



Month in Review

February 2024

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

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Disclaimer

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CEO's address

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The first months of each year are an opportunity to contemplate what's to come, and conclusions are inevitably reached through the lens of what occurred during the preceding 12-month period.

Significant, and sometimes unexpected, changes were the hallmarks of 2023. Interest rate movements were undoubtedly the headline, with many commentators speculating that rising rates combined with the weight of borrowers moving from low fixed-interest rates to higher variable rates would be a catalyst for a mass sell down. It was expected that an increase in listings combined with reduced borrowing capacity among buyers would drive down values.

But this perspective proved too narrow. The basic value principle of supply vs. demand came to pass. We simply had too few housing options to meet the needs of a rising population base, so values increased across most major centres. Our five largest capital cities saw house prices increase by anywhere between three and 15 per cent during the year.

The good news for property owners is that this growth trend looks set to continue in 2024, although most probably at a steadier pace. The reason is current metrics point toward continued low supply and high demand.

The cycle of interest rate rises appears to be either at (or extremely near) its end – the rate hold by the RBA on 7th February shows this new iteration of the Reserve is taking a more cautious approach to easing inflation. With rates on hold – or even

Welcome everyone to our first edition of Month In Review for 2024.

potentially dropping later in the year – expect buyers to be a bit more bullish on price when securing a home.

Demand doesn't appear to be going anywhere either. Along with domestic housing needs, we continued to see an influx of new arrivals from overseas. Net migration in 2023 was over 500,000 people. While current forecasts are for this volume to be lower in 2024, the final number is still likely to be well above the long-term average. These people are arriving in the middle of a rental crisis too, all of which feeds into price growth metrics.

Both increased transaction numbers and buyer confidence are feeding into current statistics as well. A recent report revealed auction clearance rates in the first full week of February hit their highest level in over 18 months, and their highest in Sydney in over two years.

A sub-section of the buyers' pool that will be well worth watching this year are those high-net-worth individuals. These purchasers are often market leaders who are not dramatically affected by interest rate movements or cost-of-living issues. Our observation is that this purchaser group seem to have, on the whole, increased their cash reserves throughout 2022 and 2023, and many are ready to invest. This might be in a trophy home (price records might be broken in several locations this year) or in prime commercial holdings. As such, assets with sound fundamentals and secure tenancies should trade well in 2024.

So, a look across this month's submissions should be a cause for cautious optimism among property owners and industry stakeholders. Conditions heading into 2024 appear more favourable now than they were a few years back, and while none of our residential teams are predicting "boom" results, the consensus is that capital gains will return to steady, long-term averages in most markets.

For readers interested in commercial real estate, our teams discuss the outlook for office markets in 2024. There continues to be challenges around the evolving workspace and flexibility arrangements – a highly relevant topic given the recent implementation of industrial relations legislation.

Finally, our rural valuers deliver their thoughts on the year ahead. After years of sustained growth across several primary industries, many believe this year might be one of consolidation and more muted outcomes. Of course, you'll need to read their thoughts to gain a full appreciation of what may occur in rural during 2024.

Please enjoy our February 2024 edition of Month In Review.

Gary Brinkworth
CEO



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ADDRESS

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Commercial

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National Office Overview

The office market nationally continues to go through a period of volatility with ongoing high vacancy rates and incentives. The country's CBDs are getting back to normal and do seem to be busier, but demand remains low.

Recently released data from the Property Council of Australia (PCA) reveals that vacancy rates around the country persisted with their upward trend. The total national CBD office vacancy rate in January 2024 was reported at 13.5 per cent, up from 12.8 per cent in July 2023. This is a significant increase on the pre-pandemic vacancy rate reported by the PCA in January 2020 at 8.0 per cent.



Angeline Mann
Commercial
Director

Tenant requirements have changed which has led to a shift in demand. Flexible work spaces remain a common theme among all the capital cities along with a preference for premium and A Grade space.

Around the country Sydney saw an increase from 11.5 per cent to 12.2 per cent, Melbourne and Adelaide reported strong increases with Adelaide rising from 17 per cent to 19.3 per cent and Melbourne from 14.9 per cent to 16.4 per cent. With the exception of Perth, which saw a decrease, all other capital cities remained essentially stable.

Tenant requirements have changed which has led to a shift in demand. Flexible work spaces remain a common theme among all the capital cities along with a preference for premium and A Grade space. Most markets around the country are reporting stronger demand in this space. This is evidenced by the lower prime vacancy rates compared to the secondary market.

Looking ahead, we expect rental rates to stay flat. Incentives remain high across the country with some locations reporting incentives of up to 40 per cent. Given these overall leasing market conditions, general market conditions and the high incentives being reported, we do not expect any substantial growth in rents this year.

In 2023 we predicted the office market to remain generally volatile and uncertain. Australia's major office markets continue to face downward pressure on values. Interest rates and waning investor demand on the back of high vacancy

rates and negative market sentiment, have led to a softening in yields in some locations by as much as two basis points.

An example of this is Sydney where several office building sales in the CBD towards the end of last year were circa 6.5% net yield, showing a softening from yields of circa 4.5% to 5.0%. Given this, we expect higher yields in 2024. Investors are very cautious, with a low appetite for risk and a requirement for higher returns. They are wary that many corporate tenants will be putting off expansion.

Our major cities have seen limited transactions making it difficult to ascertain the extent of the softening in the market. Agents report that there are fewer enquiries. At the lower, entry-level price point, buyers are also wary and retreating from the market.

The challenges in the office market are likely to continue for some time particularly as we navigate generally weaker economic conditions. Any interest rate cuts are not likely to have an immediate impact on this market and will take time to have any positive effect.

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National Property Clock: *Office*

Entries coloured purple indicate positional change from last month.



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New South Wales - Office 2024

Sydney

Once again, this year is likely to be dominated by uncertainty for the office sector throughout Sydney. Confidence in the sector continues to be flat with vacancy remaining quite high and caution being exercised by tenants and buyers alike.

Vacancy rates in the CBD have increased with the PCA reporting a vacancy rate of 11.5% in July 2023, a significant increase from the record low of 3.7% seen in mid-2019. As we have previously anticipated there continues to be new supply added and a broad lack of demand. Last year we expected a continuation of the slow market conditions which is evidently what occurred. We had been somewhat optimistic about 2024 but looking ahead with confidence low and no change to the demand levels, we are not expecting the market to rebound in 2024.

Asking face rentals remained stable, but incentives remain high. Given the high vacancy, and the continuing uncertainty, high incentives are likely to continue to be offered in order to attract tenants well into 2024.

The owner occupier dominated CBD strata market performed well through 2021 and 2022 on the back of stock reductions. Higher interest rate rises, and general slowing of the economy has resulted in a softening in this sector of the market. 2023 saw the heat come out of this market and a return to slower conditions which we forecast will continue in 2024.

The Metro CBDs have also struggled with high vacancy, with Parramatta and North Sydney



Yields are set to be higher in 2024. The pressure of interest rates and lack of business confidence is likely to put downward pressure on values.

reporting vacancy rates of 23.4% and 22.7% respectively for July 2023. No significant improvement to these markets is likely to occur this year.

Yields are set to be higher in 2024. The pressure of interest rates and lack of business confidence is likely to put downward pressure on values. Investors are very cautious, with a low appetite for risk and a requirement for higher returns.

There are some potential opportunities in the market, particularly for owner occupiers looking to secure space. With a slowing in demand, there is likely to be opportunities to secure office space at a lower price level than those seen in 2021/2022.

We consider there to be some major challenges ahead for this market in the near future. Supply and demand factors do not look likely to change and with no sign that confidence is going to return to the market, we predict slow and uncertain conditions in the year ahead.



Angeline Mann
Commercial Director

Central NSW

It is hard to predict what 2024 holds for the Office market sector in the Newcastle and Hunter Region.

In 2023 we saw a lower level of good quality office property offered to the market for sale. Local agents have reported that the office sales that did occur had a lower level of enquiry and a strong preference to investment properties with strong tenants and longer lease terms. The sales that did occur throughout 2023 have shown a softening of yields from the peak in early 2022. The rental market has had plenty of supply with diminished demand. This has led to longer letting up periods and higher incentives offered to secure tenants.

A number of factors have led to the uncertainty of the office market. There has been a continuation of employees working from home and a decrease in the floor plate requirement of both government and corporate entities. This trend is expected to continue into 2024.

High inflation and increased interest rates have also increased uncertainty in the market in 2023. On a more positive note, the rate of inflation appears to be easing and it appears the RBA cash rate is at or nearing its peak. This is giving investors more clarity to make decisions around purchasing property. Should there be interest rate cuts at some stage during next year it is possible yield compression may return to the market.

There is some concern over the effect the aggressive increase in interest rates has had on

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the strength of the Australian economy. There is a potential for an economic recession which may negatively impact the office market, however in the short term 2024 is expected to bring a more stable office market sector.

Karen Wise
Senior Property Valuer

Wollongong

The Wollongong office market proved somewhat resilient during 2023 despite vacancy rates remaining elevated compared to National levels, which was largely off the back of increasing supply and the continued move of tenants towards rationalisation of space requirements.

A Grade office space experienced a spike in new supply in recent years, notably the addition of Lang's Corner. The vacancy rate for A Grade space was at 23.9 per cent in July 2023, relative to approximately 18 per cent for the total office market according to the 2023 PCA Office Report. The vacancy rate for prime space is has been creeping down over 2023 which is expected to continue, albeit likely at a slow rate as the surplus space is taken up. Local agents are reporting that A grade space is the more sought after in the current market with companies showing diminishing appetite for lower grade space. New stock is set to hit the market in 2026 with the latest CBD office building adjoining Lang's Corner in Crown Street Mall set to commence early in 2024, with commencement understood to have been triggered by Lang's Corner approaching full occupancy.

Tenant demand in the broader office market is likely to prove sensitive during 2024 and overall vacancy rates are expected to remain at elevated levels. Potential occupants are expected to act with increasing caution due to the broader economic environment which will place pressure on landlords of lower grade stock to reposition the assets.

Rental rates maintained resilient during 2023 with landlords holding firm however incentives played a larger part, resulting in the lowering of effective rents, a trend that is likely to continue given the addition of new space.

Fewer transactions in the past year provided limited guidance on how quickly yields are likely to soften in the coming months however the continued interest rate pressure and economic volatility is likely to bite more in 2024 than what was experienced in the prior year and challenging conditions are expected.

Ian Walker
Associate Director

 *The Wollongong office market proved somewhat resilient during 2023 despite vacancy rates remaining elevated compared to National levels.*

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Victoria - Office 2024

Melbourne

The repercussions of the COVID-19 pandemic are still being acutely felt within the Melbourne CBD office market and are best illustrated by the escalation of the office vacancy rate due primarily to the structural shift in working from home. According to the Property Council of Australia's (PCA) Office Market Report, Melbourne's CBD Office overall vacancy rate has increased from 14.1 per cent to 15 per cent over the six months to 1 July 2023. Whilst the PCA figures as at 1 January 2024 are yet to be released, the vacancy rate is not expected to materially change. The hybrid-work model has continued to drive occupier decision-making and is likely to remain a dominant theme in the office recovery story throughout 2024.

Face rents are expected to show moderate increases for premium and A-grade office space as occupiers continue their flight to quality. This will be offset however by the significant incentives on offer with higher incentives expected to remain for prime office space while slowly increasing for secondary office space. Prime office space incentives are expected to rise from approximately 40 per cent to 42 per cent while secondary office space incentives are expected to rise from approximately 38 per cent to 42 per cent. We expect incentives to remain elevated throughout 2024 as long as high vacancy rates persist.

With Melbourne having the lowest return to office rate in the country, high quality office space will continue to be in demand in 2024 as organisations enforce a return to office policy or a hybrid thereof,

We anticipate that 2024 will see more distressed sales occurring allowing good opportunities for astute investors to capitalise on.

as it provides a place for social engagement, collaboration and mentorship. The new office model comprises lower density workspace ratios, collaborative working environments with café style amenities, cutting edge health and hygiene facilities, state of the market building technologies, spacious floor plates and good air ventilation with outdoor areas.

In regard to the capital markets, the Melbourne office market continues to face downward pressure on values with the continuing escalation of interest rates and investor caution on the back of high vacancy rates and yield softening. Face rents remain elevated in an attempt to maintain declining property values. However, they are underpinned by higher incentives which have increased year on year.

We expect sale volumes will continue to be depressed at least during the first half of 2024, however if buyers get a sense that interest rates have peaked and the narrative around interest rate cuts gathers pace, we could see an increase in sales volumes towards the back half of 2024 and leading into 2025. We anticipate that 2024 will see more distressed sales occurring allowing good opportunities for astute investors to capitalise on.

With high inflation and high interest rates, we consider there will be a wider gap in the current two-tier market whereby assets with strong

tenancy profiles and underlying land value will continue to perform, whilst the downside pricing risks will be greatest for the secondary B, C and D grade office stock where buildings may experience substantial vacancies for extended periods. It is possible that we will see many of these types of buildings being repositioned for alternate uses. We also anticipate landlords and investors will favour leases with strong review mechanisms which provide a hedge against inflation.



Jason Stevens
Director

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Queensland - Office 2024

Brisbane

The Brisbane office market had mixed results in 2023 with some segments of the market performing quite well, whilst other segments saw a sharp repricing of assets, a significant decline in transactions and a number of failed sale campaigns.

It is likely that the varied segments of the market will continue their current trajectory into 2024 and we don't foresee any real surprises that we haven't already seen over the past 24 months.

The investment market will continue to face its challenges as asset values will likely see further asset write downs due to the changing cost of debt environment and the uncertainty of interest rates. This is having a big impact on the ability for these transactions to proceed as investors are concerned about the investment horizon (5-7years) for office assets. Investor distributions need to be attractive to investors and it's critical for these assets to have a clear and strategic exit strategy upon the investment horizon otherwise capital raising will prove to be difficult, (which has been the case since the start of the interest rate hikes).

We believe the investment market will remain challenging in 2024, however it feels as though we are approaching the bottom of the cycle as the RBA reports inflation is contracting, albeit slowly, toward the targeted two to three per cent inflation rate. By and large, yields have contracted circa 150 basis points for Prime and A-grade assets, whilst secondary assets have likely softened 200 basis points since Q1 2022 (peak of the market). We don't envisage yields for prime grade assets will move

At the other end of the spectrum, the segment of the market which we consider will continue to remain resilient in 2024 will be the owner occupier market.

much further, if any at all, but we suspect that it will take more time for secondary assets to settle as investors will probe for any distressed vendors in the market and it's likely that we will see some good buying opportunities emerge in 2024.

At the other end of the spectrum, the segment of the market which we consider will continue to remain resilient in 2024 will be the owner occupier market. A lack of quality stock starved the market in 2023 and it is likely to be an ongoing theme in 2024. High and unstable construction costs are also fuelling this as existing stock is still well below (the ever escalating) replacement costs.

A good example of this was the recent owner occupier purchase of a character freestanding



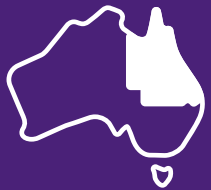
29 Helen St, Teneriffe

Source: realcommercial.com.au

office building at 29 Helen St, Teneriffe which represented a capital value increase of circa 48 per cent from its previous sale in February 2021.

The leasing market is also doing reasonably well in certain sub-segments of the market as the pipeline for new office developments is limited. Construction and fit out costs are also having a positive impact on face rents for Premium, A-grade and quality B-grade stock as tenants still want well located and quality office accommodation. The flight to quality theme is still very much at the forefront of most tenant requirements and landlords will have to continually improve building services and fitouts if they are to compete. Older style buildings that defer capital upgrades will see increased building vacancy and downward pressure on face and effective rents.

In general, the overall real estate market was pretty positive in 2023 for Brisbane and we envisage 2024 will be similar. We believe the first half of 2024 will be slow for the investment office market however market sentiment should improve towards the second half of 2024, on the proviso that there are no major adverse economic events and domestic inflation continues to contract to its targeted two to three per cent range. The owner occupier market will remain firm as supply will be the biggest constraint and increased leasing costs



will continue to drive this segment of the market in 2024. We expect values will at the very least hold, but it's more likely that capital values will continue to improve.



Alistair Weir
Director

Gold Coast

On the Gold Coast in the year ahead, we expect the office market will be subject to similar conditions to those witnessed in 2023.

Vacancy rates will remain tight off the back of continuing population growth and limited new supply of office space coming to the market. Although it will be interesting to see how businesses rationalise under-utilised floor space and a push for some to bring the workforce back in. Will businesses reduce tenancy areas to more fully utilise their space, or maintain larger floor plates with a view to bringing all staff in at least some days of the week?

The lack of new supply in the pipeline is a function of high land values, construction costs and borrowing costs, along with impacted end values due to higher yield requirements from investors, all placing pressure on feasibilities, despite rental growth within the region.

While yields for leased office buildings have softened in the higher interest rate environment, many commentators are suggesting that rates may reduce by 2025, which should give some investors comfort, and prevent any further softening of yields.

As is the common catch-phrase, there has been a 'flight to quality' from tenants, with improved demand for modern buildings or B-Grade buildings



Vacancy rates will remain tight off the back of continuing population growth and limited new supply of office space coming to the market.

with contemporary fitouts. One reason for this is to attract and retain good staff in the current low unemployment environment.

Value levels for older buildings have been negatively impacted, reflecting the high cost to renovate such properties.

One example of this is 15 Bay St, Southport, which sold in September 2023 for \$7.75million. This building previously sold in 2016 for \$12 million and in 2011 for \$12.25 million. This is an older leased building with a shorter WALE, therefore impacted by softer rental rates and a softer yield expectation. The sale reflects an analysed yield of 8.06%, a passing yield of 8.66% and a rate per square metre of Net Lettable Area of \$2432. The WALE is 2.13 years.



15 Bay St, Southport

Source: realcommercial.com.au

On the other end of the quality spectrum, the 'Wyndham Building' at 1 Corporate Ct, Bundall, sold in June 2023 for \$46,250,000. The sale reflects an analysed yield of 7.23%, a passing yield of 7.05% and a rate per square metre of Net Lettable Area of

\$5831. The WALE is 5.05 years. This was purchased by the Gold Coast City Council.

One new office and medical development, known as 'Vicinity Robina', is close to completion, being situated within the Robina Town Centre area and close to Robina hospital. This project will add approximately 2300 sqm of floor space to the market. It will comprise a contemporary two-level building with basement parking, coffee kiosk on the ground floor, along with numerous variable sized strata units.

This property features ground floor tenancies varying from 100 square metres to 228 square metres and first-floor options ranging from 60 square metres to 1400 square metres. The second floor provides access via both a lift and an open foyer staircase. It offers 22 on-grade car parks, along with 58 basement car parks, an ambulance bay, and a coffee kiosk in the main foyer.

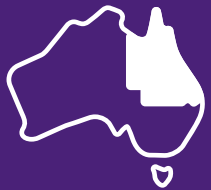


Rhys Fitch
Director

Sunshine Coast

As outlined in previous iterations of the month in review, the office market on the Sunshine Coast has proven to be robust. In the face of rapidly rising interest rates over the preceding 18 or so months, the office market proved to be one of the stronger performing asset classes, largely due to the severe lack of supply and persistent demand in the region.

Like most asset classes, yields of investment assets have softened slightly in line with higher



borrowing costs, however value levels have been underpinned by rental growth and record low vacancy rates which remain at circa 4% as we kick off 2024. Although purchasers and tenants alike are more cautious as a result of economic uncertainty and higher cost of funds, we anticipate that the low supply levels will generally uphold rental rates and values in the region throughout the year.

The narrative through 2024 will remain to be the lack of available supply both in the form of rentals purchasing options. Various sources insist that inflation has peaked and suggest that possible rate cuts are on the horizon. Agents have reported that this is already instilling a level of confidence back into the market. If inflation continues to ease, and rate cuts are implemented, it is likely that our somewhat insulated office market will continue to be one of the stronger performers in the country.



Jaydon McDowell
Associate Director

Cairns

The Cairns office market is relatively shallow and has experienced limited new development, with the last major office development being the State Government office tower that was completed in 2010.

There have been several smaller (sub-2500 square metre) tenant initiated design and construct projects completed, however there are no known significant new developments in the pipeline.

The recent redevelopment of the old Masters building into the new Centrelink premises has made available some larger areas in different buildings within the CBD.

Quality green star and NABERS/BEEC rated premises of which there are only a handful of such buildings in Cairns achieve high levels of occupancy and higher rental levels with these appealing to state and federal Government entities primarily. Rentals for A grade office are strong and have been increasing in line with holding/fit out costs as lessors try to maintain a base yield. This rental market is considered somewhat reactive to asking rentals with Government tenants more often 'deal takers' rather than negotiating asking levels.

The rental market for B Grade office accommodation has been reasonably strong in recent years appearing to be fueled largely by a substantial pool of NDIS funding and a surge in NDIS providers establishing in the region over this period. Demand for lesser quality space in the CBD remains limited, however this is typically a result of buildings being very dated and offering poor quality accommodation or having very limited to no onsite parking. Non-inner CBD and well exposed secondary space appears to be moderately strong however demand begins to fall away above circa 500 square metres.

There have been limited quality office properties presented to the market in recent years which has resulted in very limited sales activity. Many of the larger inner city office complexes are held by long term established families and are very seldom released to the open market.

Local and southern investor demand remains strong, but activity is once again limited by a severe shortage of quality investment stock. At this stage we envisage no major change to the office market in Cairns in the short term.



Shane Quinn
Director

Mackay

A large former government office at 110 Wood Street was sold in December at \$3.2 million with vacant possession. It was built in 1995 and has a total lettable area of 1283 square metres.

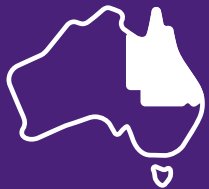


110 Wood Street, Mackay

Source: realcommercial.com.au

The property is partitioned into two tenancy areas of 785 square metres and 498 square metres. There is rooftop car parking available consisting of 40 bays with an additional two disabled persons car parks provided at ground level adjacent to the main entry foyer. Parking provisions are a distinguishing feature of this property in the local market. Analysis shows \$2494/ square metres of net lettable area. It was last sold in 2017 at \$2.8 million when it was partially leased.

We expect steady leasing demand for office accommodation through 2024 with only moderate



The Cairns office market is relatively shallow and has experienced limited new development.

rental growth anticipated. Investment yields are expected to remain relatively stable in comparison to 2023 levels. Rising building insurance premiums are expected to further bite into net income returns from this asset class.



Gregory Williams
Director

Townsville

The Townsville Office leasing market performed modestly throughout 2023 with high employment not having any tangible influence on occupancy, which is predicted to continue into 2024. Whilst most high-profile agencies reported pent-up demand, businesses in most cases had deferred leasing decisions in order to fully understand future requirements.

We do envisage increased absorption in 2024, though this will predominantly be a result of churn and vacancy will remain elevated across the broader sector. The Townsville CBD does represent a greater depth of older established buildings reflecting higher levels of functional obsolescence for lesser grade office space, which produce an elevated level of vacancy. In respect to superior grade office space the hangover effect of flexible working from home arrangements post COVID-19 remains, which in turn has resulted in businesses having to address their future tenancy requirements.

Face rental growth momentum carried through 2023 albeit marginal. Incentives for higher grade office space is now reaching 30 per cent and will

remain high on the back of elevated competition between landlords.

In recent years Townsville has produced some impressive sales by value for typical regional markets outside the broader SEQ areas. Transaction numbers thinned leading into the end of 2023 although this is a largely function of limited stock rather than an overarching inactive market. Whilst the current interest rate is at an elevated level and is in part retarding activity, we envisage that the 2024 localised market segment will remain relatively stable, with higher priced assets being more sensitive to shortening cash flow expiries, and upward movement in investment yields.

Holistically, the Townsville office market represents a relatively shallow sector by volume. We envisage landlords and local developers to increase activity within the C to D Grade market in an attempt to reposition and or repurpose inner city assets with potential to lease an on-sell to the active investor market. The market for A/Premium Grade assets will be thinly traded as landlords endeavor to hold off on transactions until interest rates and market uncertainty can be fully understood.



Jason Searston
Director

Toowoomba

As with 2022, there was very limited demand for new office space in the Toowoomba during 2023. The exception has been smaller tenancies between 100 and 200 square metres which continue to experience moderate levels of activity, particularly

associated with the inner city area which consists of a high proportion of former dwellings converted to office space suited to professional users both as owner-occupiers and tenants.

There have been very few new office projects commenced in 2023 with completion scheduled during 2024 and this is attributed to high constructions costs, labour and material shortages and increased finance costs combined with tighter credit assessment guidelines. Several projects have been commenced by existing inner city tenants and include construction of a new NAB Branch and Business Banking Centre within the city centre; and the purchase and major refurbishment of two existing office buildings by a local accounting group and national building firm. In the government sector the former Suncorp call centre, was purchased and refurbished for the Main Roads department as their main office and a former bank building in the CBD has been refurbished for their customer service centre. Both of these projects will result in additional vacant floorspace as the developers relocate into the new premises during 2024.

Other projects in the planning stage include redevelopment of an inner city site as the new seven story Heritage Bank Head office and a new administration building for the Toowoomba Regional Council. The Council currently leases officespace in and around the Toowoomba City centre which has affected vacancy rates and will likely increase when the new civic centre Civic Administration is completed. A development application has also been lodged for the former Gasworks site which sits within a 'Toowoomba Railway Priority Development Area' on the CBD fringe which will comprise 56 apartments over nine levels with ground floor retail tenancies.



In recent years Townsville has produced some impressive sales by value for typical regional markets outside the broader SEQ areas.

Activity in this sector is expected to remain stable during 2024 with minimal variation in yields, rental rates and vacancy rates.

Growth continues to be experienced in the NDIS sector with strong lease terms obtained by property owners, although these generally relate to fringe CBD areas.

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

Activity in this sector is expected to remain stable during 2024 with minimal variation in yields, rental rates and vacancy rates. Factors that may affect these metrics include the number of properties vacated as current tenants/owners relocate to newly developed or refurbished premises; the vacated premises are generally larger office buildings that will require refurbishment and potentially reconfiguration to provide smaller tenancies with incentives to attract tenants likely. Given refurbishment costs may not be viable there is likely to be an increase in secondary quality space which has limited demand unless the rental rate is competitively low.



Ian Douglas
Director



South Australia - Office 2024

Adelaide

The Adelaide office market in 2023 saw unprecedented supply levels of office accommodation introduced to market with notable buildings including 60 King William Street and One Festival Tower. We anticipate the strength of tenant demand for state-of-the-art facilities, hybrid workforce environments, end-of-trip facilities and ESG goals to strengthen throughout 2024. The flight-to-quality trend is becoming increasingly prevalent which is identifiable with high pre-commitment levels for new buildings. As a result of this shift the Adelaide skyline saw a backlog of dated, less efficient and undesirable office space becoming vacant.

This has been observed at 150 Grenfell Street which comprised a full reconstruction and expansion of two adjacent five-storey office buildings implementing 9300 square metres of lettable space. The existing services fit-out and façade were removed in order to capture changing tenant demands. We envision that this form of refurbishment will continue over the coming years



150 Grenfell Street

Source: Built Environs, 2024

Whilst the office sectors broad prospects appear promising following the CBD resurgence with workers flocking back to the city there are certainly some sub-markets that investors should look to avoid.

as older accommodation is phased out of the market.

The Adelaide CBD average building age is dated placing pressure on landlords to rejuvenate their existing premise whilst also presenting opportunities for developers to purchase older sites from unmotivated owners. This is the case with 45 Pirie Street which was purchased in 2023 for \$76.5 million being a 27% discount from late 2017 where it was purchased at \$105 million. The building is set to undergo extensive refurbishments entailing a new entry foyer, entrance plaza as well as high quality end-of-trip amenities.

We anticipate tenant centralisation to prosper as many suburban office occupiers realise the benefits of a CBD locality with an enticing array of amenities and plentiful convenience based-retail offerings. This shift will also assist with the backfill of abandoned, lower-quality office spaces as discounted opportunities arise for occupiers.

In the short term we anticipate rents for higher grade office space to continue rising as demand is fierce yet the further influx of supply over the medium-to-long term may see an easing of rents across all grades of office accommodation. Whilst secondary office accommodation vacancy rates have been noted to tighten, the further supply

will place greater downward pressure on rents. Discussions with local agents have indicated that we are expected to see a further rise in incentives as lower grade office space attempts to compete with the newer stock. We are aware of landlords heavily incentivising agents in order to retain and attract tenants with incentives around the 40 percent level no longer uncommon.

Whilst the office sectors broad prospects appear promising following the CBD resurgence with workers flocking back to the city there are certainly some sub-markets that investors should look to avoid. These would typically reside within lower grade, secondary office sectors with the buildings most likely requiring costly capital expenditure in order to compete with flight-to-quality trends.



Chris Winter
Commercial Director

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COMMERCIAL
- RETAIL

Western Australia - Office 2024

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COMMERCIAL
- RETAIL

Perth

The office property market in Perth is poised for a recovery in 2024. The city's strong economic fundamentals underpinned by a robust mining sector together with a renewed focus on sustainability are likely to boost demand for high quality office space.

The most recent PCA Office Market Report indicates Perth's CBD total vacancy rate was 15.9 per cent for the six months to July 2023, a marginal increase from that recorded in January 2023 (15.6 per cent).

The West Perth vacancy rate however demonstrated positive movement, recording a total vacancy rate of 11.1 per cent down from 13.2 per cent over the same period. New tenant demand from emerging companies in the mining and resources sector, plus professional service firms, is a major contributing factor to this encouraging statistic.

However there remains a visible vacancy factor in Perth's traditional office districts, particularly for non-premium grade accommodation. The level of occupancy, as opposed to vacancy, is proving to be a key statistical distinction in the performance of the office property sector given the 'work from home' phenomenon.

The hybrid working model appears here to stay and we expect companies to continue to reduce their workspace footprint.

From a leasing perspective, a 'two tier' market is clear as companies take advantage of the

As Perth adapts to the changing landscape of work, the office property market will likely remain a dynamic and evolving sector.

considerable incentives on offer to relocate to premium and A Grade accommodation whilst lesser grades are presumed to languish, particularly in the 'fringe' CBD markets.

Tenant demand for large-scale floor plates greater than say 500 square metres is anticipated to remain soft as prospective occupants demonstrate a preference to secure smaller premises citing the resilience of the 'work from home' movement.

Positively there was an uptick in activity in the smaller sub-500 square metres market segment during 2023 and we expect demand for tenancies between 250 square metres and 350 square metres to remain buoyant. Availability of this stock in certain fringe CBD locations is however constrained and likely to exert upwards pressure on achievable rental rates.

A key trend to watch during 2024 will be the increased focus on environmental sustainability and energy efficiency measures from tenants and landlords alike. A growing number of tenants are targeting premises that meet their ESG principles. Landlords, keen to attract such tenants, are likely to retrofit buildings to incorporate sustainable design features such as solar panels and HVAC systems, while also providing a heightened level of amenity.

Despite the succession of cash rate increases by the Reserve Bank of Australia since May 2022,

any impact on capitalisation rates for leased office investment acquisitions is yet to be ascertained with any degree of confidence given a lack of transactions in the interim period. There was very limited stock put to market during 2023 and we anticipate owners will continue to 'hold-tight' in the short term. Discussions with a number of industry participants suggest yields north of 8.0% are required in order to secure a sale. However, the absence of market transactions in the current interest rate environment determines that such feedback is very much anecdotal.

Of those assets available for purchase, expect high net worth investors and/or local syndicates to seek opportunistic acquisitions of older stock and embark on refurbishment programs or alternatively, witness such buildings being entirely withdrawn from the market and re-purposed.

