February 2025

Residential Month In Review

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

National Residential Overview

The Australian residential property market runs to a seasonal cycle that is apparent regardless of what other factors may be at play. There is often a flurry of transactional activity leading up to Christmas, followed by a significant slowing of activity throughout January. This year has followed the usual pattern, but as we emerge from the summer break, we can see that lead indicators are showing some renewed energy in the market. The number of auctions is steadily increasing, and clearance rates are firming in most capital cities.

Residential property listings are on the increase, albeit from a relatively modest starting point.

Kevin Brogan,
National Director, Group Risk and Compliance

This year has followed the usual pattern, but as we emerge from the summer break, we can see that lead indicators are showing some renewed energy in the market.

The RBA's decision in February to cut the cash rate by 25 basis points will deliver relief to mortgage holders. The move was no doubt prompted by January's underlying inflation rate of 3.2 per cent (which is lower than many expected), and the headline Consumer Price Index which sat at 2.4 per cent, near the midpoint of the Reserve Bank's target range.

The awakening of the market and this downward move in interest rates are expected to provide a confidence boost to most residential property markets and indeed some purchasers are committing early to get ahead of any increase in prices that may be prompted not only by this cut but potentially others as the year progresses.

But there are other factors at play.

Regional markets continue to demonstrate significant resilience. The regions have an affordability advantage and even with a push to return to the office, flexible working arrangements mean that a wide range of buyers are looking to the regions. The increased demand and a relatively slower increase in supply are underpinning price growth in many regional markets.

In Western Australia, the fortunes of residential property are closely tied to the performance of the mining industry as evidenced by the continued strength of the market in the face of high interest rates. The reduction in interest rates will only serve to support the strength of the market. At the time of writing, an unpredictable tariff regimen is in the news and could have an impact.

One of the most interesting factors affecting property markets is in Victoria. Property taxes in Victoria are playing a significant role in shaping the market and in some market segments, may be more than an offset to any stimulatory impact of the interest rate cut. The increasing incidence of land tax on discretionary markets (second homes or investment properties) is forcing sales and exerting downward pressure on prices as fewer new investors are active purchasers. This effect is particularly evident in high-value coastal locations where property tax bills are higher. First-time homebuyers may see some benefit from reduced competition at the lower price levels, but the market for owner occupiers may see price increases.

As always, the team of Herron Todd White local experts has contributed detailed market updates in this edition of the Month in Review.

National Property Clock: *Houses*

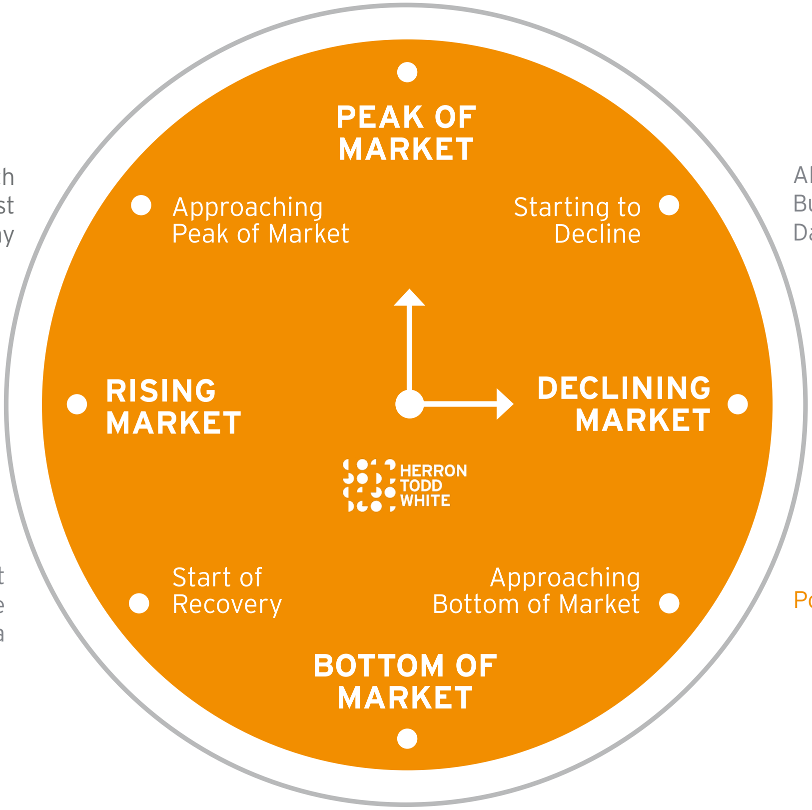
Entries coloured orange indicate positional change from last month.

Peak of Market:
Albany
Brisbane
Bundaberg
Dubbo
Mildura
Mount Gambier
Tamworth
Toowoomba

Approaching Peak of Market:
Ipswich
Sunshine Coast
Whitsunday

Rising Market:
Adelaide
Adelaide Hills
Barossa Valley
Broome
Cairns
Emerald
Esperance
Fraser Coast
Geraldton
Gladstone
Gold Coast
Kalgoorlie
Karratha
Mackay
Perth
Port Hedland
Rockhampton
South West WA
Townsville

Start of Recovery:
Albury
Bathurst
Canberra
Central Coast
Newcastle
Wodonga



Starting to Decline:
Alice Springs
Burnie/Devonport
Darwin
Launceston
Shepparton
Sydney

Declining Market:
Melbourne

Approaching Bottom of Market:
Port Macquarie

Bottom of Market:
Ballina/Byron Bay
Coffs Harbour
Geelong
Hobart
Illawarra
Lismore
Southern Highlands

RESIDENTIAL

Liability limited by a scheme approved under Professional Standards Legislation.

This report is not intended to be comprehensive or render advice and neither Herron Todd White nor any persons involved in the preparation of this report accept any form of liability for its contents.

HERRON TODD WHITE

National Property Clock: *Units*

Entries coloured blue indicate positional change from last month.

Peak of Market:
Albany
Bundaberg
Burnie/Devonport
Mildura
Mount Gambier
Shepparton
South West WA
Tamworth
Toowoomba

Starting to Decline:
Alice Springs
Bathurst
Launceston
Sydney

Declining Market:
Canberra
Melbourne

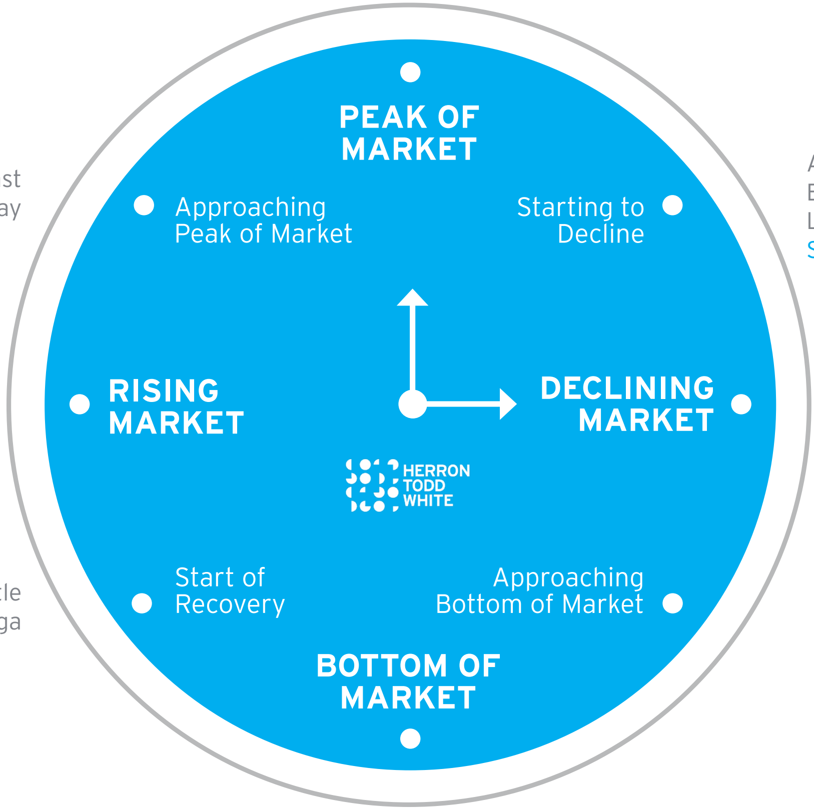
Approaching Bottom of Market:
Port Macquarie

Bottom of Market:
Ballina/Byron Bay
Coffs Harbour
Geelong
Hobart
Illawarra
Lismore
Southern Highlands

Start of Recovery:
Albury
Central Coast
Newcastle
Wodonga

Rising Market:
Adelaide
Adelaide Hills
Barossa Valley
Broome
Cairns
Darwin
Dubbo
Emerald
Esperance
Fraser Coast
Geraldton
Gladstone
Gold Coast
Kalgoorlie
Karratha
Mackay
Perth
Rockhampton
Townsville

Approaching Peak of Market:
Brisbane
Ipswich
Port Hedland
Sunshine Coast
Whitsunday



Liability limited by a scheme approved under Professional Standards Legislation.

This report is not intended to be comprehensive or render advice and neither Herron Todd White nor any persons involved in the preparation of this report accept any form of liability for its contents.

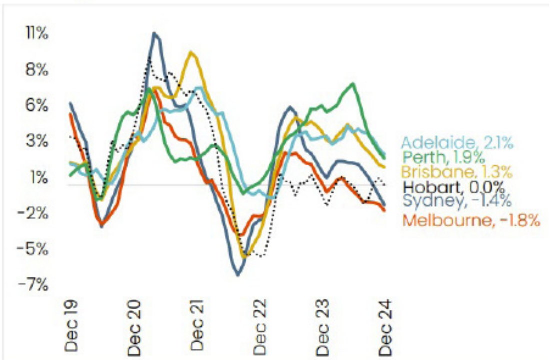
New South Wales - Residential 2024

Sydney

Heading in to 2025 feels a bit like where we were at the start of 2024, with a cooling market at the end of the previous year, and the hope of interest rate cuts in the year ahead. Last year, the expectation of several interest rate cuts to come saw a bump in values in the first quarter, before the increasing realisation that there would be no cuts saw prices flatten and then start to decline in the second half of the year as supply started to outstrip demand.

The last quarter of 2024 saw a decline in Sydney dwelling values of 1.4 per cent, according to CoreLogic, with a 0.6 per cent decline in December alone. Houses, which had seen the most appreciation in values over the past two years, fell 1.6 per cent in the December quarter, while units fell a more modest 0.7 per cent.

Rolling three-month change in dwelling values
State capitals



Source: CoreLogic

This time around, although most economists predicted the rate cut in the first quarter of the year, there is unlikely to be any turnaround in market conditions until there have been several cuts. The lead-up to the federal election to be held by May is also likely to act as a dampener on market activity, particularly given that the outcome appears to be close.

Overall, there were more listings hitting the market in the last few months of 2024. Whilst December traditionally provides lower new listings, we expect this influx of listings to continue in 2025.

What does an influx of new listings bring with it....? Options.

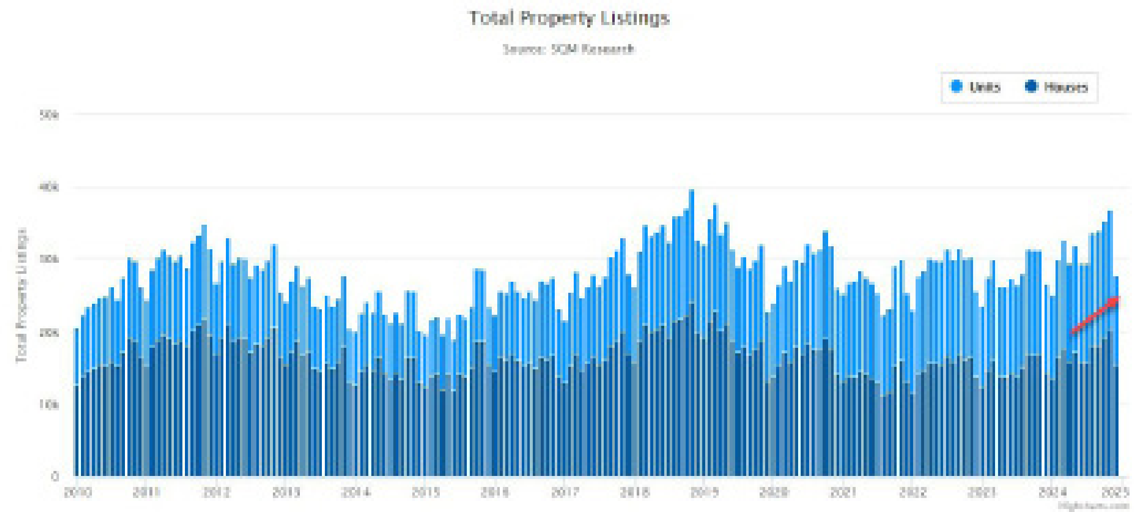
With more options for buyers, prices will continue to level out as any fear of missing out has evaporated. Like the end of last year, 2025 will mostly be a buyer's market.

Overall, we are likely to see further softening in market conditions in the first half of 2025, with the potential for some improvement in the second half of the year assuming there have been two or three cuts to the cash rate by then.

As in 2024, some property types, price points and locations will outperform others. Our local experts give an insight as to what they see for the year ahead in their local areas.

North-West Sydney

The residential property market in the north-west of Sydney is likely to follow the softening market conditions experienced towards the end of 2024.



Sydney total Property Listings

Source: SQMresearch.com.au

RESIDENTIAL

HERRON TODD WHITE

Properties to be more wary about in 2025 will be investor grade units. These units are typically entry level in regard to quality and there are still concerns over defective developments around the greater Sydney region and a general stigma attached to units that will take some time to resolve.

However, quality renovated dwellings or new dwellings in established suburbs are still attracting a lot of attention and solid prices are being recorded.

An example of a recent strong result for a quality property is 29 Doris Hirst Place, West Pennant Hills reportedly selling via Louis Carr West Pennant Hills for $8.5 million in November 2024.

29 Doris Hirst Place, West Pennant Hills Source: CoreLogic

29 Doris Hirst Place, West Pennant Hills Source: CoreLogic

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.

This property is a master-built suspended slab constructed dwelling offering six bedrooms, four bathrooms with a six-car basement garage. Internally it features a high level of inclusions throughout with an internal lift and externally offers a championship-sized tennis court, infinity pool improved upon 3,275 square metres of land. This record sale is some $1.5 million more than the previous suburb record of $7 million achieved in September 2024.

This sale highlights that whilst some sections of the market are flatlining or struggling, other sections are booming. This is typical of the Sydney property market; it's not one size fits all.

At the other end of the scale we have a recent sale at 423/88 Church Street, Parramatta for $595,000 through Ray White Parramatta in December 2024. This is a circa 2020 one-bedroom, one-bathroom unit with a large study room and a single car space. It is located in a modern high-rise complex within close proximity to the train station.

423/88 Church Street, Parramatta Source: CoreLogic

This unit previously sold off the plan for $665,000 in June 2017 so this recent resale of $595,000 shows an 11 per cent reduction in value over 7.5 years. This highlights that some off the plan unit sales have inflated asking prices which may take some time to recoup.

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

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.

Sydney Metro, Western Sydney Airport Source: Sydneymetro.info

The Blue Mountains, a long-time sleeper market on the edge of metropolitan Sydney, came to the attention of the broader market throughout the pandemic. Tree-changers were moving to the area in 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

We predict that the overall market trends and some softening of specific markets that were experienced towards the end of 2024 will continue in 2025 due to ongoing pressures of the cost of living and reduced borrowing capacity in Sydney's south-western suburbs.

The sub $1 million residential property market will continue to perform strongly due to affordability, strong rents and competing interests from first home buyers and investors driving selling periods down and capital values upward. Fringe Campbelltown LGA suburbs such as Airds, Eagle Vale, Claymore, Kearns, Blairmount, Ambarvale and Bradbury are our picks for areas worth watching in 2025. The Macarthur region is set for large growth in the next 10 years with Campbelltown positioned to be the main commercial hub. Additionally, we predict new housing projects will see gentrification take place within these heavy industrialised areas in the short to medium term.

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 cater 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.

The broader $1 million to $2 million market which is predominantly made up of families will be the most stagnant due to interest rates and cost of living pressures. Agents predict longer selling periods.

However, good quality, owner-occupied, family-orientated neighborhoods like Abbotsbury, Elizabeth Hills, Edmondson Park, Denham Court, Harrington Park and Oran Park are predicted to show continued demand and strong interest due to broader affordability, proximity to services and the appealing family lifestyle they provide.

The $2 million plus market will see some softening due to the continued cost of living and interest rate pressures against which it has been so resilient in the past 12 months.

We do see the south-west Sydney market following a cautiously optimistic path in 2025 with a key interest in following interest rate movements. Going off past cycles, any slight indication that the Reserve Bank will decrease the cash rate generally has seen a flurry of buyer activity trying to beat the curve before the market takes off.

North Shore

In general, we predict the market to be relatively stable throughout 2025 on the North Shore of Sydney. Although this is somewhat of a boring market outlook, it reflects the multitude of factors currently at play, locally, nationally and internationally. We saw this stabilising trend taking shape in the latter part of 2024 on the North Shore, with even some minor decline evidenced in certain sectors of the market. We do not expect this decline to be significant and predict stabilisation in the metrics released in the first quarter of 2025.

We will be watching the lower end of the market in 2025 to see if there is an increased appetite for renovation projects. Once a highly demanded product, derailed by skyrocketing construction costs and supply issues since 2020, we would expect to see a return in demand throughout the year. This lower end, entry price point provides the potential to add value and has traditionally appealed to a broad sector of the market including first time homebuyers who may renovate in the

HERRON TODD WHITE

future, up-graders looking to create their desired home and developers looking to make a quick profit. As an example of such a product, this property in Lindfield is on the market with a price guide of $2,695,000. The current median price in Lindfield is $4.01 million (realestate.com.au), providing plenty of opportunity to add value to this under-capitalised site.

3 Knox Street, Lindfield listed with a price guide of $2,695,000 million
Source: realestate.com.au

We will also be keeping an eye on the new-build sector of the market; newly constructed homes being sold by developers for a profit. Twelve months ago, this was the hottest product on the North Shore but in the latter half of 2024 we saw supply overtake demand with multiple properties being withdrawn from the market after extended marketing campaigns. Although this was expected to occur at some stage, it happened more suddenly than predicted. It will be interesting to see if this trend continues in 2025 or if we see a return of buyer confidence, feeling more comfortable that they are not overpaying for these once hotly contested homes.

The low to medium density unit market is one sector in which we expect to see some growth throughout 2025, particularly in the second half of the year. This sector has a greater link to interest rates and with these likely to decrease at some point in the year, the fundamentals are in place for growth. This coupled with a continually strong rental market is also sure to increase demand from investors, who have been relatively subdued in recent times. Lower density unit developments, particularly those close to amenities and train stations, are still likely to outperform higher density developments.

As discussed in previous editions of this publication, we have yet to see the full impact of the NSW Government's Transport Oriented Development planning reforms. It is a major change for the North Shore and is in its infancy at this stage. This coming year we would expect to see landowners, developers, and Ku-ring-gai Council further navigate the legislative changes and gain a clearer picture regarding the impact on the market and associated values. It appears that developers currently have an appetite for amalgamated sites, providing greater development opportunities. We have not seen enough evidence of properties selling in isolation that meet the minimum requirements of the reforms, but we expect this to become more common throughout 2025.

