



Month in Review

Commercial - March 2024

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

CEO's address

Month in Review
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We are now almost a quarter of the way through 2024, which is normally the point each year when the property market establishes its level. This year, our teams report that in most centres, the same drivers that dictated market direction toward the end of 2023 will continue in the near term.

There was some speculation that property price growth may slow this year, but that hasn't come to pass yet. Analysis to the end of February shows almost every capital city has seen values rise in the past three months with Perth, Adelaide and Brisbane recording some extraordinary results. The enduring strength of these markets is well illustrated by our monthly property clock. Brisbane and Perth have been firmly entrenched in the Start of Recover/Rising Market quadrant since October 2023, while Adelaide has moved from what appeared to be a market peak in September back to being a Rising Market now.

It's relatively easy to see why there are higher real estate prices across most centres—there's simply too little supply to meet current and growing demand.

One of the primary reasons for this has to do with the economics of producing new housing. There are too many pockets across this country where the cost to deliver a new home to market makes little sense if a developer expects a reasonable return on their

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

investment.

A recent Herron Todd White presentation to the Mortgage & Finance Association of Australia showed the cost of building a home has increased dramatically in the past two years. We have reached a point where the disconnect between construction costs, property availability and established house prices is material, driving up the value of homes and acting as a disincentive to building new dwellings.

Unless the sizable gap between cost and value is addressed, there seems no short-term solution to the lack of supply. We need to either see prices increase by 20 per cent, or development costs reduce by 30 per cent if we want to incentivise developers toward creating more housing. And, of course, limited supply also feeds into low rental vacancies and increasing rents for most population centres.

The other factor is that we're unlikely to witness interest rates go up again anytime soon and if (or rather, when) they do come down, that will stimulate prices further.

This month, our residential section provides comprehensive coverage about investment opportunities throughout the country.

For our commercial property readers, it's time for

predictions about Australia's industrial real estate markets. Our teams give a comprehensive wrap on where they feel major markets will head as 2024 unfolds.

Finally, this month's Agribusiness section delivers an in-depth analysis of the nation's horticultural markets and sector performance.

Please enjoy our March 2023 edition of Month In review.

Gary Brinkworth
CEO



EXECUTIVE ADDRESS

It's relatively easy to see why there are higher real estate prices across most centres—there's simply too little supply to meet current and growing demand.



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National Industrial Overview

In the final Month in Review for 2023, I wrote that the industrial sector in Australia had maintained its resilience, albeit not as strongly as in 2021 and 2022. This was largely expected due to escalated borrowing costs causing a slowdown across the broader market, particularly impacting commercial yields. The major concern has arguably been the rapidity of the interest rate rises and uncertainty as to when they might stabilise. Throughout the year, it became apparent that owner-occupiers were the predominant buyers, seizing opportunities whilst investors grappled with elevated debt costs and their returns on investment.

Research reported that from the second half of 2019 to

Despite the ongoing imbalance in supply and demand, the industrial market remains the preferred sector for many investors.

mid-2023, the insatiable leasing demand for industrial property across the country saw the average industrial vacancy rate fall from circa 6.5 per cent to a mere 0.5 per cent. This sharp reduction in vacancy led to substantial and somewhat unprecedented hikes in rents.

However, we consider that the intensity of rental hikes is now abating as developers continue to add to the supply with speculative construction and several pre-committed projects being delivered. Analysis from across our capital city markets would suggest that this extreme rental growth will return to more normal levels throughout 2024 and along with this increased supply, it is likely that we will see vacancy rates increase in 2024, albeit only slightly from their record lows.

Over the past three years, both prime and secondary assets have been in high demand. However, as supply expands, providing more leasing opportunities, we anticipate a greater variance in levels of demand for prime and secondary assets. Essentially, core fundamentals are expected to return, with strategically located assets near major transport hubs continuing to be highly sought after.

Last mile assets will also continue to be highly sought after by e-commerce users as a significant portion of tenants require proximity to densely populated areas as this facilitates more efficient supply chain logistics.

This normalisation notwithstanding, certain regions of the country, such as Brisbane and Sydney, still face

significant land shortages. Coupled with challenges in construction costs and the feasibility of projects, delivering profitable supply remains a difficult task.

Despite the ongoing imbalance in supply and demand, the industrial market remains the preferred sector for many investors. With cautious optimism, I anticipate another robust year for the industrial market in 2024.



David Walsh
Retail Director

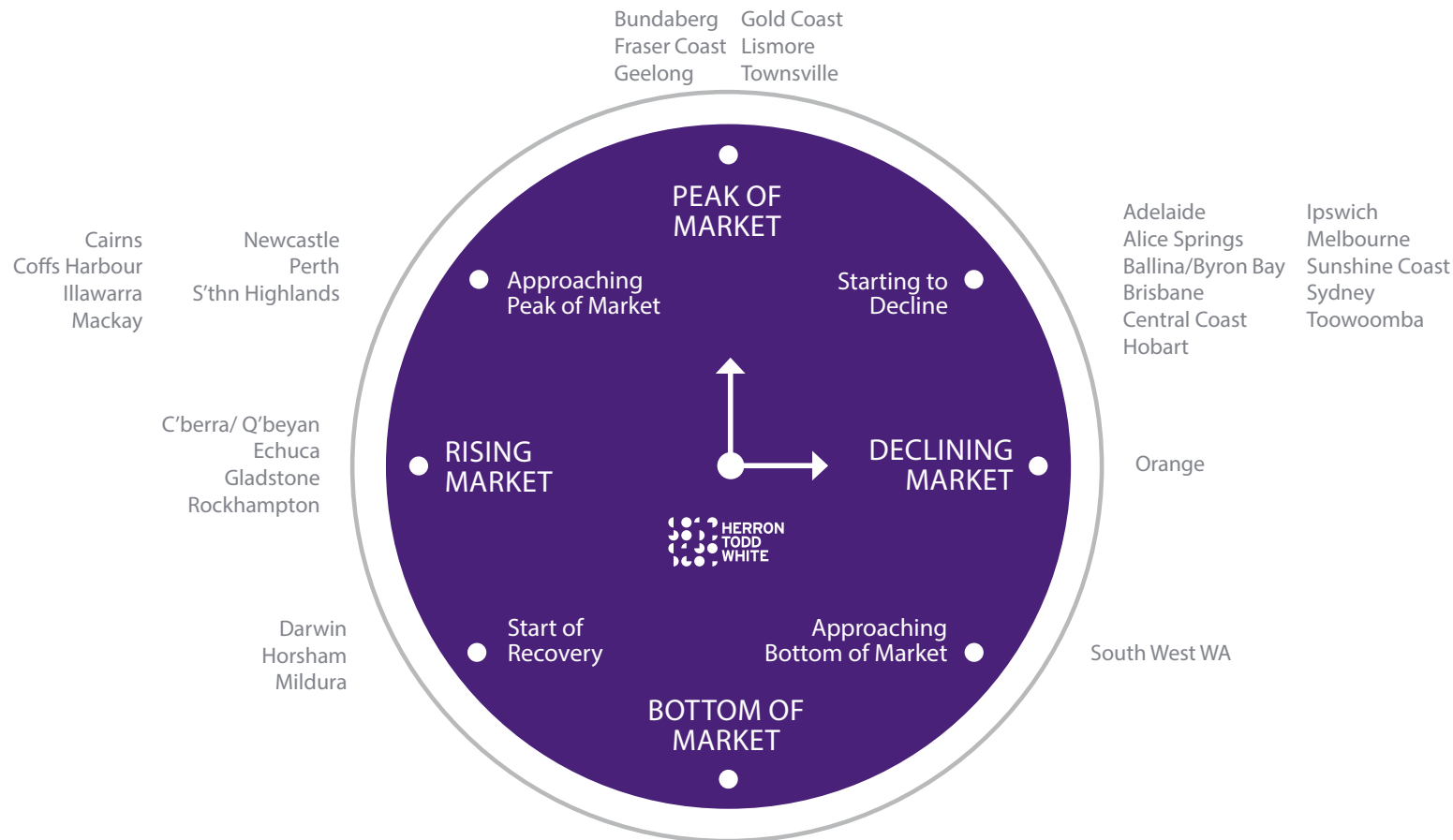
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National Property Clock: *Industrial*

Entries coloured purple indicate positional change from last month.



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New South Wales - Industrial 2024

Sydney

The industrial market was once again the strongest performing asset class for 2023. Capital values growth slowed but rental rate increases continued throughout most of the year. This increase in demand can be attributed to the lack of supply. Following such strong growth in 2022 there were signs last year that the market was slowing down and looking ahead to 2024 there are some potential headwinds.

The market is still largely underpinned by demand outstripping supply due to a lack of stock, particularly for Torrens title property and land. However, the increase in interest rates over the last year and the weakening of economic conditions have seen the market slow and demand soften.

It is likely that we will see the market continue to slow this year. There have been fewer transactions and feedback from agents is indicating that this trend will continue.

Rents in the industrial sector remained stagnant for quite a few years, particularly for secondary stock. Throughout most of 2023 we noted a distinct uplift in industrial rental values and demand. We consider inflationary pressure to also be a factor in increasing rental rates with some agents achieving rental rates higher than asking price. Our outlook for 2024 is further growth in rental rates albeit at a slower rate than 2022 and 2023. We forecast that rents are going to continue growing beyond 2024. Location is considered to be a prime factor in determining the demand and rate of rental growth.

We are now starting to see yields increase as demand



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slows and values start to come back. It is possible that this may result in some investors returning to the industrial market, but this could be hindered by weak economic conditions. Again, location is playing a big part in this market.

2024 will bring some headwinds to the industrial sector. The underlying supply issue will remain, but the lack of confidence in the market and the economy will see buyers hold back. It is very much a case of wait and see.



