Month in Review

March 2025

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

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Disclaimer

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

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CEO's Address

Welcome to our March edition of Month in Review

Property remains one of our country's most popular investment vehicles. However, as with all asset classes, market participation comes with a degree of risk. Returns in our real estate sector are shaped by broad economic and political forces, including financial market conditions, interest rate movements, construction costs, and overall economic stability.

Australia's "property market" is, in reality, a collection of distinct submarkets. Property performance varies widely depending on location, property type, and price point. Localised factors significantly influence a property's investment potential, with elements such as population shifts, environmental conditions, local economic drivers, and legislative changes all affecting returns.

The challenge for investors lies in navigating these complexities but accurate, region-specific insights can help.

This month, our residential teams analyse property investment across their service areas, examining current market trends and offering informed perspectives on where markets may be heading in the coming months and years. While these submissions cover hundreds of Australian suburbs, several common themes emerge throughout this month's residential section.

Firstly, political uncertainty is a key consideration. The Federal Election in now scheduled for 3 May, and historically, this can lead to a temporary slowdown in market activity. However, for well-capitalised buyers, this could present a window of opportunity as Australia's market typically returns to normal trading conditions once the election period has passed.

Financial markets and broader economic conditions remain highly influential. The recent interest rate cut has provided some relief, but many of our valuers believe further reductions are necessary before we see a material impact on property values. Additionally, global economic factors – such as shifts in international trade – are shaping market confidence.

Affordability remains a pressing issue in many locations. Several of our contributors have reported increased demand from first-home buyers, who are now outcompeting investors in several markets. Meanwhile, demand is growing for assets that generate multiple income streams, such as duplexes, triplexes, and flats buildings. These properties have become increasingly popular due to their higher-than-average rental yields and reduced vacancy risk.

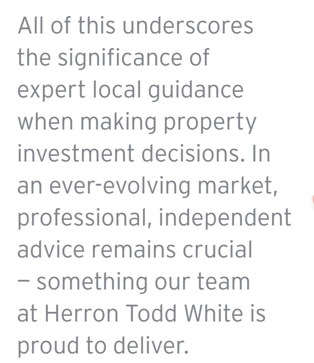
Borderless investing has also gained momentum, with affiliated professionals, such as buyers' agents, making it easier for investors to acquire property across state lines. However, purchasers must ensure their representatives are independent, trustworthy operators with comprehensive local market knowledge.

Turning to the commercial property sector, our teams this month discuss office markets across their service areas. While demand for office space is recovering, with an increasing number of staff returning to physical workplaces, performance continues to vary across different asset classes and locations. This reinforces the importance of specialist local insights for both investors and tenants.

For our rural readers, this month's edition includes a comprehensive analysis of Australia's horticultural property market. Our teams explore the performance of this vital primary production sector and the key factors influencing its trajectory in the year ahead.

All of this underscores the significance of expert local guidance when making property investment decisions. In an ever-evolving market, professional, independent advice remains crucial – something our team at Herron Todd White is proud to deliver.

Gary Brinkworth
CEO



The challenge for investors lies in navigating these complexities and accurate, region-specific insights are essential.

EXECUTIVE ADDRESS

Commercial

March 2025

National Office Overview

Across the nation, the office market continues to go through a period of recovery. Evidence of high vacancy rates and high incentives remain across most of the country. Most CBDs are experiencing an increase in demand, but it would appear to be slow and gradually building.

Of the capital cities, Brisbane is the standout in overall market performance for 2024, experiencing strong demand and growth. Sydney too has performed slightly better than expected with some activity returning to the market and some early signs of improvement. Melbourne and the remaining capitals however have not had the same bounce back and continue to be subdued.

Most CBDs are experiencing an increase in demand, but it would appear to be slow and gradually building.

Recently released data from the Property Council of Australia reveals that vacancy rates across the major CBDs continued the upward trend albeit at a slower pace than the past few years.

The total national CBD office vacancy rate in January 2025 was reported at 13.7 per cent, up slightly from 13.6 per cent in July 2024. This is a significant increase on the pre-pandemic vacancy rate which was reported by the Property Council of Australia in January 2020 at eight per cent.

Around the country, in the six months to January 2025, Sydney saw an increase in vacancy from 11.6 to 12.8 per cent, Melbourne remained steady at 18 per cent and Brisbane reported an increase from 9.5 to 10.2 per cent. Hobart also reported an increase while Darwin, Adelaide and Perth all reported decreases.

The preference for premium and A-grade office continues with most agents reporting stronger demand for this space. This is also evidenced by the lower prime vacancy rates compared to the secondary market.

Looking ahead, we expect to see rental rates remain flat. Incentives remain high across the country with some locations reporting incentives of over 40 per cent. Conditions are showing signs of easing, and we anticipate a reduction in incentives over the next year. This is especially likely in markets such as Brisbane where demand is stronger and supply is constrained.

Given the overall leasing market conditions, general market conditions and the high incentives being reported, we do not expect any substantial growth in rents this year.

In 2024 we again predicted the office market to remain generally volatile and uncertain. The major office markets continue to face downward pressure on values. Interest rates and waning investor demand on the back of high vacancy rates and negative market sentiment have led to a further softening in yields.

Based on this and the overall market conditions, we expect higher yields in 2025, particularly in Melbourne with the other capitals also softening or at best remaining steady. Investors remain cautious, with a low appetite for risk and a requirement for higher returns.

The challenges in the office market are likely to continue for some time, particularly as we navigate the generally weaker economic conditions and supply and demand factors of this segment. The recent interest rate cut is not likely to have an immediate impact on this market and will take time to have any positive effect.

Angeline Mann
Commercial Director

National Property Clock: *Office*

Entries coloured purple indicate positional change from last month.

Dubbo
Port Macquarie

Launceston
Mid North Coast
Newcastle
Sunshine Coast
Townsville

Adelaide
Ballina/Byron Bay
Coffs Harbour
Echuca
Hobart
Illawarra

Brisbane
Geelong
Ipswich
Lismore
South West WA
Sydney

Alice Springs
Darwin
Melbourne
Perth
Toowoomba

C'berra/ Q'beyan
Central Coast
Mildura

Ballarat
Emerald
Gladstone
Mackay
Rockhampton

Bundaberg
Cairns
Fraser Coast
Gold Coast
Whitsundays

COMMERCIAL - OFFICE

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New South Wales - Office 2025

Sydney

Once again, this year is likely to be dominated by uncertainty for the office sector throughout Sydney. Confidence in the sector continues to be flat with vacancy remaining quite high and caution being exercised by tenants and buyers alike. There are some very slight signs of recovery, but it remains to be seen what this will look like for the rest of 2025.

Vacancy rates in the CBD have again increased with the Property Council of Australia reporting a vacancy rate of 12.8 per cent in January 2025, up from 11.6 per cent in July 2024, a significant increase from the record low of 3.7 per cent seen in mid-2019.

As we have previously anticipated, there continues to be new supply added and a broad lack of demand. Last year we expected a continuation of slow market conditions which is evidently what did occur. 2025 is looking to be much the same, although it is pleasing to see some green shoots emerging.

Asking face rentals remain stable, but incentives remain high with reports that incentives are close to 40 per cent. Given the high vacancy and continuing uncertainty, high incentives are likely to continue well into 2025 to attract tenants.

The owner-occupier dominated CBD strata market performed well in 2021 and 2022 on the back of stock reductions. Higher interest rates and a general slowing of the economy have resulted in a softening in this sector of the market. This market sector is now well past its peak and continues to slow.

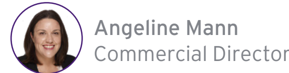
There are some potential opportunities in the market, particularly for owner-occupiers looking to secure space.

The metro CBDs have also struggled with high vacancy, with Parramatta and North Sydney reporting vacancy rates of 20 per cent and 23.7 per cent respectively for January 2025. No significant improvement in these markets is likely to occur this year.

Yields are set to be higher in 2025. Despite the recent interest rate cut, supply increase, interest rates and lack of business confidence are likely to put downward pressure on values. Investors are very cautious, with a low appetite for risk and a requirement for higher returns.

There are some potential opportunities in the market, particularly for owner-occupiers looking to secure space. With a slowing in demand, there is likely to be opportunities to secure office space at a lower price level than we have seen in the past few years.

We consider there to be some major challenges ahead for this market. Sydney continues to have supply added both in the CBD and in suburban office centres. Whilst we are optimistic and can see some improvement, there is still a long road of recovery ahead.



Angeline Mann
Commercial Director

Hunter Region

The commercial office market has experienced a period of subdued activity in recent years, influenced by several factors. The prevalence of remote work coupled with reduced floor space requirements from government and corporate entities have contributed to market uncertainty. Additionally, high inflation and elevated interest rates have played a role.

However, recent data suggests a promising shift towards recovery. The Property Council of Australia's January 2025 Office Market Report indicates a decline in Newcastle's office vacancy rate from 16.4 per cent to 14.9 per cent over the past year. Local agents have observed a renewed interest from employers in bringing staff back to the office, driving demand for higher-quality office spaces. This trend is particularly evident in the A-grade space sector, where vacancy rates have decreased from 17.9 per cent to 16 per cent, accompanied by a net absorption of 7,509 square metres.

The demand for premium office space is fuelled by a desire to attract and retain talent through enhanced workplace amenities. Green building credentials are also seen as an advantage by potential tenants. This demand is generated by a diverse range of companies, from larger corporations to small and medium-sized businesses.

In contrast, the D-grade office space segment has seen a 491 square metre increase in vacancy and there is potential for this space to be repurposed for residential development or refurbishment.

While there are positive signs, Newcastle's overall office vacancy rate remains above pre-pandemic levels. The anticipated completion of 3,100 square metres of new office space in 2025 may add further to the vacancy rate.

Prospective buyers are currently demonstrating a preference for investment properties with strong tenants and longer lease terms. Onsite car parking, particularly in the Newcastle CBD and Charlestown commercial centre, is also highly valued and enhances a property's attractiveness to both buyers and tenants.

The downward trend for inflation rates and the recent cash rate cut by the Reserve Bank of Australia will contribute to a more optimistic office market sentiment going forward in 2025.

Karen Wise
Valuer

Victoria - Office 2025

Melbourne

The Melbourne CBD office market remains in a state of uncertainty as we progress through 2025. Vacancy rates (all grades) have held steady at 18 per cent from July 2024 to January 2025, but demand has softened, with a 40,000 square metre decline recorded over this period (Property Council of Australia, 2025). Adding further pressure, over 74,000 square metres of new supply is set to enter the market, including 800 Collins Street (28,650 square metres) in Quarter 2, 2025 and 7 Spencer Street (45,500 square metres) in Quarter 4, 2025 (Property Council of Australia, 2025). With supply continuing to outpace demand, landlords are offering high incentives, including extended rent-free periods, spec fit-outs and fit-out contributions to attract tenants.

Rather than a major reset, 2025 is shaping up to be a year of stabilization and recalibration. While the lower B- and C-grade assets will continue to struggle, prime office space will remain in demand, driven by the flight to quality. Tenants are prioritizing well-located, high-quality office spaces with modern amenities and strong ESG credentials. Additionally, there is a clear preference for fully fitted-out offices, as businesses seek turnkey solutions that allow for immediate occupancy without the costs and delays of custom fit-outs.

Incentives are expected to remain elevated, particularly for secondary office stock, as landlords compete for tenants. While gross face rents may hold steady, net effective rents will continue to decline due to these higher incentives. However, the recent reduction in interest rates may provide a glimmer of optimism. Easing financing conditions for investors and businesses could help stabilize leasing demand and improve overall market sentiment. If we see more interest rate reductions throughout 2025, this could pave the way for a more positive trajectory moving forward into 2026.

Incentives are expected to remain elevated, particularly for secondary office stock, as landlords compete for tenants.

Despite near-term challenges, opportunities exist for landlords and investors who align their assets with evolving tenant expectations. Buildings that offer flexible leasing options, premium amenities and move-in-ready office solutions will outperform in an increasingly competitive landscape. However, risks remain, particularly for underperforming secondary stock where securing tenants without significant capital investment may prove difficult.

Overall, we consider that 2025 will not be a year of rapid recovery but one of transition. While high incentives and elevated vacancy rates will persist in the short term, declining interest rates could provide much-needed stability. Landlords who adapt by offering quality spaces, strong incentives and flexible leasing terms will be best positioned to navigate the evolving market.

Jason Stevens
Director

Queensland - Office 2025

Brisbane

The Brisbane office market started the year positively as leasing markets continued their strong run from 2024. Brisbane again is outperforming the other major capital cities as the latest figures from the Property Council of Australia's Office Market Report has Brisbane's vacancy rates at 10.2 per cent (CBD) and 10.7 per cent (fringe CBD) respectively.

The fringe CBD leasing market has seen the biggest movement as circa 30,000 square metres of positive net absorption was recorded over a 12-month period and we are now seeing prime gross face rents surpass $800 per square metre. The CBD leasing market has also remained robust despite the vacancy rate increasing from 9.5 per cent to 10.2 per cent in a six-month period.

Office attendance has substantially increased since the introduction and acceptance of 50-cent public transport fares. Occupancy has increased from 78 per cent to 88 per cent over the past 12 months.

Construction costs remain an issue which is limiting new office developments. The limited future supply will likely force rents to increase and if demand continues at the same rate, we will start seeing developers charging economic rents in order to feasibly develop any new office projects.

The RBA decision to cut the cash rate by 25 basis points will come as welcome relief for many homeowners and will improve confidence for investors and overall market sentiment. It is expected that yields will stabilise this year as investors re-enter the market and sale volumes increase. Further rate cuts may see some yield movement but it would probably require more rate cuts for this to occur.

The office owner-occupier segment of the market has been the strongest market in recent years and is expected to continue its strong run in 2025 as stock levels remain critically low, the rental market is firming (in most instances) and construction and fitout costs remain high.

Looking ahead, the Brisbane office market is likely to continue to outperform the other major cities in 2025 and will be underpinned by the strong leasing momentum we have seen over the past 12 months. There will also be a number of major government infrastructure requirements in the coming years as Brisbane prepares for the 2032 Olympic Games. This infrastructure pipeline has and will continue to attract significant interest from institutional investors, REITs, superannuation funds and private equity. Yields should also start to stabilise as investors are encouraged by the RBA's recent decision to cut the cash rate.

Edward Cox
Associate Director

It is expected that yields will stabilise this year as investors re-enter the market and sale volumes increase.

Gold Coast

The Gold Coast office market in 2025 presents diverging trends across its various precincts. While pockets of strength and opportunity exist, particularly in prime locations, the broader market faces a range of challenges stemming from global economic shifts, local sector-specific issues, and evolving tenant preferences.

Core Precincts Remain Competitive
Broadbeach, Robina, Varsity Lakes, and Bundall continue to demonstrate resilience, maintaining fiercely competitive conditions with sub-five per cent vacancy rates for higher-grade accommodation. This scarcity of premium office space is a key driver of rental growth, underscoring the sustained demand for quality offices in strategic locations. This aligns with global trends of tenants prioritizing modern, well-equipped spaces in prime areas – the so-called flight to quality. Businesses are increasingly recognizing the value of a physical presence that fosters collaboration, innovation and brand identity, even in a hybrid work environment.

