in the median price in May.

With the inner city Sydney market surprisingly resilient, increases continued throughour Quarter 2 and into Quarter 3, however the momentum was dampened by further interest rate rises in May and June with CoreLogic reporting price growth slowing to 0.9%. The most recent rate rise appears to have been the final blow of 2023, with many

agents reporting that they are in the process of finalising their last deals for the year and winding down for the holiday period. At the time of writing, pricing statistics for Quarter 4 were not yet available.

The rapidly evolving financial landscape over the past twelve months has caused many investors to re-think their strategies. Agents reporting large numbers of one- and low-end two-bedroom units available within Sydney's inner city suburbs – unsurprising given the strong investor presence in the area coupled with high interest rates – generated some good buying opportunities at the entry level, such as 17/358A Victoria Street, Darlinghurst, a 2001 built, one- bedroom, one-bathroom unit of 43 square metres which sold in November for $650,000 and is expected to rent for around $600 per week.

17/358A Victoria Street, Darlinghurst Source: CoreLogic

17/358A Victoria Street, Darlinghurst Source: CoreLogic

Within the upsizer market segment, stock is tighter, generating more competition and less downward pressure on prices. With auction being the preferred method of sale at this price point, CoreLogic has consistently been reporting clearance rates of 70-plus% throughout the second half of the year demonstrating a clear demand with supply constraints and thus driving results for good quality property. An example is the strong result recently achieved at 55 Boundary Street, Darlinghurst, a three-bedroom, one-bathroom terrace with one car garage on 101 square metres of land, selling for $2.2 million in November after previously transacting in June 2019 for $1.65 million.

Sydney's inner city market played out largely as expected, softening off the back of consecutive rate rises and providing good buying for those in the fortunate position of requiring a low loan-to-value ratio mortgage. The surprise element came in the form of stubborn inflation, resulting in more rate rises than anticipated with the impact of the most recent rise still flowing through the economy.

55 Boundary Street, Darlinghurst Source: CoreLogic

Eastern Suburbs

Overall the markets we service performed well during a vastly uncertain year. The first half of the year resulted in multiple interest rate increases, which had a positive effect on reducing inflation, although we noticed continuous market activity (albeit not a crazily active market), with price points remaining relatively stable.

By the mid-point of 2023, the RBA decided to pause interest rates in order to allow their previous rate rises to influence consumer spending and overall markets. From there on the market stabilised, understanding the new normal, and market activity resumed with higher sales activity, lower time to sell and high clearance rates. Price points in the latter stages of the year have slightly increased. Notably, dwelling values have slightly increased across the past six months with October recording an increase of 0.8% in Sydney dwelling values (CoreLogic).

We believe that there are multiple factors associated with the continuous rise in property values in the east. These include historically low market supply, immigration and population pressures, first home buyer schemes along with stamp duty concessions and normalised high-density apartment living which has increased the demand for detached housing across Sydney. There

The rapidly evolving financial landscape over the past twelve months has caused many investors to re-think their strategies.

has also been a shortage of rental properties which has led to high rental increases throughout 2023.

Rental growth & Interest rate movements Source: CoreLogic

Duplex sites, large homes and the prestige market remained strong, with multiple suburbs recording sales that have exceeded expectations. We further note that some of these upper end markets in the eastern suburbs aren't as heavily reliant on finance to complete transactions which tends to result in less market volatility in these areas.

Fortunately for developers, duplexes have been selling for record-breaking amounts, even in secondary locations. With growing construction costs along with acquisition costs of land also increasing over the past 12 months, we believe that the end result and prices of these duplexes reflect the additional costs of constructing and acquiring.

Some examples of the strength in the duplex market include the sale of a 631 square metre corner site at 16 Burke Street, Chifley for $2.78 million in April, while a new duplex at 20A Hume Street, Chifley achieved a $3.19 million sale price tag in August.

20A Hume Street, Chifley Source: realestate.com.au

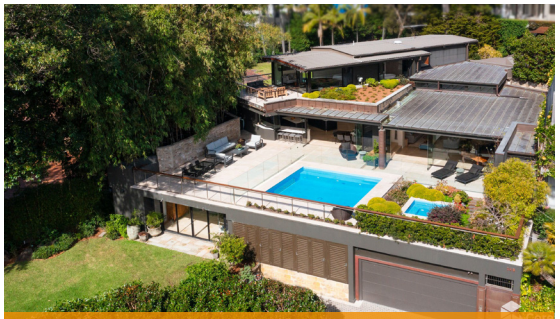
Unit markets have remained active, particularly lower density apartment complexes,primarily driven by investors and first home buyers (and the incentives attached to first home buyers is driving these markets).

High density apartment developers have gone under further scrutiny due to well-documented building defect issues, along with major developers being liquidated (such as Ralan). This has provided more of a negative stigma to these markets. We do note that the work being done by the New South Wales Building Commissioner is helping to return some confidence to buyers in this market. Foreign investment continues to drive these complexes. With plenty of work rectification orders placed upon these buildings, it is an interesting space to monitor.

What has surprised us most this year is the perseverance of Sydney's residential market. There have been numerous interest rate rises and fears of a steadily declining market which has not been the case. In fact, the contrary has resulted over the past 12 months and in particular the past six to eight months with recorded dwelling values growing consistently.

Another interesting note would be the continuous growth of the rental market with pressures on tenants at historically high levels, which is primarily due to very low vacancy rates and interest rate rises being passed on by landlords to tenants in order to offset higher mortgage repayments. This will be an interesting space to watch as it is unlikely that the rental market is able to sustain many more of these increases over the next 12 months.

The prestige market, as covered in last month's edition, has seen increasing activity throughout 2023, with good trophy home activity continuing to show strong price growth in this price segment. This has continued into November with several sales above $15 million in Vaucluse, Bellevue Hill and Centennial Park.



24B Victoria Street, Bellevue Hill Source: CoreLogic

These included a large, renovated home at the coveted north end of Victoria Road, Bellevue Hill, on an irregular 1265 square metre block with restricted harbour and city skyline views, which sold for an undisclosed amount north of $27 million.

It is unlikely that the rental market is able to sustain many more of these increases over the next 12 months.

Shaun Thomas
Director

RESIDENTIAL

HERRON TODD WHITE

Lismore / Casino / Kyogle

"It is far better to foresee even without certainty than not to foresee at all. If nature were not beautiful, it would not be worth knowing, and if nature were not worth knowing, life would not be worth living. To invent is to discern, to choose" (Henri Poincaré - French mathematician and theoretical physicist)

Profound... and is not property also beautiful? Isn't it worth knowing and benefiting to understand the subtleties in the market in which it resides? Predictably rational or wildly unhinged? So how did the market behave throughout 2023 and are the foreseers worth their counsel?

It was expected that the residential property market for Lismore, Casino and Kyogle in 2023 would experience a reduction in sales activity and downward pressure on prices for at least the first half of the year. This, in part, has played out for residential property within Lismore City and the surrounding townships of Casino and Kyogle. However, well-established rural residential properties and large rural lifestyle properties within the wider regional context have proven to be somewhat more resilient.

A pertinent factor in the softening of the market over the first six months has been the RBA's interest rate rises. Over the course of 2023, the RBA increased the cash rate by 0.25% per annum in February, March, May, June and November to arrive at a current cash rate of 4.35%. This represents a total rate increase of 1.25% per annum from a January starting point of 3.10%,and that hurt a lot of property owners – owner-occupiers and investors alike – when their fixed interest bank lending rates jumped from a ridiculously low 1.9% per annum from say May 2021 to around six to 6.5% per annum fixed today upon the expiry of the fixed loan term. Term depositors however are happy campers.

This tentative percolation of positivity has crept into the market since September 2023

The other key result for 2023 has been the normalizing of the expected marketing and selling period. The height of the market madness in 2020 and 2021 saw residential properties sell within a few days at such a frequency that it felt weird if it took longer than a week or two. Nowadays, the marketing and selling period has returned to a one or two month cycle... and that is generally the traditional norm.

Also, the gap between the asking price and eventual sale price has definitely sharpened. The general populace within the property market has become more savvy and intolerant of boosted asking prices that have been a feature of the property market in recent years. Most of the real estate agents in this region are aware of this and spend a lot of time educating their clients and vendors of this reality. It would behoove them to listen to such sage advice!

And then something happened... to be sure, the announcement was not broadcast by the barbaric yawp of Gorn upon the hilltops of Keerrong Valley, but rather more akin to the plastic rustling of a chip packet that is followed by a harsh shushing of annoyed patrons at an opera. This tentative percolation of positivity has crept into the market since September 2023 which has seen properties within the $500,000 to $900,000 price bracket for Lismore City quietly snapped up by those ready for action, i.e. financed approved, maintenance-friendly, well-heeled 20% equity depositors – the kind that lenders like! For the townships of Casino and Kyogle, the improvement in activity was somewhat more sedate compared to their city cousin.

It has also transformed the lender market to start chasing borrowers with promises of having the lowest interest rate in town and favourable terms and conditions plus the added sweetener of a cashback.

Rumour eventually grew of an improvement in property prices across the region, whispers of a nameless hope and the lender perceived that their time had come to act. So...the practice of bank hopping ensued as prepared borrowers and property purchasers sought out better deals once their fixed interest rate agreements expired.

In summary, the expectations of vendors (and agents) have adjusted robustly in light of rising interest rates and overall inflationary conditions. Property prices in the region generally remained subdued up to September and then quietly found their groove. On the flip side, we are still seeing steady demand for rental accommodation in the region but rental rates have pared back from their rampant tenancy renewal increases with most informed landlords now opting to adopt a holding pattern on rental rates or even slightly reduce the weekly rent in a bid to keep tenants onside.

So, what to make of the most recent November RBA cash rate hike as we wait and see its likely impact on owner-occupiers and investors in the local property market for the remainder of the year

and into next year? Consider the words of a Chilean Poet:

"So I wait for you like a lonely house till you will see me again and live in me. Till then my windows ache". (Pablo Neruda)

Vaughan Bell
Property Valuer

Coffs Harbour

Looking back on the year that was, the market did not have too many surprises in the face of ever-increasing interest rates and inflationary pressure; it was always going to be steady as we go. Off the back of a very slow Christmas period, my expectation in early 2023 was that investors may come back into the market as it transitioned from a seller's market to a buyer's market which saw a general reduction in values (circa 10%) from the peak times combined with rental vacancy pressures making it more attractive to the investor, however it did not play out that way. In fact the investor market seems to be very thin as the potential returns (three to five%) are not matching the increasing interest rates of circa six to seven%.

Although there is rental pressure it is at the lower affordable end of the market (sub $500 per week) which experiences the most demand whilst there appears to be plentiful supply of property for rent over $650 per week. It is interesting to note that the vacancy rate in Coffs Harbour peaked in April 2023 at 2.3%, the highest in 10 years, and sat at around one% in October 2023 according to SQM Research.

Not surprisingly the lower end of the market (sub $750,000) continues to tick over as this is the most affordable sector and the realm of the first home buyer. Surprisingly, the upper end of the market ($1.5 million plus) seems to be reasonably strong with local agents reporting steady demand from the more senior generations who are financially secure with several assets behind them and looking for their piece of paradise. This is probably the tale of the haves and have nots, with this gap appearing to be getting even wider in society in general.

The winter months, as in most years, were particularly slow however we did see interest rates stall at 4.1% for a couple of months while inflation looked like it was coming under control. This gave the market some lift with the knowledge that the worst of it may be over and combined with the coming of spring, did give a glimmer of hope the market was trending in the right direction, however the recent interest rate rise may be dampening that slightly, especially moving into the Christmas period. I feel the sales volumes moving forward will slow and it will again be a quiet festive season.

Grant Oxenford
Director

Central Coast

The Central Coast property market throughout 2023 experienced a correction in median house values with recent CoreLogic data showing a -7.8% growth rate change from the twelve months prior to August 2023 and a -1.1% change from the three months prior to August 2023 for the Central Coast LGA. These statistics encapsulate many micro markets, with some suburbs outperforming others and some suburbs underperforming. As the year progressed, we noticed a stabilisation in values with the data indicating the market is close to reaching the bottom. Reaching the bottom of the market has many caveats attached. The stabilisation in values was off the back of interest rate pauses throughout the second and third quarters of 2023. Agents reported a boost in confidence levels with first home buyers and investors re-emerging from the rubble after the RBA agreed on a cease fire from lobbing interest rate rises onto mortgage holders. We would later find out that this would be temporary. As the horses galloped around Flemington on the first Tuesday of November for a chance to win the most prestigious race in Australia, the whistling of bombs could be heard as the RBA made the decision to bombard mortgage holders again with another rate rise. The fall out of the latest rate rise is yet to seep into the Central Coast property market with its effects unknown for now, however it is expected to dampen confidence levels once more moving into 2024.

The entry levels to the Central Coast property markets vary greatly depending on suburb. Generally speaking, entry price points for units range from $300,000 to $400,000 and for houses $550,000 to $750,000. This market has shown resilience over the course of 2023 with values being the first to stabilise within the region. Suburbs such as Hamlyn Terrace and Woongarrah in the north and Narara, Wyoming and Lisarow to the south experienced a steady growth of demand and benefited from a lack of supply with listings at below average levels.

The upgrader markets typically within the price brackets of $1 million to $2.5 million underperformed throughout 2023 with values falling further than regional averages in some suburbs. Suburbs within this price bracket portrayed as upgrader markets that have seen heavier falls in median house prices include Avoca Beach and Umina Beach in the south and Long Jetty and The Entrance North in the north.

The prestige market has been a surprise card throughout 2023 with continued strong demand levels for beachfront, beachside and rural lifestyle properties across the region. There have been examples of beachfront sales in excess of $10 million recorded in MacMasters Beach and Pearl Beach and rural lifestyle properties in excess of $4 million recorded in Matcham, Holgate and Wamberal. This particular market segment has not been as affected by the interest rate rises as other markets. With our region still an affordable location for prestige property buyers to scope out, we expect to see jaw dropping sales continue in 2024.

Reflecting on our February edition, we crystal-balled how the Central Coast property market would perform. Some of our key predictions included:

- Increased levels of supply that could supress the market further;
- Dual occupancy property yields in the northern suburbs would experience increases in yield rates from a range of 3.5 to 5.5%;
- Interest rates would plateau at some point in 2023 which may be the catalyst for a market recovery with stabilised conditions to follow.

Out of the above predictions, the one that caught us by surprise was the possibility of increased supply levels in the local markets. In fact, what we saw in 2023 was a lack of supply, which has allowed the market to potentially recover quicker than what was predicted by many economists and property experts.

Dual occupancy property gross yields have been trending in an upward trajectory on the back of falling values and increases in the rental markets with gross yields recorded in excess of six% in suburbs such as Charmhaven and Gorokan more recently.

Lastly, it could be viewed that our interest rate prediction was mostly correct.

As we sign off for 2023, the year of 2024 brings a level of optimism as we venture ever so closely to the bottom of the local property market cycle. Will inflationary pressures ease and will we see the first interest rate cut since 2020? These macro factors and other micro factors will shape the performance of the Central Coast local property market.

Todd Beckman
Associate Director

Shoalhaven

Well, what an interesting year 2023 has been for the Shoalhaven residential property market. The market has largely been affected by the increasing cost of living pressures facing households, stubbornly high inflation and the Reserve Bank of Australia's (RBA) decisions to continue to lift interest rates during the year.

The total rate increase for 2023 so far is 1.25% per annum, with the RBA deciding to increase the cash rate by 0.25% per annum in February, March, May, June and November (no changes announced in January, April, July, August, September or October). There was a feeling after June that the market had somewhat stabilised after slowing and rescinding during the start of the year, however this might change as the decision to lift interest rates in November has put a lot of pressure on household budgets and could again see the market move back to the declining phase. Added to this latest interest rate rise in November is some talk of another interest rate rise in December.

It is evident that there have been fewer high sale results achieved in the region (over $3 million) in 2023 compared to 2022. Overall, it is evident that all levels of the market have seen fewer sale results. Local agents are advising of fewer prospective purchasers at open houses, more days spent on the market for houses in order to achieve a sale and some agents are also having to educate some sellers in order to achieve a sale price as their initial asking prices were not attracting interest. It appears that none of the coastal suburbs such as Vincentia, Huskisson, Culburra Beach, Hyams Beach, Callala Bay or Callala Beach have been able to avoid these slowing market conditions.

At the start of the year we predicted that values would decline in 2023 as the market continued to soften and that the more the year progressed, the more values would decline. We also highlighted that it would a turbulent year for the Shoalhaven residential property market. Overall our predictions at the start of the year have largely been accurate. We believe that any more rate rises by the RBA are likely to have significant adverse effects on the market.

Joshua Devitt
Associate Director

Illawarra

Did the market rebound in 2023? It certainly appears to have turned a corner. After peaking in April 2022, the Illawarra property market, like many others, felt the impact of interest rate rises and demand and prices fell away. This year started with the market continuing to decline but it didn't take long to reach the bottom with CoreLogic reporting that March 2023 was the first time since the peak that there was a monthly increase in dwelling

Did the market rebound in 2023? It certainly appears to have turned a corner.

value. Since March, the Illawarra has recorded eight months in a row of monthly increases ranging from 0.2% to 1.6%. In November 2023, CoreLogic reported that Wollongong was the 7th highest location in regional New South Wales for annual change to median dwelling value with an increase of 3.2%.

What has driven the turnaround? Interest rates were a key factor in causing the 2022 decline and it was only in April 2023 that the RBA didn't increase the cash rate the first time in 10 announcements. A stabilisation of interest rates, giving buyers a bit more confidence, is one reason why there might have been an increase in values, but the cash rate did have further increases in May, June and November. Supply levels in the middle of the year were somewhat restricted; less properties on the market leads to more competition amongst buyers for the stock that is available and an increasing pressure on value.

At the start of the year we highlighted Wollongong CBD units as a property type to watch. With units having a high proportion of investor owners, a rise in interest rates and substantial supply in 2022 and 2023, we expected unit values to decrease. However, units in Wollongong have largely followed the overall market as described above. Realestate.com.au indicates a 12-month growth from November 2022 to October 2023 of 1.1%, with 367 transactions.

Chris McKenna
Region Director

Southern Highlands

The Southern Highlands property market in 2023 faced a myriad of challenges amidst global and economic uncertainties. Despite enduring factors such as interest rate fluctuations and stock market shifts, the market exhibited a remarkable degree of resilience in some sectors of the market, whilst other sectors fared worse due to ongoing rate rises.

Positive Performers: Properties situated in prime locations and boasting unique features or lifestyle advantages likely maintained consistent demand. Notably, high-end homes with specific amenities or scenic views exhibited robust performance, even in the face of external uncertainties.

Struggled: The middle market, spanning the $1 million to $2 million range, emerged as the weakest link in the market chain. The impact was predominantly attributed to a reluctance among families to make substantial lifestyle changes in response to rising interest rates. This manifested in a trend of families opting to maintain their financial positions rather than upsizing homes, leading to a notable dip in this segment.

Top-End Resilience: At the top end of the market, sales over $10 million occurred, albeit in a significantly more challenging environment compared to previous years. Noteworthy transactions underscored that while the top tier faced hurdles, it still showcased pockets of notable activity.

Entry Level Market: The entry-level market experienced softening, although government first home buyer incentives played a crucial role in sustaining its buoyancy. Despite the broader market challenges, these incentives contributed to maintaining activity in this segment.

Review of Predictions from February 2023: Upon revisiting the predictions made in February 2023, it is evident that the market outcomes mirrored several expectations. However, adjustments may be warranted in light of unforeseen factors that influenced the market differently than initially anticipated. Notably, the disproportionate softening of the middle market stands out as a crucial factor requiring recalibration in future predictions.

Surprises of 2023: In 2023, unexpected events unfolded, reshaping the dynamics of the Southern Highlands property market. While the middle market struggled more than predicted, notable sales above $10, million served as a testament to the persistence of demand at the upper echelons, with high net worth individuals showing they still have an appetite for good quality. Government first home buyer incentives proved instrumental in mitigating softening in the entry-level segment, defying some expectations.
These surprises underscore the need for a nuanced understanding of the Southern Highlands property market, where the interplay of economic factors and buyer behaviours continues to evolve. In the face of challenges, the market remains a dynamic landscape with pockets of resilience and notable transactions that defy broader trends.

Kurt Bismire
Valuer

Tamworth

In the 2023 calendar year we transitioned into more pre-COVID market trends that saw regional property markets return to more traditional, local buyers, as well as the return of an El Nino weather pattern (hotter, dryer conditions) and the effects

of rising interest rates. The Tamworth and greater region experienced a year of stabilising house prices. Here's a recap on the year that's been.

Early in the calendar year we saw a continuance of strong residential demand, reflective of below historical average selling periods and evidence in capital growth in comparison to 12 months prior. This strong activity through the January and February months was generally a carry-over of strong market activity throughout the late 2022 calendar year, estate agents working through a healthy buyer database and a continuance of limited property listings available on the market. This was despite numerous RBA cash rate increases and the decrease in out of town buyer enquiry for rural residential and prestige property market segments.

From there, the Tamworth market experienced a decrease in enquiry for vacant land, new home construction and higher value property market segments. This influenced a slight increase in selling periods and adjustments of vendor expectations for property priced over the $1 million mark. Entry level and medium price range market segments (up to $500,000) still performed reasonably well in the mid-year period due to continued investor activity and newly incentivised first home owners. Furthermore, recently constructed, modern dwellings priced under $900,000 were in high demand, largely due to the inflationary pressures ever-present within the construction industry. These trends have been largely consistent right through to the end of year.

Residential prestige and rural lifestyle markets have experienced increasingly subdued market activity, with the buyer enquiry rescinding to more traditional shallow buyer pools. Properties priced above $1.5 million have seen increased selling periods. This market segment appears to have been most affected by interest rate rises and the growing uncertainty households are feeling regarding the cost of living.

Overall, the Tamworth residential market has not provided many surprises this year. As expected, there was a slowing of the pace of residential markets as buyer urgency eased and house prices by and large plateaued. Based on the CoreLogic annual median value suburb statistics for the major residential suburbs of Tamworth, the average increase in median house price from 2022 to 2023 was 4.08%. In comparison, the average increase for the 2021 to 2022 period was a whopping 26.38%. Overall, it seems to have been a year of consolidation. Markets have normalised to a more traditional pace, seeing modest capital growth and sale transaction numbers. The region is expected to continue in a steady market direction, with affordability and serviceability a priority for homeowners and respective home buyers.

Nick Humphries
Property Valuer

Byron

The Byron Shire residential market in 2023 has, for the most part, behaved in a manner that most of us would consider to be fairly normal. After a helter skelter 2021 and 2022, this year has proven to be a period of relative calm with neither buyers nor sellers really having the upper hand. In spite of interest rates that continue to rise, albeit a little more slowly in recent months, value levels across the shire appear to have stabilised for now as has the volume of transactions.

In the first quarter of 2023 in Byron Bay itself, there were 32 recorded sales of houses, land and units while in the three months to now, there were 30 sales. These recent sale prices ranged from as little as $870,000 for a one-bedroom unit to several blue-ribbon properties selling above $5 million, reflecting a degree of confidence across the full spectrum of the Byron Bay market. There is no doubt however that properties are transacting well below the peak of the market which, with the benefit of hindsight, occurred in late 2021 and early 2022.