Angeline Mann
Commercial Director

Newcastle

The industrial market in the greater Newcastle region continues to be directly impacted mostly by supply. In short, there is not much in terms of supply. Agents are telling us this throughout the region. The inner-city precincts continue to turn over, albeit more slowly than they have in the past, but again this is a supply issue. The demand is certainly out there.

As we progress further into 2024 it's worth taking the time to look more to the outer precincts, in particular those with direct freeway access. As the region becomes a true secondary hub for transport operators, the outer precincts (such as Morisset and particularly Heatherbrae) are becoming increasingly

attractive to prospective investors. The extension of the M1 from Hexham to Heatherbrae is a significant infrastructure project that plans to take out the bottleneck between the end of the M1 and the Pacific Highway northbound. There has been a significant industrial land release in Heatherbrae with most lots taken up immediately after being released. Over the last two years land rates have almost doubled, and in some cases more than doubled.

We note a mix of stand-alone and strata developments in this new section of this precinct. The issue that developers face now is that the cost of building has gone up across the board. It is easy to anticipate that once building commences in Heatherbrae it will not take long to be filled with users looking for prime freeway access, and that will likely come at a premium.

Regionally, we are still seeing small strata units and small stand-alone buildings selling at a 4.5% to 5.5% yield. For the larger style properties, we are seeing that assets offered with longer WALEs are in high demand.

The industrial market in the region continues to gather steam and push forward. The lack of stock is not dampening the appetite for investors to get into the Newcastle market, and we expect these conditions to continue.

Scott Beker
Valuer

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Wollongong

We expect to see some stabilisation in the industrial segment as the market simply runs out of steam after an astounding period of growth over the last five years. The pace of price and rental growth is simply expected to taper.

While some heat is projected to come out of the market, we certainly don't expect to see declines in this asset class as there is no significant new supply hitting the market. Options for purchasers and tenants will continue to be limited while a strong local economy will ensure the demand side remains intact. Pressure will continue to be on the upside while the fundamentals are clearly so skewed.



Scott Russell
Director



Victoria - Industrial 2024

Melbourne

Now the Australian community has moved past the COVID-19 pandemic, it has since been hit with slight economic unrest with severe inflationary pressures, meaning sustained interest rate hikes have lowered the outlook for growth across the board.

This current environment of higher interest rates and inflated construction costs has led to a slowing in sales volumes. Much of the current available industrial warehouse space is still under construction with very limited existing stock on hand. In saying that, the market did see a record year for development completions in 2023, meaning we did see that imbalance somewhat corrected, solving the undersupply and in turn lowering levels of demand. The flow on effect meant we saw industrial vacancy rates rise for the first time in five years in the second half of 2023 and they are expected to climb further in 2024 due to a combination of weaker demand and more warehouse supply becoming available in most markets. It is important to note that despite this increased supply, most markets remain well below historical vacancy levels.

The average national vacancy rate rose to 1.1 per cent, from 0.6 per cent over the first half of the year, whilst in the second half of 2023 the vacancy rate in Melbourne was the highest in Australia with a rate of around 1.6 per cent. As these rates rise further in 2024

it is hard to see them reaching four per cent which is seen as the market equilibrium where demand meets supply. As such we expect we'll continue to see capital values rise. Alongside the tightening of vacancy rates, prime industrial rents have surged as occupiers have competed for limited available space close to urban centres.

Rents are likely to further rise in 2024, albeit at a more moderate pace, providing relief to tenants who have dealt with rental increases of close to 40 per cent over the last two years. When looking at other economies and their prime industrial markets it's evident that when comparing Australia's industrial markets on a like-for-like basis, Melbourne sits in the middle of the range, indicating scope for continued rental rate increases on the back of further population growth and ongoing supply shortages.

Whilst the industrial market in Melbourne is ranked one of the best in the world, it's important to note that there are certainly some assets that investors should look to avoid. Those assets generally sit within the secondary industrial sector. They may include properties with access issues and poor ingress/egress, poor clearance, properties with high office to warehouse ratios in markets which generally have no requirement for such a ratio, and development sites with potentially costly asbestos removal requirements prior to any major redevelopment process.



Nick Michael
Director

 Alongside the tightening of vacancy rates, prime industrial rents have surged as occupiers have competed for limited available space close to urban centres.

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Queensland - Industrial 2024

Brisbane

Throughout 2023, the Brisbane industrial sector once again outshone its retail and office counterparts. Activity was quite a bit down on the previous two years which was no real surprise when considering the macro challenges that influence our markets. Throughout the year, owner-occupiers emerged as the primary buyers, capitalising on opportunities while investors grappled with high debt costs and diminished returns.

Like the rest of the nation, Brisbane faced a significant shortage of available space, driven by strong uptake and limited new developments. Looking ahead, we anticipate a slowdown in uptake relative to previous years, signalling a return to more typical levels. As market conditions stabilise, we expect to see varying levels of demand for both prime and secondary assets.

However, Brisbane continues to face a land shortage, with new estates commanding rates exceeding \$600 per square meter. Despite considerable rental gains, the feasibility of such projects is in question.

In 2023, Brisbane witnessed a market adjustment, with yields softening due to increased debt costs. While larger players adopted a cautious approach, private investors, including wealthy individuals and family offices, were keen to find reasonably priced assets. Yields in the Brisbane market have settled in a range between 5.75% and 6.75%, depending on factors such as asset type, lease structure, and potential reversion. There are of course exceptions either side of this.

The TradeCoast remains the dominant industrial precinct, with rents for modern prime buildings typically ranging from \$175 to \$250 per square metre in the sub-5000-square-metre market. The opportunities within the market tend to centre on assets that are under-rented with short term reversion upside and those with a low site coverage allowing further development potential. These are few and far between and are often traded in off market environments.

Despite persistent supply-demand imbalances, the industrial sector remains the preferred investment choice for many. With cautious optimism, we anticipate another strong year for the industrial market in 2024.



David Walsh
Director

Gold Coast

After a period of rapid growth, industrial land value rates across the central Gold Coast have shown signs of stabilization, however challenges persist as elevated build costs continue to exert pressure on project feasibilities. Notwithstanding this, we expect to see the industrial market across the central region maintain its robust stance throughout 2024, buoyed by restricted supply and sustained demand.

One of the defining features of the industrial landscape in the region is the anticipated stability in the rental market. Following two years of rapid growth propelled

by an undersupply of rental accommodation, rental rates have reached historically high levels. Small modern industrial units are fetching impressive rates of \$300 per square metre net, while small to medium-sized modern freestanding industrial buildings are commanding rates upwards of \$200 per square metre net.

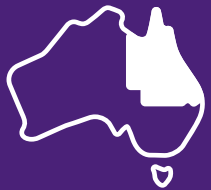
Despite the overall strength, there are notable shifts within specific sub-markets. The demand for new strata industrial products, including warehouse and self-storage units, witnessed a moderation in 2023 after years of robust performance. This trend is expected to persist into 2024, with the rate of sale for several new projects reportedly slowing down. Economic headwinds and costly borrowing conditions have contributed to this slowdown, particularly impacting the investor market segment.

The industrial market on the southern Gold Coast and Tweed Shire reached unprecedented heights in 2023, characterized by record levels of activity. As the market matures, indications point towards a slowing growth rate, however we are still hearing reports of record sale prices on almost a weekly basis.

Currently, opportunities to purchase industrial assets at a reasonable return based on prevailing borrowing rates are scarce. This scarcity has prompted buyers to shift their focus towards investment strategies centred on capital growth. While this trend reflects a strategic response to market conditions, it also highlights the growing emphasis on long-term value appreciation within the investor community.

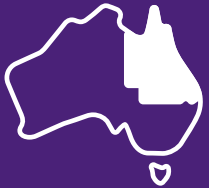
As the landscape evolves, boutique developments of smaller sizes are expected to gain prominence. With

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With cautious optimism, we anticipate another strong year for the Brisbane industrial market in 2024.



medium and large sites becoming less readily available, developers are pivoting towards smaller-scale projects to capitalize on available opportunities. The exception to this would be the Yatala Enterprise Area in the city's north, where there is a steady supply of land being delivered to the market catering for larger floor plates; this market remains dominated by owner-occupiers and "build to hold" investors.

While the overarching market remains strong, stakeholders are navigating a landscape marked by shifting demand patterns, evolving rental dynamics, and persistent cost pressures. As the year unfolds, stakeholders will need to remain agile and responsive to emerging trends to capitalize on opportunities and navigate challenges effectively.



Ryan Kohler
Director

Sunshine Coast

One thing that is set to remain unchanged in 2024 is the lack of supply in the Sunshine Coast industrial market. As demand soared throughout 2021 and 2022, a lack of available land became a concern. Supply of industrial land is likely to remain constrained in the short to medium term which is likely to bolster values for both vacant land and improved properties.

As interest rates have increased, investors have generally re-calibrated their appetite for yields based on higher borrowing costs. New/modern facilities with strong lease covenants to national tenants appear to have remained highly sought after by the investment market. Yields have however softened for second grade assets that have weaker lease profiles and/or compromised physical attributes. Owner-occupiers are likely to remain the dominant buyer profile in light of current interest rates and lack of supply, often paying premiums over



The Rockhampton industrial market continues to experience growth, driven by ongoing civil and construction projects in the region.

and above investors.

Low levels of supply and persistent demand have also placed upward pressure on rental rates. Rental rates are likely to remain strong however the rate of increase may ease as rental affordability is put to test.

Various agents have begun to report an uptick in activity and certainty from potential purchasers which aligns with early commentary that the RBA may look to cut interest rates in the latter part of 2024/early 2025. Although this remains an uncertainty, the lack of supply across the Sunshine Coast industrial market is likely to underpin values and rents throughout 2024.



Jaydon McDowell
Associate Director

Rockhampton

The Rockhampton industrial market continues to experience growth, driven by ongoing civil and construction projects in the region. Factors such as rising replacement and construction costs, coupled with a limited supply of industrial assets, are contributing to the upward trend in property values. This trend is expected to continue throughout 2024.