Challenges Emerge in Southport and Surfers Paradise
In contrast to the strong performance of core precincts, Southport and Surfers Paradise are experiencing increasing vacancy rates. Southport's rise in vacancy rate to 9.1 per cent is directly attributable to the influx of new supply, notably the refurbished CBD333 building. While upgraded stock can attract tenants, the market requires time to absorb the additional space.

The ability to adapt to changing tenant preferences, particularly the increasing demand for flexible and high-quality workspaces, will be critical.

This highlights the importance of carefully assessing market dynamics before introducing new supply. Surfers Paradise, with a 10.4 per cent vacancy rate, faces a different set of challenges. The increase is primarily concentrated in secondary-grade office spaces, signalling a clear preference among tenants for higher-quality, modern alternatives. This suggests that older, less adaptable office buildings are struggling to compete in the current environment.

The Education Sector's Impact and the Rise of Refurbishments

The once-booming international education sector, a significant driver of office demand in Surfers Paradise and Southport, has been significantly impacted by recent student visa restrictions. This has led to closures of education providers and a subsequent increase in office vacancies, particularly in lower-grade buildings. This underscores the interconnectedness of the office market with other economic sectors and its vulnerability to policy changes. Simultaneously, elevated construction costs are hindering new office developments across the Gold Coast. This scarcity of new stock, while contributing to tight conditions in some precincts, also creates a compelling opportunity for building refurbishments. Repositioning existing assets to meet the demand for higher-quality, modern accommodation becomes a key strategy for landlords seeking to attract and retain tenants.

Yields, Rents, and Investment Considerations

Rising interest rates have placed downward pressure on yields for leased office buildings. While increasing rents have helped to maintain property values, the potential for interest rate stabilization or even further reductions in 2025 could provide further support. However, the performance gap between prime and secondary assets is expected to persist, particularly in Southport and Surfers Paradise. This reinforces the need for investors to prioritize prime assets and value-add opportunities in established precincts while exercising caution in the secondary market. Due diligence and a deep understanding of local market dynamics are crucial for successful investment strategies.

Looking Ahead: A Strategic and Data-Driven Approach:

The Gold Coast office market in 2025 and beyond will be defined by its diverse trends and evolving tenant needs. While core precincts are expected to remain relatively strong, Southport and Surfers Paradise face ongoing challenges. Successful strategies for both investors and landlords will require a nuanced understanding of these dynamics. Prioritizing prime assets, exploring value-add opportunities through strategic refurbishments, and carefully assessing the risks associated with secondary properties will be essential. The ability to adapt to changing tenant preferences, particularly the increasing demand for flexible and high-quality workspaces, will be critical.

Ryan Kohler
Director

Sunshine Coast

In 2024, the office market displayed mixed dynamics. Demand from entry- to mid-level owner-occupiers remained robust, underpinned by limited supply, while the investment market softened due to rising borrowing costs and growing uncertainty surrounding the asset class. With vacancy rates holding steady at approximately five per cent and a scarce supply of A-grade spaces, rental rates for high-quality tenancies showed positive growth. Conversely, demand for secondary office locations and B- and C-grade spaces remained stagnant. Overall, the market in 2024 would be characterised as cautious.

As we move through the early months of 2025, the 0.25 per cent rate cut in February – the first since 2020 – has brought a measure of certainty for tenants, owner-occupiers and investors. However, it is unlikely to significantly impact overall demand. We expect 2025 to closely mirror 2024, albeit with a more stabilised sentiment and market environment as inflation continues to level off.

Early indications from agents this year suggest that demand for A-grade office space, particularly within the CBD, remains strong, with rental rates showing signs of upward movement. In contrast, secondary spaces in less desirable locations continue to face sluggish demand. Limited stock availability for purchase remains a challenge, with the majority of future supply coming from tenant-led buildings in the CBD. If centrally-located, modern, high-quality stock were to enter the market, it would likely attract strong interest. However, sourcing suitable development sites remains a significant challenge. Yields for investment assets are likely set to stabilise

following a slight reduction in interest rates and potential improvements in overall sentiment for the office market.

Jaydon McDowell
Associate Director

Mackay

Recent sales evidence indicates that office properties in Mackay carry a higher level of risk but provide a higher return compared to industrial properties. The market yield for office buildings in Mackay is around 8.00% to 8.50%, compared to around 7.00% for industrial properties. This indicates a higher level of uncertainty and volatility in the office sector, which can be attributed to a combination of economic factors and changing workplace dynamics.

The rise of remote work arrangements has had an impact on the demand for traditional office spaces. The higher average market yields reflect the potential for vacancies, fluctuating rental rates, and the ongoing uncertainty surrounding future working practices.

Notwithstanding the above comments, we believe that there are prospects of reasonable rental growth throughout 2025 because high building replacement costs are restricting the amount of new office space entering the market. The rising replacement cost of office properties is also contributing to increased outgoings by way of higher building insurance premiums.

Gregory Williams
Director

Landlords are under increasing pressure to upgrade vacant spaces to meet the evolving demands of tenants and keep pace with the changing office environment.

Townsville

The Townsville office market remains stable in terms of annual sales, with recent reports highlighting a positive trend in the region's performance.

The Townsville A-grade office market is largely driven by tenancies in government, healthcare, private enterprises, and the resource sector, a trend expected to continue in 2025. The market typically experiences tight vacancy rates, likely due to the limited availability of office space. Notably, construction of Castlerock's A-grade office building, slated for completion in mid-2026, will introduce 6,500 square metres of carbon-neutral A-grade office space, featuring rainwater harvesting capabilities. Targeted at the Queensland government, the new addition could potentially create a shift in the current market dynamics.

Rental rates for A-grade offices remain robust and have been steadily increasing, in line with rising holding and fit-out costs.

Over the past few years, the market has seen a limited supply of high-quality office properties, resulting in subdued sales activity. Many larger office complexes are owned by multinational corporations or large equity firms and are rarely made available for sale. Car parking remains a key consideration for many tenants and buyers.

The most active segment of the commercial market is in the sub-$3.5 million price range. A recent example is the sale of 380 Flinders Street for $2.7 million, which, with a lease expiry profile of 4.46 years, yielded a net return of 6.77%. Transactions in this price range are typically driven by standard market fundamentals: lower price points tend to reflect higher-risk yields, while higher price points are associated with superior-quality assets that offer longer-term cash flow stability and lower risk. Net yields in the range of 6.25% to 7.5% are considered typical for the greater Townsville region.

Landlords are under increasing pressure to upgrade vacant spaces to meet the evolving demands of tenants and keep pace with the changing office environment. The Townsville office market remains relatively shallow, with limited volume and frequency of sales, particularly at higher price points.

However, entry-level properties in the C- and D-grade segments are still attracting interest from local developers or entry level owner-occupiers. Local developers typically focus on purchasing, renovating, securing tenants, and then reselling to the investor market under newly signed leases.

While the Townsville office market offers a range of refurbishment opportunities, it's important to note that rising construction costs continue to place pressure on the overall feasibility of development projects.

Jamison Sayce
Associate Director

Cairns

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

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

There has been very limited leasing activity in the professional medical office market in recent years with tenants of this nature typically occupying the same tenancy long term as a result of limited alternative tenancy areas and extensive fit out costs.

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

Local and southern investor demand remains relatively strong, but agents have advised a softening of yields over the past nine months for anything that does not represent a blue-chip investment property. Agents advise that prospective purchasers are typically looking to achieve a yield of 7% and above depending on the scale and quality of both the asset and leases in place. Unfortunately, this is yet to be reflected on the evidence with activity once again limited by a severe shortage of investment stock.

Overall the market has remained reasonably steady in recent years.

Shane Quinn
Director

There have been limited quality office properties presented to the Cairns market in recent years which has resulted in very limited sales activity.

Toowoomba

The past two to three years have seen very limited demand for new office space in the Toowoomba area. The exception has been smaller tenancies between 100 and 200 square metres which continue to experience moderate levels of activity, particularly in the inner-city areas which consist of a high proportion of former dwellings converted to office space suited to professional users both as owner-occupiers and tenants.

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

A major project in 2025 is the redevelopment of an inner-city site as the new seven-storey People First Bank Head Office with a new administration building for the Toowoomba Regional Council in the planning stage. The Council currently leases office space in and around the Toowoomba City centre which has affected vacancy rates and will likely increase when the new Civic Centre Civic Administration building is completed. A development application has also been lodged for the former Gasworks site which sits within a Toowoomba Railway Priority Development Area on the CBD fringe. The project will comprise 56 apartments over nine levels with ground floor retail tenancies.

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

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

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

Activity in this sector is expected to remain stable during 2025 with minimal variation in yields, rental rates and vacancy rates. Factors that may affect these metrics include the number of properties vacated as current tenants or owners relocate to newly developed or refurbished premises. The vacated premises are generally larger office buildings that will require refurbishment and potentially reconfiguration to provide smaller tenancies and incentives to attract tenants are likely to be required. Given refurbishment costs may not be viable there is likely to be an increase in secondary quality space which has limited demand unless the rental rate is competitively low.

Ian Douglas
Director

South Australia - Office 2025

Adelaide

The Adelaide CBD office market continued to recover throughout the latter half of 2024 and early 2025. Vacancy rates have declined in the Adelaide CBD and fringe sectors over the six months from July 2024 to January 2025. Current CBD total vacancy is 16.4 per cent, compared to 17.5 per cent in mid-2024. Prime yields in the Adelaide CBD office market currently sit at 7% - approximately 0.3% above the ten-year average.

	July 2024 PCA Report	January 2025 PCA Report
CBD - Direct Vacancy	16.8%	15.9%
CBD - Sub-lease Vacancy	0.7%	0.5%
CBD - Total Vacancy	17.5%	16.4%
Fringe - Total Vacancy	11.7%	10.8%

Three significant developments are touted for completion in 2025. 42-56 Franklin Street under construction through Kyren Group and architect Brown Falconer is expected to be completed in the first quarter, adding 21,000 square metres of net lettable area to the office market. A complete refurbishment of Carrington House at 61 Carrington Street is expected to be completed in the second quarter and will add 565 square metres of net lettable area. Finally, 139 Frome Street, a partial refurbishment by Wongs Development Corporation, is expected to be completed in the second quarter and add 2170 square metres of net lettable area.

42-56 Franklin Street, Adelaide (Subject Land)
Source: SA Planning Commission and KYREN Group)

42-56 Franklin Street, Adelaide (Artist Impression)
Source: SA Planning Commission and KYREN Group)

Most of the commentary about the Adelaide office market has been trending more positively, with a rebound in the market expected to occur. The stimulus for this might just be the recent RBA cash rate cut, as investor borrowing costs start to get cheaper. Further to this, many of the major banks and economists are predicting multiple interest rate cuts within the next cycle as inflation has returned to levels within the RBA's target range. Within the commentary on the Adelaide office market, more emphasis is being placed on the flight to quality, as employers and business owners seek to entice employees back to the office with upgraded facilities and closer proximity to post-work amenities. As the demand for well-located and high-quality office space increases, older generation offices face greater vacancy risks. JLL's recent insights into the office market indicate that the Adelaide CBD comprises the highest percentage of secondary grade office space of all Australian CBD markets, offering developers the opportunity to repurpose and refit these to a higher standard. As the recovery in this market segment is first touted to occur in Sydney, Melbourne and Brisbane, it may take more time before that level of confidence spreads to the wider Adelaide market.

A significant opportunity hitting the market is that of 63 Pirie Street, Adelaide. Listed through Colliers in the middle of February, the 11-storey building offers 11,329 square metres of net lettable area, a five-star NABERS rating, and is 86 per cent leased with an approximate four-year WALE - home to Macquarie, Bentleys and Cowell Clarke. The building

Most of the commentary about the Adelaide office market has been trending more positively, with a rebound in the market expected to occur.

COMMERCIAL - OFFICE

underwent significant refurbishment in 2017, with a new entry lobby completed in 2018, and is situated in the heart of the Adelaide CBD.

63 Pirie Street, Adelaide Source: realcommercial.com.au

63 Pirie Street, Adelaide Source: realcommercial.com.au

The outlook for growth in the Adelaide CBD is positive; the A-grade vacancy rate is expected to decrease as more tenants make the shift from lower-grade office stock. Commercial leasing and sales agents have further reported the positive sentiment in Adelaide's market, as leasing activity increased through the second half of 2024 and into the new year.

Chris Winter
Commercial Director

Western Australia - Office 2025

Perth

The office property market in Perth is poised for a recovery in 2025. The city's strong economic fundamentals underpinned by a robust mining sector, limited supply pipeline and a renewed focus on sustainability are likely to boost demand for high quality office space.

The most recent PCA Office Market Report indicates Perth's CBD total vacancy rate was 15.1 per cent for the six months to January 2025, a marginal decrease from that recorded in July 2024 (15.5 per cent).

The West Perth vacancy rate rose marginally from 11.5 per cent to 11.8 per cent over the same period.

From a leasing perspective, a two-tier market is clear as companies take advantage of incentives on offer to relocate to premium and A-grade accommodation whilst lesser grades languish, particularly in the fringe CBD markets.

Tenant demand for large-scale floor plates greater than say 500 square metres is anticipated to remain soft as prospective occupants demonstrate a preference to secure smaller premises, citing the resilience of the work from home movement despite a renewed push from some corporate leaders for employees to return to the office.

Positively there was an uptick in activity in the smaller sub 500 square metre market segment during 2024 and we expect demand for tenancies between 250 and 350 square metres to remain buoyant. Availability of this stock in certain fringe CBD locations (e.g. Leederville, Subiaco, etc.) is however constrained and likely to exert further upward pressure on achievable rental rates whilst incentives gradually subside.

A key trend to watch during 2025 will be the increased focus on environmental sustainability and energy efficiency measures from tenants and landlords alike. A growing number of tenants are targeting premises that meet their ESG principles. Landlords, keen to attract such tenants, are likely to retrofit buildings to incorporate sustainable design features such as solar panels and HVAC systems, while also providing a heightened level of amenity.

Capitalisation rates for leased office investment acquisitions are difficult to ascertain with any degree of confidence given the lack of transactions. There was very limited stock put to market during 2024 and we anticipate owners will continue to hold tight in the short term. Discussions with a number of industry participants suggest yields north of 8% are required in order to secure a sale, however the absence of market transactions in the current economic environment determines that such feedback is very much anecdotal.

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

As Perth adapts to the changing landscape of work, the office property market will likely remain a dynamic and evolving sector. Together with the city's strong economic fundamentals, the outlook for Perth's office property sector in 2025 is positive.

Greg Lamborn
Director

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

Northern Territory - Office 2025

Darwin

The Darwin commercial office market is at a tipping point. There is a genuine lack of supply of A-grade space in the CBD and the laws of supply and demand dictate that this should result in an increase in rental rates as well as a limiting of rental incentives. Already we are seeing this with some lease negotiations around town and we expect this trend to continue throughout the year.