The North Shore prestige market is expected to also be relatively stable throughout 2025 although it never fails to throw in some surprises. We saw reduced market activity in the prestige sector last year and this is likely to flow through to the early part of this year. This reduced market activity has been driven by the lack of stock rather than a lack of buyer confidence, evidenced by continued strong sale results for quality prestige properties. A new calendar year can often reset market sentiment for both buyers and potential sellers alike, and the first quarter of this year will be a strong indicator of where the North Shore prestige market is headed. We look forward to analysing the data as it flows through, and reporting on any new expected record-breaking listings as they come through.

Northern Beaches

The Northern Beaches property market in 2025 is anticipated to remain relatively stable, with pockets of variation driven by external economic and local supply factors. Anecdotal reports suggest an uplift of stock will hit the market during the first half of the year. Combined with sustained high interest rates, this could keep prices stable or lead to slight weakening.

As the year progresses, market conditions may shift. The back end of 2025 is expected to see stronger performance as early stock levels are absorbed and the Reserve Bank of Australia's anticipated interest rate cuts stimulate demand. Investor activity is likely to increase, with lower rates making property more appealing and accessible to this segment.

Suburbs such as Manly, Mona Vale, and Freshwater are poised to perform well due to their strong fundamentals, including lifestyle appeal, ongoing gentrification, and improved infrastructure. Conversely, areas with high-density developments, such as Brookvale, may face oversupply risks, requiring cautious investment.

Additionally, we anticipate Stage 2 of the New South Wales low- and mid-rise reforms to further transform the residential landscape of the Northern Beaches, which are set to take effect in July 2025 (source: NSW Government Planning). Stage 2 should provide more clarity regarding permissible development in designated station and town centre precincts - defined as being within an 800-metre walking distance from a town centre (or train line). Additionally, planning control standards for duplex development will be established outside these precincts, paving the way for duplex development in the Northern Beaches, which should see a strong uplift in demand from developers for duplex sites and owner-occupiers for completed duplex projects potentially towards the backend of 2025 and into 2026.

Southern Sydney

Residential property in the South Sydney and Sutherland region recorded modest levels of growth throughout 2024. Moving into 2025 we expect this trend to continue given the expected increase in purchaser demand from anticipated interest rate cuts in the first half of the year. In addition demand consistently outstrips supply in the most sought after and tightly held pockets of the south of Sydney.

The outer suburbs of the Sutherland Shire may be the areas worth watching this year. Engadine, towards the south of the Sutherland Shire, has usually been one of the most affordable suburbs in the area. The median house price in Engadine sits at $1,322,008 as at December 2024 which is below the median for the wider south Sydney market.

We highlight the sale of 5 Numantia Road, Engadine comprising a single level brick house with four bedrooms and two bathrooms which sold in November 2024 for $1.34 million. This is a good indication of somewhat affordable housing in the area.

5 Numantia Road, Engadine Source: realestate.com.au

We anticipate Stage 2 of the New South Wales low- and mid-rise reforms to further transform the residential landscape of the Northern Beaches.

We consider the off the plan strata market will struggle for the foreseeable future as there has been an evident oversupply of unit developments throughout the Sutherland Shire and St George areas over the course of the past 24 months. Developments situated in secondary pockets of the region including those along main roads, near railway lines or near industrial property will continue to struggle to appreciate any capital growth and may continue to experience capital losses.

Inner West

Predictions for the year ahead for property prices in the inner west of Sydney appear rather opaque after the last half decade 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 regard to Torrens Title dwellings, low density units and townhouses. As such these markets have been rather resilient over the course of the past five to ten years. Therefore, stable gradual price growth is expected in these property sectors, especially for detached dwellings in the $2 million to $5 million price range, despite continued cost of living pressures. Additionally the likelihood of a May 2025 federal election may bring with it some uncertainty which will continue to dampen purchaser demand.

The upper end inner west prestige market (including properties sold above $5 million) has seen a limited volume of sales over the course of 2024. This trend is expected to continue throughout 2025 given vendors' hesitation to sell in generally stagnant market conditions.

Strathfield has been the exception in the inner west throughout 2024 which saw more than approximately 50 houses sell for over the $5 million price point. A suburb record was achieved in December 2024 at 23 South Street, Strathfield with the property selling for $16.88 million. The house comprises a circa 2021 built, substantial dwelling containing six bedrooms, eight bathrooms, and an approximate twelve-car basement garage. It also includes a theatre room, multiple living areas, and very high finishes throughout, with the rear yard also featuring a basketball court and swimming pool.

23 South Street, Strathfield Source: realestate.com.au

The apartment sector may pose a risk of a decline in value throughout 2025, especially in the areas on the border of the inner west including the suburbs of Homebush, Strathfield and Homebush

RESIDENTIAL

HERRON TODD WHITE

West. This sector is a risk due to gentrification efforts producing high levels of supply of high-density apartments constructed 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 loss-making sales have been from sellers who purchased their unit via the original developer who initially included an unobtainable premium in their original sale price. Continued cost of living pressures will create subdued demand throughout 2025.

In summary, uncertainty similar to 2024 is the hallmark for the year ahead, however given the likelihood of interest rate cuts and the conclusion of the federal election, we consider the general inner west market will appreciate improved conditions towards the second half of 2025.

Inner Sydney

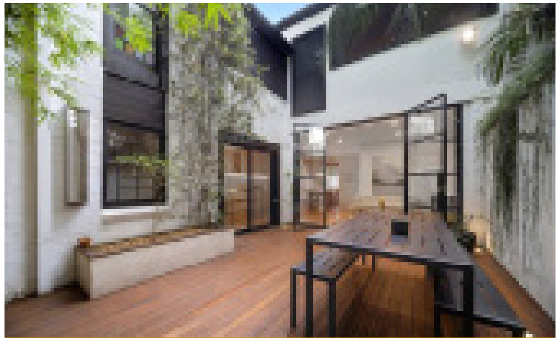
Like most of Sydney, inner Sydney properties can be categorised as owner-occupier or investor and with an interest rate reduction already in the first half of the year, conditions in both of those market segments are likely to alter in line with these new goal posts.

It is likely we will see owner-occupier properties in inner Sydney continue to stabilise with potential for some improvement in more sought after areas, or for those properties which tick all the boxes for local buyers. In the same scenario, the investor market segment – particularly units – would likely see an initial increase in buyer activity translating to some slight improvements in pricing. However, in time, rentals would likely fall due to increased investor activity increasing the rental supply, resulting in a balancing out of

The sub-$700,000 price point will be one to watch in 2025 with subdued activity in this market segment during 2024.

overall returns and causing pricing to stabilise.

As always, we will likely see quality property fare better in 2025, with those in sought-after suburbs, streets or with desirable characteristics like renovations or views likely to see better outcomes. For example, 42 High Holbourn Street, Surry Hills, a three-bedroom, two-bathroom, double-fronted Victorian cottage sold in under four weeks, for $2.87 million in December 2024. The house was architecturally renovated and was unusually wide for the area, with these factors contributing to its broad market appeal and therefore the strong and rapid sale result.



42 High Holbourn Street, Surry Hills Source: realestate.com.au

The sub-$700,000 price point will be one to watch in 2025 with subdued activity in this market segment during 2024. Likely changes to interest rates would improve the accessibility of property at this price point to first home buyers and investors. This market segment experienced cooling in late 2024, with price drops resulting in some properties descending into this price bracket. This price level is dominated by units, such as 50/51 Roslyn Gardens, Rushcutters Bay, a 40 square metre, one-bedroom, one-bathroom unit with a sought-after parking space, which sold in November 2024 for $640,000, well below the last sale of a similar floor plan in the building for $740,000 in 2023.

50/51 Roslyn Gardens, Rushcutters Bay Source: realestate.com.au

Generally the as new market is to be treated with caution, however particularly so in current market conditions with higher interest rates and more subdued growth. As new properties are far less likely to present opportunities to improve through renovation and are often priced at a premium which is lost once they have been lived in, leaving market movement as the only means of appreciation. For example, 1300/8 Park Lane, Chippendale, a suite style unit which was sold as new off the plan in 2014 for $595,000 re-sold at the end of 2024 for $520,000.

Eastern Suburbs

As we move into 2025, dwelling prices are expected to stabilise after persistent increases across 2023 and the majority of 2024. We

HERRON TODD WHITE

experienced an uncharacteristically stagnant spring market with lower auction clearance rates and less stock on the market.

While demand remains steady, particularly for family homes, there is an increasing sentiment that prices may not experience significant growth in the short term, which was evident in the fact that the greater Sydney median house value slightly declined over each of the past three consecutive months.

Interest rates, which have been a key factor in market movements over the past 24 months, have started to decrease in 2025 as inflationary pressures ease. This could offer some relief to buyers who have been sidelined due to higher borrowing costs. However, the impact of rate cuts will likely be gradual, and while affordability may improve slightly, it is unlikely to result in a dramatic surge in property prices.

Comparatively speaking, secondary locations such as South Coogee and Malabar present good opportunities to find more affordable living in the east, with vendor discounts typically higher than more desired locations. These areas are slowly pushing away from their negative stigma, given that they were historically viewed as undesirable due to the amount of surrounding government housing in these areas.

66 Jacaranda Place, South Coogee sold for $2.31 million and is considered to represent good value for money for a three-bedroom, two-storey house with a relatively large lot size. Price points of this nature allow very realistic capital growth opportunities through renovation works.


66 Jacaranda Place, South Coogee Source: realestate.com.au

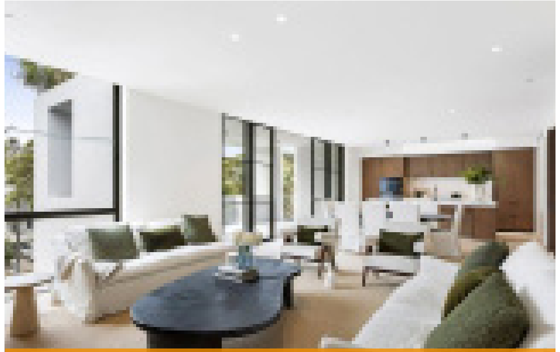
The strata property market (mostly low density units), is expected to see softening price points. For investors, unit prices in these locales are still competitive compared to houses, offering a relatively more affordable entry point.

On the rental front, demand is expected to remain strong, driven by a persistent shortage of rental stock in desirable parts of eastern Sydney. This factor may increase rental prices however it is more likely that these units remain at their respective current price points. It is more likely for larger family homes and apartments with desirable features such as outdoor spaces or views to have rental increases in 2025.

In the prestige part of the eastern suburbs market, there was a noticeable softening in demand and prices in the $5 million to $10 million space to end 2024, as interest rate cuts never eventuated and increased spring listings hit the market. There is still likely to be some softening in this market to start the year as new listings remain strong, however this market will turn first if and when interest rate cuts begin to occur.

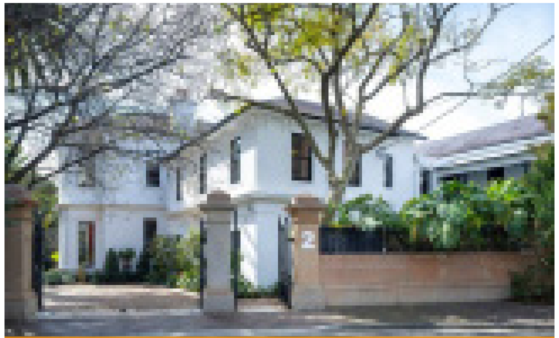
The prestige unit space remains relatively strong with the supply of new high-end units in smaller boutique complexes still quite constrained in the eastern suburbs relative to the demand from downsizers in the market.

An example of the type of prices being achieved for this type of product is 10/5-13 Spencer Street, Rose Bay, which sold in November for $8.5 million. The brand new, three-bedroom plus study, 2.5 bathroom unit with two car spaces is on the top floor of a three-level complex of 12. It has an impressive 200 square metres of internal living space and 24 square metres of balcony, providing an internal rate per square metre of $42,500.


10/5-13 Spencer Street, Rose Bay Source: realestate.com.au

The trophy home market in the eastern suburbs was less active than in 2023, although there were no noticeable price declines, with several strong results from previous sales of those properties. The start of 2025 looks somewhat similar. In January last year we reported that there were 30 houses in the eastern suburbs listed for sale with an asking price of $15 million or above. This number is exactly the same to start 2025 (as at mid-January), indicating a similar level of activity as last year to start the year.

Of particular interest is 2 Darley Street, Darlinghurst, a large, renovated Victorian Italianate home, which is listed through Ben Collier of The Agency.


2 Darley Street, Darlinghurst Source: realestate.com.au

2 Darley Street, Darlinghurst Source: realestate.com.au

The 2738 square metre land area dwarfs the average land size of houses in Darlinghurst, with most land sizes in the CBD fringe suburb being less than 200 square metres. The house itself has an approximate 1000 square metres of living area over two levels, and comprises seven bedrooms, seven bathrooms, office, gymnasium, billiards room, drawing room, cellar and several other living rooms. The property last sold in February 2016 for $16 million.


Shaun Thomas
Director

Illawarra

With 2024 being a relatively steady year in the residential market throughout the Illawarra, there is a good chance that 2025 offers further stable conditions.

In 2025 we expect to see large residential unit projects proceed with marketing and construction such as The Works Corrimal and numerous projects around the Wollongong CBD. Land also continues to be developed in the West Dapto and Calderwood and Tullimbar regions. This continued supply currently appears to be matching demand, as evidenced by the stable prices throughout 2024, however if interest rates or other economic drivers do change in 2025, we could start to see price movement again. At Herron Todd White, we are predicting that the year will see some positive market movement overall in 2025 across most sectors, particularly with townhouses, villas and detached housing in established suburbs. The desire to live in these established suburbs will always be higher than in areas of new land supply, however for some, it is the new housing products and price point that draws them to the new subdivisions.

In the prestige market we expect transactions above $5 million to continue as there are active buyers in the market however, they tend to be discerning and particular about what they buy. We are keeping an eye on 555A Lawrence Hargrave Drive, Wombarra, a beachfront home on a 2,000 square metre lot where the neighbour sold in 2021 for $6.31 million. Kiama Downs has two properties trying to secure sale prices over $7 million and we are also wondering whether 2025 will be the year that Villa Carla in Balgownie finally sells after many attempts to offload it with differing marketing campaigns dating back to 2018.


Chris McKenna
Region Director

Southern Highlands

As 2025 begins to emerge from the shadows of the past year, we are faced with the challenging task of predicting the likely outcomes for the local residential real estate market. Three key factors are poised to significantly influence how the market will unfold: the looming federal election, the potential for the Reserve Bank of Australia to adjust interest rates, and the overall health of Australia's economy.

The 2024 calendar year left many property owners and investors feeling unfulfilled, as hopes for an interest rate cut – similar to those in other parts of the world – did not materialize. Instead, the RBA chose to hold rates steady at 4.35 per cent, which dampened the modest market improvements observed since the start of spring. As a result, buyer activity dropped, listings became scarce, and agents saw a slowdown in enquiries.

The market in 2025 will largely depend on when further interest rate cuts are implemented. A reduction in rates could help stabilize the market, bringing it back to a more normal state, with average days on market between 30 and 50 days and steady prices. While we don't expect rate cuts to ignite a market frenzy, they could set the stage for more significant growth by spring 2026, assuming the market stabilizes.

However, any potential rate cuts could be delayed by the upcoming federal election. Historically, markets tend to remain subdued in the lead-up to federal elections, as the uncertainty surrounding

Overall, we expect the 2025 property market to be slow and somewhat uneventful.

the outcome often leaves buyers hesitant. Once the results are in, confidence typically returns, with buyers moving forward based on the election's outcome. This, combined with concerns about the health of the Australian economy, could keep the market in a holding pattern until after the election. Much will depend on the country's ability to manage inflation, control costs, and avoid slipping into a full recession.

Overall, we expect the 2025 property market to be slow and somewhat uneventful. The market is likely to remain soft for the majority of the year, especially until after the election. After that, the RBA's decisions on interest rates will play a crucial role in determining whether the market can stabilize and return to normalcy. We anticipate that any minor declines currently being felt will likely be addressed, should further rate cuts take place within the year.

Kurt Bismire
Associate Director

Lismore / Casino / Kyogle

"Hold on tight to your dream
Hold on tight to your dream
When you see your ship go sailing
When you feel your heart is breaking
Hold on tight to your dream"
(Electric Light Orchestra – "Hold on Tight" 1981)

Predicting the 2025 real estate market for Lismore, Casino and Kyogle is like trying to guess the next plot twist in another Fast and Furious movie – mildly perplexing, dramatic and possibly leave you wondering how it got so complicated! (fast cars and mad action – what else is there to predict?).

As we head into 2025, there is a sense that following a year of an unrequited wish (translate - interest rate cut) could there be a sliver of positivity on the event horizon for that dream to be finally realised by many borrowers and mortgage holders?

Already, it was noted in the final months of 2024 and into early January 2025 the rumblings of a potential rate cut firmed with official inflation figures falling from 3.5 per cent in October 2024 to 3.2 per cent in November 2024 (ABS). And let us not forget, it is a federal election year, so expect a lot of politics around interest rates.

So how will all of this unfold for the Lismore, Casino and Kyogle region for 2025?

Residential dwellings within the sub-$550,000 price segment in Lismore City are likely to remain key targets, particularly if those formerly flood-impacted-now-fully-renovated properties continue to enter the fray. Of those who have taken the flood buy-back route, there is the option to purchase property up on the hill… BUT this option is tempered by what can be actually be acquired with the cash paid out i.e. it's tough to find a standard three-bedroom, one-bathroom residential dwelling with a single garage for under $550,000 in Goonellabah, East Lismore or Lismore Heights.

Possibly the one segment of the improved residential market that is likely to experience resistance throughout 2025 is the modern, residential zoned dwelling in town purchased in the past one or two years for over $1 million whilst properties within the $650,000 to $850,000 are expected to have a bit more action, providing the dream of an interest rate cut is realised.

Kyogle and Casino are a slightly different kettle of fish as the supply of developable or developed residential lots in Casino is low now and Kyogle only has one large swathe of land towards the north-eastern part of the town that is being developed. So, the asking price for land between $200,000 and $300,000 is likely to hold throughout 2025 barring any dramatic changes in the economy. Both rural towns have plenty to offer in regard to affordability compared to Lismore City and the east coast, as the improved residential sector provides all the usual appointments expected for established dwellings within the $550,000 to $750,000 price range. i.e. three or four bedrooms, one or two bathrooms, double garage, established landscaping and possibly a pool!

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 to 10 hectares with a good quality semi modern three or four bedroom dwelling with double garage, good range of ancillary improvements and some rural or rural residential views….then $1 million is a starting point nowadays within close proximity of Lismore City and even more towards the east coast. Further inland to the rural residential areas of Casino and Kyogle, the sale prices around $700,000 to $900,000 are likely to remain attractive to prospective rural lifestylers. For the larger rural lifestyle properties… not much change out of $1 million plus can be expected for well-established properties over 40 hectares. However, the cost of living pressures are likely to feature i.e. distance to travel to town and services etc.