As Perth adapts to the changing landscape of work, the office property market will likely remain a dynamic and evolving sector. Together with the city's strong economic fundamentals, the outlook for Perth's office property sector in 2024 is positive.



Greg Lamborn
Director

Northern Territory - Office 2024

Darwin

All Darwin property markets are very dependent on employment created by larger infrastructure projects. When these types of projects are active, it creates population growth, which in turn leads to demand for all forms of property. Unfortunately, over the past 10 years those projects have not materialised to an extent which creates that employment growth.

A prime example is the \$5.8 billion proposal by Santos to exploit gas in the Timor Sea by piping it to Darwin for processing. The recent decision of the Federal Court to dismiss a legal challenge by traditional owners and environmental groups means that Santos can re-commence construction. Delays due to various legal challenges to the project have been very costly.

Regardless of various opinions as to the worth of such challenges, there is no doubt that if the project proceeds, then it will provide a much-needed fillip to the Territory economy.

In the context of the office space market, the direct impact may be minimal, as larger companies generally administer these types of projects from interstate, retaining only a relatively small local presence. However, there could well be more indirect benefits from demand for office space from various sub-contractors and others associated with the project.

There is a very limited supply of A Grade office space in Darwin CBD which would suit these types of occupiers in any case. Any which does become



Regardless of various opinions as to the worth of such challenges, there is no doubt that if the project proceeds, then it will provide a much-needed fillip to the Territory economy.

available is well sought after with upward pressure on rents, in complete contrast to lower grade space which is oversupplied and with high vacancies.

This situation is expected to be maintained throughout 2024. It will only be changed if there is an increase in supply of A Grade space through construction of a new building, or possibly a significant upgrade of an existing building. Although rents for this type of space are increasing, they are not really at a level to justify construction except with a very strong pre-commitment from a tenant.

Historically, the most likely tenant would be the NT Government, which dominates the local tenant market. However, their appetite to take on a commitment of this nature at the current time is questionable, especially with 2024 being an election year,

It would therefore appear that it is unlikely that the current situation will change significantly in 2024.



Terry Roth
Director

Month in Review
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COMMERCIAL
- RETAIL



Residential
February 2024

National Residential Overview

Last year proved a compelling one for residential property across Australia. It was, in many ways, a testament to the resilience of the asset class. Most capital cities and major regionals saw an increase in values over the 12 months - some of which were double-digit.

Of course, the new year is an opportunity to revisit our outlook on the markets.

There will be multiple drivers influencing sale volumes and price direction, but the fundamentals of supply and demand will again be the ultimate arbiters of performance.

In short, I expect values to continue increasing across the nation although the rate of growth is likely to slow. The reasons for this are varied.



Kevin Brogan,
Head of Group Risk
and Compliance

All in all, 2024 will prove an important year in Australian housing where clever solutions to our stretched markets will be necessary.

Firstly, escalating construction costs will continue to be an issue. Although there has been an easing in the price of some materials, demand for trades remains high. Not only is labour more expensive, but securing trades within a reasonable timeframe remains a challenge. For this reason, new supply will be limited, and those homes that are new, or deemed "near new", will garner plenty of buyer interest.

There continues to be concern about building company risk going forward in 2024. Firms kept closing last year as tightening margins (in response to rising costs) took their toll. We'll need to see this run of business shutdowns slow, to help address the current state of undersupply.

We have noticed an increase in listings too of course - and that usually bodes well for buyers. There's little doubt sellers held off listing their homes in 2023 for fear rising interest rates would result in lower offers and contract prices. Now it appears there's little appetite by the Reserve Bank to increase rates again in the near future. This will boost optimism among both sellers and buyers and there are already signs that buyers are becoming active early in the year. In fact, while we should never say never when it comes to rates rising, I suspect the next move will be a cut at some future date. So... expect to see the supply of listed properties continue to rise, but demand and prices will also track higher.

Overseas migration will again fuel demand for housing in an already tight rental market. The ingress of arrivals is likely to slow this year as compared to 2023, but there will still be plenty of demand for shelter.

Perhaps one area worth watching when it comes to supply will be the repurposing of some commercial buildings in major centres. Underutilised office space could find a new lease of life as part of a residential redevelopment.

Another supply boost may come from advanced construction techniques such as prefabrication of building components or homes manufactured offsite and then shipped to an allotment. This approach tends to benefit from less cost and time issues as well as improved quality control, although there are still some significant funding and planning hurdles to overcome.

All in all, 2024 will prove an important year in Australian housing where clever solutions to our stretched markets will be necessary. Of course, those who already hold property look set to enjoy the benefits of the supply/demand imbalance for a while yet.

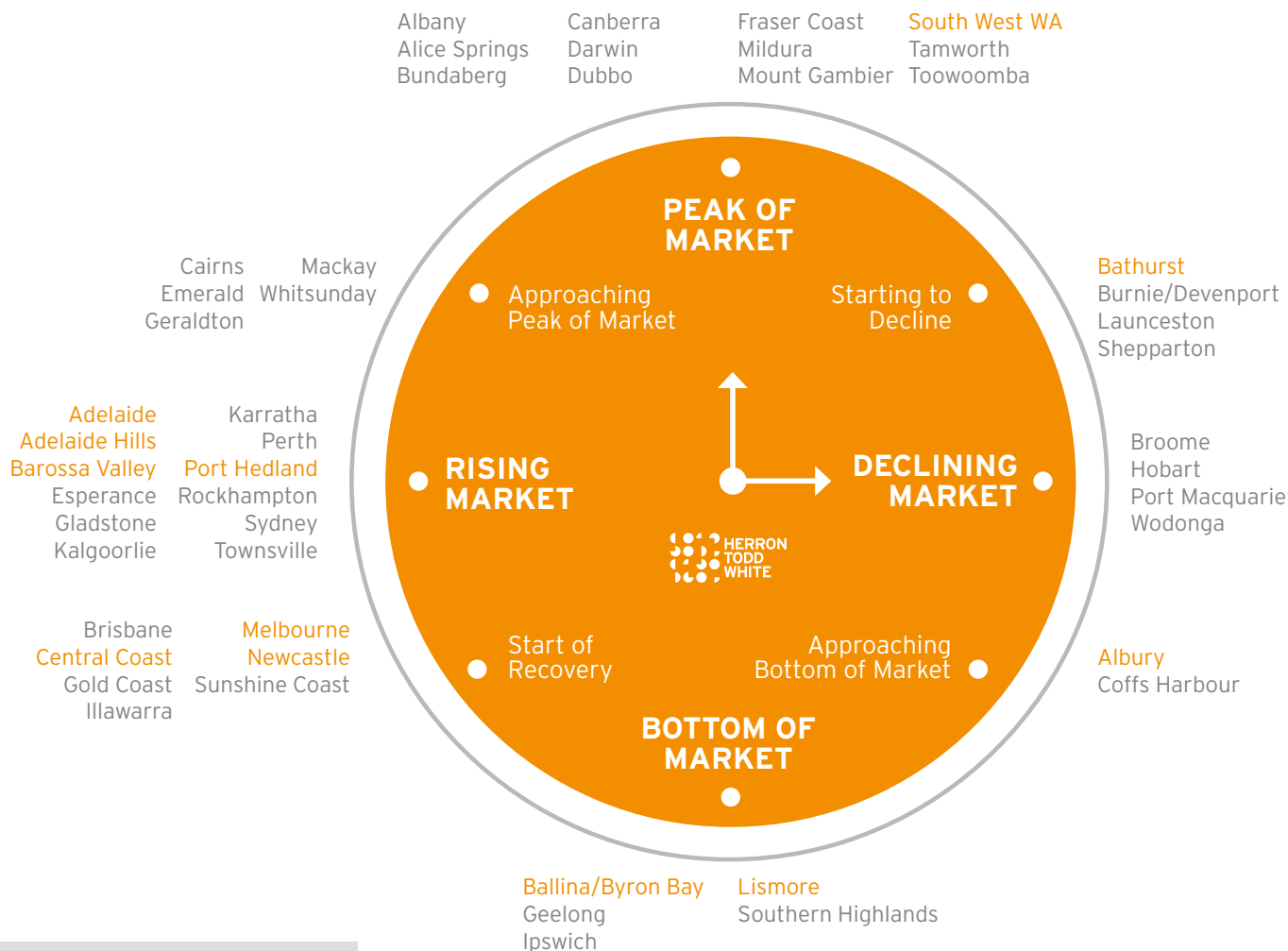
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RESIDENTIAL

National Property Clock: Houses

Entries coloured orange indicate positional change from last month.



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RESIDENTIAL

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National Property Clock: Units

Entries coloured blue indicate positional change from last month.



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RESIDENTIAL

New South Wales - Residential 2024

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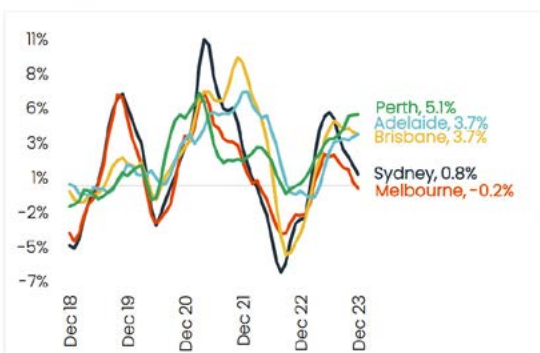
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Sydney

The surprise recovery in Sydney residential property values in 2023, despite further interest rate rises and increasing cost of living pressures, saw an 11.1% annual increase in the median value, just 2.1% below the previous peak in January 2022, according to CoreLogic.

However with increasing stock levels in Spring and with a final interest rate rise at the start of November, the rate of growth had slowed to just 0.2 per cent in the month of December for houses, with no increase for units during the month.

Rolling three-month change in dwelling values
State capitals



Change in values

Source: CoreLogic

So how does 2024 look? The last interest rate increase saw many vendors delay listing their property until the New Year, and agents have advised that they are expecting fairly strong new listing levels to start the year.

A theme that will continue on from 2023 is that fully renovated houses or high quality dwellings that are near new will still attract more interest than “fixer uppers”.

The potential is that this increased supply may lead to steady or even slightly declining prices in the first half of the year. Any further interest rate rise, which appears unlikely but still a possibility, would almost certainly see prices start to decline in many sub markets. Countering this is continued strong immigration levels and a shortfall in the required construction of new dwellings.

Some economists are predicting interest rates may start to fall in the second half of 2024, which will again begin to increase the borrowing power of borrowers, and will likely see prices start to rise again.

North West Sydney

After the Christmas ham is finished and the fireworks have fallen silent from New Years Eve property valuers return from their holiday and get the crystal ball from the back shed and shine it up to see what we are to expect for the year ahead in 2024.

Before the crystal ball provides any definitive answers we look back to the last few weeks of 2023 and discussions with local agents and it appears there will be few more listings ready to hit the market in the first few months of 2024. Stock levels or a lack thereof in many parts of Western Sydney were a major reason why the market was

so resilient throughout 2023 as the mortgage belt of Sydney endured 13 interest rate rises. This lack of stock kept prices stable or in many areas improved upon the median as the demand was outstripping supply.

The cost of living pressure and higher interest rates are still with us but once more listings hit the market, giving the buying public more options, prices will weaken. Property to be more wary about in 2024 will be investor grade units. These units are typically entry level in regards to quality and there are still concerns over defective developments around Sydney and a general stigma attached to units that will take some time to resolve.

Any time there is an influx of new listings, vendors that are highly motivated to sell will have to meet the market in order to negotiate a sale, if they have only recently purchased then there is a chance they will be selling for less than they did only a short time before.

A theme that will continue on from 2023 is that fully renovated houses or high quality dwellings that are near new will still attract more interest than “fixer uppers”. There seems to be a large gap between dated houses needing money spent on them and “neat as a pin” dwellings or new houses in good locations. The higher building costs, potential

delays in materials, coupled with difficulty securing quality reliable tradesmen mean that many people are just avoiding renovating and are much more prepared to spend more on a property that has already been renovated.

For buyers, keep an eye out for supply levels, if the suburb you're keen on has even a handful more listings than before, both the vendor and agent will know this and there might be more room in there for some old fashioned negotiating.

Some suburbs and areas to potentially keep an eye on include:

- St Marys - St Marys provides a tangible example of the infrastructure upgrades being delivered to Western Sydney, largely on the back of the Western Sydney International Airport. Whilst long talked about, the airport construction is on time and nearing completion, due in 2026. This brings into focus the pace at which infrastructure upgrades to go with the airport are moving.



The currently under construction St Marys metro station, will provide the link between the new airport, the existing Western Railway line and then back into Sydney. In addition to this, St Marys is subject to a new structure plan, which will see continued redevelopment in and around the town centre, with an increase in medium to high density developments. There have been some recent developments completed which have been greeted favourably by both the owner occupier and investor market.

We would imagine this sentiment will flow into surrounding suburbs such as Werrington, which provides some cheaper alternatives to modern estate living, than the more traditional suburbs of Glenmore Park, Caddens and Jordan Springs.

- The Blue Mountains - This had been a long-time sleeper market on the edge of metropolitan Sydney, but it came to the attention of the broader market throughout the pandemic. Tree changers were moving here in their droves, attracted by the space, relative affordability and ease of connectivity back into Sydney when required.

In more recent times, the Blue Mountains has faced the same challenges as the wider market with demand dropping and prices softening. Whilst the relative lack of supply has insulated the prices to some degree, the heat has well and truly gone out of the market and has really bought the first homeowner and family upgrader market sharply back into focus. This is especially the case in the lower to mid mountains, whilst the upper mountains are benefiting from the return of international and domestic tourism.

South West Sydney

The South West Sydney property market has traditionally been resilient against the increase cost of living pressures. Our prediction is the post-Christmas hangover and the outlook of another year of interest rate stress is going to see the broader market soften with agents expecting an increased number of listings hitting the market towards the end of January, coupled with buyers being more cautious.

Good quality owner occupied family-orientated neighborhoods like Abbotsbury, Elizabeth Hills, Edmondson Park, Denham Court, Harrington Park and Oran Park will continue to demand strong interest due to broader affordability, proximity to services and the appealing family lifestyle they provide.



Record Harrington Park house sale April 2023 for \$3.55m Source: CoreLogic

The performance of the vacant land market will be location based. Growth areas like Austral are predicted to struggle due to lack of infrastructure whereas land releases around desirable locations



Our prediction is the post-Christmas hangover and the outlook of another year of interest rate stress is going to see the broader market soften with agents expecting an increased number of listings hitting the market towards the end of January, coupled with buyers being more cautious.

within close proximity to services like Catherine Field, Gledswood Hills, Cobbitty are predicated to continue to attract strong buyer demand. Buyer due diligence is paramount in 2024 to ensure you are not spending more than what your land and construction are worth as a completed product. We consider there will be a shift with developers either lowering land prices, offering more rebates and/or incentives to entice buyers or selling more 'house and land' turn-key packages to navigate around the increased construction costs which are deterring some buyers.

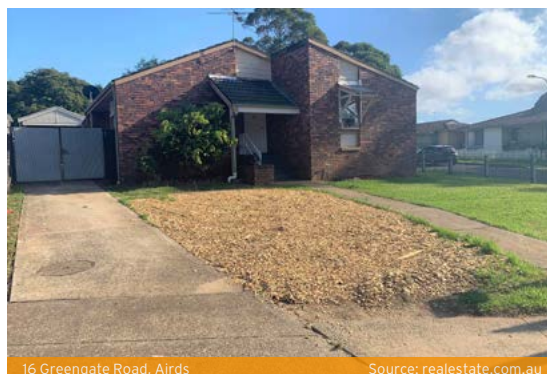
The rural lifestyle market will continue to perform well due to a lack of supply and displaced residents from the South West Growth Areas seeking to buy back into a rural setting.

The traditional unit market around Liverpool and Campbelltown will continue to struggle due to the lack of new infrastructure, lack of nearby employment opportunities and decreased confidence due to well-known building issues in medium to high-rise developments. Greenfield developments such as Oran Park and Ed Square which caterers for the growing demand of community living within existing vibrant communities will continue to demand strong interest from a variety of first home buyers, downsizers and investors.

If we are looking at our 'value for money' pick for 2024 we can't go past fringe Campbelltown LGA suburbs such as Ruse, Airds and Bradbury where you can still buy a house for under \$800,000. The Macarthur Region is set for large growth in the next

10 years with Campbelltown positioned to be the main hub. These fringe areas are seen as a great medium term investment through gentrification opportunities.

An example of a current listing is 16 Greengate Road, Airds. The three-bedroom, one-bathroom dwelling on 646 square metres of land is on the market for \$580,000 to \$610,000.



16 Greengate Road, Airds

Source: realestate.com.au

North Shore

Talks with location agents from the Ryde LGA and Lower North Shore in early 2024 have shown that there are still a lot of interested buyers out there with demand expected to still out strip supply throughout 2024. Many owner occupiers, as well as investors, are looking to get into the market within the first two quarters of the year, with talks and assumptions that the RBA will put rates on hold in February and with potential rate cuts towards the end of the year. Buyers are trying to get into the market prior to this, hoping that the rate cuts will leads to further price growth.

Anticipated strong demand is projected for entry-level homes in the suburbs of Ryde and Lane Cove throughout 2024. The growth trend observed in these areas in 2023 is expected to persist, extending to neighbouring suburbs like Gladesville and Riverview.

Developers are likely to find duplex sites particularly favourable within the Ryde LGA. A notable instance is the sale of 5 Brereton Street, Gladesville, which initially transacted in November 2022 for \$2.65 million. Following the approval of a new duplex through CDC, the property was resold in November 2023 for \$3.2 million. This indicates significant, 20 per cent growth over the 12-month period. Similar opportunities for potential duplex sites exist within Ryde Council and are expected to be in high demand.



5 Brereton Street Gladesville

Source: realestate.com.au

The unit market in these suburbs experienced slight increases in 2023, ranging from approximately five to ten percent, depending on stock levels. With rentals on the rise and overseas migration continuing to increase in 2024, the unit market is poised for further strengthening. If interest rates decrease towards the end of 2024, individuals renting units might find it financially advantageous to consider purchasing instead. The price gap



Buyer due diligence is paramount in 2024 to ensure you are not spending more than what your land and construction are worth as a completed product.



between apartments and houses, which widened during the pandemic, is predicted to narrow slightly in 2024.

Older units constructed between the 1960 and 1990 remain our top choice for offering the best value. An illustrative instance is the recent sale of 13/2 Murray Street in Lane Cove, a two-bedroom, one-bathroom unit, built in the 1980s with a lock-up garage. This property which sold in December 2023 for \$800,000, represents a favourable deal considering its locality and updated interiors. Strata fees for older buildings are generally lower than those for modern units, which may include amenities like gyms, swimming pools and special levies. Similar older-style units within the Lane Cove suburb are deemed attractive and affordable options for first-home buyers.



13/2 Murray Street, Lane Cove

Source: realestate.com.au

The Upper North Shore again proved its resilience in 2023, beating off the headwinds including rising interest rates and cost of living pressures. As with the general Sydney market, the Upper North Shore experienced market growth across a variety of property types and locations.

The signs for the year ahead appear to be positive, with the assumption that interest rates will remain steady, possibly reducing in the latter

part of 2024. Although this is considered an important factor, immigration is seen as a real driver for demand. We have talked previously about an oversupply in some suburbs, of high-density unit developments; however this oversupply is expected to reduce dramatically in 2024, benefitting from the current immigration policies in place. This unit market could be further fuelled if interest rates do come down at some stage in 2024. Considering the current high rental costs, the buying/renting equation may start leaning towards purchasing as the cheaper option, obviously increasing demand.

The detached dwelling market is also expected to benefit from the factors discussed above. Renovation projects, severely impacted by post-Covid supply and cost issues, have been one of the weakest sectors of the market. We expect this to change in 2024 as we have seen stabilisation in building costs and supply issues are no longer a major issue. We have seen owners hold these properties for longer than they had perhaps intended over the past couple of years but expect to see more supply due to the improved confidence in the sector of the market. A prime example of such a property has recently been listed, one of the first for 2024, comprising a basic single level brick



9 Konda Place, Turramurra currently for sale

Source: realestate.com.au

residence, advertised as having future renovation potential.

In terms of growth areas for 2024, the Upper North Shore is a very established area so is impacted by different factors, rather than typical growth drivers such as new land releases or major infrastructure projects. In saying that, we do see trends emerging in different pockets at different times. The suburb of St Ives saw strong growth throughout 2023 and this is expected to continue into 2024. The demand for property in this area is largely due to the comparatively large land allotments and the potential to construct a new dwelling. There are less properties impacted by heritage restrictions in comparison to other areas on the North Shore and the large land area allows for fewer restrictions in terms of FSR's (floor space ratio). Taking a tour around St Ives, the trend for knockdown/rebuild projects is clearly evident and it is not uncommon to see multiple new homes being constructed on the same street, at the same time.

The North Shore prestige market is expected to follow the same trend throughout 2024, after a steadier and normalised 2023. The lack of stock issue is magnified in the prestige market and there doesn't appear to be any expected change to this in the near future. We saw multiple suburbs break sale price records in 2023 and there appears to be more on the horizon in 2024. The suburb of Northbridge currently has a recently completed, high-end architectural home, on the market with reported 'expectations at the high end of the \$20 million range' as per The Sydney Morning Herald. The waterfront property located on Coolawin Road, Northbridge, has an elevated position with expansive views and includes waterfront facilities at the foreshore.

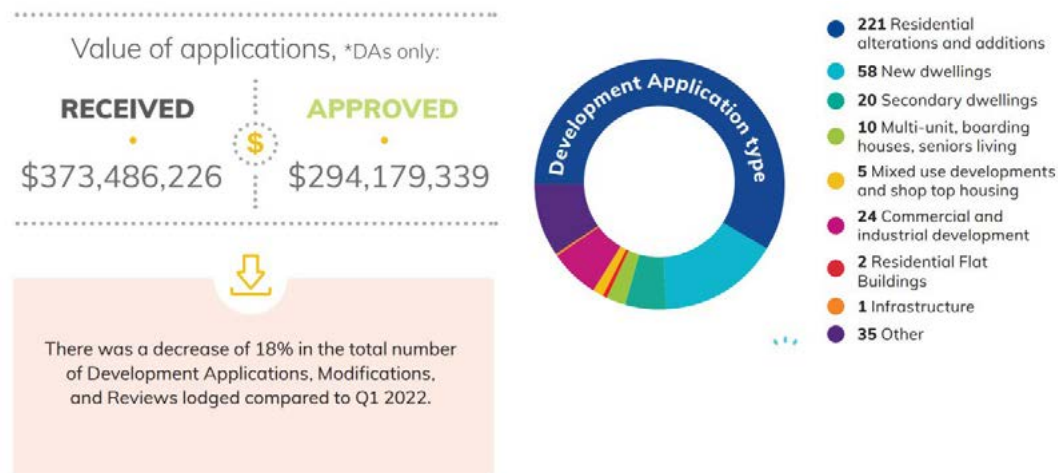


Coolawin Road prestige property for sale Source: realestate.com.au

On the Upper North Shore, we also expect to see records broken in 2024 with the current listing of the estate property known as 'Redleaf', in the suburb of Wahroonga. Situated on nearly 5000 square metres of land, the original 1899 'Arts and Crafts' style home has been renovated to a high standard, while retaining its heritage features and grandeur. The property provides a separate three bedroom guest house, swimming pool, full-sized tennis court, expansive landscaped grounds and garaging for up to ten vehicles. Although no price guide has been advertised, the current \$14.5 million sale record in Wahroonga appears to be in jeopardy.



'Redleaf' for sale in Wahroonga Source: realestate.com.au



Quarterly 1 Development Activity Report

Source: Northern Beaches Council

Northern Beaches

The Northern Beaches property market is poised for mild growth throughout 2024, with factors such as sustained demand, improving economic conditions, monetary policy and limited housing supply contributing to the positive outlook. As the region continues to attract homebuyers and investors seeking coastal lifestyles and proximity to amenities, we anticipate a gradual but steady increase in property values, particularly toward the latter half of the year. As always, economic and monetary policy will heavily dictate the strength of the property market and the Northern Beaches market is not immune to this factor. Expect a correlation between interest rate movement and house pricing, as borrowing capacity will stimulate competition and drive capital growth, particularly in the sub \$3 million bracket.

We anticipate family-centric areas including North Balgowlah, Seaforth and Collaroy Plateau all offer reasonable present value and we expect these areas to outperform broader metrics for housing. For

units, as investors seek to re-enter the market, we would anticipate Manly and Freshwater to perform commendably given the areas lack of development activity (keeping stock low), strong rental demand and historically strong capital growth prospects.

Of interest, the most recent (July-September 2023) development activity data available suggests Development Applications are down roughly 18 per cent year on year, and if this trend continues expect this to place further upward pressure on capital values, reducing the amount of renovated and new stock entering the market.

Southern Sydney

The last quarter of 2023 was slower than previous years in Sydney's south; with local agents suggesting that a lot of vendors are waiting for the start of 2024 to list their properties. This year we're predicting a surge of new listings in the south, most likely in the first quarter of the year.

Like most regions across Sydney, the constant interest rate increases have left a lot of home

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RESIDENTIAL

owners and investors unsure of what their plans will be for 2024. Throughout 2023, selling agents have reported a lot of home owners attempting to retain their properties for as long as possible, even if they are under financial stress. With the cost of living show no sign of relenting in the near future, and no immediate interest rate relief, some home owners have already committed to sell their properties in 2024. With potentially a large increase of properties on the market at the same, this could in turn have a negative effect on prices, although local agents insisting there are still plenty of buyers in the market and ready to buy in 2024.

The off-the-plan unit sector is still expected to struggle for the foreseeable future as there is still an oversupply in the Sutherland Shire/ St George area. This market weakness is mostly likely to be evident for one or two bedroom units, in large high-density developments and especially in less desirable locations such as on main roads and near industrial property.

The prestige housing market within the suburbs of Cronulla and Burraneer has remained strong and in our opinion will continue to have sustained growth over the next 12 months. At the other end of the market, the most affordable suburb in the



2 Layden Ave, Engadine

Source: realestate.com.au

Sutherland Shire is Engadine, with the medium dwelling price being \$1,282,500 as per CoreLogic. As an example of what you can get around this price point, 2 Layden Ave, Engadine sold in December 2023 for \$1.24 million, comprising a four-bedroom, two-bathroom single level dwelling.

Inner West

Predictions for 2024 property prices in the inner west of Sydney appears rather opaque after the last few years of pandemics, interest rate rises, elections and high inflation levels. However the main determinant, as always, will be the levels of supply and demand in the market. Generally speaking, the Inner West has historically been undersupplied in regards to Torrens Title dwellings and low density units/townhouses. As such, these markets have been rather resilient over the course of the last five to 10 years. Therefore, stable gradual price growth is expected in these property sectors in the year ahead, especially for detached dwellings in the \$2 million to \$5 million price range.

The year ahead will also mark the first full year in which major road infrastructure projects including the M8 Motorway Tunnel, M4 Tunnel Extension, and the Rozelle Interchange Tunnels are all interconnected and servicing most parts of the inner west region. These new infrastructure projects are considered to have a positive effect on values, especially over the longer term. However, the Rozelle Interchange Tunnel opening in November 2023 has been anti-climactic for many residents in the Rozelle, Lilyfield, Drummoyne and Balmain areas. After several weeks of increased traffic congestion and travel times into the Sydney CBD, it will be intriguing whether the traffic and congestion levels ease over time. If they do not, a serious question may arise on whether the increased congestion will affect property prices in these sought after and generally under-supplied markets.

Additionally the calamitous opening of the much anticipated 'Rozelle Parklands' in December 2023 may also ease demand in this Rozelle/Lilyfield pocket - which garnered strong interest from many speculative investors and home owners over the course of the last two-to-three years, many of who were betting on strong value increases on properties surrounding the new parklands. The recent findings of asbestos and other dangerous chemicals in the mulch surrounding the child playgrounds may tarnish the new parklands' reputation over the short-to-medium term. This may pose as a significant risk for investors/homebuyers who've paid a premium for properties in this pocket in recent years.

An example of this strong interest can be observed via the mid-November 2023 sale of 103 Denison Street, Rozelle which sold for \$3 million, prior to the negative asbestos findings and traffic congestion accompanying the opening of the Rozelle Interchange. The sale price was significantly above the vendor's expectations.



103 Denison Street, Rozelle

Source: realestate.com.au

The apartment sector may pose a risk of a decline in value throughout 2024, especially in the areas on the border of the Inner West including the suburbs of Homebush, Strathfield



and Homebush West. According to CoreLogic statistics, the Strathfield Council municipality had the highest percentage of loss-making sales, after sellers held the property for a median period of six years or longer - in the June 2023 quarter. This sector is a risk due to gentrification efforts producing high levels of supply of high density apartment developments in recent years along the Parramatta Road corridor. Some recent developments in the area have also been affected by structural defects, and non-compliant cladding issues - both have been off putting to buyers in the wider market. The vast majority of these loss-making sales have been from sellers who purchased their unit via the original developer, who initially included an unobtainable premium in their sale prices. However, as cost of living pressures ease in 2024, and migration levels continue to grow, this sector - reflecting the lower price segment of the Inner West - may experience healthier levels of demand from first home buyers, and newly arrived migrants.

In summary, uncertainty is the hallmark for the year ahead. However, should the trends of 2023 push through into 2024, and should the number of properties on the market remain historically low, moderate levels of price growth are expected to occur, especially for single use residential houses and lower density unit and townhouse developments. Properties situated in secondary locations, such as those affected by a busy road or railway line, are expected to be at a higher risk of a decrease in value throughout 2024.

Inner Sydney

With buyers in Sydney's Inner City suburbs often having to contend with higher median prices than their outer suburban counterparts, demand in this part of town is often sensitive to interest rate changes. As a result, interest rate speculation is

likely to hold strong influence over buyer behaviour in 2024. Towards the end of 2023 many agents advised of a strong number of upcoming listings for early 2024, with good quality owner occupier properties likely to sell first and investor grade properties set for more extended marketing periods.

With rate cut speculation pushed towards the end of 2024, the year is set to favour those seeking lower Loan-to-Value (LVR) ratios with good buying available in the investor space, particularly in Q2 and Q3. Sensible investors will likely snap up well located investment units in areas undergoing redevelopment such as Pyrmont - with a new metro station on the way and commencement of the highly anticipated fish markets redevelopment. With two bedroom units such as 608/233 Pyrmont Street advertised for sale at the time of writing for \$930,000 and similar units in the building renting for \$900 per week - a solid rental yield for the inner city.



608/233 Pyrmont Street, Pyrmont

Source: realestate.com.au

First home buyers may also choose to take advantage of the wide choice of entry level apartment's as well as available government assistance, with stamp duty discounts and low deposit schemes assisting those who have the cash

flow to buy in the current interest rate environment onto the property ladder. Units such as 32/628 Crown Street a one bedroom unit with valuable parking in popular Surry Hills, advertised for sale at the time of writing for \$675,000.



32/628 Crown Street, Surry Hills

Source: realestate.com.au

Whilst the entry level end of the market is currently providing strong rental returns, it is important to consider the future resale appeal of a property and historically those situated in modern high density precincts such as Zetland have underperformed due to strong available stock, a lack of uniqueness and perceived building issues.

The prestige space performed strongly in 2023, with multiple examples of premium properties selling in short spaces of time for higher prices - something that is uncommon at this price level. With tighter supply in this space set to continue 2024 looks set to be another strong year for premium properties, although some tapering of this growth would be expected in the second half of the year.