Darwin has not experienced the same level of working from home issues as some other capitals, so demand for this type of space is not weakening. Also, there is no new supply on the horizon to provide any relief.

A large amount of lower grade stock still overhangs the market and unless significant capital expenditure is made on these buildings, they will remain vacant or poorly tenanted. There are certainly some opportunities around for anyone who has the skills and capacity to carry out refurbishment or repurposing of some of this older CBD office stock. This would not be an exercise for the faint-hearted and would require a strong local presence and knowledge of the intricacies of development in Darwin, as well as careful cost control.

A case in point is Health House, an office building in the CBD which has been vacant since the NT Government's Health Department relocated to new premises at Manunda Plaza. Conversion of that building by a local developer to residential use has just commenced. This will remove this building from the stock of lower grade space available in town

The Darwin commercial office market is at a tipping point.

and hopefully will also generate more pedestrian activity in this section of Mitchell Street.

Sales in 2024 of the old Minerals House at 66 Esplanade and the Westpac Bank building at the corner of The Mall and Bennett Street confirm that there is still an appetite for property within Darwin CBD. An NT premium is still evident for CBD property compared to other capitals, but some investors are happy to see that higher yield, especially if a property has a solid, reliable cash flow.

Terry Roth
Director

Residential

March 2025

National Residential Overview

When investors weigh up their decisions about Australian residential property as an asset class, there are two major forces they must reflect upon: affordability pressures and an ongoing supply shortage, exacerbated by strong population growth.

The recent RBA interest rate cut offers some relief to buyers, but the real question is what happens next. If we see further rate reductions, it could provide the confidence boost needed to stimulate the market. However, if this cut turns out to be one of only a few, buyers may remain cautious, with affordability concerns still at the forefront.

Gavin Hulcombe,
Managing Director
HTW Brisbane

One of the biggest challenges remains delivering new housing. Labour shortages, construction delays, and high costs are all making it harder to bring new supply to market.

One of the biggest challenges remains delivering new housing. Labour shortages, construction delays, and high costs are all making it harder to bring new supply to market. In particular, the cost of building new homes is rising sharply, creating significant hurdles for developers and buyers alike.

Take medium-rise apartment buildings, for example. In some capital cities, developers now report they can't deliver these projects for less than $17,000 per square metre. Construction costs make up the bulk of this, with land values sometimes only marginally more than the contingency set aside for building expenses. While this type of development generally aligns with urban planning goals and is more widely accepted by the community, it comes with significant affordability challenges.

On the other hand, detached housing remains the more economical option – though less favoured from a planning perspective due to urban sprawl. Some suburban homes on the outskirts of major cities can still be built for around $5000 per square metre – less than a third of the cost of inner-city apartments.

Then there's the middle-ground option: townhouses. These have become increasingly popular, offering greater density than standalone houses while often being located in more established areas. With an average construction cost of around $8000 per square metre, they provide a compelling alternative. To put that into perspective, assuming a 150 square metre living area, the price difference is striking: an inner-city apartment could be delivered for around $2.5 million, a townhouse around $1.2 million, and a suburban house roughly $750,000.

It's no surprise, then, that suburban housing markets remain strong. Land sales are solid, and house construction activity is expected to hold up well in the near future. Meanwhile, medium-rise residential developments near city centres continue to face tight margins, and many developers are treading carefully. Those who are moving ahead tend to be targeting owner-occupiers – particularly downsizers and buyers less sensitive to price fluctuations.

The middle-ring townhouse market is also holding up well, often seen as a more affordable alternative to small-lot housing.

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

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

Start of Recovery
Albury
Bathurst
Canberra
Central Coast
Newcastle
Wodonga

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

Approaching Peak of Market
Ipswich
Sunshine Coast
Whitsunday

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RESIDENTIAL

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

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New South Wales - Residential 2025

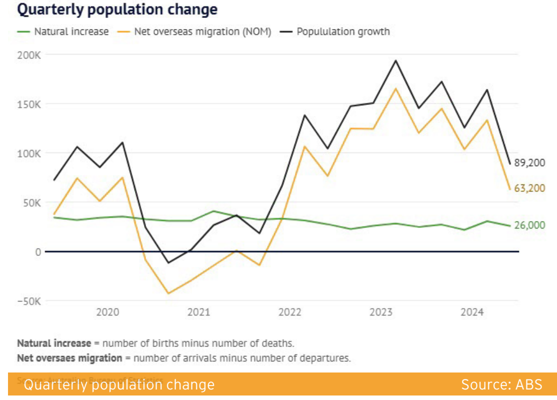
Sydney

A sustained period of high immigration and low vacancy rates has led to a greater proportion of investor participation in the market, as high inflation and high interest rates have combined to keep competing first home buyers out of the market. In New South Wales, the proportion of investor loans climbed to 44 per cent in the latter stages of 2024, the highest it has been since 2016.

Investors as portion of total lending — Source: CoreLogic

There has been increased pressure on the federal government to reduce the rate of immigration from the highs of the past few years which has impacted on housing availability, sending already low vacancy rates even lower, and sending asking rents higher.

We have seen those reduced immigration numbers in the past six to twelve months and are seeing the vacancy rate push up towards two per cent in Sydney from around 1.2 per cent in late 2023.



Quarterly population change — Source: ABS

That easing of new demand into the rental market has allowed weekly asking rents to stabilise after significant increases over the previous couple of years. SQM Research's Weekly Rents Index shows a 0.7 per cent decline in asking rents for houses compared to a year ago, and compared to a 13.4 per cent increase on the 12 months prior to that. For units, it was just a 1.3 per cent annual increase compared to a 13.3 per cent increase for the 12 months prior to that.

SQM Research Weekly Rents Index

Week ending 12 Feb 2025		($)	Change on prev week($)	Rolling month % change	Rolling quarter % change	12 month % change	3 year %(pa) change	7 year %(pa) change	10 year %(pa) change
Sydney	All Houses	1,043.08	8.92 ▲	0.9% ▲	0.3% ▲	-0.7% ▼	11.4% ▲	5.0% ▲	4.2% ▲
	3 br Houses	977.63	4.37 ▲	1.2% ▲	0.0% ▼	0.6% ▲	9.1% ▲	4.2% ▲	3.6% ▲
	All Units	702.78	3.22 ▲	1.9% ▲	1.6% ▲	1.3% ▲	13.0% ▲	4.3% ▲	4.0% ▲
	2 br Units	714.04	3.96 ▲	1.3% ▲	0.6% ▲	-0.2% ▼	12.4% ▲	4.2% ▲	3.8% ▲
	Combined	840.73	5.53 ▲	1.4% ▲	0.9% ▲	0.3% ▲	12.1% ▲	4.5% ▲	4.0% ▲

Sydney rental analysis — Source: SQM Reseach

Western Sydney

The combination of infrastructure investment, relatively affordable housing, and the rise of remote work has made Western Sydney a consistently attractive option for both investors and owner-occupiers alike. This trend is expected to persist throughout 2025, especially given the recent drop in the cash rate. The demand for more spacious, affordable homes with outdoor space remains strong, highlighting their potential as sound long-term investments.

	Dec Qtr 24 no.	Sep Qtr 24 to Dec Qtr 24 % change	Dec Qtr 23 to Dec Qtr 24 % change
Total loan commitments	132,082	-0.4	7.2
Owner occupier	83,206	2.2	4.0
First home buyers	29,788	1.3	0.2
Non-first home buyers	53,068	1.2	6.9
Investor	48,876	-4.5	13.2

Number of new loan commitments for dwellings seasonally adjusted Australia
Source: ABS

Looking back over the past 12 months, investors Australia-wide have led the mortgage charge taking out more new loans with a 13.2 per cent change over the year. These numbers are head and shoulders over the owner-occupier market which only saw a four per cent change, however mowre recently the brakes have been pumped in the last quarter of 2024 with a -4.5 per cent change to investor loans.

	Dec Qtr 24 no.	Sep Qtr 24 to Dec Qtr 24 % change	Dec Qtr 23 to Dec Qtr 24 % change
Refinanced			
Owner occupier			
Internal	46,166	10.4	18.7
External	61,749	12.0	1.5
Investor			
Internal	18,274	4.4	5.3
External	33,167	7.4	11.8

Number of refinanced loan commitments seasonally adjusted Australia
Source: ABS

When reviewing the national refinancing data, owner-occupiers have seen more change over the past 12 months than investors with an 18.7 per cent internal refinancing change, however it seems investors are more keen to swap banks with an 11.8 per cent change to external financing.

Closer to home, the combination of a house and granny flat is a popular investment choice in Western Sydney, where larger blocks can easily accommodate a granny flat in the backyard. This type of property is especially favoured by owners who can either rent out both dwellings or reside in one and rent out the other.

A recent sale at 91-91a Kastelan Street, Blacktown for $1,210,888 by Harcourts Unlimited highlights the popularity of the granny flat market. The property is a circa 1960s vinyl-clad, three-bedroom, one-bathroom dwelling with an updated interior with a more modern vinyl-clad, two-bedroom, one-bathroom granny flat to the rear. Both dwellings have an off street car space and are improved upon a 645 square metre block. The property was sold fully leased returning a combined $955 per week which equates to a gross yield of 4.1 per cent. Selling agents Harcourts indicate this yield could improve to 4.4 per cent with a future uplift of the rental.

91-91a Kastelan Street, Blacktown Source: realestate.com.au

91-91a Kastelan Street, Blacktown Source: realestate.com.au

Residential units are a popular choice for first-time investors due to their affordability and proximity to essential infrastructure. However, investors should exercise caution as the potential of an oversupply of similar properties can negatively impact short-to-medium term growth. It is crucial for potential buyers to review body corporate records to identify any existing building issues or special levies.

4/15-17 Thurston Street, Penrith, a two-bedroom, one-bathroom unit with a lock-up garage and partly updated interior, transacted for $435,000 in February by local agents My House Realty. This unit is a great first time investment given the low entry level, and being a smaller complex with low strata fees. This unit could rent for approximately $420 per week which would equate to a gross yield of 5.02 per cent. Whilst this is a better yield compared to the house and granny flat sale in Blacktown, capital growth is typically limited for units compared to dwellings.

4/15-17 Thurston Street, Penrith Source: realestate.com.au

Renovating or building for profit is another investment option but one needs to run the numbers before beginning in order not to overcapitalise.

The strong demand for contemporary homes in Baulkham Hills is evident following the recent sale of a five-bedroom, three-bathroom house at 5 Englart Place for $3.2 million by local agents Manor. Built around 2019, the property boasts a three-car garage, high-quality finishes and 695 square metres of landscaped gardens.

5 Englart Place, Baulkham Hills Source: realestate.com.au

To highlight the gap between land values and what modern dwellings can achieve, savvy investors

should take note of the sale of a dated three-bedroom, one-bathroom dwelling on a 721 square metre block at 42 Carver Crescent, Baulkham Hills for $1.64 million, illustrating the potential for a knockdown rebuild project.

42 Carver Crescent, Baulkham Hills Source: realestate.com.au

To avoid overcapitalisation, savvy investors should determine the desired end value and work backwards from there. They should closely monitor the sale prices of similar modern dwellings in the area and run the numbers to ensure they don't overspend on their build or overpay for a suitable block. Overspend in both areas can ruin the deal.

In this instance, investors can make instant profit by building a similar home for less than $1.56 million. Make sure to include any potential selling fees, interest and other taxes into the equation if you intend to sell rather than hold.

North Shore

Investing in Sydney's North Shore property market has historically been a very safe bet, with consistent capital growth and attractive yields being achieved over a long period of time. However, investment activity has been relatively subdued over the past couple of years, a result of increasing interest rates and escalating building and renovation costs. We are starting

Investing in Sydney's North Shore property market has historically been a very safe bet, with consistent capital growth and attractive yields being achieved over a long period of time.

to see some changes in these national factors, in combination with some important local elements.

In terms of detached housing, the biggest obstacle for most people wanting to invest on the North Shore is the comparatively high median property price. This high capital outlay requires investors to be extra vigilant due to the higher values magnifying any involved risks, but similarly magnifying the potential achievable profits. We are slowly seeing the return of investment appetite for renovation projects, as discussed in a previous edition of this publication, driven by stabilising construction costs.

Finding a detached house in an area considered to be undervalued is easier said than done on the North Shore, with demand and resulting competition always a factor. Less well known pockets of the North Shore can still produce good value and great opportunity for capital growth, as witnessed in many other suburbs over time.

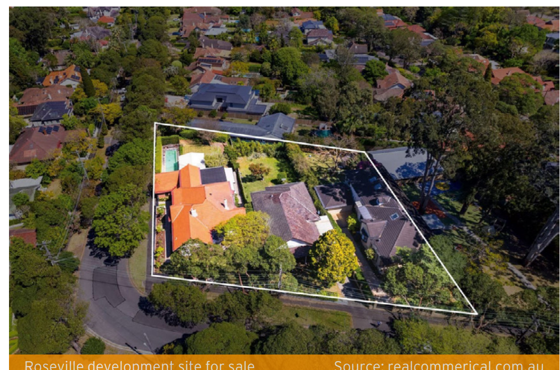
Looking to the Upper North Shore, North Wahroonga is a suburb offering great opportunity for investors looking for a renovation or rebuild project at a lower entry price point. An example is a property that recently sold in North Wahroonga for $1.95 million. This property comprises a very basic, single level, brick and tile residence on a sloping allotment with scope for significant improvement and uplift in value.

North Wahroonga, sold for $1.95 million Source: realestate.com.au

For higher level, more seasoned investors, land banking on the North Shore has presented more opportunities than usual of late, particularly with the enactment of the initial phase of the NSW Government's Transport Oriented Development planning reforms. These reforms modify planning controls around 37 key metro and rail stations, with all residentially zoned land within 400 metres of these railway corridors being impacted. On the North Shore this includes Roseville, Lindfield, Killara and Gordon.

We are seeing investors purchasing individual properties within these zones, intending to eventually amalgamate with the neighbouring sites and sell to developers for a healthy profit. This is a long term investment strategy and requires expert advice, particularly due to the many uncertainties surrounding the new reforms at the current time. However, it also presents great opportunity to take advantage of the shift towards higher density development in these areas.

An example of such an amalgamated site is listed for sale in Roseville, currently comprising three detached homes and advertised as being a 3431 square metre landholding, which can be developed under the Transport Oriented Development controls.



Roseville development site for sale Source: realcommerical.com.au

In terms of higher density property on the North Shore, vacancy rates and rental demand have been greatly in favour of investors over the past couple of years. However, we have not seen the flurry of investment we would have expected considering these strong fundamentals, presumably due to the high-interest rate environment.

We are also starting to see rental prices stabilise after a period of very strong growth. In Hornsby for example, realestate.com.au lists the current median rental price for a two-bedroom unit at $603 per week, nearly the same price it was in March 2024 ($600 per week), showing stabilisation in unit rental prices. Assuming vacancy rates remain low, we still predict that there will be increased investor activity in the unit market, correlating with the easing of interest rates throughout 2025.