Rents have been increasing and remain robust for high-quality industrial accommodation, with the rise particularly evident in established industrial areas such as Kawana and Parkhurst. Alternatively, emerging decentralised industrial areas such as Gracemere, offer more affordable rental rates.

Owner-occupiers continue to be active in the market, particularly in transactions valued up to \$2 million.

This activity is anticipated to persist as businesses recognise the long-term benefits of establishing operations in the region. Investors, both local and interstate, are also showing interest due to the region achieving higher yields when compared to comparable assets in larger cities. There are notable properties under contract, which demonstrates the continued interest from owner-occupiers and investors alike.



Richard Dunbar
Valuer

Cairns

The industrial market has seen significant value increases over the past two years and values are now at record levels with the market very heated overall.

There is pent up demand for all forms of industrial property and very limited stock available either in the prime industrial precinct of Cairns or industrial estates to the north and south of Cairns.

The smaller and more affordable commercial market is dominated by owner-occupiers with agents advising strong buyer activity and pent-up demand in the sub-\$2 million market (particularly the sub-\$1 million industrial space).

Pure investment stock is limited, however properties in the sub-\$2 million space typically achieve higher value levels if sold with vacant possession unless offered to the market with a quality lease covenant.

New small industrial strata complexes are being advertised and reportedly obtaining interest at

\$3500 per square metre with settled sales upward of \$3100 per square metre. There is no stock available at present in the Cairns region however there are several developments in various stages which should ease demand in this sector to some degree in the coming six-to-12 months.

Site values have increased substantially over the past 24 months due to a near total lack of vacant land stock, and it is assumed this will correlate to higher unimproved values (and associated land tax) moving forward. This along with increased insurance premiums may negatively impact net incomes in the future.

It is difficult to gauge how market conditions will fare in the coming 12 months. Overall, the market is very heated and considered to be nearing or at its peak.

While economic conditions suggest market softening, we consider the limited availability of industrial land, high land values and high building costs will result in property maintaining reasonably high values in the short term.



Shane Quinn
Director

Gladstone

The Gladstone industrial market is experiencing similar trends to its Central Queensland counterparts, with growth driven by ongoing civil and construction projects in the region. Factors such as escalating replacement and construction costs, alongside a limited supply of properties, are placing upward pressure on values and rents for the right properties. This trend is expected to persist throughout 2024.

Richard Dunbar
Valuer

Wide Bay

The Wide Bay industrial market remained relatively resilient throughout 2023. There is a broad array of planned infrastructure projects that should they proceed will add to an interesting year combined with a period of high interest rates and seemingly slowing residential construction.

As of early 2024, demand for industrial tenancies is still relatively strong with low vacancies across the market. We also note that there are very few larger industrial tenancies available. 2024 will see industrial stock added to the market, particularly in Hervey Bay which is likely to test market demand at a higher gross rental rate price point.

The rising cost of funds (interest rate rises) from 2022 into 2023 has significantly slowed market activity due to debt serviceability requirements. However, due to a variety of factors such as limited available built industrial land, construction costs and low vacancy rates, there has been reasonable rental growth that appears to have offset marginal yield increases.

A hot tip to avoid in 2024 would be assumed gross rental growth. Tenants may not always be able to afford to pay the rental increase. Contrary to this, CPI or fixed review mechanisms are often poor indicators of how a regional property market is performing and a landlord may under-rent their tenancy. Always compare your tenancy to recent market evidence and consult a qualified, registered valuer if you would like more advice.



Ben Harnell
Associate Director

Mackay

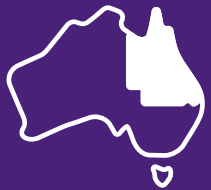
Recent major industrial property sales in Paget are summarised as follows:

- 10 Len Shield Street sold on 20 November 2023 at \$3.018 million to show an analysed market yield of 7.00% with an unexpired lease term of 4.61 years;
- 17-23 Centurion Drive sold on 20 November 2023 at \$3.45 million to show an analysed market yield of 7.00% with an unexpired lease term of 4.88 years and;
- 13 Margaret Vella Drive sold on 7 December 2023 at \$3.5 million to show an analysed market yield of 7.06% with an unexpired lease term of 4.73 years.

Some long-term owners have decided that now is a good time to sell, especially if new five-year lease terms have been agreed to provide buyer confidence and optimise the sale prices. This is indicative of a strong market benefiting from favourable regional economic conditions. Short of any unexpected adverse economic impact, we expect that rents, values and yields will remain steady throughout 2024.



Gregory Williams
Director





Townsville

While we don't have a crystal ball, we can analyse the past year and overlay that with broad level predictions, both property and economic.

The Townsville industrial market started strongly in 2023 although demonstrated some plateauing in the later stages of 2023. This is expected to remain the same in 2024. We will continue to see some quality sales subject to market fundamentals albeit at a predicted slower pace.

With the continued activity in the mining and resources sector, we anticipate continuous growth in the support services industry although we also see potential in the engineering and manufacturing space. Established areas such as Shaw, Bohle and Mount St John are seeing continued focus although large-scale land development in the Cleveland Bay Industrial Park revealed strong local, state and national commitment towards the road transport, logistics and warehousing sectors throughout 2023.

Continued rising interest rates in the last half of 2023, combined with tighter lending policies, are expected to temper attitudes and slow property price growth into 2024. That said values will be bolstered by a strong Townsville economy underpinned by positive market drivers in the mining sector, government infrastructure projects, Defence, jobs growth, a tight rental market and low unemployment.

That latter half of 2023 saw sales analysing between 6.0% and 8.5% yield which is expected to continue in 2024. Gross industrial rental agreements for larger/older industrial assets continue to be struck at \$110 per square metre to \$150 per square metre (or more) as a result of rising cost pressures.

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

Townsville's industrial market sector is well placed for continued outperformance compared to the retail sector, by proportionate volume. We anticipate reasonable demand and activity in the first half of 2024 although at a less frenzied pace in the face of easing business confidence, resource constraints, inflationary pressures, and ongoing interest rate concerns for both owner-occupiers and investors alike.



Jamison Sayce
Associate Director

Darling Downs

Toowoomba's industrial market is considered strong. There continues to be strong demand for secure investment properties with cashed up investors still active in the market. In 2023 yields were still firm despite the recent interest rate rises. A softening of investment yields is likely in 2024 following the trend in metro locations.

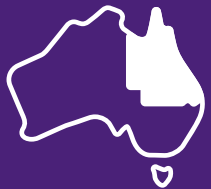
The owner-occupier market is also robust. A decline in the supply of vacant land and the increase in construction costs have resulted in a modest increase in values over the past year for vacant properties. This trend will likely continue in 2024 especially for smaller to mid-size facilities.

Leasing demand is moderate with many occupants seeking to buy rather than lease.

The major activity of note in the Toowoomba industrial market is the relocation of a number of existing businesses currently located in the city into new facilities being constructed in the Charlton Wellcamp Enterprise Area. These firms have outgrown their existing properties and will relocate to larger purpose-built facilities. This will create a number of vacant industrial properties in the Toowoomba market that should become available for sale or lease in the near future. Two buildings have been placed on the market and one is reportedly under contract.

The new South-East Queensland Regional Plan has included additional industrial land within the Charlton/Wellcamp area, indicating the long term requirement for industrial growth.

The demand for vacant industrial land in the western suburbs remains high but the decline in supply has



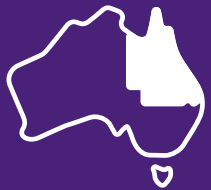
We would anticipate reasonable demand and activity for the Townsville industrial market in the first half of 2024 although at a less frenzied pace in the face of easing business confidence, resource constraints, inflationary pressures, and ongoing interest rate concerns for both owner-occupiers and investors alike.

resulted in a slight rise in values for smaller to mid-sized lots. Acre lots are achieving between \$150 and \$200 per square metre. The supply of vacant lots is expected to increase with a new subdivision in Torrington to be completed in 2024.



Ian Douglas
Director

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South Australia - Industrial 2024

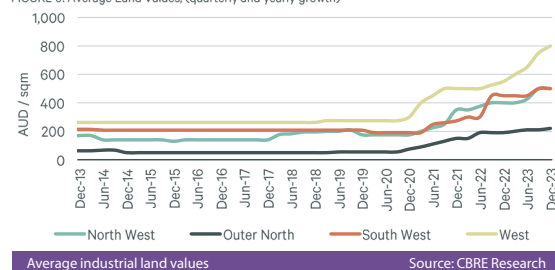
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Adelaide

The Adelaide industrial market has experienced unprecedented levels of growth attributed to limited supply, heightened demand as well as investors' appetite to jump into the market. Adelaide has experienced a vast shortage of available industrial land within inner-metropolitan areas which has led to an emergence of outer-metropolitan industrial precincts. We project that land values will continue appreciating over the year with developers seeking out precincts such as the Vicinity Industrial Base located within Direk approximately 25 kilometres north of the Adelaide CBD. Outer Northern Adelaide is being fuelled by its ease of accessibility and cost-effectiveness with metropolitan counterparts as identified below.

FIGURE 9: Average Land Values, (quarterly and yearly growth)



We are anticipating the further supply introduced intermittently throughout 2024 will help ease the supply shortage. Many of these soon-to-be introduced projects comprise Community-Titled, entry-level style tenancies typically of a floor plate circa 150 to 200 square metres of lettable area. These new developments are continually being quickly absorbed by the market from predominantly owner-occupiers with many having been

We have witnessed a softening of yields and expect this to continue over the year to reach more sustainable levels within the market.

displaced from compulsory acquisitions along South Road and other affected areas.