HERRON TODD WHITE

To summarise, the property market for 2025 within Lismore, Casino and Kyogle is expected to maintain some level of stability with the possibility of improvement towards the early and mid-part of the year.

In light of the expectation for possible further interest rate cuts in 2025 and the business of soothsaying the property market future, it is worthy to consider the wise words of George Bernard Shaw (playwright);

"Our lives are shaped not as much by our experiences as by our expectations"

Vaughan Bell
Property Valuer

Byron

After a reasonably placid property market in 2024 when prices and sales rates followed a relatively stable pattern, the question of what 2025 will bring to the Byron Shire market is now front of mind for both buyers and sellers.

Over the past 20 to 25 years, the Byron Shire market has been increasingly influenced by cashed-up, non-local buyers purchasing for investment and lifestyle factors who competed increasingly for limited stock with born and bred Byron locals. The inevitable shortage of stock has led to increased prices, particularly in desirable beachside locations or elevated and well positioned hinterland precincts. The median house price in Byron Bay itself now ranks as one of the highest in regional Australia and sits in the same ballpark as Sydney's median price and well above Melbourne's.

The relevance of this potted history is that the Byron Shire market, whilst small in size, is presently heavily influenced by the performance of the east coast capital city markets which, in turn, is influenced by national economic factors. With this in mind, I consider that the two most influential drivers of the Byron Shire market, like most other locations in 2025, are going to be the federal election and interest rates.

Looking at the federal election first, buyers and sellers of residential property can be forgiven for being a little more cautious of making a purchase or sale decision until the outcome of the election and the direction of the newly elected or re-elected government is known. According to Millie Muroi of the Sydney Morning Herald (8 January 2025), housing is to be a key issue in the 2025 federal election. What has been done and what will be done for housing affordability may, in my opinion, keep the Byron Shire market relatively quiet until after the election is held, following which buyers and sellers may have more confidence to commit to a transaction knowing what is in store for them. After all, who knows what, if any, housing related cash splashes, incentives, rebates, bonuses and stimulus packages etc. may be proposed by both major parties to win votes? Maybe the old "abolish negative gearing" chestnut might receive another airing this time around to spook investors?

The official cash rate (and bank lending rates) is a topic of almost daily speculation in the media, so it's no wonder that buyers and sellers are dialed into the discussion around when interest rates can be expected to fall. With Byron Shire's high residential property values, where entry level housing in the more affordable areas of Ocean Shores and Mullumbimby is in the range of $800,000 to $1 million, the cost of borrowing is equally high, particularly so when considering the shire's median household income of $1802 per week (as at 2021- Source: Byron Shire Council). As such, the RBA's decision to reduce interest rates in February would be happily welcomed by mortgage holders in the shire.

Those buyers with an appetite for risk may be tempted into the market in early 2025 and speculate that interest rates will fall further and the federal election will produce a benign result, while others with a more conservative view will want to keep their powder dry and wait until more concrete evidence emerges. Either way, if I may make a bold prediction for the next 12 months, I would say that the Byron Shire will experience an improvement in property values over the year ahead, sooner or later. The scale and timing of the improvement will depend, however, on the size and number of interest rate changes throughout the year.

The locations in the shire most likely to benefit from a downward movement in interest rates are those where first homebuyers and lower income earners are most active. These areas to keep an eye on include Ocean Shores and Mullumbimby in general as well as the more affordable area of West Byron. Just out of Byron Shire and to the south in Ballina Shire but within an easy commute of Byron Bay is Cumbalum, the town of Ballina itself and the

The median house price in Byron Bay itself now ranks as one of the highest in regional Australia and sits in the same ballpark as Sydney's median price and well above Melbourne's.

Epic housing estate in Lennox Head where housing and villa or duplex units under $1 million in these areas are also readily available.

One other aspect of the market to keep an eye on over the course of the year is how investors will react to the recently introduced 60-day cap on non-hosted short-term holiday rentals. This cap was introduced to limit the number of days that a house or unit in Byron Shire can be rented for short term holiday purposes. Certain precincts within Byron Bay itself are exempt from this cap and may potentially attract a premium from investors although anecdotally we have not noticed any premiums as yet (bearing in mind that these exempted areas already tended to attract a premium due to their well-regarded locations such as Wategos Beach, Lighthouse Road, Belongil Beach and the town's CBD.) The 60-day cap has also been debated, discussed and well publicised over the past few years and adjustments in the marketplace may have already been factored in by investors. It should be noted that the 60-day cap does not apply where the holiday rental is hosted by a live-in resident.

I would encourage potential investors to research this aspect of a property if they are considering renting their Byron investment in the holiday letting market, starting with a visit to the Byron Shire Council's web page which includes a map showing the locations of exempted areas where 365 days-a-year non-hosted holiday letting is permitted https://www.byron.nsw.gov.au/Development-Business/Land-Use-Zoning/Short-Term-Rental-Accommodation

Mark Lackey
Property Valuer

I would say that the Byron Shire will experience an improvement in property values over the year ahead, sooner or later.

Coffs Harbour

It is the start of a new year and time for some insights as to what the property market might bring. As always it is a slow start to the year with January typically seeing very little activity as we all come back to reality from the Christmas holiday season. I feel the start of the year will not be too much different from last year with the high cost of living and interest rates still playing a big part in the affordability factor which will keep a lid on the market which is characterised as slow and steady. We will not see any significant increases in value as it is still a buyer's market with supply up and qualified purchasers limited.

The positive news is that the inflation figures appear to have come under control and consumer confidence is up with the February reduction in interest rates. The direction of the market in 2025 will depend heavily on this fact; with the decrease in early 2025, confidence will take a significant jump and we should see more players entering the market. We are at the bottom of the market and we did not see any significant value increases over 2024 so now is a good time to enter the market with expectations that lower interest rates in the short to medium term should see prices start to rise. Conversely, if further expected decreases do not come then we are in for more of the same.

As always the main concentration of activity will be at the affordable end of the market (up to $850,000), whilst we expect the prestige market (over $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.

Fundamentally Coffs Harbour is a good safe bet for investing or owner-occupation with its lifestyle opportunities, relatively low property prices and a major infrastructure project currently underway with the Pacific Highway bypass. This is why Coffs Harbour has made the top 100 suburbs to watch in 2025 as listed by realestate.com.au. Let's hope they have got it right.

Grant Oxenford
Director

Shoalhaven

The Shoalhaven residential property market ended the 2024 year in a pretty quiet fashion. Agents were advising of continuing softening market conditions as properties spent more days on the market and with fewer interested parties attending open houses. As we start 2025 there will be a number of key elements which will impact the market in the coming year. Let's take a quick look at how we think the Shoalhaven residential property market will perform in 2025 and what will be the key driving factors.

The upcoming federal election, which will occur sometime in 2025, is most likely going to stall and put market conditions on pause in the Shoalhaven region. The uncertainty as to which party will prevail in the election seems to always play on the minds of both buyers and sellers alike, resulting in many of them waiting till after the election to list or buy a property.

HERRON TODD WHITE

The upcoming decisions by the Reserve Bank of Australia throughout the year to keep on hold or reduce interest rates (assuming no rate increase) is going to play a significant role in how the Shoalhaven residential property market will perform. The softening market conditions might be turned around if confidence is installed in the market if there are a couple of interest rate reductions throughout the year. Possible rate reductions will allow prospective purchasers to reassess their financial positions and increase their borrowing capacity. This will likely lead to competition between buyers as currently it's fair to say that it is a buyer's market.

Reducing stubbornly high inflation is another key influencer impacting the market in 2025. If inflation drops to the RBA's desired levels, this will impact its decision to reduce interest rates. We predict that the Shoalhaven residential property market will stabilise throughout 2025 with no major increases or decreases in the market.

Joshua Devitt
Associate Director

Newcastle

As we embark on another year of excitement in the property world, forecasting how the market will develop throughout the year is always an interesting topic for discussion locally.

Do we consider how 2024 ended and assume it's travelling in the same direction? Do we predict what political and economic changes might influence the market? Or just simply ask what day of the week it is in the eyes of buyers.

Well, 2024 finished with a bit of a hop skip and jump with purchaser demand picking up in the last six weeks with the number of enquiries generally increasing as we turned into summer.

The rumour of interest rate cuts again hit the media in the final quarter of the year, but with some muted effect of having heard it all before and nothing. Lower interest rates mean more affordability and therefore encourages buyers to buy.

So realistically, 2025 looks promising with improving buyer demand and lower mortgage payments indicating the market could be on the up, which is good news for vendors and probably not so good news for purchasers but one run of rainy days and enthusiasm can fall flat for a while.

As with all improving markets, lower to mid range property values ($600,000 to $900,000 in the suburbs and $900,000 to $1.5 million in the city suburbs) will be the areas where buyer demand will be at its strongest. High end values where demand is generally good but from a smaller pool of buyers will be less affected by changes in market conditions as these purchasers are more selective and less influenced by competition.

As the market shows signs of improvement, those purchasers moving at the start of the cycle can make the best returns but it's not easy to determine when the start of the cycle is.

The local region has many different types of property and price ranges available and assessing the market over a short and medium timescale is the best philosophy when buying property. An approach of comparing sales six months ago to last month for similar property types is a good way of assessing whether the market is moving in any particular direction, then looking at possible influencing factors as to why those changes occurred.

Overall, the market looks to be relatively stable for the foreseeable future and gradual growth is the most likely outcome for the year as enquiry numbers slowly improve.

Darren Sims
Property Valuer

Central Coast

With the magnificent New Year's Eve fireworks displays at the Gosford waterfront and The Entrance drawing a close on 2024, we find ourselves at the beginning of a new year with a different set of predictions to make for the property market across the Central Coast region.

In the latter months of 2024, signs were emerging amongst buyers and sellers that many markets across the region were showing flattening market trends, putting the market increases of earlier in the year behind us. Local agents seemed optimistic by the performance of their local patches with limited supply levels fuelling this sentiment in the local market.

The expectation of a 2024 interest rate cut was not to be, leaving many economic commentators rejigging forecasts and predictions during the year. 2025 is the year of the first interest rate cut since November 2020. So how will this impact the local Central Coast market? One interest rate cut will do

2025 looks promising with improving buyer demand and lower mortgage payments indicating the market could be on the up.

little to change the pace of the cogs of the market with similar market conditions to continue in the first half of 2025. Not all markets are the same and we expect some markets to outperform others.

However, if we do see three to four further rate cuts by the end of the year, then it would be expected to increase buyer activity. In a time when supply levels are at historic lows, positive market growth would be predicted from this scenario across many markets in the region.

First homebuyers form 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 by rail to the city for work or leisure.

Away from the railway corridor and closer to the beaches in beachside suburbs, the entry point markets near and in some cases exceed $1 million. These suburbs include Wamberal, Terrigal and Ettalong Beach, all of which have in the past been good investments with healthy future growth prospects.

At the northern end of the Central Coast, the growth corridor around Woongarrah, 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 remain stable in 2025. As the building industry recovers from material shortages, the cost to build a new home is returning to some normality, providing an opportunity to build a new home at a reasonable cost. Many of the project home builders within the local area are now offering to build a standard single level four-bedroom, two-bathroom layout dwelling with a double garage for between $380,000 and $430,000 on suitable near level allotments.

One interest rate cut will do little to change the pace of the cogs of the market with similar market conditions to continue in the first half of 2025.

The market segment that underperformed in 2024 was the prestige market exceeding $4 million. This market was one of the strongest performers in the post-pandemic boom period, however has weakened more than other market segments post the peak of the market cycle. Areas of caution remain the waterfront markets at Point Frederick and St Huberts Island and coastal suburbs of Avoca Beach, North Avoca and MacMasters Beach. Other locations of caution include the beachside rural areas of Wamberal, Matcham and Erina Valley. Selling agents are experiencing longer than average marketing campaigns with price reductions a reality for many listings.

Gentrification shifts in Shelly Beach and the surrounding suburbs have supported the lift in capital growth rates for this area in 2024. Older style original residences have been purchased for around $1 million with run down dwellings onsite demolished to make way for luxury residential residences. The transformation of the suburb has seen top end sale prices of anywhere around $2.5 million to $3 million, prices that home owners in Shelly Beach and surrounding suburbs would have only dreamt of achieving in past years.

An example is in the photos below. 59 Liddell Street, Shelly Beach was purchased in February 2020 for $910,000 in its original condition. After undergoing an extensive renovation, the home was sold in October 2024 for $2.9 million.

59 Liddell Street, Shelly Beach - before Source: CoreLogic/RPdata

59 Liddell Street, Shelly Beach - after Source: CoreLogic/RPdata

Cranes have been dominating the skyline over Gosford over the past 12 months with many residential unit complexes expected to be completed in 2025. A landmark development known as Archibald is expected to be completed this year after initial estimates of October 2024. The development will feature 320 residential apartments in a twin tower designed development with eateries, elevated bar and pool deck areas.

Another luxury unit development in Gosford expected to be completed in February according to their website is Rumbalara Residences, a 188-unit development across four boutique buildings. Located at the highest point of John Whiteway Drive, the unit complex benefits from commanding water views whilst immersed in luxury apartment living with residents having access to a clubhouse with an on-site concierge, private cinema, dining room, gym, day spa, work from home hot desk space and virtual golf simulator.

The unit developments are positioned within the upper market segment for unit style living in Gosford which is an emerging product across the Gosford skyline. With the increased supply of new luxury units in Gosford imminent, a watch and see mindset should be adopted.

Rumbalara Residences Source: Rumbalararesidences.com.au

In conclusion, the Central Coast market in general is expected to stabilise in 2025 with minimal capital growth likely across the year. There will be markets that outperform others and conversely there will

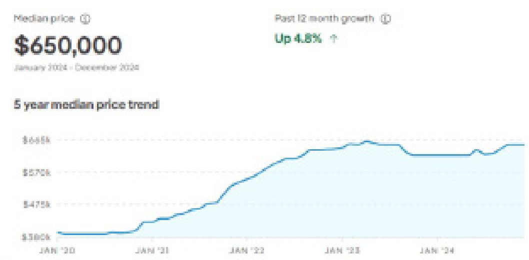
Cranes have been dominating the skyline over Gosford over the past 12 months with many residential unit complexes expected to be completed in 2025.

be some that underperform. This is a sign of the times until macro-economic factors such as interest rate cuts, cost of living pressures and global geo-political issues stabilise.

Todd Beckman
Associate Director

Bathhurst

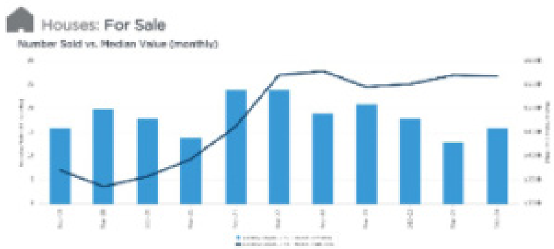
2025 has started stable and appears to be strengthening due to the slowing of inflation and the the February interest rate reduction. In Bathurst, the annual growth rate for houses over the past 12 months was 4.8 per cent, and for units it was 4.5 per cent. This is promising given the property market has slowed considerably. Purchasers are no longer driven by fear of missing out and are well informed.



Median price snapshot Bathurst house Source: realestate.com.au

With the decline of first home purchasers in the Bathurst market, savvy investors might have their pick of the lower end of the market, however the figures may also indicate a lack of properties on the market in this price range. The median house price of $650,000 would indicate that the strongest market in Bathurst is the $600,000 to $700,000 range which also sees the most competition for prospective purchasers.

The suburb to watch in 2025 is Raglan. Whilst on the fringe of Bathurst, it is on the Sydney side and there has been substantial new infrastructure completed to the highway entering Bathurst from the east. There has also been increased commercial development on this side of town with many big-name stores such as Anaconda, Harris Scarfe and Harvey Norman either opening or moving to this location, with whispers of more to come.



Median price snapshot Raglan house Source: CoreLogic

The population of Raglan has grown by 11.4 per cent in the past five years and is predominantly comprised of young families. There is a local public school, parks, and public bus services. Raglan is located only seven kilometres from Bathurst CBD, and with the median house value slightly below

$575,000, it is an attractive location for families to settle and investors to pre-empt a possible increase to property prices as this suburb grows and develops in the future.

There is also a substantial amount of vacant land stock on the market closer to the Bathurst CBD. Originally marketed as Windy 1100, the blocks have been re-branded to The Reserve. Blocks range in price from $315,000 to $400,000, and range in size from 500 to 1155 square metres. Only a small number of parcels have sold in this new development with many more available.

Carla Mammoliti
Valuer

Albury-Wodonga

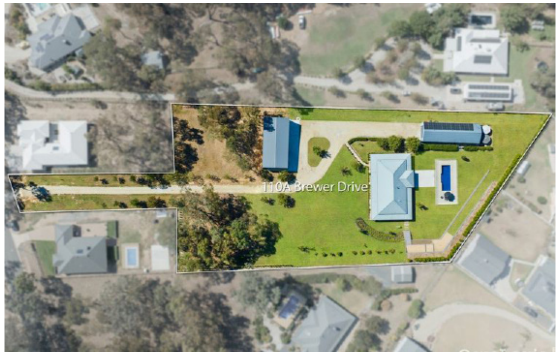
The year ahead is likely to continue exhibiting a divergence in real estate market trends across Albury Wodonga. The lower price bracket, particularly under $550,000, is expected to maintain strong demand, driven by investor activity from major cities and local buyers, pushing prices upward. In contrast, the higher-end segment, especially above $700,000, may face longer holding periods, with properties above $1 million seeing slower transactions.

This split in the market reflects differing dynamics in buyer affordability and demand, with lower-priced properties continuing to attract significant interest, while the higher-end market, though not weakening drastically, is showing signs of strain in some areas. As we progress through 2025, it will be crucial to monitor these trends and adjust expectations based on shifting economic conditions and market responses.

The year ahead is likely to continue exhibiting a divergence in real estate market trends across Albury Wodonga.

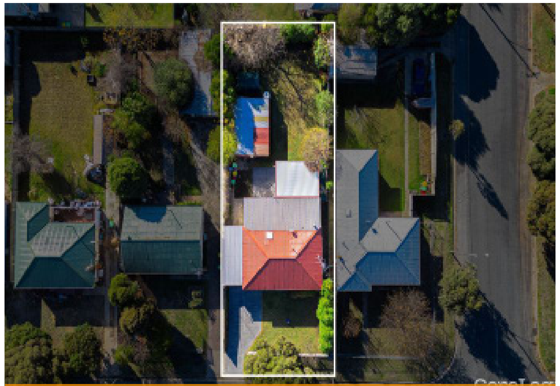
The case of 110A Brewer Drive, West Wodonga provides a good example of this, with a significant reduction in asking price after months on the market and eventually selling below its 2021 purchase price, signalling some softness in that bracket. The property sold in December 2021 for $1.4 million and went under contract in December 2024 for $1.385 million.

110A Brewer Drive, West Wodonga Source: CoreLogic



110A Brewer Drive, West Wodonga Source: CoreLogic

Meanwhile, properties like 164 Wantigong Street, North Albury in the sub-$550,000 range have seen rapid appreciation, despite no significant improvements, suggesting strong demand in this more affordable bracket. That property sold in October 2021 for $379,000 and is now under contract as of January 2025 for $500,000. It will be interesting to see how these trends play out throughout 2025.