Sydney's Lower North Shore property market presents a dynamic landscape for investors, shaped by recent economic shifts and local developments. Over the past six months, investor activity has intensified, largely due to the speculation about the RBA lowering the cash rate, which was dropped by 0.25 per cent in February, bringing it down to 4.1 per cent. This monetary easing is predicted to enhance borrowing capacities, making property investments more accessible and appealing throughout 2025.

The outlook for detached housing in these areas remains positive, with expectations of steady price growth supported by limited housing supply and sustained demand.

Beyond national economic factors, several local elements are poised to influence investment decisions in the Lower North Shore throughout 2025. Ongoing infrastructure projects are enhancing connectivity and amenities, thereby increasing the attractiveness of suburbs such as Willoughby, Lane Cove and Artarmon. These areas are renowned for their family-friendly environments, excellent schools and proximity to the central business district, making them perennial favourites with both renters and homebuyers.

The outlook for detached housing in these areas remains positive, with expectations of steady price growth supported by limited housing supply and sustained demand.

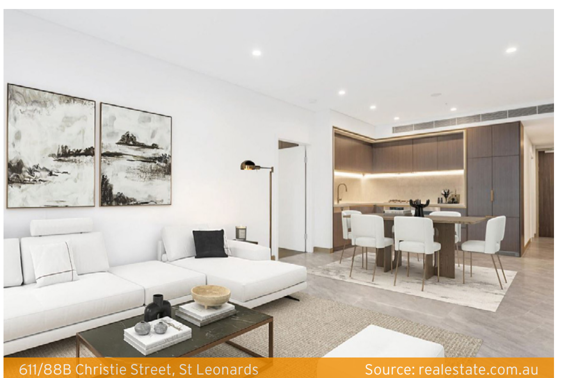
The sale of 9 Chaleyer Street, Willoughby is a property that matches the above criteria, selling for $4.2 million in February 2025 prior to auction. The four-bedroom, two-bathroom dwelling is close to all amenities and even has potential to add value by building a second storey or swimming pool for the family.

9 Chaleyer Street, Willoughby Source: realestate.com.au

Traditionally, the Lower North Shore's investor market has focused on units and apartments, particularly one- and two-bedroom configurations. These properties offer strong rental demand, with consistent interest from prospective tenants, even amid modest rent increases.

Suburbs such as North Sydney, Crows Nest and St Leonards are notable for investor activity, attributed to their proximity to business districts and comprehensive transport links. One- and two-bedroom units in these locales are priced between $700,000 and $1.5 million, offering rental yields of approximately three to four per cent.

An example of this is the sale of 611/88B Christie Street, St Leonards. Selling in February 2025 for $1.42 million, the property is a two-bedroom, two-bathroom unit with a study nook and a basement car space. It is on the larger side for a unit within the suburb. Recent rents in the complex reflect a yield of four per cent.



611/88B Christie Street, St Leonards Source: realestate.com.au

Northern Beaches
The Northern Beaches feature several active community infrastructure projects. Many of these are smaller initiatives aimed at enhancing existing services. Major projects such as the Frenchs Forest and Brookvale Precinct continue to make advancements in developing new strategic centres but realistically won't provide imminent investment opportunities.

The state government also continues to drive the implementation of new state environmental planning policies in 2025. These legislative changes would permit duplex construction along with mid-rise housing controls within 800 metres of designated town centres.

This would allow for terraces, townhouses (multi-dwelling housing), and small flat buildings (manor houses) in R2 low-density zones, along with flat buildings up to seven stories in existing R3 medium-density residential zones.

We anticipate that this will create a large number of opportunities locally, although it still hinges on the formalisation of minimum site requirements for each development style which are proposed to be released in July.

Prices for houses vary significantly, starting from circa $1.8 million for smaller entry level homes to over $3 million for larger, newer properties. Average rental yields are generally moderate, typically between two and three per cent, although they can be higher based on the specific property and its location. Historically, investment growth is driven by long-term capital growth over the modest rental yields.

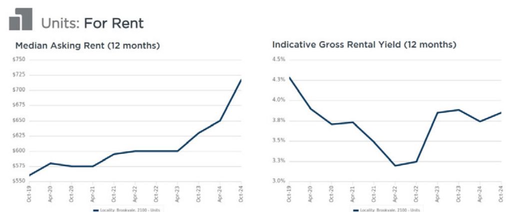
A recent example includes this three-bedroom, two-bathroom duplex at 33B Carnarvon Drive in Frenchs Forest. The property recently sold for $2.03 million, with a rental history of $1,200 per week in 2022, which is slightly below current market levels and we anticipate a gross yield of circa 3.3 per cent.

33B Carnarvon Drive, Frenchs Forest Source: CoreLogic

Desirable locations for units include beachside suburbs connected to transport hubs such as the B-Line corridor. These include Manly, Dee Why, Narrabeen and Brookvale. Price points vary from around $700,000 for smaller, older units to over $2 million for luxury apartments. Gross rental yields typically fall in the three to five per cent range, depending on property style.

There may also be opportunities in newer apartment complexes with appealing amenities or in older units that can be renovated to boost rental attractiveness. Additionally, a limited selection of off-the-plan units in Dee Why could attract some investors seeking greater tax incentives and higher yields.

For example, 3/21-25 Gulliver Street in Brookvale sold on 12 February 2025 for $850,000. This one-bedroom, one-bathroom ground floor unit previously sold in May 2011 for $435,000 and offers a strong yield of circa 4.5 per cent, which is above the current average of 3.9 per cent.



Brookvale median asking rental and gross yield Source: CoreLogic

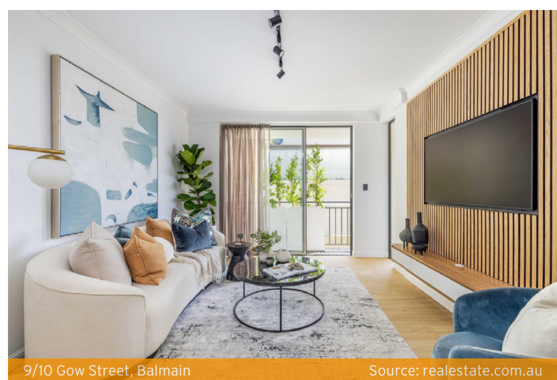
Looking forward, there may be opportunities for investors with a long-term perspective who can spot undervalued properties with potential for renovation or development. Buyers have slightly more negotiation power in the current climate for compromised or secondary style products in need of some TLC. We remain cautiously optimistic and anticipate moderate growth potential in the near term and consider well-located properties in the Northern Beaches should continue to serve as solid investments.

Inner West
In regards to the inner west of Sydney, strata apartments and townhouses are generally the main residential properties which attract investors. These markets have been impacted by the wider economic and property market trends over the

course of the past six months, with a slowdown in investor activity compared to the twelve months prior. The main contributing factors to this slowdown in activity are considered to be the current interest rate environment, as well as the current level of supply of strata property, and also the marginal slowdown in rental price increases during this period.

In many instances vendors who do not have an urgency to sell have held back from placing their property on the market, seeking to sell when expected interest rate cuts occur. The lack of supply of investor stock has resulted in a general stagnation and in some instances a general softening of capital values across the inner west.

Additionally, investors who have completed renovations to older walk-up style, strata titled units have in some instances realised good returns, even in the context of the wider stagnant market conditions. An example is the sale of a circa 1970s unit at 9/10 Gow Street, Balmain which sold in August 2024 for $1.4 million. It was extensively renovated post the sale date and sold in February 2025 for $1.78 million, reflecting an approximate 27 per cent increase in sale price.



9/10 Gow Street, Balmain Source: realestate.com.au

Investments in the more sought after areas of Balmain, Birchgrove, Glebe, Annandale and Erskineville have performed rather well from a capital gains perspective in comparison to lesser sought-after pockets of the inner west in the past six to twelve months. Overall rental prices have modestly grown or in some instances stabilised, which has been at a contrast to the rental market conditions of the three years prior. Given the likelihood of further reductions to the official cash rate in 2025, investors may experience a tightening in yields given the likelihood of capital growth and stabilised rental growth.

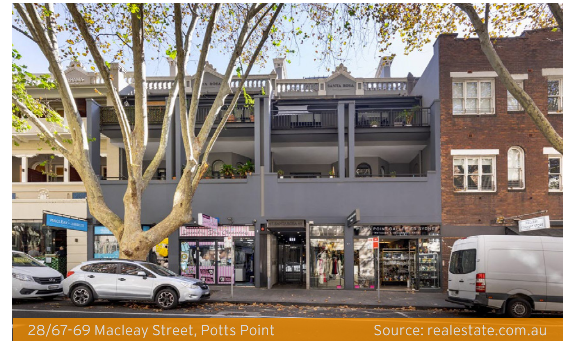
Investors have also been active in the residential flat building or "in one line" market, in particular in areas including Ashfield, Stanmore, Summer Hill and Marrickville. Gross yields over the course of the past 18 months have tended to soften which is mainly a result of strong rental growth and stabilised capital growth. However 58 Clarendon Road, Stanmore, an Art Deco style residential flat building consisting of four residences, sold for $3.535 million in November 2024. The sale reflects a passing gross yield of 3.82 per cent which is considered a strong result. Should there be further reductions to interest rates throughout 2025 we would expect yields for these properties to tighten.

58 Clarendon Road, Stanmore Source: realestate.com.au

Inner Sydney

Typically investor stock within inner Sydney comprises units, with one-bedroom, two-bedroom and studio apartments a popular choice for mum and dad investors and self-managed super funds. Throughout 2024 investment activity was subdued due to elevated interest rates and broader cost of living pressures, although with the rate cycle appearing to have peaked, this market segment could be set to re-ignite in 2025. Ironically, due to low investor activity, rental supply has remained tight and prices increased - driving up returns for those already in the market and providing a good opportunity for those savvy enough to wait for less competitive buying conditions.

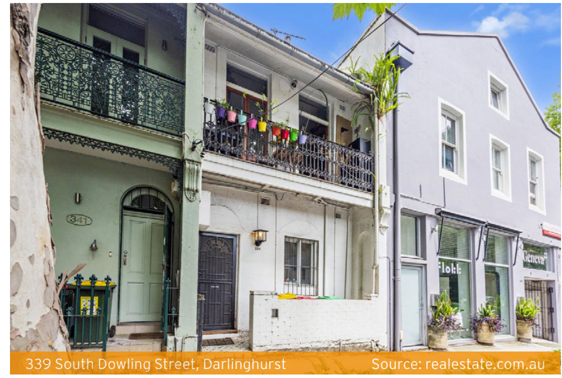
Sydney's inner city is a popular marketplace for investors to enter due to its relative accessibility, solid rental yields, strong tenant demand and historic capital growth. With interest rates appearing to have peaked, those savvy enough to time the bottom of the market have been looking at buying, as happened with 28/67-69 Macleay Street, Potts Point, a 37 square metre, one-bedroom unit which sold in February for $600,000, with good rental prospects of $600 to $650 per week due to its prime position on the sought-after high street strip. This represents a 5.6 per cent gross yield, which is considered very strong for Sydney.



28/67-69 Macleay Street, Potts Point Source: realestate.com.au

Houses also form a small portion of the investment market within inner Sydney, although commonly these dwellings are in below average condition and are often leased to students, either formally or informally by the room. These properties often have a lower price point due to their condition although produce higher rental yields, however they come with a riskier tenant profile, high turnover and increased upkeep. Investor grade houses also experienced a softer 2024, however this has not been as pronounced as in the unit market as land values are typically more resilient and will likely react more quickly and sharply than strata values when interest rates begin to fall.

At 339 South Dowling Street, Darlinghurst, a basic three-bedroom, two-bathroom terrace on 97 square metres of land sold for $1.73 million in February and was last advertised for rent at $1000 per week in 2020, with this likely to have increased to $1400 per week more recently which would represent a yield of 4.2 per cent. This is a much tighter rental yield than an apartment and it is safe to say that investors are seeking capital growth returns with these kinds of assets. House and land values are typically more resilient than strata and with pricing for dwellings in the investor space remaining fairly stable in recent months - all things remaining constant – the start of 2025 will likely represent the bottom of their market cycle.



339 South Dowling Street, Darlinghurst Source: realestate.com.au

Eastern Suburbs

The Eastern Suburbs property market can present opportunities for investors to capitalise on small site development opportunities however navigating a whole range of factors such as feasibility, planning regulations, architect fees and construction costs can easily be a risky process.

We take a look at this example at 6 Chester Avenue, Maroubra which is a 1950s single level house in fair condition on 488 square metres with a frontage 14.4 metres. The R3 medium density zoning presents development opportunities such as duplexes, townhouses or units. The site was sold after 100 days on the market in September 2022 for $2.2 million. A development application was lodged for three townhouses, two with four bedrooms and one with three bedrooms, which was approved in six months in 2023. Each of these townhouses will have an end value of $2,250,000 to $2,450,000.

Artist Impression of 6 Chester Avenue, Maroubra Source: Randwick City Council

The next-door property at 4 Chester Avenue, Maroubra on a similar size allotment was then listed and sold for $2.75 million after 32 days on the market in September 2024. Investors knew what could be achieved on the site and a premium was paid.

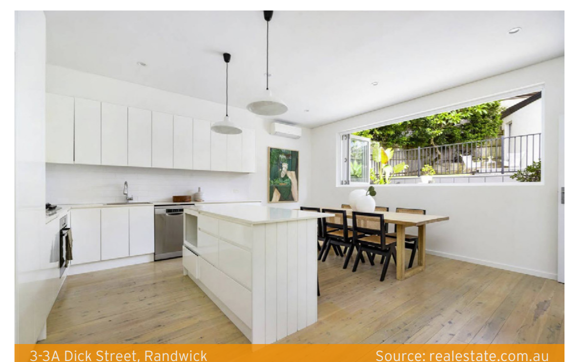
We can see here that the investor or developer made an astute investment however even the more expensive next-door site will have acceptable profit margins.

Another property type that is more common in the Eastern Suburbs than other parts of Sydney is the up-and-down dual occupancy, which provides a self-contained residence to each level of the building. These types of properties generally provide a superior rental yield for owners compared to similar sized properties configured as a single residence.

A recent example is the sale of 3-3A Dick Street, Randwick which sold in February for an undisclosed price, just below $5.5 million. The property comprised a renovated dual occupancy with a three-bedroom, two-bathroom dwelling to the ground floor, and a three-bedroom, one-bathroom dwelling to the first floor.

The selling agent advised a current combined rental of between $3,750 and $4,250 per week, providing a gross rental yield of between 3.6 per cent and four per cent. This is significantly higher than the 2.1 per cent average gross rental yield for houses in Randwick according to SQM Research. The property also has development approval for a new three-storey home giving the buyer a number of options for the property.