To illustrate this, in July 2022 our "Lazy $700,000" feature reported that there were only seven listings at that time across the Byron Shire for residential properties under $700,000. At the time of writing, there are currently 19 properties across the shire with an asking price under $700,000. Most notably amongst these listings there are eight vacant land listings. There was a time not long ago when vacant blocks of land to build on were as rare as hens' teeth, however for many buyers, the current high cost of building a house has dampened their enthusiasm to build which is putting pressure on the residential land market.

Some notable sales in 2023 included two direct beachfront Byron Bay houses that sold for $16 million and $22 million, a $9 million sale of a house in Wategos Beach in Byron Bay and a prestige villa in Tennyson Street, Byron Bay for $4.4 million. There have been several sales of prestige rural

At the start of this year we urged you to keep calm and carry on and for the most part, that would appear to be what has happened.

HERRON TODD WHITE

residential properties including a 30-hectare property at Talofa with distant ocean views and a modern dwelling for $7.5 million and a two-hectare escarpment property at Newrybar with extensive ocean views and a restored 1920s timber house for $8.3 million. On the other hand, you could have picked up a two-bedroom apartment in Ocean Shores a short walk from the shopping centre for $513,000 or a 564 square metre block of vacant land in Ocean Shores for $535,000.

At the start of this year we urged you to keep calm and carry on and for the most part, that would appear to be what has happened. Buyers have had more choice than they have had in a long time while sellers who have realistic expectations of value have been rewarded with a sale within a relatively short time.

Mark Lackey
Property Valuer

Newcastle

2023 proved to be a year of twists and turns and finished with records moving from wondering when the market was going to turn to finishing the year with a gain in pace again.

The year started with the threat of interest rates having a dramatic effect on the market and housing affordability, with valuers seeing the peak reaching fever pitch in November 2022 and the only way was down, however that's not how it ended as statistics indicate the market peaked around February 2023. For the following few months, values and buyer appetite did start to decline as the affordability issue became a reality and competition for houses was no longer of interest.

As with most things in property, it was a question of when would interest rate rises become the norm and the property market settle down with buyer sentiment changing again. As we look back, August and September were the point when everyone became interested again. House sale numbers started to increase and over the final months of 2023, high sale prices were on their way back, including quite a number over $5 million, suburb records and a penthouse record at $8.5 million which exceeded the previous record during the height of the market ($8.3 million).

During the year, we also saw the effects of the construction industry challenges on vacant land sales. Due to interest rate and build cost rises, building your dream home became more expensive. The consequence of rising build costs was the impact on vacant land prices, over-capitalisation and the switch to a preference to ready to move into dwellings. Overall, a comparison of mid-2022 vacant land sale prices to mid-2023 vacant land sale prices was a decline in most suburbs of circa 10%. This was particularly concerning to those purchasing off plan in mid-2022 when the land was registered in mid-2023 and the value was much lower.

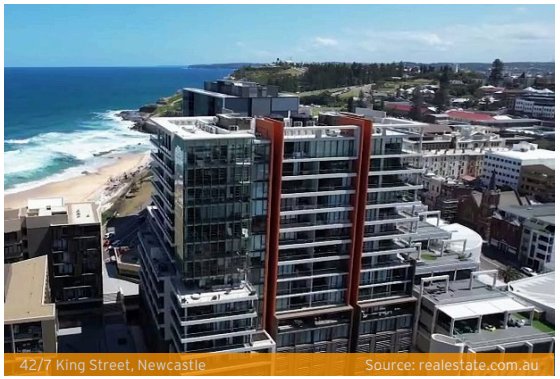
Looking back over the past 12 months, the market has performed as expected, moving through several cycles as economic factors took effect. With the constant threat of interest rate rises at the end of 2022, the market was always going to react at some point based on past experiences of a peaking market and a question of how long and by how much was the talking point.

On reflection, house prices reduced slightly but of little significance and it appeared to be more of a case of buyers not wanting to compete with other interested parties rather than falling sale prices and any reduction in value was more a case of comparing to over-bidding and gazumping rather than a normal active market.

As we come to the end of 2023, it is surprising how quickly the market has recovered and high prices are being paid again.

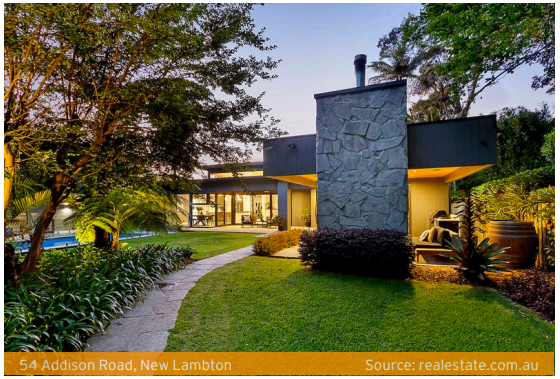
A couple of good examples are in the record books as we close 2023 on a high:

42/7 King Street, Newcastle sold for $8.5 million - (a record over the previous penthouse sale of $8.3 million) a penthouse close to Newcastle Beach



42/7 King Street, Newcastle Source: realestate.com.au

Another sales was this stunning house at 54 Addison Road, New Lambton which sold for $4.95 million.



54 Addison Road, New Lambton Source: realestate.com.au

Overall the market appears to have adapted to changing economic conditions over the course of

the past 12 months and has recovered to provide both buyers and sellers a market they can enter with confidence.

Darren Sims
Property Valuer

Albury Wodonga

The Albury Wodonga property market saw a much calmer 2023 after the storms that were 2021 and 2022. The levelling out that was felt in the last half of 2022 remained throughout 2023 in most market segments but there was still some growth. The strong player that is the rural residential market continued to transact without much hesitation as did the sub $400,000 market in all locations. The greater Albury Wodonga area exceeded the prediction of a plateauing market with PriceFinder recording growth of 3.7% so far this year for Wodonga, the majority of sales falling within the $400,000 to $500,000 range, and 9.6% for Albury with the majority of sales falling within the $800,000 to $900,000 range.

As predicted, the continued interest rate rises saw a shift in thinking for first home buyers, who opted for entry-level existing dwellings, with land purchased before building costs escalated making building a new home somewhat unaffordable. However, this did not play out as severely as anticipated with many opting to refinance in the search for better rates.

Certainly by the end of this year we were seeing longer holding periods and more off market transactions. Agents in most spaces are reporting selling prices coming in under asking price, throwing the ball back over to purchasers as they have time to do their due diligence before putting in an offer. With that said, there were still some high-end sales coming through, showing a real disparity in the market this year.

6 Kingswood Way, West Wodonga - Sold 22 August 2023 for $2.9 million
Source: CoreLogic

Our Shepparton market was in recovery mode after the floods of 2022, with wary buyers and investors opting out of this market in 2023. Land also softened early this year with lower sale prices than 2022. Longer selling times have been reported due to agents having to fight harder for listings and vendor expectations remaining unrealistic, resulting in high listing prices, long sale periods and lower results. That said, the $800,000 to $900,000 market continued to trade well throughout 2023, as did the sub $400,000 market.

Yarrawonga Mulwala was also predicted to slow and decline, which has been evident in 2023 after a huge growth period in 2021 and 2022. The last half of this year has witnessed some properties selling for significantly less than asking price and there have been noticeable declines in land sale prices as well as in existing dwelling sales.

One surprise for 2023 has been the continued demand for land and new house builds with total land plus build contracts still being achievable for sub $600,000. Part of this demand is the easing of material shortages and a steady supply of affordable land in Thurgoona, Leneva and Baranduda.

Overall, our year has played out largely as predicted but with more inconsistency in sale prices than anticipated and some markets remaining stronger than anticipated. The overall trend appears to have been fewer transactions and longer time on market, which is reflective of a more stable market rather than a very heated market which was experienced during 2021 and 2022.

Vanessa West
Valuer

Victoria - Residential 2023

Melbourne

The Victorian property market has had an eventful year in 2023. Following a series of interest rate rises that started in May 2022, we have observed varying reactions at each level of the market. The more affordable end of the market appears to have taken the greatest hit from the rate rises, with many city-fringe greenfield suburbs such as Melton, Werribee and Pakenham experiencing an overall decline in property values over the past 12 months.

In many cases, we have also seen a decline in the value of vacant land parcels in these areas, which can be partly attributed to sustained insecurity in the building industry, driven by collapsing builders and high construction costs. At the top end of the market, buyers appear in many cases unfazed by interest rates, with a number of record breaking sales throughout the year. This is partly a result of cash purchases and the return of internationally-based buyers.

This month we will take a look back at the overall market performance across each of Victoria's regions in 2023 and compare this against the predictions made for the year in our February edition.

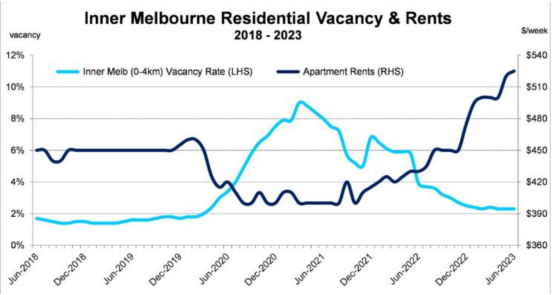
Melbourne CBD

At the beginning of 2023 it was predicted that rental prices in Melbourne's CBD would continue to increase as a result of international students beginning to return following border closures during the COVID pandemic. Although rents were predicted to rise, there were expectations that the prices of properties would decrease due to higher supply and increased mortgages, leading to the market stagnating.

Melbourne's CBD is made up of predominantly units or apartments, making their sale prices a good gauge of the property market in the inner city. Approximately 70% of people in the city are renters with 30% owning their home (domain.com.au). Data shows that the median price of units and apartments in these areas has decreased by 7.3%.

Inner Melbourne 5-year price trend — Source: realestate.com.au

Although the prices may have decreased, rents have increased and vacancy rates have once again fallen. This performance is showing that the city is having a bounce back after the tough couple of years of the COVID-19 pandemic.



Inner Melbourne vacancy rates and rents — Source: REIV

With rental yield currently at 6.7% and rental incomes trending upwards, this will encourage high levels of investment as these types of investments are very lucrative.

Although prices may have decreased, there is still significant investment in new apartment buildings, for example West Side Place on Spencer Street which is four apartment buildings costing approximately $1 billion for the build.

West Side Place — Source: westsideplace.com.au

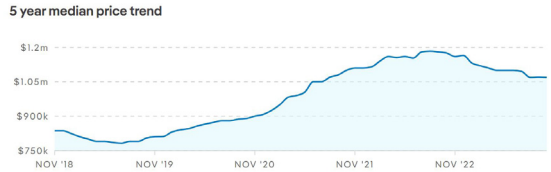
With times getting tougher for Australians and an expected 400,000 immigrants coming to Australia between 2023 and 2024, there could potentially be a shift in the way people live and higher density living could continue to show strong growth especially considering the rental demand at the moment.

South East & Mornington Peninsula

The predictions for the south-eastern suburbs of Melbourne were that the prices would decrease in established areas due to an influx of people

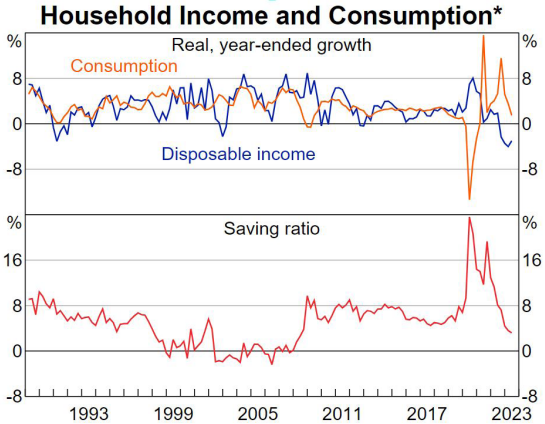
coming into the country and increased interest rates, however developing suburbs such as Clyde, Officer and Pakenham would grow due to high levels of demand from first home buyers and younger families. Prices in the developing suburbs were expected to remain at a soft level with a slight downward trend.

The property market in the south-eastern suburbs has not responded well in the past 12 months and a good indicator of this region is the Mornington Peninsula. The township of Mornington has seen its median price decreased by nine% over the last year. The median price in this area is currently at $1,068,800. Following strong growth from early 2019 to late 2022 as the pandemic sea-change took hold, it is clear that the economic pressures have resulted in softening demand.

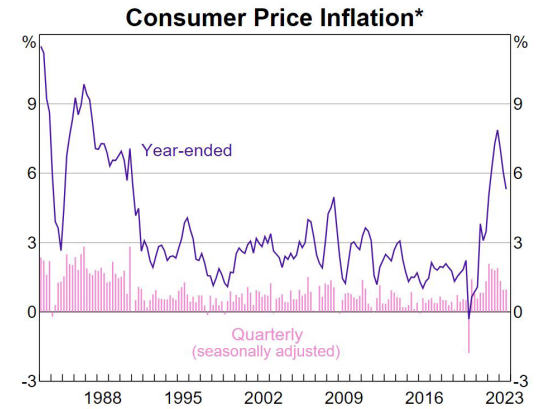


Mornington Peninsula 5 Year Median Price Trend Source: realestate.com.au

Alternatively, areas which are relatively cheaper in the south-eastern suburbs such as Clyde have declined but only slightly and seem to be stabilising. In the past 12 months the median house price in Clyde has only decreased by 1.7%. Even in an unstable market it shows that buyers are leaning more towards cheaper suburbs. This would be largely to do with the lower savings ratios and higher inflation rates.



Source: RBA Chart Pack



Source: RBA Chart Pack

With higher rates of inflation, Australians are saving less, hence are opting to look to buy their properties in the cheaper outer suburbs of Melbourne.

New developing suburbs such as Clyde become more attractive to younger families.

The median age in Clyde is 30 compared to Victoria which is 38 (ABS census 2021), showing it is more common to move to a more affordable suburb. These sorts of factors contribute to stabilising prices in this area of Melbourne.

7 Danube Road, Clyde sold for $630,000 on 11 November 2023
Source: CoreLogic

Eastern Suburbs

This year we have observed a great deal of variation in the market performance across Victoria's east, with some suburbs sustaining year on year growth, whilst others have experienced a downturn in prices.

In February we predicted that the more affluent eastern suburbs would perform the strongest, with purchasers in these areas appearing less influenced by interest rate rises. For some areas, this has proven to be true, with Balwyn and Kew maintaining subtle but positive year on year growth.

This year we have observed a great deal of variation in the market performance across Victoria's east, with some suburbs sustaining year on year growth, whilst others have experienced a downturn in prices.

Neighbouring suburbs such as Camberwell haven't recorded the same performance, with prices falling by 3.8% over the 12-month period between November 2022 and October 2023. Malvern took a particularly heavy blow to its median house price, with Property Data Online recording a $460,000 value decline between Quarter 3, 2022 and Quarter 3, 2023.

9 Central Park Road, Malvern East Source: realestate.com.au

The outer-eastern metropolitan suburbs appear to have recorded overall price falls across the board, with Rowville, Lilydale and Boronia experiencing year on year reductions in value of 1.7%, two% and 0.5% respectively. This is largely attributed not only to rising interest rates, but also the continued uncertainty within the building industry.

Bankside Estate Rowville Source: Domain

As predicted correctly in our February edition, residential developments have remained consistent and abundant throughout 2023. The cities of Monash, Maroondah and Whitehorse have remained popular areas for two- and three-dwelling developments, though developers are likely to face reduced profits as a result of increased building costs and lower sale prices.

Northern Suburbs

The inner and outer northern suburbs of Melbourne presented distinct challenges and performance trends in 2023. The prediction at the start of the year regarding the potential impact of returning international students and increased immigration likely played a significant role in aiding the market's recovery.

Inner northern neighbourhoods such as Brunswick, Thornbury and Northcote demonstrated robust performance, albeit with limited new housing stock. Occasionally, medium-sized developers acquire larger lots to construct six to eight units or townhouses in these areas and their prime location commands a premium. Such developments have exceeded expectations due to the scarcity of available properties in these sought-after postcodes, although buyers may need to compromise on living space and, in some cases, front and back yards.

The dataset's absence of distinction between townhouses, villas and apartment sales raises accuracy concerns for the median value. Particularly noteworthy is that townhouses and units with a land component are, on average, 60% pricier than the reported median value.

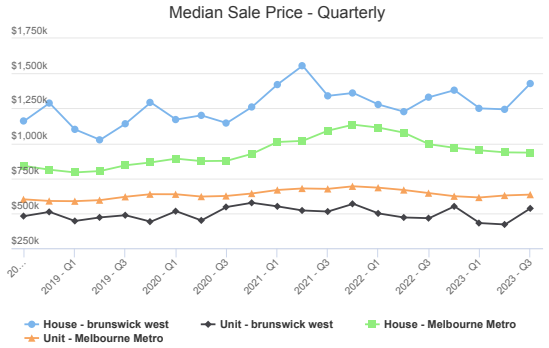
In Brunswick West, the median sale prices for houses and units in the third quarter of 2023 have been analysed. The median house price stands at $1.43 million, indicating a quarterly price change of 14.8%, suggesting a slight increase. Conversely, the median unit price is $535,000, reflecting a quarterly price change of 27.4%, indicating a modest rise.

These figures represent the midpoint sale prices of all properties reported as sold in the past 12 months, offering insights into the market dynamics for the specified quarter. Despite several interest rate increases, the markets in both the inner and outer northern areas of Melbourne have exhibited resilience and consistency, with no significant signs of decline.

Numerous suburbs have experienced stabilised prices and even demonstrated slight growth. Below are a few examples.

16A Waxman Pde, Brunswick West three-bedroom townhouse: Price Range: $850,000 to $910,000 Source: REIV

3/6 Jolley Street Brunswick West VIC 3055 sold 10 November 2023 for $830,000
Source: CoreLogic



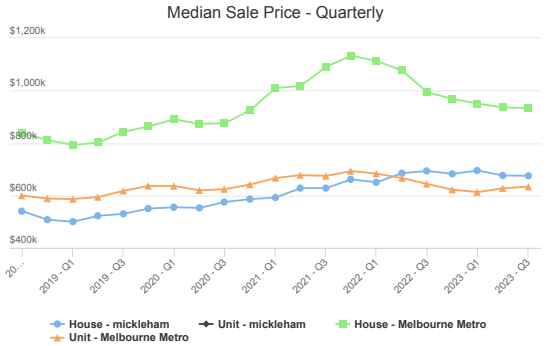
Brunswick West median price
Source: REIV

On the other hand, outer suburbs such as Beveridge, Mickleham, Kalkallo, Doreen and Donnybrook offer new opportunities for homebuyers and investors. These areas boast abundant options, including newly built homes and vacant land, making it more accessible for many families and young individuals to enter the property market.

In Mickleham, the median house price stands at $675,000, experiencing a quarterly price change of -0.1%. It's worth noting that construction in the outer northern suburbs predominantly comprises houses, with minimal semi-detached structures and no apartments.

The property market dynamics in the outer northern suburbs of Melbourne exhibit a heightened sensitivity to market shifts, particularly in response to variables such as interest rates and government policies. Prices in this area may experience slight fluctuations, attributed to the demographic makeup which primarily comprises small-scale mum-and-dad investors and first-time homebuyers.

The demand for properties that offer attractive rental returns for investors and homes for owner-occupiers in the area has surged, driven by population growth. Despite increases in interest rates, a noteworthy number of individuals remain undeterred. While some are selling their properties due to rising mortgage repayments, there is a comparable influx of new entrants into the market.



Mickleham median price
Source: REIV

Confronted with the challenges of escalating interest rates and widespread speculations of an impending property market crash and the potential bursting of the housing bubble, the northern suburbs of Melbourne have exhibited notable resilience.

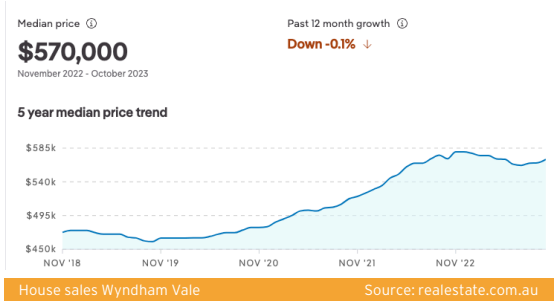
This robustness is evident across various property types and locations, whether in the inner north or outer northern suburbs.

Western Suburbs

In 2023, the western suburbs of Melbourne's real estate landscape was shaped by some common factors, namely multiple interest rate hikes, inflationary pressures, a rising cost of living, shortages in construction resources and the impact of the war in Ukraine.

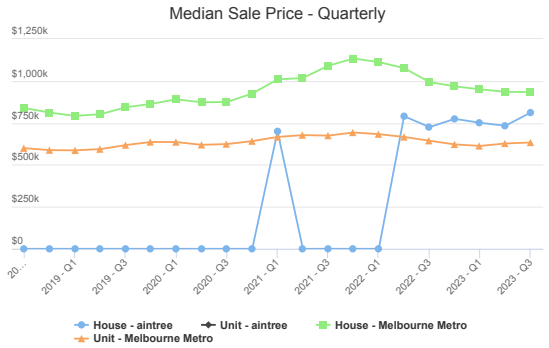
Back in February a continuing flat pitch was predicted for the first half of 2023 due to uncertainty caused by rising interest rates and the increased cost of living. It was also predicted that towards the end of the year there would be a slow recovery in property values.

During the initial quarter of 2023, high urban growth suburbs including Truganina, Tarneit, Wyndham Vale, Aintree and Rockbank, demonstrated remarkable resilience in property values, holding steady despite encountering two interest rate increases. However, as we transitioned into the second quarter of the year, a slight shift emerged. Some of these suburbs, exemplified by Wyndham Vale, experienced a slight dip in property values, marking a subtle but notable adjustment in the market.



House sales Wyndham Vale Source: realestate.com.au

Between July and October, a period free from any interest rate increases, notable improvements graced the real estate market, particularly in suburbs such as Aintree. Impressively, Aintree experienced a substantial 10.7% surge in property values, soaring beyond both the current median price and that of the third quarter. This sets Aintree apart, as the rest of Melbourne on average saw a modest 0.2% decline during the same timeframe.



Mickleham median price Source: REIV

In the vibrant landscape of the inner north-west, Maribyrnong emerged as a standout suburb, showcasing an impressive 4.5% surge in median house value over the past 12 months. This positive trend however stood in contrast to its neighbouring suburb of Yarraville, which experienced a downturn with a notable 12.7% decrease in market value.

House sales Wyndham Vale Source: realestate.com.au

Geelong

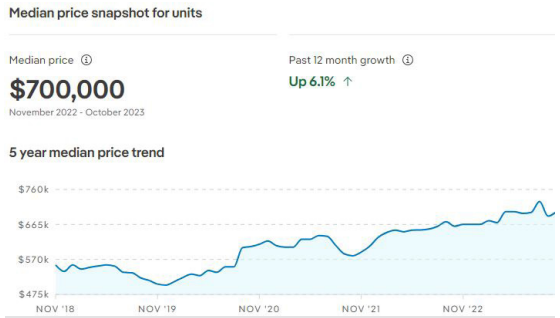
During the first quarter of 2023, the Geelong property market sustained robust activity, building on the momentum observed in 2022 for both freestanding houses and units and apartments. However, there was a marginal decline in the month of March 2023 for units and apartments.