164 Wantigong Street, North Albury Source: CoreLogic

164 Wantigong Street, North Albury Source: CoreLogic

Vanessa West
Property Valuer

Tamworth

Welcome back to another year. For the regional city of Tamworth, the 2025 calendar year has been met by the familiar festive glow of the Tamworth Country Music Festival, mild seasonal weather and storms. Following a year of steady property trading throughout 2024, all market segments closed the year with a somewhat healthy sting in the tail. This year, we are anticipating a few shifts in our property cycle.

With New South Wales having an ongoing affordability crisis, Tamworth is a regional centre well-positioned to offer a solid alternative. Hotspotting director Terry Ryder has marked Tamworth, along with Albany and Sydney suburb Harris Park at the top of the property investment list for New South Wales as areas that will outperform in 2025 (realestate.com.au).

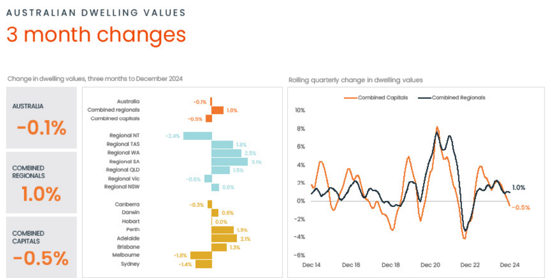
Major industry and infrastructure projects within Tamworth together with the local council strategic growth plan have been key indicators of the region's continued development.

It is anticipated that the affordable housing market segments (housing priced under $650,000) will dominate the annual growth and sale transfer numbers. An increase in new home building prices and long lead-in construction periods will push investors and owner-occupiers to focus on established dwelling stock. This too is expected to affect the rental market, as we anticipate a slight increase in median rental values to impact our local market. This is considered to affect all Tamworth suburbs and surrounding areas, but largely centred around the East Tamworth, North Tamworth, South Tamworth and inner West Tamworth areas.

It is anticipated that the affordable housing market segments (housing priced under $650,000) will dominate the annual growth and sale transfer numbers.

With all this considered, an area to keep on the radar is the suburb of Hillvue in the southern precinct of Tamworth, between the CBD and new and future residential development and commercial retail development. A recently approved commercial development that will welcome another supermarket to Hillvue will help support the growth of the South Tamworth Residential Precinct and bring additional local retail and professional services to the suburb. The suburb was initially developed in the 1980s and features primarily brick veneer and concrete tile dwellings with a median house price of $619,000.

Generally, we expect the Tamworth market to be stable and possibly tick up slightly. This market activity is expected to be a continuation of the wider New South Wales regional growth rate over the last three months of the 2024 year of 0.6 per cent.



Australian Dwelling Value changes Source: CoreLogic

This is a steady and conservative capital growth annual rate trajectory, largely due to the (I'll say it again) comparative affordability our housing prices represent in contrast to the greater regional New South Wales median, together with broad infrastructure and industry project investment and pipeline funding. High-end prestige property and rural residential property are expected to continue to experience slightly longer selling periods (days on market) with limited and inconsistent transaction data affecting general market trends. The general feel locally is that the upper end of the property market has normalised to a more traditional slightly volatile market (in order to attract the right qualified buyer).

We look forward to another fantastic year of valuation and property advisory in the New England and north-west New South Wales and welcome any and all interested parties to discuss all things property in any of our local offices in the region. Happy 2025 to all.

Nick Humphries
Property Valuer

Victoria - Residential 2024

Melbourne

With Melbourne's property market softening throughout 2024, there are early calls that in 2025 most markets will plateau. While immigration is forecast to decrease from record highs, the population movement away from regional Victoria back to greater Melbourne will start a downfall in regional markets and provide some growth to metropolitan Melbourne.

The start of 2025 sees a number of determinants left up in the air that can affect the property market. The main issues include the upcoming federal election and the RBA's reduction in interest rates which could have a major impact on borrowing costs and influence general market sentiment.

In this Month in Review we will forecast the upcoming property market in each region through greater Melbourne and Geelong.

Melbourne CBD

Melbourne's CBD property market in 2025 is anticipated to face challenges, with forecasts suggesting it may underperform compared to other Australian capital cities. Analysts predict residential apartment prices could decline by up to five per cent in 2025, following a 1.6 per cent decrease in 2024.

Despite these challenges, we anticipate certain submarkets to perform above the market average. These property types include high end apartments starting at a price point of $1.5 million. Premium units with large layouts and luxury amenities appeal to downsizers, families and foreign investors seeking centrally located, higher quality properties.

A trend worth noting is sustainable and energy efficient features becoming a significant selling point.

High quality, sustainable developments and premium apartments may outperform the broader markets.

We foresee the Melbourne CBD residential rental market continuing to experience tight conditions with current vacancy rates at 1.5 per cent indicating a high demand for rental properties and limited availability. Real estate experts suggest a three per cent vacancy rate would indicate a balanced market but anticipate that moderate rent increases may persist.

Property	Median price	Δ MoM	Δ QoQ	Δ Annual
All dwellings	$774,093	**-0.7%**	-1.8%	-3.0%
Capital city houses	$917,616	**-0.8%**	-1.8%	-2.9%
Capital city units	$607,414	**-0.5%**	-1.6%	-3.0%
Regional dwellings	$569,295	**-0.3%**	-0.6%	-2.7%

Melbourne's property price performance   Source: Herron Todd White

Northern Suburbs

The northern suburbs of Kalkallo, Wollert and Donnybrook are emerging as growth corridors in Melbourne's property market due to their affordability, large ongoing development and strategic location along Melbourne's expanding urban fringe. These suburbs have attracted significant interest from first home buyers. Median house prices in these areas remain around $650,000 making them accessible to many buyers.

Kalkallo house price performance   Source: realestate.com.au

We predict outer northern suburbs to perform steadily, supported by Melbourne's growing population and infrastructure investments such as the improved Craigieburn train line and the outer metropolitan ring road that are expected to enhance connectivity. These provide a strong potential for growth and liveability in Melbourne's outer north.

An interesting narrative to monitor in 2025 is the oversupply in these areas particularly in a suburb such as Wollert. We predict Wollert to perform poorly due to vacancy rates being higher than the national average. Supply is abundant with 1850 building approvals in the past 18 months. Wollert currently has 4.74 per cent of all homes on the market and a rental vacancy rate of 3.74 per cent. This double-edged sword of high supply for sale and high rental vacancy convinced us it will likely under perform in value and rental growth in 2025.

Middle ring northern suburbs like Reservoir have shown resilience, with some areas experiencing modest growth. Reservoir recorded a 1.79 per cent annual increase in median house prices reaching $850,000 and a rental yield of 3.4 per cent. We predict Reservoir and similar suburbs to remain flat or even decrease in value in 2025 due to a combination of factors including the new short stay levy on rentals and buyer preference shifts.

With Melbourne predicted to face challenges forecasting a five per cent decline in dwelling prices, middle ring suburbs are particularly sensitive to overall market conditions as they attract a mix of first home buyers and investors, all affected by the economic and policy changes.

South East & Peninsula

Within the south-east regions of Melbourne there is a variety of market impact predictions. Inner suburbs such as Elsternwick seemingly offer better investment properties for those looking for a way into these sought after property markets due to the current dip in housing values and renovation and potential subdivision options which can help achieve a rebound in property prices.

Melbourne's current rental crisis has worsened with rents surging to the highest they have been since COVID. Caulfield North has seen a median rent increase of 48 per cent in the past three years, with Victorian state government policy targeting higher density developments, particularly units, to help alleviate the rental crisis.

Melbourne's current rental crisis has worsened with rents surging to the highest they have been since COVID.

However, this will not have an immediate impact due to longer lead in times to get properties built and to market. The federal government's policies regarding capping foreign students and immigration policy could see some slight easing of pressure on rental prices.

The federal government has advised that the intake of migrants will fall sharply as it continues to overhaul the migration policy as they aim to support management of the cost of living and the population growth (ABC News, 2024).

The outer suburbs such as Officer and Clyde North will continue to remain resilient and have the highest chance to create success in their markets due to the affordability and attractiveness for low to middle income earners, particularly new migrants to Melbourne.

Clyde North house price performance Source: realestate.com.au

Eastern Suburbs

Ringwood and Mitcham are affordable suburbs with a median property price of $900,000 (realestate.com.au, 2024). We consider Ringwood and Mitcham to be Melbourne's gentrifying family-friendly suburbs that are experiencing strong growth due to relative affordability for established eastern suburbs. Family homes in these areas are expected to remain in high demand in 2025.

Box Hill has super-charged since it transformed into a major urban hub in the past decade. It attracts a diversified population keen to engage in a mix of residential, commercial and cultural developments and is very popular with the Australian-Chinese community.

The median property price is currently $1.65 million with a slight decline of 1.79 per cent over the past 12 months (CoreLogic, 2024), offering buyers an opportunity to purchase in a relatively flat market.

In 2025, Melbourne's eastern suburbs are forecast to show a slight decline, particularly in prestigious suburbs such as Balwyn, Canterbury and Camberwell where higher valued properties are more susceptible to a subdued market. However, Ringwood, Glen Waverley and Box Hill seem to be stronger performers and likely to experience modest growth.

Western Suburbs

The residential property market in Melbourne's western suburbs is expected to face challenges in 2025. Factors such as ongoing high interest rates, an increased supply of land, and more cautious investors may impact the performance of some western suburbs.

Deer Park is one suburb to watch closely in 2025. With a median house price of $650,000, it presents a good entry point for investors. National Property Buyers director Antony Bucello also sees Deer Park as an attractive option, noting that properties in this suburb could offer a potential rental yield of 4.5 per cent.

Expanding suburbs like Tarneit and Wyndham Vale offer affordable options for modern developments, making them ideal for first home buyers. These areas also provide an opportunity to take advantage of government grants available for first home buyers.

Population growth and new infrastructure are key factors that could support steady growth in Melbourne's western suburbs. Rents have increased over the past 12 months in Tarneit, mirroring the trend from the previous year.

With an 11.5 per cent rise in rental prices over the past year, this upward trend is expected to continue, driven by population growth and the demand for more affordable living options.

However, oversupply and tax implications, such as the vacant residential land tax, could deter some potential buyers from the western suburbs. While the region may face challenges in 2025, there is still potential in specific areas for some growth.

Geelong & Bellarine Peninsula
The residential property market in Greater Geelong is expected to remain relatively stable throughout 2025. This stability can be attributed to several factors, including an increase in housing supply. Areas such as Armstrong Creek, Mount Duneed, and Charlemont have seen significant development, contributing to a 96 per cent rise in stock-on-market over the past three years (Propertyology, 2024).

Additionally, demand for homes has softened, with the number of real estate transactions declining from 6615 in 2021 to 5340 in 2024.

In 2025, several Geelong suburbs are expected to experience notable property price movements. Lovely Banks, for instance, recently led Geelong's house price growth, with a median price of $765,000, reflecting an 8.2 per cent increase over the past 12 months. This upward trend positions Lovely Banks as a suburb to watch closely (realestate.com.au, 2024). The suburb's affordability and ongoing infrastructure development have driven its growth.

Meanwhile, family-friendly suburbs like Belmont have seen significant population growth, partly due to their proximity to schools, parks, and coastal amenities. Belmont's population has grown by approximately four per cent, driven by families seeking established communities and spacious properties (MPA, 2024). While Belmont hasn't seen an increase in property prices over the past 12 months, it has remained stable.

There are still affordable options in several Geelong suburbs, particularly for first home buyers. New estates such as Armstrong Creek offer affordable options, with the added benefit of being eligible for the First Home Owner Grant when purchasing or building a first home. However, potential buyers should be mindful of the oversupply in these growth corridors, especially in areas like Armstrong Creek, Mount Duneed, and Charlemont, before making a purchase.

Perron King
Director

Mildura

There are several factors that we expect will influence the local residential market throughout 2025, including the level of population growth, construction costs, rental vacancy rates and general economic confidence.

Accurately predicting how 2025 will pan out is difficult, however we expect that there will continue to be good demand for established housing at all price points. Most commentators are forecasting that interest rates will start to decline in the first half of the year and employment rates remain at good levels. At a local level, several of the local region's key horticultural industries (citrus, table grapes and almonds) are enjoying better conditions than was the case between 2020 and 2023, which will help maintain demand for seasonal workers and farm inputs.

We expect that owner-occupiers will continue to dominate the buying pool, in part because of the tight rental market making buying seem like a good option. The median house price in Mildura of approximately $487,000 is relatively affordable compared with other regional areas and rose by approximately five per cent throughout 2024. We expect value levels to at least remain stable and possibly increase by a similar amount in 2025.

Local investor activity is likely to remain active, but at comparatively lower levels than was the case three to four years ago. Higher ownership costs (land tax, council rates and insurance premiums) have eroded returns and while the higher rents have helped offset this to a degree, investors are expected to remain cautious. It will likely take a number of interest rate reductions to improve local investor confidence.

However, at this stage we are still seeing strong investor demand from out-of-town buyers, which has contributed to some of the recent price growth in Mildura. No doubt this interest is fuelled by the lower entry price in Mildura compared to many other regional locations.

Any easing in the value of vacant lots may also stimulate greater construction activity.

First homebuyers in Mildura faced competition from this out-of-town investor group in the second half of 2024 and this may see some first homebuyers turn their attention to better standard homes in the surrounding towns of Red Cliffs, Merbein and Gol Gol, which to date have not been the focus of this investor group.

Residential construction costs remain high, which has contributed to reduced demand for vacant lots and a reduction in construction activity over the past year. It is possible that 2025 will see an improvement in new house construction, noting that the cost of buying established housing has continued to increase over the past two years, which is narrowing the gap between the cost of building a new home and buying established.

The oversupply of vacant lots is expected to continue, following completion of a number of subdivisions in recent years. There have been few resales of vacant lots in recent times and often these resales have occurred after extended marketing periods. If a larger number of lots were actively marketed, we would likely see some vendors discount their asking price.

Any easing in the value of vacant lots may also stimulate greater construction activity.

The higher end of the market is anticipated to still be somewhat fickle, with some properties selling quickly at high prices, while others can take longer and, in some cases, require some price adjustment to sell. Interest rates play a lesser role at this end of the market. Buyers currently do not feel the urgency they previously had and are tending to be more selective. Overall, we expect there will still be good activity at the higher end of the market.

Jake Garraway
Valuer

Queensland - Residential 2024

Brisbane

Brisbane has been one of Australia's standout property markets over the past two years, with strong sales activity and impressive capital growth across key sectors. Its metrics demonstrate the overall strength of several "secondary" capitals in recent times.

According to CoreLogic analysis through to the end of 2024, Brisbane saw dwelling values increase by 11.2 per cent, which is a record high.

This annual outcome was only bettered by Perth and Adelaide and was demonstrably more impressive than Sydney and Melbourne. As we move through the first months of 2025, the city's overall market remains dynamic, shaped by a combination of economic factors, supply constraints, and population growth.

The first half of the year is likely to see continued moderation in markets similar to those conditions experienced in the second half of 2024.

Interestingly, our general census is that Brisbane's residential property market in 2025 could well mirror 2024 conditions… but in reverse!

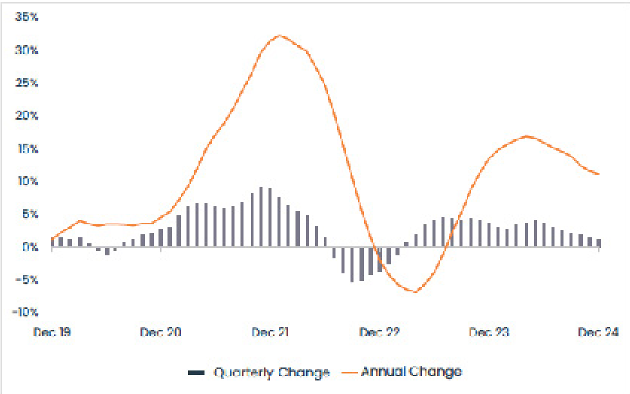
The first half of the year is likely to see continued moderation in markets similar to those conditions experienced in the second half of 2024. As we move into the second half of 2025, the market may well strengthen in response to additional interest rate cuts. We will also be well past the federal election. As such the government in power will have its policy direction established with many programs implemented all of which usually delivers a boost in confidence to our markets.

In December, Brisbane dwelling values rose by **0.5%**

Over the quarter dwelling values increased by **1.3%**

Over the past year dwelling values increased by **11.2%**

Brisbane dwelling values are currently at a record high.



Brisbane dwelling values

Source: CoreLogic

As at the time of writing February's Reserve Bank decision to cut the cash rate by 25 basis points has been welcome by most market participants. Property stakeholders had been waiting for quite a while to get good news on the cost of borrowing. Throughout the last quarter of 2024 and into early 2025, the underlying inflation figure retreated. Then, with the December core inflation figure falling to 3.2 per cent, the RBA finally pushed the go button on a cut. While we expect this to positively stimulate markets, we are more reserved than some about how dramatic the influence will be. I suspect we'll need to see far more in the way of cuts before falling interest rates substantially drive property prices up.

Another consideration this year for all markets is the already mentioned federal election, with a poll date still to be announced as at the time of writing this article. While the outcome of the vote is unlikely to sway prices in any measurable way, there is normally a substantial slowdown in market activity in the lead up to elections, and I doubt it will be any different this year. The upside is the post-election stability we normally see in the months following a poll result. This confidence can entice some property participants become more active in the market.

Looking past these national issues, it's fair to say Brisbane's property market fundamentals remain strong. A continued undersupply of housing coupled with sustained population growth will support ongoing demand. Buyers, particularly those in the affordable and mid-price sectors should remain active as they adapt to current conditions.

The second half of 2025 could well bring more confidence to Brisbane buyers if the downward moves on interest rates continue. A more stable interest rate environment and improved borrowing power should encourage a fresh wave of buying, particularly in any markets that may have softened earlier in the year.

Investor activity has been good in southeast Queensland, but lower rates will stimulate further demand among this buying group too. Many have long-term capital gains in their sights... and why not? With the new state government looking to create more certainty about infrastructure plans in the lead up to the 2032 Olympic Games, Brisbane feels like a good bet for those investors hoping to enjoy value upticks over the next one-to-two property price cycles.

In fact, Brisbane's 2032 Olympic and Paralympic Games infrastructure and planning report, due in March 2025, could well influence market trends this year. Suburbs close to proposed Olympic infrastructure could see heightened demand in the near term.

One suburb to watch is Woolloongabba. There has been talk that redevelopment of "The Gabba" for 2032's global event is a hot chance in the stadium stakes. If it's announced in the report that this will be our city's main event space, then market activity in and around the suburb is likely to spike for both residential and commercial property.

Albion and Bowen Hills are other areas primed to benefit from infrastructure work. It's worth noting that nearby Victoria Park is also in the running for the main stadium location. Regardless, upgraded transport options, active hospitality offerings and proximity to the CBD bode well for the long-term appeal of these suburbs.