Local agents have stressed the ease of leasing and selling these smaller-scale warehouses. Limited uses of incentives are often required to attract tenants whilst still achieving strong rents. We expect this trend to continue throughout the year as new supply is seemingly still below the required levels to fulfil demand. Rents are anticipated to continue increasing over the course of the year albeit at a slower and more manageable rate when compared to the recent unprecedented increases. We have witnessed a softening of yields and expect this to continue over the year to reach more sustainable levels within the market.

There has been limited evidence of industrial investment sales which suggests that investors have adopted a wait and see approach as interest rates and inflation are expected to ease. Many commentators have already suggested we will have more clarity regarding the nation's economic outlook as 2024 progresses, and this may provoke some speculative investment toward the latter half of the year.

Opportunities present themselves in the market in different ways. The entry-level warehouses previously discussed come at an attractive price point for local investors. While occupiers might currently be pricing out investors as they scramble to find accommodation, we are expecting this to eventually ease which may present more viable opportunities to get into the market.



Chris Winter
Commercial Director

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Western Australia - Industrial 2024

Perth

The industrial property market in Western Australia began the 2024 calendar year at the peak of the sector's property cycle. Last year proved to be highly prosperous for the sector. The question remains: can this performance be sustained in 2024?

We expect leasing demand for industrial premises to remain firm especially for newly built high specification facilities with such properties in limited supply.

Face net rental rates (i.e. before any incentives) for such premises have achieved circa \$150 per square metre per annum of GLA and it will be interesting to see if these rental rates can be maintained. The local industrial market hasn't experienced rental rates at these lofty heights since circa 2012.

There is limited new land to be released in the Perth metropolitan region this year, hence industrial land values are more than likely to continue their upward trajectory. Of the limited land releases that are coming to market of particular note is the Orion Industrial Park being developed by DevelopmentWA which encompasses 95 hectares of land at the northern end of the wider Latitude 32 redevelopment area.

We are also likely to see an increase in the number of acquisitions of older, sub-par facilities in core industrial estates for redevelopment.

Given a lack of suitable stock in the core precincts we witnessed a rise in the number of new projects in peripheral, previously shunned secondary locations such as Neerabup and Forrestdale and we expect this movement to maintain pace.

Infrastructure projects, such as Metronet, are likely to play a pivotal role in shaping the outlook for the industrial property market this year, unlocking new opportunities.

Activity in the owner-occupier market should remain steady given the limited stock of large scale and quality premises available which has been compounded by construction industry challenges.

Construction material supply chain disruptions and labour shortages have contributed to a pronounced escalation in build costs (up to 50 per cent in some instances) and often delays in project timelines.

Signs are slowly emerging that costs may have finally plateaued which is welcome news for developers, and we may witness a lift in construction activity later in the year.

We expect demand for securely leased, newly constructed built-form industrial property to remain strong during 2024, buoyed by eastern states-based investors.

The impact of a spate of interest rate rises in the latter half of 2022 that continued into 2023 significantly increased the cost of debt funding in comparison to the low interest rate environment that prevailed in the post COVID-19 pandemic period.

The significant yield compression that occurred over the 2021/early-to-mid 2022 period began to soften as investment returns needed to increase in order to offset the significant increase in the cost of debt.

Discussions with several industry participants suggest a disparity over yield expectations between buyers and

sellers has emerged which will continue to limit the number of transactions.

We suspect the market will be keeping a close eye on the RBA in the coming months. Despite a growing chorus that easing inflation and a slowing macro-economy will open the door to rate cuts later in the year, inflation remains well outside the RBA's target band.

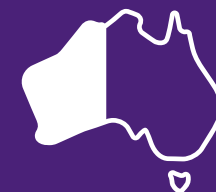
This hint of economic uncertainty amidst geopolitical tensions and environmental concerns may influence investor sentiment and market dynamics.

Nevertheless, at present the Western Australian industrial property market, against a background of a resilient mining and resources sector, finds itself in a strong position. The lack of supply in the market, both in respect of development-ready land and contemporary built-form facilities, is likely to hold the key to the sustainability of the industrial market performance for the remainder of 2024.



Greg Lamborn
Director

Month in Review
March 2024



COMMERCIAL
- INDUSTRIAL

Northern Territory - Industrial 2024

Darwin

The Darwin industrial property market last went through a boom period 10 years ago, when the construction phase of Inpex was in full swing. However, in 2015 the "Inpex cliff" materialised, with many businesses downsizing significantly or leaving the Territory once their construction contracts were completed. The Darwin industrial property market was especially hard hit, with some market segments such as vacant land still nowhere near the value levels of 2014 due to oversupply.

But are we on the cusp of the next surge in demand? There are some indications we may well be, with several major projects finally nearing fruition. These include on-shore gas in the Beetaloo basin, development of the off-shore Barossa gas field by Santos and the progress being made on the Middle Arm Sustainable Development precinct to support these and other industries.

Of course, reliance on major projects such as these does carry a level of inherent risk. For example, Core Lithium has recently suspended mining at Finiss River due to unfavorable market conditions.

Other projects have held promise for some time but are inching towards development. Any one of these major projects could have significant benefits to not only the industrial property markets, but also to the Territory itself. For example, the development of on-

shore gas resources would see royalties flow to the NT Government, rather than the current situation with off-shore gas, where these royalties are captured by the Commonwealth.

Market sentiment appears to be more positive than it was 12 months ago. The limited supply of quality industrial space around Darwin is seeing increased competition from tenants. Whilst this is somewhat anecdotal at this stage, we do expect this trend to continue over the next 12 months, translating to stronger rents in this market segment. However, older stock will probably remain less competitive.

Value levels for Darwin industrial property have not increased post-Covid to anywhere near the same extent as other capital levels. A stimulus in demand due to major projects, along with the high cost of construction for new projects, could well see this long-suffering sector enjoy some economic sunshine in 2024.



Terry Roth
Director

Market sentiment appears to be more positive than it was 12 months ago. The limited supply of quality industrial space around Darwin is seeing increased competition from tenants.

Month in Review
March 2024



COMMERCIAL
- INDUSTRIAL



Property Market Indicators

March 2024

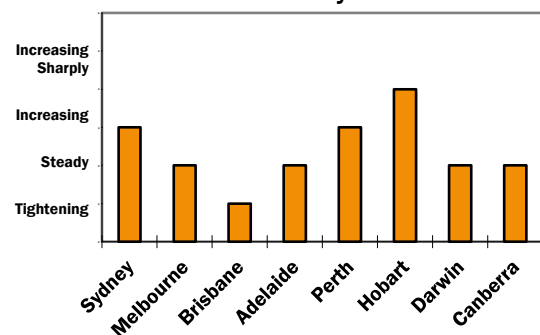
Capital City Property Market Indicators – Houses

Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Shortage of available property relative to demand
Rental Vacancy Trend	Steady	Tightening	Tightening sharply	Tightening	Steady	Increasing	Tightening	Tightening
Demand for New Houses	Fair	Strong	Strong	Fair	Strong	Fair	Strong	Strong
Trend in New House Construction	Steady	Increasing	Steady	Increasing	Declining	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

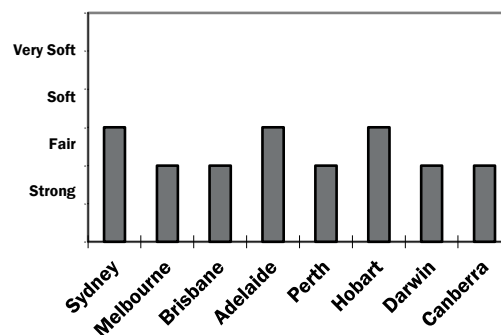
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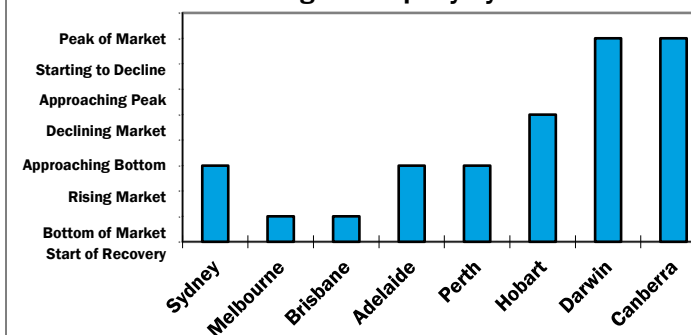
Rental Vacancy Trend



Demand for New Houses



Stage of Property Cycle



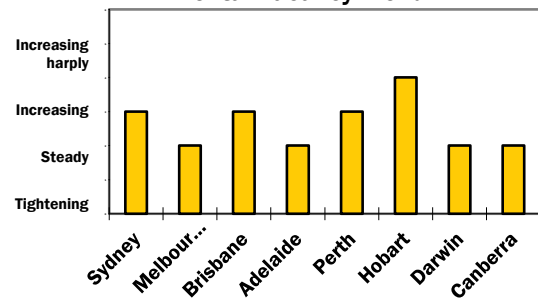
Capital City Property Market Indicators – Units

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	Soft	Fair	Fair	Fair
Trend in New Unit Construction	Increasing	Steady	Increasing	Increasing	Increasing	Increasing	Declining	Declining
Volume of Unit Sales	Increasing	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

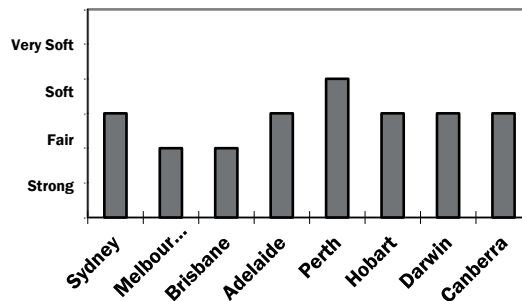
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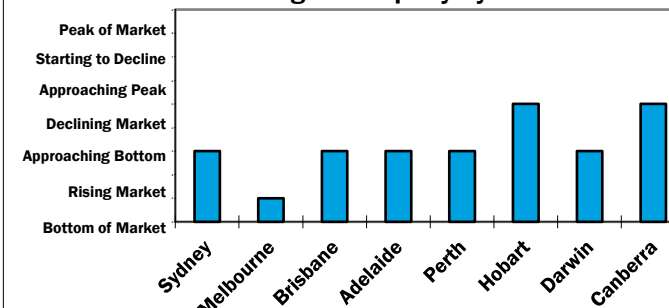
Rental Vacancy Trend