The Eastern Suburbs property market can present opportunities for investors to capitalise on small site development opportunities.


3-3A Dick Street, Randwick Source: realestate.com.au

3-3A Dick Street, Randwick Source: realestate.com.au

In the prestige space, where investors are less prevalent, rental yields tend to be lower than properties at the lower price points in the market, however this is usually offset by larger capital gains over time. A newly built top floor unit in a boutique complex of six units at 501/21 Riddell Street, Bellevue Hill, sold in December for $7.6 million.

The three-bedroom, 2.5-bathroom and two car space unit with district and distant ocean views is currently listed for rent at $5,800 per week, which would represent a four per cent gross rental yield should that rental be achieved. The gross rental yield for units in the Eastern Suburbs is five per cent according to SQM Research.

501/21 Riddell Street, Bellevue Hill Source: xgxgxgx

Southern Sydney

Engadine is in the southern part of the Sutherland Shire, approximately 33 kilometres from the Sydney CBD. It attracts property investors primarily due to its relatively affordable price point and access to services, including railway station, schools and a relatively large local shopping centre.

The median house price in Engadine is $1.39 million, which is notably lower than nearby Sutherland's median of $1,557,500. Rental prices in Engadine are also appealing, with three-bedroom houses renting for around $817 per week and four-bedroom houses for approximately $900 per week, resulting in a median rental price of $830 per week. In comparison, Sutherland's median rental price is slightly lower at $825 per week, despite its higher property prices (source: realestate.com.au).

Rental yields in Engadine, whilst not overly strong given its distance from the CBD, still compare well to the rest of the Sutherland Shire. According to SQM research, the gross rental yield for postcode 2233 houses was three per cent in February, above that for the Sutherland Shire at 2.7 per cent.

An example of a recent investor sale in Engadine is a three-bedroom, one-bathroom house with two-car carport on 632 square metres of land at 6 Tobruk Avenue. It sold for $1,255,000 in December and is currently rented at $850 per week, generating a gross rental yield of 3.5 per cent.

6 Tobruk Avenue, Engadine Source: realestate.com.au

There has also been strong capital growth in Engadine in recent years (the median value for houses has increased 40 per cent over the past four years according to realestate.com.au). Despite all of the above, investors make up a small percentage of property owners in the suburb, with first home buyers and upgraders more active in the market.

Additionally, older homes, like the 1950s single-level dwelling at the above address, often come with ongoing maintenance and repair costs, which can be a concern for investors seeking lower expenses.

Gross rental yields for units in Engadine (4.9 per cent) compare even more favourably to the Sutherland Shire (3.9 per cent) although with less

capital growth, up around 17 per cent over the past four years.

The relatively low rental yields compared to other suburbs of Sydney this distance from the CBD combined with the added burden of maintenance costs and land tax on investment properties have contributed to a less robust investor market in Engadine. Despite this, the suburb still provides a good opportunity for investors, particularly for capital growth of detached housing.

Shaun Thomas
Director

Southern Highlands

Over the past six months, the property market in the New South Wales Southern Highlands has experienced a period of relative stability and slow progression. While this has been a consistent trend across many sectors of the market, it is particularly evident when focusing on the investor market in the region, which has remained largely dormant. This languid state suggests that the region may not be the first choice for investors right now, as various factors have contributed to this subdued atmosphere.

Historically, the Southern Highlands has been a region that has seen more activity from owner-occupiers than investors. One of the primary drivers of this trend is the region's unique appeal to those seeking a tree change – a term that signifies a desire to escape the hustle and bustle of city living in favour of a more serene, rural environment. For many, the Southern Highlands offers an attractive alternative to metropolitan life, providing more space, peace and natural beauty. This has drawn downsizers looking for a quieter lifestyle post-retirement as well as families eager to relocate to an area with strong community values and a slower pace of life.

Historically, the Southern Highlands has been a region that has seen more activity from owner-occupiers than investors.

The region's proximity to major cities, particularly Sydney and Canberra, has further enhanced its appeal. With good access to both cities, the Southern Highlands offers a desirable balance: it's rural and tranquil, yet not too far removed from the opportunities and amenities of urban living. This blend of peace and practicality has consistently drawn people seeking a better work-life balance, making it an attractive option for owner-occupiers.

While the investor market in the Southern Highlands has historically remained a significant part of the property landscape, it has shown little to no signs of vitality in recent months. This lack of movement is likely due to a combination of factors, including the rising barriers to entry in the property market and a broader market slowdown that has been observed across many regions.

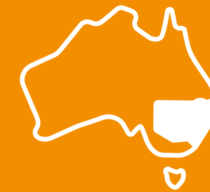
In particular, the escalating property prices in recent years have made it increasingly difficult for typical first-time investors to enter the market. The rising costs of acquiring properties combined with higher interest rates have priced out many potential investors who would traditionally be seeking entry-level homes or smaller investment properties. As a result, the investor demographic has shifted, with fewer smaller-scale investors and more sophisticated ones taking a closer look at the Southern Highlands market.

The shift towards more sophisticated investors is one of the most notable changes in the region's investor activity. Unlike first-time investors, these more experienced individuals or entities often come with larger budgets, and their investment strategies are generally more focused on securing high-value, well-established properties. These investors are typically searching for opportunities in prime, blue-chip locations within the region – established neighbourhoods in the main townships of the Southern Highlands, which have long been regarded as some of the most desirable areas.

Properties in these locations are often seen as secure, long-term investments due to their proximity to amenities and infrastructure, and the overall appeal of the area. These sophisticated investors tend to prioritize areas with strong capital growth potential, established community structures and high levels of demand, particularly from owner-occupiers.

In some cases, these investors are looking at properties that have the potential for capital improvements, such as heritage homes or older properties that can be renovated or repurposed for modern living. This type of investor generally has a longer-term view, seeking assets that will appreciate steadily over time, rather than those that may yield short-term returns.

The escalating barriers to entry in the property market have had a significant impact on the region's investor activity. Higher prices, limited stock and increasing borrowing costs have created a more challenging landscape for those looking to invest in the Southern Highlands. While this has undoubtedly caused a slowdown in the



investor market, it has also contributed to the stability of property prices in the area. With fewer buyers competing for properties, the market has not seen the same levels of volatility that might be observed in other regions of New South Wales.

Additionally, with more sophisticated investors entering the market, there is an increased focus on the quality of the properties available, with an emphasis on those that offer both long-term growth potential and consistent demand. This has contributed to a more selective approach to investment in the region, with investors often opting to acquire properties in well-established, sought-after pockets of the Southern Highlands.

In the coming months, the property market in the Southern Highlands may continue to show signs of slow but steady growth. While the investor market remains subdued, the region's appeal to owner-occupiers, particularly those seeking a lifestyle change, will likely continue to underpin the stability of property prices.

For investors, the region will likely continue to attract those with more capital to invest, with a focus on high-quality, long-term investment opportunities in well-regarded locations. As the barriers to entry remain high, it is probable that the market will continue to evolve, with sophisticated investors helping to shape the future of the region's property landscape.

Kurt Bismire
Associate Director

Lismore / Casino / Kyogle

Took a punt on Monday
Down at the auction
It just felt so right
For you and me

Didn't have a problem
Or a care on earth
And all around us was silence
Everywhere

This is the reason
Why my funds are near gone
Supposed to last me through all seasons
But I'll always hear when opportunity calls

So down here at the auction
I will stay,
Been through a lot of changes
Turned a lot of pages
When I took a punt on Monday

Any investment option always involves a bit of risk or course correction. To be sure, research is essential and wise counsel is sought. However, there comes a time when the investor has to take action so, as they say... take a punt.

The quandary for most property investors is deciding whether to get in or get out of the market with the mindset of maximizing return based on prevailing trends at the time. This can be in the form of generating a rate of return at a level that satisfies the needs of the investor, or concentrating on capital gain by holding the asset and hoping over time it improves in value or manipulate the asset to create a more valuable product.

Key questions for the property investor to consider:

1. Which areas have increased in market value historically over time and why?
2. Which are the best streets within the city, town and suburbs?
3. What are the schools like and which ones are recommended?
4. Which factors are the most important to a specific property in terms of re-sale?
5. Which areas are best to concentrate on in terms of development to improve market value and saleability?

The Lismore, Casino and Kyogle regions have proven to be rather resilient whilst the cash rate hadn't budged from 4.35 per cent since November 2023 and only dropped 25 basis points on 18 February 2025 to 4.10 per cent. One thing can be sure, if you can tick all the boxes for the lender and satisfy the myriad of conditions that they currently adhere to then what a time to invest in property!

Property investors in Lismore, Casino and Kyogle are primarily interested in rental return as capital gain is not traditionally considered to be particularly strong due to being a relatively steady market not subject to the volatility of more coastal localities.

There are some opportunities for property investors which require a bit of thought and persistence.

We have noted that thanks to some forward thinking from the Lismore, Kyogle and Richmond Valley councils, their respective Local Environmental Plans and Development

The quandary for most property investors is deciding whether to get in or get out of the market with the mindset of maximizing return based on prevailing trends at the time.

Control Plans have been updated since 2012, with encouragement for medium density development in certain localities which benefit from proximity to the CBD, hospital, schools and other key municipal infrastructure.

An example is the ability to subdivide a 950 square metre corner site into two vacant freehold lots and council may approve a dual occupancy on each lot. Hence, four units are permitted on an original single lot. Sure, there are private open spaces and building setbacks to consider. However, through a bit of creative building design and negotiation, such developments can become a reality.

Other avenues that property investors look for in this area is an existing block of original flats where the rental return may be improved by a slight adjustment of the existing (and possibly low) rent levels to a market rate.

Even better, if the block of flats is designed in such a way to allow strata subdivision, then the creation of separate titles could pave the way for some capital gain and the ability to improve security for lending finance on individual titles.

Detached dual occupancies on a single lot with separate driveway access to each unit has been relatively popular in new residential estates as it not only provides an additional revenue stream as opposed to just plonking a large house on the site but also the potential to strata subdivide and create two separately saleable properties. There is also the double whammy effect of securing depreciation allowances for a new build. That is likely to whet the appetite for the savvy property investor.

It is difficult to see the advantage in purchasing a house for the sake of a rental investment without some thought given to improving the overall value of the property with simple renovations or improvements. As an existing house, the gross rental yield rate can be as low as three per cent per annum.

However, if such a house is wedged into the front corner of the lot and is relatively flat or has a gentle slope, there could be the possibility to either construct a secondary dwelling or a detached, council-approved granny flat or studio to boost rental return. This avoids having to purchase bare land to build and provides the advantage of securing some rental from the existing house while a secondary dwelling is constructed in the backyard.

There is no real determining price point or specific suburb location as everything comes down to buying well regardless of the location and buying the property as is without any hint to the owner or agent of your plans for the property.

Therefore, to summarise, for the property investor in these areas of Lismore, Casino and Kyogle, there is a significant degree of research required, not just a reliance on "location, location, location" ....and, as they say, in real estate, you can't predict the future, but you can always make up a good story about it.

As in any property market cycle, it is wise to consider these comforting words....

"Don't wait for the right opportunity; create it." – George Bernard Shaw

Vaughan Bell
Property Valuer

Byron

For investors looking to purchase a residential property in the Byron Shire there is the option of purchasing a property and renting it to a tenant in a traditional long-term tenancy (six to twelve month lease, unfurnished) or as a short term, fully furnished holiday rental. Many owner-occupiers in the shire also have the benefit of owning a second dwelling on their property in the form of a studio or granny flat which provides the opportunity for additional income.

Permanent rental asking prices vary widely in and around Byron Bay with the low end of the range starting at $600 per week for a one-bedroom granny flat right up to $3500 per week for a six-bedroom fully furnished villa. Typical houses in Byron Bay will generally achieve $1100 to $1600 per week depending on specifics such as location, condition etc. Nearby locations such as Mullumbimby are a little more affordable with one-bedroom units starting at $450 to $500 per week and $800 to $1,000 per week for a typical detached house.

At first glance, a search of available rental properties in Byron Bay would seem to reveal a fairly wide range of properties to rent, however, on closer inspection, many of the properties for rent are available on a fully furnished basis and are only available for short, fixed periods of four to six months. These properties are generally owned by investors who rent them out in peak holiday season on a short-term basis and then rent them out "permanently" in the off season. As such, many of these properties will not appeal to tenants seeking a truly long-term rental.

Being such a desirable holiday destination with many investors renting their properties to holiday makers, should an investor rent their

Let us now consider where a well-heeled, hard-nosed investor might park $5 million in the Byron Shire.

property in the short-term holiday market or the long term permanent rental market? There are many things to consider, most of which relate to each investor's own goals, appetite for risk and personal circumstances, so it would not be proper for me to say which is the best option as the answer will be different depending on the reader's own position.

Renting a house or unit permanently in Byron Bay or the shire more broadly brings more certainty around having a regular fixed weekly income, lower on-going costs and requires a less sophisticated approach to investing. Dabbling in the short term holiday market does have the benefit of the investor being able to use the property for themselves from time to time and the potential for higher returns (a prestige property in peak holiday season will return $2000 to $3000 per night, for example), however the costs of running a holiday rental are also much higher as a result of higher commissions or letting fees, advertising, cleaning and maintenance etc. The performance of a holiday let property is also dependent on external factors that are out of the control of investors such as the skills and abilities of the property manager, the popularity and performance of the tourism sector and legislative changes such as the recent changes to no-hosted short term holiday rentals in Byron Bay. Additionally, a holiday let property will produce a less regular income and the possibility of extended periods of vacancy in the off season.

From a financing point of view, lenders generally do not consider short term or holiday let financials when assessing the returns on a residential investment. Lenders instead look at the less risky, permanent weekly rent when assessing an investment property for mortgage security.

In September 2024, after much discussion, new controls were finally put in place that were designed to regulate the non-hosted holiday rental market in Byron Shire. These new rules only apply to non-hosted holiday rentals, so an owner who wants to rent their spare room on AirBnB can still do so and be unaffected by these new rules.

Under the new rules, residential property used for holiday rental can only be used for that purpose for a maximum of 60 days out of every 365 days which is likely to put a dent in the income aspirations of some investors. This could explain why there are quite a few fully furnished properties being offered for rent for six-month leases in the off season.

There are several precincts within Byron Bay and one within Brunswick Heads which are exempt from the 60-day cap and which permit all year round holiday letting. Properties in these precincts are likely to receive more interest from investors if holiday letting is their primary goal. Whether this translates into greater demand and a resulting increase in property values in these precincts remains to be seen. It is worth noting that these exempt precincts were already some of the more highly sought-after locations in Byron Bay and Brunswick Heads and traditionally attracted premiums from buyers due to their location close to shops and beaches etc.

Before committing to buy a property as a holiday rental investment, I would strongly advise potential investors to do their research starting with the Byron Shire Council's web site which includes a map of the precincts where unrestricted, 365 days per year non-hosted holiday renting is permitted.

https://www.byron.nsw.gov.au/Development-Business/Land-Use-Zoning/Short-Term-Rental-Accommodation

Let us now consider where a well-heeled, hard-nosed investor might park $5 million in the Byron Shire. If you were looking for long term capital gain, then Byron Bay itself might be a good choice, although following the roller coaster of a market from 2020 to the present, capital gains are not guaranteed if you bought at the peak of the market in 2021 and tried to sell in the past couple of years.