In summary, cash is likely to be king in 2024 with those savvy enough to hold out for a downswing or cashed up from a previous sale set to have a wider choice of listings and less competition than in previous years.



Eastern Suburbs

Property prices in the Eastern Suburbs defied expectations in 2023, ending the year with positive overall growth on the back of high inflation, cost of living constraints and rising interest rates.

The suburb of Maroubra appears comparatively affordable, compared to its more expensive beachside neighbours, as it provides excellent transportation, schooling, retail hub, parks, coastal walks and a world class beach with free parking. Further gentrification, high immigration levels and a variety of properties may lead it to be a standout performer in 2024.

Caution must still be taken around off-the-plan developer sales within the Eastern Suburbs, particularly with strategic marketing enticing overseas buyers paying premium prices, albeit for a perceived sufficiently good product.

Of interest, owners of Sydney Mascot Towers may reach a potential settlement since being forced to evacuate in 2019. This resolution may allow owners to potentially cancel their outstanding strata debts and mortgages, although still taking a financial loss, by agreeing to sell to a new third-party consortium.

In the prestige space, the supply of new listings is likely to remain tight, particularly above \$10 million which is likely to see continued strengthening in prices in 2024. The \$5 million to \$10 million part of the prestige market is likely to start the year in similar fashion to the wider market with easing to flat growth. Any interest rate cuts in the second half of the year would see this sub market start to strengthen again.

As at early January, there were 30 houses listed for sale with an asking price of \$15 million or more, according to realestate.com.au. While that's a reasonable number to start the year, there

continues to be strong demand in the trophy home market from local buyers along with returning expats and high net worth overseas buyers.

A Point Piper estate known as 'Notrella' is one listing to keep an eye on. The eight-bedroom, six-bathroom Queen Anne Federation home on 958 square metres of land, is positioned at the northern end of the Point Piper peninsula, and enjoys sweeping harbour views to the north and towards Sydney Heads. The property is listed for sale through Ken Jacobs of Forbes Global Properties.



142 Wolseley Road, Point Piper

Source: realestate.com.au



142 Wolseley Road, Point Piper

Source: realestate.com.au

Prestige units are likely to remain in strong demand, particularly from the downsizer market. While the completion in early 2024 of high-end CBD complexes,

including One Sydney Harbour Residences One at Barangaroo and Sirius at The Rocks, are likely to get a lot of the headlines, the eastern fringe and eastern suburbs will continue to provide high end units which push current suburb price records.

One of the more notable prestige units currently listed for sale include 4001-4002/184 Forbes Street, Darlinghurst, through Monika Tu of Black Diamondz. The entire 40th floor amalgamated unit in the Horizon complex, with 565 square metres of internal living area and comprising five bedrooms, five bathrooms and eight car spaces, has been newly renovated to a very high standard and enjoys 360 degree views including the city skyline, harbour, Harbour Bridge and Opera House.



4001-4002/184 Forbes Street, Darlinghurst

Source: realestate.com.au



4001-4002/184 Forbes Street, Darlinghurst

Source: realestate.com.au

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Other notable listings include the four-bedroom, four-bathroom penthouse at 722 New South Head Road, Rose Bay. It has high-quality harbour views and is listed for sale through Brad Caldwell-Eyles of 1st City. Meanwhile, an upper level duplex unit on the harbourfront at 2/58 Wunulla Road, Point Piper, is listed for sale through Michael Pallier of Sotheby's International Realty.

Matt Greenland
Associate Director

Lismore / Casino / Kyogle

*"Sing me a song of a market that is gone,
Riddle me a rhyme for a trend that outshone,
Say, could there be a prophecy for I?
Nary of doubt and a seer with a sigh,
"Cannae I believe what many past commentators
have said?"*

*Where blather, briefs and interest rates led,
Predictions of bleak and bright alike,
All that was good and all that was fair,
All that was then is now gone".*

As we head into 2024, there is a sense that following a year of unprecedented (yes, there's that word again) interest rate rises that the local property market is on a cusp of something tentatively promising. Not merely an echo of a memory that can never be caught hiding in plain sight behind a blade of grass.

Already, it was noted in the final months of 2023 that well-presented and realistically priced properties garnered attention from "finance approved" borrowers and genuine property enquirers experienced a slight uptick in activity.

It is expected, and as per commentary within property circles, that the threat of future interest rates may have dimmed. However, this is tempered by the ongoing task to control inflation.

The net effect of this will likely encourage owner occupiers, first home buyers and investors to re-engage with the property market.

There have even been rumblings about possible small reductions towards the end of the year.... but who really knows? If only a trip into the near future via the stones of Craig Na Dun could shed some light on this matter. The net effect of this will likely encourage owner occupiers, first home buyers and investors to re-engage with the property market.

Residential dwelling properties within the sub-\$500,000 price segment in Lismore City have emerged with keen interest; particularly those formerly flood impacted properties that have, curiously, been excluded from the "Buy Back Scheme" and subsequently fully renovated and on-sold. This may appear to be antithetical to the intention of removing residential property from flood prone neighborhoods. However, the lure of acquiring a well renovated home is proving to be a strong draw within the market. This is likely to continue well into 2024 as more of these "near new affordable" properties are listed for sale.

Possibly the one segment of the improved residential market that is likely to experience resistance throughout 2024 is the modern, residential zoned dwelling in town purchased in the past one to two years for over \$1 million whilst properties within the \$500,000 to \$900,000 are expected to hold their own (providing interest rates remain still).

Vacant land, particularly in the various developing residential estates dotted around Goonellabah and Chilcotts Grass have quietened in the past six months which noted an approximate reduction in price levels off the highs from early 2023 to

the tune of 10 to 20 per cent in some cases. The culprit for this trend is largely due to the ever-increasing construction costs associated with "new build" dwelling development. It became common practice to see "amendments" and "price variations" creeping into the building contract over the course of the construction timeline. If this continues, and the supply of vacant lots from the various residential estates improves, then further reductions in value of land may be experienced.

Kyogle and Casino are a slightly different kettle of fish as the supply of developable or developed residential lots in Casino is virtually non-existent at the present moment and Kyogle only has one large swathe of land towards the north-eastern part of the town that is being developed. So, their respective prices for land between \$200,000 and \$300,000 appear to be holding and likely to continue into 2024.

The rural residential market is expected to maintain some relative stability as it is accepted that to acquire a parcel of land of anywhere between 5000 square metres and 10 hectares with a good quality, semi-modern, three or four bedroom dwelling with double garage, good range of ancillary improvements and some rural/rural residential views... then \$1 million is a starting point nowadays within close proximity of the Lismore City and even more towards the east coast.

To summarise, the property market for 2024 within Lismore, Casino and Kyogle is expected to maintain some level of stability with the possibility of improvement towards the end of the year. In these



unsettled times of forecasting the property market future, it is worthy to consider the wise words of Ray Bradbury (author);

"People ask me to predict the future, when all I want to do is prevent it. Better yet, build it. Predicting the future is much too easy, anyway. You look at the people around you, the street you stand on, the visible air you breathe, and predict more of the same. To hell with more, I want better."



Vaughan Bell
Property Valuer

Coffs Harbour

It is that time of year again when we look into our crystal ball and give our words of wisdom on the forever evolving property market. At this point in time (January) based on the current job numbers and market activity the outlook appears to be slow but steady. Now, this may just be a Christmas hangover with the public more concerned about relaxing and holidays rather than their property portfolio, however one would suggest the year ahead may be much of the same.

The good news is the inflation figures appear to have come under control and the rhetoric from the financial experts is one of none or limited interest rate hikes for 2024 with the possibility of decreases in late 2024. Personally, I do not believe interest rates will be on the decline this year; however, this rhetoric is good for consumer confidence and stability in the market. Late 2023 did see a stabilization in the market with a slight uptick in market activity off the back of stable interest rates which would suggest this will continue into 2024. Increased market activity means more sales rather than price increases, we do not expect values to rise over 2024, however off the back of stable interest rates the values should remain firm. The main concentration of activity should be for the well located and/or reasonably priced property, however, those properties in secondary locations or which require repair/renovation works tend to achieve lower levels of demand.

Fundamentally Coffs Harbour is a good safe bet for investing and or owner occupation with a myriad of lifestyle opportunities, relatively low property prices when compared to other Mid Coast to Northern NSW coastal towns and has a consistent population growth and major infrastructure project currently underway with the Pacific Highway bypass.

As always, the main concentration of activity will be in the affordable end market i.e. up to \$850,000, whilst we expect the prestige market \$1.5 million will still tick over as this is typically dependent on the out-of-town money and at these levels generally not so dependent on interest rates. The only caveat on this is if interest rates actually started to decline in late 2024. We would then expect a significant upturn in the market followed by increasing values.



Grant Oxenford
Director

Central Coast

With the magnificent New Year's Eve fireworks displays at the Gosford waterfront and The Entrance drawing a close on 2023, we find ourselves at the beginning of a new year with a different set of predictions to make for our property market across the Central Coast region.

In the latter months of 2023, it was well known amongst buyers and sellers that many markets across the region were gathering momentum, putting the market slowdowns of earlier in the year behind us. Local agents seemed buoyed by the performance of their local patches with limited supply levels fuelling the strengthening market conditions.

If interest rates stabilise and supply levels remain at similar volumes, with what has transpired in the last quarter of 2023, we expect similar market conditions to be experienced within the first half of 2024. Not all markets are the same and we expect some markets to outperform others.

The growing confidence in First Home Buyers will lead to forming a large pool of the potential buyers within the entry point markets across the region. With government grants still applicable for Stamp Duty exemptions, coupled with guarantor loans from the bank of Mum and Dad, it's the head start that's needed to enter this competitive market segment. So where are the entry level markets that provide good buying opportunities and long term future growth prospects? Over time the entry level markets that have performed strongly have been those in established residential suburbs with a lack of new vacant land supply available. Suburbs along the Railway corridor at Woy Woy, Narara, Niagara Park, Lisarow and Ourimbah have attracted buyers from Sydney still wanting the ability to commute to the city for work or leisure by rail.





The Central Coast market in general is expected to 'ghost' the predicted national housing market trends in 2024.

In the entry point markets that are nearing \$1 million, suburbs located along the beaches like Wamberal, Terrigal and Forrester's Beach have in the past been good investments with healthy future growth prospects.

In the northern end of the Central Coast, the growth corridor around Woongarah, Hamlyn Terrace and Warnervale continues to expand with new vacant land estates being developed. With the continued increased supply levels, vacant land prices are expected to continue to fall marginally over 2024 before stabilising. As the building industry recovers from the building material shortages, the cost to build a new home is returning to normality, providing an opportunity to build a new home at reasonable cost expectations that may not have existed 12 - 18 months ago.

The market segment that underperformed in 2023 was the middle/upgrader markets ranging from \$1.5 million to \$3 million. This market was one of

the strongest performers in the post pandemic boom period between March 2020 and December 2021, however has weakened more so than other market segments post the peak of the market cycle. Areas of caution remain within the coastal suburbs of Avoca Beach, Bateau Bay, Shelly Beach and in the rural areas on the western side of the M1 Motorway. Selling agents are experiencing longer than average marketing campaigns with price deductions a reality with most listings.

Cranes have been dominating the skyline over Gosford over the past 12 months with many residential unit complexes expected to be completed in 2024. A landmark development known as "Archibald" is expected to be completed in October 2024. The development will feature 320 residential apartments in a twin tower designed development with eateries, elevated bar and pool deck areas. With the increased supply of new units in Gosford imminent, a watch and see mindset should be adopted.

In conclusion, many economists have predicted the national property market will see an increase in capital growth figures in 2024. The Central Coast market in general is expected to 'ghost' the predicted national housing market trends in 2024. There will be markets that outperform the national expectations and conversely there will be others that under perform. This is a sign of the times until factors of uncertainty such as interest rate sensitivities, cost of living pressures and global geopolitical issues subside.



Todd Beckman
Associate Director

Nowra

It will be very interesting to see how the year ahead plays out for 2024. There is media speculation and talk amongst leading economists that no more interest rate rises will occur and, if anything, the Reserve Bank of Australia (RBA) may reduce interest rates towards the end of the year as inflation lowers. Cost of living pressures are still impacting the market which may also convince the RBA to lower rates towards the end of the year.

Let's take a quick look into our crystal ball to see how the Shoalhaven residential market will perform in 2024.

We predict the Shoalhaven residential property market will somewhat follow in the footsteps of the Wollongong residential market which saw some increases in prices towards the end of 2023. The lower and middle ends of the market could see plenty of buyer interest as more confidence hits the market in 2024 as we predict that the rate rises have peaked. The local suburbs around the Nowra CBD such as Nowra, Bomaderry, North Nowra, South Nowra and West Nowra could benefit



Archibald

Source: realestate.com.au



Archibald

Source: realestate.com.au

the most from this renewed confidence and price increases. Prices increases in the more holiday destinations of Vincentia, Huskisson, Hyams Beach and Currarong we predict could see subdued increase compared to some of the other suburbs mentioned above.

High construction costs, possible oversupply and the limited availability of builders could also dampen any increases in prices of vacant land sales, and if anything, we predict that land prices might still feel the downward pressure on their values during 2024. Of note is the large land releases occurring in Cambewarra and Badagarang. Like the more holiday suburbs listed we predict that the upper end of the market will see some increase, but again somewhat limited compared to the lower and middle sections of the Shoalhaven residential market.

Overall, we predict the Shoalhaven residential market will advance. We predict that as the year progresses so will the market continue to improve with values and sale prices increasing, less days spent on the market, higher auction clearance rates and more buyer interest. However, the cost-of-living pressures will keep any increase in the market to a minimum even though there could be a rate drop as we predict inflation to be stubbornly high in the eyes of the RBA towards the end of the year.



Joshua Devitt
Associate Director

Illawarra

We're going to keep a close eye on the Illawarra property market in 2024. As the year commences, we expect conditions experienced in 2023 to carry on, with limited available stock and reasonable buyer demand pushing minor price increases.



As the year commences, we expect conditions experienced in 2023 to carry on, with limited available stock and reasonable buyer demand pushing minor price increases.

For homeowners, we are hoping that we've seen the last of interest rate hikes and as the year progresses with no rate rises, there will be a heightened level of confidence from purchasers, both owner occupiers and investors. If supply of new properties to the market remains constrained, this will cause prices to continue to rise.

Of particular interest will be properties close to North Wollongong, Corrimal and Dapto train stations. The NSW Government has identified these areas within the Transport Oriented Development Program for new planning controls within 400 metres of each station to allow for more homes to be built close to existing infrastructure. While Dapto and Corrimal already include R3, Medium Density residential zones around their stations, North Wollongong has a pocket of R2, Low Density residential zoned land to the west of the station. Railway Crescent and Porter Street appear to be primed for changes that will increase the maximum building height and floor space ratios, allowing for higher yielding sites.

The vacant land market is always one to watch. With supply of land being released sporadically, listings for vacant lots tend to pulse. While the overall property market had positive trends through 2023, vacant land was a bit more circumspect. Construction costs continue to put some people off proceeding with new builds and therefore the demand for land hasn't been as strong as for existing established products. With construction costs stabilising, it is expected that confidence comes back into this market and sales of vacant land in the area will be steady.

Affordability remains a big issue in the Illawarra. With prices still being under the peak of early 2022, there remains some decent buying in the entry-level category. As long as you're ready and willing to get your hands dirty with a bit of paint or plasterboard, three-bedroom homes are available under \$600,000 in suburbs around Lake Illawarra such as Berkeley, Warrawong, Koonawarra and Warilla. Or two bedroom units can be picked up for under \$500,000, mostly in small suburban complexes, with some opportunities for basic units in the Wollongong CBD for this price from time to time.



Chris McKenna
Region Director

Tamworth

Property prices across the New England and North West remained largely steady throughout the later period of 2023. A sign of regional property resilient in the face of continued rate increases throughout the course of the 2023 calendar year.

However, signs of softer market conditions crept into some market segments, particularly the regional prestige and residential property above \$1 million. At the end of the 2023 calendar year property listings priced over that million-dollar threshold experienced slowing market conditions and the pace of growth eased due to lack of buyer demand.

What can we expect in the New Year? We anticipate that different market segments will perform very differently throughout the year.





Firstly, the NSW government is expected to tinker with first home schemes which should allow first home buyers into new and established housing. These current and proposed schemes will promote buyer demand within the residential property market for dwellings and units priced from \$300,000 up to \$600,000 (entry level). The entry level market segment is expected to perform well in the New Year, particularly with rental value trends looking like they'll continue to climb in the short term.

Second home and/or middle market segment (i.e. \$600,000 to \$900,000) is primarily larger family homes and new home construction markets. This segment is looking to increase in buyer activity, after a slow end to the 2023 year. Enquiries to local building companies indicate that new home construction demand is strong in Tamworth, with many building companies booked up to 12 months of pipeline work. The delay on new home construction will influence existing/established dwelling markets, due to buyers' reluctance to build new, resulting in market values for four-bedroom, two-bathroom modern project style homes to continue stable to incremental growth rates for the year ahead.

Property priced above \$900,000 in the Tamworth City is expected to experience slightly longer selling periods, with fewer buyer participation affecting transaction numbers in the back end of 2023. Above average listing numbers within this market segment indicates that sale prices within the top end of town may vary this year, with limited market activity resulting in a higher degree of volatility in sales prices. That being said, good quality stock within this price range is expected to sell well, all-be-with slightly longer days on market.

Overall, the 2024 period is expected to remain steady, with stabilising markets continuing to absorb the bursting of the fixed rate term bubble, cost of living pressures and looming RBA rate changes. Market movement throughout the year should be of a more "traditional" pace and trajectory. That being said, there is always opportunity in population growth areas like Tamworth.



Nick Humphries
Property Valuer

Byron

If there is one thing that we can safely predict about the property market, it is that it is so unpredictable... unfortunately what buyers and sellers crave is certainty. Ironically, the one thing the Byron Shire has had in spades over the last few years is unpredictable circumstances leading to uncertainty for buyers and sellers.

Since early 2020 we have been fed a cocktail of events from out of left field that have kept property market participants guessing. These include Covid 19, record low interest rates, Northern Rivers floods, record high building costs, inflation and supply chain issues, a shortage of rental properties, capping short term holiday letting in Byron Shire and a record run of increasing interest rates. Is it any wonder that buyers and sellers have been left feeling a little bewildered?

So, what does 2024 have in store for us here in sunny Byron Bay? Should we be so bold as to forecast the road ahead? If I had to take my

best shot, I would like to say that 2024 should be a year of relative stability compared to those that preceded it. The market is currently relatively well balanced between buyers and sellers with well-located properties or those with attractive asking prices able to achieve sales relatively easily whereas properties in secondary locations or with slightly adverse features such as necessary repairs or renovations, proximity to a busy road or flood issues for example, will find less favour amongst buyers and require more effort from sales agents and realistic pricing to "get over the line".

There is general consensus that the inflation genie is more or less back in the bottle as evidenced by the slowing of interest rate increases in the second half of 2023 with some economic commentators predicting an interest rate cut in the second half of 2024. This would be welcome news to buyers and sellers alike however, as evidenced by the numerous events noted above, the market can be derailed easily by unforeseen circumstances, so let's not get too carried away just yet. Every buyer and seller has their own appetite for risk, so how individual people react to the changing interest rate environment and property market dynamics will reflect how early or late they respond to interest rate movement and economic news.

Many properties in Byron Bay (and the surrounding shire to a lesser extent) are held by investors, some local, many from the wider eastern seaboard, and accordingly disposable income and interest rate movement can have an impact on the local property market.

If I had to take my best shot, I would like to say that 2024 should be a year of relative stability compared to those that preceded it.



Whilst vacant land is in relatively short supply in the Byron Shire, the demand for vacant land has slowed as a result of buyers being unwilling to deal with the high cost of building at the moment and it would seem that 2024 may not bring any relief to the high cost of building or renovating alike. As a result, vacant land prices may stagnate over the course of 2024.

Well located and good quality prestige property is likely to still attract high prices from high-net-worth buyers in 2024. These individuals are fortunate enough to be less sensitive to interest rate changes and less reliant on finance than the rest of us mere mortals while for most buyers in the Byron Shire that are moving on to their second or subsequent homes, there is room for cautious optimism in the sub-\$2 million price point. That leads us to the perennial problem in the Byron Shire property market: What about the first homebuyer? The entry price of real estate in the Byron Shire means many potential first home buyers will lose out to more cashed up investors and second home buyers. There may be some hope for first home buyers in 2024, however, if they are willing to consider those secondary locations as a first step and negotiate hard.

Let's see what I have to say in December 2024. I may need soap and water to wash the egg off my face!



Mark Lackey
Property Valuer

Newcastle

As another year starts, so will the expectation of an improvement in the property market. As we've seen in recent years, many factors can come into play with how the property market can move, from

over inflated, over excited and poor judgement in late 2021 and early 2022 to complete caution in mid 2023. Simple economic factors such as interest rate changes, inflation movement and cost of living can all come into play with how the property market can perform and most buyers and speculators will have experienced many different influences over the past two years.

Will 2024 be a case, the market has moved and we react too late to catch a bargain?



At the start of 2024, the trend appears to be an expectation of falling interest rates, falling inflation and, hopefully, a grip on cost of living. So as the media reports the later part of 2024 may see cheaper mortgages, it's a question of when the buyers try to hit the market pre-interest decreases to get their foot on something before a possible upturn in prices. To that end, the early part of 2024 is likely to be stable, with little growth.

The local area no longer has "growth" zones as most suburbs have seen substantial growth since

2019 and maybe the off the plan purchase is where growth could be, such as purchase off the plan units and land, with a registration date in 18 months to two years as this would be buying now and pay later scenario in a possible rising market. Whether that's a good idea, remains to be seen as growth is never guaranteed.

Like any form of speculation/investment, if the market moves, it will move in percentages not direct monetary gain, therefore those looking to invest in property with a hope the return will be good, will usually be encouraged to look at the established well sought after suburbs around the city and modern outer suburbs rather than the lower value areas where the monetary gain will be less if the market improves.



Darren Sims
Property Valuer

Albury Wodonga

As we step into 2024, a sense of uncertainty pervades discussions on the property market, marked by divergent opinions and conflicting data, primarily revolving around the impact of interest rates. The prevailing unease stems from the ambiguity surrounding when relief might materialise throughout the year.

While the Albury Wodonga region witnessed mostly stable property prices, there was a modest upswing across most market segments in 2023, excluding central Albury units. Notably, the median house price in central Albury rose from \$655,674 to \$664,543, and central Wodonga's median house prices increased from \$536,844 to \$546,662, according to CoreLogic data for 2023. Significant shifts were observed in the number of sales and days listed, with central Albury house sales

declining from ninety in 2022 to sixty-nine in 2023. In central Wodonga, house sales dropped from 421 in 2022 to 314 in 2023. Units, however, maintained consistency, with 32 sold in central Albury in both 2022 and 2023, and central Wodonga experiencing 52 unit sales in 2022 and 50 in 2023. Thurgoona emerged as a standout market segment, recording 241 house sales in 2022 and sustaining strength with 230 in 2023.

A slowdown in sales within the \$600,000 to \$1 million range has been reported by many agents, attributed to a lack of demand at this affordability level. This trend is anticipated to persist through 2024. Units, particularly those priced under \$400,000, are expected to remain robust across all regions. Thurgoona, a notable performer in 2023, is anticipated to continue its positive trajectory, with competitively priced newly built homes offering an attractive solution for families seeking entry into the property market. Prospective buyers are advised to exercise caution against poor-quality builds that may pose long-term performance risks.



An example is 5 Lock Court, Thurgoona. This is a circa 2014 four-bed, two-bath home on a 615 square metre site which sold for \$610,000 in January this year.

Forecasts for 2024 indicate a continued strength in new construction, particularly in areas like Thurgoona, Leneva, and Baranduda. Abundant land supply and a plateau in construction costs are driving this trend. House and land packages below \$600,000 continue to attract first-time buyers and investors.

In summary, all signs point to another stable year in the Albury Wodonga property market, navigating the uncertainties of potential interest rate fluctuations. The \$400,000 to \$600,000 price bracket is expected to perform well, albeit with a cautious approach from most buyers.



Vanessa West
Valuer



Victoria - Residential 2024

Melbourne

The property market in the majority of Victoria declined throughout 2023 with some remaining resilient and even growing. This was largely due to increases in the national cash rate of 1.25 per cent and inflation remaining relatively high as the lowest inflation rate for the quarter was recorded at 5.4 per cent which is still well above the inflation rate target of approximately two to three per cent.

Although there was a slight decline, the Victorian property market is likely to stabilise and has the potential to grow over the next 12 months. There are multiple factors that are likely to impact, including the continued growth in immigration to Australia, interest rates forecast to stabilise and potentially decrease, and incentives being offered by state and federal governments.

Whilst there has been a decline in land being sold for new developments, there is some expectation that this will improve in 2024. This is expected to occur predominantly in Melbourne's outer growth suburbs with higher demand for low to middle tier housing (relative to median house prices).

After reviewing the past year, we can now predict how the Victorian property market might perform in the upcoming 12 months.

CBD and inner suburbs

The Melbourne CBD property market is expected to have diverse results, with a mix of factors influencing it. There has been a strong return of international students and migration from other states.

We anticipate a shortage of supply in the apartment and unit market in 2024, potentially leading to price and continued rental hikes within the Melbourne CBD property market.

We foresee rents continuing to climb further amid this shortage. Given Q4 2023 recorded a median of \$600 rent per week for units and apartments, it is expected this market will continue to move in a positive direction albeit at a slower rate going forward.

Median rental price snapshot for units

Median rental price ①

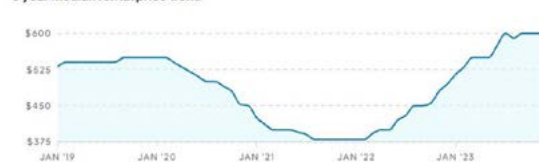
\$600 per week

January 2023 - December 2023

Past 12 month growth ②

Up 21.2% ↑

5 year median rental price trend



Melbourne median rent

Source: realestate.com.au

A major worry for investors, who constitute nearly 70 per cent of ownership in Melbourne's CBD apartments, revolves around the new government proposition to raise property taxes.

Starting from January 2024, Victorians with second homes or investment properties will face a new additional flat rate tax, potentially reaching up to \$975 per annum. Furthermore, there will be an additional levy based on the land value. This tax, which also applies to dwellings and apartments, specifically targets individuals owning more than one property and is in addition to the existing tax.

As reported by the Financial Review, this development has prompted some investors to withdraw from the market, leading to an increase in the supply of apartments and units as they seek to exit before the implementation of the new tax scheme.

Over 4000 apartments were completed in Inner-City Melbourne in 2023, slightly surpassing the 20-year average of 3600. The forecast indicates a drop to circa 500 new apartments in 2024, followed by an increase to 1300 in the following year.

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RESIDENTIAL

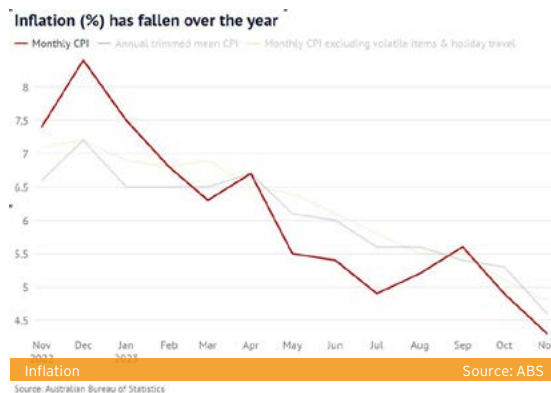
D As reported by the Financial Review, this development has prompted some investors to withdraw from the market, leading to an increase in the supply of apartments and units as they seek to exit before the implementation of the new tax scheme.



South East & Mornington Peninsula

Coming off a moderately tough year for the property market in 2023 in the South Eastern suburbs and the Mornington Peninsula, there are early positive signs that will contribute to a stable and potentially positive upcoming 12 months.

Following a tough year of performance for house prices in the Mornington Peninsula it is predicted that prices will begin to stabilise. In 2023, we saw median house prices dropping by nine per cent in this region but it is expected to stabilise in the next 12 months. With inflation continuing to decrease, this will begin to encourage more confidence in potential purchasers.



Along with this, the cash rate set by the RBA is expected to either remain the same or decrease moderately which once again will inspire confidence in the economy.



In the outer south-eastern suburbs, such as Clyde and Officer, property prices were more resilient than other parts of Victoria. In 2023, the median house price in Clyde only dropped 1.7 per cent which is much better than a lot of other areas in Victoria.

This is largely due to the affordability of these suburbs which still leads to an attractive option for many low to middle income earners. In 2024 it is expected that outer suburbs will both remain resilient and potentially even prosper.

The continued boom of migration into Australia is expected to drive prices up in outer regions. With the implementation of Australia's permanent Migration program from India, we expect to see a continued influx of Indian migrants. With this program, it allows for skilled workers, family members or residents and people that have special eligibility to have the opportunity to live in Australia.

These types of programs allowing for high volumes of migration to occur are expected to positively impact the property market in Victoria and in

particular, the outer suburbs of Metropolitan Melbourne.

The government is helping in promoting purchases of houses in these price ranges as well with incentive programs such as the Victorian Homebuyer fund shared equity scheme. This targets mostly properties in the price range from \$600,000 to \$750,000 as it helps home buyers meet pressures of paying stamp duty fees and putting a deposit up for a property in exchange for a share in the equity. The government also has the first home buyers grant of \$10,000 which also eases the burden of initial costs when purchasing a property.

Eastern Suburbs

The past 12 months delivered a variety of results in the eastern suburbs. House prices in key suburbs dropped in Box Hill and Camberwell by 12.2 per cent and 6.6 per cent respectively according to realestate.com.au. While a host of other eastern suburbs including Templestowe, Mitcham and Mont Albert all recorded only modest price growth of less than 3 per cent.

There were strong results in desired suburbs Hawthorn and Glen Waverley with 12.2 per cent and 9.0 per cent growth respectively. Balwyn, Surrey Hills and Vermont South also generated high demand.

Record migration and China's reopening which has led to an increased interest in property in Melbourne's east could have been responsible for this growth.

However, with inflation slowing and interest rates likely to have peaked and possibly fall, we expect to see stronger demand for properties in the desirable east, and ultimately property prices to edge higher.

Recent PropTrack data suggests there is stronger demand for houses in the outer eastern suburbs,

perhaps driven by affordability, as well as a willingness to enjoy the nearby nature reserves. The data indicates the number of inquiries per listing with four of the top five suburbs emanating from the outer east of Melbourne. Belgrave topped the list with 28 inquiries from interested buyers for each listing, potentially leading to a climb in 2024.

CoreLogic figures also recorded a host of suburbs in the outer east recently broke through the \$1 million median price mark. Ringwood East, Scoresby, Knoxfield and Kalorama all surpassed this milestone as demand and prices climbed, with an expectation of more to come in 2024.

While construction costs are expected to remain relatively higher compared to previous years especially prior to and the beginning of COVID, there is an expectation they will continue to stabilise. This stability will give slight confidence and assurance to developers looking to complete two to three dwellings in the middle ring of suburbs in the east such as Ashwood, Box Hill South and Blackburn

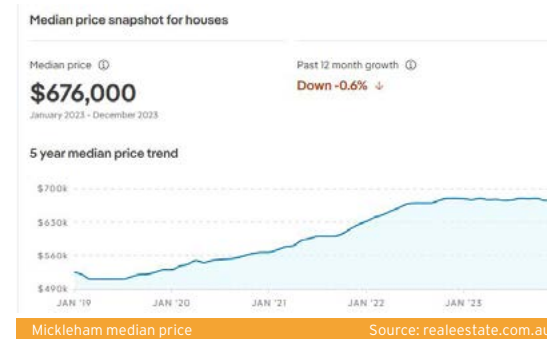
Northern Suburbs

Melbourne's northern region, notably in suburbs like Mickleham, Kalkallo, Donnybrook, and Beveridge, is witnessing a surge in new estate developments. These areas are drawing in first-time homebuyers, young families, and investors seeking future capital appreciation. Mickleham and Thomastown have been singled out by various property market analysts, such as Mortgage Choice, as suburbs worth monitoring in 2024.