The second and third quarters of 2023 witnessed fluctuations, demonstrating an overall upward trend. Market activity in Geelong started to decelerate in the last quarter of 2023, accompanied by a slight decrease in the median property value.

This shift in the Geelong property market is attributed to the recent rise in interest rates and the prevailing economic uncertainties.

On the other hand, in the past 12 months, a

Geelong house median prices Source: realestate.com.au



Geelong unit median prices Source: realestate.com.au

majority of the Greater Geelong suburbs witnessed a decline in median price growth, particularly in the inner west and eastern suburbs such as Herne Hill, Newcomb, Bell Park and East Geelong, with decreases of 3.9%, 6.3%, 4.6% and 9.9% respectively. Similar outcomes were observed in other Geelong region suburbs such as Geelong West, Highton, Belmont and Newtown.

The median time on the market for Greater Geelong has increased, reaching 49 days for houses and 88 days for units and apartments in the past 12 months.

Nevertheless, Geelong has experienced strong demand for properties. In the month of October alone, there were 1895 buyers with a serious interest in houses and 1167 buyers for units or apartments.

In addition to Geelong, Waurn Ponds has experienced a growth of 2.2% in its median house price over the past 12 months. In October 2023, there were 43 sales with a median price of $805,000. Furthermore, the median time on the market for a property in Waurn Ponds is 35 days, a figure notably lower than most suburbs in Greater Geelong.

Warun Ponds house median prices Source: realestate.com.au

A forecast we made in February 2023 has materialised, in which we indicated that market demand might decline due to an oversupply of properties, especially in suburbs such as Armstrong Creek, Charlemont and Mount Duneed. We also foresaw extended selling periods, a trend that has indeed been observed in the majority of suburbs in Greater Geelong.

Perron King
Director

Mildura

The residential property market in Sunraysia held up remarkably well during 2023. With the benefit of hindsight, it is fairly easy to see why this happened, but at the same time there was genuine reason for feeling a bit uneasy at the start of the year.

After such a long period of record low interest rates, it was always going to be hard to predict what the impact of sustained higher rates would be on buyers as we entered 2023. While there is no doubt that buyers became more cautious throughout the year, this caution was offset by fewer properties coming on the market. Some owners considering selling appear to have been unwilling to market their properties in a period of uncertainty while others have looked at the rising rents and decided that the higher rental returns made retaining their property more attractive.

Data compiled by CoreLogic suggests that the median house price in Mildura rose by a whisker during the first half of 2023 and then remained fairly flat.

The lesson seems to be that rising interest rates hurt, but in isolation do not lead to significant value declines in the first 12 months. Many observers suggest that maintaining full employment is the more significant factor. Unemployment rates throughout the Sunraysia region remained very low during 2023. If people are earning money, they can prioritise their mortgage payments. The year may have been very different had the jobs market deteriorated.

Strong national and local population growth also contributed to demand for both home rental and ownership.

The exception has been the vacant land market, with sales in the latter half of 2023 showing lower levels than 12 months ago. This is attributed to a combination of a large volume of serviced lots coming onto the market at a time of buyer resistance to increased construction costs and some nervousness following the collapse of some larger building companies in metropolitan areas.

Many buyers have favoured buying established dwellings rather than pursuing new builds. This has helped prop up the value of established dwellings, particularly the over $450,000 segment and has also resulted in a number of vacant lots being offered for resale. However this will not help alleviate the housing shortage and also reduces economic activity.

Rents appreciated significantly during 2023, with agents reporting extremely low vacancy rates. It is proving difficult for many young single people and families to source suitable rental accommodation. Meanwhile the decision by the Victorian state government to reduce the land tax threshold to $50,000 from 1 January 2024 will see many local investors receive an unexpected bill of around $1,000 per annum. There is plenty of land on the New South Wales side of the Murray River, where the land tax threshold is set at $969,000. (For those who don't have a calculator handy, the New South Wales threshold will be 19.4 times higher than in Victoria!). Perhaps we will see investors head over the river in border towns such as Mildura?

Buyer activity in the prestige market (which for us is over $1.5 million) has been about normal during 2023. As we have previously observed, there are usually enough buyers active to see competition for the limited number of higher value, mostly riverfront residential properties that come on the market each year.

Jake Garraway
Valuer

Queensland - Residential 2023

Brisbane

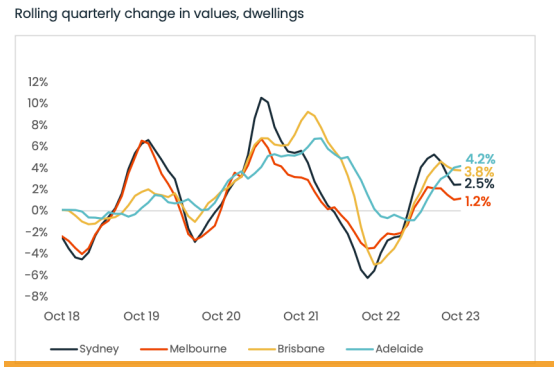
Brisbane property proved price resilient in 2023 overall. Certainly the fast and furious interest rate rises of 2022 had an immediate effect, with transaction volumes depleting rapidly during that time. But the beginning of 2023 delivered a little more stability. Still, buyers had some trepidation around when or if rates would rise again. As an overall observation, secondary properties suffered the most in the early part of the year. This refers to properties requiring extensive renovation or that are negatively impacted by external factors such as flooding, powerlines, rail or main roads.

Of course, this was in the shadow of limited supply. Property owners weren't keen to list their homes during a time of reduced buyer demand and uncertainty around the economy. As such, many delayed their selling plans. The net effect was prices mostly holding firm despite transaction numbers being low.

The pace picked up a little over mid-year. It would appear that some buyers who had delayed their plans were feeling a little more secure in the economic landscape.

This strengthening in the market – both sales volumes and prices – has continued through to the end of the year.

Some interesting statistics show how well we've performed in comparison to other capital cities too. CoreLogic data to October reveals Brisbane's rolling quarterly change in property values was greater than both Sydney's and Melbourne's as we tail out the year.



Quarterly rolling change in values — Source: CoreLogic

The overall numbers for Brisbane bode well too. Brisbane is definitely sweeping well back into positive territory post-pandemic, with dwelling values currently at record highs.

Brisbane Housing cycle — Source: CoreLogic

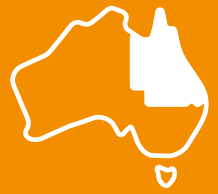
But of course, markets are more nuanced than this with various price points, property types and locations all seeing different outcomes in 2023.

Among the most resilient of the asset classes this year was detached housing within inner and mid-ring suburbs. These areas are characterised by limited available stock and very firm underlying demand from a wide range of buyers.

Some of this inner-city strength was fuelled by those moving back to the city from regional areas in the wake of the pandemic. If you held a home that was within five kilometres of the city centre, then it's unlikely your property values have gone backward over the course of the year. Think detached homes in areas like Paddington, Ascot, East Brisbane and West End. While not cheap, their ability to hold their value – regardless of price point – is hard to deny.

Similarly, mid-ring suburbs held up well when it came to detached housing. These areas encompass many homes with family-buyer appeal. Three-to-four-bedroom properties on traditional size allotments and lockup car accommodation proved popular... and if you're also within walking distance of a popular café hub or retail outlet, then a premium price was often the result. Think suburbs like Kedron, Wavell Heights, Salisbury or Upper Mount Gravatt. Many detached homes in these suburbs would have traded above $1 million, but it was possible to find renovatable stock below this too.

Lifestyle locations also performed well post-pandemic. Not everyone was rushing to be within two kilometres of the CBD on a small block. Part of the joy of Brisbane living is that you can be on a large site – even acreage – that's reasonably priced and still be within 20 minutes' drive of the CBD.



As buyers reassessed their preferences following changed working conditions and lifestyle requirements caused by COVID, properties such as those in coastal and bayside positions and rural residential suburbs have similarly experienced firm levels of demand.

A great example is this property at 14 Grattan Terrace, Wynnum which sold in October for $2 million. This home is within a short stroll of the Moreton Bay foreshore and delivers a three-bedroom, two-bathroom home on a 728 square metre site. There are bay views from the upper level, and it is beautifully presented and ready for a family buyer. Not too many years ago, achieving $2 million for a home like this here would have seemed astounding.

14 Grattan Terrace, Wynnum Source: realestate.com.au

Vacant land markets had it a little tougher this year. The ongoing elevated cost of construction made it difficult to build an affordable home. Even if you could secure a builder, it would usually take an extended time to complete the project. Fringe markets are where you see vacant land transacting most often and it would be fair to say that through to about mid-year, this sector was a source of concern.

We do note, however, that this has turned around a little in recent months. Limited supply issues and increased migration have seen demand for vacant land rise. Construction costs remain wickedly high, but pressure from folks looking for a home is helping drive the vacant land and house-and-land sector back towards being profitable. It will be interesting to watch how this unfolds in the coming year.

We really have seen the population ramp up in recent years – and this continues to put even more pressure on our extremely tight rental market.

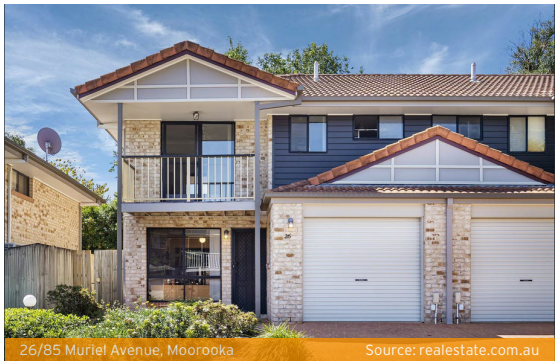
In terms of established housing on the Brisbane fringe (e.g. Caboolture and Morayfield), it's seen varying levels of demand over the past 12 to 18 months with some areas susceptible to declines in market values. That said, migration levels, limited supply and increasingly expensive rental markets have driven demand for established stock. It's seen as a very viable alternative for expensive-to-build new housing.

We really have seen the population ramp up in recent years – and this continues to put even more pressure on our extremely tight rental market. The unprecedented rate of interstate and overseas migration to Brisbane has seen all rental markets across the area continue to perform strongly with extremely low vacancies currently being experienced. At present our vacancy rate sits at approximately 0.9%. That flags an extreme imbalance with very tight supply butting up against huge demand. As a direct result, there has been upward pressure on rents. This seems to have prompted some investors to re-enter this sector of the market over recent months, which is a good thing. Moves at the political level along with a stream of anti-investor rhetoric throughout the past two years would have been a big part of why investor numbers shrank in our region.

Nationally, first homebuyers have been struggling to secure housing due to a lack of affordability. But given the rental market, many would far rather be homeowners than tenants. While Brisbane does have more affordable options than Sydney or Melbourne, the government is keen to do more. As such, the state government recently announced a doubling of the first homeowner's grant to $30,000 – but this still applies to new builds only. The bump will be enormously helpful to first time buyers but might also drive up the price of property in certain locations. Activity in fringe estates or new stages in the growth corridors – such as Ripley out to the west of Brisbane – might pick up on the back of the announcement.

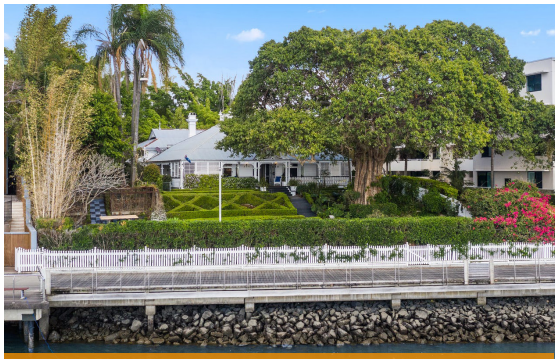
For many first-time buyers, the best option has been to seek a unit or townhouse in their area of interest. This is their affordable way into the market and often presented a good alternative to renting. For the same as you'd pay for a home in Logan, you can pick up a reasonable size two-bedroom unit in Taringa or a townhouse in Moorooka, Annerley, or Albany Creek. Of course, it's not just first-time buyers. Couples and young families have found that townhouses are an ideal alternative to expensive housing in a range of locations.

Take the sale at 26/85 Muriel Avenue, Moorooka for example. This three-bed, two-bath, two-car townhouse sold in October for $585,000. The property is of standard layout with its own courtyard and easy access to Fairfield Road shopping and Rocklea train station.


26/85 Muriel Avenue, Moorooka Source: realestate.com.au

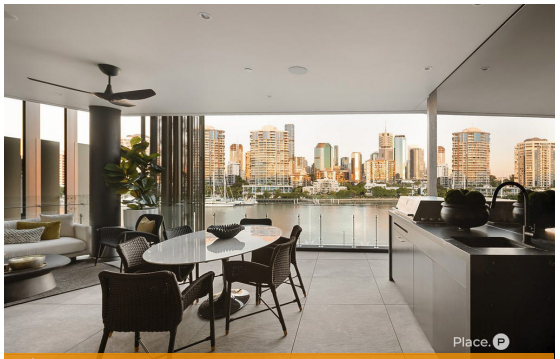
Second-hand units also did particularly well this year. In suburbs from Milton and Auchenflower through to Moorooka, Annerley and Morningside, a diverse range of locations saw unit stock improve in value. This was particularly so for older, three-storey walk-up units where a minor renovation went a long way towards improving liveability. This sort of living appeals to young buyer owners, or those looking for a low-maintenance option that doesn't cost a bomb.

At the other end of the scale are Brisbane's more pricey properties. As we discussed in the November Month in Review, the prestige market really fired up in Brisbane this year. Regular sales well above $5 million were occurring, particularly in the latter half of the year. A record sale was Amity House at 101 Welsby Road, New Farm which achieved a new Brisbane record after going under contract for $20.5 million. This is a 2127 square metre parcel that's described by three titles – including a vacant block that could have been immediately on sold or developed. The property has absolute river frontage in the heart of one of our city's most desirable inner suburbs. The site is improved with a historic colonial house built by prominent Brisbane figure, Thomas Welsby, in 1892. The home has seen its original features refreshed and there's four-bed, three-bath, eight-car accommodation. The parcel is beautifully landscaped with terraced gardens and pathways.


Amity House, 101 Welsby Road, New Farm Source: realestate.com.au

Big money was also being regularly spent in the apartment market. Downsizers/empty nesters who have done well riding Brisbane's property wave over the past few decades were able to enjoy some very impressive living. New apartment sales – both completed and off-the-plan – at $3 million-plus price points were a regular occurrence during 2023.

A good example is 9/49 Maxwell Street, New Farm which sold for a staggering $12.1 million this year. Known as Residence 9 in the Argyle development, this property has river and CBD views. The apartment provides three-bedroom, three-bathroom, four-car accommodation with an envy-inducing high-end fitout.



9/49 Maxwell Street, New Farm Source: realestate.com.au

So, now a few comments on how our predictions from February fared.

Well... overall I think we did pretty well.

At the time we noted that it would be a challenging year for anyone looking to sell or refinance given interest rates could continue to rise. That certainly played out in our first six months.

We also said interest rates needed to reach a ceiling before confidence returned to the market. When they did stabilise from July to October, it coincided with the start of our typical spring buying season. On the back of the continued constraints in supply, market activity increased with evidence of strong auction clearance rates and declining days on market/sale periods, resulting in property values returning to the levels experienced at the peak in early 2022. In many instances, prices well and truly exceeded this price point.

In February, we also acknowledged the tight rental market in and around Brisbane wouldn't be relaxing in the near future.

We noted that it would be a challenging year for anyone looking to sell or refinance given interest rates could continue to rise. That certainly played out in our first six months.

When thinking about the things that surprised us this year, it's hard to go past the ongoing strong demand for housing. Yes, population growth and a rosy outlook leading to the 2032 Olympic Games all helps but given the interest rate rise cycle may not yet be quite over and that there might well still be some economic pain on the horizon, you might expect demand to slow a little. This simply hasn't been the case and the recent uptick may well continue into next year as well.

From all of us here at Herron Todd White Brisbane, a Merry Christmas, happy New Year and enjoyable holiday season.

David Notley
Director

Gold Coast

Southern Gold Coast/Northern New South Wales

Driven predominantly by owner-occupier demand and a lack of supply across the majority of market segments, the southern Gold Coast and far northern New South Wales areas have remained resilient throughout 2023 with plenty of activity in our coastal locations and attractive yields and growth prospects still achievable despite rising interest rates.

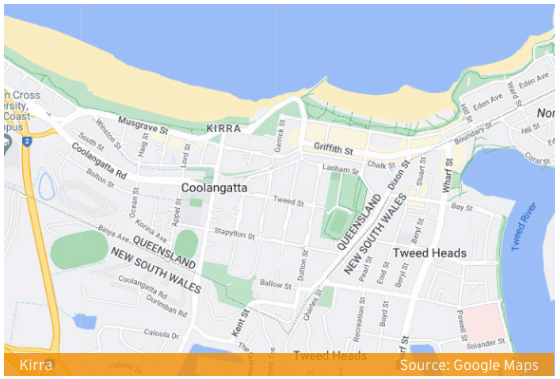
In particular, we have seen the unit market in the less than $1 million range remaining strong throughout this time period with a persistent supply shortage, particularly in the Coolangatta, Kirra and Tugun areas. Existing renters and local first home buyers are still seeing value in purchasing in this segment due to strong rent increases in recent years.

On the other hand, we have also observed a mild downturn in prices in the $1.5 million to $2.5 million freehold housing market in areas such as Casuarina, Kingscliff and Pottsville, with agents reporting increases in time on market and lesser turnouts at open homes. This is presumably due to a decrease in borrowing capacity in this particular segment as a result of rising interest rates. The prestige market remains fairly resilient with a large percentage of cash purchases being made, inelastic to the increased costs of borrowing.

At the beginning of the year, we reflected on current market conditions and made predictions for the year to come, some of which played out as anticipated. We noted particular locations that represented value at the time to keep an eye on in the second half of 2023, being the suburbs set back from the low yielding coastal pockets including areas such as Tweed Heads West, Bilambil Heights, Banora Point and Tweed Heads South. These are areas in which we are still seeing good comparative value in the less than $1 million freehold segment and very low vacancy rates. We also predicted growth in the duplex and townhouse stock in coastal pockets such as Kirra. These areas show good fundamental indicators (eg. continued population increases, new infrastructure such as the new Tweed Hospital in Kingscliff and Stage 4 Tram extension, gentrification and increasing development potential).

With increasing cost of living pressures, it has surprised us just how resilient the southern Gold Coast and Tweed Shire markets have remained.

With increasing cost of living pressures, it has surprised us just how resilient the southern Gold Coast and Tweed Shire markets have remained. The majority of new developments and those under construction in the Kirra and Coolangatta pocket sold out prior to commencement. There is still an obvious under supply in this area evidenced by the lack of price change as a result of recent fiscal policy.



Southern/Central Gold Coast

Looking back to the beginning of 2023, the general consensus was that the Gold Coast residential market would likely continue on a downward trend throughout the year. This was primarily based on likely further interest rate increases. Looking at the current market at the end of 2023, the southern to central Gold Coast residential market is in better shape than anticipated. Overall, the market has improved since the middle of the year with some strong sales results. The main drivers for the market are stronger demand than supply which is being underpinned by continued interstate migration. The volume of property listings and sales continues to be relatively low.

There has been an increase in value levels for properties in the under $1 million price bracket.

1101/3 Main Street, Varsity Lakes recently sold for $477,500. It comprises a one-bedroom, one-bathroom unit that previously sold in October 2021 for $380,500. A three-bedroom townhouse at 19/8 Gooding Drive, Merrimac reportedly sold recently for $627,000 which is considered to be a strong sale price.

Another example of a strong sale price is 17/17 Great Southern Drive, Robina which sold for $890,000, being a three-bedroom townhouse with golf course views. Comparable sales suggest that this price was at the upper end of the range. There is a four-bedroom townhouse at 24/28 Bonogin Road, Mudgeeraba that recently sold for $950,000, approximately $50,000 more than other 2023 sales in the complex.


17/17 Great Southern Drive, Robina Source: realestate.com.au

There have also been some strong prices for properties in the $1 million to $2 million price bracket. 18 Constance Avenue, Mermaid Waters is currently under contract for $2 million, being a 10-year-old home on a dry block within 700 metres of the beach.

55/2 Third Avenue, Burleigh Heads sold recently for $1.82 million, which was a strong sale price. It comprises a partly renovated two-bedroom unit with ocean views. 27 Keel Court, Currumbin Waters sold recently for $1.95 million, which is a mainly original four-bedroom house on a 1,152 square metre canal-front allotment, which was considered to be at the upper end of the value range.


27 Keel Court, Currumbin Waters Source: realestate.com.au

All of these sales indicate a stronger residential market than anticipated in the second half of 2023.

Central/Northern Gold Coast

Prospective tenants in the central to northern suburbs of the Gold Coast are finding it very difficult to secure a rental property due to the lack of available properties. This has led to rising rental levels to record heights. It has also prohibited people seeking to sell and rent while they look for something to buy which in turn leads to a shortage of stock for sale.

Higher rentals have led to higher price levels for entry level property as tenants sick of constant rent rises seek to buy their own property which is most likely cheaper now than renting. Population increase through immigration has also increased demand for housing and has pushed prices and rental levels higher.

48 Government Road, Labrador resold in September 2023 for $955,000. This property last sold in November 2022 for $855,000 in the same condition. Our office inspected the property in August 2023 when it was under contract for $920,000, (which did not settle). No changes were made to the property over this 10 month time frame. The dwelling provides three-bedroom, two-bathroom accommodation to the main or upper level with a non-council compliant two-bedroom, one-bathroom granny flat underneath. The flats are separately let. The upper level rented at $650 per week and the lower level at $560 per week.


48 Government Road, Labrador Source: realestate.com.au

This transaction history is considered to typify the under $1 million market on the northern central Gold Coast over the past year. This entry level market is mainly driven by rents. Investors are profiting from significantly higher rental levels albeit conversely suffering increased costs due to higher interest rates.

Renters have suffered constant rent increases over the past 12 months leading to them either copping it or seeking to buy and pay their own mortgage. Rental levels in Labrador currently start at around $350 per week for a one-bedroom unit and can easily be $450 or more for a nicer well-located unit. Basic older style two-bedroom, one-bathroom walk-up units generally start in price from the high

$300,000s and readily achieve circa $450 to $500 per week rent.

Unit 7/81 Frank Street, Labrador sold in August 2023 (the day after auction) for $387,500 in original condition with a rent appraisal for the prospective purchaser of $450 to $480 per week with a body corporate fee of $53 per week.

7/81 Frank Street, Labrador Source: realestate.com.au

Entry level two-bedroom duplex units in Labrador and Southport have strengthened both in price and rental levels achieved. Dwellings in Parkwood also showed strong prices for semi-modern houses in close proximity to the tram line, university and hospital. This area is popular with owner-occupiers and investors alike. It is still possible to purchase a dwelling for under $800,000 but it is generally a circa 1990s build in original condition on a small lot. Modern small lot housing in Arundel has shown strong pricing over the past 12 months. In 2022 these were selling for around $800,000 to $850,000; now they are achieving $900,000 plus.