But what about buying on yield as a strategy? Why not compare Byron Bay with Ocean Shores?

What if we all chipped in around the lunchroom at work and bought a $5 million house in Byron Bay. Firstly, we would be up for around $278,000 in stamp duty and then annual land tax of $38,900 (assuming an assessed land value of $3.5 million). A likely rental return of around $2000 per week unfurnished would provide a gross annual rent of $104,000 (before the pesky land tax and other costs) or a return of a shade over two per cent on our $5 million investment. Not great. (We are going to need that capital gain to work hard for us.)

Let's now invest that same amount in five separate properties in Ocean Shores each costing $1 million. Each property would set us back stamp duty of $39,529 or $197,645. That's about $81,000 less than the example above. Land tax on these five properties would be zero, as the assessed land values in Ocean Shores will be below the threshold so that is a further saving of $38,900 per year every year compared to the above example. Each

of the Ocean Shores houses will rent for around $850 per week or $221,000 per year for all five properties combined (no land tax, remember) which is a gross return of 4.4 per cent.

So, whilst Ocean Shores may not have the same glamorous reputation as Byron Bay, for an investor looking for a solid yield, it sometimes pays to think outside the box.

Mark Lackey
Property Valuer

Clarence Valley

In the Clarence Valley, investors can choose between the older style country town Grafton area or shoot for the more coastal and expensive Yamba. Yields are good around Grafton and South Grafton for dual occupancies getting around six per cent gross. Some multi-occupancies can achieve eight per cent gross. Factors that can influence these good yields are cheaper property prices, older style construction materials and being located within flood prone areas.

In recent times some investors are looking to construct dual occupancies in new land estates which have been built up. Land plus construction ends up at around $900,000 with rental returns around $1000 per week. The product is new and will likely not have repair issues for years.

Yamba has for some time been touted as the next Byron Bay. Whether that's true or not, there are definitely some similarities. Prices are expected to increase as more and more visitors get to know about the area and the Byron spill over occurs. In particular, Yamba Hill attracts premium buyers who may seek to holiday let and sell when market demand is high for good capital gain. These types of locations including Angourie, Minnie Water and Wooli really can also benefit from positive volatility in the economy.

Simon Evans
Property Valuer

Coffs Harbour

Investing in property should be viewed like most other investments as a long-term proposition. There will be periods of capital gain followed by decline and stabilisation which we have now experienced for the past 12 to 18 months. The basics of property investing is return versus cost with a view to long term capital gain which is a simple concept.

The issue in recent years for investors has been that returns are not meeting the mortgage repayments which means we have to dip into our pockets to top up the investment loan which has been difficult given the cost-of-living crisis. So in a nutshell this is why investment in the Coffs Coast has been extremely slow or restricted over the past one to two years.

The good news is that we are at the bottom of the market, so now is the time to open up the purse strings and start looking further afield for investment opportunities. Fundamentally Coffs Harbour is a good safe bet for investing with relatively low property prices and a major infrastructure project currently underway with the Pacific Highway bypass.

The easiest or most cost-effective investments are the cheap units close to the beach which return you about $1 for every $1000 spent. That's to say a unit purchased for $450,000 will return you circa $450 per week. Park Beach which is four kilometres north-east of the city centre is one area where you can find plenty of these investment opportunities between $400,000 and $500,000 for two-bedroom, one-bathroom units within 500 metres of the beach and major shopping facilities. These types of properties are readily sold or rented in all types of markets and are easily renovated with new floor coverings and paint which is cost effective and increases returns.

The next best investment option would be multiple occupancy properties where you can get multiple rental returns. These can sometimes be varied in location, condition and construction and prices will start around the $900,000 mark and up. An example of a recent sale property is 21 Hannaford Place, Coffs Harbour for $900,000. This is a 1995 four-bedroom and two-bathroom accommodation upstairs with one-bedroom, one-bathroom studio under and a detached modern two-bedroom, one-bathroom granny flat to the rear set on a 771 square metre site. Weekly rental income was $1240 per week or a 7.2 per cent gross return. Another example is 3 Lockyer Close, Coffs Harbour for $950,000. This is a 1988 brick and tile complex of three units which comprises a two-storey, three-bedroom, one-bathroom and single garage, a two-bedroom, one-bathroom upper level unit with single garage, and a one-bedroom, one-bathroom lower floor unit with single carport. The existing return

The easiest or most cost-effective investments are the cheap units close to the beach which return you about $1 for every $1000 spent.

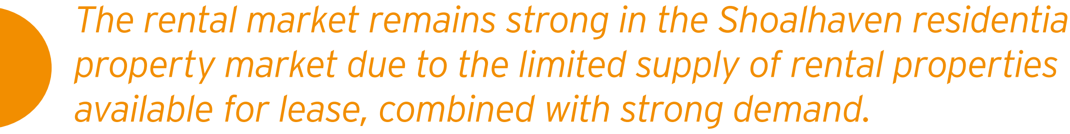
of $1,100 per week is below market and shows a six per cent gross return.

If you have more dollars in your pocket to spend, some interesting recent multi-unit sales which have occurred include 14 Prince Street, Coffs Harbour for $2.36 million, being a set of six units each with two bedrooms, one bathroom and single carport set on 1043 square metres. This represents $393,333 per unit with a $2100 per week return, or 4.6 per cent gross, with potential to strata title.

The single residential house market shows slightly lesser returns. The median house price according to realestate.com is $800,000 with a return of $650 per week which shows a gross yield of around 4.25 per cent. This is in line with the current RBA interest rate at 4.15 per cent so is not overwhelming but a stable investment when long term capital growth is taken into consideration.

As can be seen, investing in property is wide ranging and varied with opportunities existing in all locations and property markets. There is no particular type of residential property i.e units, single dwellings or multi dwellings, that outperforms the others, rather it is about what you can afford and your long-term objectives for the investment. Regional areas may be seen as a better investment due to the affordability factor and long-term growth as the capital city dwellers migrate to our areas to take advantage of the lifestyle factors we already enjoy. The best advice I can give is that it is never too early to invest and if you cannot afford where you live, look elsewhere as there are plenty of regional opportunities.

Grant Oxenford
Director



Shoalhaven

In what we hope will bring some renewed confidence to the Shoalhaven residential property market for buyers and seller alike, the Reserve Bank of Australia announced on 18 February a cut in interest rates for the first time since November 2023. The RBA decreased the cash rate by 0.25 per cent to 4.1 per cent. Let's take a quick look at how this might impact investor opportunities.

The rental market remains strong in the Shoalhaven residential property market due to the limited supply of rental properties available for lease, combined with strong demand. This is attracting investors to the market who are confident that if they purchase a property in the region it will achieve a good rental return with minimal vacancy issues. Most notably investors in the region are currently attracted to purchasing new townhouse and villa style properties in suburbs such as South Nowra, Nowra, Bomaderry and North Nowra which can be purchased for circa $600,000 to $700,000. These suburbs are all close to local amenities for prospective tenants while also offering modern homes with minimal upkeep. Investors can also ensure tax savings through a tax deprecation schedule on these new and modern property types.

The holiday rental market is also enticing for residential investors in the region. Coastal suburbs such as Culburra Beach, Vincentia, Callala Bay, Callala Beach, St Georges Basin and Sanctuary Point are appealing to investors seeking to generate an income outside the standard residential six or twelve month lease arrangement. Income generated from offering short term holiday accommodation in these suburbs can achieve a good return for investors while also offering the investor the option of occupying the property themselves when it is not leased out.

Investors in the region will continue to keep a close eye on vacancy rates and interest rates as the year progresses. The region offers investors the option to enter the market at a lower price compared to other regions in the state, while also achieving a good return.

Joshua Devitt
Associate Director

Wollongong

Investors looking for detached housing investment opportunities have plenty to choose from in the growth areas of the Illawarra such as Horsley, Huntley, Stream Hill, Calderwood and Tullimbar. There is the option to buy existing modern dwellings or to purchase land and build. Detached four-bedroom dwellings in Horsley, Huntley and Stream Hill are selling in the vicinity of $1 million and offer rental returns of near or above $800 per week, or 4.16 per cent. Another popular option in these areas is dwellings which have an attached secondary dwelling or granny flat. These properties offer an additional rental income from the secondary dwelling.

Outside of the Wollongong CBD and North Wollongong locations, (which both see strong

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investor activity in apartments and units, both for existing products or off the plan purchases), the suburbs around and near the University of Wollongong (such as Keiraville and Gwynneville) also see good opportunities to invest in units given the strong and constant demand for housing from students.

Units in Keiraville and Gwynneville are mostly built circa 1970s to 1980s, with recent sales of two-bedroom units ranging from the low $500,000s to the low $600,000s depending on the size and condition of the property. One-bedroom units in these areas will fetch low to mid $400,000s. Rental returns for two-bedroom units is circa $450 per week with some better units getting closer to $500 per week, whilst one-bedroom units can expect between $350 and $400 per week return. Currently however, there are limited opportunities to purchase a unit in these suburbs, with only four currently on the market.

And for those with significantly larger budgets (in the vicinity of $3 million to $4 million)in the northern beachside suburbs (East Corrimal, Woonona, Bulli and Thirroul) a popular option for investors is the knock-down of an older, original dwelling and building of a duplex – keeping one of the duplexes and selling the other to recoup some of the initial costs. Recent duplex sales in these suburbs range from between $1.89 million in East Corrimal to $2.75 million in Thirroul and rental returns for these properties range from $1100 to $1500 per week.

James Trevethick
Valuer

Newcastle

The residential investment market in the local region has seen mixed results over the past 12 months with the relatively stable interest rate basis making returns on investment usually in the negative figures for investors.

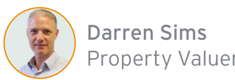
This is mainly due to interest rates being higher than the capitalisation rates in most suburbs across the region. Typical returns vary from circa three per cent in high value suburbs to a more reasonable five to six per cent in the outer suburbs.

A number of factors influencing the achievable returns include demand from investors for properties being marketed, to rising build costs and risk of maintenance for older buildings and an increasing number of builders providing dual occupancy project homes creating additional competition for existing investment properties.

Over the past year or so, most of the investor demand has centred around the modern suburbs where land is available to build dual occupancy dwellings. Having considered the land sale prices and build costs, a return of 5.5 per cent to 6.2 per cent is common however this challenges the possibility of making a profitable return in the short term, with many agents focusing on capital growth in the medium term rather than immediate profit.

Several flats buildings have been sold and marketed in the Newcastle area in the past year with mixed results, from low returns for those that have sold, to agents reporting low levels of demand due to negative returns and risk of vacancies and high maintenance costs.

Overall the investment market will remain tight until interest rates reduce by several percentage points, making an investment more appealing.



Darren Sims
Property Valuer

Tamworth

The Tamworth region has experienced an increase in investor activity in residential property in the past six months. Market conditions within the 2340 postcode have been overall resilient in the entry level and low to mid-range ($300,000 to $650,000) for freestanding residential dwellings.

The Tamworth residential property market proved very resilient in the later months of 2024, with moderate sales activity across low and medium residential price market segments. Entry level and investor markets are showing the majority of sales transactions. Higher priced properties are experiencing longer selling times, with extensive negotiations required.

Tamworth is well positioned to offer a solid alternative to the ongoing affordability crisis in New South Wales. The region has seen an increase in sales in December 2024 and 2025 (year to date), with the majority being in the $400,000 to $600,000 price bracket. Investor activity has increased, with strong demand for freehold three- and four-bedroom dwellings and dual occupancy

Several flats buildings have been sold and marketed in the Newcastle area in the past year with mixed results, from low returns for those that have sold, to agents reporting low levels of demand due to negative returns and risk of vacancies and high maintenance costs.

property. In many instances purchasers have engaged buyer's agents to assist in finding and negotiating sales in the area.

Investors are honing in on Tamworth property within the suburbs of South Tamworth, West Tamworth and Hillvue areas due to the lower entry point with the intention of implementing strategic capital works (renovation and refurbishments) to increase initial rental returns and hold assets for the prospect of long term capital growth. A good example of a current listing which investors are making enquiries about is this South Tamworth Property currently advertised by negotiation, which is on the market with vacant procession.

88 Petra Avenue, South Tamworth Source: realestate.com.au

Dual occupancy sales within Tamworth have been traditionally thinly traded with the majority of dual occupancy assets having been built new in recent years through a surge in live and invest style construction development within Tamworth. By and large, property owners have chosen to hold these styles of assets, with the market evidence indicating expected average gross yield of between 5.75 per cent and 6.25 per cent. Established duplex pair developments are the most frequently traded dual occupancy assets within Tamworth. Mainly, these properties represent circa 1980 to 1995 brick veneer construction with semi-detached dwellings of two- and three-bedroom units. An example of a current listing is this dual occupancy property in Hillvue with a current gross rental value of $37,440 per annum.

38 Coorigil Street, Hillvue Source: realestate.com.au

Overall Tamworth is considered to be a growth area for residential development, with a diverse range of investment opportunities within affordable price points. The local investment market is largely driven by future capital growth expectations as opposed to significantly high yielding rental returns.

Nick Humphries
Property Valuer

Victoria - Residential 2025

Melbourne

In the past few years, the Victorian investor market has been facing various challenges, including inflationary issues together with additional land taxes. These factors and several others are adding to the pressure of holding costs for investors that in turn appear to be discouraging investment in the area of residential housing stock for investment purposes.

improve in 2025? Many economists anticipate the RBA will lower interest rates further at some point this calendar year. Will the banks follow and how will the property market react?

This month we will focus on the Victorian investor market, particularly Melbourne and Geelong, and discuss if there are any opportunities to invest given the current market conditions.

Melbourne CBD

The Melbourne CBD market has experienced a 3.2 per cent decline in the past 12 months to December 2024. According to CoreLogic, Melbourne's median apartment price is currently at $607,414 which is significantly lower than Sydney's median of $859,963.

The gap between median house prices and apartment prices in Melbourne is now 51 per cent, providing a very lucrative opportunity for owner-occupiers, particularly young professionals and overseas individuals looking to capitalize on a more affordable asset type in a city with continuing growth potential.

The impact of Victoria's higher taxes on property investors and stricter rental laws requiring minimum rental standards have added an extra cost burden, depleting investor cash flows.

With that being said, investors should steer clear of apartments as they have shown to sell at a loss during a housing affordability crisis.

Melbourne's dense city centre apartment market held the highest rate of loss-making sales: 43.7 per cent of sales in the June 2024 quarter resulted in a loss for the seller. One in five investors sold their property below the purchase value, suggesting that apartments in this area have experienced weak capital growth.

A local factor that may have flattened investors' enthusiasm and hastened the market's underperformance is the widespread concern over construction quality.