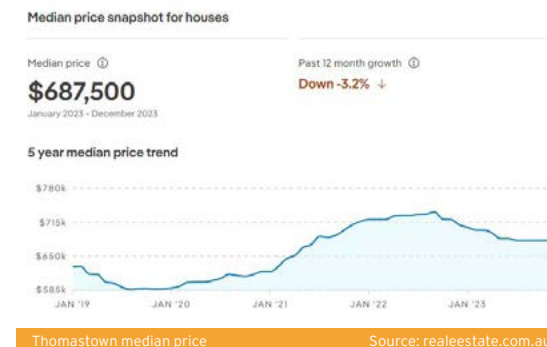
We anticipate steady and gradual growth in the northern suburbs due to the heightened demand for affordable properties. This growth is likely to be driven by population increases, rental

We anticipate steady and gradual growth in the northern suburbs due to the heightened demand for affordable properties.

property shortages and ongoing infrastructure projects, including improvements in public transport, schools, and roads, contributing to the attractiveness of these suburbs.



In the past year 2023, the median selling price for houses in Mickleham has been \$676,000. For potential investment properties, take note that houses in Mickleham are rented out at \$480 per week, offering an annual rental yield of 3.9per cent.



Based on the 2023 fourth-quarter data illustrated in the graph above, contemplate the investment scenario in Thomastown. Houses yield a 3.43 per cent rental return with an average median rent of \$440 per week. Additionally, the median sale price for houses in Thomastown is \$687,500, whereas for units, it's \$478,250.

Western Suburbs

Following a temporary migration pause during COVID, a notable surge is anticipated in the western suburbs of Melbourne due to accumulated demand for affordable housing (APH, 2023).

Similarly to the outer south-eastern suburbs such as Clyde and Officer, there is expected to be a large number of immigrants from overseas and in particular from countries such as India. The Indian community already has a strong presence in the Western Suburbs of Melbourne, and this will not stop growing as the Australian government has made new agreements such as the Mobility Arrangement for Talented Early Professionals Scheme (MATES).

In areas like Tarneit, house rents have surged by 17.1 per cent over the last 12 months and showing no signs of slowing down (realestate.com, 2023). It is expected there will be a continued upward trend in rents across most western suburbs in 2024.

Rents for units in the inner western suburbs such as Footscray stand out as they have increased by 18.4 per cent over the last 12 months (realestate.com, 2023) it is predicted that rents will begin to stabilise in the upcoming months.





Median rental price snapshot for houses



Tarneit median rent

Source: realestate.com.au

The outer west is a developing area with extensive construction taking place. Victoria saw a 3.7 per cent annual increase in house construction costs in 2023, a decrease from the peak of 13.0 per cent in 2022 (CoreLogic, 2023). Stabilisation in construction costs throughout 2024 is anticipated which can inspire increased confidence in the building industry from Victorians, leading to more people opting to build.

With interest rates predicted to decrease in 2024 demand may be positively impacted for properties in some inner western suburbs such as Newport and Yarraville that have experienced a stagnant 12 months of growth.

With borrowing costs expected to lower, houses in these sought after western suburbs may gradually rise in value as they will become more attainable for a wider range of potential buyers.

Overall, it's predicted there will be a positive upcoming 12 months for the western suburbs following a relatively slow 2023.

Geelong

On May 9, 2023, the Australian Government announced that the planning level for the 2023/24 Permanent Migration Program, will be

set at 190,000 places, the same as the 2022-23 planning level. This suggests that strong migration levels will continue in 2024 (immi.homeaffairs.gov.au).

Furthermore, the population for the City of Greater Geelong is projected to increase by 125,602 individuals (reflecting a growth of 46.38 per cent) between 2021 and 2041, with an average annual change of 1.92 per cent (forecast.id.com.au).

Similarly to other regions, Geelong is anticipated to perform well this year. The median rent in Geelong is \$495 per week, with houses at \$500 and units at \$490 over the last 12 months. During this period, unit rent increased by 9.0 per cent, and demand rose by 13 per cent. However, for houses, there was no increase on rent, but a 21 per cent decrease in demand (realestate.com.au). With increased demand for properties in this region, it generally means prices will follow so 2024 is expected to continue to increase.

Established areas such as Barwon Heads, Anglesea, Lorne, Queenscliff, Belmont, Highton, and Newtown appear to be suburbs worth monitoring in 2024, as the property market is anticipated to improve this year. However, the ongoing supply in developing suburbs like Armstrong Creek, Charlemont, Lara, and Mount Duneed can potentially lead to a stagnation in the demand which usually means a stagnation in the prices.



Perron King
Director

Warrnambool

Most segments of the market are being more easily moved to begin the year with vendor and agent expectations falling in line with the evidence.

We don't expect too much in the way of surprises from the market in the early parts of the year. We are however, watching and waiting to assess the impact from the on-going macroeconomic and geopolitical pressures in the mid-later parts of the year.

The \$700,000 to \$800,000 will be a very active price bracket due to what we expect will be a continued move by purchasers to favour established properties preferring to skip the building process. Anecdotally, a growing number of potential purchasers in this bracket are carrying a 'too hard, too costly' mind-set when it comes to a new build or have had a negative experience trying to obtain construction financing due to dramatic fall in the underlying land. Most standard four-bedroom homes of five years or under would be expected to reach the mid-to-upper level of this price bracket. Older stock, beyond 15 years of age, will generally need to be sited on a larger than average parcel to be within the bracket.

There have been early signs of life in the vacant land space to begin the year. Land prices fell sharply across all of our operational areas last year but there have been some signs of life (or at least a flattening of price decline) in the more sought after areas. Agent's listing prices are beginning to reflect this with some downright optimistic asking prices being put to the market.

We would caution that the revival of land prices has so far only been shown to occur within the Warrnambool city area with parcels in satellite townships remaining flat to this point.

Jordan Mowbray
Valuer

Queensland - Residential 2024

Brisbane

The new year is upon us and it's time to look across the Brisbane property scene and formulate where things might head throughout 2024.

As we've been at pains to point out for a while now, Brisbane is a city where fundamentals matter. We have a classic, reasonably-predictable capital growth pattern when values are on the up. Our inner-city suburbs tend to lead the way as "first movers" with gains radiating out progressively to suburbs further afield.

We also enjoy all the benefits traditional market drivers deliver. Infrastructure spending, gentrification, facility upgrades, population growth and so on. All these facets drive markets, and they can be relied upon to influence price gains and sale volumes in Brisbane this year.

So... let's start with a "big picture" view of our city and its surrounding areas.

First up, we think the market momentum that established itself during the final months of 2023 will continue into this year. That is, of course, a good thing if you already hold property.

A quick look at CoreLogic's statistics show Brisbane saw some convincing value gains last year, and we venture most of that uptick came in the last half of the year.

HOUSING CYCLES

Brisbane

In January Brisbane dwelling values rose by **1.0%**

Over the quarter dwelling values increased by **3.2%**

Over the past year dwelling values increased by **14.8%**

Brisbane dwelling values are currently at a record high.

Change in dwelling values



Source: CoreLogic

This trend of demand outstripping supply is well established, and it's not going away anytime soon.

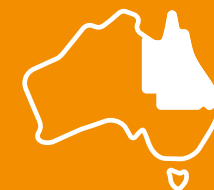
The reasons for this are plentiful. Our population is booming with a swathe of interstate arrivals coming to resettle here. Many are attracted to Southeast Queensland by lifestyle benefits and relatively affordable housing - and Brisbane has been one of the biggest beneficiaries of this population influx. Interstate buyers from New South Wales and Victoria in particular can sell up their southern-

state property and move north to Queensland. Here they can own a home of equal or better quality, and still have a couple of hundred thousand dollars left over to do with as they wish.

So, we already enjoy disproportionate rates of population growth compared to other states and territories, but throw in the record numbers of overseas immigrant and returning ex-pats coming to Australia, and you can see that things won't slow down.

Our capital still allows a buyer to acquire a good size home on a reasonable size allotment within 10 minutes' drive of the city's centre.

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February 2024



RESIDENTIAL



Looking toward location and your best prospects remain in suburbs with proximity to the CBD.

The other factor that will drive price growth will be any cut to interest rates. There is already speculation among many economists that rates will be reduced later this year. If that happens, buyers will become even more bullish.

Also, Brisbane agents and those in the industry will tell you - the 2032 Olympic Games are destined to bring global interest to property in our region. Throw in the extraordinary infrastructure program that inevitably accompanies an international event of this stature, and you see why most property market participants are upbeat about Brisbane's medium and long-term prospects.

Yes - Brisbane will have to deal with the same national and international challenges as other places in Australia, but with so many local upsides it's reasonable to assume we have as good a chance as any to secure growth in real estate prices. And demand is likely to come from homebuyers and investor alike.

Now let's look at some locations, price points and property types to see what the hot prospects are for 2024.

Detached houses are the bread and butter of Brisbane real estate. We are a spread-out city and while densities closer to the CBD can be challenging for detached housing, our capital still allows a buyer to acquire a good size home on a reasonable size allotment within 10 minutes' drive of the city's centre.

To that end, purchasing a detached home with great fundamentals is your starting point. As always avoid secondary positions such as those

on a main road or next to an undesirable land use. Keep away from flood-prone areas too - the insurance premiums are extraordinary for a start, but many potential buyers will staunchly avoid housing in these suburbs when you go for resale.

Also look for the usual blue-chip fundamentals around land size, aspect, views etc. They always play well to buyers.

Looking toward location and your best prospects remain in suburbs with proximity to the CBD. Inner suburbs such as Paddington, Auchenflower, West End Ascot, Hamilton, Albion and even a suburb or two further out from these are great places to start.

Of course, these are the suburbs that run red hot in most market cycles, so you aren't likely to jag a bargain, but keep your wits about you and look for the right kind of home. Something priced near or below the median with some potential for cosmetic renovation could be a good prospect.

Take this sale at 9 Bousfield Street, Paddington as a decent example. It sold in January 2024 for \$1.4



9 Bousfield Street, Paddington

Source: realestate.com.au

million. The home is set on a 433 square metre site and offers three-bedroom, one-bathroom, one-car accommodation. The dwelling is mostly renovated but does have potential for further work. Best of all, the property is within walking distance of Latrobe Terrace cafés and retail outlets.

Another market that seems destined to do well is mid-ring family homes. These are properties positioned around five to 10 kilometres from the CBD. Choose family property that's in a suburb with excellent community facilities including parks, shopping and other services. The best ones also have excellent transport options, so commuters have ready access to the CBD.

Think addresses such as Alderley, Enoggera, Stafford and Wavell Heights in the north, and Salisbury, Tarragindi, Holland Park, Camp Hill and Carina in the south. This is where you will find medium to large family homes with plenty of yard space and car accommodation. Homes can range in price from just under \$1 million for a renovation prospect through to \$1.5 million-plus for something more substantial. There are also prestige options in these addresses of course, but more about that later.

Choosing a property in a great school catchment always helps with future resale, so check on the local education options before you buy if you're new to an area.

This home at 95 Bramston Street, Tarragindi sold in February for \$1.28 million. It has three-bedroom, one-bathroom accommodation with an additional "granny flat" living space and two-car carport. The home is set on a 669 square metres block that's close to private schools and is also within the catchment of Wellers Hill State School, which is a very well regarded and progressive public school.



95 Bramston Street, Tarragindi

Source: realestate.com.au

Fringe suburbs further out should also prove solid real estate over the long term. Our very tight rental market with a current vacancy rate just below one per cent is prompting many who are/were tenants to consider buying an affordable home away from the CBD instead of renting. While they might not be dream locations for everyone, these cheaper fringe properties give buyers the opportunity to get a foot on the property ladder. Down the track many will use the equity gains to move closer to town. For this reason, it pays to carefully when choosing exactly what you buy. Make sure it has great growth potential. If you're unsure, call on advice from a well-qualified, independent property professional like those in our team.

It's also worth mentioning the prestige property market outlook for 2024. We have seen activity in this market sector ramp up considerably over the past few years. Not so long ago it was rare to talk about \$10 million+ home sales in Brisbane. Now, however, they are becoming far more regular.

Of course, this sort of big money will secure some sensational property in our city – usually architectural wonders in premium suburbs with exceptional views and/or a huge land area. There are local buyers able to play in this space but were also seeing plenty of new arrivals from interstate and overseas. It seems the rush of money from cashed up ex-pats is also helping fuel interest in prestige homes.

I wouldn't be surprised if 2024 proved to be a year where we saw records broken in terms of price and sales volumes in the prestige sector. It's certainly something that's worth watching.

Turning to units, apartments and townhouses now and this sector has been going gangbusters in recent years. Fuelled by affordability and the tight rental market, Brisbane buyers are embracing attached housing like never before. While most would like a detached home close to the city or major lifestyle hubs, buying a unit is the compromise many will make to enjoy the good stuff without having to outlay millions of dollars for a purchase.

Look at prime locations such as New Farm, Newstead, West End and South Brisbane. Prices can start from within the \$300,000s for old, small one-bedders – but we would suggest looking for something a bit more sizey. Up your budget to around \$500,000 and there will be options for a unit with the right fundamentals.

The crux of it is this – you can secure a great second-hand unit in a reasonably small complex for hundreds of thousands less than a detached home.

It's a great entry-level option for young buyers who might choose to retain the unit as an investment when it comes time to upgrade.

We don't see this unit market slowing anytime soon either – especially those older properties of solid construction, with a good-size living area, smart floor plan and competent body corporate.

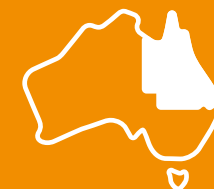
Newer apartments in high-rise projects are selling well too, but they do come with a few more risks and often higher body corporate costs due to more extensive common facilities. If you are looking at a high-rise unit, we suggest going for something that would appeal to both investors and owner-occupiers alike. It expands your buyer base and will enhance your capital growth prospects.

Another property type that's continued to gain favour is townhouses in select locations. These have again been a choice selection for those on a budget who are attracted to certain locations but can't extend their borrowing to meet the cost of detached home.

In some of the near city and mid-ring locations, townhouses are also very attractive to downsizers. These buyers want to cash out of their detached home and free up equity, yet don't want to leave their familiar location. Townhouse sales in areas such as Paddington, Ashgrove, Carina and Fairfield are prime examples.

We suspect townhouses in great locations will continue to see good demand in 2024.

A great illustration would be this sale at 3/34 Waratah Avenue, Carina which provides a three-level townhouse of two-bed, two-bath, two-car accommodation. It sold for \$806,000 in December last year and is in a complex of just four.



Fuelled by affordability and the tight rental market, Brisbane buyers are embracing attached housing like never before.



3/34 Waratah Avenue, Carina

Source: realestate.com.au

As for what to avoid in Brisbane in the coming year, we would be wary of anything needing extensive renovation to make it habitable. There's little chance construction costs will fall dramatically in the near term, and securing a builder or tradesperson who can complete work in a short timeframe is close to impossible. Also, if you want to build at some future date, it might be a good idea to select a demolish-able but liveable home in your choice location. Then you can either reside in it or take on a tenant to help service the mortgage while attending to planning approvals and signing up your builder.

All in all, we remain quietly - but also cautiously - confident about Brisbane's prospects in 2024. Just make sure you stick to the fundamentals and get sound independent advice about your property options before you commit to a purchase.



David Notley
Director

Gold Coast and far northern NSW

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. With a continued lack of supply for 2024, this doesn't look set to change.

Affordability will be a key factor in 2024 and in particular, we have seen the unit market in the sub-\$1 million range remaining strong throughout 2023 with an ever present 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 and we will continue to see the more affordable unit market in these areas remain strong.

Although we have 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 in 2023, with agents reporting increases in time on market and lesser turnouts at open homes, we predict this to remain stable in this pocket with the completion of the Tweed Hospital.

Some locations which represent value to keep an eye on in 2024 on the Southern Gold Coast and Far North NSW are the suburbs set back from the low yielding coastal pockets. Areas such as Tweed Heads West, Bilambil Heights, Banora Point and Tweed Heads South. These areas are still seeing good comparative value in the sub-\$1 million freehold segment and very low vacancy rates. We also predicted growth in the duplex

and townhouse product in coastal pockets such as Kirra. These areas show good fundamental indicators (eg. Continued population increases, new infrastructure for example 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 market has remained and we predict the same for 2024.

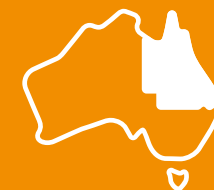
Central Gold Coast

In 2023 the residential property market performed overall stronger than predicted and remained resilient to increased interest rates, with overall strong increases across most property sectors. It seems that this trend is set to continue into 2024, with the Gold Coast residential property market being underpinned by strong demand from locals and interstate migration.

There are several external economic factors that could negatively impact this market, such as interest rates and overseas conflicts, however the market has remained resilient to such factors so far.

After an analysis of sales/valuations over the last two months, some of the contract prices have set new records. Prominent local agents in Burleigh Heads and Mermaid Beach advise that demand outweighs supply for most property types from one-bedroom units to housing in the under \$3 million price bracket, and the scenario of FOMO (Fear of missing out) remains. Also, rental prices

Some locations which represent value to keep an eye on in 2024 on the Southern Gold Coast and Far North NSW are the suburbs set back from the low yielding coastal pockets.



continue to increase which is making residential property attractive for investors.

There is a lot of construction in the Central Gold Coast area which will underpin employment. The major constructions are the extension of the light rail from Broadbeach to Burleigh Heads, which has now started, the widening of the Pacific Motorway, and many under construction and proposed low to highrise buildings. Most of the buildings currently under construction are reporting that they are sold out.

All of the coastal areas and non-coastal areas remain quite strong. Whilst the coastal areas remain the most sought after, the non-coastal areas are not far behind in terms of demand and price growth.

Northern Gold Coast

Early indications for the northern Gold Coast area have been positive with local agents still reporting high interest and demand, coupled with low stock and tough prospecting. The demand for two- and three-bedroom units below \$600,000 is extremely strong within the Broadwater localities of Biggera Waters, Runaway Bay, Hollywell and Paradise point, with multiple offers on these types of properties. Hope Island, which provides a more modern product, is experiencing the same strong demand for two- and three-bedroom units and townhouses for under the \$850,000 price range. With rental figures high and vacancy low, it's not just the owner occupiers snapping up these kinds of properties.

At the higher end of the market, within these same suburbs, demand for canal front dwellings ranging from \$1.6 million to \$2.1 million is also strong with local agents reporting an increase in off-market sales from buyers that have missed out previously.

73 Columbus Drive, Hollywell is an example of this. Under contract for \$1.76 million and was sold prior to going to the market as the agent had a buyer that missed out on purchasing nearby. The property is an original 1986 four-bedroom, three-bathroom brick dwelling, north to water with a pool and timber jetty.



For the northern end as whole, factors like infrastructure development, lifestyle offerings and community engagement contribute to the buoyancy of these property markets. Biggera Waters, with its proximity to the Broadwater and easy access to shopping hubs, has been a hot spot for both homeowners and investors. Runaway Bay, known for its marinas, shopping centres and waterfront lifestyle. With an increase in demand for spacious homes and a thriving community atmosphere, the suburb is poised for steady growth.

Hope Island, synonymous with luxury living and golf course views. The recently completed Marketplace Shopping Centre and ongoing modern developments such as No.1 The Grant, Allegra, Delta, Anchorage and a number of townhouse developments, have all added to the allure of this suburb, resulting in an increasingly

younger demographic moving to the northern end.

Helensvale, nestled in the hinterland, has been gaining traction as a family-friendly, affordable locale with easy access to both the Coast, urban centre and the M1. The expansion of the Westfield Helensvale Shopping Centre and the convenience of the Helensvale train station have contributed to its popularity. Not to mention the Coomera Connection coming soon.

The increasingly unaffordable southern end of the Gold Coast has resulted in many owner occupiers (both local and interstate) moving their property searches to the northern end to see what their budget can get them, and the results can be considerable.

As at the 16th of January 2024, a search for two-bedroom units under \$600,000 in Palm Beach, Burleigh Heads and Mermaid Beach results in just 2 properties: a cabin in a retirement village and a unit in a holiday village/resort.

The same search but in Biggera Waters, Runway Bay and Paradise Point results in 39 properties, some of which are modern buildings with canal or Broadwater views.

The prestige side of the northern end has seen comparatively less growth and demand over the last six months and a quieter start to the year. Luxury estates such as Sovereign Islands, Sanctuary Cove and Hope Island Resort have fewer transactions and local agents reporting interest and demand being very property specific.

There has been a recent exodus of owners that are within proximity to the new Coomera Connector passing through Hope Island and Helensvale. Owners can see the writing on the wall so to speak when it comes to the associated



noise that will come with such an infrastructure development.

Coomababah was also hit quite hard by the recent storms which is never a good thing for local agents when dealing with potential buyers that can see what is possible in a natural event.

Gold Coast Growth Corridor

The performance of the market throughout 2024 will be largely dependent upon interest rate rises and if purchasers will take advantage of the new grant offers and grant increases.

Despite an easing of enquiry levels over the course of 2023, strong prices are still being achieved in the Logan Shire area. However, the performance of the market throughout 2023 will be largely dependent upon interest rate rises and if purchasers will take advantage of the new grants on offer and the grant increases.

Local agents have reported a notable influx of owner enquiries to sell between late November 2023 and January 2024. Agent's expectations are that the market will be flooded with listings over the coming months. Whilst this will provide buyers an opportunity to be less competitive with offers and more 'picky' with their wants/needs in a property, the key will be for agents to ensure they are releasing properties to the market slowly and still working at the same level/or harder to achieve the prices seen over the last 12 to 18 months.

This will be something to keep an eye on, particularly given the inflation markers have decreased with talks that interest rate rises are held or lowered throughout the course of 2024, albeit, nothing is confirmed, however, this will likely give the market another boost.

Townhouses, villas and units are still affordable in the Northern Gold Coast and Logan Shire area with

two- and three-bedroom strata titled properties listed from \$260,000. Fully renovated, three-bedroom townhouses are being marketed in the high \$300,000s in the Beenleigh area, with three-bedroom townhouses in mainly original condition listed for high \$300,000s in neighbouring suburb Edens Landing, where these were previously selling for low \$300,000 at the beginning of 2023. More modern (built circa 2010), three-bedroom townhouses can be found in large complexes (with pools, gymnasium etc) in the Bethania locality for low to high \$400,000s.

Older dwellings on 600-square-metre-plus blocks can be bought for under \$600,000 in the Bethania, Beenleigh, Edens Landing and Holmview area, provided the buyers are happy with a slightly more dated home and are willing to do some renovations. Renovated dwellings can be found in and around these areas, with four-bedroom homes typically selling between \$550,000 to \$650,000 on 600-square-metre-plus blocks.

Newer dwellings can be found in the neighbouring suburbs of Holmview and Bahrs Scrub, however, prices vary based on positioning within those suburbs (and more sought after estates), size of the land/dwelling and overall quality of the fitout. Holmview typically achieves low to mid \$500,000 for modern three-bedroom dwellings and between \$600,000 to low \$700,000s for modern, four-bedroom dwellings.

Bahrs Scrub prices are slightly higher, with three-bedroom homes typically selling for \$600,000 to \$700,000 and four-bedroom homes selling for high \$600,000s to low \$800,000s with the upper end of the range being large, good quality dwellings on large blocks. Two storey dwellings range between \$800,000 and \$1,075,000, with the \$1,075,000 sale being an estate record

achieved late 2023 at 32 Falco Drive, Bahrs Scrub. The record was previously held by 15 Kingfisher Court, Bahrs Scrub which sold two months earlier for \$1,053,000.



The key for vendors will be to ensure they engage agents with good local, rather than an inexperienced, out-of-area agent who might provide them with a higher (and usually unrealistic) appraisal. Agents experienced in specific areas will also have a large database of potential purchasers, and a number of buyers who have made offers but missed out on current listings so it is always best to engage an agent who sells a large number of properties in the surrounding area.



Vendors will need to be in touch with the market in that area and be realistic with how much they're seeking. If the price being sought is at the upper end, they will need to accept that the property may experience a longer marketing period to achieve the higher price. Notwithstanding this, it is important to keep in mind that once the property is listed, if it receives limited enquiry at that price and is relisted for lower, buyers will typically be deterred for a number of reasons (vendor appears desperate to sell, something wrong with the property etc), and may offer lower than what could have been achieved at the beginning of the marketing campaign if it had been set at a slightly more realistic price.

One good example is a four-bedroom home which was listed in Bahrs Scrub for seven months before being taken off the market (after three price drops) due to a lack of enquiry. This was largely due to the property being advertised for far higher than the prices being achieved in the area, and whilst the listing agent was experienced in selling property, they were not perhaps as familiar with this pocket of Bahrs Scrub.

In summary, the outlook for 2024 is that the market will continue to achieve strong prices provided the increase in listings are filtered onto the market slowly by agents, and interest rates hold allowing some reprieve for current home owners and buyers.

Western Gold Coast

We consider the more affordable localities of the Gold Coast will continue their strong performance driven by housing shortages, and interstate migration fuelled by remote work opportunities and lifestyle seekers. According to local agents, demand remains high in January 2024 and is likely

to continue to push prices upward in affordable suburbs on the Gold Coast.

The median house price in Nerang in the last 12 months was \$812,250. This is on the lower end of the Gold Coast price range and we expect this median to increase in the next 12 months. Adjoining suburbs such as Highland Park (\$910,000 median price) and Pacific Pines (\$903,000) are markedly higher.

Driven by affordability and community living preferences, co-living arrangements, with shared living spaces and granny flats, might gain traction within the western localities of the Gold Coast. This could cater to young professionals, remote workers, and those seeking alternative housing options, influencing rental markets and attracting specific demographics.

The Queensland Government is currently reviewing the State Planning Policy Framework, which could impact secondary dwelling regulations across the state, potentially affecting the Gold Coast. In addition, the Gold Coast City Council is also undergoing a review of its City Plan, which could lead to changes in local regulations for secondary dwellings.



Jerusha King
Associate Director

Sunshine Coast

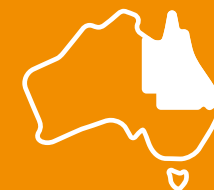
When looking at what's potentially to come in 2024, it feels like it could be a good year in some ways and in some markets. In other ways there is some trepidation. As always it will be hard to predict how things will go with acute accuracy as there are many issues driving markets in a variety of directions.

The positives are:

- **Interest rates** - The market has been delivered some confidence with the inflation rate coming down, the most recent rate call being a "hold" and a general feeling we're - at the very least - toward the end of possible interest rate increases.
- **Low unemployment** - In the past when we experience increasing interest rates, there was typically higher unemployment. This has not been the case during the most recent rate-rise cycle.
- **Low supply levels** - It appears that homeowners have been able to weather interest rate increases rather than sell under duress.
- **Location and the future** - People are still moving to the Sunshine Coast and the wider South East Queensland area in record numbers. The promise of new infrastructure projects and the 2032 Olympics both deliver long-term confidence too.

The negatives are:

- **Affordability** - This is a big one on the Sunshine Coast. From coastal areas right through to hinterland, record sale prices have been set. Sunshine Coast property was cheaper than our southern capital city cousins of Sydney and Melbourne... and by some way. This is longer the case as we run near price parity with Melbourne, and the gap has narrowed to Sydney.
- **Hidden Pain** - There will be a cohort of home and business owners that are doing it tough. They have been able to survive so far but if the rhetoric from the RBA that interest rates may remain higher for longer is true, then that may push many over the edge. The problems could be an increase in supply and unemployment.





As we mentioned at the end of last year we have seen a pickup in the market. There has been an uptick in inquiry and some good results being recorded. Over the Christmas/New Year period we have seen that momentum continue. With the absorption of stock, supply level remain low and especially for good product in well located areas.

Supply levels feels like the big story on the Sunshine Coast. Whether or not owners are selling because a property may be a surplus asset, change of lifestyle or under pressure makes little difference. An increase in supply levels that is significant could be a lead indicator of some storm clouds on the horizon.



Stuart Greensill
Director

Rockhampton

2024, what does it have in store for our region?

Whilst we are still yet to locate that highly-sought-after crystal ball, our expectations for the year ahead are that a continuation of yet more growth for our regional market will be experienced. This is considered a reliable prediction as the fundamentals of the residential market remain unchanged from 2023, with extremely tight vacancy rates continuing, ongoing major infrastructure projects such as the Rockhampton Ring Road, low unemployment, interstate migration. Also, despite all the commentary surrounding the cost-of-living pressures, interest rate rises throughout 2023 have not had a slowing effect on the market to date, and early comments of rates being on hold and even potential rate cuts later in the year all point to continued strong demand for housing in Central Queensland.

While demand is across the board, it has been led from the top of the market. We have seen mid-range price points grow substantially throughout 2023, which has likely priced some buyers out of that sector. We are watching with interest in 2024 the \$300,000-plus price range where we are starting to see some significant growth, pending the condition of the property being neat and with no immediate maintenance or major renovations needed.

There is unlikely to be any oversupply issues arise throughout the year ahead with vacancy rates sitting just under one per cent for Rockhampton. That's well below what is considered a 'balanced market'.

Rundown properties that require renovation or overdue maintenance may present good buying opportunities for those who are handy on the tools. If, however, you need to rely on contractors to get the property up to scratch you may have to allow for a longer vacancy period as available trades remain scarce. This is also pushing the demand for new or already fully renovated stock and driving competition for these properties. This then in turn is seeing the FOMO creep back into the market after being on a short hiatus.

Overall, 2024 is expected to be a buoyant year for Rockhampton and surrounds with no signs of growth slowing in the short term.



Cara Pincombe
Associate Director

Gladstone

Welcome to 2024 and what will hopefully be another buoyant year for the Gladstone property market. Our grand prediction for 2024 is simply that the market will continue to rise. Just a few

weeks into the New Year and activity and demand remain strong off the back end of 2023. I think this year we will most likely see the values for established housing become unprecedented (just because we haven't heard that word for a while!). We still probably sit about 10 per cent below the peak value levels seen in 2011/2012 during the height of the LNG boom. Most of us thought we would never ever see values that high again and yet here we are.

Unfortunately, the same can't be said for the unit sector which saw far more significant drops in value and are still a long way off reaching previous value levels.

In 2023 the market tied in closely with how interest rates were travelling. 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. We expect a similar path for 2024. There may be some periods of stabilisation but overall expect to see further growth over the course of the year.

Not to sound like a broken record, but the fundamentals of our market remain strong, and affordability is still the key driver of the market. If you compare the same product you can get in Gladstone with the neighbouring regional cities of Rockhampton and Bundaberg, the Gladstone product is still far lower in price. Vacancy rates remain tight with the rate hovering around one per cent for the last few months. We expect rents will continue to increase albeit at a slower rate than in the past few years.



Regan Aprile
Director

Bundaberg

Bundaberg and the surrounding areas have experienced continued growth in property values over the last four years with the covid pandemic being a massive driver in increased demand for residential properties in the region. Based on the past few years, 2024 looks set to continue the trend.

While sales volumes have declined in 2023, compared to 2021 and 2022, values have continued to steadily increase.