We also think buyers will have their eyes on Brisbane's inner-east and riverside precincts. These suburbs are close to the city centre and are also primed to benefit from infrastructure upgrades. One of the drawcards will be enhanced lifestyle areas along the river.

Because Brisbane has a very traditional property market model, detached housing tends to be the most consistent property type for price growth and buyer demand. There are plenty of options across all price points for buyers looking to secure a detached home. Price is almost always a function of distance from the CBD – you simply get more house and land for your buck in the outer suburbs.

Detached house buyers could secure some excellent opportunities in 2025. If you're a family-home buyer who doesn't mind doing some upgrades over the long term, then now might be a prime time to purchase. There are entirely habitable homes in the market that are experiencing soft buyer demand and seem very competitively priced. High building costs and long delays in securing contractors are impacting this sector. If you can buy and hold, then many of these properties make for excellent options.

We've also seen some relative bargains at the start of this year in some of our blue-chip suburbs. For example, while Paddington's median house price has just hit $2 million according to realestate.com.au, our valuers have spotted sales between approximately $2 million and $3 million that offer good value.

For example, this home at 31 Wilden Street just sold for $2.64 million. Set on a 405 square metre site, the home provides five-bedroom, three-bathroom, two-car accommodation with an inground pool and extensive views to the CBD. The home itself looks to be around 10 to 15 years old with an internal floor area of 250 square metres. Reproducing this property in today's market – i.e. buying the land vacant and constructing a home of similar layout and quality – would cost far more than its recent sale price. I've even heard some agents suggest that buying established homes under these circumstances is almost like "getting the land for free".

31 Wilden Street, Paddington Source: realestate.com.au

31 Wilden Street, Paddington Source: realestate.com.au

RESIDENTIAL

HERRON TODD WHITE

Off-market transactions are also popular in this space and are likely to gain even more traction in 2025.

Affordability will be high on buyers' agendas again this year. Despite rent increases easing, our rental vacancy rate remains tight. As such, expect tenants to weigh up the option of purchasing rather than renting, particularly at the affordable end of the market. This shift from renting to ownership has helped drive a hot run of second-hand, older unit price growth since 2023. While the relative disparity between house and unit prices has closed over the past two years, apartments will always remain attractive to those wanting to put a foot on the property ladder in some of our more desirable inner- and near-city suburbs.

For buyers who are in the lower price bracket but want to secure a detached home, then suburbs in the outer and fringe suburbs are your options. While these areas have sometimes been overlooked by the broader market, they do offer good fundamentals nowadays due to improved transport links and evolving community infrastructure.

Some suburbs to watch in this space would be those throughout the Logan and Ipswich corridors. Great public transport, comprehensive arterial roadway connections and proximity to employment hubs all help fuel the demand for housing.

For buyers with tight budgets who are keen on new housing, Springfield and Ripley continue to be options with ongoing master-planned developments throughout. There is modern housing and strong long-term growth potential in these areas, and buy-in prices are fairly reasonable.

Lifestyle chasers will also look towards Redcliffe and other Moreton Bay regions. There are suburbs throughout that offer excellent value for money while allowing residents to enjoy a coastal lifestyle with a community focus.

Prestige property had an excellent year in 2024, and it looks set to continue this year. Many of the buyers in our $4-million-plus market are cashed up. As such, they don't tend to be as affected by interest rate movements. Given Brisbane's appeal will only grow as we head towards 2032 and beyond, high-end buyers wanting to stay ahead of the game will be keen to secure property this year.

Prestige properties, particularly those with riverfront or panoramic city views, are particularly appealing and I expect a cross-section of wealthy, interstate and expat buyers will be eager to secure a home. Off-market transactions are also popular in this space and are likely to gain even more traction in 2025.

Looking at medium to high priced units and townhouses, there is an expectation this sector will do well in 2025 too. High building costs mean that the supply of new attached housing remains very tight. Projects need to appeal to high-end homebuyers willing to pay a premium for a quality development, because developers' profit margins on projects are extremely tight.

The flow on as well is that existing units, particularly those with great fundamentals in sought-after inner-city areas, are expected to see steady price growth this year.

In looking at what to approach with caution this year, I'd perhaps put vacant land on the radar with the continued high cost of construction causing many buyers to pause and consider their options.

We really need to see costs and build time reduce in 2025, so construction becomes more affordable and housing supply improves.

It will also be interesting to see how our markets perform around the time of the federal election. Once the date is called, activity in the housing market normally slows. There could even be an opportunity to buy well during this period for some purchasers.

Overall, we remain bullish about Brisbane property in 2025. The fundamentals are strong, and future prospects look good. There's steady demand anticipated across various segments. While affordability concerns and political shifts may cause short-term fluctuations, Brisbane will reward those who buy property with good fundamentals and hold onto it for the long term.

David Notley
Director

Gold Coast

As we begin a new year there have been a number of media reports lately insinuating that Australia is facing a property market downturn in 2025. Whilst it appears there is good evidence that we are already amidst a slowdown on a national level, there has also been cautious optimism amongst property experts that the Gold Coast will remain resilient this year, and will continue to be one of the top performing markets.

Before we discuss our own outlook for the Gold Coast market, let's quickly recap what transpired in 2024.

Upon reflection, overall it was a year of steady price growth and stability for the market despite cost of living pressures and high interest rates being prevalent issues. Statistical data reveals that property prices on the Gold Coast further improved in 2024, with the median house price now circa $1.1 million (up 11.7 per cent over the year), and median unit price at circa $760,000 (up 29.6 per cent over the year).

Whilst value levels improved on the Gold Coast in 2024, it was evident that growth conditions slowed down in the second half of the year. Notwithstanding, the prestige market remained robust throughout the course of the year, and there were many eye-catching sales recorded, mainly within the popular beachside localities.

At the lower end of the market, both units and houses priced under $1.25 million also performed well, with demand far outstripping supply in many suburbs. Unit values have been rising at a faster rate than house values of late, and this is likely a consequence of buyers facing housing affordability challenges. The current market dynamics at play have also resulted in the outer suburbs of the Gold Coast and the southern Logan Shire becoming far more popular with buyers, where residential property is far less expensive.

Given what has materialised over the past twelve months, we believe that the momentum in the property market this year will particularly depend on the level of activity at the affordable end, and the movement in interest rates.

Apart from a few good auction turnouts, many local agents have observed a sluggish start to the year compared to this same period last year. With the exception of the far northern reaches of the Gold Coast, sales activity over the summer holiday period was fairly subdued. Some agents have pointed out however that many prospective buyers have been just sitting on the sidelines waiting for the Reserve Bank's decision to reduce interest rates in February.

The capital city markets might be losing steam but we think the Gold Coast market still appears reasonably placed to weather any potential volatility this year. The market has a shortage of available stock, there has been strong investment in public infrastructure, the local economy appears stable, and there are no signs yet of any significant slowdown in migration to the city.

Locally, developers and builders are still facing challenges in delivering new stock to the market, signifying that there will be an ongoing undersupply issue for new housing product for some time yet. Given that demand levels remain high, the current demand/supply situation will further underpin property values.

Now with that said, let's take a quick dive into the different areas that make up the Gold Coast region and see what price points and property types are worth watching closely this year.

Let's begin with the central and southern suburbs which offer great coastal lifestyle appeal. Here we expect to see good levels of market activity persisting for property priced under $1.5 million, whilst property in the mid-tier price bracket ($1.5 million to $3 million) is expected to further moderate. Local agents have highlighted that it is the mid-tier market where purchaser activity is slowing the most, as exhibited by longer sale periods, with more stock to choose from in this price bracket. Despite this, we still think there are a few solid investment opportunities to be found here. Areas to watch include the beachside pockets of Miami and Tugun.

Local agents have reported that many buyers are being priced out of the highly sought after beachside suburbs of Mermaid Beach, Burleigh Heads and Palm Beach, and are looking for less expensive property in alternative locations which offer broadly comparable lifestyle attributes.

As with the above-mentioned suburbs, Miami and Tugun are also set to benefit from the light rail system extensions. Stage 3 of this major infrastructure project is currently in progress. Investing in either units or houses that will offer future convenience to the proposed light rail extension may prove to be an astute buying option. Once complete, these suburbs will be all connected to a world class public transport system that will link up with Coolangatta Airport.

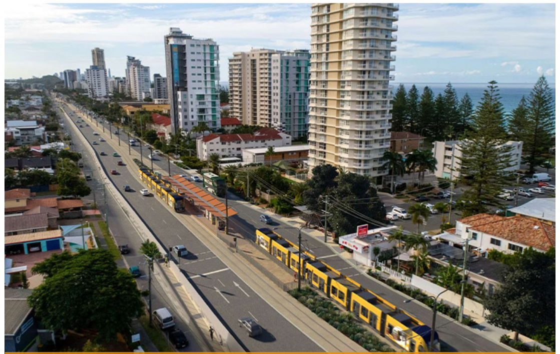


Illustration of Proposed Stage 3 Gold Coast Light Rail Extension Source: RCP Australia

Another submarket to watch this year is the top tier prestige market which has been very resilient over the past year. Developers have been keen to capitalise on this buoyant market sector in the past couple of years, and lately, we have noticed that there are many highly priced, high quality properties nearing completion and currently selling off the plan in the beachside localities. It was recently reported that high profile developer, Graya, just sold an ultra-modern style duplex residence, positioned on the non-beachfront side of Hedges Avenue, for $8 million in an off-the-plan sale. On face value this appears to be a very strong price, and shows that prestige property buyers are still willing to pay a premium for exclusive high quality product in good positions. According to the selling agent the yet to be constructed property was quickly secured by a Brisbane purchaser before being officially on the market. It's clear that the recent influx of cashed up buyers and shear undersupply of quality stock is driving these very strong sales results. In order for this market segment to keep momentum this year, we think the out of town and interstate market will need to remain a significant driver.

120 Hedges Avenue, Mermaid Beach Source: realestate.com.au

With affordability top of mind for many buyers particularly with families, the property type to watch in the suburbs is detached housing priced under $1.5 million. Finding affordable housing that ticks many boxes in the inner areas can be quite challenging. To buy a decent house for a family which offers a reasonable level of comfort will also likely require the family to provide a dual income in order to service the mortgage and to combat general living expenses. Recent history shows that comparatively affordable dwellings that have represented reasonable value were freestanding dwellings found in areas like Varsity Lakes, Robina and Ashmore. These are pockets where stock levels remain very tight. An example of a property which shows good fundamentals is the recently reported sale of 19 Konda Way, Robina. This freestanding home, which provides four-bedroom, two-bathroom accommodation, changed hands in January for $1.05 million. The residence was built in 2001 and is set on a 453 square metre parcel. It currently presents in largely original condition.

The main drivers here have been first home buyers and the interstate migration seeking out affordable dwellings, duplexes and townhouse units.

19 Konda Way, Robina Source: realestate.com.au

We are of the opinion that affordability issues will be further exacerbated this year. Due to the lack of stock and strong prices in these central areas, buyers who are constrained by affordability challenges will likely be pushed further out. Therefore, we see good value growth potential for the lower priced outer suburbs like Merrimac, Carrara, Nerang, Pacific Pines and Helensvale which still offer good amenity to schools, shops and transport.

The same can be said for the M1 northern corridor region where the market has not exhibited any signs of a slowdown yet. Value levels have surged in recent times for property priced under $1 million. We've seen a number of townhouses and modest freestanding dwellings already transacting above the prices observed at the end of last year. Agents are reporting that the properties in this price range that are selling in a short time frame are those homes which are generally well presented. These types of properties are showing great prospects if your budget is tight.

The main drivers here have been first home buyers and the interstate migration seeking out affordable dwellings, duplexes and townhouse units. Agents have reported that locals who have benefited from the rise in the market are now looking to cash in on their own property and upgrade to a better home. This trend has been particularly evident in areas like Ormeau, Beenleigh, Eagleby, Belivah and Mount Warren Park.

With new and affordable house and land options becoming increasingly scarce on the Gold Coast, buyers on a very tight budget should not discount the opportunities presented a little further west. Areas in the growth corridors to keep an eye on that offer vacant land and house and land packages will be Bahrs Scrub, Yarrabilba, Jimboomba, South Maclean and Flagstone. We should point out however that there are reported delays in delivering new lots to the market at the moment. Subsequently, the flow on effect is that major developers now have long waitlists for unregistered and registered land. Interestingly, given these circumstances, the hold-up of stock coming to market has further increased the demand in the

All in all, while the Gold Coast property market faced a minor slowdown during the latter part of 2024, it remains well-positioned to navigate the potential challenges this year.

local area, which in turn has seen premium prices being paid for registered land, and for new and established dwellings.

Finally, let's briefly turn our attention to the far southern end of the Gold Coast and Tweed border region. The recent completion of the Tweed Valley Hospital and major road upgrades is expected to stimulate some value growth for the immediate and surrounding area. We've also noticed that the market for unit product priced under $1 million has remained strong due to the ever present supply shortage, particularly in the Coolangatta and Kirra areas. Agents have reported that many of the buyers in this submarket are first home buyers or buyers looking to exit the rental market where high rents persist.

All in all, while the Gold Coast property market faced a minor slowdown during the latter part of 2024, it remains well-positioned to navigate the potential challenges this year. Prestige property continues to attract strong interest, however we expect to see purchaser activity moderate and selling times to trend higher. Meanwhile, the lower-priced housing markets still show good potential for value growth in the short to medium term. The region's stable economy, ongoing migration and diverse market segments should provide a foundation for resilience and opportunity in the year ahead.

Sam Gray
Director

Sunshine Coast

When looking ahead for 2025, it feels as though it is going to remain steady as it goes. In relative terms the market remains pretty good. Sure, the unsustainable buoyancy that was experienced during the COVID period has certainly dissipated, however the market is performing well. As always it will be hard to predict as there will be some trepidation for some, but the underlying fundamentals seem to be good. Some aspects of the market are as follows:

The positives are:

- Interest rates - the lower inflation rates have given rise to a rate reduction which will assist in giving the market some confidence;
- Low unemployment remains;
- Supply levels of property for sale in relative terms remain on the low side;
- Location and the future - The Sunshine Coast and the wider south-east Queensland area continue to be popular. The reported $100 billion of new infrastructure projects mooted in the lead up to the 2032 Olympics all lend to some long-term confidence.

And now for the negatives:

- Affordability - affordability remains a big challenge with value levels remaining high. From the coastal areas right through to the hinterland, record values have been set. In the past, Sunshine Coast property was cheaper than our southern capital city cousins of Sydney and Melbourne and by some way. This is no longer the case as we are near parity with Melbourne and the gap has narrowed to Sydney;
- Hidden pain - there will be a cohort of home and business owners who are doing it tough. They have been able to survive so far, and some reductions in interest rates may help but the pain may already be in place with any interest rate falls having little effect. This could see an increase in supply and unemployment.

As we mentioned at the end of last year the market was performing pretty well. One aspect of the market is that selling periods have extended slightly. The selling periods however are more in line with pre-COVID markets. Other points noted in the market are as follows:

- Good properties are selling for good money. What we mean by that is homes that are in good condition and do not require much work, and are well located, are able to achieve good prices. Conversely, properties where the dwelling needs a renovation or a rebuild tend to linger. The construction industry is still having an effect in that people just don't want to go through a renovation.
- Entry level markets up to say $800,000 remain good with property at this level being keenly sought after.
- Unit markets continue to perform pretty well at both ends of the spectrum. At the upper end, with the somewhat limited construction activity at the moment, buyers are having to look at the existing product. At the lower end markets, these units provide affordable options for first time buyers to enter the market.

- Land markets remain quite constrained with limited subdivisional parcels available. The major estates advise that activity remains strong.
- The rural residential and hinterland markets continue to perform reasonably well.
- There is some inconsistency returning with sales and sale results being more dependent on the characteristics of the property and circumstances of the sale.

Supply levels continue to be the big story. Discussions with our team and with a number of agents in the region indicate that of the vendors who are selling, few are under pressure. Whether or not owners are selling because a property may be a surplus asset, change of lifestyle or under pressure makes little difference.

Stuart Greensill
Director

Rockhampton

Last year was full of surprises in regard to the rate of growth experienced in the Rockhampton region and it is reasonable to expect little change as we enter into 2025.

Once again, the fundamentals that underpin the residential market continue, with very low vacancy rates, ongoing major infrastructure projects such as the Rockhampton Ring Road (now well underway with construction due for completion in 2031), low unemployment, a diverse and strong local economy (agriculture, health, education) and little side effects of the impacts of high inflation due to our relative affordability compared to southern metro locations. These all lead to expectations of another prosperous year in our region.

Overall, 2025 is expected to be another buoyant year for Rockhampton and surrounds.

There are unlikely to be any oversupply issues arising throughout the year ahead, as vacancy rates are still well below what are considered balanced market conditions, remaining around one per cent for Rockhampton.

Overall, 2025 is expected to be another buoyant year for Rockhampton and surrounds. While it's difficult to comprehend another solid 12 months of the same significant price increases that we experienced throughout 2024, there are no external influences on the horizon to suggest otherwise. A conservative approach would be to expect a steadier rate of growth, potentially in the second half of the year, should we see an exit of non-local investors from the market, as this will slow competition for the limited stock available.

Cara Pincombe
Associate Director

Gladstone

Welcome to 2025 and what shapes as another interesting year for the Gladstone property market. Jumping straight into it, there have been a couple of signs that the market in the Gladstone region may begin to stabilise at some point this year. These include: the number of days on the market is starting to stretch out; we are starting to see sale prices that are at or slightly below asking price; after hovering around the one per cent mark for the better part of the past 12 months, vacancy rates jumped to 1.6 per cent in December 2024 and rental increases have cooled slightly according to local rental agents. Now of course these could all simply be the result of a typical post-Christmas slump however we have been noticing these changes for a couple of months now.

I'm not suggesting the bottom is going to suddenly fall out of the market - not at all. The fundamentals of our market remain strong and we are still one of the most affordable cities to buy into on the eastern seaboard of beautiful Queensland. We are still predicting further growth in the Gladstone region in 2025 however it is unlikely we are going to see the sharp increases in value that were seen in 2024. It's more likely we will see a steady rate of growth over the course of the year with the possibility of some stabilisation.

Regan Aprile
Director

Bundaberg

This month we are giving our forecasts on what we see happening in our patch for the year ahead for the residential market. We feel that the incredible gains made over the past four years will start to ease as agents inform us that listings are harder to come by at the moment. Properties are starting to be on the market for more than two to three days as buyers and sellers are more realistic about listing prices and what they are prepared to pay given a federal election is in the wind and the uncertainty of interest rates. The new house and land market remains highly active as we head into 2025 after a mid-year lull in 2024. At this stage, there appears to be a balance between supply and demand for land and established homes. Land prices are currently sitting in the $260,000 to $320,000 range for standard 600 to 800 square metre lots. Construction costs also appear to be stabilising. Sales prices for new homes are currently in the $650,000 to $800,000 range for a circa 150 square metres of living, four-bedroom, two-bathroom home with double garage. The rental market is expected to remain very tight for the foreseeable future, with very low vacancy levels.

Megan Matteschek
Property Valuer

Mackay and Whitsunday

I hope all our readers had a great holiday period and happy new year. 2025 - a quarter of this century is almost gone, can you believe it? But I digress. This month we look at the year ahead and try as best we can to give our predictions for the next 12 months.