High profile cases such as Mascot Tower and Opal Tower in Sydney have weakened buyer confidence and highlighted ongoing worries with the quality of newly built units, particularly high density developments, as they fear potential defects and costly repairs.

Approximately 8300 investor-owned properties were listed for sale across metropolitan Melbourne in December 2024; this was up by 6.6 per cent from the previous year and 114 per cent above the last five year average. The impact of Victoria's higher taxes on property investors and stricter rental laws requiring minimum rental standards have added an extra cost burden, depleting investor cash flows.

The areas with the highest portion of investor-owned property listings (%)

	Dec 2024	Dec 2023	Change in volume YoY
Manly, NSW	37.0	32.3	52
Darebin – south, Vic	44.7	41.2	50
Melbourne city, Vic	54.8	52.3	45
Blacktown – north, NSW	20.6	16.8	39
Ryde – Hunters Hill, NSW	41.7	37.4	37
Darebin – north, Vic	45.5	38.5	32
Eastern Suburbs – north, NSW	35.0	32.9	28
Moreland – north, Vic	43.3	34.0	27
Whitehorse – east, Vic	31.4	22.7	26
Chatswood – Lane Cove, NSW	44.9	39.1	26
Banyule, Vic	32.8	26.7	22
Whitehorse – west, Vic	38.4	34.2	9
Parramatta, NSW	54.0	47.4	5

Investor property listings — Source: CoreLogic

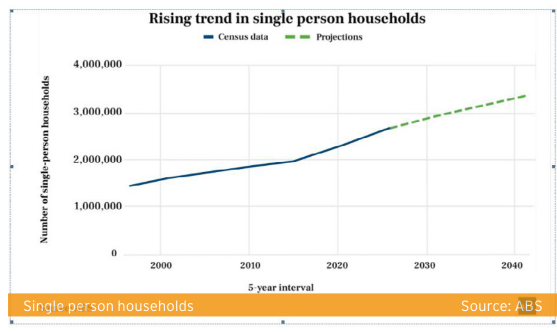
The wisest action many investors are considering is to offload their units or apartments in Melbourne. Many investors report that they have not received a capital gain on apartments purchased 10 to 15 years ago. Discouraged investors are now seen to deploy their capital elsewhere or sell a property that is weighing their borrowing capacity down.

Even with potential rate cuts, investors lack confidence as apartment prices have not recovered when interest rates fell to record lows a few years

ago, demonstrating the effect of an oversupply of apartments.

A property type that has shown to provide opportunity for investors is one-bedroom apartments in Melbourne. Affordability constraints point to high demand for these apartments not only for investors but also downsizers along with first home buyers.

Historically, larger properties such as two-bedroom units previously dominated the investment landscape but over the past decade, Melbourne has seen a notable increase in the demographic of residents and their housing preferences. A significant portion of the population now comprises young professionals, singles and couples getting married later in life who prioritise location, lifestyle and convenience over space.



Single person households Source: ABS

One-bedroom apartments often offer higher rental yields compared to larger properties due to their high demand and lower purchase price. Data shows Melbourne one-bedroom apartments have an average price entry of $370,000 with a 6.95% yield and an average rent of $2,190 per month.

The consistent demand for rentals in Melbourne and tight vacancy rates ensure one-bedroom apartments in high demand areas can achieve impressive rental returns, particularly when they are well-maintained and in desirable locations.

South East & Mornington Peninsula

The south-east suburbs of Melbourne present a mixed bag when viewed from an investment perspective, particularly the Mornington Peninsula. Some parts are holiday and recreational areas, creating unique challenges for successful investment opportunities as have inconsistent waves based on seasonal buyer demand, with rising construction costs and labour shortages.

Over the past 18 months, the market has declined from its 2021 peak, driven by increasing land taxes and higher costs associated with owning a second property, as is the norm. As a result, holiday homes have become less attractive to investors and large properties in these regions no longer offer the lucrative returns they once did.

However, units deliver higher median yields compared to houses and townhouses, suggesting that investing in and renting out units is a more favourable option for generating rental income. Meanwhile, houses continue to be more advantageous for long-term capital gains (Real Estate Investar).

The upper south-east suburb of Clayton features established properties with varied investment opportunities. Due to limited land available for new constructions, subdividing existing properties to add additional dwellings has become a popular investment strategy.

As shown below, this Clayton home has the potential to add a second dwelling behind the existing construction.

21 Stockdale Avenue, Clayton Source: realestate.com.au

Further out, the developing suburbs of Officer and Cranbourne North are attractive choices for standard house and land packages and appeal to first home buyers, with continued long-term growth and rising demand.

The graph for Cranbourne North below indicates continued growth in rent for both units and houses, up to 9.8 per cent in the past 12 months.

Cranbourne North Source: realestate.com.au

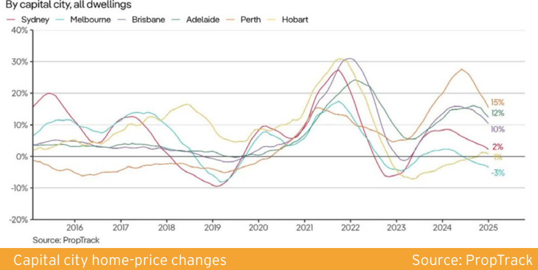
Eastern Suburbs

The eastern suburbs of Melbourne, once a top performing investment region, has underperformed over the past four years due to higher land taxes increasing holding costs for investors, rising construction costs making new projects more expensive and higher than usual

inflation rates detouring investors from investing in the property market.

According to senior economist Eleanor Creagh, dwelling prices have been stagnant, and the market continues to weaken across Melbourne and the eastern suburbs.

Annual change in home prices
By capital city, all dwellings



Capital city home-price changes — Source: PropTrack

It's no secret that over time, investors have quit investing in Victoria in favour of other states. However, for a strategic property investor, an underperforming housing market is an opportunity to capitalise if investments are selected wisely.

According to leading property investment advisor Michael Yardley, the latest data shows a typical house in Melbourne is approximately 41 per cent cheaper than in Sydney, indicating a difference in median house price of approximately $600,000 at the end of 2024.

This is an attractive incentive for investors. For investors considering long-term capital growth in Melbourne's eastern suburbs, areas such as Box Hill, Ringwood, Blackburn and Croydon warrant close consideration. These promising locations offer reputable school zones, proximity to public transport and freeway access and ideal amenities that include parks and shopping centres. For example, Box Hill's median property price in the past 12 months for a unit is $590,000 with a rental yield 5.8 per cent (Box Hill suburb profile, realestate.com.au).

Historically, the potential impact of a rate cut on property values has shown us that Melbourne along with Sydney have the most to gain with an increase in median house values for both houses and units according to head of research Eliza Owen from CoreLogic.

She points out that in the eastern suburbs (Whitehorse-West), a one percent reduction in interest rates has potential to see an 18.4 per cent increase in house values and 12.3 per cent in unit values (CoreLogic.com, 2025). Suburbs seen to benefit the most from anticipated rate cuts are mid-level markets such as Surrey Hills and Mont Albert.

HOUSES

SA3 Name	Modelled value change from a 1pp reduction in cash rate	Median Value Jan 2025	Decline from market peak to Jan 25
MELBOURNE - HOUSES			
Whitehorse - West	18.4%	$ 1,430,900	-6.0%
Essendon	18.0%	$ 1,448,499	-14.8%
Manningham - West	17.4%	$ 1,439,353	-10.8%
Boroondara	17.3%	$ 2,402,401	-5.3%
Bayside	16.4%	$ 2,175,573	-12.5%
Yarra	16.3%	$ 1,446,746	-12.3%
Glen Eira	15.6%	$ 1,687,231	-11.7%
Whitehorse - East	15.1%	$ 1,202,455	-9.3%
Monash	12.9%	$ 1,436,146	-4.1%
Stonnington - East	12.6%	$ 2,393,479	-11.2%

UNITS

SA3 Name	Modelled value change from a 1pp reduction in cash rate	Median Value Jan 2025	Decline from market peak to Jan 25
MELBOURNE - UNITS			
Glen Eira	12.3%	$ 648,425	-11.8%
Whitehorse - West	10.6%	$ 738,643	-2.9%
Manningham - East	9.8%	$ 815,581	-13.2%
Maroondah	9.1%	$ 649,895	-3.0%
Bayside	8.5%	$ 981,670	-9.1%
Cardinia	8.4%	$ 514,406	-3.1%
Casey - North	8.3%	$ 596,967	-0.7%
Hobsons Bay	8.3%	$ 674,182	-2.4%
Dandenong	7.8%	$ 532,065	-2.1%
Kingston	7.4%	$ 715,954	-2.0%

Statistical Area 3 Markets — Source: ABS

Overall, Melbourne's property prices have witnessed nominal growth over the year of 1.33 per cent. Four eastern suburbs have experienced significant increase in median house values over the year – Balwyn, Surrey Hills, Wheelers Hill and Doncaster by $160,638, $156,400, $115,706 and $99,385.

Key factors driving growth in these areas are attractive to the Australian-Chinese market that has been very active (PropTrack, realestate.com.au).

Top 10 earners in Victoria

Suburb	Region	AVM 12 months ago	Current AVM	Change ($)
Toorak	Melbourne - Inner	$4,148,336	$4,385,822	$237,486
Canterbury	Melbourne - Inner East	$3,121,281	$3,281,919	$160,638
Balwyn	Melbourne - Inner East	$2,702,699	$2,859,099	$156,400
South Yarra	Melbourne - Inner	$1,891,053	$2,027,363	$136,311
Surrey Hills	Melbourne - Inner East	$2,163,709	$2,289,021	$125,312
Mont Albert	Melbourne - Inner East	$2,077,778	$2,200,017	$122,239
Wheelers Hill	Melbourne - South East	$1,301,619	$1,417,325	$115,706
Balwyn North	Melbourne - Inner East	$2,102,890	$2,214,560	$111,670
Middle Park	Melbourne - Inner	$2,682,799	$2,790,123	$107,325
Park Orchards	Melbourne - Outer East	$1,900,536	$2,003,730	$103,194

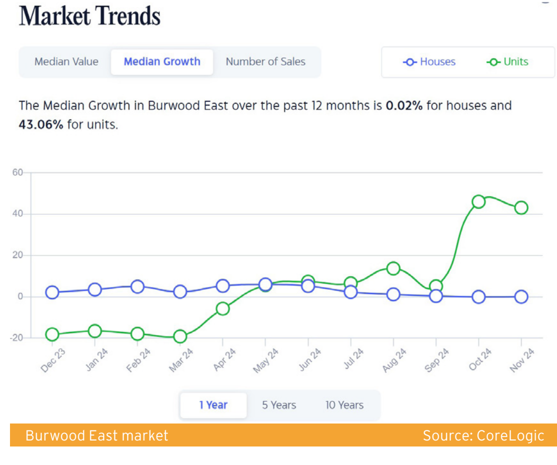
Source: PropTrack AVM data February 2024 vs 2023. Suburbs require a minimum of 200 homes to be included.

Top 10 earners Victoria — Source: PropTrack

Melbourne's rental market is tight with a vacancy rate at 1.5 per cent, below the expected rate of two to 2.5 per cent, indicating a strain on availability. However, there are signs of rapid rent increases slowing as demand is shifting according to REA Group and assuming these trends persist, rental yields are likely to moderate over the coming months. This highlights the importance of investors needing to adjust their strategy to achieve a strong return.

Other important factors for investors to consider are the significant drop in overseas migration and entry point. Burwood East appears to be a promising location, with strong growth and long-term growth potential for property investors. The median property price for a unit is $865,500 with quarterly growth of 24.80 per cent, impressive annual capital growth of 43.06 per cent, and rental yield of 4.52 per cent.

Melbourne's rental market is tight with a vacancy rate at 1.5 per cent, below the expected rate of two to 2.5 per cent.



Burwood East market Source: CoreLogic

Key Market Data	House	Unit
Median price	$1,290,262	$865,500
Quarterly growth	+0.80%	+24.80%
12-month growth	+0.02%	+43.06%
Average annual growth	+5.12%	+7.86%
Weekly median rent	$630	$625
Gross rental yield	2.77%	4.52%

Key Demographics	2011	2016
Total population	10,141	10,269
Population change (5y)	+1.30%	+1.30%
Median household income (p/w)	$1,175	$1,375
Household income change (5y)	+10.33%	+17.02%
Median age of persons	40	41

Burwood East market data Source: CoreLogic

Lower interest rates on the horizon could shape the housing market in 2025 as investors have the potential to increase borrowing power and amplify spending power to expand their property portfolio.

Northern Suburbs

The Melbourne housing market has experienced a three per cent loss in the past 12 months, outperformed by all capital cities in 2024. Melbourne however, has a more affordable median house price of $774,093, considerably modest in comparison to Sydney which is $1,191,555.

Due to the fact that Melbourne is the second most populated city, we can expect a strong bounce back and strengthened investor sentiment.

In the northern suburbs, stock is abundant for investors and there are several important local factors that influence investment decisions that may potentially be overlooked. These include infrastructure development, population growth, planning and zoning regulations and environmental considerations.

The suburbs of Preston, Reservoir and Coburg have significant populations, with a recorded growth of 9.5 per cent since 2020 driven by young families and professionals who have been priced out of the inner city. This fuels the demand for diverse housing options. Infrastructure development in the northern suburbs is abundant, facilitated by a $2 billion investment from the Victorian Government to upgrade the Mernda line, North East link upgrade and Preston market redevelopment which are all effective in boosting property values by facilitating trade and supporting efficiency.

Investors should be mindful of planning and zoning regulations in suburbs such as Thornbury and Northcote, as they often have stricter planning controls to preserve their character and heritage. Restrictions on height, density and design must be taken into consideration.

Looking further north, Donnybrook has shown to have a $650,000 median sale price for houses, up 3.3 per cent over the previous 12 months. Rental values are also attractive in the area, with houses averaging a 4.2 per cent rental yield and a median rent of $520 per week, up 8.3 per cent over the previous year. Greenvale, just 21 kilometres north of Melbourne and close to Tullaramarine airport, has had a surge of 12.5 per cent in median rent the past year to $630 per week and a lucrative rental return of 4.3 per cent whilst property values rose 4.2 per cent.

These provide excellent corridors for investors. Vacancy rates in both these suburbs are above national averages so investors should hold for capital growth and endure the short term downsides.

Western Suburbs

In Melbourne's vibrant western suburbs, investors have a variety of options to align with their goals and preferences. For those seeking long-term capital growth, houses in the inner north-western suburbs offer strong potential such as Essendon with rental yields of 3.8 per cent. Units in the same area cater to investors looking for steady, immediate returns. Meanwhile, the outer west presents an attractive option with its affordability and abundant property supply.

When considering investment in the residential market in Melbourne's western suburbs, several local factors play a crucial role in shaping investor decisions. Ongoing infrastructure developments such as the West Gate Tunnel, Melbourne Airport Rail Link and the Suburban Rail Loop are enhancing accessibility and connectivity, making specific areas more appealing for future growth.