20 Greenview Circuit, Arundel sold in August 2023 for $995,000. It comprises a circa 2019 single level dwelling providing four bedrooms, two bathrooms and double lock up garage on a 375 square metre site. The last sale was the original developer house and land package in 2020 for $616,000. The property is within one kilometre of a tram line station and being modern, near new in good condition is ticking lots of boxes for prospective purchasers, owner-occupiers and investors alike.


20 Greenview Circuit, Arundel Source: realestate.com.au

The most surprising market outcome has been the recent surge in price levels despite the rapid rises in interest rates. Agents report that the main drivers are a shortage of properties for sale (with the stock available selling quickly) and the strong demand generally from mostly owner-occupiers. These buyers generally want vacant possession and are willing to pay more to secure a property now and not wait for the lease to expire.

Northern Gold Coast Corridor

The northern end of the Gold Coast is also known as the northern corridor, and it continues to sprawl and fill as it pushes out whilst expanding towards Logan City and the west. Values in this area have been on a strong incline since early COVID times. Not many professionals predicted the rapidity and severity of the rise. Since our report in February 2023, the market in this area has continued to grow in the say under $950,000 bracket, driven by migration, scarcity of rentals and listings and growth in rents which has caused a stampede of first home buyers. It is not unusual to see properties that sold pre-COVID for $450,000 now selling in the early to mid $800,000s. $825,000 now gets you a conventional (living area of say 140 square metres), modern four-bedroom, two-bathroom dwelling in Upper Coomera on say a 600 square metre parcel. Properties in this market are still typically selling with multiple offers and purchased via online auctions.

Residential vacant parcels are now very scarce and are swallowed up when released by developers. A 375 square metre level parcel will now cost circa $525,000 in Coomera which may have been purchased less than two years ago from a developer for say around the $400,000 mark.

Investors did pull back from this area pre-2023, but this year they have returned. The townhouse market has also performed well with some townhouses selling for between $75,000 and $100,000 more than they did last February.

Properties over the say $950,000 mark are still selling and are certainly not going backwards, however are showing far less demand than the first home (lower-end) market.

The northern reaches of this area at Eagleby, Bahrs Scrub and Beenleigh have performed much more strongly since February 2023 than before that date. Sales in this area have almost jumped overnight with each sale appearing to eclipse the last.

There really is not any evidence of an imminent slowdown in the below $950,000 market. Buyers above that are maybe more cautious.

Jerusha King
Associate Director

Sunshine Coast

Another year has passed and once again it's time to take stock and try to assess what's happened. When we look back at 2023, there is a feeling of déjà vu with some characteristics of 2022 in the marketplace. It's been somewhat of a lumpy kind of year that has been influenced by a number of factors.

Clearly the main influence on the market has been that of increasing interest rates. Importantly it is the timing of the increases that have been having an effect. From May 2022 we have experienced a cumulative increase of 4.25%. In 2023 the first half of the year saw a number of increases which coincided with the market remaining subdued. From the middle of the year we saw a pause in interest rate increases until the most recent increase in November. Importantly the inflation rate has come down and the feeling that we are closer to the end of interest rate increases than the beginning is giving the market some confidence, the confidence being that they can do their calculations on what they can afford.

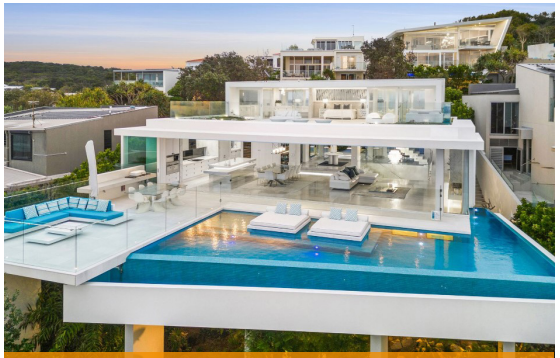
In the graph below from Pricefinder, we have the sale volumes and median house prices for the Sunshine Coast and Noosa LGAs. They show that sale volumes have returned to pre-COVID levels. They also show a drop off in median house prices. We believe that this is a combination of a slight softening of some property types in some areas and a lower proportion of high value properties selling over the period, with no massive shift in values evident.

Noosa and Sunshine Coast LGAs — Source: Pricefinder

So how was the interest rate story reflected in the market? In early 2023 up to August, there was little doubt that the market was a bit slower and inconsistent. Enquiry softened and urgency in the marketplace backed off. An interesting factor in that period was that there was no significant rises in stock levels as we had previously experienced in other market downturns.

In the past few months however, agents have been reporting a pickup in enquiry levels and some urgency returning. This is creating some good results and absorption of what little stock there was. It would appear that prospective buyers were on the sidelines in anticipation of stock levels rising however this simply was not the case. When speaking with our team and looking at sale contracts passing through our office, many contracts recently are towards the upper end of a market range with some that simply cannot be supported with the evidence available. As mentioned in our previous Month in Review, we have seen a number of examples of records being broken in the prestige market. Over the past month this has continued.

In Sunshine Beach there is a record for a non-beachfront property at 26 McAnally Drive that is under contract with agent's advice for $13.5 million.



26 McAnally Drive , Sunshine Beach — Source: realestate.com.au

These records are not restricted to the coastal markets with 146 Solar Road at Cooroy Mountain selling for $10 million. Now we're not sure if these purchases are one-offs, but extraordinarily they just keep happening.

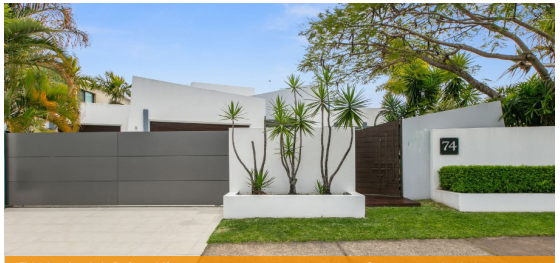
146 Solar Road, Cooroy Mountain — Source: realestate.com.au

Like all markets, the strength isn't across the board and at the same levels. There is little doubt that the market is segmented. Personal preferences,

In the past few months however, agents have been reporting a pickup in enquiry levels and some urgency returning.

presentation and motivation of both the purchasers and vendors impact heavily on the ultimate sale price. The aforementioned examples are an indication of this in that they were both properties that required little to no work and were ready to go with high levels of market appeal. Properties with issues or requiring work tend to linger on the market and may require some discounting.

An example of this is a property at 74 Mooloolah Drive, Minyama, a large original 2002 dwelling with a living area of 400 square metres. It previously sold in January 2022 for $5,088,888, being at or near the market peak. It re-sold in July 2023 for $4.4 million. To renovate a property of this size both internally and externally will be a massive undertaking in time, energy and cost so it's pretty easy to see where the market resistance comes from.



74 Mooloolah Drive, Minyama Source: realestate.com.au

One thing that will be interesting is that the RBA is mentioning that interest rates may stay higher for longer, so if owners can hang on, then we should be okay, especially given the housing supply shortage as the current low supply environment will assist in underpinning values. However, should these market conditions change then this may have an adverse impact.

Stuart Greensill
Director

Rockhampton

As we come into Christmas, the local market is full steam ahead. Vacancy rates are still extremely low, available stock is low and land projects continue to have strong interest. Over the past twelve months, our local markets have continued in an upward direction. Whilst interest rates have continued to increase and cattle prices have dropped, we still have many infrastructure projects on the go in the region and affordability compared to the southern metropolitan areas is still considered to be very reasonable. We are seeing significant interest in the lower to mid-range price brackets whilst the upper end of the market continues to be strong.

At the start of the year we anticipated that the market in the region would continue to have strong demand and continued growth, albeit without the swift price growth created by the fear of missing out transactions. We have definitely seen continued growth in pricing throughout the region and the FOMO has reduced to a degree. We are still seeing many sales that do not make it to the market with agents reporting there are still a lot of buyers out there and more still on the agents' waiting lists. We are still seeing multiple offers and contracts going above list price.

Overall sales numbers (houses only) for the year were down on last year across the region (01 October 2022 to 30 September 2023 and the previous corresponding year for data capture purposes). Capricorn Coast in 2021/22 had 982 sales compared to 717 this year. The north side of Rocky (postcode 4701) had 1375 house sales in 2021/22 compared to 1095 this year. The southern suburbs of Rocky had an increase from 549 sales in 2021 to 602 sales this year. Finally, Gracemere sales for 2021/22 were 521 to 468 this year. This shows how the available stock has reduced in this time and given the continual demand, has seen prices stay strong and continue to increase.

Merry Christmas and happy new year. Here's to a prosperous 2024.

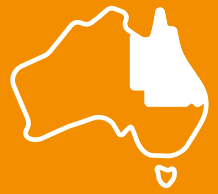
Steve McDonald
Valuer

Gladstone

I just don't understand why I didn't have a win on the Melbourne Cup this year – my crystal ball was working so well in January!

At the beginning of 2023 we said that the market was approaching a peak in values and was starting to stabilise at this level of value. Further to this, we added that we still expected some positive market movement over the course of 2023 due to the strong fundamentals of the market and the affordability of the region.

Well, what do you know! That is exactly what happened! Value levels remained stable for the first half of 2023 as interest rates continued to climb and then in the second half of the year when interest rates stabilised, values started to increase again. Activity has remained consistently strong throughout the year with a number of local agents actually reporting record months of transactions in recent times. Investors seem to have finally clued on to the affordability of the region and they are making up a significant proportion of the number of sales occurring. Vacancy rates remained fairly stable for most of the year, sitting at around 1.8% for the region, before dropping sharply last month to 0.9%. This is the first time our vacancy rate has been below one% for several years. It will be interesting to see what happens in the market now that we have seen another interest rate rise. It will probably tie in with a likely slight slowdown leading into



Christmas. Not to sound like a broken record, but the fundamentals of our market remain strong. Affordability is still the key driver and the outlook for the Gladstone region property market is bright.

Now I'm off to get the crystal ball serviced before next year. See you in 2024!

Regan Aprile
Director

Bundaberg

2023 has ended quite strongly in the Bundaberg region and this trend looks set to continue in 2024. Consecutive interest rate rises coupled with inflation have had a cooling effect on the local market and we are starting to see a slowing in sales volumes and an increase in the length of selling periods for residential properties. However, varieties of buyers (i.e. first home buyers, upgraders, retirees and local and interstate investors) remain active in the residential market and values continue to hold steady.

Areas that continue to have strong growth include the coastal townships of Bargara and Innes Park which continue to have strong demand. Land sales in Bargara are reaching record values with blocks selling in the $320,000 plus price bracket in the new estates. Innes Park Headlands Estate is also a popular location.

The rental market remains tight with rental vacancy rates below 1% and increases in rental prices due to strong rental demand. Areas of concern continue to be high cost of living pressures and predicted future interest rate rises which may threaten the growth of the market. Still unpredictable global events can also have a dampening effect on the market.

Megan Matteschek
Property Valuer

Mackay

The Mackay residential market continued to perform strongly right through 2023. All market sectors enjoyed good demand with solid growth across the board. So, let's look back to the start of the year and see how our predictions for the year panned out.

Firstly, we stated, "continuing to perform with good employment opportunities across Mackay and the Bowen Basin. Local media reported that the price of hard coking coal recently hit $411 per tonne, the price of sugar continues to be high, local infrastructure projects such as the Mackay Northern Access Upgrade of the Bruce Highway are well advanced as well as the expected commencement of the Walkerston Bypass project. Migration into the region due to increased employment opportunities continues to also drive the housing market. Rental vacancies currently sit well below one%, with median rentals increasing between five and ten% over the past 12 months."

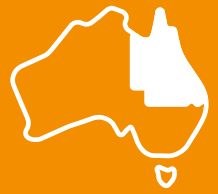
Coking coal prices per tonne in September averaged US$301 (AU $463) which appear to have increased from our earlier statement. The price of sugar remains high at $742 per tonne. Local infrastructure projects such as the Mackay Northern Access Upgrade of the Bruce Highway are well advanced and the Walkerston Bypass project is also well underway.

Secondly, we stated "We think the momentum in the market seen over the past 18 months will continue, with growth of up to 10% expected across all market sectors throughout 2023. The rental market is expected to remain extremely tight, with rental growth anticipated to meet this demand. Historic low interest rates mean that at the moment, it is cheaper to pay off a home loan than it is to rent in Mackay, which is expected to fuel growth."

Value levels remained stable for the first half of 2023 as interest rates continued to climb and then in the second half of the year when interest rates stabilised, values started to increase again, with a number of local agents reporting low stock and many properties receiving multiple offers over the asking price. Activity has remained consistently strong throughout the year, with the rental market remaining extremely tight with a vacancy rate of 0.53% as at August 2023 which is significantly lower than this time last year at 2.8%. What do you know, our predictions were on the money! It will be interesting to see happens in the market now that we have seen another interest rate rise.

Kym Cook
Valuer

Varieties of buyers (i.e. first home buyers, upgraders, retirees and local and interstate investors) remain active in the residential market and values continue to hold steady.



Hervey Bay & Maryborough

All in all, 2023 has been a very active year.

Values appeared to peak around the end of the first quarter however to date, we are yet to see any contraction in values. Those who purchased lots off the plan in 2021 and 2022 have seen a rise in values if on-selling or revaluing.

As predicted, buyer activity has slowed with days on the market back to pre-COVID timeframes and the volume of sales is down on numbers from 2022. However, if priced right, one week listings are still common. Interest rate rises didn't appear to affect the market early on, however the recent rises with the potential for a further rise in December could start to see a significant reduction in buyer enquiry. The recent rises may also start to put some mortgage pressure on those who purchased over the past 18 months leading into the peak of the market with motivated vendors entering the market. Hervey Bay has a relatively large proportion of unencumbered homeowners so it is more cost-of-living pressures compared to mortgage stress that may impact the local economy if rates continue to rise.

Construction activity is still very strong with most builders reporting delayed start dates well into 2024 for any recent enquiries. The continuing level of sales over $1 million is very encouraging and hopefully continues into 2024.

With this being the last edition of the year, I would like to wish everyone a happy and safe Christmas and new year.

Doug Chandler
Director

Whitsunday

The Whitsunday market continued to be strong right throughout 2023 and finished the year solidly. So how were our predictions at the start of the year? Our opening line hit the nail right on the head. "All indicators show that the Whitsundays will continue to flourish in 2023! The wet season upon us now doesn't appear to have dampened our residential market."

Further we added *"I see our residential market as the healthiest it has been prior to the global financial crisis. I don't believe the interest rate rises will have much of an effect on us here in the short term, however if they continue to rise, this may slow our market, however we are still very affordable compared to the capital cities. I say strap ourselves in for a fabulous 2023. Let's get out and about and enjoy!"*

The Whitsunday regional residential market has experienced strong and rapid growth over the past few years as a result of COVID-19-led lifestyle changes and strong domestic travel in a low interest rate environment. During 2023, prices appeared to be stabilising, average days on market are slightly increasing and sales volumes are trending down, indicating some softening in demand as buyers become more selective. Recent consecutive interest rate rises, high inflation and increasing overseas travel are likely contributors. However agents are reporting a decrease in supply which is contributing to the current value levels and volume of sales. Vacancy rates remain well below the equilibrium point with demand outweighing supply and continued upward pressure on rental prices.

All in all, it was a good year for the Whitsundays market and all indications are that the market should remain strong into the short term on the back of limited supply and good demand.

Britt Atkin
Valuer

Townsville

2023 has been another intriguing year for regional Queensland property markets and Townsville is no exception.

A flurry of interstate investors has allowed the market to continue its growth from 2022. A large quantity of transactions throughout the year have involved buyer's agents working for big-city investors, driving the rental market. Agents have reported that in the past six months, stock has been in short supply despite the number of prospective buyers remaining at an all-time high. By far, the most sought-after properties in the Townsville City Council Local Government Area remain the rural residential lifestyle blocks. All of these properties from Alligator Creek to Bluewater Park have been achieving strong sale prices, not only for established stock, but also for buyers looking to go down the path of construction. The overall cost of newly constructed houses on rural residential blocks tends to be the closest to their end value that we see, which is largely due to the high demand for the land.

As outlined in our predictions for the year back in February, a number of high sale prices have been seen in the investor market as a number of groups attempt to force their way into the market despite

Employment opportunities continue to drive growth as Townsville remains one of the fastest growing non-capital cities.

the high prices. Although we are yet to see this area of the market decrease, we could still see long term hold strategies being put in place so as to attempt to make money back if rents fall below their current levels.

Employment opportunities continue to drive growth as Townsville remains one of the fastest growing non-capital cities. Additionally, early next year we are expecting a large migration of Defence workers to the region. This comes after Defence Housing Australia sold a large quantity of its stock which could produce an interesting market dynamic for coming years.

The most welcome surprise of 2023 has been the way local builders have managed to navigate the intense quantity of work they have accepted since the boom of COVID. The sentiment amongst their clients tends to have been that the build process has been well managed while producing a good final product, which is a credit to the builders given the large amount of work taken on. It now appears that build times are returning to normal and the higher build contracts are becoming the norm.

Connor Bryant
Valuer

Cairns

The market has continued to stay strong with unit values seeing more substantial increases from mid-year. Of course, this is linked to affordability.

There are still investors looking to purchase, however anecdotally in less volume than previously. Local brokers say they have really good levels of clients actively looking to purchase, however these prospective purchasers are constrained by tight stock levels.

Market Trends by LGA

HERRON TODD WHITE

LGA Name	Property Type	Month end	12 month change in sales volume (12 months)	Median sales price last 12 months	12 month change in median sales price (12 months)	36 month change in median sales price (12 months)	60 month change in median sales price (12 months)	12 month change in total listings (12 months)	Median days on market for properties sold in last 12 months	Median asking rent in last 12 months	12 month change in median asking rent (12 months)	60 month change in median asking rent (12 months)
Douglas	H	31/07/2023	**-36.1%**	$620,000	3.9%	**51.2%**	**45.9%**	-18.2%	40	$590	**7.3%**	**40.5%**
Douglas	U	31/07/2023	**-30.3%**	$370,000	17.5%	**46.8%**	**68.2%**	-20.0%	28	$480	**29.7%**	**41.2%**
Cairns	H	31/07/2023	**-22.0%**	$570,000	7.5%	**34.1%**	**39.0%**	-17.8%	19	$570	**9.6%**	**39.0%**
Cairns	U	31/07/2023	**-20.7%**	$304,000	11.6%	**37.6%**	**35.1%**	-21.0%	18	$395	**9.7%**	**36.2%**
Mareeba	H	31/07/2023	**-31.6%**	$479,000	6.4%	**26.1%**	**29.5%**	-25.1%	35	$400	**-2.4%**	**14.3%**
Mareeba	U	31/07/2023	**-30.0%**	$250,000	2.0%	**-8.3%**	**44.9%**	-17.9%		$300	**4.3%**	**20.0%**
Tablelands	H	31/07/2023	**-24.0%**	$450,000	12.5%	**28.6%**	**36.4%**	-25.2%	36	$423	**9.7%**	**28.0%**
Tablelands	U	31/07/2023	**-30.0%**	$300,000	-5.6%	**15.4%**	**42.9%**	-5.3%	26	$320	**6.7%**	**33.3%**
Cassowary Coast	H	31/07/2023	**-34.7%**	$350,000	2.6%	**29.6%**	**29.6%**	-35.9%	72	$380	**2.0%**	**26.7%**
Cassowary Coast	U	31/07/2023	**-47.4%**	$257,000	7.3%	**19.5%**	**31.8%**	-31.3%	57	$290	**7.4%**	**26.1%**

Cairns Region Market Trends By LGA — Source: CoreLogic

The above table shows a 20 to 22% drop in listings in the year to July 2023 for houses and units, however agents tell me that the drop in stock levels is significantly higher than this. The continuing low stock levels, coupled with a tight rental market are certainly contributing to the strong sale prices still being achieved.

In February 2023 we expected values to continue to rise throughout the year, albeit at a lower rate of growth. Overall sale numbers were expected to be lower due to the strong run throughout 2022. Both of these expectations were largely met in the middle to upper value ranges, however the market surprise was the strong move in the lower priced and more affordable unit market. Sale numbers and values for units between $75,000 and $300,000 increased strongly, recording rises of over 10% for the year. The move in this market was largely in response to the very tight rental market with high rents driving renters to become homeowners, as mortgage repayments are largely lower than weekly rents.

Other market surprises in 2023 included the continuing tight supply of stock to the market despite the interest rate increases. My personal thoughts are that people are choosing to buckle down and tighten their belts because it's really tough to find a rental or another house to purchase. By the time the households take into account the costs of selling and the cost of finding somewhere to rent that is comparable, staying in their current property becomes more of an appealing option despite the financial difficulty.

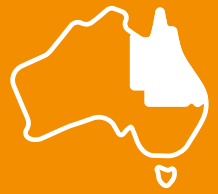
Surprisingly, there is still a limited amount of mortgagee in possession properties coming onto the local market despite the ongoing financial pressure of increasing interest rates.

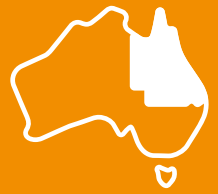
Kelly Romano
Valuer

Toowoomba / Darling Downs

It's again that time of the year when everyone reflects on the year that was...and what a year it has been.

The coverage area of the Darling Downs entity service area is vast, being bound by the Scenic Rim and Brisbane Valley to the east, the south Burnett to the north, the Queensland and Northern Territory border to the west and northern New South Wales and Moree Plains area to the south.



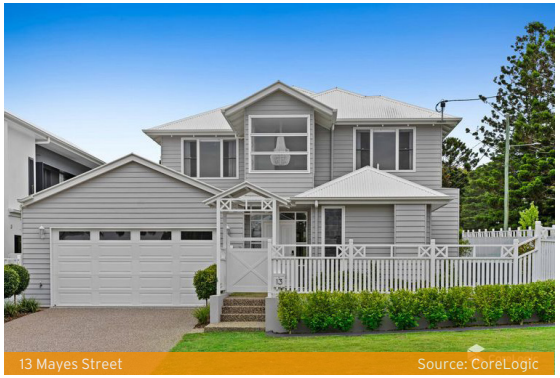


Many of these localities, like the rest of the nation, are now feeling the continued pressure of higher inflation, the higher interest rate environment (with its rate rises and pauses) and cost of living demands, that have continued to place stress on household budgets throughout 2023, and have left many households wondering when this pain would end.

Focusing primarily on the Toowoomba area, the median house price across Toowoomba has consistently risen over the previous five years and this continued throughout 2023. It was observed that this was primarily driven by the reduced supply of new stock entering the market (in comparison to the peak), which continued to support both dwelling and unit prices and has mitigated some of the downward pressure on current market values in various other markets across the country. However it did become apparent that demand for certain properties had reduced in certain sectors with open house inspection numbers being lower than in previous years. With this, agents have reported having to have price sensitive conversations with sellers and advising potential sellers that selling periods could be slightly longer than those formerly experienced. Real estate agents also reported that demand appears to have stabilised, although there was no evidence yet of a declining market where recent re-sale prices were lower than during the previous 24 months.