I am finding this prediction to be one of the easier and harder predictions all rolled into one that I have written in some time. 2024 saw significant growth in the Mackay market, particularly the last six months when momentum really started to shift. We saw double digit price growth across all market sectors. This was on the back of a very strong local economy, a buoyant mining sector, with strong employment opportunities right across the region, large infrastructure projects such as the Walkerston bypass and highway upgrades all leading the charge into positive economic territory. Also, Mackay's median house price and relative affordability, especially compared to capitals and other coastal localities, plus extremely tight rental vacancy rates fueled this strong demand. At the end of the year, the Mackay market was in unchartered market territory with record high median prices never before seen in this part of the world. And this was all done in the face of rising interest rates and crippling cost of living pressures, and while affecting other areas, they had little to no effect on the Mackay market.

So what does 2025 have in store? There is no evidence to suggest a slowdown in our economic activity and market confidence. All agents are recording very strong demand across all market types. Low stock levels have been a significant challenge for the market and this shows no real sign of improving in the short term. So positive market growth is the easy part. The difficult part is how far can it go? That is harder to predict. The price growth in 2024 was not uniform. The year started off strongly, but then really gained momentum into the second half of the year with growth in the last part of the year well above the first six months. So our prediction is good growth in 2025 across all market sectors, it's just the size of the growth that is difficult to predict.

The only red flags are a possible global event that is unforeseen, or some major event that affects the mining industry in the Bowen Basin which may cause a slowdown in the market. Another issue is at present there are a large number of out-of-town investors and buyers' agents pretty much buying anything they can get their hands on in the $650,000 and less market, based on good solid rental returns (the reported aim is six per cent gross and low maintenance). The majority of the dwellings are bought sight unseen (a video walk through is about it) and sell well above listed prices. While all indications are that the demand from these investors is still as strong as last year, should they exit, it will definitely slow the market to a degree.

Mick Denlay
Director

Emerald

The residential market experienced exciting levels of growth in the Central Highlands during 2024 and we expect that this growth will continue in 2025.

This Central Highlands economy is driven by many diverse industries including mining, which is the greatest contributor to the region's economic output and employer of the largest portion of our population. The strong levels of growth in the local economy over the past two years have resulted in low unemployment and high demand for accommodation.

The relative affordability of housing in the region compared to centres along the Queensland coast paired with low vacancy rates has been encouraging renters into transitioning to owner-occupiers and attracted investors back into our region. With low supply still very much an issue in the region, we expect this demand to keep pushing up median sale prices, keep rental demand high and strengthen investor interest.

While all indications are that the demand from these investors is still as strong as last year, should they exit the Mackay market, it will definitely slow the market to a degree.

HERRON TODD WHITE

This growth will likely ease when the median sale prices reach parity with values in the coastal centres and the return to investors begins to diminish.

Kellie Blomfield
Valuer

Hervey Bay

Hervey Bay's local economy is primarily driven by sectors such as tourism, healthcare, retail and in recent years construction on both a residential and commercial level. If these sectors continue to expand, they could significantly bolster the property market. One market in particular is the multi-storey residential unit market. There were a number of projects approved in 2024 and hopefully some of these will begin construction in 2025. It has been in excess of 10 years since a multi-storey unit complex has been built on the Esplanade.

The balance of housing supply and demand is crucial in determining property market trends in 2025. If new housing and land developments are limited or delayed, existing properties and land might experience increased demand, resulting in price hikes. On the other hand, an oversupply of housing and new land could stabilise or even reduce property prices, as buyers have more options to choose from.

Demographic changes could also influence the property market. An influx of retirees could boost demand for specific property types, such as single-level homes or those within retirement communities. The over 50s lifestyle resort concept is in full swing in Hervey Bay with six complexes currently in development in addition to the seven villages already established.

The new house and land market remains highly active as we begin 2025. Vacant land prices have noticeably risen over the past six months. This price increase can be partly attributed to delays in titling for some estates. At this stage, there appears to be a balance between supply and demand for land and established homes. We may see a stabilisation of land prices over the next 12 months given the steep rise experienced over the past 12 months. Land prices are currently sitting in the $260,000 to $320,000 range for standard 600 to 800 square metre lots. Construction costs also appear to be stabilising. Sale prices for new homes are currently in the $650,000 to $720,000 range for a circa 150 square metre of living, four-bedroom, two-bathroom home with double garage. The rental market is expected to remain very tight for the foreseeable future, with very low vacancy levels.

Market sentiment towards property investment in regional areas like Hervey Bay is largely influenced by broader economic trends and confidence levels. Positive sentiment and economic confidence could lead to continued investment in the area, driving up property prices. Conversely, if sentiment is negative, it could result in a more cautious approach from buyers and investors, stabilising or even reducing market activity. The rise in sale prices in 2024 for new homes was more dramatic than rises in rental levels which resulted in diminishing returns for investors. This trend may continue over the short to medium term.

Doug Chandler
Director

Townsville

Townsville hit the headlines in late December 2024. An amazing article from a large buyers' agent research firm stated that Townsville is predicted to experience a remarkable growth of 25 to 30 per cent in 2025. That is some awesome crystal ball gazing. I would never be quite so bold as to make that prediction for the year ahead.

That being said, Townsville's fundamentals remain very strong. The economy is underpinned by employment and Townsville has jobs, jobs, jobs. According to Townsville Enterprise, the North Queensland region has over $30 billion in projects in the pipeline across more than 60 projects.

Vacancy rates in rental stock remain dreadfully tight and rents remain strong which continues to attract out of town investors. These same investors compete with owner-occupiers which in turn puts continued upward pressure on prices. Agents are mixed in their marketing approaches with some voices suggesting marketing a property to investors solely gets the most eyes and best return for sellers. Other agents are open to releasing a property to the open market and letting all comers participate in the buying process. Either way, most properties are selling within days after receiving multiple offers. The market remains hot, hot, hot.

The unit market was previously seen as the poor cousin to the housing market but continued a buoyant resurgence during 2024 and this is expected to continue on the back of affordability concerns in the housing market.

I can see no reason why 2025 won't be similar to 2024. The underlying fundamentals are strong. Sale transactions (houses and units) have been approximately 6500 per annum for the past three years. Agents are reporting a strong start to 2025.

The only hand brake I can see is if rents start to plateau (based on affordability issues) or if capital values continue to increase (thereby reducing rental yields) which may reduce demand from investors. I believe there is plenty of demand from owner-occupiers looking to take up any slack that appears in the market.

Strap in for 2025 as it may turn out to be a wild ride.

Darren Robins
Director

Cairns

The Cairns market is predicted to continue where it left off in 2024, albeit with more modest gains throughout 2025. Early 2025 sales activity is showing only modest value growth in some market segments, which is an indication of a slowing market. The lack of stock is also constraining sales activity. Sales volumes have typically been falling from a peak in late 2021.

Lower value price points sub $700,000 are the price points worth watching. Properties at these price points provide the opportunity to achieve a sound return for investors. Southern investors and buyers' agents targeted this market during 2024 and this activity is expected to continue until the market is pushed up and returns are less attractive. Market conditions are forecast to continue to favour sellers for most property types, however with fewer qualified buyers, lengthening selling periods and an easing trend towards a more balanced market. Median prices for both houses and units are forecast to rise over the coming 12 months with lower percentage gains. Demand for acreage and rural residential property is expected to be strong driven by a lack of suitable stock.

Buyers' agents will likely remain in the market which mirrors trends in southern capital city markets. Buyers' agents will continue to be a significant force in the southern suburbs of Cairns representing a large portion of demand, particularly for stock up to and into the $600,000s price range, driving strong competition against other buyers' agents as well as local buyers. Vacancy rates are expected to remain low with tight market conditions characterised by the limited supply of rental properties. Upward pressure on rents due to competition by multiple prospective tenants is expected to continue throughout 2025.

Construction costs are expected to stabilise in 2025 after significant cost increases averaging over 50 per cent post-COVID 2021. It is likely there will be a continued shortfall of new home and unit construction in relation to demand which will result in some upward pressure on prices in the established markets. Supply of new vacant land lots on the northern beaches will be partially met by the release of The Palms estate at Kewarra Beach. The release of new land lots in the Cairns suburbs will generally be low throughout 2025 with limited new releases planned. Supply in the southern corridor between Gordonvale and Bentley Park is expected to be steady with a reasonable supply of new land lots forecast to be available.

Interest rates and cost of living pressures are likely to influence the market in 2025. Interest were at an 11-year high of 4.35 per cent since November 2023, and February's cut has brought some relief. Lower interest rates and easing cost of living pressures may trigger a further strengthening of the market.

Danny Glasson
Director

Median prices for both houses and units in the Cairns area are forecast to rise over the coming 12 months with lower percentage gains.

Toowoomba / Darling Downs

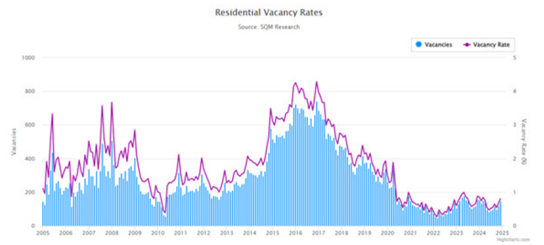
The start of a new year is always an optimistic time, when New Year's resolutions are made, many people are returning to work and school after a well-earned break, and we all take the time to reflect on what could occur during 2025. As reported across many media outlets during 2024, many Australian property markets showed signs of a slowdown, however during 2024 there were limited indications of this occurring in the Toowoomba region, and whilst the coverage area of the Darling Downs entity service area is vast, being bound by the Scenic Rim and Brisbane Valley to the east, the south Burnett to the north, the Queensland and Northern Territory border to the west and northern New South Wales and Moree Plains area to the south, this edition will focus primarily within the Toowoomba area.

It is anticipated that our region will continue to perform well when benchmarked against other localities during 2025, particularly given the prospect of possible interest rate reductions, which could increase many household borrowing capabilities and alleviate financial tension on household budgets which may help in continuing to drive market activity in the region. Although there may have been a slowdown in real estate transactions during 2024 (in comparison to the peak or boom), this is more due to a lesser number

HERRON TODD WHITE

of new listings. Toowoomba's infrastructure development, affordability, liveability, development projects still underway, the various energy projects across gas, solar and wind and the potential for continued future growth is what makes Toowoomba one of Australia's best regional cities.

Investor activity during 2024 in the Toowoomba locality continued to remain resilient with low housing stock, low residential vacancy rates (0.8 per cent as at December 2024) and high rental yields and returns underpinning this confidence. It is anticipated that this will continue in 2025, 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 the ability to stretch their investment dollar further.



Vacancy rates Source: SQM Research

Several Toowoomba suburbs continue to check all of the boxes and are considered excellent choices for first-time homebuyers and investors alike. In early 2024 it was still possible to purchase a single detached dwelling for $500,000 or under in several Toowoomba suburbs which ranged from small modern dwellings to older style dwellings, however as property prices continued to increase during 2024, the sub $500,000 market segment is now generally dominated by unit sales. Properties that are still affordable in several Toowoomba suburbs purchased in the under $500,000 market segment include:

Glenvale (located approximately seven kilometres from the Toowoomba CBD)
Young families or investors can buy a small modern brick unit (generally in a duplex complex) 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 2018 three-bedroom, two-bathroom attached unit with a one-car built-in garage at 2/5 Shelby Street, which sold for $490,000 in November 2024 (achieving $450 per week rent). Although a larger semi-modern to modern detached dwelling is now priced above $600,000 in this suburb (which is still affordable), units are the more predominant asset being sold for under $500,000.


2/5 Shelby Street , Glenvale Source: CoreLogic

Harristown (located approximately five kilometres from the Toowoomba CBD).
Harristown is a popular neighbourhood of Toowoomba in close proximity to the CBD. Harristown is a suburb to the south-west of the Toowoomba CBD hosting residential properties and some light industrial properties 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 nearby. There are a variety of residences in the suburb, including new brick constructions and older-style homes like this 1945 two-bedroom updated timber residence at 16 Glenvale Road (which is a busy thoroughfare), which sold for $450,000 in October 2024.


16 Glenvale Road , Harristown Source: CoreLogic

Kearneys Spring (located approximately four kilometres from the Toowoomba CBD)
Kearneys Spring continues to be a popular suburb because of its short drive from the CBD while still giving residents a sense of living in a quiet neighbourhood. Detached dwelling prices continued to increase during 2024 (with an increase in the median house price of 11.4 per cent over the previous 12 months). The sub $500,000 market segment is now dominated by unit sales, as seen by the $467,000 price tag (pending settlement advice) of this two-bedroom 1990s brick unit (in a complex of two) at 2/15 Kratzmann Court.


2/15 Kratzmann Court, Kearneys Spring Source: CoreLogic

HERRON TODD WHITE

North Toowoomba (located approximately one to two kilometres from the Toowoomba CBD)

An example of an affordable price point of a detached dwelling is 195 Bridge Street, North Toowoomba, which is a busy thoroughfare. 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. The 102 square metre chamferboard home consists of two bedrooms and one bathroom on an 849 square metre parcel and sold previously in November 2020 for $265,000. The property is approximately 2.4 kilometres from the CBD and again resold for $480,000 in October 2024 after some renovation and tidying up works since the previous sale in 2020.

195 Bridge Street, North Toowoomba Source: CoreLogic

Centenary Heights (located approximately three kilometres from the Toowoomba CBD)

Other family favourites are the suburbs of Rangeville and Centenary Heights. Centenary Heights is a leafy suburb to the south-east of the CBD within close proximity to East Creek and parklands in the east. There are a variety of property types in this suburb, including new brick constructed units and dwellings and older-style homes. Again, given the market growth experienced during 2024 the predominant property types selling in the sub $500,000 market segment are units, like this 2012 two-bedroom brick unit within a six-unit complex at 1/12 Garde Street, which sold for $480,000 in October 2024.

1/12 Garde Street, Centenary Heights Source: CoreLogic

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

In the sub $1 million market segment, purchasers continue to have the ability to buy a number of different property types, including renovated older character homes in established inner city suburbs, original and renovated 1970s to 2000s brick homes in many suburbs, new houses in developing areas, and homes on larger acreage lots in nearby neighbouring suburbs. However, it is observed that the market segment at around $1 million does remain out of reach for many potential buyers and families with the large portion of dwelling sales occurring in the Toowoomba locality being in the sub-$750,000 price bracket. During 2024, given the sustained increase in property prices, it did become apparent that many buyers were either looking further afield and purchasing in suburbs further from the CBD or were generally purchasing a unit within closer proximity to the Toowoomba CBD suburbs. This trend is expected to continue in 2025.

The Toowoomba region remains supported by generally affordable prices, low vacancies and high rental yields attracting homebuyers, upgraders and investors alike. Overall, we foresee the general property market to continue to perform at a steady rate throughout all areas in the short term. We maintain that a prudent purchaser can feel secure in investing or purchasing in various localities throughout the Darling Downs area given the continued investment in infrastructure developments, the allure of affordability, liveability and the potential for future growth, being what continues to make Toowoomba and surrounds one of Australia's best regional cities. Toowoomba's strong position also has the effect of spreading to the wider area with centres such as the Southern Downs, Western Downs, areas in the Lockyer Valley, Goondiwindi etc also following similar trends with no areas currently considered 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 its ingrained investments

The Toowoomba region remains supported by generally affordable prices, low vacancies and high rental yields attracting homebuyers, upgraders and investors alike.

and being a major hub for the agriculture, mining, services and transport sectors. Its property market has a reputation for remaining steady and stable. With the continued boost to major new infrastructure, this reputation is set to continue in 2025. However, as always, it is still important to recognise that there remains an element of uncertainty as to how the local economy will respond to the continued cost of living pressures and whilst residential property prices remain firm with demand steady to strong relative to supply in many localities, at some point, a continuation of recent economic trends may reach a tipping point and translate to a softening in the property markets (activity and sale values).

Marissa Griffin
Director

South Australia - Residential 2024

Adelaide

PropTrack's Property Market Outlook published in December 2024 indicates that Adelaide has recorded the highest value growth of any state over the past five years. Home prices in Adelaide are up 80.9 per cent over the five years to November, in comparison to an average growth across Australia's combined capital cities of 43 per cent.

The residential property market in Adelaide has continued to outperform interstate capitals, as declines in the Melbourne and Sydney markets started in mid 2024. Continued growth in the Adelaide market is contrary to the cost-of-living pressures and mortgage stress levels facing many borrowers and prospective buyers.

PRD Real Estate Chief Economist, Dr Diaswati Mardiasmo, said Australia has typically lagged the interest rate cuts and rises that we have seen internationally in the US, the UK and Canada. "We were six months behind in increasing so we're six months behind in cutting" - with Mardiasmo acknowledging that, as inflation reduces towards the RBA's two to three per cent benchmark, an interest rate cut becomes more likely. Further updates for interest rates in 2025 from the major Australian lenders as at the time of writing indicate anywhere between two (ANZ) and five (NAB) interest rate cuts. In addition, the Commonwealth Bank and ANZ predicted the first cut to occur in February (which we now know proved correct).

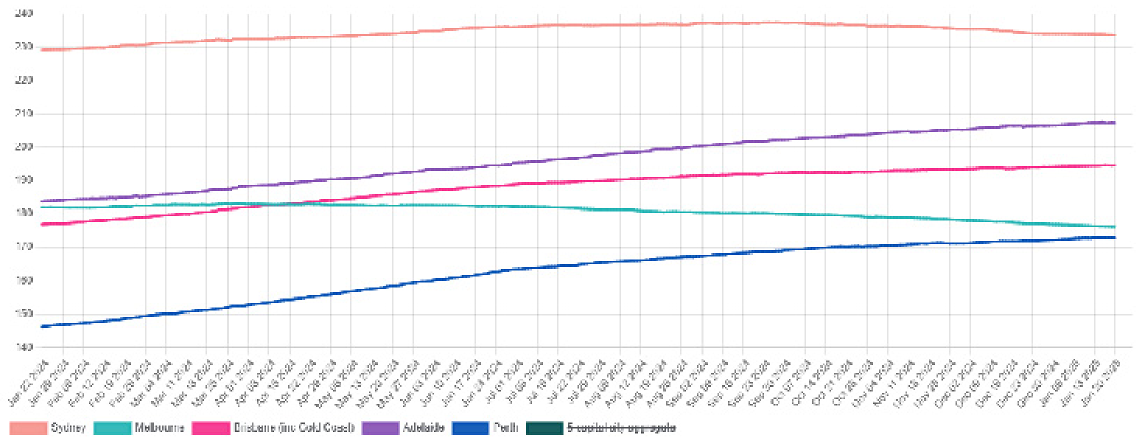
Big Four Banks - Cash Rate Forecast 2025

	First Change	Number of cuts forecast
CBA	February 2025	4
ANZ	February 2025	2
Westpac	May 2025	4
NAB	May 2025	5

Cash rate forecasts (source: SBS Australia)

Areas of the market to keep an eye on in 2025 will be the outer metropolitan ring and lifestyle markets. The outer ring continues to be driven by a combination of first home buyers seeking a more affordable price point, and investors looking for rental returns. The outer ring suburbs such as Davoren Park, Elizabeth North and Elizabeth Downs offer the chance to purchase a three-bedroom home between $425,000 and $500,000 approximately 30 kilometres from the Adelaide CBD. 24 Mainwairing Crescent,

CoreLogic RP Data: Daily Back Series



CoreLogic Daily Back Series Source: CoreLogic

24 Mainwairing Crescent - External Source: realestate.com.au

RESIDENTIAL

24 Mainwairing Crescent - Internal Source: realestate.com.au

Davoren Park is a three-bedroom, one-bathroom maisonette set on 555 square metres, currently listed for $429,000 to $469,000 through Edge Realty (realestate.com.au).