The RBA's attempt to control inflation with 13 consecutive rate rises and the predicted fixed rate 'mortgage cliff' were both causes of concern for the residential market in 2023, however the Bundaberg region seems to have bucked this trend, with a variety of buyers remaining active.

Suburbs of note to watch in 2024 include Bargara, which is always ever popular due to its laid-back beach lifestyle and local facilities and amenities. Several projects for Bargara are in the pipeline, with the recent approval of the new development, Mira Living Apartments, which offers 25 luxury oceanfront apartments on the Esplanade of Bargara. Mira Living Apartments are expected to be completed in May 2025, with units in this complex now being offered for purchase.

Elliott Heads is another coastal suburb which looks set to grow. The first stage of South Beach Estate works have been completed, with stages 1 through to 4 being sold out, and stages 5 to 7 now selling.

Rentals continue to remain tight with very low vacancy rates and increases in rental prices being recorded due to high demand. The tight rental vacancy situation does not appear to be easing any time soon.

Areas of concern continue to be the high costs of living, increases in interest rates and unpredictable global events, which can all have a dampening effect on the Australian economy and thus a flow on effect to the regional areas.

Overall, 2024 is set to be a great year for the region with continued growth expected, albeit at lower volumes compared to 2023.



Megan Matteschek
Property Valuer

Mackay

To all the avid Mackay readers, happy new year, hope everyone had an enjoyable Christmas break and look forward to the new year.

So, what does 2024 have in store for the Mackay residential market?

The Mackay residential market has seen good, solid growth over the last few years, with 2023 part of this trend. Local agents report a lack of stock into the back end of 2023 was one of the big issues, with continued strong demand causing a FOMO effect among purchasers. Couple this with a very low vacancy rate for rentals, and you have a perfect storm for a seller's market. Moving into 2024, there are no signs of this shortage of stock abating. Local

agents report stock levels have fallen further after a strong Christmas new year period, with demand still evident across all market sectors.

Economically, the Mackay region is still performing well with a strong resource sector, large infrastructure projects including the Walkerston Bypass which is in full swing and general optimism in the local economy. Agents are reporting migration into Mackay is still occurring at good rates, with many open house inspections by people moving to the region. With very low available rentals, purchasing straight off the bat is becoming more and more frequent.

So, what negatives do we foresee into the new year that may affect the residential market?

Firstly, we are heavily reliant on the mining industry in the Bowen Basin and associated service industries. Any major downturn will influence the market, however for the short term there are no red flags to be concerned about. Rising interest rates and potential rate hike "cliffs" were a concern, however after 13 rate increases, they appear to have had little effect on the Mackay market.

Cost of living pressures are also a concern moving forward.

However, we think the positives far outweigh the negatives, and barring a global issue or major meltdown in the mining sector, we envisage a strong residential market with steady growth over the next 12 months. The hallmarks of the Mackay residential market over the last five years have been our steady, solid growth year-in, year-out, unlike some of our other regional centers which have seen rapid growth over shorter periods.



Mick Denlay
Director

Month in Review
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RESIDENTIAL

Rentals continue to remain tight with very low vacancy rates and increases in rental prices being recorded due to high demand. The tight rental vacancy situation does not appear to be easing any time soon.



Hervey Bay & Maryborough

Happy New Year from the Fraser Coast. 2023 saw a consolidation of prices from the previous two years of significant growth with buyer urgency slowing and supply improving. Prices appeared to peak in the first quarter of 2023 and have been relatively stable since, although some recent sales are still achieving top of the market levels.

2024 is likely to see a further consolidation of market prices at existing levels. A large portion of homeowners in Hervey Bay are unencumbered so interest rate rises are likely to have less of an impact on this sector of the market than the current cost of living pressures are.

The cost of construction appears to have stabilized, however it is the time delay to builders start date that is helping to keep the established home market buoyant. Vacant land stocks appear to be improving as estates release new stages. Depending on the original price point, some resales of lots purchased off-the-plan in 2022 are seeing anywhere from 10 to 20 per cent increase in value. As noted above however, these prices now appear to have peaked.

Recent sales activity for residential investment property such as a duplex or flats is indicating an easing of gross returns. Historically, low five per cent gross return was common however are now analysing to around six to seven per cent. This appears to be a consequence of the significant increase in rental rates in comparison to values and may see more investors enter the market again.

Acreage and rural residential property within easy distance of amenities appears to be in high

demand. This is unlikely to change over the short term as buyers seek extra space and more distance away from the city center.

In summary, there continues to be strong confidence in the Maryborough property market. Rising interest rates over the past 18 months have had very little impact on prices and buyer demand. Supply is still relatively low, and this associated with steady demand has kept property prices high. Days on the market are back to pre-covid timeframes and the volume of sales were down on numbers from 2022 however if a property is priced right and is well presented, quick sales are still common.

Affordability is a key driver of the Maryborough market. We have also seen strong growth in the manufacturing sector. Vacancy rates are still tight continuing to sit well below one per cent and there are talks of interest rates being on hold with some rate cuts predicted for the end of the year. All these factors point to the market in 2024 continuing to remain steady.

Doug Chandler (Hervey Bay)
Tracey Werder (Maryborough)
Valuers

Emerald

Happy New Year! Amazingly we are at the start of yet another year and wondering what it will bring to the Emerald residential market.

Emerald is primarily driven by accommodation requirements of the resources industry, the nature of which can have significant impacts on the residential market.

2023 was a year of high demand for housing, tight vacancy rates, increasing rental prices, low housing supply, increasing interest rates, high construction costs and increasing costs of living. This combination of factors saw continued growth in median sale prices with a lot of movement in the lower end of the market and rural residential markets. There was good demand for near new houses or renovated homes as securing new builds or trades continued to be difficult in 2023.

In 2024, we see Emerald remaining stuck between the rock and a hard place of low housing supply and high demand meeting elevated construction costs. Unless interest rates and inflation ease, and construction costs become more affordable, short of any significant changes in the resources industry or global financial issues, we predict that Emerald property market will be trekking along in the same way as 2023 with continued growth across all segments.

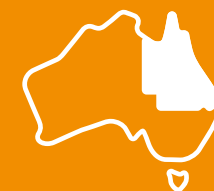


Kellie Blomfield
Valuer

Whitsunday

The regional Queensland Whitsundays housing market kept up with national house price growth of around 5.5 per cent during 2023 despite continued interest rate rises and inflationary pressures. Whilst this is somewhat modest compared to the previous year when some Whitsundays suburbs exceeded 20 per cent growth, it outperformed gains in the national regional market by almost 100 per cent during 2023 (PropTrack).

A large portion of homeowners in Hervey Bay are unencumbered so interest rate rises are likely to have less of an impact on this sector of the market than the current cost of living pressures are.



Airlie Beach and surrounding residential suburbs continued to attract southern buyers during 2023 adding to the depth of this market, whilst stock levels remained low compared to 2021 resulting in prices still managing an upwards trend, albeit at a far slower pace than recent Covid disruption led growth. More affordable markets such as Proserpine and Bowen began benefitted from the recent strong growth in the Airlie Beach area and outperformed in terms of growth in median house price by more than 20 per cent during 2023 (realestate.com.au). The median house prices in Proserpine and Bowen still currently around 70 per cent to 75 per cent below Cannonvale, which is the Whitsundays suburb where we consistently see the highest housing transaction numbers.

With ongoing pressure on construction keeping housing stock levels low, and our regions relative affordability compared to southern Queensland regional markets such as the Sunshine Coast, we anticipate the overall Whitsundays housing market will continue rising in 2024, though the pace of growth will likely keep slowing. We do expect buyers to continue becoming more selective with sale price premiums weighted towards prime real estate within each market segment, and increased price discounts on property with less appeal.

Despite a strong 7.5 per cent increase in weekly rents for units during 2023 in Airlie Beach and surrounding suburbs, and vacancy rates stuck well below equilibrium at around 1.2 per cent (SQM Research), net returns for investors remain unattractive primarily due to high Body Corporate fees as well as recent interest rate hikes. Unit property listings have diminished since the 2021 post-Covid disruption rush to market by interstate investors, although 2023 still saw growth in median unit prices of six per cent and 15 per cent in Airlie Beach and Cannonvale (realestate.com.

au). Much like the detached housing market, we expect continued overall slow growth in 2024 for attached housing with prime units offering ocean views, proximity to services or those with lower Body Corporate fees to be the better performers. Hamilton Island continues to outdo the mainland in terms of net returns. However, with limited opportunities below \$700,000, and the increased risk associated with reliance on the tourism market, Hamilton Island barriers to entry for many regional investors are expected to remain relatively tight.



Britt Atkin
Valuer

Townsville

The Townsville residential property market enters 2024 on the back of a period of strong growth and increased activity over recent years. 2023 saw a continued strengthening of the local market on the back of strong demand from the increasingly competitive investor sector and this trend appears likely to continue in 2024. The investor market has been aggressive recently in the marketplace and a lot of stock which was typically limited to local owner-occupier buyers has been purchased by investors. Our record low vacancy rates and all-time high rents have seen Townsville become a more attractive option to non-local investors.

Entering 2024 it appears that current growth trends are likely to continue whilst these dynamics remain at play. Selling agents are reporting that the demand from investors is still very strong with many waiting in line for suitable properties to come onto the market. While Townsville is at a lower price point for dwellings compared with other major centres, it appears this sector will continue to be a major driver of the market through 2024.

Entering the market is becoming increasingly difficult for many local owner-occupier buyers as compared to previous years. In addition, there's a rising trend of sellers offer properties to investors before going to the open market. This is depleting available listings for local homebuyers.

Another dilemma for the locals is that while they can achieve an excellent sale price, they are trying to buy back into the strong market. This is a challenging scenario that can be a stressful period for those looking to changeover their home. Compounding the problem is entrenched low vacancy rates in the rental market.

An increase in defense personnel coming to the region has also put pressure on the supply/demand dynamic. This heightened demand has led to multiple-offer scenarios becoming increasingly common.

An interesting sector of the market to monitor throughout 2024 is the local unit market. Whilst the established housing market has had significant price increases over the last few years, the unit market hasn't quite seen the same level of rebound. While the local region's comparatively high body corporate rates have typically made units a less attractive option when compared to houses, increasing prices in established houses may lead to less attractive returns. Increased rental returns for units are also making the sector attractive for investors.

Overall, there is a positive outlook for the Townsville market for the year ahead with all signs pointing to continued growth.



Hayden Lynam
Valuer

Cairns

The Cairns property market is off to a rocky start in 2024. Cyclone Jasper delivered unprecedented flooding for some northern beaches suburbs and localities further north in the Douglas Shire. In the Cairns Regional Council area, the localities of Machans Beach, Holloways Beach, Yorkeys Knob, Lake Placid and Caravonica were inundated by floodwaters causing damage to many homes. While damage from the category two storm winds were fairly limited, record-breaking rainfall struck the region after the system stalled as a tropical low. The event marked the worst flooding on record, with the Barron River exceeding heights in 1977. Parts of the Cairns airport were flooded as per the photo below.



Cairns airport flooding

Source: Joseph Dietz (Facebook)

The flooding was the highest in living memory and has severely affected property market activity in these localities. It is expected that property values for homes affected by flooding will fall significantly, at least in the short-to-medium term. With over 1000 homes in the region impacted, it is expected to place further strain on the already tight rental market as affected residents seek alternative accommodation in the short term.

A property in Hoare Street, Manunda, which is

an inner-city suburb of Cairns, has recently been rented for \$600 per week. This is a small three-bedroom, one-bathroom residence of fair quality. A flood affected northern beaches resident is the new lessee. The new rental figure of \$600 per week shows a premium of around 10 per cent on an achievable market rent pre-cyclone Jasper.

Although it is a bit too early to quantify the loss of value for flood affected homes, we have seen recent evidence of firming values for non-affected homes in Holloways Beach. A property at Saffron Close has recently gone under contract for \$610,000 post cyclone Jasper. This property was not subject to flooding and achieved a contract within three weeks of listing to a WA buyer. It comprised a small, renovated, three-bedroom, one-bathroom home with a pool. Properties directly across the road were reportedly affected by flooding. That sale demonstrates there is no general stigma associated with flood prone localities, rather buyers continue to assess value based on the individual features of a property.

Moving forward through 2024 there is an expectation that the market will continue to perform strongly, underpinned in the main by a lack of stock, both to buy and to rent. Market activity has dropped off at the upper end of the value range however there are already signs that properties towards the middle of the market range (\$700,000 to \$1 million) are starting to strengthen. A property at Koppen Terrace in the Cairns suburb of Mooroolbool has recently gone under contract for \$990,000. This represents a near 50 per cent increase in value from the previous purchase price in 2017. The property has recently been listed for rent asking \$900 per week.

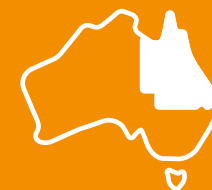


Danny Glasson
Director

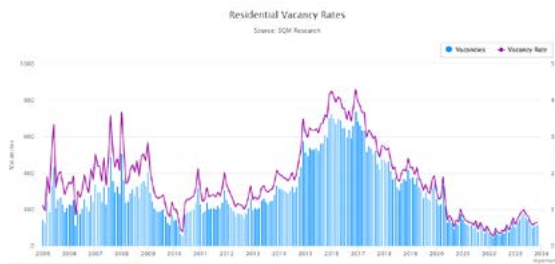
Toowoomba / Darling Downs

Our office's 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 boarder to the west and northern New South Wales and Moree Plains area to the south. Many of the localities within this area continue to feel the pressure of higher inflation and interest rate environment, plus elevated cost of living. This has continued to place stress on household budgets throughout 2023 and with no signs of easing, has left many households wondering how these challenges will affect them in 2024.

Focusing primarily within the Toowoomba area, the region's low vacancy rates, lack of available housing, relative affordability, a sound local job market, commuting distance to Brisbane, strong infrastructure development did mitigate some of the downward pressure on current market values that were experienced in various other markets across the country during 2023 and it is anticipated that our region will continue to perform well when benchmarked against other localities. These sentiments are shared by the Herron Todd White (Darling Downs) residential valuation team members and although there may have been a slowdown in real estate transactions during 2023 (in comparison to 'the peak') as a result of the smaller number of new listings, given Toowoomba's infrastructure development, affordability, liveability development projects still under way including the major Inland Rail Project, Toowoomba Hospital Redevelopment and more than \$1.8 billion in various energy projects across gas, solar and wind (just to name a few) and potential for future growth is what makes it one of Australia's best regional cities.



Investor activity during 2023 in the Toowoomba locality also continued to remain resilient with low housing stock, low residential vacancy rates (0.6 per cent as at November 2023) and high rental yields and returns underpinning this confidence. It is anticipated that this will continue into 2024. 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 vacancy rates

Source: SQM Research

A number of Toowoomba suburbs continue to check all of the boxes and are considered excellent choices for first-time homebuyers and investors alike. They offer affordable options with properties in these localities still being purchased in the under-\$500,000 market segment. A few suburbs worth watching include the following.

Glenvale

Glenvale is located approximately seven kilometres from the Toowoomba CBD

Young families can buy a small modern brick homes and/or modern unit for less than \$500,000 in this suburb and can be particularly drawn to the affordable real estate pricing and

good rental returns. Consider this circa 2017 three-bedroom, two-bathroom home at 4 Gains Place, which sold for \$470,000 in September 2023 (previously sold for \$405,000 in 2022.) Although generally speaking, a larger semi-modern to modern dwelling on a larger allotment is now priced above \$500,000 in this suburb, with units being the more predominate asset being sold for under \$500,000.



4 Gains Place , Glenvale

Source: Corelogic

Harristown

Harristown is positioned approximately five kilometres from the Toowoomba CBD.

Harristown is a popular suburb to the south-west of the Toowoomba CBD hosting residential properties and some light industrial uses along its main roadway links of James and West Streets and Anzac Avenue in the south-west. Workers like it due to its convenient location, and families like it because of the variety of well recognised schools that are nearby. There's a diversity of residences in the suburb, including new brick constructions and older-style homes like this 1970's three-bedroom partially updated brick residence at 75 Drayton Road, which sold for \$425,000 in November 2023.



75 Drayton Road , Harristown

Source: Corelogic

Kearneys Spring

Kearneys Spring is located approximately four kilometres from the Toowoomba CBD. The suburb is popular because it's only a short drive to the centre of town but it's a quiet neighbourhood. Housing prices are still manageable, as seen by the \$458,500 price tag of this three-bedroom 1980's brick residence at 11 Dunemann Street on a 640 square metre allotment.



11 Dunemann Street, Kearneys Spring

Source: Corelogic

North Toowoomba

North Toowoomba is a good example of a very affordable price point being significantly less than the median Toowoomba dwelling price of \$550,000. As the name suggests



North Toowoomba lies just to the north of the Toowoomba CBD and hosts mostly residential properties with some light industrial businesses following main thoroughfares such as Ruthven, Mort and North Streets. Rail lines dissect the suburb as does Gowrie Creek in the west.

58 Mort Street, North Toowoomba is a 107 square metre chamferboard home which consists of three bedrooms and two bathrooms on a 556 square metre parcel. The property sold in November 2022 for \$226,000, but it just resold for \$365,000 in November 2023 with renovation works having been completed since the original purchase.



Centenary Heights

Centenary Heights which is a leafy suburb three kilometres south-east of the CBD and within close proximity to East Creek and parklands in the east. There are a variety of residences in the suburb, including new brick constructions and older-style homes like this 1965 three-bedroom partially updated brick residence at 257 MacKenzie Street, which sold for \$493,000 in October 2023. The property rented at the time of sale at \$410 per week with a recent updated rental appraisal of \$450 to \$480 per week.



As highlighted above, there is still a degree of affordability across this regional city for houses from various suburbs and price points as well as representing varying construction and era homes.

Affordable prices, low vacancies and high rental yields are attracting homebuyers, upgraders and investors alike to the Toowoomba region. Overall, we predict the property market will be fairly stable in the short term.

We maintain that a prudent purchaser can feel secure about buying in various localities throughout our Darling Downs coverage area, given continued investment in infrastructure, the allure of affordability, great liveability and the potential for future growth.

Toowoomba's appeal also has the effect of spreading to the wider area with centres such as Warwick, Dalby, parts of the Lockyer Valley, Goondiwindi etc following a similar trends with no areas currently oversupplied or needed to be treated with extra caution other than normal due diligence prior to purchase.

As always, the Toowoomba region is not seen as a one trick pony with ingrained investments as well as being the primary hub for the local agriculture,

mining, services and transport sectors. With the continued boost to major new infrastructure this reputation is set to continue into 2024. However, as always, it is still important to recognise that there is an element of uncertainty as to how the local economy will continue to respond to the current levels of inflation, cost of living pressures and the interest rate environment. Any prudent buyer or seller in this market segment must be mindful of future volatility.



Marissa Griffin
Director

Month in Review
February 2024



RESIDENTIAL

South Australia - Residential 2024

Month in Review
February 2024



RESIDENTIAL

Adelaide and surrounds

In the September quarter of 2023 the states median dwelling price reached a record high of \$712,000. Since then, CoreLogic's Hedonic Price Index has tracked the market as growing further through the fourth quarter of 2023 and into the historically slow December/January holiday period.

The growth of the market is in contradiction to the interest rate environment and cost of living crisis which gripped the country last year. The impact of the broader economic climate on values continues to be suppressed by low stock levels. Sales volumes in the 12 months to December 2023 reduced by 1.1 per cent whilst the median days on market in the metropolitan

Areas of the market to watch in 2024 will be the outer ring, inner metropolitan affordability and lifestyle properties.

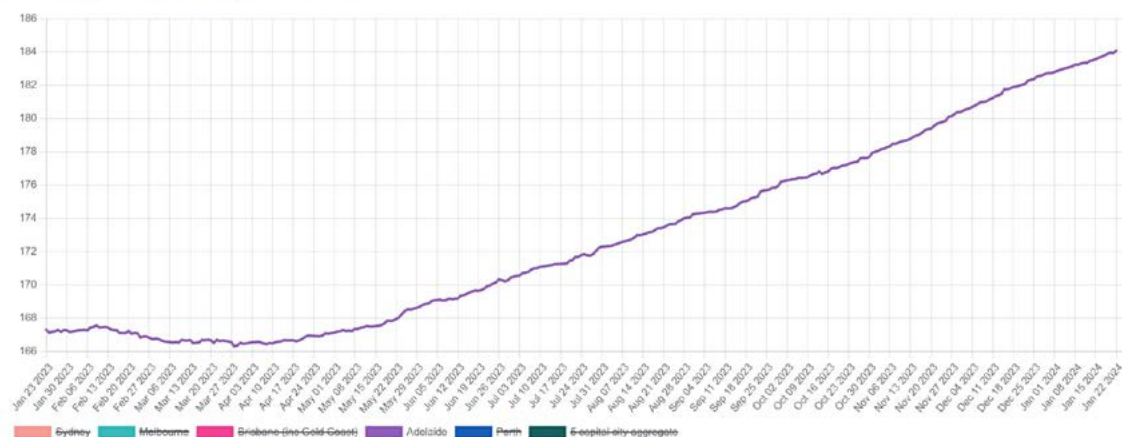
area were 28 in the December quarter; down from 33 in the corresponding 2022 quarter. The spring selling period did see an increase in the volume of listings however total listings continue to remain at historical lows. Compounding these factors is the talk of a cash rate reduction in late 2024 which is expected to give purchase some much needed confidence. It's expected that a new record house price will be reached in the December quarter of 2023 while low stock and the potential of rate relief will be cause for further market growth in 2024.

Areas of the market to watch in 2024 will be the outer ring, inner metropolitan affordability and lifestyle properties.

The outer ring continues to be hotly contested with low stock levels and price points attainable for a broad portion of the market. This market is driven by a mixture of first homebuyers looking for affordability and investors seeking out rental returns. Depending on which direction you drive from the CBD, property types vary from former housing trust maisonettes to more recent high density infill development. The price point for properties in the outer ring ranges from \$250,000 to \$800,000.

Outer ring suburbs to keep an eye on in 2024 include Davoren Park, Smithfield Plains and Hackham. These suburbs are expected to benefit from providing some of the lowest entry price points to the markets in their respective regions and the ongoing development in surrounding suburbs. These suburbs have median house prices of \$455,000, \$414,500 and \$540,000 respectively. Sales examples include 31 Kilmington Road, Davoren Park which achieved a sale price of \$465,000, and 20 Vintage Avenue Hackham which achieved \$542,500. Both properties provide mostly original single level brick dwellings with three-bedroom, one-bathroom accommodation on full sized allotments.

CoreLogic RP Data: Daily Back Series



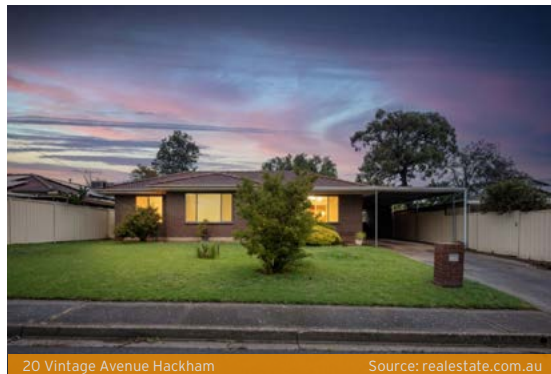
Hedonic Price Index

Source: CoreLogic



31 Kilmington Road Davoren Park

Source: realestate.com.au



20 Vintage Avenue Hackham

Source: realestate.com.au

As of December 2023, the metropolitan area had a record number of suburbs with a median house prices above \$1 million, with a large proportion of these found within five kilometres of the CBD. It's becoming a rarity to find an entry level detached dwelling on a full-sized block for under \$1 million. In this market. Compounding the issue is most entry level dwellings in the inner ring typically have dated fixtures and fittings or structural issues which require some form of capital outlay on top of the purchase price. As purchasers are progressively priced out of the dwelling market it's expected that the affordable options will become more popular in 2024; particularly home units and more recent infill development. Home units range in price

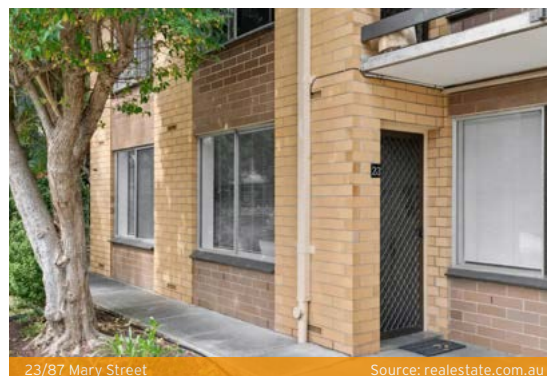
The regional lifestyle market is typically the first to be impacted by the onset of a cost-of-living crisis.

from \$250,000 for basic bedsits to \$850,000 for renovated three-bedroom accommodation. More recent infill development comprises 1990's homettes through to modern dwellings on sub-400 square metre allotments. These properties range in price from \$750,000 to \$1.5 million. Sales examples include 9/104 Sixth Avenue St Peters and 23/87 Mary Street Unley. Both properties comprise partially renovated units providing two-bedroom accommodation. These properties achieved sale prices of \$430,000 and \$420,000 respectively.



9/104 Sixth Avenue St Peters

Source: realestate.com.au



23/87 Mary Street

Source: realestate.com.au

The regional lifestyle market is typically the first to be impacted by the onset of a cost-of-living crisis. Lifestyle properties tend to fall into the 'wants' and not 'needs' category of household spending. With household funds being diverted into the necessities the lifestyle market was expected to slow in 2023. This market however remained resilient with strong activity along the southern suburb metropolitan beaches, Fleurieu Peninsula and Riverland which continues to recover from the 2022-2023 flooding event. Of these regions the stretch of coastline between Encounter Bay and Goolwa on the Fleurieu Peninsula had some of the strongest sales results. Recent sales along this stretch of coastline include 86 Surfers Parade Middleton, 6 Railway Terrace Port Elliot, 54 Ocean Road Port Elliot, 49 Seagull Avenue Chiton and 17 Admiral Terrace Goolwa. The latter two are expected to be record sales in their respective townships once settled. It's predicted that activity will remain strong in this market in the short term however the cost of living may dampen buyer sentiment in the latter stages of the year.



49 Seagull Avenue Chiton

Source: realestate.com.au



49 Seagull Avenue Chilton

Source: realestate.com.au



17 Admiral Terrace Goolwa

Source: realestate.com.au



54 ocean road port Elliot

Source: realestate.com.au

With available stock remaining at current levels, and the tease of an interest rate reduction in the

latter stages of the year, it's expected that the market will continue to grow in 2024. Affordability will be a major factor with the outer ring and inner suburban units and infill development being popular with the market. The lifestyle market is tough to pick as its strong growth in 2023 appeared counterintuitive to several market forces. Low stock and strong demand is expected to continue in the short term however this may wane as the year progresses.



Nick Smerdon
Valuer

Mount Gambier

Over the past few years we have seen the Mount Gambier market perform strongly with increased prices and demand. The median house price has increased from \$375,000 in January 2023 to \$402,000 in January 2024. This is an increase of 7.2 per cent which indicates the Mount Gambier market still retains good demand and growth in values, compared to other regional centres who have reported softening markets.

Median price snapshot for houses

Median price ①
\$415,000
February 2023 - January 2024

Past 12 month growth ①
Up 10.7% ↑

5 year median price trend



Mount Gambier median house price

Source: CoreLogic

Like any market, the Mount Gambier market is driven by supply and demand. We do expect to see

more signs of a softening in the market and buyer sentiment easing if the RBA choose to increase interest rates again in the first half of the year. Within the last three months of 2023 agents have advised longer days on market compared to that of the first half of 2023 with the average days now sitting around 45 days.

All types of properties are still performing strongly at the moment, and we expect prices to continue that way for properties located in the sought after lakes location and central areas close to the CBD. We expect rural residential properties to continue to perform well this year with limited stock available. We do expect to see a slight change in coastal areas where majority of the houses are used for holiday residences; these markets will be ones to watch as people look to tighten their spending with a potential rate increase from the RBA in the first half of 2024.

We have already seen an uplift of stock available on market.

A price point which we will continue to watch is the over-\$600,000 sector. In previous years, properties above this price were thinly traded however in the past 12 months we have seen a large increase in stock in this bracket. In the past 12 months approximately 100 properties have sold for \$600,000-plus. This is almost double the amount that was sold in 2022. A variety of property types are traded in this range such as modern and character style dwellings. The higher volume of sales occurring should continue.

The Mount Gambier market compared to other regional cities is still a very affordable market and we consider the market will stabilise but continue to perform strongly this year.

Lauren Kain
Valuer

Month in Review February 2024



RESIDENTIAL

Western Australia - Residential 2024

Perth and regions

The Western Australian property market generally performed strongly throughout 2023, best demonstrated by residential properties in Perth enjoying a 12.76 per cent increase in the median house price. Notably, even amidst this growth, Perth holds its rank as the second most affordable capital city in Australia, trailing only behind Darwin.

The affordability of the Perth market remains a notable feature in the current real estate landscape, despite some economic uncertainties such as those currently affecting lithium and nickel operations. However, the depth of current demand is considered to outweigh this uncertainty, and we consider that there remains an optimistic anticipation for a robust market performance throughout 2024.

Whilst official interest rates had a significant impact on consumer confidence throughout 2023, a probable pause in further interest rate increases introduces a positive outlook. The obvious signs of stabilisation in core inflation late in 2023 plays a pivotal role in stabilising RBA interest rates for 2024, providing property participants with heightened certainty as they evaluate future affordability.

Whilst there is also a projection for real annual wage growth in 2024, this may be offset by the

delayed impact of past increases in interest rates, however we anticipate that the impact of this through Western Australia will be far more subdued when compared to the Eastern States, due to the well reported relative affordability of housing in Western Australia.

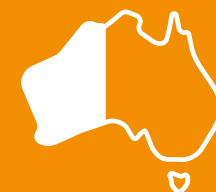
Challenges in the construction industry will persist into 2024. The exit of BGC from the housing construction market will continue to leave a significant void. Input prices for dwelling construction in Perth have experienced the highest increase nationwide. Though there are some signs of relief with the cost of certain materials easing, the trajectory of construction costs in 2024 is expected to be influenced primarily by factors like a shortage of labour and a lack of choice of building companies. While there's a possibility of a slight decrease in overall costs, it seems more likely that construction costs will simply stabilise.

This challenge in construction costs combined with the unknown timeline for construction manifested in a 17.2 per cent decline in dwellings approved, and the value of construction work done experienced a substantial increase of 21.3 per cent. Whilst we are more recently seeing an increase in construction completions, the pronounced downturn of construction starts will provide value support/pressure for established housing.



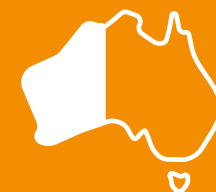
The graphic above serves as a vivid depiction of the challenges within the Perth property market. At the time of writing, the market contends with approximately 3500 fewer properties for sale than a year ago, representing a substantial 73 per cent decrease from what we would consider a balanced market threshold of 13,500 properties. This challenge directly relates back to the increasing population in Western Australia, a crucial factor contributing to sustained pressure on the established property market. In the year leading up to June 2023, the state experienced a significant influx of over 73,000 individuals, translating to an additional 30,000 households if you assume there are 2.5 people per household. Despite an annual construction rate of around 14,000 new homes, there persists a notable shortfall in supply relative to the escalating demand. This challenge is compounded by Western Australia's commendable employment landscape, with a miserly unemployment rate of 3.8 per cent. This not only signals a healthier job market but also fosters a positive economic outlook when combined with further anticipated population growth.