Demand for New Units



Stage of Property Cycle

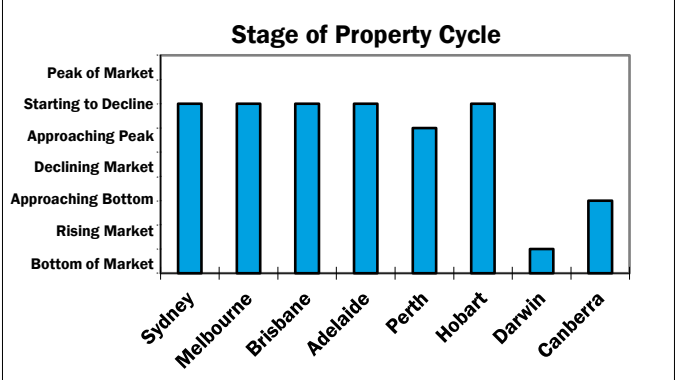
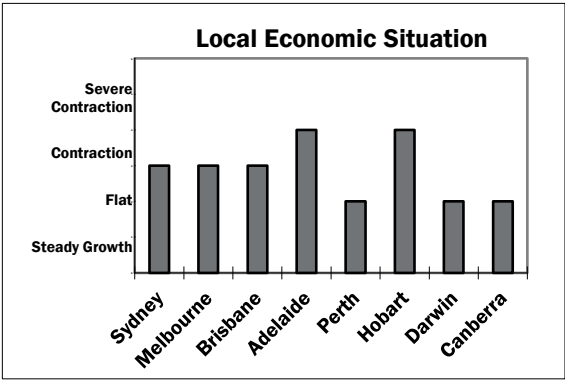
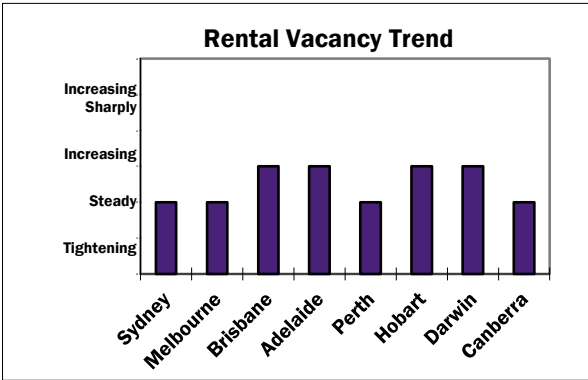


Capital City Property Market Indicators – Industrial

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

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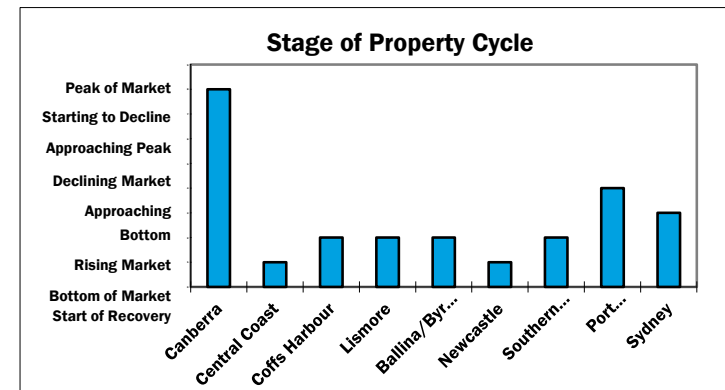
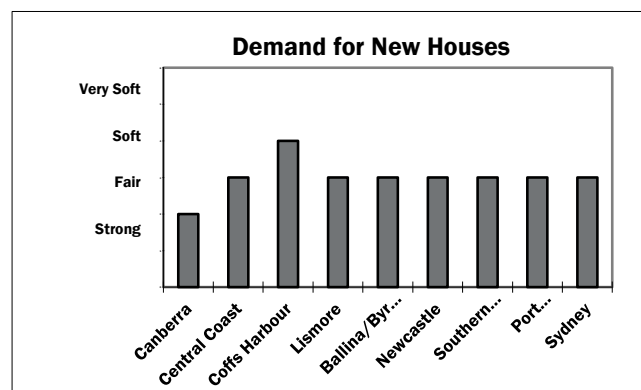
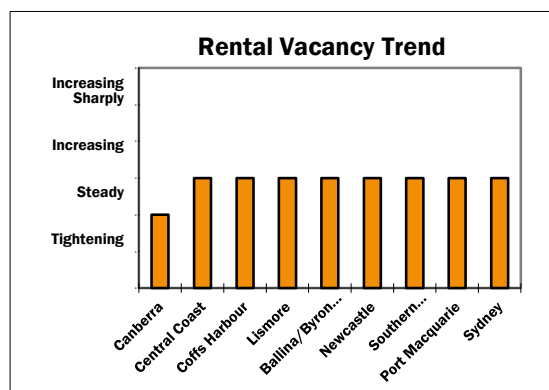


East Coast New South Wales Property Market Indicators – Houses

Factor	Canberra	Central Coast	Coffs Harbour	Lismore	Byron Bay/Ballina	Newcastle	Southern Highlands	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	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	Steady	Steady	Steady	Steady
Demand for New Houses	Strong	Fair	Soft	Fair	Fair	Fair	Fair	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	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

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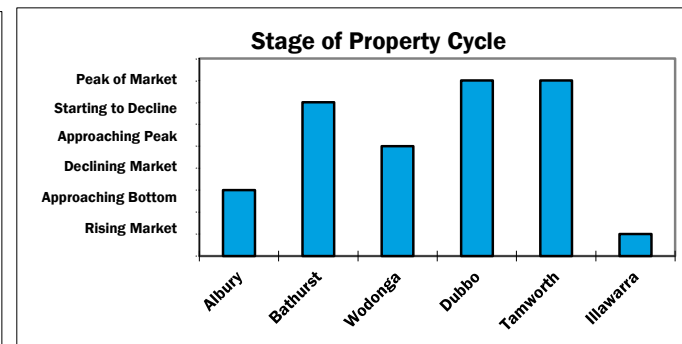
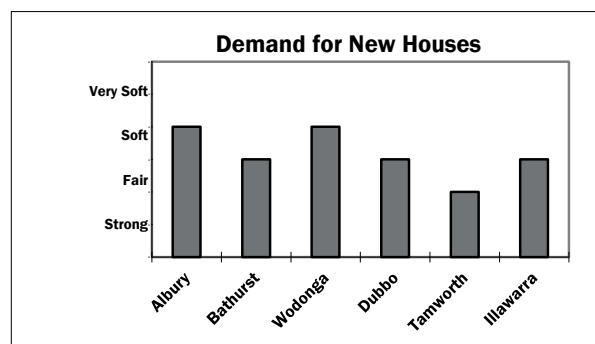
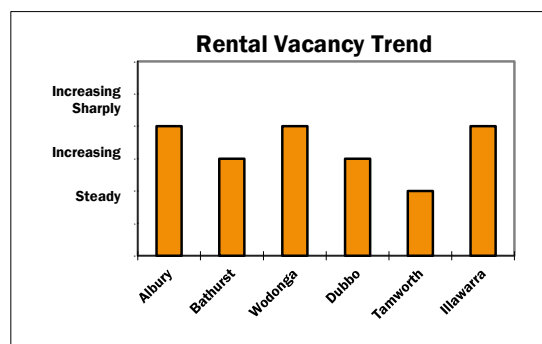


Country New South Wales Property Market Indicators – Houses

Factor	Albury	Bathurst	Wodonga	Dubbo	Tamworth	Illawarra
Rental Vacancy Situation	Over-supply of available property relative to demand	Balanced market	Over-supply of available property relative to demand	Balanced market	Shortage of available property relative to demand	Balanced market
Rental Vacancy Trend	Increasing	Steady	Increasing	Steady	Tightening	Increasing
Demand for New Houses	Fair	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

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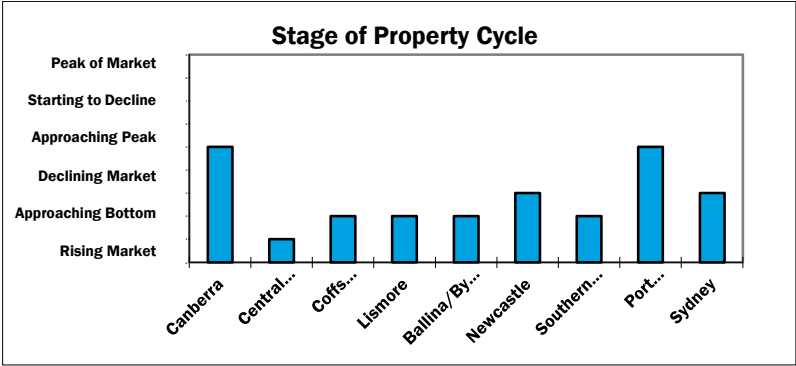
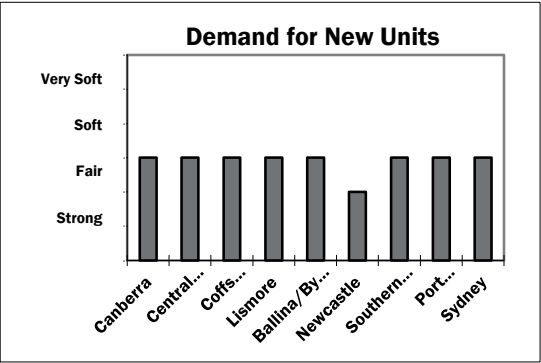
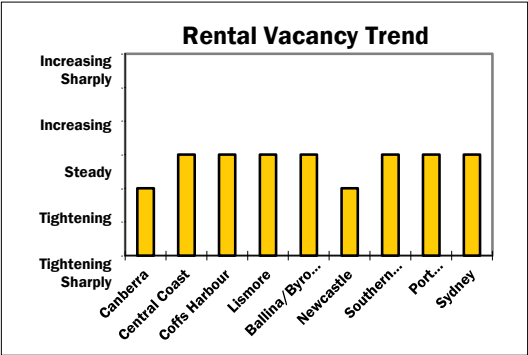