Certain sectors such as the Toowoomba prestige market continue to show good signs of continued growth with the high end and traditional suburbs of East Toowoomba, Mt Lofty and Middle Ridge still being sought after with strong enquiries. In this market segment, 2023 saw some of the highest sale prices and over 40 sales occurred in the over $1.5 million market segment.

An example of the strength in the prestige market was a sale at 13 Mayes Street, East Toowoomba which sold for $1.825 million in March 2023. This property was previously purchased in April 2019 for $1.275 million.



13 Mayes Street Source: CoreLogic

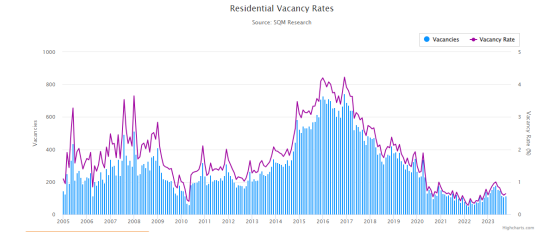
Another example is the sale at 5 Donaghy Court, Middle Ridge which sold for $1.85 million in March 2023. This property was previously purchased in March 2022 for $1.8 million.

5 Donaghy Court Source: CoreLogic

In addition, the sale at 2 Fletcher Street, Redwood QLD 4350 was the highest sale in 2023. This property sold for $4.925 million in March 2023.

2 Fletcher Street Source: CoreLogic

Investor activity during 2023 in the Toowoomba locality also continued to remain resilient with low housing stock, low residential vacancy rates (0.6% as at October 2023) and high rental yields and returns underpinning this confidence, especially given that Toowoomba continues to be listed as one of Queensland's most affordable cities, particularly for interstate buyers seeking good value for money and to stretch their investment dollar further.



Toowoomba rental vacancy rate Source: SQM Research

Due to a number of factors including a lack of rental and for-sale housing, a robust local job market, commuting distance to Brisbane, affordability and strong infrastructure development and jobs-led initiatives, it is anticipated that our region will continue to perform better than the majority of the country for a while. The major infrastructure development projects include the Inland Rail

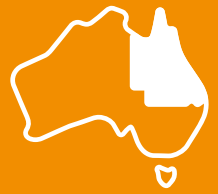
Project; cannabis production facilities; the $175 million Wellcamp Entertainment Precinct development; more than $1.8 billion in various energy projects across gas, solar and wind; and of course the Toowoomba Hospital redevelopment, currently in the first phase of construction.

This infrastructure development alone is estimated to create at least 3100 jobs during construction and positively impact population growth as people move to the area to work on projects. When finished, it will also result in a number of jobs in the healthcare industry, thereby putting further pressure on rents and home prices in the medium and long term. The investment in the Toowoomba Hospital is considered to have a lasting and widespread impact for the Darling Downs region and is considered to be one of the most important local infrastructure projects, however only time will tell how the construction and completion of the project impacts the local and broader Darling Downs property market and its influence on rents and dwelling prices in the short, medium and long term.

Toowoomba Hospital Source: Precinct Urban Planning

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

Marissa Griffin
Director



South Australia - Residential 2023

Adelaide and surrounds

The back end of 2022 saw slowing activity as the market grappled with rising interest rates and ballooning inflation. It was expected that interest rates would continue to rise in 2023 and the market would continue a marginal downward trend before stabilising. We also predicted the outer ring, inner ring and vacant land markets would be the market segments to watch in 2023.

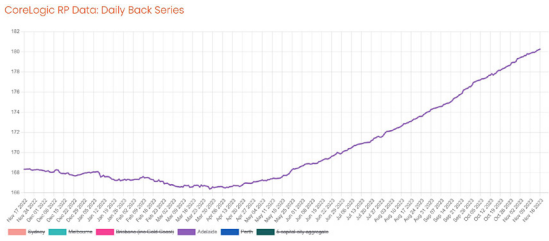
The 2022 decline extended into 2023 however it was short lived. Valuer General data indicated that the median dwelling price remained stable through the December 2022 and March 2023 quarters which coincided with the historically slow Christmas period. CoreLogic's Hedonic Price Index indicates that the market entered an upward trend in April 2023 which coincided with the first RBA rate hold since April 2022. Low stock levels and further rate holds from July to October continued to spur the market on in the latter stages of the year. In the year to October 2023, dwelling values within metropolitan Adelaide had increased 6.5% with the metropolitan median dwelling price reaching a record high of $712,000 in the September quarter. The rental vacancy rate continued to track at historical lows throughout 2023. The most recent data suggests Adelaide and Perth have the nation's lowest vacancy rates at 0.4%.

The 2022 decline extended into 2023 however it was short lived.

2023

Quarter	Metropolitan Adelaide
Sep 2023	$712,000
Jun 2023	$700,000
Mar 2023	$675,000

Median House Price — Source: SA Valuer General



Hedonic Price Index — Source: CoreLogic

With affordable price points and popularity with the broad market, the outer ring performed strongly in 2023. The Playford Council Area represents the outer ring north of the CBD. Of the 21 suburbs within this council area with available sales data, all but one suburb recorded a price increase from the third quarter of 2022 to the third quarter of 2023. Some of the top performing suburbs included Andrews Farm (+25.50%), Elizabeth East (+21.71%) and Munno Para (+15.91%). The sales of 25 Freeman Avenue, Munno Para, 26 Eton Drive, Andrews Farm and 3 Jensen Street, Elizabeth East reflect the highest transactions in each of these suburbs over the past 12 months. These properties achieved sale prices of $715,000, $700,000 and $605,000 respectively.

25 Freeman Avenue Munno Para — Source: realestate.com.au

26 Eton Drive Andrews Farm — Source: realestate.com.au

3 Jensen Street Elizabeth East — Source: realestate.com.au

The Onkaparinga Council Area represents the outer ring south of the CBD. Of the 37 suburbs within this council area with available sales data, 29 recorded a price increase from the third quarter of 2022 to the third quarter of 2023. Some of the top performing suburbs included Sellicks Beach (+22.05%), Seaford Meadows (+23.19%) and Aldinga beach (+13.22%). The sales of 81 Alexander Street, Sellicks Beach, 1 Plymouth Street, Aldinga Beach and 20 Orca Court, Seaford Meadows reflect the highest dwelling transactions in each of these suburbs over the past 12 months. These properties achieved sale prices of $400,000, $440,000 and $475,000 respectively.

81 Alexander Street Sellicks Beach Source: realestate.com.au

1 Plymouth Street Aldinga Beach Source: realestate.com.au

20 Orca Court Seaford Meadows Source: realestate.com.au

The market in the inner ring provided mixed results throughout 2023. Demand remained strong from those active in this market, however agents have reported a reduction in open house attendees and auction registrations. Broadly, stock levels have remained low with total listings in October 8.9% below the equivalent period in 2022. This is compounded in the inner ring which has traditionally been tightly held. Using the Burnside, Norwood Payneham and St Peters, Unley and Walkerville Council areas as a cross section, transaction data has indicated a near 30% reduction in $2 million plus transactions in the past 12 months compared with the prior 12 months. Agents have indicated strong demand in the $1 million to $2 million price range which has now become the affordable entry point for dwellings in the inner ring. We had tipped Norwood, Millswood and Joslin as being suburbs to watch in 2023. All three suburbs recorded declines in their median dwelling prices from the third quarter of 2022 to the third quarter of 2023, however limited transaction numbers during these periods make the price movements difficult to quantify. During 2023 Joslin did achieve its two highest recorded dwelling transactions with the sales of 93 Fifth Avenue, a reproduction villa disposed as four bedrooms and two bathrooms on an 876 square metre allotment and 67 Ninth Avenue, a circa 2020 modern two level dwelling disposed as four bedrooms and two bathrooms on a 697 square metre allotment. These properties achieved sale prices of $2.905 million and $3.1 million respectively.

67 Ninth Avenue, Joslin Source: realestate.com.au

93 Fifth Avenue, Joslin Source: realestate.com.au

Demand for metropolitan vacant land remained strong in 2023. Within the inner metropolitan area, price levels have remained firm. Rates of $1500 to $2500 per square metre of land area remain common with the most desirable allotments achieving up to $3000 per square metre. Block values have risen in the higher density subdivisions

The surprise of 2023 was the state government taking action to combat both the rental crisis and development reform for community titled developments.

in both the middle and outer rings. This has been somewhat surprising given the slowing in building approvals and reduced loan commitments for construction of dwellings.

The surprise of 2023 was the state government taking action to combat both the rental crisis and development reform for community titled developments. With the state grappling with a record low vacancy rate, the Planning Minister lobbied the State Planning Commission to allow the leasing of ancillary dwellings or granny flats to people other than immediate family members to increase the supply of affordable rental stock. The well-publicised failure of a local builder led to the state government having to step in to provide a common road to allow access to 20 homes. To ensure this doesn't occur again, the State Planning Commission was again lobbied to restrict the sale of vacant allotments or house and land packages prior to all common infrastructure having been completed. This would apply for all community titled subdivisions of six or more allotments which require common access. It's unclear whether either of these changes will be supported by the State Planning Commission.

From humble beginnings and dull expectations, the market performed strongly in 2023. It was expected that the inevitable rate rises would stagnate the market however low stock levels and residual demand pent up from the highs of 2019 to 2022 pushed the market to historical highs. The RBA lifting the cash rate in November has created some uncertainty leading into the summer holiday period. It's expected that the market will stabilise during this period and the market in 2024 will remain at the mercy of stock levels and interest rates.

Nick Smerdon
Valuer

Mount Gambier

In 2023, Mount Gambier's housing market still performed well despite the challenging interest rate and economic environments.

We did see slight signs of a softening in the market and buyer sentiment ease, however as the market is affordable to a wide variety of demographics as the median house price is lower than other regional cities, we are still seeing strong demand in the area.

All types of properties have performed well in the market with the median house price starting the year at $375,000 and having a slight increase to now sit at $380,000. There has been growth in all property types but by far the most popular has been detached dwellings. With Mount Gambier still being so affordable we have seen strong demand in the $350,000 to $450,000 price bracket. In the past, the over $600,000 price range has been thinly traded however this past year we have seen a large increase in stock offered on the market. Modern properties in the market have been making premium prices with limited days on market. We can only assume this demand has come from buyers opting to purchase new instead of building due to increased costs and timeframes to build.

In terms of buyer demographics, we have seen a slight change towards the end of the year. Agents have advised that with increased interest rates, interstate investment has subsided slightly. There are still plenty of investors in the area, however agents have admitted they have been less dominant and are now seeing a fifty-fifty ratio of investors to local buyers.

The market has been strong this past year with many sales that surprised us, however this became the new normal over a short period.

A recent sale at 11 Collins Drive, Suttontown achieved a premium price for the area. The property is located on the outskirts of the CBD and boasts four bedrooms, two bathrooms and five car spaces. The property sold last year for $690,000 and has just re-sold for $830,000.

11 Collins Drive, Suttontown Source: CoreLogic

Another surprising sale was 11 Twila Grove, Mount Gambier which is in a popular part of town called Conroe Heights. This property was built in 1998 and offers four bedrooms, two bathrooms and two car garage. In Feburary 2022 the property was sold for

$510,000. After minor cosmetic renovations, the property has just resold for $656,565.

11 Twila Grove, Mount Gambier Source: CoreLogic

11 Twila Grove, Mount Gambier Source: CoreLogic

Overall, the Mount Gambier market is still proving to be a strong market, however we would expect that if there are additional interest rate rises in the new year and an increase in the cost of living, these factors would start to have a greater impact on the market.

Adrian Castle
Director

Western Australia - Residential 2023

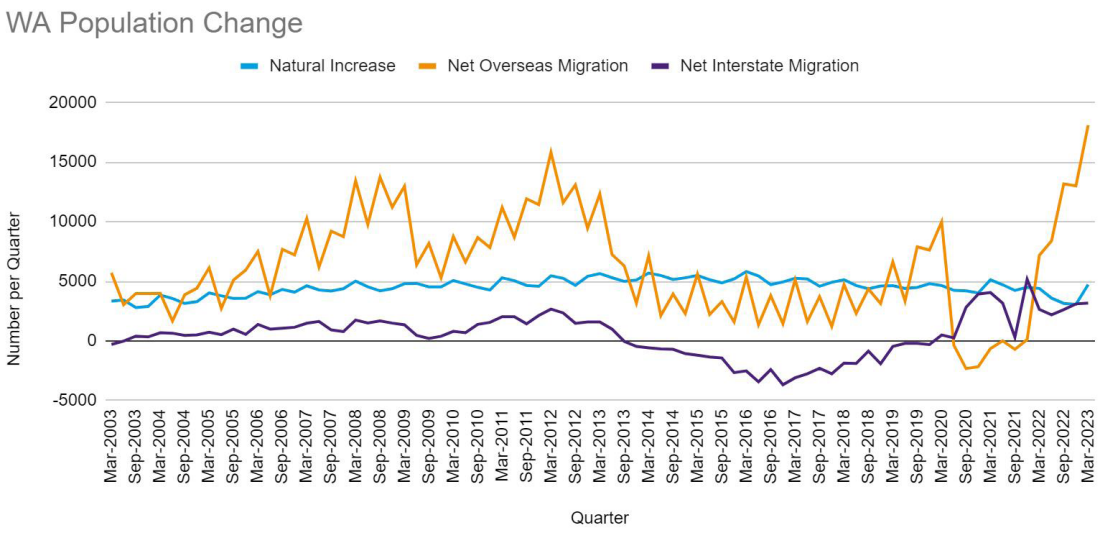
Perth and regions

Blink and you could have missed it; 2023 is almost over! As we close out the year that was, let's take a look at how the property market has behaved over the past 12 months and compare it with our predictions at the beginning of the year.

It has certainly been an interesting year, with sustained interest rate rises, cost of living pressures and inflation all affecting housing affordability at a time when Western Australia was experiencing record low housing supply, increasing construction costs and staggeringly high population growth.

We hedged our bets on increased migration contributing to escalated demand on both the rental and purchase markets, reducing vacancy rates even further and continued sales growth. We also guessed, somewhat prematurely, that the interest rate hikes would begin to stabilise earlier in the year, however noted that the more affordable markets would be less affected by these hikes as the circle of supply and demand forced the hands of would-be renters to become first home buyers.

Affordability was what really underpinned the strength of the Western Australian market, as overseas and interstate migrators and scores of investors all turned their sights to Western Australia and went bargain shopping at the start of the year and this turned into a frenzy by year's end.



WA population change — Source: ABS

With the population of Western Australia rising, our vacancy rate has slumped lower with an average of 0.44% across the metro region (a typical balanced market would be seeing 2.5 to 3.5%), forcing would-be tenants to consider purchasing established or building new if their financial situation could accommodate it, contributing to the persistent demand in an incredibly tight market where we have less than 5000 properties on the market, far below the 13,000 equilibrium level and the circa 17,000 properties available in 2017 when it was a buyer's market to be sure!

In a bid to improve the housing shortage and affordability issues, our state government has delayed the Medium Density Code in hopes of sparking new developments closer to the

Affordability was what really underpinned the strength of the Western Australian market, as overseas and interstate migrators and scores of investors all turned their sights to Western Australia and went bargain shopping at the start of the year and this turned into a frenzy by year's end.

CBD, formed a Housing Supply Unit within the Department of Treasury, and announced incentives for short stay accommodation to return to the long-term rental market.

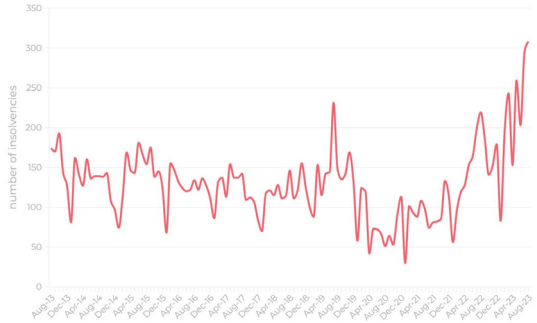
Despite Perth remaining one of the most affordable capital cities in the country, pressures on new construction have resulted in a slowdown in the pace of construction starts. The Urban Development Institute of Australia figures show new land costs have risen by 10.5% over the past 12 months while the number of lots available on the market along with the lots under construction due for release have fallen by approximately 11%.

CoreLogic's Cordell Construction Cost Index recorded a 0.2% increase in construction costs for the last quarter in Western Australia, marking the lowest quarterly growth rate of all states and falling below the pre-COVID decade average of one%. The data indicates that construction cost growth in Western Australia is slowing down, possibly due to labour and material cost stability. The shift towards labour costs becoming more influential in the cost dynamics of construction is particularly noteworthy.

With rising labour costs and increased time to completion for new builds, it is also interesting to note the trend of building costs for local versus interstate buyers. Our research from construction valuations completed internally has shown a discrepancy of approximately 15% in costs being added to build contracts for non-Western Australian residents, with a large proportion of those contracts appearing to involve buyer's agents. From a sample size of 330 building contracts, just under 30% of the contracts were for interstate buyers and those contracts displayed a clear and persistent trend of higher costs for similar products when compared to local buyers. Highly concerning for sure and something to be wary of when it comes to negotiations!

Another aspect to consider when building is the building company you choose. Based on data sourced from the Australian Securities and Investment Commission, PropTrack has shown the number of building company insolvencies over the past decade, with a noticeable increase over the past three years since building incentives were introduced.

Number of construction companies entering insolvency



Source: Australian Securities & Investments Commission - The first time a company enters external administration or has a controller appointed - construction industry

Construction company insolvency Source: PropTrack

Interest rates have been a hot topic throughout Australia. The Reserve Bank of Australia increased the interest rate in February this year for the first time since May 2022 by 0.25 points to 3.35%. The RBA has since increased the interest rate by 0.25% in March, May, June and November this year. The current cash rate sits at 4.35%, a 12-year high as inflation continues to increase. The recent interest rate hike has resulted in the average Western Australia homeowner now paying an extra $621 per month on their mortgage over the rate hike cycle. This is lower than the national average of $653 per month that the average Australian is putting towards their mortgage. The ongoing issue Western Australia faces is the gap between inflation and wage growth. Despite this issue, Western Australia is still one of the most affordable states to purchase a home. Despite sustained hikes in the official cash rate, for the majority of the market it appears that these have had minimal effect on consumer confidence. Interestingly, there has been a dramatic rise in eastern states purchaser activity in the market in the past twelve months due to the overall affordability of housing in Western Australia compared to other states.

Of note, cost of living pressures are having an impact on some sections of the population. Inflationary pressures saw the average bill for water and gas increase by 2.5% in July this year. In response to this, the state government has introduced a $200 subsidy on electricity bills. The first subsidy was applied in the July quarter and the second has been utilised in the November quarter. Further government assistance of $500 will be provided to 350,000 eligible households. Although Western Australia has experienced a rise in prices, the state appears to be quite unscathed in comparison to some, with the eastern states experiencing a rise of a whopping 20 to 25 percent followed by Tasmania at 9.5%, ACT at 4.15%, Tasmania at 9.5% and the Northern Territory at 2.7%.

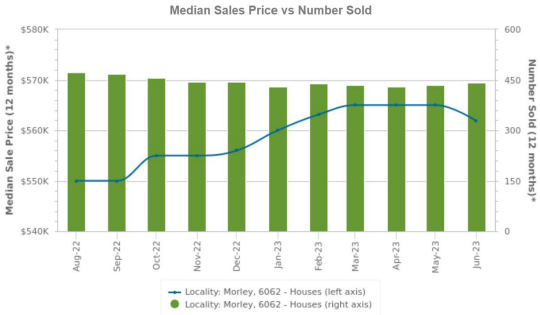
Now looking at how some of our predictions played out throughout the year, in February 2023 we stated:

"With factors such as high construction costs and a strong rental market, we expect demand for established stock in established areas to continue to perform well. This is because first home buyers will continue to escape the rental market and with building being a costly exercise at the moment, we believe that established, well located properties will continue to see strong demand."

Morley	Parkwood	Coolbellup
4.5 % Growth	4.6 % Growth	3.6 % Growth
4.6 % 5yr avg	5.3 % 5yr avg	6.2 % 5yr avg
1 % 10yr avg	1.5 % 10yr avg	2.9 % 10yr avg
Median sale price $580,000	Median sale price $570,000	Median sale price $580,000

Median prices Source: REIWA

Following a comprehensive analysis of the situation, it is evident that our initial assessment has been confirmed, with a solid increase for established housing, building on the gains observed in 2022. In particular, established areas providing enticing entry-level opportunities in the Perth metro region such as Morley, Parkwood and Coolbellup have shown sales growth of 4.5%, 4.6% and 3.6% respectively, noting that there has been significant growth in the last quarter that is not reflected in these figures at this stage. This has been driven by an ever-reducing number of properties listed for sale, as people need to secure a house first before they can sell their current home. This reluctance to list properties without securing alternative housing options is contributing to the trend.



Morley median price and sales volume Source: CoreLogic

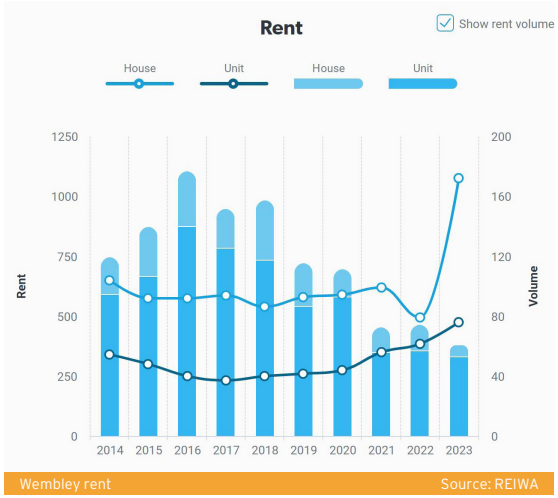
In that interesting pocket of growth, one such suburb, like Morley, showed strong performance in median house prices this year, however the graphical representation indicates an upward trend in median house prices, contrasting with a notable trend in slightly declining sales volumes over the past 12 months. The declining sales volumes are directly linked to a lack of supply in the current market.

Our February 2023 outlook also stated:

"As mentioned earlier, the state is grappling with skilled labour shortages, making it an attractive place to live and work. This attractiveness is expected to drive strong positive migration. In such a scenario, we anticipate the rental market to maintain its robust performance. However, if the new housing supply surpasses tenant demand, there's a possibility of a slight weakening in these market segments."

We highlighted that this outcome hinges on migration patterns. Interestingly, the state's population surged by 2.8% to 2.855 million in the year leading up to March 2023 (ABS 2023), marking the highest growth rate among all states and territories. This growth is due to both interstate and overseas migration fuelled by the affordability of living costs compared to other states and the increasing demand for skilled workers. The ongoing imbalance between supply and demand continues to exert pressure on Western Australia's real estate sales and rental markets.

Take a look at Wembley—it's quite a standout case. Over the years, the sales volume has slowly declined from 128 in 2021 to 109 in 2023. At the



same time, the median price has taken a hike from $1.157 million to $1.391 million.

The dramatic lack of rental stock in Wembley shows a fascinating story. Rental volume hit its lowest point since 2014, sparking a significant 117.2% increase in rental prices.

In February, we also touched upon the performance of the prestige sector.