Month in Review
February 2024



RESIDENTIAL

Notably, even amidst this growth, Perth holds its rank as the second most affordable capital city in Australia, trailing only behind Darwin.



Robust job prospects, sustained wage growth and the relative affordability of housing in WA are anticipated to persist in attracting workers to the state for the foreseeable future. As new residents settle, the demand for housing is expected to intensify, underscoring the necessity for increased supply to meet this growing demand, but unfortunately, that new supply cannot come online fast enough.

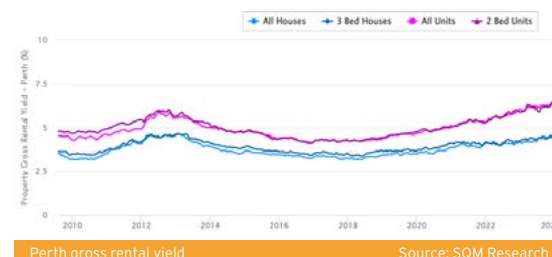
Following the covid era's border restrictions being removed which resulted in strong, sustained and unprecedented international and interstate migration, Perth has demonstrated some of the strongest rental yields in Australia. In 2023, Perth endured a persistently strong rental market with a scarcity of available rental stock placing sustained upwards pressure on rental values. Usually, we would experience this type of market during a "resources boom", however the market is currently underpinned by population growth in the first instance. Unfortunately for both sitting and prospective tenants, we do not see anything changing in this space in 2024 for the Perth rental market. We expect to see more tenants considering transitioning into the buyer's market, however it becomes increasingly more difficult to generate the deposit required to purchase a home when the rent you were paying has increased by 50 per cent per week in the last three years. We consider that this will result in increased activity in entry level and mortgage belt suburbs, which in turn will allow homeowners in those areas to use their newfound equity to purchase in upgrade or aspirational suburbs.

Median rents for both houses and units increased by circa 20 per cent in 2023, noting that this is off the back of a very low base and a period of price stagnation between 2017 and 2020. Currently there is a \$50 per week gap between the median price

for units and houses, and whilst this is only slightly wider than historical trends, we would expect this to continue to widen in the short term due to the "price per room" factor, as we are currently seeing a higher proportion of houses being used as share houses, or leased out on a per room basis as a way of covering off against affordability challenges in some areas of the market.



For investors, the Perth market will continue to offer opportunities for investments. Perth has demonstrated some of the strongest capital city yields in Australia, reaching up to 4.6 per cent in November 2023, although our valuers are seeing far higher rates than this in many suburbs.



Whilst the overall vacancy rate is predicted to remain well under one per cent, we have concerns in some areas that traditionally do not experience strong rental demand or investor activity but will experience concentrated supply coming to market in 2024 due to new developments sold off the

plan in 2022 and 2023. A key feature of some of these areas are that they are on the extremities of the metropolitan area, and purchase activity was almost entirely dominated by eastern-states-based buyers that may not understand the fickle nature of some markets. Many of these properties are "dual key" properties, which often feature a sub optimal layout but offer solid yields in peak market conditions. Such supply coming to market in any decent numbers will place stabilising or downward pressure on rental values, which will have an immediate impact on capital values.

We have seen a huge surge of investor activity in the last couple of years, especially interstate investors and those guided by buyers' agents who saw greater value for money and return on investments in WA when compared to other markets, particularly for opportunities below \$700,000. This resulted in owner occupiers needing to stretch budgets into higher price brackets to compete, driving property prices up. We anticipate that investors will continue to trawl through established suburbs that were long put aside by more local and sometimes judgemental buyers, but actually have very strong underlying fundamentals. Affordable suburbs in areas such as the Cities of Gosnells, Canning, Armadale, Wanneroo, Cockburn, Bayswater and Kwinana are likely to continue to be highly desirable to investors due to their low entry prices, being generally sub \$500,000 and offer generous rental yields for the purchase price. We'll discuss some examples later in this article.

With undersupply issues and strong demand forecast to continue, and Perth being one of the most affordable markets to purchase a dwelling in, we anticipate strong investment activity to be sustained. Whilst 2023 was dominated by eastern states investors and buyers' agents, we

do anticipate a higher proportion of activity will come from local buyers throughout 2024 for several reasons. The first reason is that comparably softer price growth in some eastern states and the stabilisation of interest rates will create investment opportunities in our markets. The second reason is you can't go to a backyard barbeque anywhere in WA at the moment without talking to someone that just has, is in the process of, or is trying to buy, a property.

To summarise, we do not anticipate Perth will repeat its performance of 2023, but it should go close. We anticipate the median house price in Perth will increase by circa seven to nine per cent in 2024, however some market segments are set to outperform others. This will be fuelled by the stabilisation in interest rates which will likely result in increased competition between lenders, resulting in some affordability relief for those in need.

We believe well located areas with proximity to the city including Dianella and Morley, Karawara and Cloverdale will outperform in the overall market. Demand remains supercharged in these areas, as seen by 17 Donna Street, Morley, a renovated 1970's four-bedroom, one-bathroom home on 414 square metre allotment. The property was sold for \$665,000 within one week of being listed. Not bad for a property just eight kilometres from the CBD.



17 Donna Street, Morley

Source: RP Data

Another example in Morley is 4 Wattle Drive, which sold in November for \$635,000. The property features a 703 square metre allotment with a four-bedroom, two-bathroom dwelling presenting in generally original 1980's condition. Whilst the price achieved was 22 per cent above its July 2022 purchase price, we consider that underlying demand is likely to continue to place upwards pressure on well located, affordable properties such as this.



4 Wattle Drive Morley

Source: RP Data

Another area we expect to perform well this year are the suburbs of Mandurah and Medina, ranked number five and six respectively on the top 10 most affordable capital city suburbs for houses in Australia according to PropTrack based on the average market value over a 12-month period. These suburbs have seen good growth over the last few years whilst remaining an affordable option.

As an example, 34 Crabtree Way, Medina sold for \$447,500 in November 2023. This renovated 1950's weatherboard four-bedroom, one-bathroom home on 728 square metres achieved 22.6 per cent growth in less than two years since it was purchased in January 2022 for \$365,000 and has since been leased for \$550 per week.



34 Crabtree Way, Medina

Source: RP Data

Given Perth is known as a comparatively affordable place to buy in the country, it stands to reason that we rarely see values even for our prestige properties hitting the lofty heights achieved in the eastern states. 2023 saw very few properties sell in excess of \$10 million and most of those are yet to settle. Early in 2023 we did see 41 Keane Street in Peppermint Grove, a palatial home with over 1000 square metres of living on an 1821 square metre block sell for \$11.35 million in January 2023.



41 Keane Street Peppermint Grove

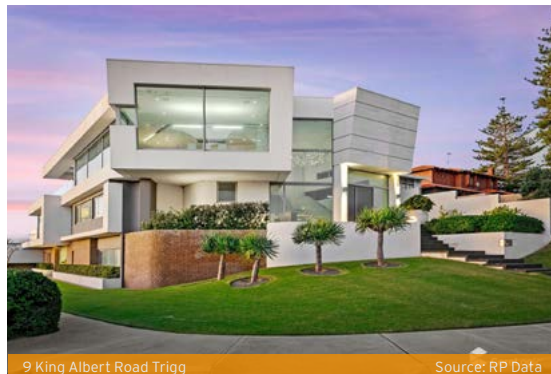
Source: RP Data

We expect to see far more trophy home sales in 2024, due to dramatic increases in equity positions and the reality that many businesses in WA have been performing extraordinarily well for the



last couple of years. One simply needs to drive through our prestige areas to witness the amount of construction taking place to understand that there is a significant level of equity at the upper end, but the lack of quality stock coming to market has resulted in a need to build rather than buy the perfect established home. There are a handful of properties currently listed for sale above \$10 million, but some of these have been listed for a while and are yet to transact - that perfect buyer just hasn't shown up.

One example of an executive, high-end home on the market available to those with deep pockets, includes 9 King Albert Road in Trigg, a four-bedroom, four-bathroom architecturally designed tri-level home overlooking Trigg Point, currently being offered from \$12 million.



If riverfront apartment living is more your style, the Penthouse at 5/11 Brown Street within the Mardelup Building in East Perth is currently on the market for a cool \$20 million.



The western suburbs are renowned for prestige trophy homes, and 177 Wellington Street in Mosman Park is the epitome of that sentiment. At an asking price of \$33 million, it will be interesting to see what it achieves.

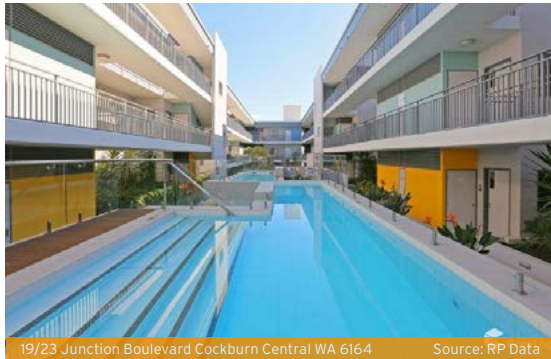


In the apartment market, a key metric is the widening gap between historical and current values when it comes to houses vs. apartments. Most houses have surpassed their 2012/2013 peak prices by considerable amounts, however many

apartments are only just at the same levels they were over a decade ago. The cost to develop new apartment complexes prohibits viability in more affordable areas. Although costs overall have begun to steady in comparison to last year, they remain far higher than what existing, semi-modern stock is currently selling for. Hence there has been no new supply in more affordable areas for some time, and there is unlikely to be any soon. As such, the apartment market in some areas of Perth is predicted to perform well in 2024 and may outperform established housing in the same areas due to the "catch up" effect of relative value. Areas that we are watching include Cockburn Central (including Atwell) and Joondalup where two-bedroom apartments remain available for circa \$400,000. One question mark that may affect performance of these assets is rising strata insurance costs which could affect overall affordability, especially for investors wanting to enter the apartment market, however with rents expected to continue to rise, the additional income may offset any increase in strata levies.



The apartment market in some areas of Perth is predicted to perform well in 2024, and may outperform established housing in the same areas due to the "catch up" effect of relative value.



19/23 Junction Boulevard Cockburn Central WA 6164

Source: RP Data

In Cockburn Central, located across the street from Cockburn Central train station is this 2012 built two-bedroom, two-bathroom apartment comprising 107 square metres of liveable area transacted for \$405,000 in November of 2023. The apartment complex includes communal areas with a swimming pool, gym and BBQ area. The apartment had been listed for sale less than two years prior when it sold for a low \$330,000 in May 2022. Within this 17-month period, this property has demonstrated a 23 per cent increase in price, representing the strong performance and desirability of apartments located near transport links. In comparison though, 250 square metre blocks of land in the area are transacting for \$250,000, with construction costs to develop the lot anticipated to be over \$300,000, and the entry level price for established single residences is well over \$500,000 as well. Given cost of living pressures, if you can buy an apartment on the train line, ditch the car or share a car as a couple, be able to walk to shopping facilities and all for a cost well below other housing options, then attached housing makes sense. I believe market fundamentals indicate that this product has been overlooked by the market.

In contrast to the affordable, transport-linked apartment markets, another market segment

In contrast to the affordable, transport linked apartment markets, another market segment of Perth expected to accrue strong demand activity this upcoming year is the prestige apartment market.

of Perth expected to accrue strong demand this upcoming year is the prestige apartment market. Those that have come to market have been very well received, and pricing on a rate per square metre of living area is rising swiftly. We expect to see new records set in 2024 as the increasing pool of buyers fight over very limited supply coming to market.

A couple of the newer developments that will reach completion in 2024 include:



Civic Heart, South Perth - Completion estimated mid 2024

- Civic Heart, South Perth - Completion estimated mid 2024.

A large complex in the heart of South Perth that

will bring with it a renewed population base to provide support for superior hospitality offerings. The one limitation for South Perth is the lack of a train station, but the ferry into the Perth CBD is a short walk away.



Rivière Residences, Applecross - Completion 2024

- Rivière Residences, Applecross - Completion 2024.

Situated in the prime waterfront location of Applecross, Rivière Residences features views



across the Swan River to the Perth city skyline. The location is relatively unrivalled in recent times, being on the banks of where the Canning River meets the Swan River, with a north facing orientation.

Regionals

Moving away from Perth, let's have a look around the breadth of WA to see what we believe is in store for our regional centres.

Broome experienced an interesting year in 2023 in comparison to other parts of the state, with sales activity softening as demand for housing declined after what we fear may have been a tourism activity peak in comparison to 2021 and 2022 where the tourist season didn't seem to stop!

The return to international travel in 2022 resulted in the deterioration of the local tourism sector, particularly in areas where the costs of travel was a challenge (as was the reliability of air service providers and the negative impact they can have on such holiday destinations).

Values in the region generally declined throughout 2023, although the suburb of Djugun experienced a 0.8 per cent uplift. The increased availability of land in 2022 and 2023 corresponded with what we see as the peak of the current cycle. Rental prices for houses continued to rise in 2023, largely due to more modern dwellings making up a larger proportion of rental stock after a couple of years of strong investor activity, along with government agencies competing with mining companies for the better stock that's available. Construction of new dwellings in both Bilingurr and Djugun have and will continue to add supply for corporate tenants through 2024, likely resulting in a softening of rental values. Interestingly, unit rental prices have already plateaued, and we would expect to see downward pressure on these throughout 2024.

As an example of recent market activity, this 1998 built three-bedroom, two-bathroom dwelling at 121 Sanderling Drive, Djugun sold for \$640,000 in October 2023. The property features a partly renovated home with tropical gardens, swimming pool, decked verandah and side access for boats or caravans. The property previously transacted in July 2022 for \$650,000 resulting in a 1.6 per cent decline in value over a 12-month period.



121 Sanderling Drive, Djugun.

Source: RP Data



121 Sanderling Drive, Djugun.

Source: RP Data

Moving down the coast to Port and South Hedland, 2024 will be an interesting year. We predict that the Hedland market will continue to perform well in 2024 on the back of continued upward pressure on rental prices. The undersupply of housing is still an issue in the town and high construction costs combined with a shortage of local builders deters potential

new builds in the region. When this is combined with the Port Hedland West End voluntary Buyback Scheme now being in its fourth year of operation, a lack of alternative housing solutions and continued new project activity in the area, the upside appears bright. We also note that the median value difference between units and houses narrowed significantly in 2023, largely on the back of investor activity targeting the 12-per-cent-plus returns available at the lower end of the market and more intense price pressure on rental prices for units compared to houses, probably largely on the back of affordability. The median retinal price for a house in South Hedland is currently \$950 per week, which is now only \$50 per week behind the more desirable Port Hedland!

One example of activity in the area is this 2012 built two-bedroom, two-bathroom apartment with 104 square metres of living at 68/44 Counihan Crescent, Pretty Pool (Port Hedland) which sold for \$660,000 in October 2023 with a \$1400 per week lease attached. The apartment offers a home office area, two balconies and panoramic ocean views. The apartment previously sold for \$580,000 in December 2022 highlighting an impressive 14 per cent growth in less than 12 months! This highlights the ripple effect of the buyback scheme in the region on values witnessed at the end of last year.



68/44 Counihan Crescent, Port Hedland

Source: RP Data





68/44 Counihan Crescent, Port Hedland

Source: RP Data

Karratha experienced modest growth in 2023 after a robust year in 2022. We're expecting 2024 to be another growth phase. Some resource companies have been offloading older stock in the market over the last couple of years which has added desperately needed supply and shielded the market largely from a far higher increase in values. The market has been soaking up this additional supply. Rents continued to rise throughout 2023, far surpassing the growth rates in capital values. This is likely to entice more investors into the market, who will be competing with owner occupiers for limited stock at a time when several resources projects are ramping up. The fundamentals look strong.

In particular we will be watching the sub-\$500,000-unit market in Pegs Creek, Bulgarra and Baynton in those complexes where strata fees are palatable. Units have experienced very strong rental growth in recent times, and the low maintenance nature of these properties will appeal to the expanding local workforce.

One recent example is this 2013 built two-bedroom, two-bathroom apartment comprising 86 square metres of living at 7/55 Gardugarli Drive, Baynton which sold for \$405,000 in November 2023.

The apartment complex features one car bay and common facilities such as a swimming pool, gymnasium and barbeque area. The apartment had a corporate tenant in place paying \$820 per week.



7/55 Gardugarli Drive, Baynton

Source: RP Data



7/55 Gardugarli Drive, Baynton

Source: RP Data

One concern we have is with some of the modular dwellings constructed in Nickol and Baynton. Whilst many of these are fine, there are plenty that are showing signs warranting a thorough building inspection before making a purchasing decision! These properties are lagging behind the rest of the market, but any increase in out of area investor activity increases the chances of an unknowing investor buying one of these higher risk properties.

Heading down the coast, the Geraldton market had a very mixed year in 2023, with some suburbs performing well and others declining. Interestingly, 2023 saw a rise in eastern state investor activity not witnessed in previous years, largely on the back of recognition for its affordability as two suburbs from the town have been mentioned in the top 10 most affordable suburbs nationally!

Rangeway is a suburb located in Geraldton's inner east and has been voted number one on the top ten most affordable suburbs nationally with the average house price at \$174,000. Whilst the suburb has its challenges, from an affordability point of view it is likely to receive sustained attention throughout 2024.

This property at 45 Abelia Street, Rangeway is a three-bedroom, one-bathroom, 1969-built dwelling in original condition. The property was sold in November 2023 for a basement price of \$170,000. The property was previously sold in March 2022 for \$140,000. This shows circa 21 per cent growth in 12 months, albeit noting the impact of capital gains tax and stamp duty!!



45 Abelia Street, Rangeway

Source: RP Data

The suburb of Spalding is located in Geraldton's north-eastern corridor and has been listed as



number eight in the top 10 most affordable suburbs nationally, with an average house price of \$233,000. This partly renovated property at 8 Broome Street was built in 1984 and features three bedroom and one bathroom with an 800 square metre allotment. The property sold for \$218,000 in September 2023.



8 Broome Street, Spalding

Source: RP Data



8 Broome Street, Spalding

Source: RP Data

We expect that the Geraldton market will continue to grow in 2024 with affordable suburbs such as

Rangeway and Spalding continuing to entice local and eastern state investors into the Geraldton market. The liveability of Geraldton has increased significantly in recent years and the ability to now work from more remote locations will surely attract more residents into this beautiful coastal city!

In 2024, the Wheatbelt property market, especially in the larger regional centres, is expected to see continued but measured growth. We anticipate solid demand in some of the areas closer to Perth that offer increased affordability, such as Northam. However, the Wheatbelt property market does face some challenges maintaining the level of demand that has been experienced throughout 2021 to 2023, including limited supply or availability of more modern housing options. Much of the Wheatbelt was built through the 1950's and 1960's, and most towns have very limited offerings built after the 1990's. Stabilisation of building costs will allow rejuvenation of older housing stock, however this will require an improved availability of labour at the same time.

One trend that we do expect to continue is Wheatbelt locals buying investment properties in their own town, predominantly due to their ability to conduct repairs and renovations themselves. Quite often the rent returns on offer are exceeding 10 per cent on this basis, resulting in a convenient income stream whilst quietly and slowly bringing rejuvenation activity into towns that desperately needs it.

We also expect eastern states-based investors to continue to trawl through the Wheatbelt market chasing opportunities for higher than usual rental returns, noting that these returns often indicate higher risk! This demand will underpin prices, especially in the first half of 2024. However, the Wheatbelt's property market is primarily influenced by farming operations, hence any unfavourable seasonal or economic conditions may pose challenges for the property market, affecting demand and property values.

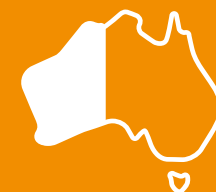


13 Paragon Street Pingelly WA 6308

Source: RP Data

An example of a recent transaction is 13 Paragon Street, Pingelly, which comprises a three-bedroom, one-bathroom home on a 921 square metre block. The property was purchased for \$167,000 in November 2023, and was leased at \$330 per week yielding a 10.3 per cent gross return.

Heading out to the Goldfields region, the Kalgoorlie market continued to perform strongly throughout 2023 on the back of a strong gold



We also expect eastern states-based investors to continue to trawl through the Wheatbelt market chasing opportunities for higher than usual rental returns, noting that these returns often indicate higher risk!

price, but also having a more diverse resources industry than in previous cycles. Purchase activity throughout 2023 consisted of both local owner occupiers (generally in the mid-to-upper value tiers) and investors dominated the lower end of the market. The rental market is uncharacteristically strong, and the gross return percentages on offer have been matching those found in the traditional investor heartland of the Pilbara, but Kalgoorlie has more recently been seen as a less risky investment, largely due to the lower entry prices.

There is uncertainty surrounding Nickel operations in the area given current Nickel prices, and this is likely to have a negative impact on consumer sentiment, however any negative impact from this is likely to be quickly absorbed (noting the high-risk nature of the Kalgoorlie Nickel Smelter operations which the operator has stated is part of its long-term requirements). The amount of temporary accommodation that has been constructed over the last 18 months indicates how chronic the shortage of housing currently is, hence, we consider that Kalgoorlie itself will be insulated from any negative impacts associated with the nickel industry, but towns such as Kambalda represent an inflated risk for the time being.

In 2024 we do expect to see an increase in activity for prestige properties. Few prestige properties came to market in 2023, and on the back of several strong years in the resources sector, we anticipate that there will be plenty of buyers if a trophy home is presented for sale.

These are well located areas with good infrastructure, are relatively affordable and are ripe for gentrification.

One recent example is 8 Emin Street, Somerville, which sold for \$1.1 million in October 2023. The property features six-bedrooms, four-bathrooms, swimming pool, large, powered shed, solar panels and patio, all on a 2302 square metre lot.



8 Emin Street, Somerville

Source: RP Data



8 Emin Street, Somerville

Source: RP Data

Whilst the external photo does not do it justice, this property at 12 O'byrne Crescent Broadwood sold in October 2023 for \$1.2 million. The six-bedroom, three-bathroom dwelling had undergone an extensive and very impressive internal renovation.

The property offered a swimming pool, patio, multiple sheds, water tanks, two registered stables with four stalls, all on a 5460 square metre lot, with the ability to walk to work in the industrial area.



12 O'Byrne Crescent, Broadwood

Source: RP Data



12 O'Byrne Crescent, Broadwood

Source: RP Data

Heading to our South West region, the same market forces that were at play at the beginning of 2023 remain in place. Demand remains strong and the number of listings is at historically low levels despite the high number of new builds that were completed in 2023. Marketing periods are very short and rental vacancies are still very low. All of these issues are placing upward pressure on values, particularly in the coastal towns.

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Affordability will remain a significant issue this year, particularly in the coastal towns, and the lack of low-cost housing provisions is a major cause of staffing issues for many businesses in the South West.

The most active part of the market is anticipated to be the sub-\$600,000 sector due to affordability and the involvement of interstate investors.

Affordable older areas in localities close to the CBD such as the southern section of South Bunbury and East Bunbury in the Bunbury Region or the older areas of Geographe in the Busselton Region appear to offer attractive buying opportunities. These are well located areas with good infrastructure, are relatively affordable and are ripe for gentrification. The short stay/tourist market will be worth keeping an eye on in 2024; this sector did very well throughout the Covid period when interstate travel was limited, however vacancies increased throughout 2023 as interstate and international travel opened up. Direct flights between Melbourne and Busselton have been successful and the opening up of direct flights between Sydney and Busselton will hopefully provide further demand for this sector.

One particular development that we are keeping our eyes on is the newly completed “Geographe” Apartment complex in Dunsborough. Any resales in this complex could set the benchmark and underpin further apartment style developments in the region.

Moving down to the Great Southern region, some Albany agents are predicting slow but steady growth on the back of a consistently increasing

population base. The “affordable” sub-\$500,000 market is expected to remain incredibly active as we’ve seen in the last couple of years, while the top end \$2 million plus homes may be slowing down, evidenced by increasing days on market for those currently advertised when compared to the days on market for the very few that sold last year.

One market that will be worth watching is new house-and-land packages, with a range of new land releases becoming available this year and the cost of construction and timelines easing slightly, buyers may be more tempted to build rather than buy. Finally taking a look at our South Eastern region, we expect sustained performance across the board, with the usual disclaimer that so much of this market is impacted by the performance of the agricultural industry. The rental crisis will remain a serious concern in this market, with vacancy rates hovering between 0.0 and 0.1 per cent for the last six months. In turn this affects the owner-occupier market as renters turn into buyers if they are able to do so.

Though building costs and build timeframes have started to improve, construction remains a personal choice rather than a profit-making exercise and we do not expect any notable improvement in the limited level of demand for vacant land.

In summary, the outlook for Perth’s real estate market in 2024 is optimistic, driven by key factors like sustained affordability and strong migration figures. We forecast a strong performance in the sub-\$700,000 segment and in particular, for apartments that are still transacting at the same level they were 12 years ago.

A unique element expected to unfold in 2024 is the rise in trophy home sales. While the previous year saw limited activity in this segment, our forecast suggests an increase in high-value transactions, making it an interesting aspect to observe throughout the year.

There are opportunities throughout Western Australia, and we hope that Broome performs stronger than our concerns indicate. Geraldton and Bunbury offer plenty of opportunities for affordability and lifestyle.

We’ll review these projections later in the year!



Chris Hinchliffe
Director

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RESIDENTIAL

Though building costs and build timeframes have started to improve, construction remains a personal choice rather than a profit-making exercise and we do not expect any notable improvement in the limited level of demand for vacant land.

Northern Territory - Residential 2024

Darwin

Without sounding like a broken record, repeating statements from the previous few years, 2024 will be an interesting year ahead for property in the Top End.

Coming off a fairly subdued 2023 market, 2024 could dish up much the same if the current drivers continue. Talk around interest rates will dominate headlines much as it did in 2023 with all eyes on the Reserve Bank. The usual Top End market drivers will again be in the spotlight in 2024 with large scale projects, perceived social issues, defence and a looming election the focus.

Looking forward, renovated homes will remain popular as lingering high construction costs continue to wreak havoc on the building industry. 2023 saw the emergence of a two-tier market with renovated homes remaining popular despite interest rate rises and 2024 will be no different as home buyers see the value in turnkey properties.

Established areas in Darwin's northern suburbs continue to provide good value in the current economic climate. Block sizes of 800 square metres and above, most offering three-bedrooms and above with homes under \$600,000, will continue to deliver value to potential buyers, far below the median prices of other capital cities.

As noted above, interest rate discussion will have a large impact on property prices not only locally but nationally. Eager homeowners and buyers will watch each meeting the RBA holds. 2023 saw values locally remain steady during the multiple



The new Charles Darwin University (CDU) campus, due for completion this year, will see increased demand for local accommodation.

interest rate rises. It remains to be seen how value levels will be impacted should any further rises occur in 2024 with cost of living at the forefront of buyers' minds. Mind you, much of the chatter right now is that we could be in for cuts later in the year - of course, nothing is certain when it comes to predicting interest rate moves.

Like 2023, the cost of construction will remain a common talking point this year. As we have seen renovated homes continue to be popular. Construction costs have taken a toll on new builds and renovations alike with building approvals down in 2023. Costs will need to stabilise to make construction and renovation palatable in the Top End and without an increase in values in the existing dwelling, constructing a new home will likely continue to be unfeasible for those looking to maximum their borrowing. Land releases at Zuccoli and Lee Point have eased any pressure on available supply with titled land readily available for the first time in a few years.

The new Charles Darwin University (CDU) campus, due for completion this year, will see increased demand for local accommodation. With very little student accommodation available, we anticipate the demand for student-ready accommodation to rise, putting further pressure on rents, particularly in Darwin City and surrounding

suburbs with an already tight vacancy rate showing no signs of easing.

Major projects - and their success or failure - always play a huge part in the local economy and 2024 will be no different. The previously mentioned CDU campus in the city is to be completed this year and will be the first project in many years to be finalised. Defence will play a crucial role with allocated funds to the Top End to begin flowing this year. The Territory Government's \$40 billion economy by 2030 will need to see some of the proposed large-scale projects come online very soon - some would argue this lofty target may already be out of reach. As such, the election this year will be pivotal.

2024 will be a crucial year for the Top End, a looming election, completion of the CDU campus, and stabilisation of global supply markets will make for interesting interpretation. If we were to look into the crystal ball for 2024, lower overall supply, potential reduction to interest rates and global supply chains returning to some sort of normal are all feasible, and those would be positive outcomes for growth.



Jeremy Callan
Valuer

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RESIDENTIAL

Alice Springs

After a fairly lacklustre 2023, what does 2024 hold in store for the residential market in Central Australia? Unfortunately, recent statistics point towards another year of mediocre performance in both the house and unit market segments. The major influencing factors include rising interest rates, cost of living increases and more locally, skyrocketing crime statistics in the Northern Territory, sparking substantial numbers of people leaving the territory.

What can we expect to see in 2024? With inflation figures starting to indicate a downward trend, many experts are tipping that we may see some interest rate reductions during the course of the year. This would certainly be welcomed enthusiastically by everyone and hopefully it will breathe some life into the property market. Cost of living pressures are not expected to ease greatly and there appears to be no “silver bullet” in relation to the crime and anti-social behaviour crisis.

According to statistics provided by REINT, the median house price has fluctuated between \$515,000 and \$525,000 for the nine months to September 2023 (statistics for December were not yet available at the time of publication). Transaction numbers have returned to “pre-Covid” levels as illustrated by the following graph which shows the total number of sales (houses and units combined) between March 2019 and September 2023. This illustrates the spike in activity that occurred towards the end of 2021 and into early 2022, before beginning to fall away in the June 2022 quarter.



The expectation for 2024 is that we may see a slight easing in the median house price, possibly as low as below \$500,000 and transaction numbers are expected to remain at current levels.

The median unit price has historically fluctuated quite widely, however for the past three quarters we have seen the median unit price slide from \$381,000 in December 2022 to \$324,000 in September 2023. This is an alarming trend for unit owners, and hopefully one that will be arrested by an expected increase in sales activity that historically occurs from February onwards in most years.

Suburbs such as Larapinta and Sadadeen are again expected to be the poorer performers in 2024, being classified as being in an overall lower socio-economic band than more affluent suburbs such as Desert Springs, Mount Johns and East Side. Crime and anti-social behaviour in these lower

socio-economic suburbs is also likely to be more of an issue, deterring some would-be buyers from investing in these locations.

Well-presented and realistically priced properties are still selling reasonably quickly, although we are seeing longer marketing periods at present than those experienced in the “boom” times of late 2021 and early 2022. In 2024 properties will, on average, require slightly longer marketing periods with a drop off in buyers actively seeking to buy. We have also seen in recent months an increase in the number of properties on the market, giving purchasers more options and creating something of a buyer’s market as vendors compete over a smaller number of genuine buyers.

An area to keep an eye on is the residential land development at Kilgariff. Several blocks have been sold in stage 2, at land prices showing a 10 to 20 per cent premium on similar blocks sold in stage 1, however there is very little building activity taking place in the new stage. Interestingly, re-sales of stage 1 homes built in the past five-to-six years have been strong, with some very good prices being achieved for well-presented homes that are under three years of age. This shows willingness for families to move out to this area, but perhaps high building costs are preventing people from undertaking construction of new homes.

To sum up, it is difficult to see 2024 providing anything spectacular in the residential market, based on recent trends. We expect median prices to maintain equilibrium at best, and transaction numbers to hover between 80 and 100 per quarter.



Peter Nichols
Valuer

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Australian Capital Territory - Residential 2024

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Canberra

Canberra is one of the few cities recording accelerated housing supply... mainly units and townhouses. The city has recently updated its Territory Plan to allow owners of properties larger than 800 square metres to build a second residence. A mitigating factor will be population growth, although Canberra has not received the level of migrants that Sydney and Melbourne have experienced.