East Coast New South Wales Property Market Indicators - Units

Factor	Canberra	Central Coast	Coffs Harbour	Lismore	Byron Bay/Ballina	Newcastle	Southern Highlands	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	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	Steady	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	Steady	Steady	Increasing
Stage of Property Cycle	Declining market	Start of recovery	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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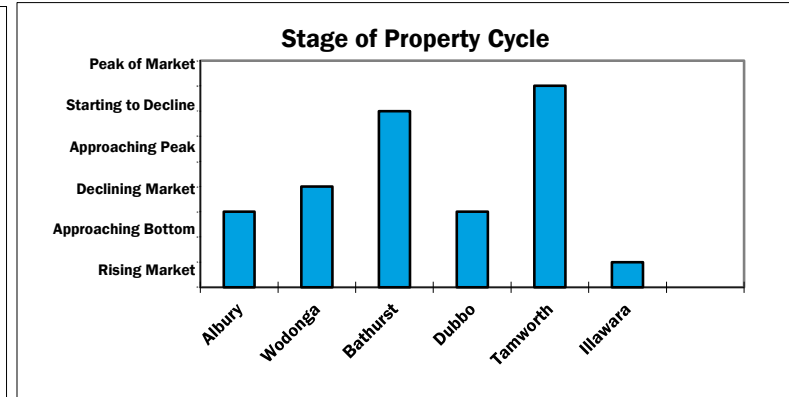
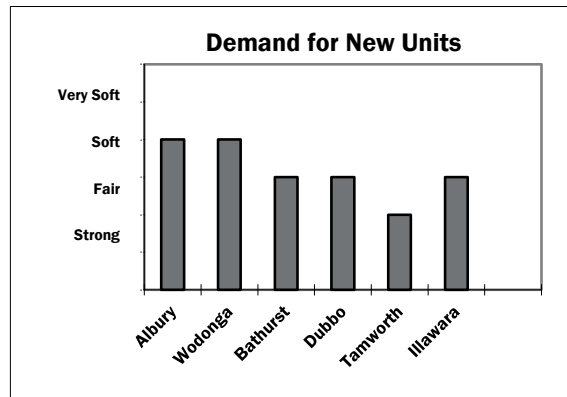
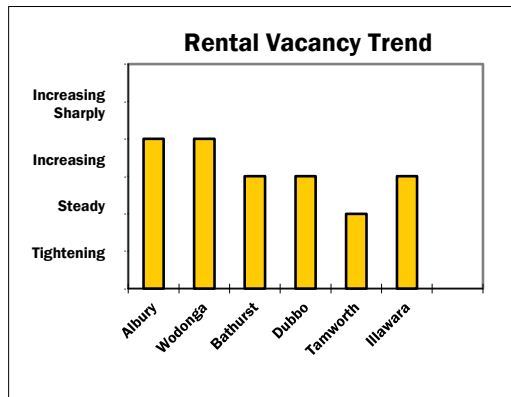
Country New South Wales Property Market Indicators - Units

Month in Review | March 2024

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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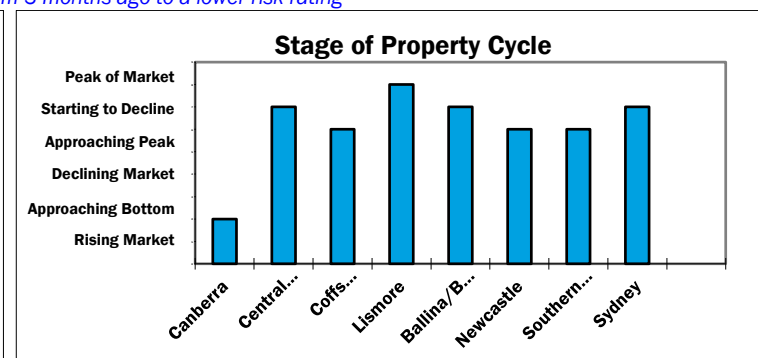
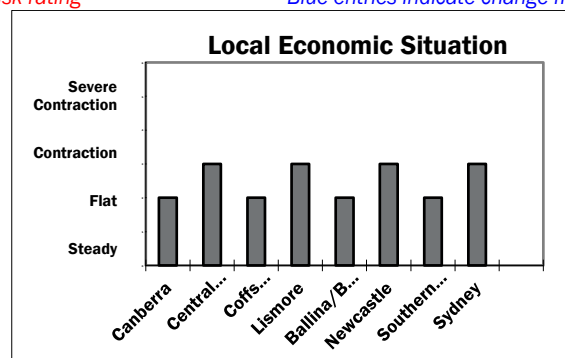
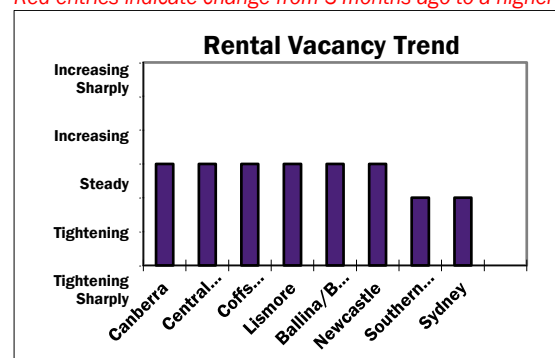


East Coast & Country New South Wales Property Market Indicators – Industrial

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

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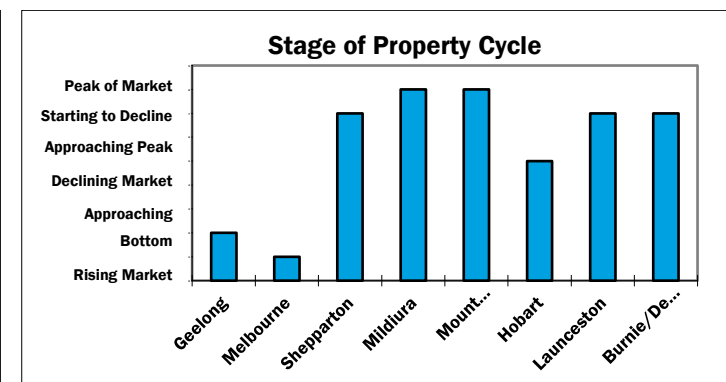
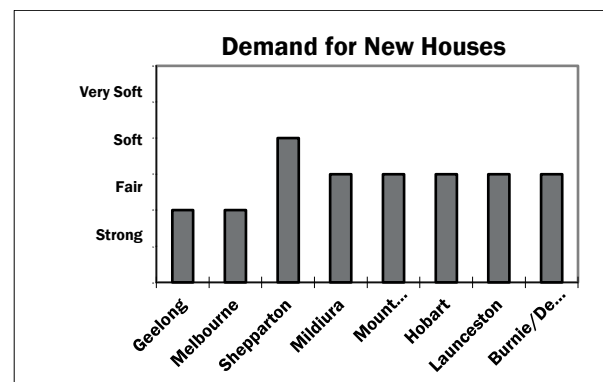
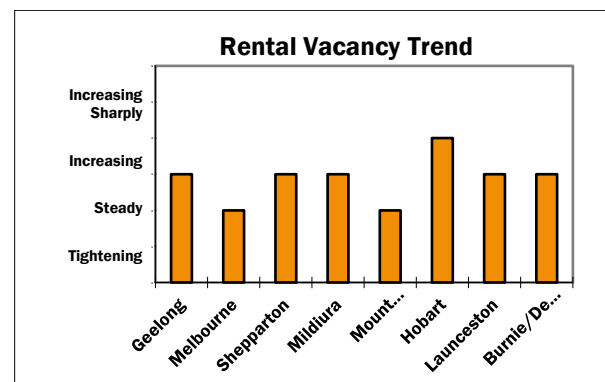


Victorian and Tasmanian Property Market Indicators – Houses

Factor	Geelong	Melbourne	Shepparton	Mildura	Mount Gambier	Hobart	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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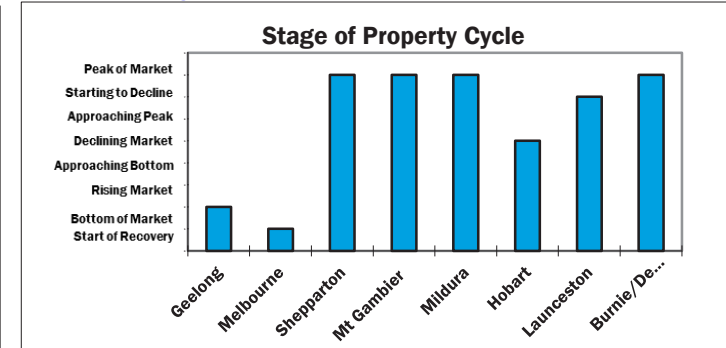
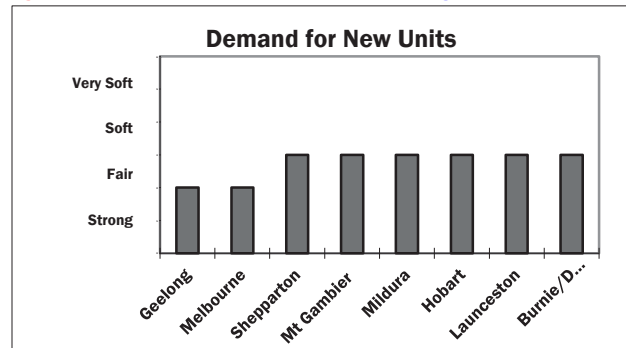
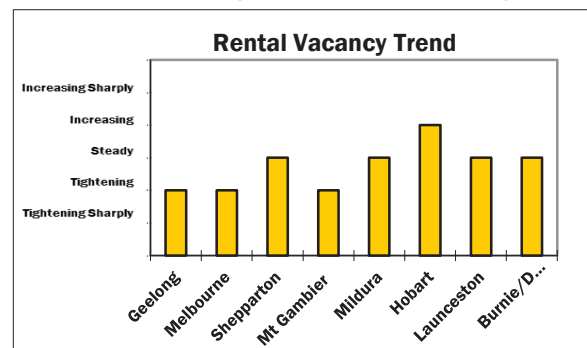
Victorian and Tasmanian Property Market Indicators – Units