"Another property type that we anticipate to perform well throughout 2023 is the prestige sector of the market... We believe this sector of the market will see prices increase throughout 2023 as this demand remains present and any new supply to the market will likely be snapped up quickly."

We noted that the outlook for growth remained strong in the prestige metro areas. Claremont (10.3%), Mosman Park(14.6%), Peppermint Grove(11.6%) and Swanbourne (12.9%) all experienced continued growth.

The scarcity of available houses in these prestige markets, where buyers may find fewer options and

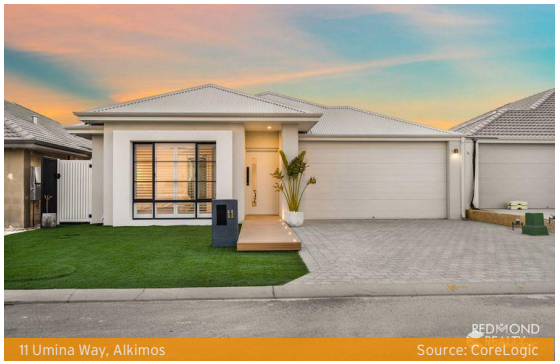
More than half of the last quarter's new land buyers in Western Australia were reported to be investors.

sellers may be less inclined to put their properties on the market, influenced the growth in property prices. Judging by their growth, it seems that new supply to the market was snapped up alright, although many transactions are now occurring off market as agents source properties for buyers rather than listing properties for sellers.

Moving to a different market segment, more than half of the last quarter's new land buyers in Western Australia were reported to be investors, according to the Urban Development Institute of Australia WA. The Urban Development Index provided by the UDIA indicates a substantial surge in the proportion of investors in the market, increasing from 28% in the September 2022 quarter to 62% in the corresponding period this year.

Recent statistics disclose that investors comprised 45% of new land buyers in the June 2023 quarter. According to the UDIA, the most robust market activity in the Perth metropolitan area was observed in the north-western suburbs, with 74% of sales attributed to investors.

According to our internal data, 40% of individuals seeking construction valuations for land in the Alkimos area - one of the highly sought-after north-western suburbs for investors - originate from interstate. This dramatic influence has a notable impact on property prices, particularly favouring brand new or recently constructed properties. It's important to note that this trend is not exclusive to Alkimos but extends to surrounding areas as well.



11 Umina Way, Alkimos
Source: CoreLogic

This contemporary residence, constructed in 2022, features a land size of 375 square metres and a floor area of 154 square metres. Offering four bedrooms, two bathrooms, and a study, it is conveniently located near the pristine shores of the Indian Ocean and Bathers Park. The property was initially sold for $580,000 in March 2023 and resold on 21 August 2023 for $700,000 with no additional updates noted.

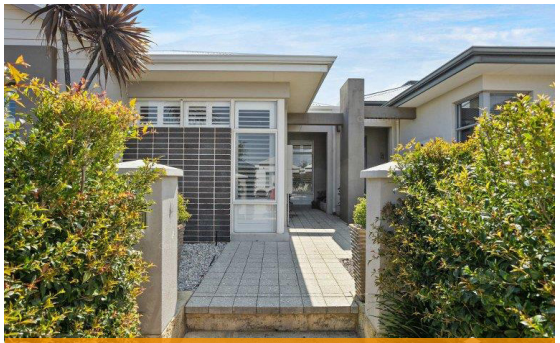
The increases in construction costs have caused issues throughout 2023, even though they are starting to plateau. Prices of near-new properties in many areas have failed to keep pace with rising construction costs. This has resulted in very strong purchaser activity in the established housing market. This preference is motivated by a noticeable cost differential compared to the extended process of constructing new properties, which typically spans 12 months to two years.

Residences in these areas consistently achieve rapid sales, typically within an impressive six-day

Butler	Clarkson
10.7 % Growth	13.5 % Growth
4.1 % 5yr avg	6.7 % 5yr avg
0.7 % 10yr avg	1.8 % 10yr avg
Median sale price $465,000	Median sale price $505,000

Median prices Source: REIWA

timeframe throughout the year. These suburbs have witnessed significant market dynamics, with annual growth rates reported by REIWA at 10.7% and 13.5%. There has been a decline in sales volume, with figures dropping from 419 sales in 2022 to 347 sales in 2023 and from 426 sales in 2022 to 304 in 2023, respectively. As previously highlighted, this decrease is attributed to the scarcity of available houses



59 Captiva Approach, Butler Source: CoreLogic

in these markets. In these areas, buyers may encounter few options to purchase, and it has not been uncommon to see ten or more offers received on any new listing.

The property at 59 Captiva Approach, Butler, serves as an illustration of significant value appreciation. Constructed in 2009, this three-bedroom, two-bathroom property was initially sold in June 2022 for $372,000. Remarkably, it secured another sale in September 2023 for $480,000 within four days. Notably, there were no apparent major upgrades to the property during this timeframe.

We mentioned last year and earlier this year that the City of Rockingham has been a hot spot for interstate investors and this year has been no exception for both the established and new construction markets.

In February we said: "...we anticipate the rental market to continue to perform well, but if new supply of housing was to be higher than demand from tenants we may see these sectors of the market weaken slightly" however some areas in this region, namely the coastal suburbs of Port Kennedy, Waikiki and Warnbro, have experienced rental growth of 15 to 20% over the past 12 months, with vacancy rates currently sitting at 0.5% to 0.8%. They have also seen sales growth in the vicinity of 15%. Luckily, strong migration numbers resulted in continued increase in demand, despite an increase in housing completions.

Take a look at 26 Edgbaston Crescent, Port Kennedy for example. This established four-bedroom, two-bathroom home on 510 square metres sold in May this year for $517,000 after having only been purchased in January 2022 for $425,000, a 21% increase with no updates being made in the interim. The property was subsequently rented for $560 per week.

26 Edgbaston Crescent, Port Kennedy Source: CoreLogic

Heading inland slightly, let's consider new construction within the developing suburb of Baldivis, which not that long ago was the poster child for oversupply in Western Australia. Once a semi-rural location, this rapidly expanding suburb has seen an overall sales growth of 13% with an increase in land values of 7.7% and the sale of 466 parcels of land so far this year, down from approximately 640 last year. With rental growth of 16% and an indicative average rental yield of approximately six%, new construction has been a desirable option for investors, not just owner-occupiers.

As expected, the increased interstate investor activity has pushed local buyers' anticipated budgets up, however this has a twofold effect. Not only do the increased price pressures hinder first home buyers entering the market, but construction costs have been perceived as quite high for downsizers as well, who are then locking up large established homes that would otherwise be put on the market.

Moving a little further south and into the City of Mandurah, we find there is a similar story to be

told, with the suburbs of Mandurah, Greenfields and Coodanup remaining popular with investors and first home buyers resulting in sales growth of circa 10 to 15% and rental growth of 12 to 22% with a vacancy rate of 0.8% currently.

In neighbouring Dudley Park, the sale of 121 Darwin Terrace, a 2007 built three-bedroom, two-bathroom home shows a growth of 17% from purchase in August 2022 for $570,000 to its sale 14 months later in October 2023 for $668,000. The property was recently leased for $750 per week, a staggering 50% increase since it was last advertised for rent two years prior.

121 Darwin Terrace, Dudley Park Source: CoreLogic

The property market in the south-west of Western Australia has performed exceptionally well despite interest rates continuing to rise. As in other areas of the state, the main contributing factor is the lack of supply. Demand has remained strong, exacerbated by the continued population growth of the south-west and an increase in demand from eastern states and overseas investors. Sections of the market such as Australind have been seen as investor hotspots with particularly strong demand from eastern states buyers. The average time on the market in most areas in the south-west remains very low and many properties are transacting off market.

The rental market is also very tight with rents continuing to rise throughout the year and vacancy rates at historically low levels in most sections of the market. The lack of rentals and high rental values has also caused issues in the labour market, particularly in tourist destinations such as Dunsborough. Many businesses have had to limit opening hours due to the lack of available staff as affordability issues bite.

Most areas achieved significant increases in value. The coastal tourist towns have performed better than most. Augusta was the standout with a median house price of $729,000, an increase of 26.4% from the previous 12 months.

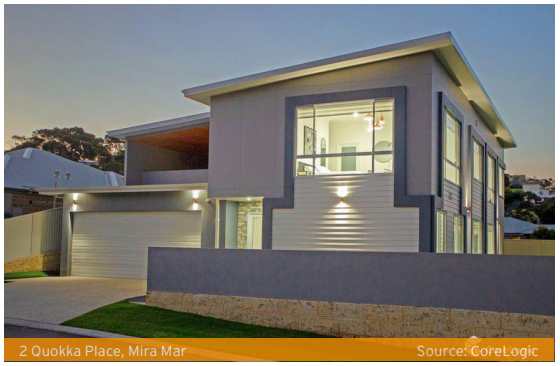
The standout sale for the year has to be 38 Fern Road, Eagle Bay which sold for $8.75 million in April 2023. This renovated 1990 two-storey, seven-bedroom, seven-bathroom home is situated on a 2261 square metre lot which has direct ocean frontage. The previous sale of this property was for $4.4 million in May 2012.

38 Fern Road, Eagle Bay Source: CoreLogic

Moving to the Great Southern region, which is heavily reliant on local agribusiness, the property market has shown a slowdown in enquiry levels and time to sell. Growth has started to ease and shows a relatively modest six%, which agents in the area attribute to greater caution from buyers. This may coincide with concerns of lower than hoped for harvest yields recorded by the Department of Agriculture, Fisheries and Forestry. Despite the lack of enquiries and number of offers on properties that agents were once seeing, they have also advised that the offers that are presented are usually still quite strong.

As predicted in our February report, suburbs such as Middleton Beach, Emu Point and Mira Mar have continued to be popular locations for buyers and have shown moderate growth.

In Mira Mar, this 2018 built four-bedroom, three-bathroom home with 357 square metres of internal living on a 526 square metre block sold in August for $1.3 million after having been purchased in April 2022 for $1.2 million, showing an eight% increase. Enough growth to cover your stamp duty at least!



2 Quokka Place, Mira Mar Source: CoreLogic

The rental market in Albany remains tight, with a 0.3% vacancy rate and 23.4% rental growth. Properties in the sub $500,000 range typically sought after by investors are still moving quickly when they do pop up, though as with the rest of the state, stock levels have been very low.

Esperance - Kyna

Moving east to the port town of Esperance, there have been approximately 230 sales recorded in the past 12 months. In February we said: "we are expecting continued growth throughout the course of this year, although we expect this to be marginal compared to the growth achieved in the two years prior" which holds true for some suburbs, such as beachside Castletown with growth of a mere 2.4% according to REIWA, however some sales have proven otherwise, such as the sale of 10 Wildcherry Avenue. This 1985 built three-bedroom, one-bathroom home on an 820 square metre parcel was purchased in March 2022 for $330,000 and sold again in July this year for $420,000, a huge 27% increase with only a modest shed added.

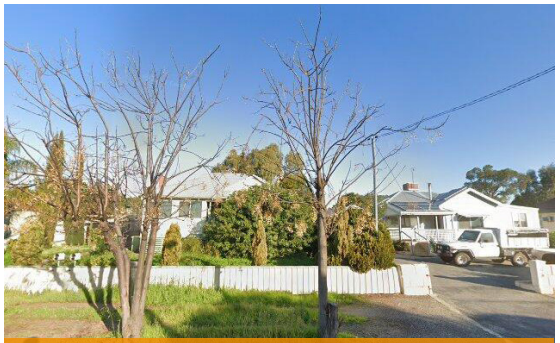
10 Wildcherry Avenue, Castletown Source: CoreLogic

Taking a look at other suburbs, Sinclair, Esperance and Nulsen have all experienced growth of 26.5%, 17.8% and 12.5% respectively with median house prices all under $450,000, while rural lifestyle properties around Myrup and Pink Lake have remained desirable. Those that are presented well do not last too long on the market, however generally transact under the asking price more often than not.

This represents an astounding 48% growth in just twelve months which is impressive for a small regional town!

Moving to the midwest, the wheatbelt region continued to perform strongly this year with both the Merredin and Northam markets experiencing increases in median house prices. Merredin had a median house price of $179,000 last year which rose to $190,000 this year, a healthy 6.1% growth. The rental market in the town also performed strongly with the average rent increasing from $340 per week to $400 per week. Northam's median house price grew by 7.3% from $275,000 last year to $295,000 this year. Interestingly, the median rental amount in the town deteriorated as the rent per week fell from $375 per week to $345 per week, however we consider that this relates to investor stock generally being at the lower end of the quality scale rather than an actual decrease in rents in the town.

This 1950 built property at 10 Queen Street, Northam features 146 square metres of living on an 865 square metre lot with two bedrooms and

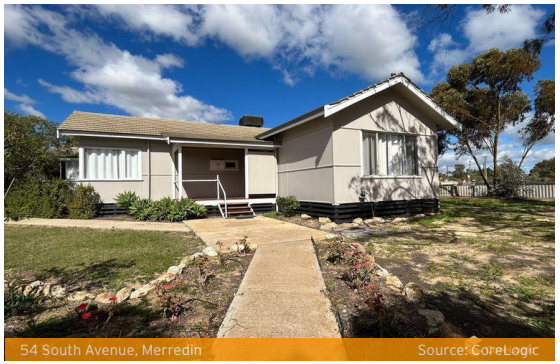


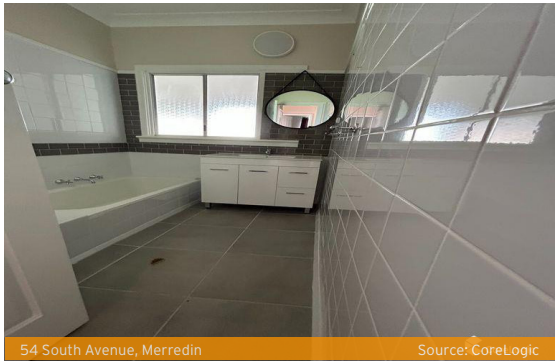
10 Queen Street, Northam Source: CoreLogic

10 Queen Street, Northam Source: CoreLogic

one bathroom in original condition. The property previously transacted for $190,000 in 2022 and sold again for $249,000 in July this year. This demonstrates a massive 31% increase in twelve months in what has previously been classed as a secondary location. However we are still surprised that Northam hasn't performed even better than this, given it is the largest townsite within commuting distance of Perth.

This 1962 built renovated property at 54 South Avenue, Merredin features 112 square metres of living on a generous 1033 square metre lot. The property has three bedrooms and one bathroom with new timber decking installed on the porch. The property was sold in 2022 for $125,000 and sold for $185,000 in July this year. This represents an astounding 48% growth in just twelve months which is impressive for a small regional town! You could barely give properties away in Merredin in 2018 – how things have changed!


54 South Avenue, Merredin Source: CoreLogic


54 South Avenue, Merredin Source: CoreLogic

In the Goldfields region, Kalgoorlie-Boulder is experiencing heightened demand amidst a shortage of quality housing and a significant undersupply of rental properties, primarily influenced by the local mining industry outlook. This situation has attracted interest across various property types, drawing in both prospective homeowners and renters.

In our February report for Kalgoorlie-Boulder, we foresaw:

"Moving to the Goldfields region, we are expecting activity in Kalgoorlie-Boulder to remain strong, with agents reporting quick selling periods and multiple offers. The area also has a shortage of rentals, hence investors remain very active as are those trying to get out of the rental cycle. Local businesses continue to try to attract employees into the town and with gold, nickel and lithium activity all strong at the moment, we expect demand to remain solid for the foreseeable future."

We can confirm that the town continues to grapple with a persistent shortage of available rental properties, leading to an increasing preference for property purchases and a consequent surge in demand. Despite a documented rise in property values over the past two years, the peak of the current cycle appears to still be on the horizon. It's noteworthy that in previous cycles, property values have experienced relatively rapid declines. As of August 2023, the median house price stands at $305,000, reflecting a 3.9% decrease from the previous 12 months, however the market is very segmented and a consistent supply of only fair quality stock has placed downward pressure on the reported statistics.

While fluctuations in annual growth values are common in the surrounding suburbs, the rental market has shown even greater strength.


8B Rhodes Street, Kalgoorlie Source: CoreLogic

This compact complex comprises three units and comes with the advantage of no strata fees. Constructed in 1997, this brick veneer unit offers three bedrooms, one bathroom, kitchen and dining and living area. In September 2023, this property was sold for $354,000 after spending 17 days on the market and it was rented out for $650 per week within just five days of being listed, which resulted in an approximately eight% gross return and there is still upward pressure on rental prices.

Moving to the Pilbara region, Karratha has experienced far more growth than predicted in both the rental and sales markets. Notable suburbs in the town that have experienced the highest levels of growth in the past twelve months are Bulgarra and Baynton. Bulgarra's median house price increased from $471,000 to $520,000, a ten% increase. Units in the suburb experienced a similar increase with the median unit price increasing from $215,000 to $244,000, a stunning 13% rise. The median house price in Baynton rose from $652,000 to $680,000. Nickol has experienced the highest rental growth with rental rates increasing from $750 per week last year to an astounding $1500 per week in 2023!

This 2007 built four-bedroom, two-bathroom property at 32 Macmahon Way, Baynton sold for $680,000 in September this year in original condition with 157 square metres of living on a 624 square metre lot. The property previously sold for $363,355 as part of a multi sale in April last year, highlighting a whooping 87% growth in one year.


32 Macmahon Way, Bayton Source: CoreLogic


32 Macmahon Way, Bayton Source: CoreLogic

This property at 18A Lewis Drive, Nickol features a 1998 built four-bedroom, two-bathroom dwelling in original condition with 158 square metres of living on an 890 square metre lot. The property is currently advertised for rent for $1200 per week. The property was previously advertised for lease for $740 a week in March last year, showing a 62% increase in rent over 12 months.


18A Lewis Drive, Nickol Source: CoreLogic


18A Lewis Drive, Nickol Source: CoreLogic

Port Hedland has unexpectedly performed better than anticipated at the start of the year with the rental market continuing to perform strongly and property values nudging higher against continuous interest rate hikes. As expected, the shortage of available housing in the region has further cemented the pressure on rents with the median rent in Port Hedland for houses rising from $800 per week last year to a staggering $1,200 this year. South Hedland followed suit, with rents rising from $750 per week to $950 in the past year. The median unit rental price in South Hedland remained stagnant at $575 per week in 2022 and 2023. The opposite occurred in Port Hedland, with the median unit rental price increasing from $550 per week to a massive $800 per week this year. The median house price in Port Hedland rose from $665,000 last year to $712,000 this year and South Hedland from $400,000 to $430,000. Newly-constructed and renovated houses in South Hedland have surprisingly outperformed all other property assets in the region. Homes in the Port Hedland region that are within the Pretty Pool and Cooke Point areas also performed well.

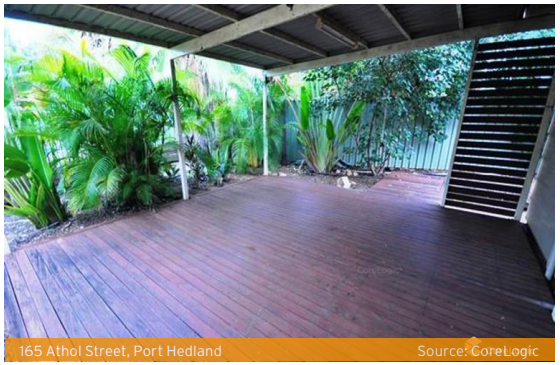
This 1977 built three-bedroom, one-bathroom fully renovated property at 45 Limpet Crescent, South Hedland sold for $400,000 in September this year. The property features a new kitchen, freshly painted walls, new flooring, ceiling fans, new bathrooms and a workshop on a 560 square metre lot with 103 square metres of living. The property previously sold for $230,000 in January 2023 in original condition. Whilst there was obviously a fair bit of cost incurred, it's a solid return regardless.


45 Limpet Crescent, South Hedland Source: CoreLogic


45 Limpet Crescent, South Hedland Source: CoreLogic


45 Limpet Crescent, South Hedland Source: CoreLogic

This property at 165 Athol Street, Port Hedland is a 1969 built three-bedroom, one-bathroom property with 98 square metres of living on an 810 square metre lot. The property is located in the prime Cooke Point location and features a pool and timber decking. The property is currently advertised for rent for $1200 per week and was previously advertised for $990 in March this year. This is a massive 21% increase in just a few months and highlights the high demand and lack of supply of rentals in Port Hedland over the past 12 months.


165 Athol Street, Port Hedland Source: CoreLogic


165 Athol Street, Port Hedland Source: CoreLogic

The Broome property market has continued to soften over the past twelve months with the median house price falling from $605,000 to $487,000. The fall has also been felt in the unit market with the median unit price slumping from $400,000 to $380,000. It's not all doom and gloom though as the median house price grew by 4.3% and median unit prices grew by 13.7% in the last quarter of 2023. The volume of sales activity declined in the past twelve months by 38.4% for houses and 51.1% for units, highlighting the cyclical nature of the residential property market that is heavily dependent on the tourism sector. The effect of the rise in interest rates in the Broome market has not fully translated with some consumer confidence in the last quarter of 2023. Market conditions continue to favour the buyer.

The rental market in the town has experienced the opposite effect with the rental yield for the Broome suburbs rising by 7.2% in June this year. This led to an increase in the median rental price to $1100 per week, a whopping 46.7% rise in the past twelve months. This suggests that renters in the market are willing to pay a premium regardless of a hike in supply of properties available to buy. Three-bedroom properties have performed the best in the market with investors cashing in on an 11.1% annual rental growth achieving a median $500 per week in rent. The vacancy rate in the region was a staggeringly low 0.1% in June this year. Overall, the Broome residential market has experienced a downturn in sales, but a heated rental market could see a rebound in investor activity.

This 2012 built two-bedroom, one-bathroom property at 29 Wirl Buru Gardens, Cable Beach achieves ocean views and is located across the road from the famous Cable Beach. It is currently listed for rent for $1500 a week. The apartment was previously listed for rent at $700 a week in June this year, showing a whopping increase with the rent doubling in just the past few months!


29 Wirl Buru Gardens, Cable Beach Source: CoreLogic

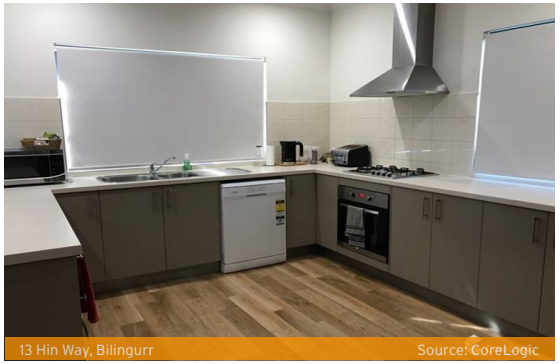

29 Wirl Buru Gardens, Cable Beach Source: CoreLogic

RESIDENTIAL

HERRON TODD WHITE

This 2014 built three-bedroom, two-bathroom property at 13 Hin Way, Bilingurr features 160 square metres of living on a 578 square metre lot. The dwelling is presented in original condition and is a short distance from Cable Beach and Chinatown. The property is currently advertised for rent for $583 per week and was previously advertised for $260 per week in February 2021, practically double the price now!