We do believe that the rate of inflation is going to fall a little bit more quickly now than what the RBA is actually forecasting. Affordability would start to improve in the second half of 2024 when prices would have fallen and there was a reasonable chance of an interest rate cut towards the end of the year. That's good news for buyers, but they need to be careful purchasing off-the-plan in a falling market.

In 2024, the following three suburbs in Canberra are worth watching:

Weston, 2611

Located around 12 kilometres from the Canberra CBD, Weston is a haven for commuters who also want a family-friendly lifestyle where it is extremely well located to access a range of popular amenities and schools. Other landmarks found in Weston include the Australian Defence College's Centre for Defence and Strategic Studies and the Australian Command and Staff College.

Median price: \$1.405 million for houses (+45.6 per cent over 12 months), \$720,000 for units

Weston

Weston Creek District, ACT 2611

Median house sale price
\$1,405,000

+45.6% over 12 months

Median unit sale price
\$720,000



Weston statistics

Source: Allhomes.com

Wanniassa

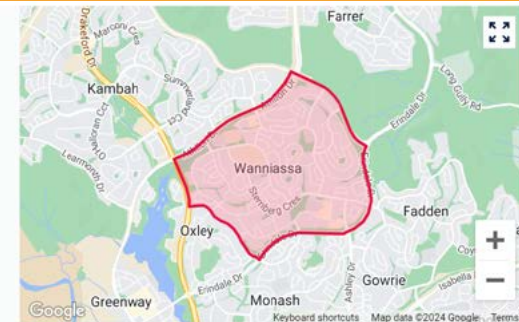
Tuggeranong District, ACT 2903

Wanniassa was named after a name associated with the Tuggeranong District of the Australian Capital Territory since the early days of settlement. Colonel Thomas Macquoid, the Sheriff of the Supreme Co...
[Learn more](#)

Median house sale price
\$840,000

-1.2% over 12 months

Median unit sale price
\$495,000



Wanniassa statistics

Source: Allhomes.com

Wanniassa, 2903

First home buyers might find themselves a home in the suburb of Wanniassa.

Wanniassa is well placed for easy access into both Woden and Tuggeranong town centres, plus there's the Erindale shopping centre for convenience nearby. The suburb houses two public schools, including the popular Wanniassa Hills Primary – for which buyers may want to mind the catchment zone. Mount Taylor offers nearby trails and exercise areas, and its relative affordability attracts many

hopeful Woden buyers who seek value for money.

Median price: \$840,000 for houses, \$495,000 for units

Phillip, 2606

If you're looking for an investment property, Phillip might be worth considering in 2024. Woden is the geographical heart of Canberra and Phillip is the centre of the action.

Michael Qu
Assistant Valuer

RESIDENTIAL

Tasmania - Residential 2024

Hobart

Thanks God 2023 is behind us! What an interesting and challenging year it was. "What will 2024 bring?" is a question on the tip of every property owner's tongue.

With talks around the water cooler about interest rates possibly reducing in the second half of 2024, people are beginning to line up their ducks to evaluate their equity in their principal place of residence to see how much they can borrow to purchase their first investment property. This is the case in around 15 to 20 per cent of each property I inspect, which indicates to me that the investment market may be in for a good year.

The Tasmanian government is still offering a 50 per cent discount on stamp duty for established properties up to \$600,000 to 30th June 2024 and a \$30,000 first home builders grant to the same date.

The cost to buy a vacant block and construct a house may well be a stretch for first home buyers with cost of living pressures, high construction costs and inflationary pressures, but the reward at the end of the process may be well worth it with possible instant equity.

Areas to watch are those on the outskirts of Hobart. Look around Glenorchy, Claremont, West

Moonah etc... These areas are positioned within 20 minutes of the CBD by car, and all offer good public transport (bus) throughout the day. All essential services are within reach of these suburbs including shopping centres and good schooling facilities.

Conversations with local leading real estate agent indicates that sentiment is positive with a potential upswing in the market throughout 2024 due to the decreasing inflation rates and potential lower borrowing costs later in the year.

Fingers crossed this is the case particularly for those with bigger mortgages.

Mark Davies
Valuer

These areas are positioned within 20 minutes of the CBD by car, and all offer good public transport (bus) throughout the day. All essential services are within reach of these suburbs including shopping centres and good schooling facilities.

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RESIDENTIAL



Rural

February 2024

Southern NSW

The outlook for the rural property market in southern NSW and northern Victoria in 2024 has transitioned from one of uncertainty to a more positive vibe given a turn in seasonal conditions and the anticipation that we are near, or at, the end of the current interest rate cycle. The forecast for a dry period over the summer has not come to fruition with several rain events delivering above average rainfall totals in December and early January across most of NSW and heavier flood events in Victoria. This, along with a kick in livestock prices, has seen a degree of optimism return to the rural property market. Further interest rate increases seem less likely as inflation appears to be declining and as long as the season holds we do not foresee any significant changes to land values in the near future. Buyer activity for small to medium scale mixed farming holdings has slowed however as operators look to reduce debt levels rather than expand which had been their main focus in 2022 and 2023.

Going forward we predict continued heightened activity in the larger corporate scale segment of the market as more pension money flows in from overseas. There are several large transactions occurring at present in both the cropping, tree nut and large scale mixed farming sectors. Typically these are existing corporate operators selling to new entrants into the market following redevelopment or value adding previous acquisitions held over the past few years, or in the case of nut trees acquisitions new development block purchases in the Murrumbidgee Irrigation Area.



Andrew Garnsey
Valuer

Southern Qld / Northern NSW

If I was asked to speculate on property market futures towards the end of October 2023, I believe the widespread dry conditions and the collapse of the Eastern Young Cattle Indicator (EYCI) would've had me feeling considerably more bearish than I do today. While the rain has been extremely welcome in those many lucky areas, the recovery in the cattle market is particularly important for sustained property values moving forward.



I believe, as a whole, the rural property market in our region is peaking. We continue to see strong demand in tightly held markets and those rural lifestyle areas. That said, it is noticeable that in many regions listing numbers and selling periods appear to be increasing. This also suggests a likelihood of more challenging market

conditions moving forward for second-tier properties, properties lacking presentation or holdings placed on the market under pressured circumstances.

If you are looking to sell in 2024, I would suggest adopting a fair asking price rather than seeking to eclipse rates demonstrated by peak sales in 2022/2023. Also be mindful of available property already listed in your region and the asking price of those properties. Your property will be effectively competing with other listings, for the attention of potentially fewer buyers moving forward.

As we transition from a seller's market, to hopefully a market in equilibrium, buyers will have more choice. This transition in market dynamics will increase the likelihood of a property becoming stale on the market. As such, it would be prudent to engage an independent property valuer early in the process to give you some unbiased advice and help guide your decisions.

With this said, it's important to note that markets and macro-economic factors can change quickly and for unexpected reasons. I'm not aware of anyone who predicted the eventual upside which would impact the property market due to the Covid pandemic through lower interest rates and strong commodity prices.

At this stage sales evidence continues to support the peak values seen in 2023 and in some regions continued growth and demand is evident. Consequently, as should always be the case, I would suggest making your property investment decisions Weekly Commodity Report 19/01/2024

As we transition from a seller's market, to hopefully a market in equilibrium, buyers will have more choice.

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RURAL

Wheat



\$430/t (H2)

Down -2.3%
Australian wheat prices were lower again this week with light demand from export markets. The USDA raised its forecast of world ending stocks.

Source: Profarmer

Barley



\$323/t (feed)

Down -0.9%
Local barley prices eased with feedlots reporting they are well-covered, while a high supply of malting barley is expected to sell into China.

Source: Grain Central

Sorghum



\$410/t

Down -1.2%
Sorghum prices have softened as trade interest from China has eased, while sowing progress across Australia is estimated to be 90% complete.

Source: Riverina Australia

Cotton

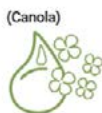


\$702.8/bale (Cotlook 'A' Index)

Up 4.4%
Cotton futures were higher this week despite the USDA forecasting lower world consumption and higher production, though the US cotton crop was down.

Source: USDA

Oilseeds



\$591/t

Down -0.2%
Canola prices were down slightly following offshore market trends. Volatility in oil prices and soybean harvest have been key influences on canola.

Source: Profarmer

Pulses



\$784/t

Steady
Australian chickpea exports were 38,138 tonnes in November, down 53% from October. Lentil exports rose 26% in November to 123,222 tonnes.

Source: Grain Central

Weekly Commodity Report 19/01/2024

Source: NSW DPI

Sugar



\$747/t

Up 6.8%

Raw sugar futures rose even as news from Brazil indicated sugar production for the 2023-24 season was 25% higher than year-ago levels.

Source: QSL

Sugar prices

Source: NSW DPI - Weekly Commodity Report 19/01/2024



Bart Bowen
Director

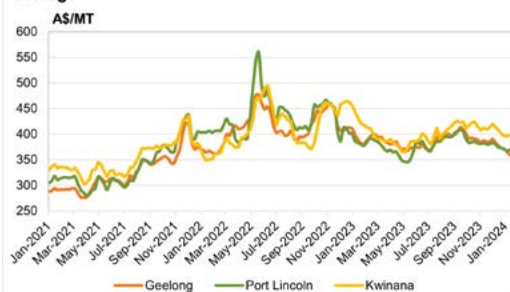
Echuca/Deniliquin

The current market remains relatively steady however is showing some signs of divergence between vendors and purchasers. In some instances, there has been a shift in price point expectations between vendors and purchasers which has resulted in some properties sitting on the open market for extended periods of time. However, in certain scenarios - particularly where there are interested neighbours - there is still strong inquiry. In contrast, in areas where neighbours are not interested, they have become a harder sell and may require a discounted price if there is urgency.

The general outlook in northern Victoria and the broadacre irrigation areas of south-west New South Wales is for the market to remain relatively steady in the next 12 months. The direction of interest rates, commodity prices, input costs and ongoing seasonal conditions will be significant influences on where the rural market trends over the next 12 months. Levels of uncertainty surrounding these factors appear to still be at the forefront of landowner's minds.

on long-term trends, goals and pricing. At the time of writing the EYCI is back above 600 cents per kilogram and wheat remains well above \$350 per tonne. Similarly, the price of many other farm gate commodities, while no longer at peak levels, still remain good by long-term averages. These prices, if maintained, will help to underpin a stabilisation of the property market moving forward.

Figure 1 APW Geelong, Port Lincoln & Kwinana - weekly average



Sources: Refinitiv, profarmer



Wheat price per metric tonne

Source: Mecardo

Lamb



704c/kg (NTLI cwt)

Down -9.3%

Lamb prices eased off the post-recess highs the previous week, as yardings rose 9%. The Australian sheep flock is at the highest level since 2007.

Source: MLA

Wool



1,196c/kg (EMI)

Down -1.4%

High wool volumes led to lower prices for much of the market, with the Merino fleece sector recording the largest price declines. Carding types rose.

Source: AWI

Commodity prices

Source: NSW DPI - Weekly Commodity Report 19/01/2024

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RURAL

Recent wet years have resulted in high storage levels across dams supplying the Murray irrigation areas of southern New South Wales and northern Victoria. The temporary market for water (New South Wales Murray River above the Barmah Choke - Zone 10) has seen recent transactions range between \$25 and \$70 per megalitre. We note that in the dry year of 2019/2020, water on the temporary market reached \$600 per megalitre.

Doug Arnold
Valuer

Mildura/Sunraysia

As we enter the first quarter of 2024 and contemplate the year ahead, I want to take a moment for some reflection. It's interesting to look back on our February 2023 Month In Review submission about our prediction on what we thought may evolve throughout 2023. Here's a brief snapshot below.

- Factors at play that could impact Australian agriculture in the first half of 2023 include weather conditions as the three years of La Nina weakens; inflationary concerns; the extent of any further interest rate rises and the resilience of commodity prices.
- Horticulture - expected to see continuing challenges including continued low global prices for almonds and red wine grapes. Some optimism that citrus and table grape returns will be stronger in 2023.
- Leasing irrigation water is expected to stay low in 2023 and possibly into 2024.
- Returns from citrus, table grapes and red wine grapes are set to remain low through 2023, and further falls in value for wine grape properties could be expected.



Now we sit at the start of 2024. Looking across the year to come, many of our concerns and themes are somewhat consistent with our outlook from 12 months ago.

- The dryland cropping values - Given the significant appreciation in values further south, we expect the ripple effect to continue to be felt in our region.
- We also expect to see a continuation of strong demand for grazing land in south-western NSW.
- Corporate buyers are likely to weigh up the cost of capital more closely than smaller family farming businesses. We may see larger assets become harder to sell in 2023.
- In summary market fundamentals suggest an increasing likelihood that 2023 will see a cooling of the strong value increases we have seen across some of the sectors of the past two years.

Now we sit at the start of 2024. Looking across the year to come, many of our concerns and themes are somewhat consistent with our outlook from 12 months ago. Interest rates, inflation/input costs and seasonal conditions continue to be the talking point of the rural market.

While horticulture sector might appear to be in a holding phase, we consider the continuation of low-cost irrigation water and improved export demand across most of the major horticulture sectors will result in above average production in 2024.

Australian almond production is set to rise after a challenging 2023 with global demand growing. It's forecast that almond exports will increase on the back of reduced tariffs to some key export

markets. It's also noted however that almond prices remain near their lowest level for the past 20 years.

The dryland cropping and grazing sector values which cooled from sharp rises in the previous two-to-three years are likely to remain relatively subdued in marginal rainfall locations at least.

The cattle and sheep sector have experienced a challenging 12 months, however early signs suggest that prices will improve, however, on a more gradual scale as compared to previous spikes of 2021 and 2022.

The significant increase in interest rates over the last 18 months have been met with generally good seasonal conditions which in many cases have suppressed the burden of the increase in borrowing costs. The direction of these interest rates throughout 2024 is unknown, however we know the impact of this can be greatly affected by the confluence of other driving factors in seasonal conditions and commodity prices.

The improvement of supply chain issues and a contraction in inflation has reduced many farming input costs comparatively to 12 months ago which has been favourable. However, we do note that they are still relatively high compared to historical levels. Again, how the seasonal conditions play out across 2024 will be of critical importance. The La Nina conditions displayed resilience through 2023 however the continuation of these seasonal conditions is forecast to be unlikely.



Overall, the outlook for the rural market over the next 12 months, while mostly cautiously positive, is expected to remain steady. That said, the confluence of unfavourable factors affecting the rural markets are likely to deliver challenges.

Shane Noonan
Director

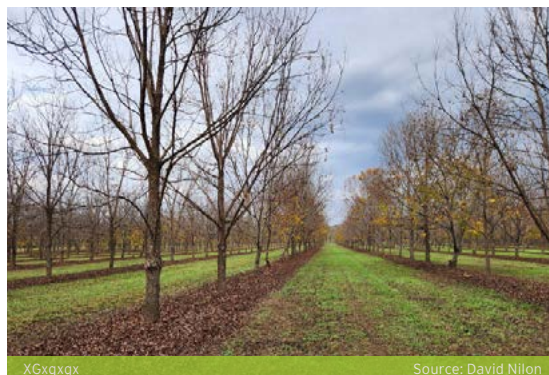
Nut sector

The Australian Nut industry continues to grow and be a major producer in the world market. 2023 was a year some nut growers would like to forget with difficult growing conditions impacting on yields and World market forces reducing prices quite substantially which resulted in some cases in reduced crop returns for Almond, Walnut and Macadamia growers.

While prices fell marginally for Pecan growers, seasonal conditions ranged from floods in northern NSW to near drought conditions in Qld. The Hazelnut industry saw the exodus of Ferrero from Australia with its 2665-hectare NSW Riverina property cleared of trees and offered for sale. Water security, ever changing seasonal conditions and increased operating costs are forcing the industry to be more proactive in ensuring long term sustainability and viability with increased levels of R & D.

New spatial mapping undertaken by ag-specialists LandIQ shows that approximately 62,000 hectares is planted to Almonds in Australia. The impact of Varroa mites in the Bee industry has resulted in an increased planting of self-fertile varieties due to concerns over bee availability and pollination costs. The main producing areas are as follows:

- Sunraysia approximately 35,000 hectares (56 per cent of aggregate)



- Riverina region of NSW approximately 15,000 hectares (24 per cent of aggregate)
- Riverland region approximately 11,000 hectares (17.6 per cent of aggregate)
- Western Australia approximately 820 hectares (1.3 per cent of aggregate)
- Adelaide approximately 700 hectares (1.1 per cent of aggregate)

The Australian almond crop estimate for the 2024 season of 164,700 tonnes (kernel weight equivalent) is 59.4 per cent higher than the 2023 season which was approximately 30 per cent down on previous years. The 2024 estimate is more aligned to average yields across the five growing regions in Australia. Global pricing is expected to be marginally better than last year. (Source: Australian Nutgrower)

There are approximately 40,320 hectares planted to Macadamias on the east coast of Australia with approximately 41 per cent located in the Bundaberg region and 26.6 per cent in the Northern Rivers region of NSW. Approximately 1100 hectares has been planted in the Bundaberg region since 2022.

The Australia Pecan industry experienced a difficult year in 2023 with unseasonal floods causing major damage to orchards across northern NSW and near drought conditions in Qld. Yields were well below average however quality was much improved over 2022. Prices reduced by approximately 10 per cent to 15 per cent compared to the highs of 2022 with market expectations for 2024 to be similar.

The Australia-India Economic Cooperation and Trade Agreement (ECTA) that came into force in December 2023 holds many export opportunities for the Australian nut industry. The Macadamia industry was one of the big winners with tariffs reduced from 30 per cent to 21 per cent and to be totally removed by 2028.

The overall outlook for 2024 is much improved over 2023 with improved seasonal conditions and a general firming in prices from last year.

David Nilon
Senior Valuer & pecan grower

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RURAL



Property Market Indicators

February 2024

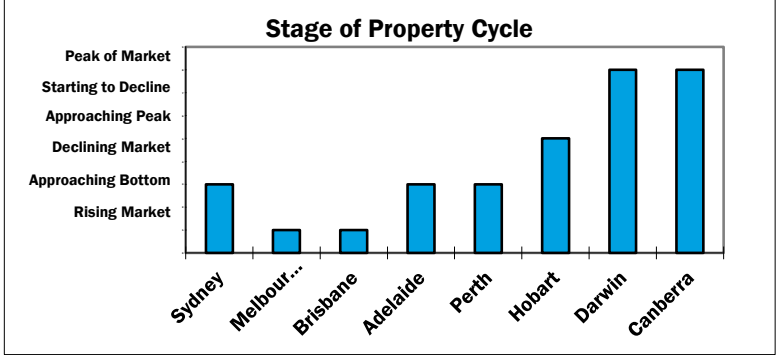
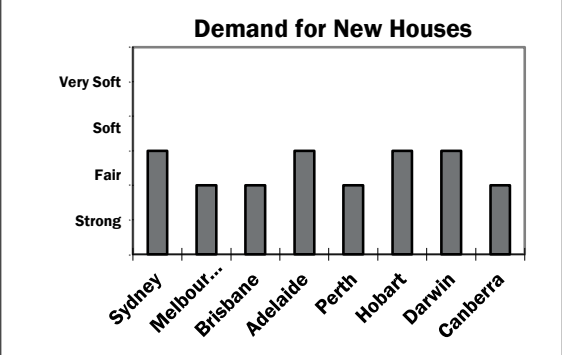
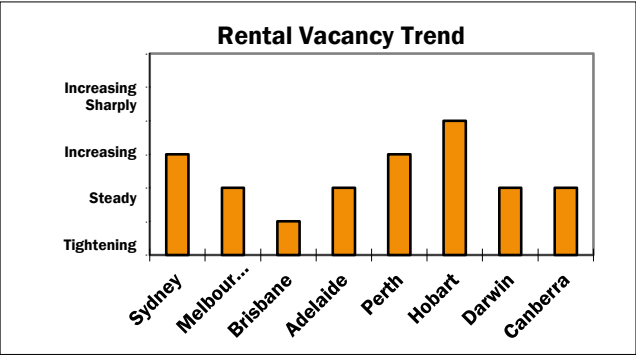
Capital City Property Market Indicators – Houses

Month in Review | February 2024

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	Start of recovery	Start of recovery	Rising 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



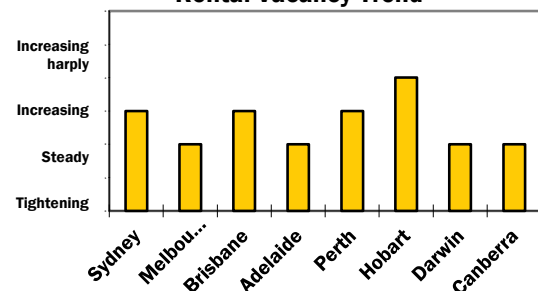
Capital City Property Market Indicators – Units

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	Increasing	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	Start of recovery	Rising market	Rising 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

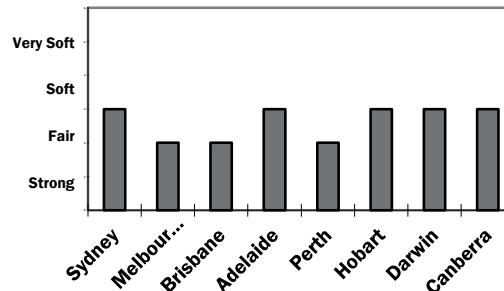
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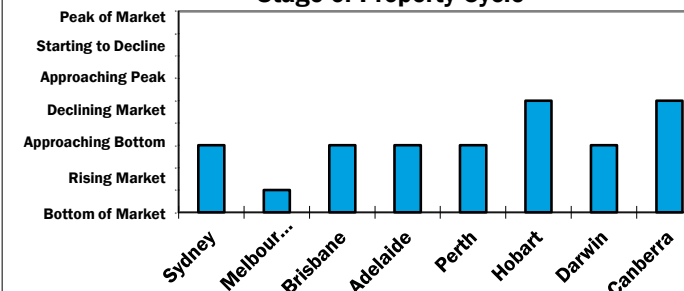
Rental Vacancy Trend



Demand for New Units



Stage of Property Cycle



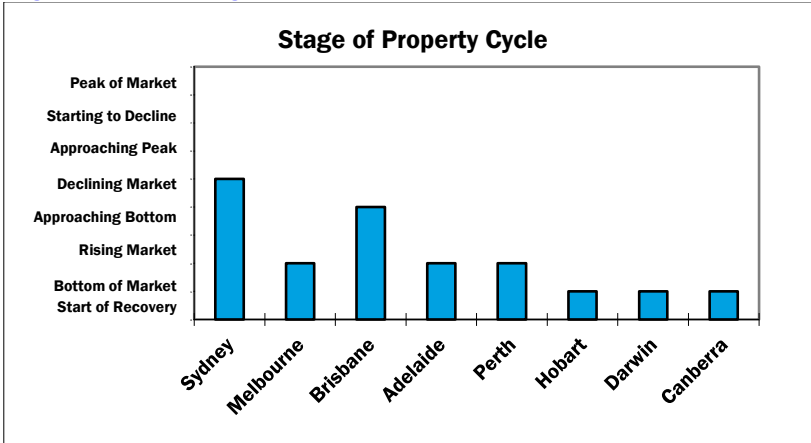
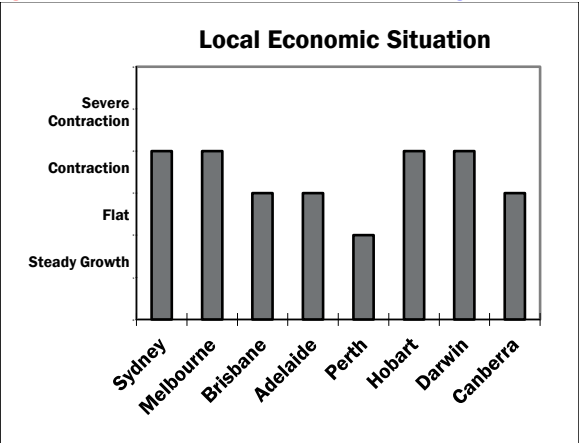
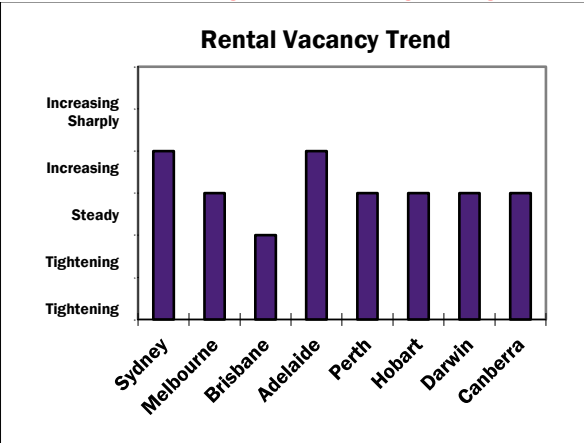
Capital City Property Market Indicators – Office

Month in Review | February 2024

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

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

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



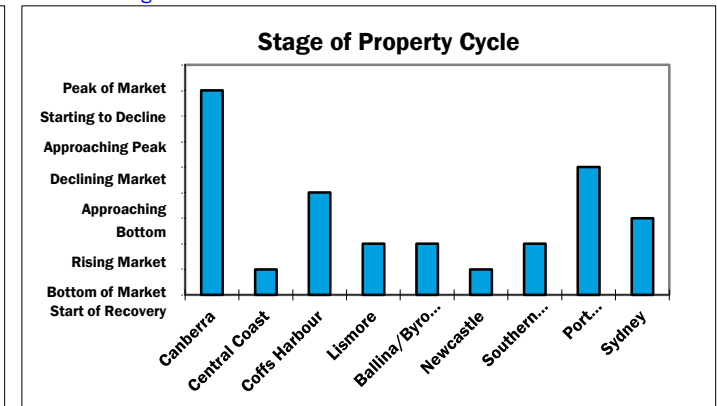
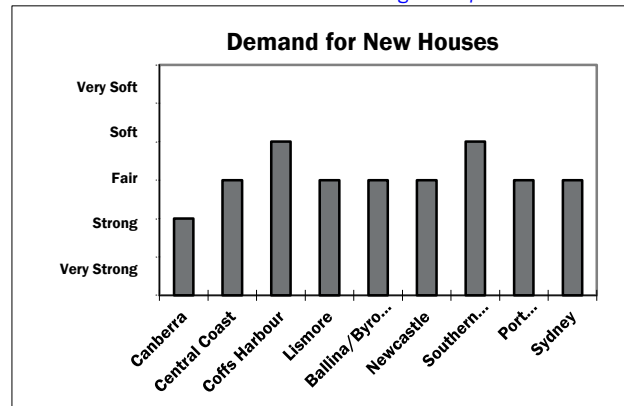
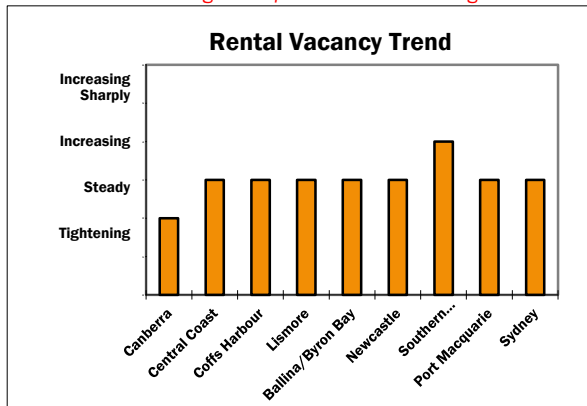
East Coast New South Wales Property Market Indicators – Houses

Month in Review | February 2024

Factor	Canberra	Central Coast	Coffs Harbour	Lismore	Byron Bay/Ballina	Newcastle	Southern Highlands	Port Macquarie	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	Shortage of available property relative to demand	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	Steady	Increasing	Steady	Steady
Demand for New Houses	Strong	Fair	Soft	Fair	Fair	Fair	Soft	Fair	Fair
Trend in New House Construction	Declining	Steady	Increasing	Increasing	Increasing	Steady	Steady	Steady	Steady
Volume of House Sales	Increasing	Increasing	Steady	Steady	Steady	Increasing	Steady	Increasing	Steady
Stage of Property Cycle	Peak of market	Start of recovery	Approaching bottom of market	Bottom of market	Bottom of market	Start of recovery	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	Occasionally

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

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

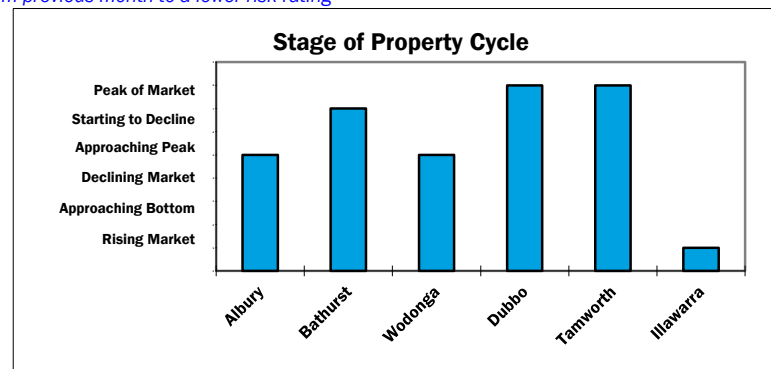
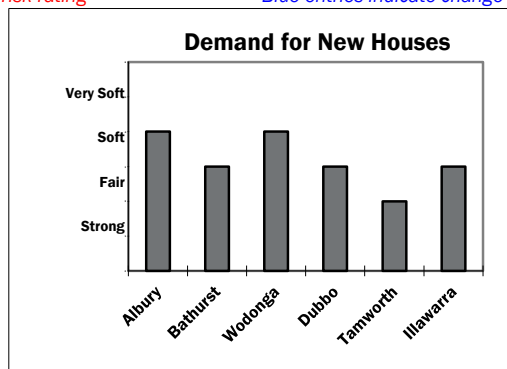
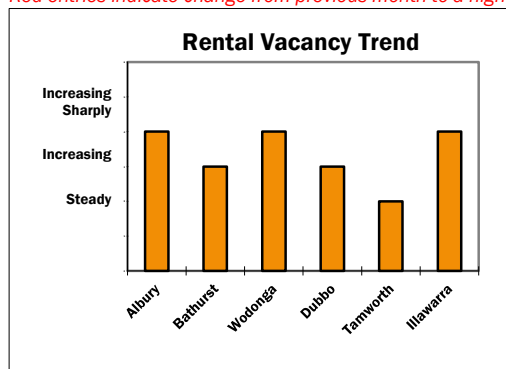


Country New South Wales Property Market Indicators – Houses

Factor	Albury	Bathurst	Wodonga	Dubbo	Tamworth	Illawarra
Rental Vacancy Situation	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	Soft	Fair	Fair	Strong	Fair
Trend in New House Construction	Steady	Increasing	Steady	Steady	Steady	Steady
Volume of House Sales	Declining	Steady	Declining	Increasing	Steady	Steady
Stage of Property Cycle	Approaching bottom of market	Starting to decline	Declining market	Peak of market	Peak of market	Start of recovery
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Occasionally	Very frequently	Occasionally	Frequently