Further to this, the Hills market offers purchasers a mix of lifestyle and affordability, albeit moving up in price point from the outer ring northern suburbs. Suburbs such as Nairne, Bridgewater and Mount Barker offer alternative options with larger homes on larger blocks, approximately 20 to 30 kilometres from the CBD. 9 Princes Avenue, Crafers West is on the market for $790,000 to $850,000, offering a three-bedroom, two-bathroom dwelling on 626 square metres. The property is listed for sale through Harcourts Adelaide Hills within a price range that captures that current Adelaide median house price of approximately $850,000, recorded in the December quarter of 2024, jumping from $803,000 in the September quarter. Further options in the Hills include a 2017 built, three-bedroom, two-bathroom house at 8 Reddy Close, Littlehampton - set on 582 square metres and listed for sale through Nitschke Real Estate for $690,000 to $730,000 (realestate.com.au)

8 Reddy Close - External Source: realestate.com.au

8 Reddy Close - Internal Source: realestate.com.au

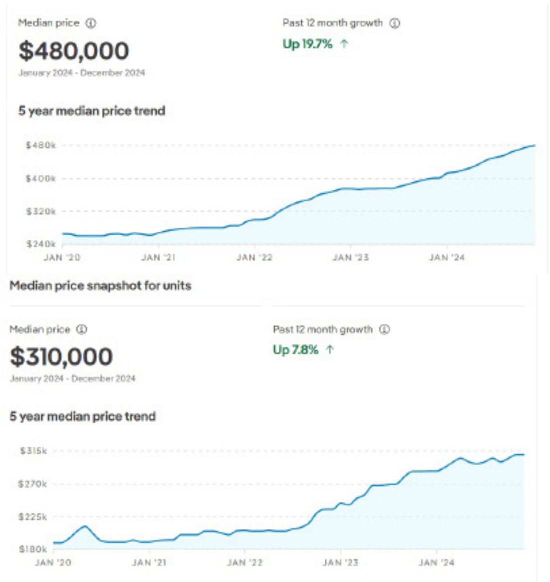
As 2025 is an election year, we may see an increase in policy promises from both sides of the political spectrum. Towards the end of 2024, federal housing minister Clare O'Neil was interviewed on youth radio station Triple J, responding to the argument that young people and first home buyers would be hopeful of not only a stagnation, but a reduction in house prices. To this, O'Neil stated that the government was targeting more sustainable house price growth, as opposed to the double digit increases we have seen in years gone by. Independent economist, Saul Eslake, and Deloitte Access Economics partner, Stephen Smith, were of similar viewpoints in response to O'Neil's comments. Eslake stated that a stagnation in prices, or a decline of circa five to ten per cent over a decade would be beneficial for the broader market and society, whilst Smith believed that prices would need to stay put for the next 10 to 15 years as wages catch up (abc.net.au). With the current state of the market, the upcoming interest rate decisions, and the federal election, it's shaping up to be an interesting year for potential purchasers, investors and homeowners alike.

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 $415,000 in January 2024 to $480,000 in January 2025 and the median house price for units has increased from $287,500 to $310,000. This is an annual compound growth rate of 19.7 per cent for houses and 7.8 per cent for units in the past 12 months. This indicates the Mount Gambier market retains good demand and growth in values compared to other regional centres which have reported softening markets.

With the current state of the market, the upcoming interest rate decisions, and the federal election, it's shaping up to be an interesting year for potential purchasers, investors and homeowners alike.



Mount Gambier median unit price Source: realestate.com.au

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 depending on what the RBA decide to do in the first half of the year. In the last three months of 2024, agents advised that interstate investment had tempered, allowing more locals to enter the market.

All types of properties are still performing strongly at the moment, and we expect prices to continue to climb 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 a majority of the houses are used for holiday residences; these markets will be ones to watch as we have seen a growth in values in the past 12 months.

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 in Mount Gambier and outskirts of the CBD (postcodes 5290 and 5291) however in the past 24 months we have seen a large increase in stock in this bracket. In the past 12 months approximately 108 properties have sold for $600,000-plus compared to 2023 with a lower yearly total of 87 properties. A variety of property types are traded in this range such as modern and character style dwellings. The higher volume of sales occurring should endure as we see demand for these properties continue.

The Mount Gambier market compared to other regional cities is still a very affordable market. We expect the Mount Gambier market to have another strong year with good demand for real estate. We would expect values to somewhat stabilise, but it is unlikely we will see a substantial decrease in property values whilst demand for properties in the region remains strong.

Lauren Kain
Valuer

HERRON TODD WHITE

Western Australia - Residential 2024

Perth and regionals

In general terms, the Western Australian property market performed strongly throughout 2024 as demand exceeded expectations in most areas and supply remained constrained.

Perth median price data Source: REWIA

In some locations, the market performed so strongly that it defied logic, but these were in the minority. Overall, the outcome was simply a result of strong migration numbers, strong employment and wage data, years of undersupply of new housing and the key factor - years of the median house price not reflecting Western Australia's strong underlying economic fundamentals and we had a positive correction in house price expectations.

In Perth, we saw a dramatic 23.5 per cent increase in the median house price, reaching $720,000 according to REIWA, although CoreLogic reported this as a 19.1 per cent increase, reaching $813,016, surpassing what some call an underperforming Melbourne, but what we say reflects a shift in expectations between each city, and we expect this trend to continue throughout 2025.

It is to be expected that many buyers were fatigued by 2024, attending home openings and being unable to secure a property due to the high levels of competition.

It is to be expected that many buyers were fatigued by 2024, attending home openings and being unable to secure a property due to the high levels of competition. Now that stock levels are trending upwards slightly, they will come back for another crack however the unbridled joy that comes with both state and federal elections impacting Western Australia is expected to be a distraction and may stifle activity in the first three or four months of the year by introducing a further level of uncertainty, along with the possibility that the federal election will also distract the RBA. Once they are out of the way, if a further interest rate cut has not occurred by then, it is likely to be very close, and will play a pivotal role in shaping market activity by improving affordability and enlarging borrowing capacity.

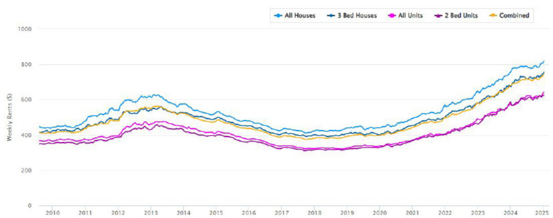
Western Australia's population growth persisted and was the strongest nationally, increasing by 3.1 per cent according to recent ABS statistics. Whilst overall net overseas migration is expected to decline in 2025, Western Australia has been one of the only states also benefiting from positive net interstate migration, and on the back of strong jobs and wages data, and the potential for improved affordability in the rental market, we expect this trend to continue. The WA Government State Budget forecasts that Western Australia's population will grow by 1.7 per cent in 2025-26, and assuming the current average of 2.5 people per household trend remains true (we expect it to increase slightly), we will need to construct another 20,000 new houses this year to support our increase in population. Whilst the construction crisis has eased, we now have a land supply crisis, hence the ability to create a further 20,000 new homes will be a challenge to say the least, placing additional pressure on what was a slightly easing rental market.

There was some pickup in the number of dwelling completions in 2024, but this has tailed off and the rate of completions remains below the long run average. The number of dwelling units approved in Western Australia in the September quarter of 2024 was 60.8 per cent higher than the previous year and the number of dwelling units completed in the June quarter of 2024 was 2.5 per cent lower than the previous. Hence there is a pipeline of work - but to date, it has been struggling to come to market.

Perth Market Insights Market Snapshot Source: REWIA

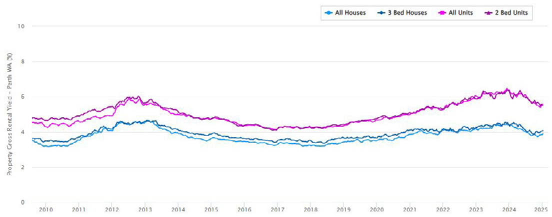
HERRON TODD WHITE

The graphic shown above compares the volume of properties listed for sale and the volume of transactions occurring in Perth compared to the same time the previous year. At the time of writing, the volume of sales activity was stable, but with circa 750 more properties listed for sale in comparison to the same week last year. These volumes are still sitting much lower than what we would consider a balanced market, which based on Perth's current population, is considered to be 12,000 to 14,000 properties. Hence whilst there may be more properties coming to market, we are a long way from switching from a seller's market to a buyer's market, and as previously stated, there is every chance that new supply remains below population growth throughout 2025.



Perth Rental Changes | Source: SQM Research

Perth's rental market remains constrained, but by how much depends on which statistics you look at. REIWA is reporting a vacancy rate of 1.9 per cent, however the vacancy rate sits at a mere 0.4 per cent according to SQM Research, where a balanced market would be considered a range of three to four per cent. New listings have increased slightly, however the market remains undersupplied with average lease times sitting at just 15 days. Median rents for both houses and units increased by circa nine per cent in 2024. The median house rent price sits at $650, showcasing a $30 gap for units.



Perth Gross Rental Yield | Source: SQM Research

The challenge we see is that much of the stock coming to market is likely ex-rental stock, and the majority of activity is now being driven by owner-occupiers, hence the overall supply of rental stock may decline in 2025 - depending on the number of investment construction completions.

Perth has demonstrated some of the strongest capital city yields in Australia, with units currently sitting at 5.6 per cent and houses at 3.9 per cent according to SQM Research, higher than all other capital cities except Darwin. Heightened investor activity peaked in early 2024, and whilst we expect investors will continue to pick through the various markets around Western Australia throughout 2025, we expect their influence on the Perth market to decline throughout the year.

To summarise, we anticipate that Perth's property market will continue to perform well, estimating the median house price in Perth will increase by circa ten per cent in 2025.

Looking at specific areas in more detail, we start our discussion in the Perth metropolitan area.

We predict 2025 to be the year favoured to amenity, a rush to quality if you will, where we will see an increase in buyers who have accumulated good equity in recent years and are seeking their next upgrade by buying in an aspirational suburb, or by completing extensive works to their existing home. This second factor is likely to see lower than usual levels of stock coming to market as people invest the ridiculous and heinous amount they would otherwise pay in stamp duty, back into their existing residence.

We anticipate that suburbs located within a circa 10-kilometre distance from Perth's CBD will perform well and will be a market worth watching as the year progresses. Desired for their proximity to the city and accessibility to amenities, these inner ring suburbs are predicted to dominate the 2025 market. Whilst we consider that established housing will continue to be in demand, in particular, we consider that vacant land or redevelopment opportunities within this inner ring will increase in demand as the year progresses. A lead indicator can be found in the inner suburb of Morley, where the median land price increased by 37 per cent in 2024, but generally speaking, the price of a vacant lot in Morley is not dissimilar to that found in new estates twice the distance from the CBD. This is partly due to the impact of the construction crisis we have been experiencing, where many builders prefer uniform sites and cookie cutter house designs - however, the imbalance in land pricing indicates upward potential in established areas where the end product meets market pricing expectations.

For example, take a look at this cleared 728 square metre allotment at 35 Driscoll Way in Morley. This allotment had recently been subdivided into two equal 364 rectangular lots and individually sold in November last year for $440,000 each. For comparison purposes, similar sized blocks of land in Brabham, another 13 kilometres away from the CBD are listed for sale for $420,000.

35 Driscoll Way, Morley Source: CoreLogic

If we compare this to the established housing market, 510 Walter Road East, Bayswater features a renovated but 1960s built dwelling with three bedrooms and one bathroom situated on a 303 square metre allotment. The property sold in November for $700,000, having previously transacted for $330,000 in August 2022.

510 Walter Road East, Bayswater Source: RPData

Another notable sale is this 1960s built dwelling at 55 Eileen Street. This property sold in September for $735,000 and features three bedrooms, one bathroom and an internal living area of 104 square metres on a 440 square metre allotment. The property previously sold for $450,000 in March 2022 and has since generated a circa 63 per cent growth.

55 Eileen Street, Bassendean Source: CoreLogic

Inside this inner ring, older villas and units in good locations such as Joondanna, Maylands and Parkwood are expected to perform well this year as they offer a more affordable buying opportunity for those wanting to remain in relative proximity to the CBD. An example of the growth of this product is this circa 1999 built villa offering three bedrooms, one bathroom and 116 square metres of internal living space. This property is located within walking distance of local shopping and public transport and sold for $781,000 in November, accruing a circa 29 per cent increase since its previous sale of $605,000 in March 2022.

2/7 Tyler Street, Joondanna Source: CoreLogic

Another notable villa sale is this early 1990s built Maylands villa at 2/41 Joseph Street. The villa offers three bedrooms, two bathrooms and an internal living area of 118 square metres. The property is located within walking distance of local shops and public transport and sold in November for $735,000. The villa previously transacted for $570,000 in February 2022, accruing a circa 29 per cent increase.

2/41 Joseph Street, Maylands Source: CoreLogic

Another interesting market segment of Perth to watch this year is the outer Perth suburb mortgage belt, such as Baldivis, Ellenbrook, and the Armadale area. These highlighted locations of Perth have displayed inordinate growth, predominantly driven by investment activity. However, we expect to see some profit taking in these areas as rents stabilise, hence there may be periods of relative oversupply, followed by periods of stabilisation as owner-occupiers absorb the stock.

In the prestige space, 2024 was quite a big year for the Perth property market. We saw many trophy home transactions, especially in the above $10 million space. The market experienced its highest sale for the year being 177 Wellington Street, Mosman Park having sold for $25 million in May and we will be keeping our eyes on the listed mansions yet to transact, such as 56 Duncraig Road in Applecross. The Applecross mansion is an amalgamation of properties in a prime location but has been sitting on the market since July for offers in the low to mid $30 millions. In continuation of last year, we predict a further increase in trophy home sales and we would not be surprised if we see records broken.

56 Duncraig Road, Applecross Source: CoreLogic

An example of a recent trophy home transaction is this property at 4 Ozone Parade. The multi-evel property features five bedrooms, five bathrooms and an internal living area of 497 square metres. This property transacted in October for $13.5 million and features ocean views, a wine cellar, and a lift.

4 Ozone Parade, Cottesloe Source: CoreLogic

One prime market to watch this year is the Perth apartment market.

One prime market to watch this year is the Perth apartment market. The apartment market has moved far more slowly than the housing market over the past three years, and whilst it has gathered pace, many products remain well below their replacement cost and the gap between established and off the plan apartment complexes remains significantly wide. For many, apartments have gained popularity as they can be found to offer a somewhat affordable option while achieving the desired amenities and location for buyers.

An example of Perth locations expected to thrive in the apartment market are the suburbs of Cockburn, Joondalup, West Perth and Northbridge as they provide many affordable apartment options with good transport and accessibility for Perth residents. Take for example, this circa 1968 built apartment at 76/227 Vincent Street in the heart of West Perth. The 7th floor apartment features one bedroom, one bathroom and an internal living area of 47 square metres. This inner city property sold in November for $329,000 and has achieved a circa 67 per cent growth from its previous transaction of $195,000 in February 2023, but by comparable standards to other cities, the price appears to be attractive. We would not be surprised to see the increase in the apartment market median price outpace the housing market in 2025.

76/227 Vincent Street, West Perth Source: CoreLogic

Stepping into the regional locations of Western Australia, we generally predict a positive year ahead due to a maintained interstate and international migration, along with the price competitiveness offered by many regional locations given the increasing affordability challenges for some sections of the market in Perth.

The Broome property market displayed surprisingly strong growth throughout 2024, as the lifestyle on offer combined with high rental prices and a lack of supply continued to drive the local housing market. Median prices across the region peaked at circa 22 per cent for the year, with no significant signs of demand easing, however we think it is unlikely that growth of that nature will be repeated in 2025, and a period of stability is more likely. For the rental sector, there may be an easing in prices as affordability pressures continue to play out, however the cost of housing ownership in Kimberley towns such as Broome means that for investors to be active, the rents need to stay high. If the rental price falls, we are likely to see an increase in stock converting from rentals to owner-occupier properties, perpetuating the cycle of a shortage of rental properties in the town.

In Cable Beach, this 1990s built property at 25B Glenister Loop features three bedrooms and one bathroom with 115 square metres of living space situated on a 463 square metre allotment. This property sold in November for $510,000, demonstrating a circa 28 per cent increase from its previous sale of $400,000 in September 2023.

25B Glenister Loop, Cable Beach Source: CoreLogic

Another notable sale is this early 2000s built property at 17 Goshawk Loop. This property features three bedrooms, three bathrooms and a large swimming pool situated on a 700 square metre allotment. The property sold in December for $780,000 and has since been listed for rent at $1,250 per week. In August 2022, the property transacted for $675,000, allowing for a circa 15.5 per cent increase over two years.

17 Goshawk Loop, Djugun Source: CoreLogic

In the Pilbara region of Western Australia, the housing market is heavily driven by population pressures in the mining and energy sectors. The region's strong economy is expected to continue to place further pressures on the property market throughout 2025, with some challenges.

The town of Port Hedland has experienced positive growth since 2019, and 2024 saw another increase in median rental prices with the median rent currently at $1400 per week. In contrast, the neighbouring suburb of South Hedland has begun to show signs of a slight easing in the rental market, however this is more a flight to quality as opposed to a genuine easing. Upper tier rentals continue to trend upwards, supporting rises in capital values with gross returns generally reflecting 11 to 12.5 per cent.

An example of the strong rental market in Port Hedland is this duplex at 35 McGregor Street. The duplex, comprising 35A and 35B sold for $449,000 in November 024, and has been maintained as a rental property. Unit 35A is presently listed for rent at $900 per week, with 35B leased with a corporate tenant for $1,000 per week.

35B McGregor Street, Port Hedland Source: CoreLogic

In Karratha and surrounds, predictions are set on the local market experiencing steady growth for 2025 supported by current resource project activity. The market has been somewhat restrained by the abnormal supply of excess company housing stock into the market, however the impact of this is likely to be subdued moving forward. Construction costs continue to be prohibitive to new construction, and the rejuvenation of the town over the past 10 years has made it an increasingly sought-after location for young families, and we expect this trend to continue throughout 2025.

In the mid-west region, the Geraldton market experienced very strong growth in 2024, as east coast-based investors swarmed into the area, feasting on low-cost housing in lower socioeconomic suburbs. The region is predicted to continue to perform well, as interstate investor activity and local migrator demand remains strong in the region. The mass investor activity is an interesting one - there is a pack frenzy that we have seen play out in many suburbs where investors pay prices well above the value allocated by local residents of the area, and the mass investor interest self-perpetuates into capital growth. The suburb of Rangeway experienced 46 per cent growth in its median house price in 2024, lifting its median house price to $278,000. With a median rent of $400 per week, we expect the investor frenzy to continue for a while longer before petering out in the second half of 2025 as gross returns become indigestible to new buyers, or maintenance costs eat into the returns of existing investors, as the volume of quite low-quality property being purchased sight unseen is sure to catch some buyers unawares.