13 Hin Way, Bilingurr Source: CoreLogic



13 Hin Way, Bilingurr Source: CoreLogic

In the February Month in Review, we forecast a notable increase in construction costs due to supply and labour shortages, a trend expected to extend throughout 2023. This has impacted the supply of new dwellings and influenced the prices of established properties. Despite global economic uncertainties, our report suggested that builders would maintain higher prices to recover profits and this is holding true. Our earlier observations about the impact of low supply on established property prices seems to have been on point.

Moreover, increased activity driven by investors from the east, along with robust immigration due to affordability, has intensified local market dynamics. This, along with the current state of the market, has had a more pronounced effect on both the median house price and the rental sector than initially expected.

Chris Hinchliffe
Director

Northern Territory - Residential 2023

Darwin

From the start, 2023 was set to be a challenging year for the Greater Darwin residential market with key themes from the back end of 2022 carrying on throughout the year. Interest rates and construction costs remained the talking points of the year and were the driving forces behind the softening market conditions. The RBA's raising of interest rates and the high costs associated with servicing a mortgage firmly dented market confidence. We saw some relief with pauses to rate rises as homeowners, especially in mortgage belt areas, attempted to manage their household budgets. Many homeowners secured loans on favourable low rates and saw their repayments skyrocket as their loans switched from fixed to variable, adding stress to already tight budgets with inflationary pressures still ongoing. Similar to other parts of the country, these pressures have heavily influenced the Greater Darwin region and weakened market sentiment. The strength of the market has been largely attributed to owner-occupier demand. Interest from investors is entering the market, however at greatly subdued levels. We saw this reflected in a reduction of sales volume and value across most sections of the market and with another 0.25% rate increase in November, there is uncertainty as to when the anticipated peak of interest rate rises will be.

High construction costs driven by the lack of available labour and high material prices have created a two-tier market whereby properties which are older and may require work have been penalised and newer builds or properties in good condition have seen much more favourable conditions. This has seen the term turn-key cement itself as the buzzword of the year and refers to properties which are ready to move into with no work required. Turn-key properties have emerged as the winners of the year as the cost of renovating or building new remains out of the question for many. In Darwin, we have seen this translate clearly into property values and days on market, with dwellings in need of work remaining on the market for longer periods. These two elevated dwellings are a prime example: both are located in the northern suburb of Leanyer and share the same 1980s design; both are situated on an 800 square metre allotment and have similar dwelling sizes, however 146 Leanyer Drive remains in its original state in good condition selling for $495,000 and 19 Sanford Street has been fully renovated selling for $865,000, a $370,000 difference in value.

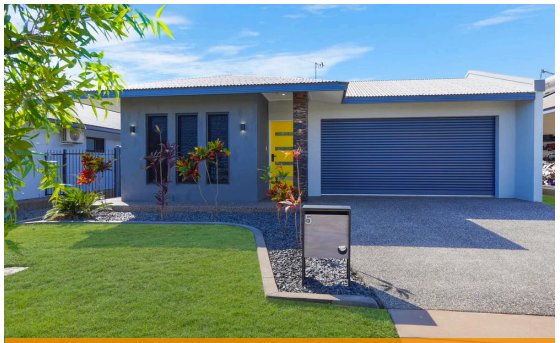
146 Leanyer Drive, Leanyer Source: realestate.com.au

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

The stark reduction of vacant land sales (which is new land not being titled) in the Zuccoli development also speaks well to the lack of appetite for construction with only 44 sales occurring in the first half of 2023. These sales are presold allotments purchased off the plan in 2022.

The lack of supply of new land the uncertainty around rising construction costs and notably a lack of government build bonuses have seen buyers in the new home space shift into the existing home market.

In Zuccoli, a 2021 built, three-bedroom, two-bathroom dwelling on a courtyard 360 square metre block is selling at or around $500,000 . With this option in the market, it makes the process of purchasing land and building a new dwelling unappealing and uneconomical, especially for those looking to enter the property market for the first time.



5 Gooseberry Street, Zuccoli Source: realestate.com.au

Vacancy rates continue to be another topical subject with the current housing stock unable to meet the growing rental demand. Although we have seen some easing (a very minor 0.2%) of the vacancy rate in Greater Darwin, currently sitting at 1.9% according to Corelogic, the market is still considered to be stressed. With limited new developments (units in the CBD or larger scale townhouse projects in the suburbs) in the pipeline and no new stock entering the market, we will be closely watching the impact of increasing rental values and the effects this has on property value. With this trend set to continue, it will surely be a topic that continues to dominate the residential sector well into next year.

Looking back on our predictions from the start of 2023, we discussed the impact interest rates and construction costs will have on the market. At the end of the year, we seem to be in a not too dissimilar position. Some talking heads predicted a five% market reduction in house prices for Darwin. We have largely firmed with median prices hovering around $500,000. The number of dwellings on the market has reduced and new listings to the market are also down from this time last year (source: Corelogic).

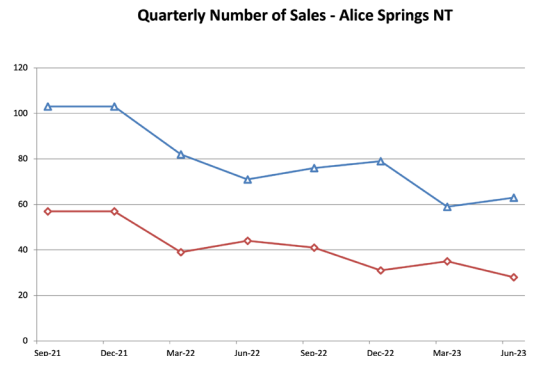
The construction of the $250 million Charles Darwin University city campus is still ongoing with completion set for the second quarter of 2024. With an already tight rental market, the housing of these new students will be challenging. As for the progress of other major projects, the construction contract for the East Arm ship lift has recently been awarded however there is still no start or completion date set and defence spending has gone from strength to strength with the Australian and US governments set to invest $6 billion in the Northern Territory over the next six years, fuelling the need for housing stock and services to accommodate these projects. Gas in the Beetaloo Basin remains the Northern Territory's golden ticket to the NT Government's $40 billion economy by 2030. Exploration is still ongoing with many logistical hurdles to overcome however with global energy in an uncertain period, the 500 trillion cubic feet of gas has become increasingly important. The impact of a project of this scale would be akin to the previous Inpex boom, however the topic of accommodating the workforce required to facilitate a project of this size is often brought up, with an already tight housing market and little supply of new stock. The go-ahead for a project of this scale would have a significant impact on the residential market.

As we come to the end of 2023 with interest rates and construction costs still dominating market conditions, our focus in the new year will be on vacancy rates and the impact the ever-tightening rental market will have on property values. With these factors known, it is expected that 2024 will be a year of increasing values across the board.

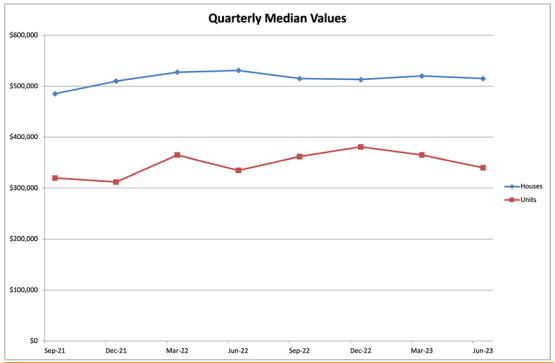
Louis Cox
Assistant Valuer

Alice Springs

As we look back over the past 11 or so months, it would be fair to say that after a flurry of activity in late 2021 and early 2022, the market cooled considerably throughout 2023, with transaction numbers continuing to fall back and some signs emerging of prices softening in the residential market. At the time of writing this article, we only have the benefit of having figures to the end of June 2023, but they paint a fairly disappointing picture as illustrated in the following graphs of transaction numbers and median prices.



Source: REINT



Alice Springs sales and value change Source: REINT

RESIDENTIAL

HERRON TODD WHITE

As can be seen from the graph above, median house prices have flat-lined, whilst median unit prices have bounced around somewhat, with smaller volumes of sales causing some volatility quarter-on-quarter.

Statistics broken down by suburb are interesting, but considering the low volumes, need to be treated with some caution.

Select suburb perfromance

Suburb	Number of Sales	Annual Median Price Change (%)
Araluen	34	- 29.1%
Braitling	40	+ 10.8%
Desert Springs	24	- 0.8%
East Side	39	- 2.6%
Gillen	58	- 1.5%
Larapinta	24	- 1.6%
Sadadeen	18	- 16.4%
The Gap	11	+ 4.3%

Source: REINT

The only suburbs where the median price has increased in the past 12 months are Braitling and The Gap, with Araluen and Sadadeen both experiencing considerable drops. When we gazed into our crystal ball at the start of the year, it was predicted that Sadadeen may suffer, along with Larapinta. The biggest surprise in these figures is the large drop in median value for Araluen. This may just be a statistical anomaly, as there is a wide range of property values in Araluen. It is a geographically large suburb and perhaps there were more sales of higher value homes in the more desirable parts of the suburb last year compared to this year.

Overall, it's been a year to forget, with lower transaction numbers, flat-lining or fluctuating median prices, historically large numbers of properties on the market and increasing days-on-market for many properties. Unfortunately, there is no bright light at the end of the tunnel and with high interest rates predicted to prevail in 2024 and a swathe of borrowers coming off low fixed rate contracts, prices could really start to contract in the next 12 months.

Peter Nichols
Valuer

Australian Capital Territory - Residential 2023

Canberra

After four consecutive quarters of decline, Canberra's housing market is on the rise, ending the steepest downturn the market has ever seen.

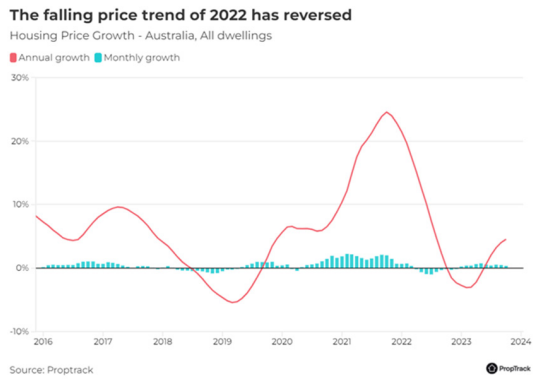
Dr Andrew Wilson's My Housing Market reported that national house prices accelerated in October with the rate of growth increasing despite the typical seasonal surge in spring listings. According to Dr Wilson, the national capital city median house price increased sharply by 0.4% over the October quarter compared to the September quarter, rising to $956,600.

According to the latest Domain House Price Report, the Canberra house market has moved into recovery, with prices rising over the September quarter for the first time since mid-2022. According to the report, the combined national property market entered its third quarter of growth for houses and second for units. Canberra was still seven% below its high from last year and according to The Property Collective principal, Will Honey, the market was tinkering along, with supply and demand evening out with an above-average number of homes on the market in Canberra.

Canberra was the final capital to hit a price trough back in June 2023 and while house prices have recouped $18,000 of the $151,000 value lost during the 2022-2023 downturn, Canberra remains the furthest from its price peak compared to other capitals, still down 11.3%. While house prices were up, unit prices continued to decline over the September quarter, dropping 0.6% to $567,059, however the depth has eased compared to the previous quarter. The median unit price is seven% below its June 2022 peak.

	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
All Dwellings								
Month	1.0%	0.4%	1.3%	1.7%	1.3%	-0.6%	0.1%	0.2%
Quarter	2.5%	1.3%	3.9%	4.3%	3.6%	-0.2%	1.3%	0.4%
YTD	10.0%	3.7%	8.8%	5.4%	8.7%	-2.1%	-0.2%	-0.2%
Annual	7.3%	1.5%	5.0%	5.0%	8.8%	-7.0%	-2.2%	-3.0%
Total return	10.4%	4.7%	9.5%	9.0%	13.9%	-3.0%	3.8%	0.9%
Gross yield	3.0%	3.4%	4.0%	3.9%	4.7%	4.1%	6.6%	3.9%
Median value	$1,110,660	$776,716	$761,739	$691,591	$618,363	$658,994	$493,362	$836,327
Houses								
Month	1.0%	0.3%	1.4%	1.7%	1.3%	-0.6%	-0.3%	0.4%
Quarter	2.6%	1.2%	4.0%	4.3%	3.7%	-0.3%	0.4%	0.6%
YTD	10.9%	3.9%	8.8%	5.3%	8.8%	-2.1%	-0.7%	0.0%
Annual	8.1%	1.2%	4.4%	4.6%	9.0%	-7.0%	-2.7%	-3.3%
Total return	10.9%	4.1%	8.6%	8.3%	14.0%	-3.1%	2.4%	0.4%
Gross yield	2.6%	3.0%	3.7%	3.7%	4.5%	4.0%	6.0%	3.6%
Median value	$1,381,045	$933,281	$848,680	$742,909	$646,777	$702,377	$579,142	$956,600
Units								
Month	0.9%	0.6%	1.1%	1.4%	1.0%	-0.6%	1.0%	-0.4%
Quarter	2.0%	1.6%	3.7%	3.9%	3.3%	0.1%	3.2%	-0.4%
YTD	7.5%	3.3%	8.4%	6.1%	7.2%	-2.5%	0.8%	-0.9%
Annual	5.2%	2.0%	8.0%	7.6%	6.5%	-6.9%	-1.1%	-1.8%
Total return	9.3%	6.2%	13.6%	13.2%	12.9%	-2.6%	6.2%	3.1%
Gross yield	3.9%	4.4%	5.2%	5.1%	6.3%	4.6%	7.4%	5.0%
Median value	$828,919	$612,585	$539,169	$464,414	$437,883	$520,460	$382,116	$591,952

Domain House Price Report — Source: Domain



Canberra price growth cycle — Source: PropTrack

The feeling on the frontline is that the Canberra market is plateauing as opposed to rising, with inner suburbs performing better than outer suburbs. Compared to this time last year, there is more certainty in the market thanks to more stability around interest rates. With a bit of stability, there is more confidence from buyers that they know what they can afford. Sellers are a bit more confident on their pricing and are definitely more realistic in their pricing from the peak. There's always a hangover after a market peak where sellers' expectations are back in a higher market, but this is starting to settle.

As correctly predicted at the beginning of this year, interest rates have had a bearing on the residential market and continue to apply the pressure of the past 12 months, continuing the decrease in house prices until interest rates begin to steady. The demand for vacant land continues to increase with limited land availability within the ACT and an increase in foreign buyers looking into the Canberra market. This continues the demand for quality established homes and potentially increases the demand for knock down rebuilds.

Michael Qu
Assistant Valuer

Tasmania - Residential 2023

Hobart

2023 was certainly an interesting year for the property market in Hobart and the surrounding regions. Prices have fallen due to the ever-increasing interest rate environment. Listings have increased significantly, and buyer activity has reduced accordingly as you would expect.

I don't think anyone would have thought that interest rates would have risen to the levels they have.

Derwent River Source: Nico Smit on Unsplash

First home buyers have been affected the most with reduced borrowing capacities. Properties are sitting on the market for much longer than we are used to and many are being withdrawn from the market.

Earlier in 2023 prices remained relatively stable in pretty much all property sectors and price brackets. I think 2024 will play out similarly to the last quarter of 2023 with buyers needing to meet the market with numerous price adjustments.

The most active market in the area, regardless of the location, appeared to be properties under the $600,000 price point where first home buyers or builders could take advantage of the numerous government grants.

Local agents are having great difficulty selling vacant land due to holding and construction costs. Buyers appear to be opting for established houses with the option to renovate when the funds are available.

Mortgagee in possession valuations are starting to filter through with mortgage stress due to increasing interest rates. This is likely to become more prevalent as more people come off their low fixed interest rates.

2024 will certainly be as interesting as 2023 and is highly dependent on interest rates. Hopefully they stabilise and possibly reduce to put a pep in the step of the property market.

Mark Davies
Valuer

The most active market in the area, regardless of the location, appeared to be properties under the $600,000 price point where first home buyers or builders could take advantage of the numerous government grants.

HERRON TODD WHITE

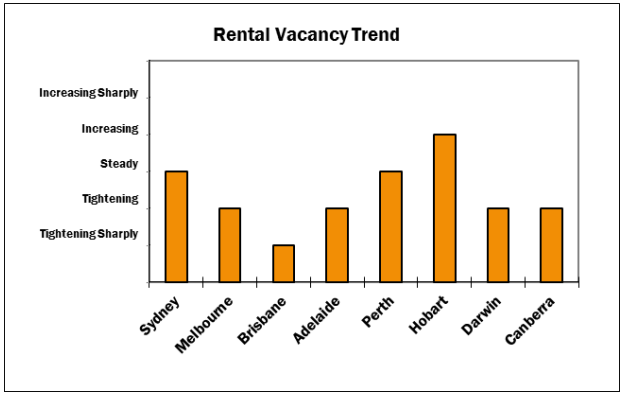
Property Market Indicators

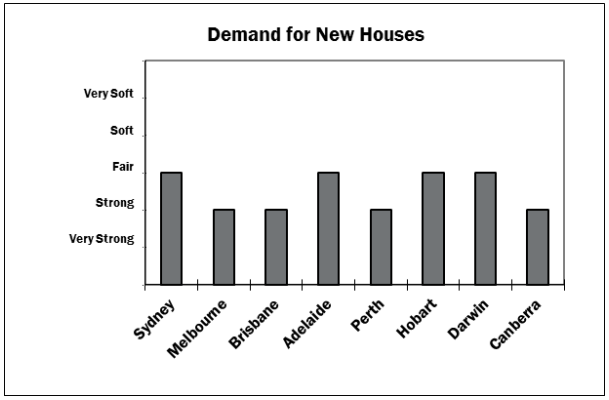
December 2023

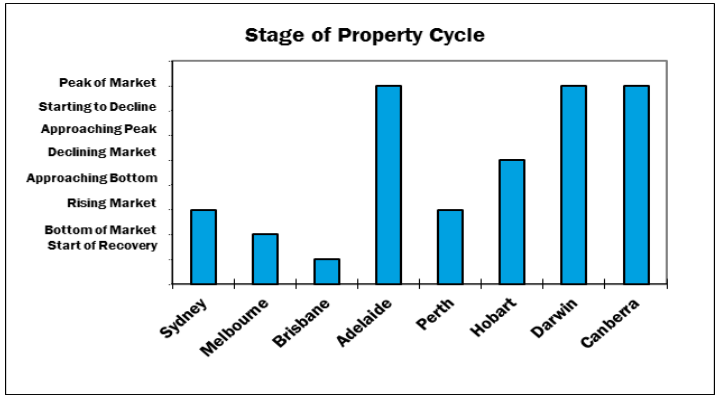
Capital City Property Market Indicators – Houses

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

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







Capital City Property Market Indicators – Units

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

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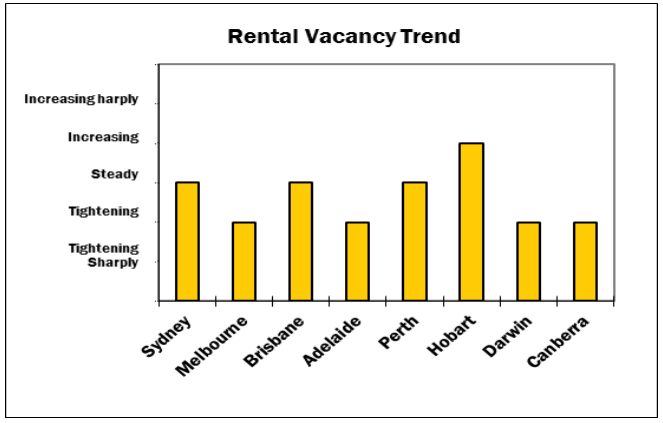

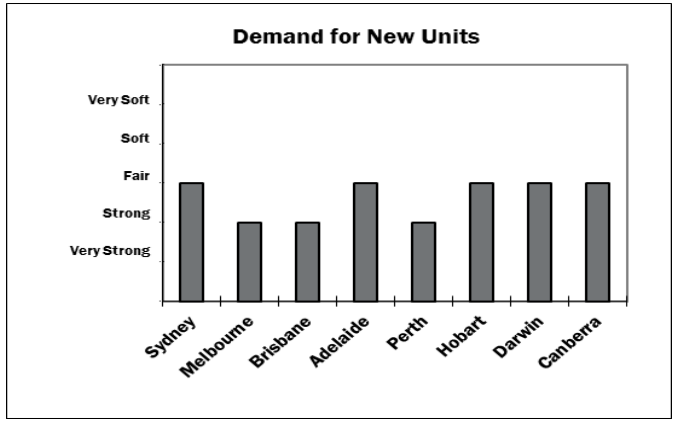

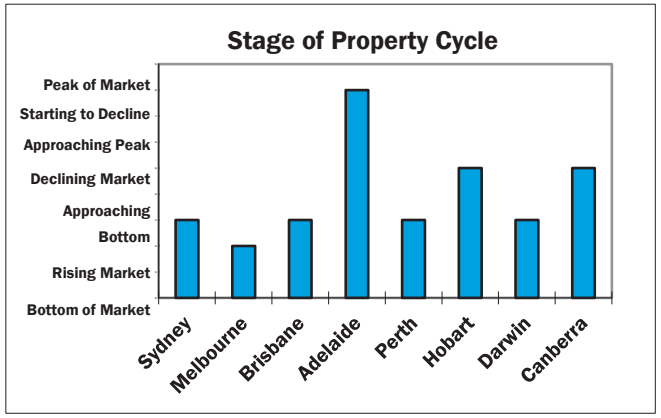

East Coast New South Wales Property Market Indicators – Houses

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

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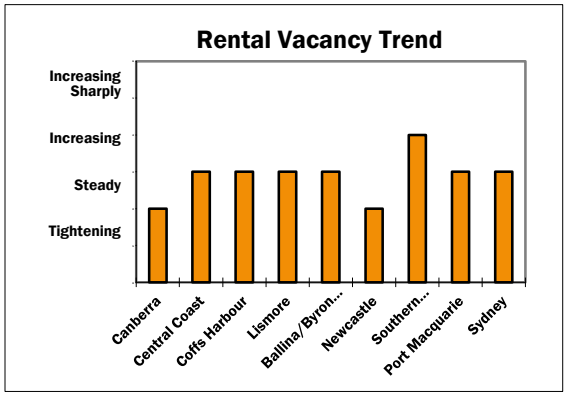