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

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

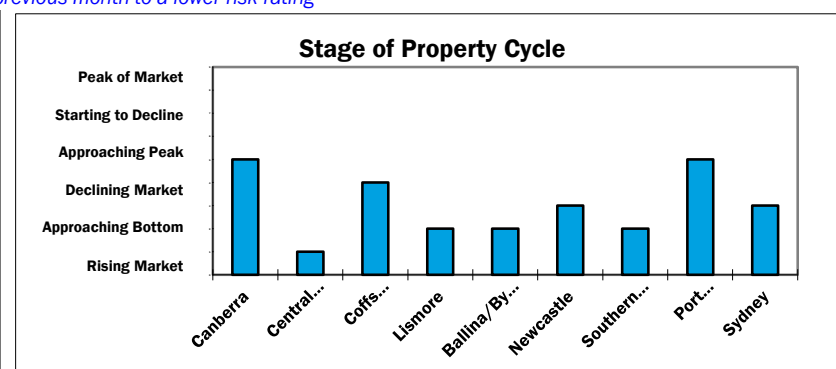
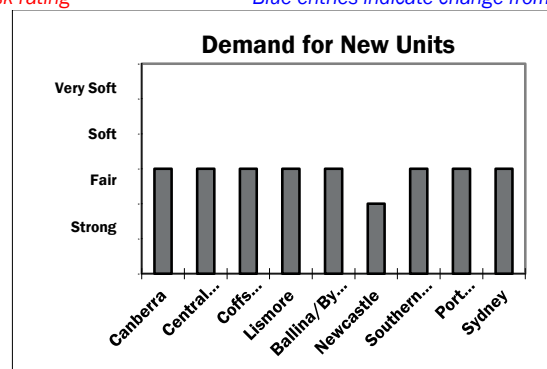
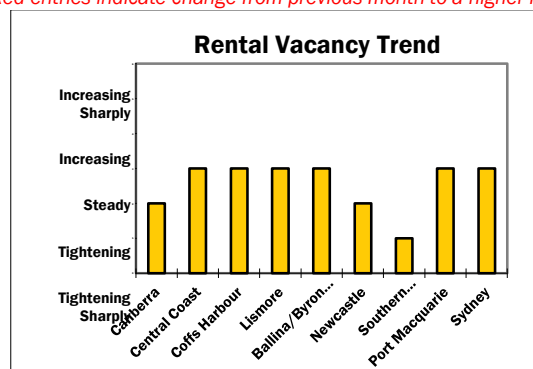


East Coast New South Wales Property Market Indicators - Units

Factor	Canberra	Central Coast	Coffs Harbour	Lismore	Byron Bay/Ballina	Newcastle	Southern Highlands	Port Macquarie	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	Strong	Fair	Fair	Fair
Trend in New Unit Construction	Declining	Declining significantly	Declining	Steady	Declining	Steady	Declining	Steady	Increasing
Volume of Unit Sales	Steady	Increasing strongly	Steady	Steady	Increasing	Increasing	Declining	Steady	Steady
Stage of Property Cycle	Declining market	Start of recovery	Approaching bottom of market	Bottom of market	Bottom of market	Rising 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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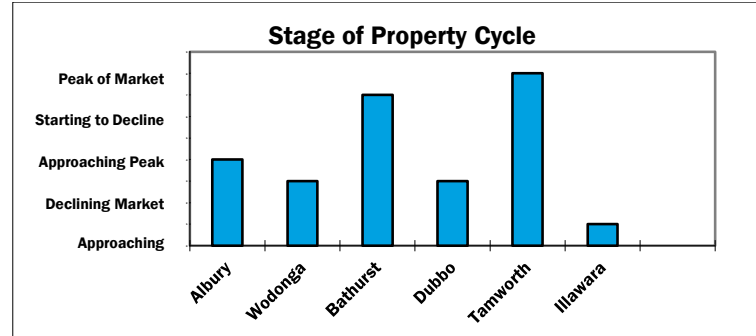
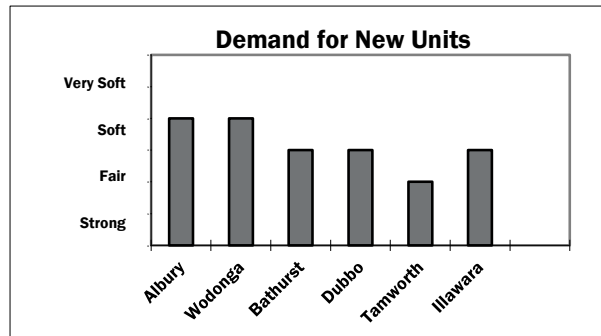
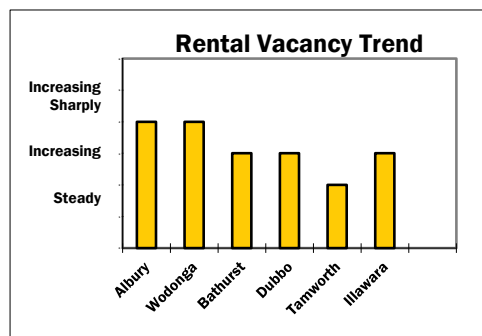


Country New South Wales Property Market Indicators - Units

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	Soft	Fair	Strong	Fair
Trend in New Unit Construction	Steady	Steady	Increasing	Declining	Steady	Steady
Volume of Unit Sales	Steady	Declining	Steady	Steady	Steady	Steady
Stage of Property Cycle	Approaching bottom of market	Declining market	Starting to decline	Rising market	Peak of market	Start of recovery
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Frequently

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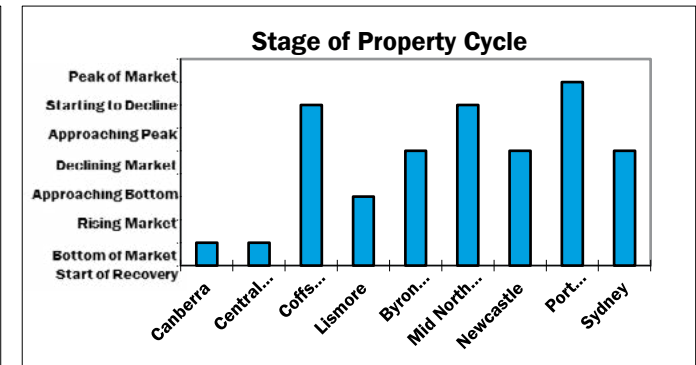
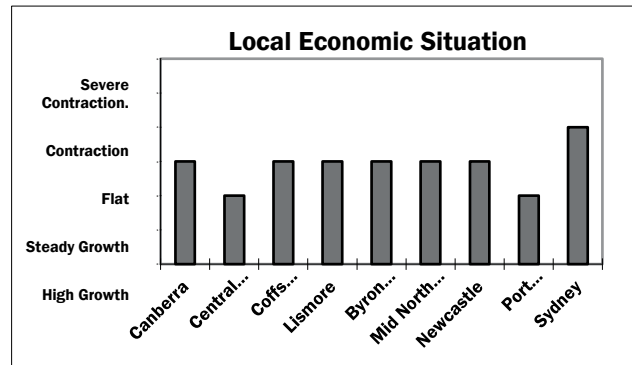
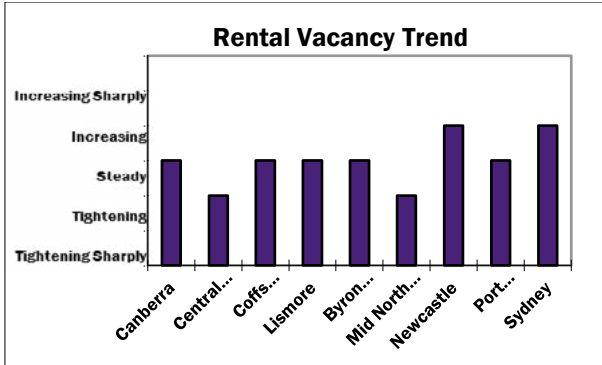


East Coast & Country New South Wales Property Market Indicators – Office

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

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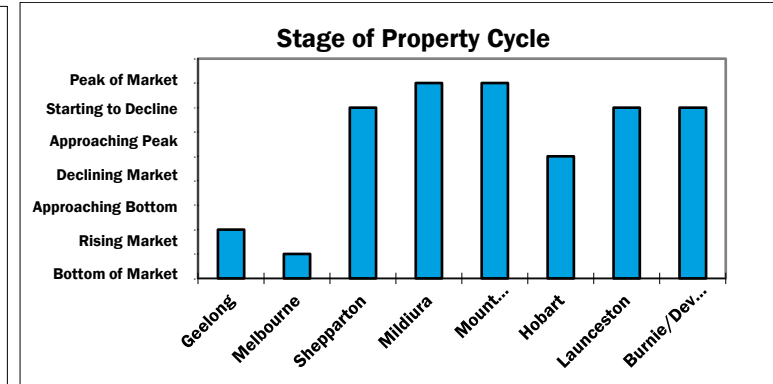
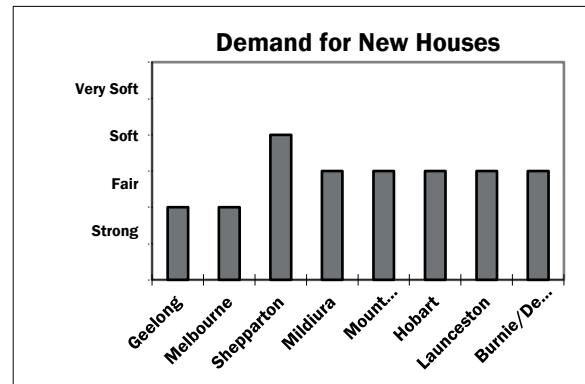
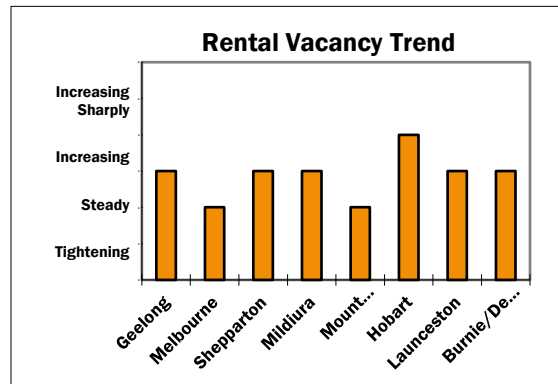
Victorian and Tasmanian Property Market Indicators – Houses

Month in Review | February 2024

Factor	Geelong	Melbourne	Shepparton	Mildura	Mount Gambier	Hobart	Burnie/Devenport	Launceston
Rental Vacancy Situation	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	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	Steady	Steady	Increasing	Increasing	Increasing
Volume of House Sales	Steady	Steady	Declining	Steady	Declining	Declining	Steady	Steady
Stage of Property Cycle	Bottom of market	Start of recovery	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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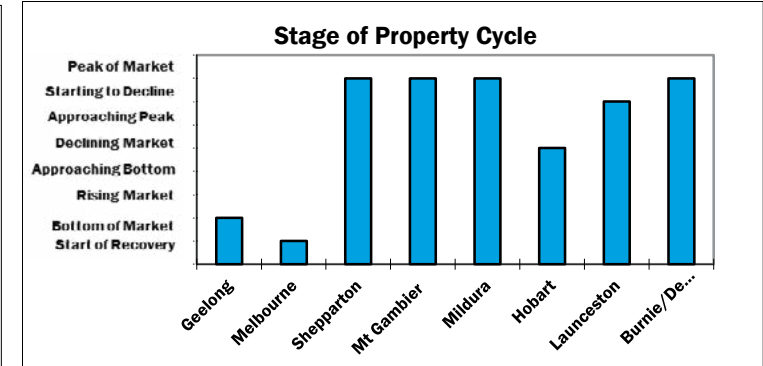
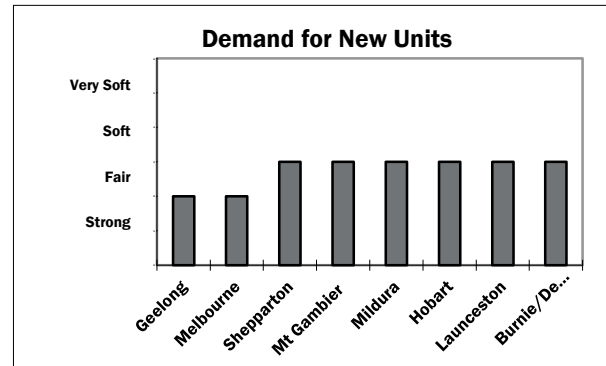
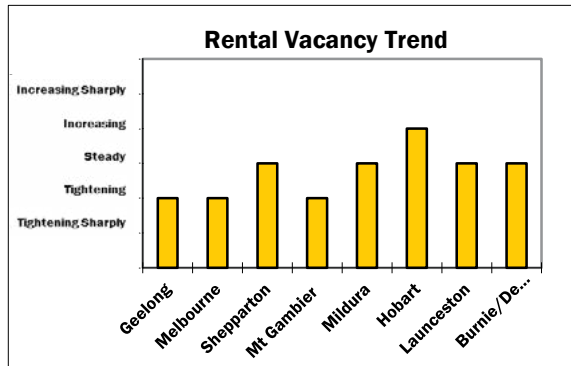
Victorian and Tasmanian Property Market Indicators – Units

Month in Review | February 2024

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	Steady	Steady	Steady	Declining	Steady	Steady
Stage of Property Cycle	Bottom of market	Start of recovery	Peak of market	Peak of market	Peak of market	Declining market	Starting to decline	Peak of market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Almost never	Occasionally	Occasionally	Almost never	Occasionally	Occasionally

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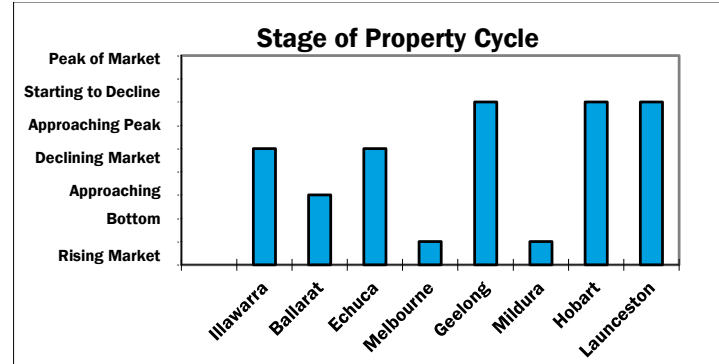
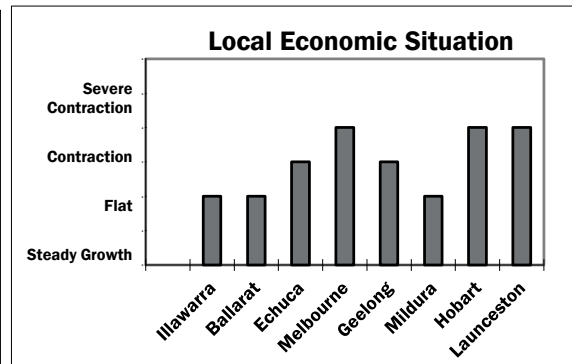
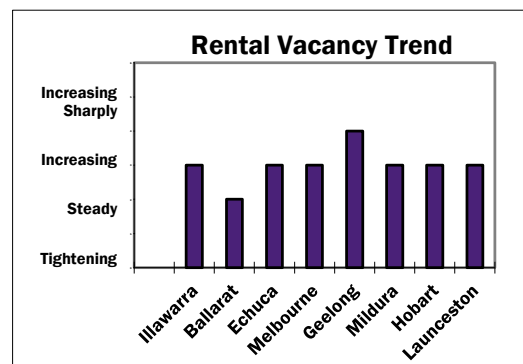


Victorian and Tasmanian Property Market Indicators – Office

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

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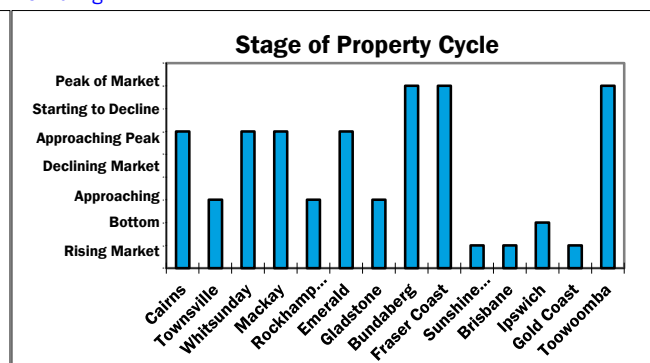
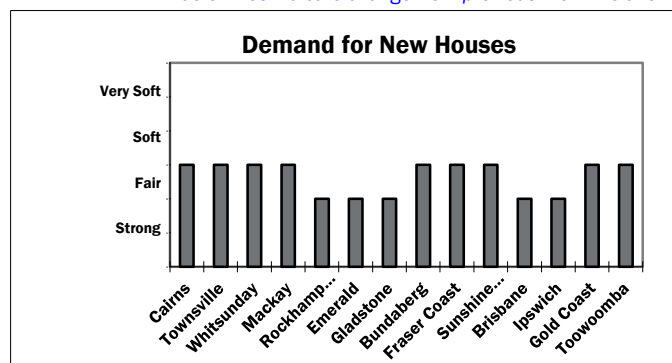
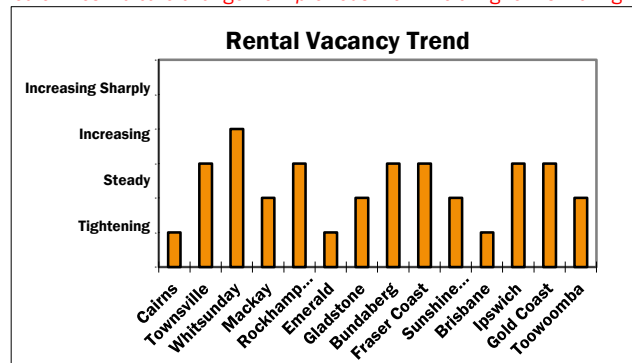
Queensland Property Market Indicators – Houses

Month in Review | February 2024

Factor	Cairns	Townsville	Whitsunday	Mackay	Rockhampton	Emerald	Gladstone	Bundaberg	Fraser Bay	Sunshine Coast	Brisbane	Ipswich	Gold Coast	Toowoomba
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	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 sharply	Steady	Increasing	Tightening	Steady	Tightening sharply	Tightening	Steady	Steady	Tightening	Tightening sharply	Steady	Steady	Tightening
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	Increasing	Steady	Steady
Volume of House Sales	Declining	Increasing	Declining	Steady	Increasing strongly	Steady	Increasing	Steady	Declining	Declining	Increasing	Steady	Steady	Increasing
Stage of Property Cycle	Approaching peak of market	Rising market	Approaching peak of market	Approaching peak of market	Rising market	Approaching peak of market	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	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Frequently	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally

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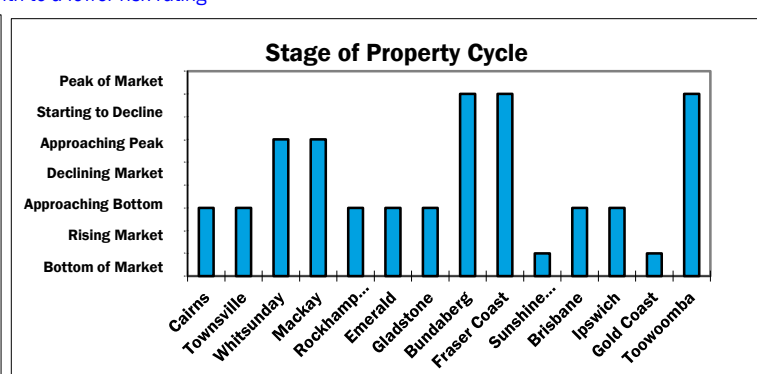
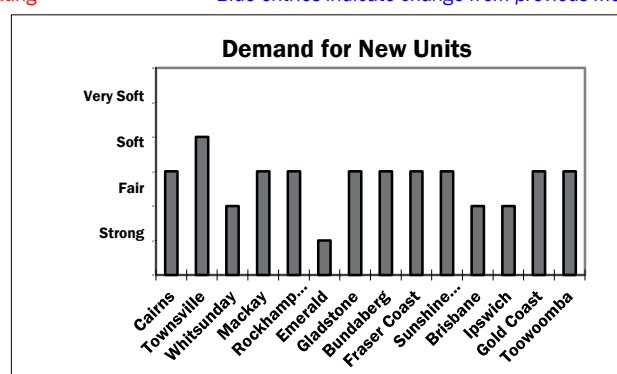
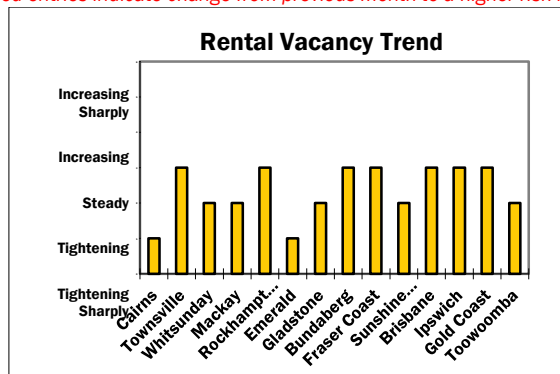


Queensland Property Market Indicators – Units

Factor	Cairns	Townsville	Whitsunday	Mackay	Rockhampton	Emerald	Gladstone	Bundaberg	Fraser Coast	Sunshine Coast	Brisbane	Ipswich	Gold Coast	Toowoomba
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	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 sharply	Steady	Tightening	Tightening	Steady	Tightening sharply	Tightening	Steady	Steady	Tightening	Steady	Steady	Steady	Tightening
Demand for New Units	Fair	Soft	Strong	Fair	Fair	Very 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	Rising 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	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally

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

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

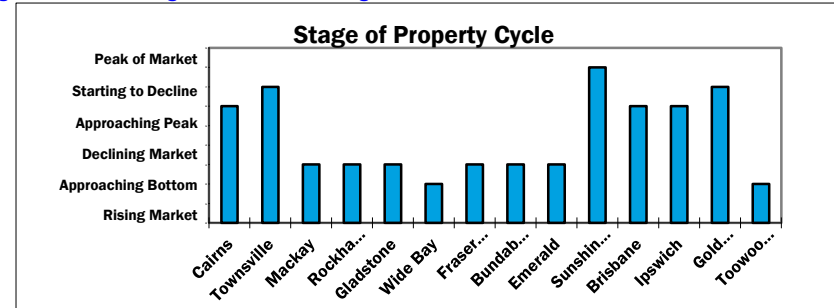
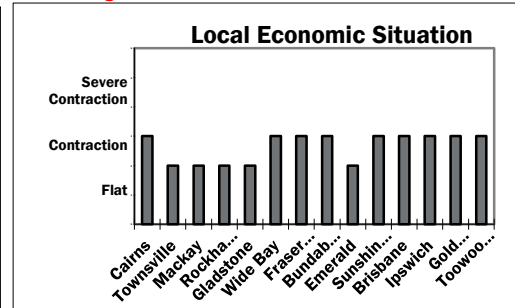
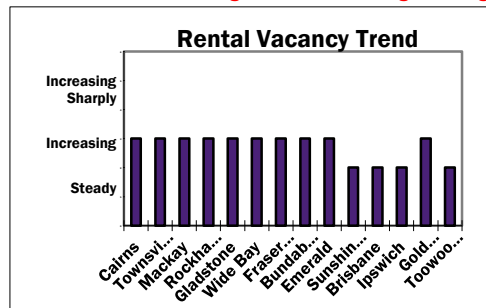


Queensland Property Market Indicators – Office

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

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

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



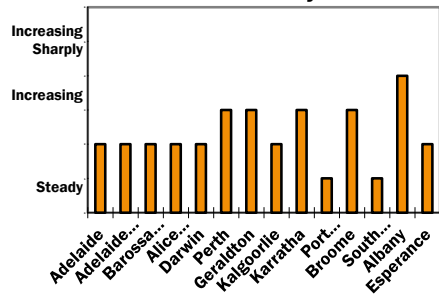
SA, NT and WA Property Market Indicators - Houses

Factor	Adelaide	Adelaide Hills	Barossa Valley	Alice Springs	Darwin	Perth	Geraldton	Kalgoorlie	Karratha	Port Hedland	Broome	South West WA	Albany	Esperance
Rental Vacancy Situation	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	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	Tightening	Tightening	Steady	Steady	Tightening	Steady	Steady	Tightening	Tightening sharply	Increasing	Steady
Demand for New Houses	Fair	Fair	Fair	Soft	Fair	Strong	Fair	Fair	Strong	Strong	Strong	Very strong	Soft	Fair
Trend in New House Construction	Increasing	Increasing	Increasing	Increasing	Declining	Steady	Declining	Declining	Declining	Declining	Declining	Declining significantly	Increasing	Declining
Volume of House Sales	Declining	Declining	Declining	Declining	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Increasing	Declining	Increasing
Stage of Property Cycle	Rising market	Rising market	Rising market	Peak of market	Peak of market	Rising market	Approaching peak of market	Rising market	Rising market	Rising market	Declining market	Peak of 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	Very frequently	Occasionally	Almost never

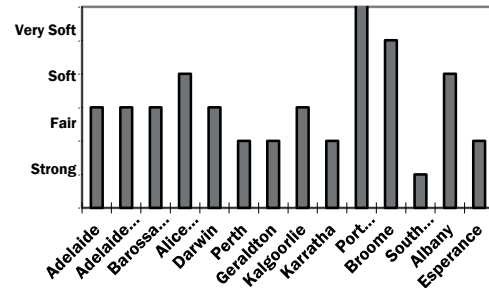
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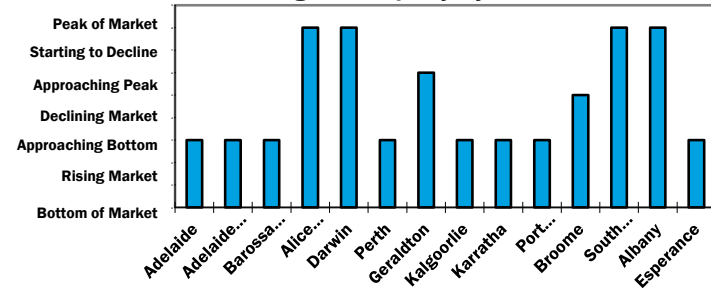
Rental Vacancy Trend



Demand for New Houses



Stage of Property Cycle

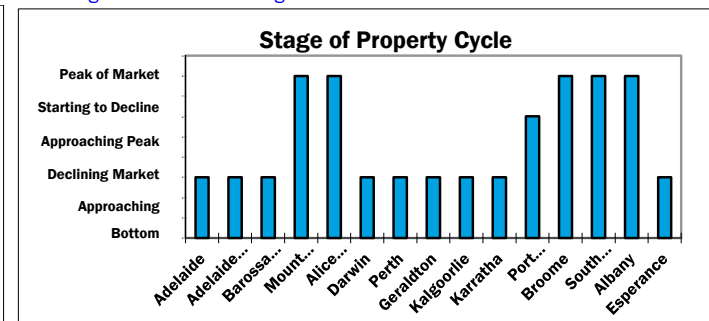
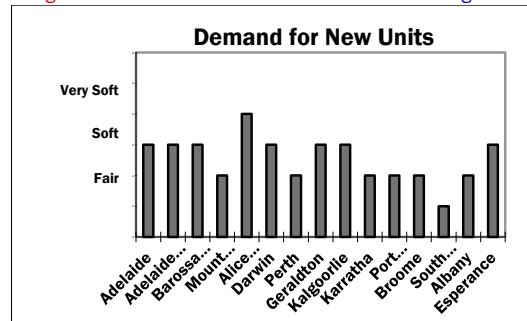
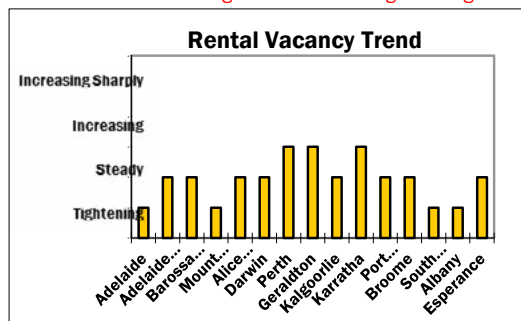


SA, NT and WA Property Market Indicators – Units

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	Very 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	Rising market	Rising market	Rising market	Peak of market	Peak of market	Rising market	Rising market	Rising market	Rising market	Rising market	Approaching peak of market	Peak of market	Peak of market	Peak of market	Rising market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Frequently	Frequently	Frequently	Occasionally	Almost never	Almost never	Occasionally	Occasionally	Occasionally	Occasionally	Almost never	Almost never	Very frequently	Occasionally	Almost never

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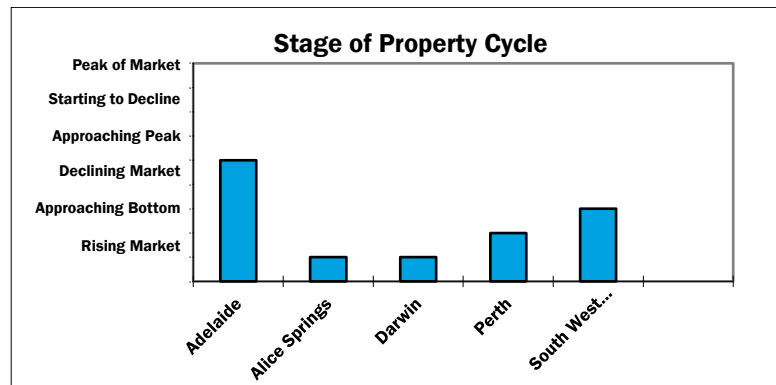
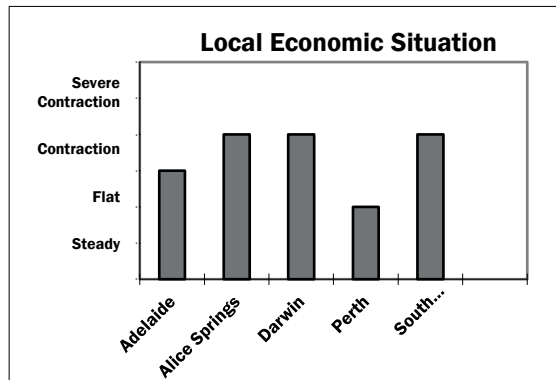
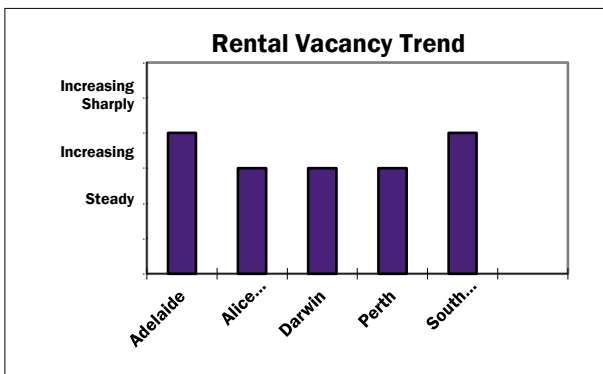


SA, NT and WA Property Market Indicators – Office

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

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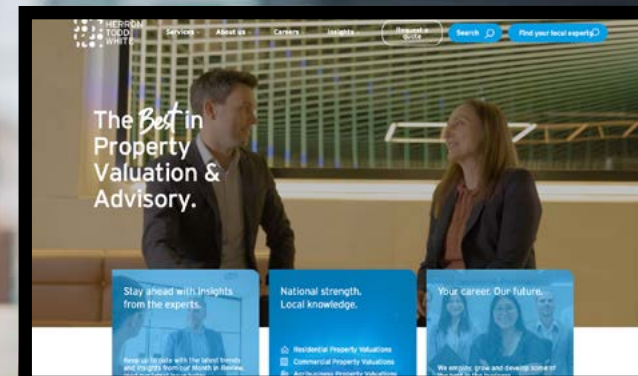
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