Month in Review | March 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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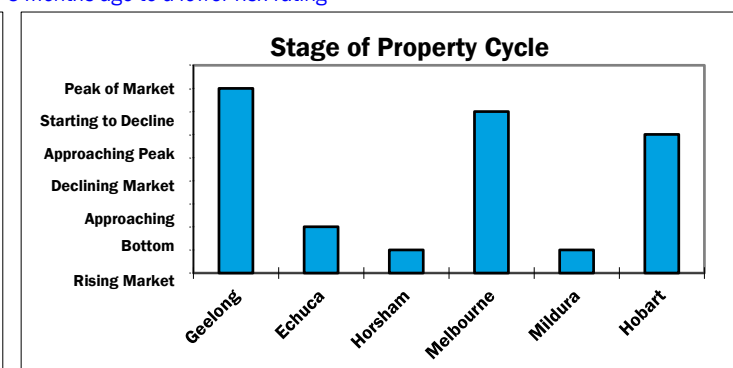
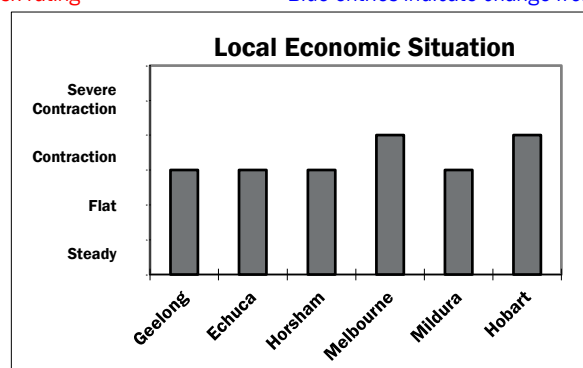
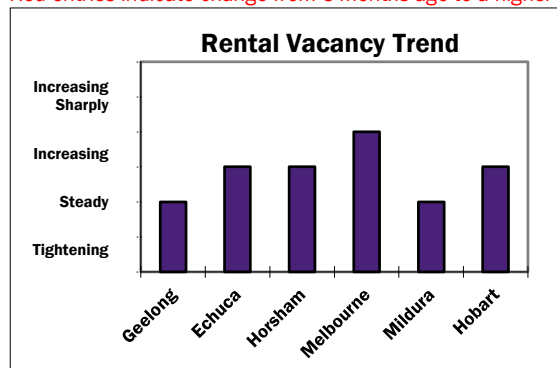


Victorian and Tasmanian Property Market Indicators – Industrial

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

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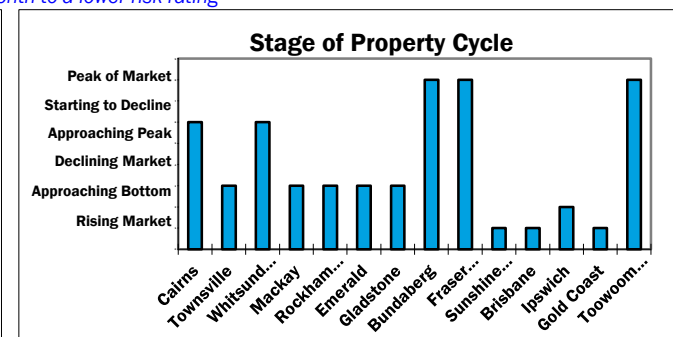
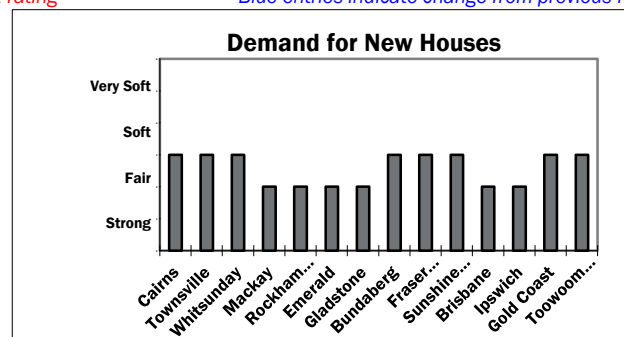
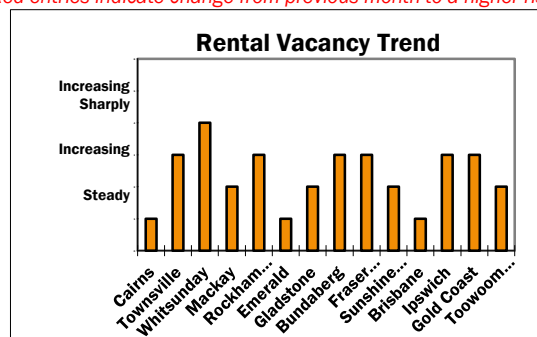


Queensland Property Market Indicators – Houses

Factor	Cairns	Townsville	Whitsunday	Mackay	Rockhampton	Emerald	Gladstone	Bundaberg	Hervey Bay	Sunshine Coast	Brisbane	Ipswich	Gold Coast	Toowoomba
Rental Vacancy Situation	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	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	Strong	Strong	Strong	Strong	Fair	Fair	Fair	Strong	Strong	Fair	Fair
Trend in New House Construction	Steady	Steady	Steady	Declining	Declining	Declining	Declining	Steady	Steady	Steady	Steady	Increasing	Steady	Steady
Volume of House Sales	Declining	Increasing	Declining	Increasing	Increasing strongly	Increasing	Increasing	Steady	Declining	Declining	Increasing	Steady	Steady	Increasing
Stage of Property Cycle	Approaching peak of market	Rising market	Approaching peak of market	Rising market	Rising market	Rising 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

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

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

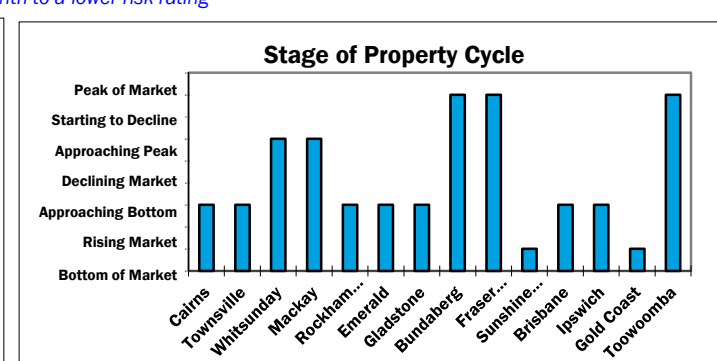
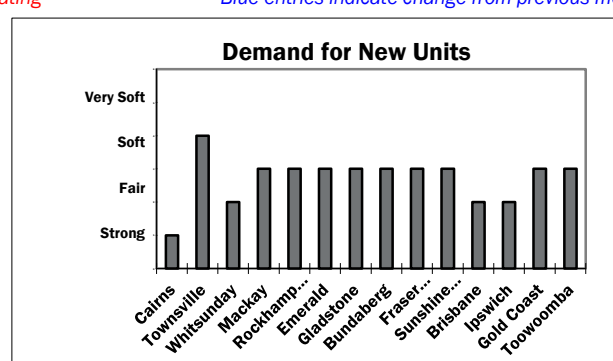
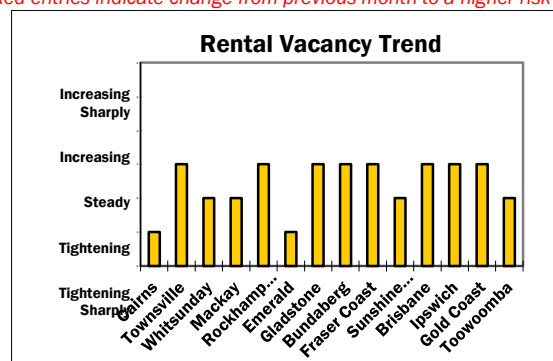


Queensland Property Market Indicators – Units

Factor	Cairns	Townsville	Whitsunday	Mackay	Rockhampton	Emerald	Gladstone	Bundaberg	Hervey 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	Tightening	Tightening	Steady	Tightening sharply	Steady	Steady	Steady	Tightening	Steady	Steady	Steady	Tightening
Demand for New Units	Very strong	Soft	Strong	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Strong	Strong	Fair	Fair
Trend in New Unit Construction	Steady	Increasing	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Increasing	Increasing	Increasing	Steady
Volume of Unit Sales	Increasing	Increasing	Increasing	Increasing	Increasing	Increasing	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

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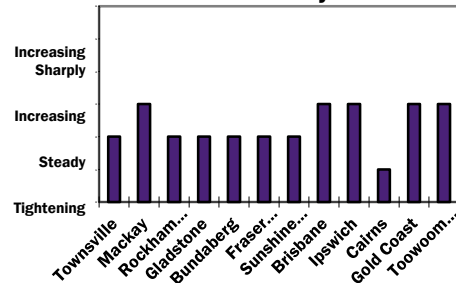
Queensland Property Market Indicators – Industrial