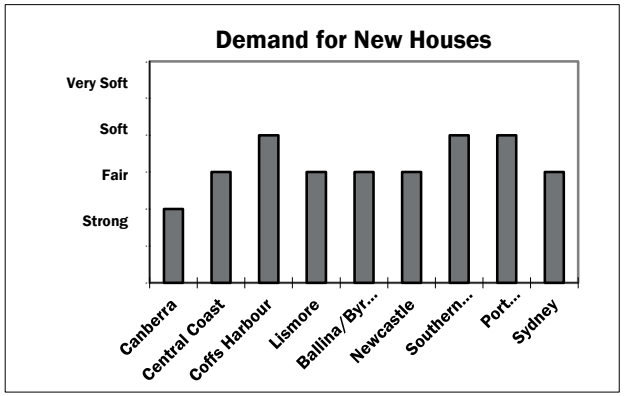

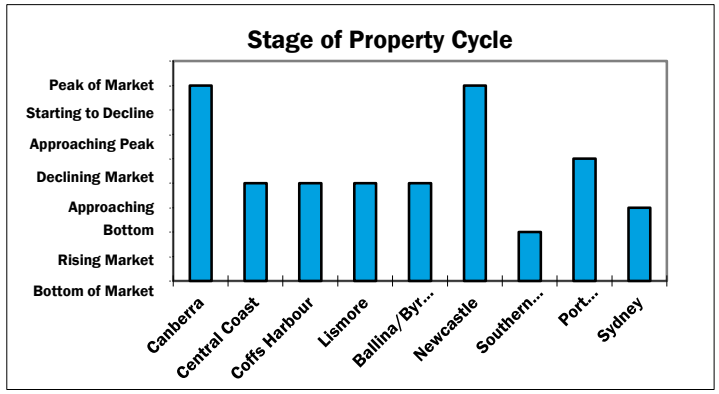

Country New South Wales Property Market Indicators – Houses

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

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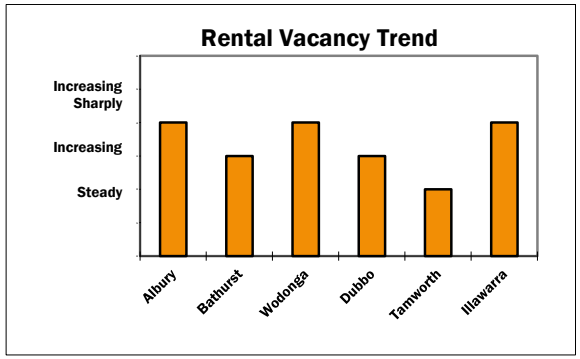

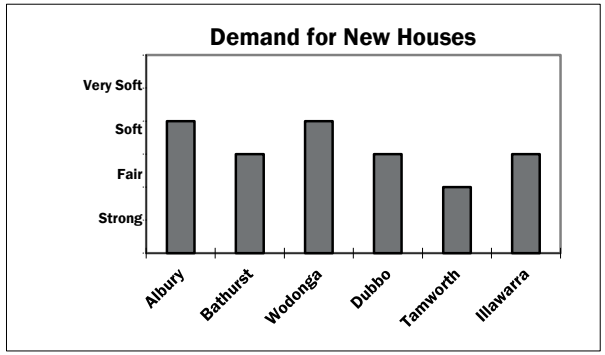

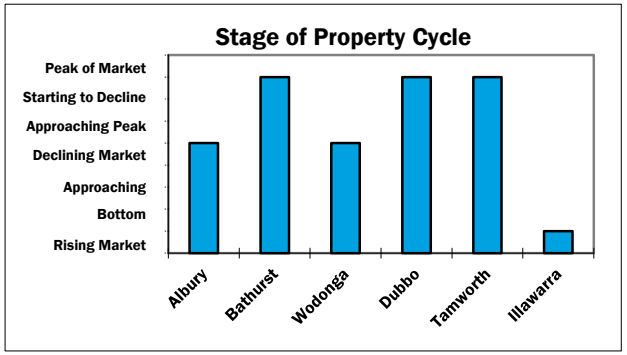

East Coast New South Wales Property Market Indicators - Units

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

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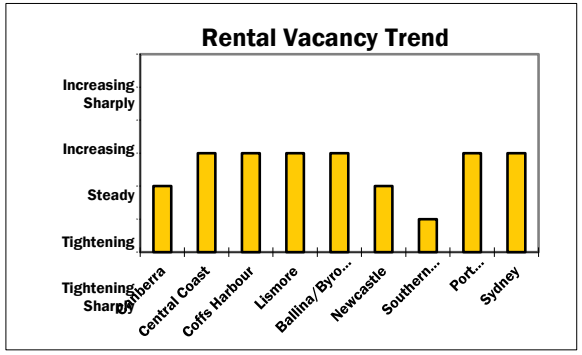

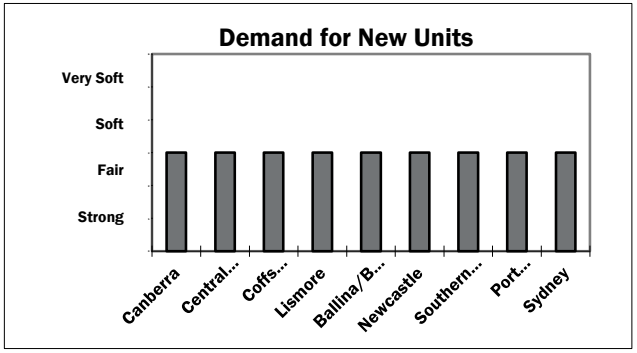

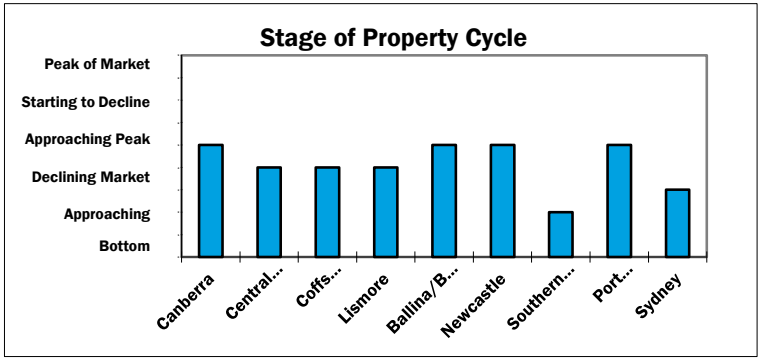

Country New South Wales Property Market Indicators - Units

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

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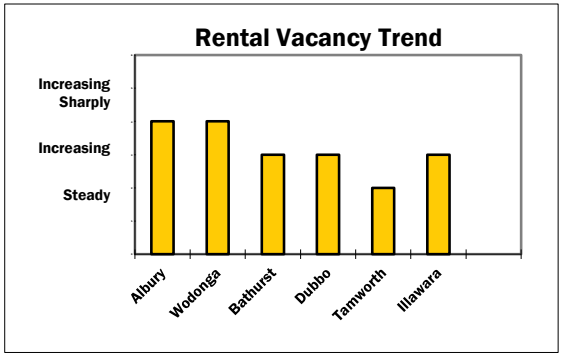

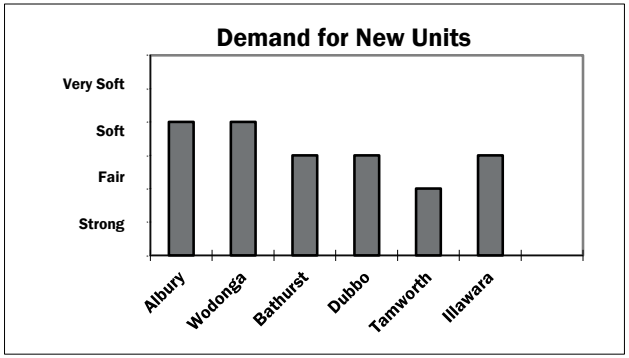

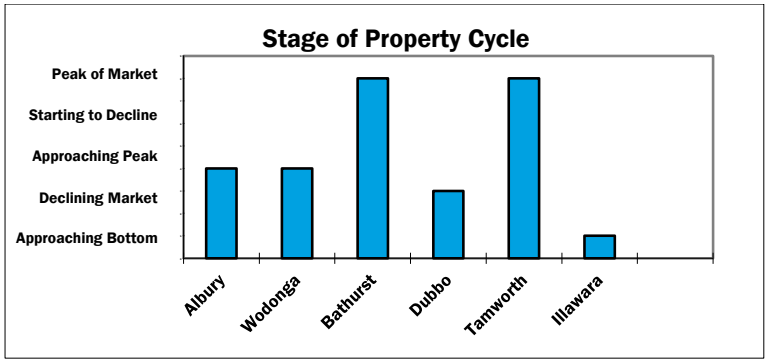

Victorian and Tasmanian Property Market Indicators – Houses

Factor	Geelong	Melbourne	Shepparton	Mildura	Mount Gambier	Hobart	Burnine/ Devenport	Launceston
Rental Vacancy Situation	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Shortage of available property relative to demand
Rental Vacancy Trend	Tightening	Tightening	Steady	Steady	Tightening	Increasing	Steady	Steady
Demand for New Houses	Fair	Strong	Soft	Fair	Fair	Fair	Fair	Fair
Trend in New House Construction	Increasing	Increasing	Increasing	Increasing	Increasing	Increasing	Increasing	Increasing
Volume of House Sales	Steady	Steady	Declining	Declining	Declining	Declining	Steady	Steady
Stage of Property Cycle	Bottom of market	Bottom of market	Starting to decline	Peak of market	Peak of market	Declining market	Starting to decline	Starting to decline
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Almost never	Occasionally	Occasionally	Almost never	Occasionally	Occasionally

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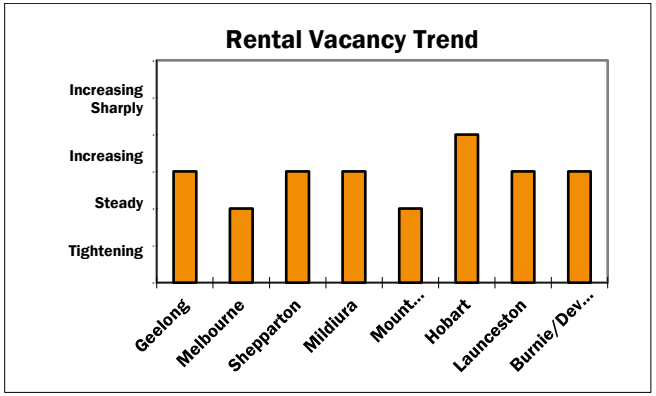

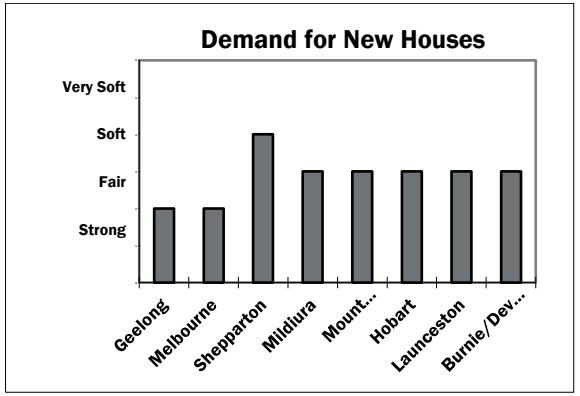

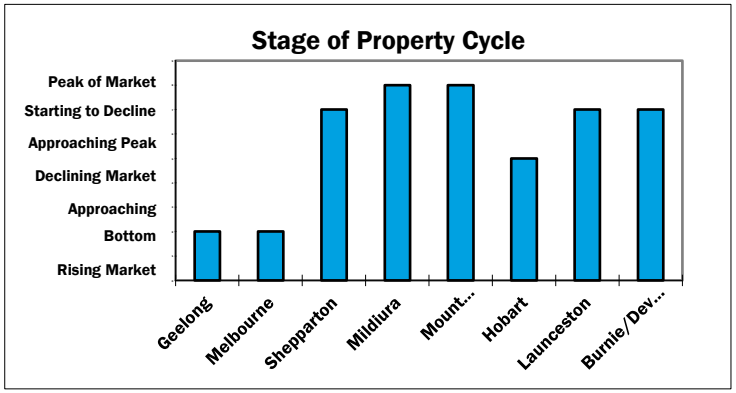

Victorian and Tasmanian Property Market Indicators – Units

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

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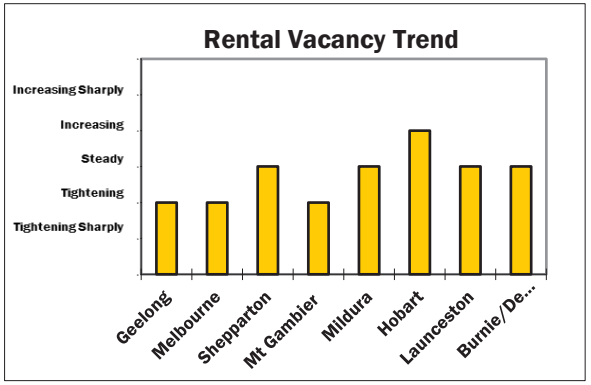

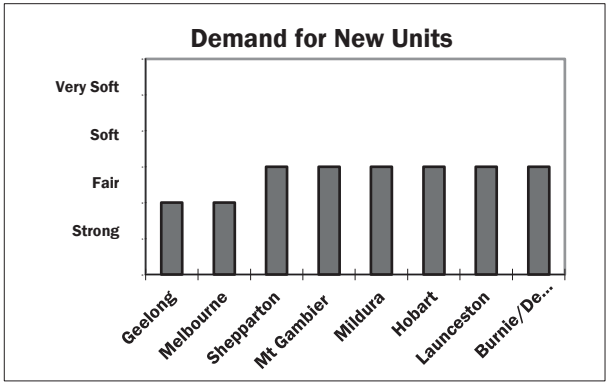

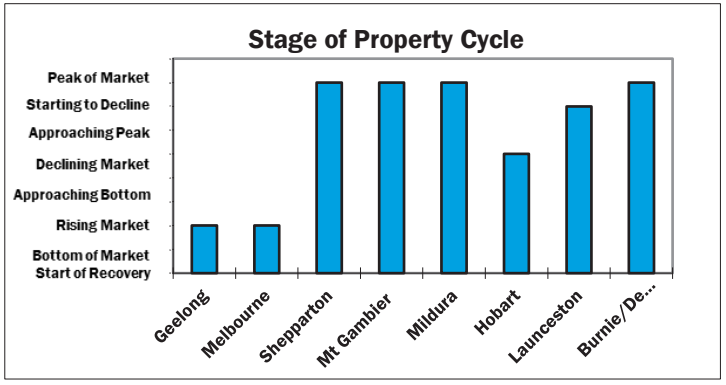

Queensland Property Market Indicators – Houses

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

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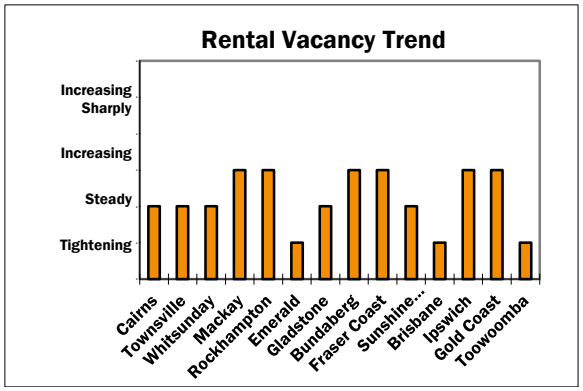
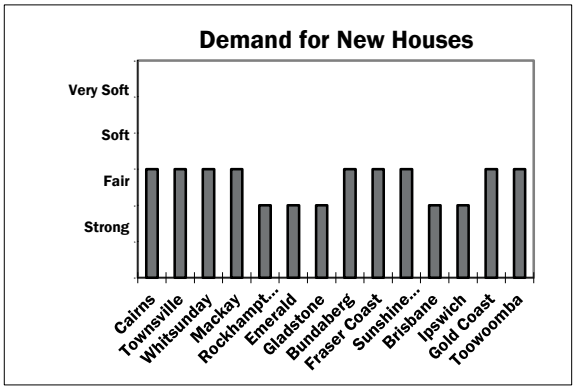
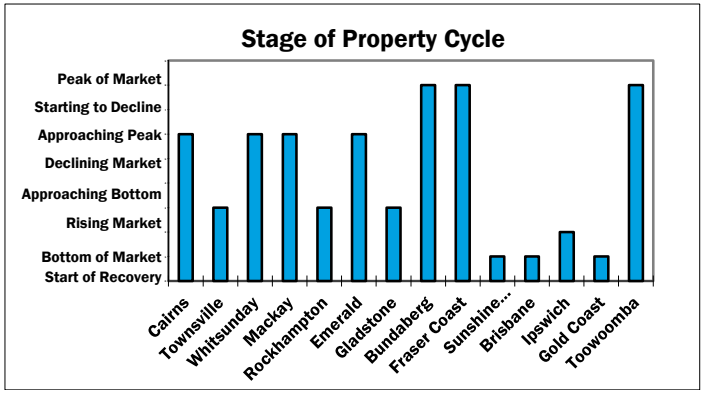


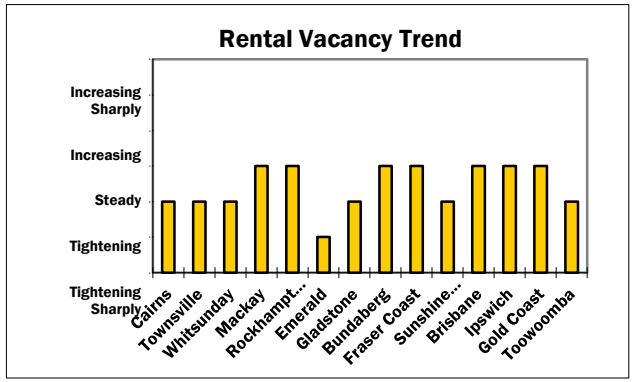


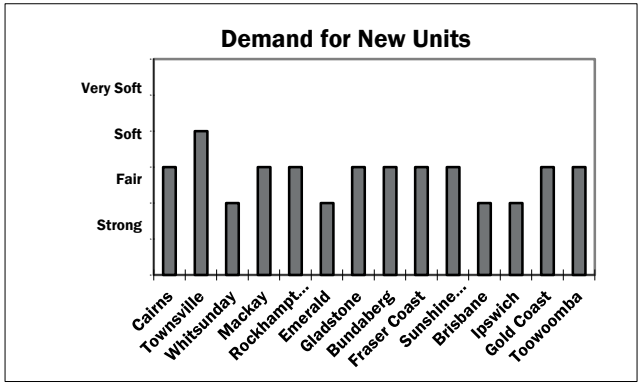


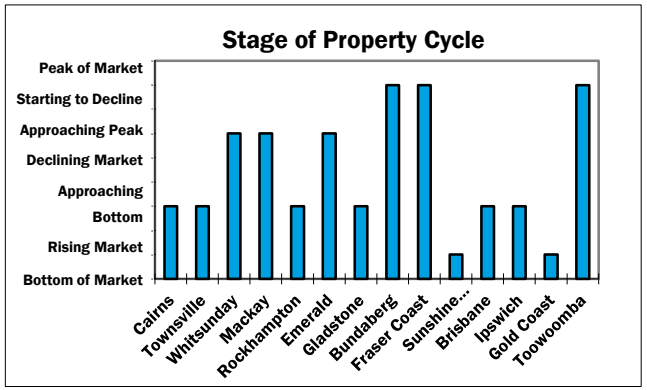
Queensland Property Market Indicators – Units

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

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



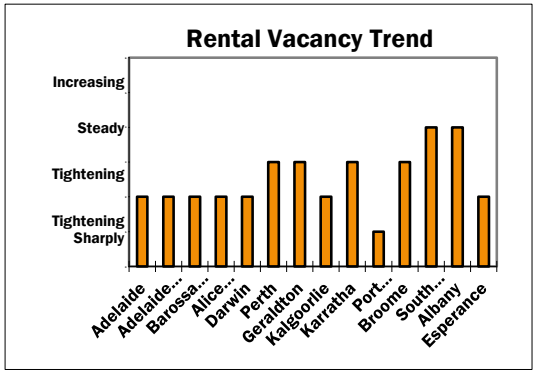


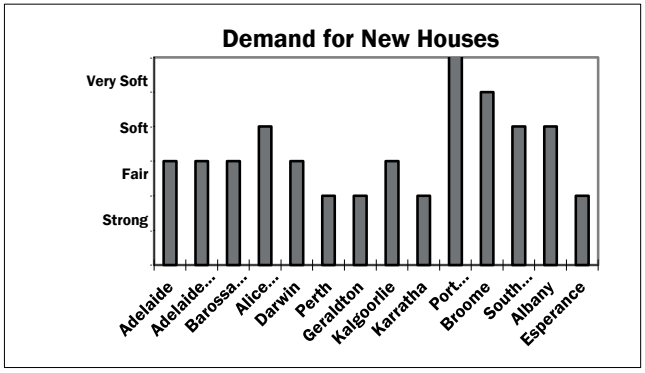


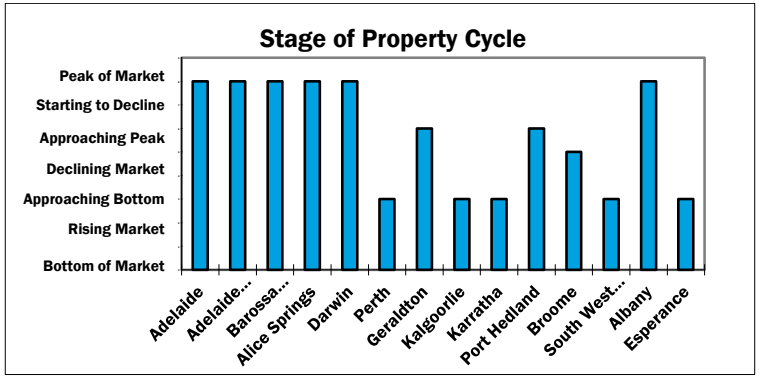
SA, NT and WA Property Market Indicators - Houses

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

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



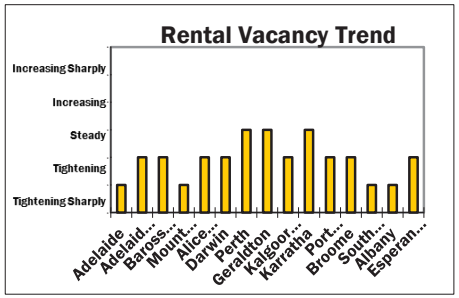


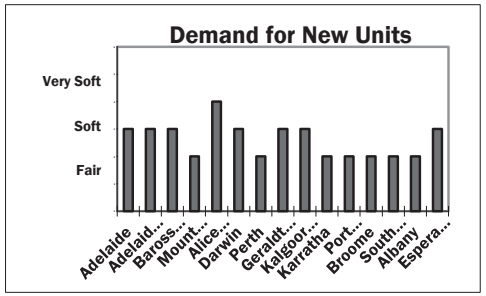


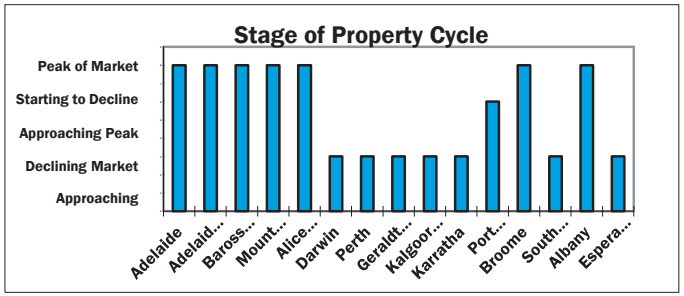
SA, NT and WA Property Market Indicators – Units

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

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







TALK TO YOUR LOCAL EXPERT

Commercial

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

Residential

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

Rural

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

HERRON TODD WHITE

www.htw.com.au

1300 880 489
admin@htw.com.au