This property in Abelia Street, Rangeway is quite typical for the area. It is a 1960s built, three-bedroom, one-bathroom dwelling with 80 square metres of living space situated on a 738 square metre allotment. The property sold in November

2024 for $352,000 and has since been listed for rent at $470 per week. Some months earlier, the property transacted for just $190,000, indicating circa 85 per cent growth in less than six months (on paper at least)!

Abelia Street, Rangeway Source: CoreLogic

Another notable sale in the region is this original 2000s built brick home at 17A Gardner Street. The property provides accommodation of three bedrooms and two bathrooms on a 411 square metre allotment and was sold in October 2024 for $410,000. The property transacted prior in January 2023 for a mere $230,000, generating a whopping circa 78 per cent growth in less than two years.

17A Gardner Street, Spalding Source: CoreLogic

Owner-occupiers will play a pivotal role in the market, and we expect to see records set in the upper value bands.

In the Goldfields region, the city of Kalgoorlie-Boulder experienced a strong and resilient market throughout 2024 despite severe challenges in the region's lithium and nickel industries. The strength of the region's property market was heavily supported by the booming gold industry, which shows no signs of abating and as such, housing demand is expected to remain strong. In 2024, the Kalgoorlie market experienced circa 16 per cent growth in median house prices and circa 15 per cent growth in rent respectively. The relative affordability of city life in Kalgoorlie-Boulder due to the strong wages on offer and lower house prices in comparison to the Perth metro area continues to make the city an attractive proposition, especially for those in the mining industry disenfranchised or not attracted to the FIFO life.

Owner-occupiers will play a pivotal role in the market, and we expect to see records set in the upper value bands. Investors will continue to impact the lower price levels of Kalgoorlie-Boulder throughout 2025, as these low-cost housing options remain below replacement cost, but are also experiencing upward pressure on rents.

This property at 3/94 Cheetham Street is a three-bedroom, one-bathroom late 1990s built townhouse offering 138 square metres of living space. The property sold for $420,000 in November 2024 with a lease attached at $850 per week. The property was previously sold in April 2022 for $290,000, achieving a circa 45 per cent increase.

3/94 Cheetham Street, Kalgoorlie Source: CoreLogic

Another notable sale is this humble 1930s built property at 229 Piccadilly Street. This renovated property comprises a main dwelling of a three-bedroom, one-bathroom accommodation and a small one-bedroom, one-bathroom ancillary dwelling on a 1,012 square metre allotment. The property sold in November 2024 for $410,000, and previously sold in September 2022 for $285,000, reflecting circa 44 per cent growth.

229 Piccadilly Street, Piccadilly Source: CoreLogic

Taking a look at the Wheatbelt property market, we predict relatively stable market conditions in most areas, with positive growth anticipated in some areas closer to Perth that offer unique affordability in comparison to the metro area. As an example, Northam's median house price increased by circa 20 per cent last year but remains at just $370,000. Rental growth is expected to continue its upward trend, with the median rent having increased by circa 22 per cent, reaching $435 per week, again, well below the median in Perth.

30 Hutt Street, Northam Source: CoreLogic

30 Hutt Street was built in the 1920s and features three bedrooms and one bathroom with an internal living area of 111 square metres, situated on a 913 square metre allotment. This property was sold in November 2024 for $310,000 indicating a circa 29 per cent growth from its previous transaction of $240,000 in June 2023.

Whilst the Wheatbelt's property market is predominantly influenced by farming operations, the remote working trend is going strong, offering a diversity of income that was not available pre-COVID, whilst enjoying the best parts of a country lifestyle. This region also faces the challenge of having a limited supply of readily available modern housing options, with the majority of housing being developed between the 1950s and 1970s, and most towns have very limited offerings built after the 1990s. Whilst there are some initiatives, the challenge is that the cost of construction generally equates to a loss-making exercise in these areas. In one example, the state government has approved the sale of Crown land to deliver residential and key worker housing to the Shire of Narrogin. This provides the opportunity to deliver a range of housing options and to boost the availability of affordable housing within the community, although this will not be seen for some time due to the relative lag in delivery and the unknown of who will foot the construction bill as it will need to be subsidised to some extent to make it economically viable.

Heading to our South West region, demand remains strong with median selling days sitting around the 13 day mark, the number of listings remaining low and the median house sale and rent prices both continuing to show an increasing trend. Sale price shows a circa 21 per cent increase from the previous year, whilst the median house rent price increased by circa 12 per cent, reaching $650 per week. All of these factors continue to place upward pressure on values, particularly in the coastal towns, and affordability will continue to be a key issue for this year. Busselton secured another direct route to the east coast in March 2024, opening up an attractive outlook for interstate investors. This is likely to be a continued trend however will continue to slow as yields can't keep pace with the rise in capital values although affordable older areas that are well located and provide good infrastructure offer a great opportunity for gentrification and investment.

Whilst there are some initiatives, the challenge is that the cost of construction generally equates to a loss-making exercise in these areas.

63 Schooner Crescent, Dunsborough Source: CoreLogic

This three-bedroom, two-bathroom Dunsborough property built in 2018 offers an internal living area of 171 square meters and is situated on a 500 square metre allotment. This property was most recently sold for $1.21 million in November 2024 showing a 21 per cent increase since its last sale in April 2023.

9 Macintyre Street, Abbey Source: CoreLogic

Another example is this 2017 built home situated on a 949 square metre corner block, 350 metres away from the shoreline of Geographe Bay. This property

RESIDENTIAL

HERRON TODD WHITE

was sold in October 2024 for $2.2 million and comprises four bedrooms, three bathrooms and a total interior living area of 305 square metres. The property previously sold for $1.6 million in February 2022, experiencing circa 37 per cent growth.

Moving down to the Great Southern region, we can expect the more affordable sub-$500,000 market to remain active as it has been in the past. We saw similar amounts of volume come through in 2024, with days on the market sitting at around 14 days, comparable to previous years.

40 Wakefield Court, Mira Mar Source: CoreLogic

40 Wakefield Court offers three bedrooms and one bathroom with a total internal floor area of 128 square metres, situated on a 690 square metre allotment. This property is an example of the steady growth seen in the Great Southern region. It sold in November 2024 for $570,000, indicating a circa 32 per cent increase in sale price from its previous sale in April 2022.

Properties that are of higher value sitting at the top end - i.e. $2 million plus homes - continue to experience subdued conditions, with few listed for sale and much longer days on market for those currently. Overall, we saw a circa 15 per cent increase in house prices, a circa 19 per cent increase in median house rent and a 20 per cent drop in median unit rent. We expect a far more stable market in 2025.

Finally, taking a look at our South Eastern region, the majority of this region is impacted by the performance of the agricultural industry. Although the performance is likely (hopefully) to be sustained for the year ahead, the rental crisis remains a concern. The local Chamber of Commerce has outlined an additional 60 local jobs could be filled immediately if there was adequate available housing, these only referring to job types that focus on technical skills most likely not already residing in town. In addition to this, other sectors such as healthcare, education and policing are also struggling as a result of the housing crisis. A circa 5.5 per cent increase in dwelling price was seen and there was a much larger increase in the rental sector, jumping by circa 55 per cent. It appears that 2025 will see further pressure placed on the rental market, and this may drive an increase in investor activity.

In summary, we feel that the Perth market will follow a key theme of amenity where many homeowners have accumulated equity in their properties and are looking to upgrade, alongside a potential interest rate cut, a modest supply increase and rent stabilisation. Although rents are expected to remain strong, we expect housing rents to stabilise due to affordability limits being reached, but we expect to see upward pressure on apartment rents, which will feed into increased investor activity. Overall, we expect there to be a positive outlook this year as there is significant pent-up demand from existing local buyers, plus the pressure that positive net migration adds to the slowly increasing housing stock.

Chris Hinchliffe
Director

Northern Territory - Residential 2024

Darwin

At last, it's Darwin's time to shine. After several years of fairly modest movement, there is now reason to be genuinely optimistic about Darwin's property forecast. An abundance of activity from buyers' agents and interstate investors in the back end of 2024 is expected to carry through to 2025 and beyond. Those same investors that swamped the Western Australian markets are now looking for their next investment opportunity. Where better than Australia's most affordable capital city? And like a top end wet season, when it rains it pours, with local agents fielding requests for the purchase of up to 30 properties at a time.

Investors are drawn to the high rental yields and affordability in Palmerston suburbs. Areas like Moulden, Gunn, Durack and Woodroffe have seen strong demand, exemplified by the recent sale of 37 Kafcaloudes Crescent in Moulden. This three-bedroom, two-bathroom property situated on an 800 square metre block sold for $450,000 and offers a gross passing yield of 6.3 per cent – exactly the type of investment many buyers are seeking.

As affordable stock gets acquired in Palmerston, we expect these same investors to start snapping up under $600,000 dwellings in the northern suburbs with the same high rental yields of six per cent plus. For example, this typical three- bedroom, two-bathroom dwelling at 37 Hedley Place, Durack sold on 13 December 2024 for $475,000.

37 Hedley Place, Durack Source: realestate.com.au

The recent market movement coincides with a newly elected Country Liberal Party (CLP) government which has not been in power since 2016. The CLP promised to crack down on crime, which has instilled a sense of confidence with Darwin locals and investors alike.

Cost of building remains an issue, with Darwin's remoteness and limited number of skilled labourers contributing to high costs. To combat this, the CLP has implemented the Home Grown Territory Program which is proving popular during these early stages, offering several key incentives to boost homeownership and construction activity. First home builders of new homes can receive a $50,000 grant, with no cap on the build price, helping to stimulate construction and increase supply. First home buyers purchasing existing homes are also eligible for a $10,000 grant, with no cap on the purchase price. Additionally, anyone seeking a fresh start in the Territory by building a new home to live in—whether they are first-time buyers or have previously owned a home—can receive a $30,000 grant, again with no cap on the build price. This incentive is designed to attract and retain people in the Northern Territory, where the population has remained relatively stagnant in recent years, lagging the rest of the country. We expect the majority of this new build activity to be seen in Northcrest and Zuccoli.

Charles Darwin University's new city campus, which opened in October 2024, is set to breathe new life into the city. With plans to attract 6000 international students by 2027 (source: NT News, June 2024), CDU has marketed and appealed to students from India, Nepal and Bangladesh. In response to the growing demand for student housing, CDU has partnered with Campus Living Villages to develop a new accommodation complex at 56 Woods Street, providing space for around 350 students. This is especially crucial as Darwin already hosts 2500 US Marines on annual rotation, with escalating tensions in the Asia-Pacific potentially increasing this number. As rental vacancies in greater Darwin remain tight at just 1.6 per cent (source: SQM Research, December 2024), securing housing has become an ongoing challenge.

After several years of fairly modest movement, there is now reason to be genuinely optimistic about Darwin's property forecast.

Affordable housing remains in short supply, though the resumption of construction at Lee Point after a lengthy protester campaign, establishment of Marrara Gardens, and ongoing building in Berrimah (Northcrest) and Zuccoli will help address the gap. The LUXE Apartments, a 24-unit complex currently under construction at 35 McMinn Street, will offer three-bedroom accommodation. This development marks the first significant addition to Darwin's CBD in nearly a decade, further adding to much-needed housing stock.

Looking into the crystal ball for 2025, we expect continued strong performance of established dwellings in blue-chip suburbs like Parap, Fannie Bay and Nightcliff. Palmerston suburbs are expected to see more growth, driven by interstate investors seeking high rental yields. The northern suburbs dwelling market under $600,000 in suburbs such as Tiwi and Leanyer also stand out as undervalued areas, so expect these areas to move. With sentiment in Darwin shifting, it looks like an exciting ride ahead.

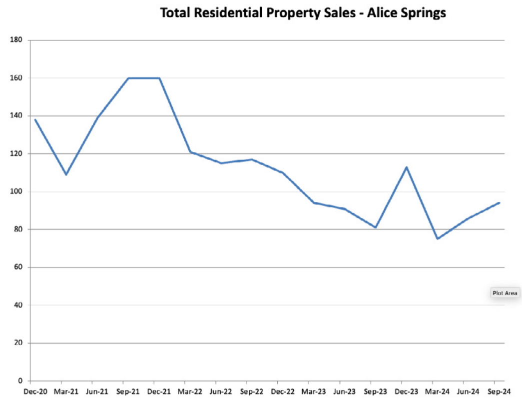
Will Johnson
Valuer

Alice Springs

After a year of highs and lows for property sales in 2024, what does 2025 hold in store for the residential market in Central Australia? Well, 2024 started slowly (after a buoyant December 2023 quarter that saw a total of 113 sales), with only 75 sales for the first quarter of 2024. The numbers slowly crawled their way back up and the year ended with a bang, with transaction numbers jumping up to 131 for the December quarter. This gives us hope of a turnaround from what has been a couple of lacklustre years in 2023 and 2024. The major influencing factors behind these disappointing results were 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.

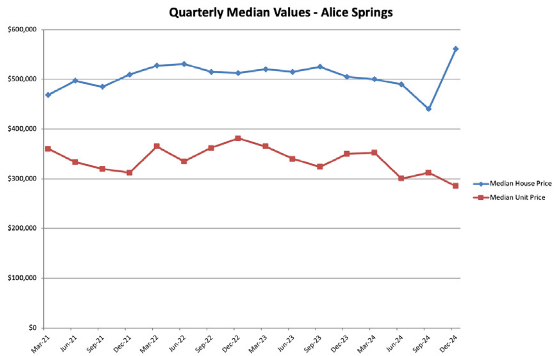
What can we expect to see in 2025? With inflation seemingly under control and sitting within the RBA's Goldilocks zone, there are very real prospects of multiple interest rate reductions during the course of the year. This would certainly be welcomed enthusiastically by everyone and hopefully will breathe 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. The newly elected Country Liberal Party has come good on their election promise of a $50,000 grant to first home builders and $10,000 to first home buyers, which will hopefully prove to be a stimulus to the market.

According to some statistics from unconfirmed sources, the median house price fluctuated between $440,000 and $561,000 for the 12 months to December 2024. 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 2021 and December 2024. This illustrates the spike in activity that occurred in the back half of 2021, before beginning to fall away in the March and June 2022 quarters.



Total residential sales Source: REINT & LJ Hooker

Historically, the Alice Springs market remained steady for the majority of the time in recent years, with the occasional brief period when prices were either growing or declining. We saw some specific locations suffer a contraction during 2024, but it would appear that 2025 will bring stability. Some might call it stagnation, as periods of capital growth are uncommon, and the market for the most part will just tread water with no significant gains or losses. This can be illustrated by the following graph, which tracks movements in the median house and unit prices since March 2021.



Quarterly median values Source: REINT & LJ Hooker

Suburbs such as Larapinta, Sadadeen and sections of Gillen and Araluen have experienced some reductions in value over 2024 and it is quite possible this trend will continue in 2025. These locations are classified as being in an overall lower socio-economic band than the more affluent suburbs such as Desert Springs, Mount Johns, East Side and the rural residential areas of Ross, *It would appear that in 2025, properties will, on average, require slightly longer marketing periods, with a drop off in the number of buyers actively seeking to buy.*

Connellan and Ilparpa. Crime and anti-social behaviour in these lower socio-economic suburbs are 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. It would appear that in 2025, properties will, on average, require slightly longer marketing periods, with a drop off in the number of buyers actively seeking to buy. We have also seen in the past twelve months an increase in the number of properties on the market, giving buyers more options and creating something of a buyer's market as vendors compete over a smaller number of genuine buyers.

To sum up, it is difficult to see 2025 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 90 and 110 per quarter.

Peter Nichols
Valuer

Australian Capital Territory - Residential 2024

Canberra

Late in 2024, the residential property market in Canberra experienced a return to more stable conditions following a year of volatility. This shift came after fluctuating demand, changing interest rate expectations, and external economic pressures that impacted buyer and seller confidence throughout the year.

Looking ahead into 2025, market analysts predict that these stabilised conditions will persist, fostering a more predictable environment for both buyers and sellers.

According to Allhomes.com.au, the median dwelling price in Canberra reached $982,000 in December 2024, with units averaging $565,000 during the same period. Affordability remains a significant challenge for prospective buyers in our city, particularly when compared to property prices in other capital cities across Australia. Despite this, Canberra's residential market continues to attract interest.

A key factor underpinning the local property market's stability is Canberra's robust employment landscape founded in the public sector. This often helps insulate the property market from some of the fluctuations seen in other major Australian cities, where economic conditions may be more dependent on the private sector.

However, the upcoming Federal Election due in the first half of 2025 may temporarily dampen market activity. Historically, election periods tend to create a wait-and-see approach among both buyers and sellers in our city. As a result, the first half of the year may see slightly subdued transaction volumes.

On the financial front, lending conditions should improve throughout 2025, providing a potential boost to buyer confidence. Major lenders have forecast between two and four interest rate cuts over the course of the year, which would make borrowing more accessible and potentially increase purchasing power for buyers. Lower interest rates typically lead to improved affordability for mortgage holders, which encourages more activity in the housing market.

Another notable trend is the increase in housing supply. More properties are entering the market, giving buyers a greater selection and leading to slightly longer selling times compared to the peak periods of 2022 and 2023.

Overall, while 2025 is shaping up to be a steadier year for the Canberra property market, key factors such as interest rate movements, election outcomes, and supply levels will determine how conditions evolve. Prospective buyers and sellers alike should stay informed and adaptable as the market progresses through another dynamic year.

Angus Howell
Associate Director

Tasmania - Residential 2024

Hobart and regions

Values for residential houses and units are remaining steady so far. Major infrastructure developments including the new Bridgewater Bridge project and Mac Point Multipurpose Stadium have resulted in new construction job opportunities and associated businesses can increase the area's economic activities.

The residential land market in Hobart's northern suburbs has undergone significant changes in recent years, with concerns about potential oversupply emerging due to increased land releases, rezoning and a shift in demand patterns. City fringe areas such as Brighton, New Norfolk and Bagdad have led to more residential development land being made available for development. There's no crystal ball to tell us what lies ahead, however current factors including an oversupply of stock on the market, high construction costs and traffic issues etc. can significantly influence the land price and result in a decline in values in 2025.

For first home buyers looking for entry level housing, suburbs such as Claremont, Chighwell and Berridale have become more popular in the past 12 months and sales activity numbers have increased significantly in comparison to high-end properties. We have noticed some great buying opportunities for three-bedroom, one-bathroom typical original style houses under $450,000. These properties have been more attractive to first home buyers but they also offer great yields for investors.

Overall, we predict that 2025 will unfold as a more stable property market. We are expecting further cash rate decreases. Affordability, steady employment rate and major infrastructure developments are expected to keep the local and state economy growing and may possibly tip property prices locally.

Stephen Ning Liu
Valuer

We have noticed some great buying opportunities for three-bedroom, one-bathroom typical original style houses under $450,000.