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

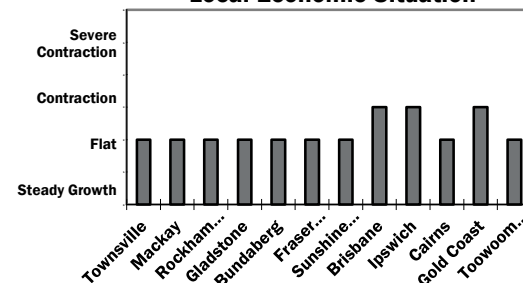
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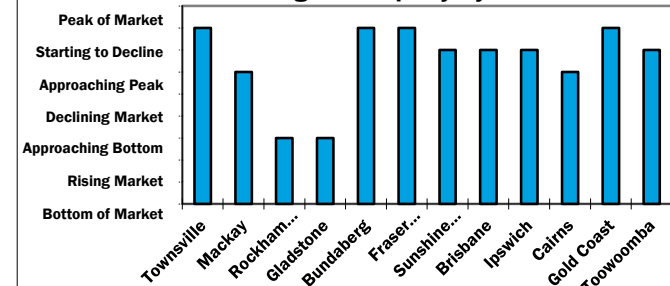
Rental Vacancy Trend



Local Economic Situation



Stage of Property Cycle

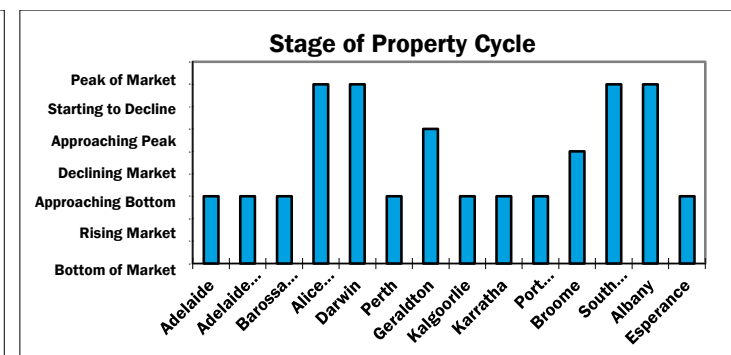
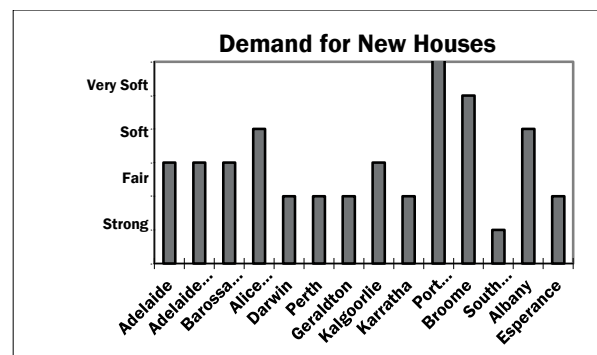
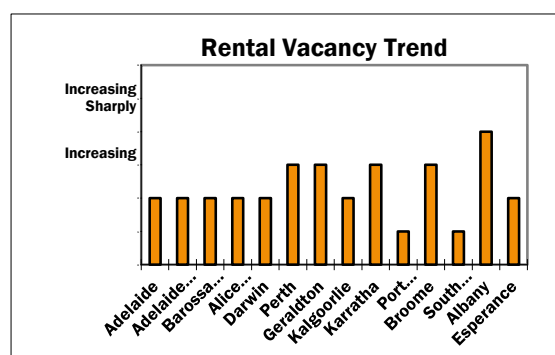


SA, NT and WA Property Market Indicators - Houses

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	Strong	Strong	Fair	Fair	Strong	Strong	Strong	Very strong	Soft	Fair
Trend in New House Construction	Increasing	Increasing	Increasing	Increasing	Declining	Declining	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

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

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

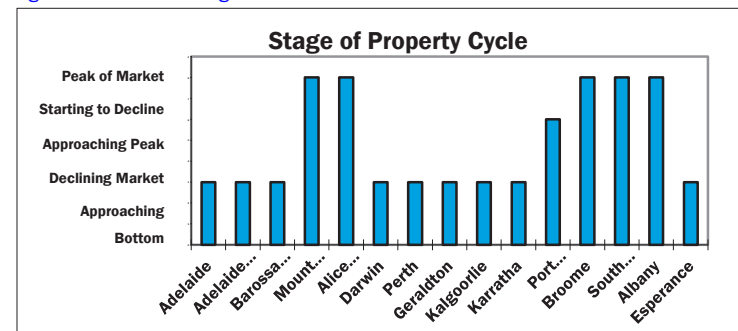
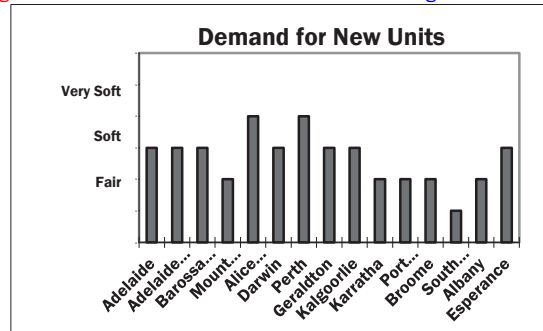
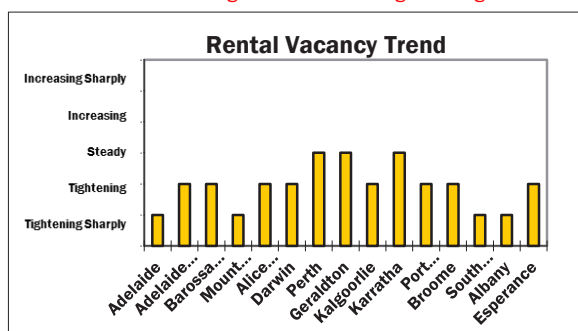


SA, NT and WA Property Market Indicators – Units

Factor	Adelaide	Adelaide Hills	Barossa Valley	Mount Gambier	Alice Springs	Darwin	Perth	Geraldton	Kalgoorlie	Karratha	Port Hedland	Broome	South West WA	Albany	Esperance
Rental Vacancy Situation	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available property relative to demand
Rental Vacancy Trend	Tightening	Tightening	Tightening	Tightening	Tightening	Tightening	Steady	Steady	Tightening	Steady	Tightening	Tightening	Tightening sharply	Tightening sharply	Steady
Demand for New Units	Fair	Fair	Fair	Fair	Soft	Fair	Soft	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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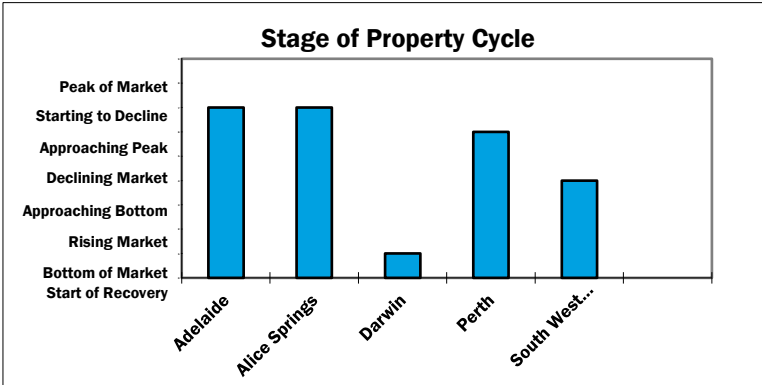
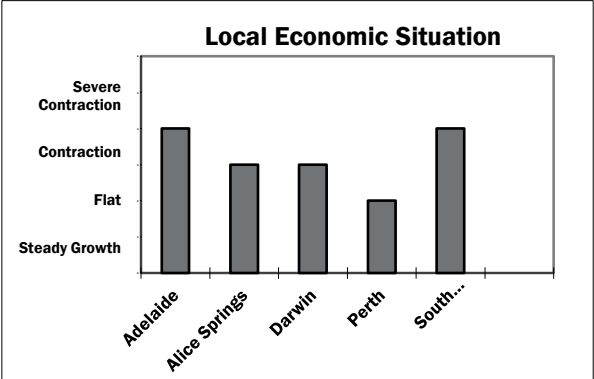
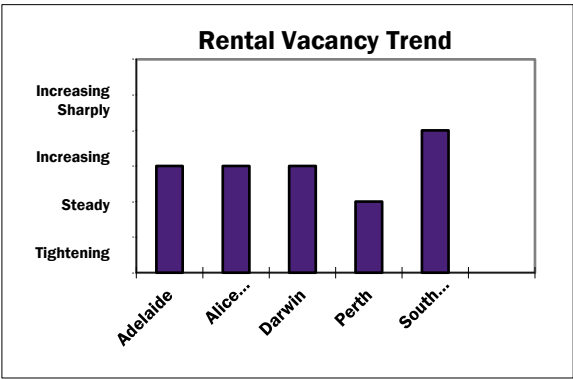


SA, NT and WA Property Market Indicators – Industrial

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

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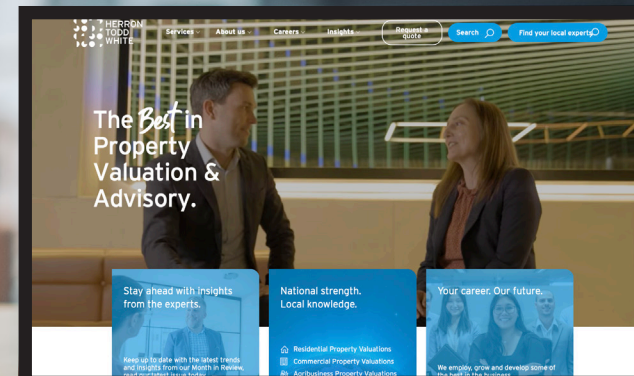
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