Vacancy rates in the western suburbs also reflect investment potential. For instance, Essendon boasts a low vacancy rate of 1.3 per cent, signalling strong tenant demand in the area. Additionally, rental prices in Tarneit have increased by 8.1 per cent over the past year according to realestate.com.au.

Over the past 12 months, a select few suburbs have seen strong capital growth. Altona, Brooklyn and Keilor for example have experienced an increase of over 5.5 per cent in median house prices. This capital growth is evident in both houses and units. However, some suburbs such as Burnside and South Kingsville have seen a decline in median house prices.

Key influences like significant infrastructure development and population growth have driven growth in the western suburbs' residential market, with capital growth in certain areas and rising rental prices sparking increased investor interest.

Geelong & Bellarine Peninsula

The Greater Geelong residential market offers a range of investment opportunities, with a mix of affordable new developments and established suburbs that deliver strong rental yields. Its proximity to beaches and ongoing infrastructure projects such as the new train line to Melbourne make Geelong an attractive option for investors.

Rental yields in established suburbs such as Highton, East Geelong and North Geelong range from approximately 3.15 per cent to 3.90 per cent. These areas also boast low vacancy rates, indicating strong demand for rental properties. This demand can also be reflected in the population growth. In 2023, the population in the greater Geelong region grew by 2.24 per cent., This is more than double the regional Victorian population growth of 1.09 per cent.

However, capital growth remains a concern. Many suburbs have not experienced significant growth in median house prices over the past 12 months, with some even seeing a decline. On the upside, the entry price points for investors are relatively low, with the median house price in the Greater Geelong area averaging around $600,000. Corio, for example, offers an affordable entry point with a median house price of $485,000, according to realestate.com.au, providing a great opportunity for investors.

There are also opportunities in emerging growth suburbs such as Armstrong Creek and Mount Duneed. The development of these areas has increased the supply of properties, offering more chances for investors to purchase affordable real estate.

Perron King
Director

Mildura

The investor market in the Sunraysia region is primarily dominated by older two-bedroom brick units built in the period from 1970 to 1990, older 1950s and 1960s three-bedroom weatherboard and conite dwellings, and also more modern, low maintenance three- and four-bedroom, two-bathroom dwellings. Most of this market sits within the $300,000 to $550,000 price range with some investors also looking for multiple units within a single level complex.

In more recent times, the local market has seen an influx of out-of-town investors which has seen increased activity within this segment and an appreciation in house prices in the $300,000 to $550,000 price bracket. The out-of-town investors chasing Sunraysia's comparatively high rental returns (compared to capital cities), along with local investors and first home buyers have seen competition in this price range at high levels.

Median rental price
$470 per week
March 2024 - February 2025

Past 12 month growth
Up 14.6% ↑

5 year median rental price trend

$495
$440
$385
$330
MAR '20 MAR '21 MAR '22 MAR '23 MAR '24

Mildura asking rents — Source: realestate.com.au

There has been a significant increase in rental levels in the local area over the past five years. Data provided by CoreLogic suggests the following movement in median asking price for house rentals in Mildura. Agents are reporting very low vacancy rates and there would appear to still be a shortage of suitable rental accommodation in the area.

Jake Garraway
Valuer

Warrnambool

Warrnambool's investment space has held steady for the past six months with out-of-town buyers continuing to dominate the space. Rental returns are the name of the game, and two-bedroom units and townhouses of all eras have been the go-to choice.

The traditional buyer for detached housing has been locally based, skilled investors looking to renovate (buy and flip). The market has for some time now shown no interest in paying a premium for the renovated product and has made any meaningful return very difficult to achieve.

While the vacant land market remains suppressed within Warrnambool and surrounding townships, we have noted a move by investors towards duplex developments.

House and land or build to rent continues to stack up favourably despite elevated construction costs representing a solid entry into the traditional detached dwelling space.

Adrian Castle
Director

Queensland - Residential 2025

Brisbane

As an overall observation, our capital is a solid base for property investors who have varying budgets looking to balance capital growth and rental return potential. We offer a wide range of property types with price points to suit almost any type of real estate investor. This includes attached and detached housing of every calibre in pretty much every suburb, multi-unit accommodation such as flats buildings and even small development sites.

Our overall figures have been good over the past 12 months for those who own real estate. The latest numbers from CoreLogic show Brisbane saw some very impressive numbers, with value gains just shy of 10 per cent for the year to 1st March.

A combination of low vacancy rates and limited housing supply has also bolstered rental returns across most assets – with some of the recent rate-cut relief sure to improve cashflows for many landlords.

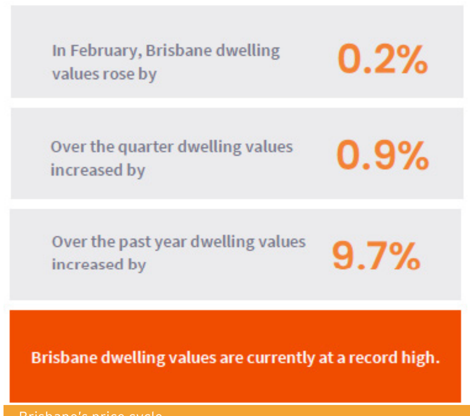
Success in the space will be reliant on buying great real estate in great locations.

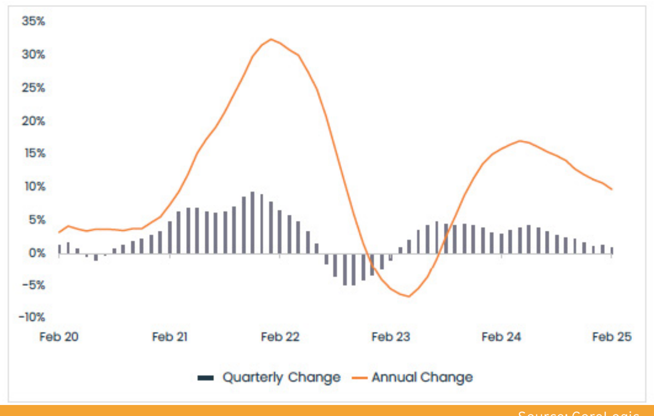
Our overall outlook is that the markets in 2025 will continue to improve for investors who target the right types of assets. Success in the space will be reliant on buying great real estate in great locations. That means digging into some of the nuances around location – and we have the specialists to cover exactly those sorts of micro markets.

Inner City

First up, let's look at investment in more central suburbs.

Investment in and around the city is still price accessible for buyers across most budgets, although compromises do need to be made in some locations. If your budget is tight then attached housing is probably the best option.





Brisbane's price cycle Source: CoreLogic

What's been most challenging in this space is that unit price growth has been substantial in the past 12 months. A lack of affordability for detached housing along with tight rental markets have seen plenty of first-time buyers kick off their ownership dreams with a unit.

Second hand units in three-storey walk-up complexes have been eagerly sought after – and these were always a favourite among investors in the past too. Grabbing a two- or three-bedroom apartment within a few kilometres of the CBD for under $500,000 was entirely possible not too long ago. Now, however, it's a very tall order, even if the unit is 40-plus years old.

New units are also an option although there are a few challenges. The supply of stock is tight. Development margins have been decimated by higher construction costs, so not as many projects have gotten out of the ground. Near-new investor stock – say a one-bedroom unit in an area such as South Brisbane, West End or Woolloongabba – is a possibility, however the long-term growth value potential is generally more limited than for units pitched almost entirely towards owner-occupiers. That said, low available supply does bolster prospects for value gains for the right kinds of investor asset. Similarly new and near units in Bowen Hills and Fortitude Valley of varying floor plans are available. Investors are, again, competing

with first homebuyers in these spaces more and more. However, if you choose the right type of attached housing, you can achieve good yields of circa six per cent.

An example of typical investor stock is this recently built property at 902/25-27 Hope Street, South Brisbane. Located in the Fleet Lane complex, this property provides two-bedroom, two-bathroom, one-car accommodation in a well-appointed apartment with a living area of approximately 79 square metres including balcony. The property sold for $901,550 in March this year.

902/25-27 Hope Street, South Brisbane Source: realestate.com.au

Another element that needs factoring in is rental increases. Yes, we remain in a tight market, but the rate of rent growth has slowed. Renters are needing to find alternatives, such as buying their own home (as described above), moving further away from the CBD or compromising on the size of their accommodation. This is all to say there is strong demand for rental properties close to town, but there's also a ceiling to what can be achieved in terms of weekly rent.

Investing in detached housing is an option although the buy-in is obviously much greater. Within the inner suburbs, most decent vacant sites would be priced around $1 million-plus. As such, it's difficult to secure anything much below $1.3 million in terms of an established house on a reasonable block within seven kilometres of the CBD. That said, by sticking to the fundamentals in terms of location, you can buy some property with excellent upside.

Something like a three-bedroom cottage on a 405 square metre block in an area like Red Hill, Bardon, Albion, Clayfield or Cooraproo might be the thing. Homes that are very rentable but may benefit from a little upgrading will still suit tenants.

For example, this home at 32 Park Avenue, Clayfield sold for for $1.37 million in February this year. It's a three-bed, one-bath, two-car home on a 405 square metre site with ready access to desirable service and facilities and positioned just six kilometres from the CBD. The property could be rented out immediately, although some cosmetic upgrades would readily improve its rentability and saleability.

32 Park Avenue, Clayfield Source: realestate.com.au

Of course, your dollar will buy more house and land if you look a little further afield. At a $1 million to $1.5 million budget, you can secure solid detached housing options close to services and facilities in well regarded locations such as Aspley, Zillmere, Everton Park, Kenmore, Mount Gravatt and Taringa.

25 Darwin Street, Aspley is a three-bed, two-bath, two-car home on 749 square metres that sold in March this year for $985,000. The home is of two-level brick construction and is in good condition with heaps of downstairs utility space, an inground pool and ready access to facilities such as the Aspley Hypermarket.

25 Darwin Street, Aspley Source: realestate.com.au

The other popular investment type in our near-city and mid-range suburbs is multi-unit accommodation. While pure flats buildings are increasingly rare, they still come to market occasionally and offer excellent rental returns. Many are also on good-size sites that may have development potential down the track. The strong relative yield makes it easier to hold the asset while waiting for capital growth and/or planning for future upgrades or redevelopment.

An example of a recent sale is 45 Westerham Street, Taringa – a block of two x one-bedroom and three x two-bedroom units in a near city location that sold for $1.82 million in late 2024. The property is on a 911 square metre site and the asset currently delivers a rental return of $91,780 per year, reflecting a gross yield of five per cent.

45 Westerham Street, Taringa Source: realestate.com.au

Outer South and West

Looking south of Brisbane city and into neighbouring local governments and there are plenty of options for investors in this region. Think suburbs beyond 15 kilometres of the CBD and into Logan City. In general, property is not as pricey as it is closer to town, so we've seen investor activity actually pick up a little in these suburbs over the past six months or so.

And supply is meeting demand here. There's been an increase in the supply of new dwellings marketed directly to investors, while owner-occupier buyers have been a little less active. Agents are reporting to our team that this is a bit of a reversal on what was happening 12 months ago when there was slightly more owner-occupier interest. Detached homes in developing estates appeal here, but there are also assets such as small lot housing and dual occupancy properties that deliver the strong returns investors like.

Drilling into the detail a bit further and detached housing in and around Park Ridge, Logan Reserve and Greenbank is heavily investor focused. In those areas you can purchase a property for $700,000 to $800,000 and achieve rental yields of 4.5 per cent. Rental demand is solid too – particularly in areas where there's easy access to services and facilities.

An example would be this property at Lot 3380 Anderson Drive, Greenbank which is a to-be-constructed home of four-bed, two-bath, two-car accommodation in a developing estate. This house and land sold as a package for $778,900 in March this year. While the home may suit an owner-occupier, its buy-in price and comprehensive accommodation would certainly appeal to investors in the area too.

Lot 3380 Anderson Drive, Greenbank Source: realestate.com.au

Turning to attached housing in this region and our valuers report low levels of investor activity in the townhouse market over the past six months, due to the heavy number of owner-occupiers who have been buying in this market. As such, we think opportunities for investors in this sector are more limited. In most markets, owner-occupiers will be more willing to pay a slight premium over investors for a property.

The other property type we've seen trading in the south is dual occupancies. These assets can achieve yields of around 5.5 per cent or more at a buy in price of approixmatly $900,000.

This asset at 15 Mount Mitchell Street, Park Ridge sold for $930,000 in March this year. It provides a two-bed, one-bath, one-car space accommodation and a separate three-bed, two-bath, two-car accommodation. The property currently rents as two separate tenancies for a total of $950 per week, reflecting a gross yield of 5.3 per cent.

15 Mount Mitchell Street, Park Ridge Source: realestate.com.au

Outer North

Brisbane's outer edge and far northern suburbs certainly deliver opportunities for investors on multiple fronts with affordability, comprehensive road and public transport options, along with accessible services and facilities all part of the mix. There's also a wide range of housing from new builds in and around Caboolture through to recently constructed homes in major estates, and more established housing as well.

Our teams report an increase in investor activity (particularly from interstate investors) in the past six months, driven in large part by an uptick in land developments and a lack of rental property available.

Traditional investor stock in the northern region has historically been attached townhouses and units and off-the-plan housing, however this has shifted significantly in recent years.

We are seeing a substantial amount of dual-occupancy and multiple-occupancy dwellings and duplexes being constructed throughout the region. This makes perfect sense to investors of course. It's a great way to maximise returns and also reduce vacancy risk. Price points for this type of asset range from $800,000 to $1 million with yields generally ranging from five to six per cent to ... although we have seen higher higher depending on age and configuration. The risk for buyers is that if the rental market does soften in this region, this type of asset could see its value reduce.

An example is this dual living property at 36 Coogera Court, Morayfield which sold in December 2024 for $872,000. The property comprises one three-bed unit and one two-bed unit. A recent rent appraisal suggests weekly returns of $890 to $920 per week, which reflects a gross yield range of 5.3 to 5.5 per cent.

36 Coogera Court, Morayfield Source: realestate.com.au

Investment in off-the-plan packages remains strong in areas such as Morayfield and Caboolture West (i.e. Waraba), as this is where most of the land is being developed. Driving factors in these locations are affordability (in comparison to the surrounding suburbs), high demand for rentals and reasonable prospects for capital growth. Price points for homes sit around the mid $600,000s to the high $700,000s depending on size of the land and the house, and the standard of finish.

Ipswich and Western Corridor

Many areas of Ipswich – including Spring Mountain, Springfield Lakes and the Ripley Valley – are attracting large proportions of owner-occupiers, with relative affordability being a big driver.

This region, particularly in Ipswich itself and throughout Springfield Lakes, is very well serviced. There are comprehensive public transport options as well as plenty of services and facilities – including major retail, medical, schooling and professional services – which help drive population growth.

That said, these drivers are also attractive to tenants and, therefore, property investors.

More established housing is available across suburbs closer to the Ipswich CBD and along Brisbane Road – the main arterial into the city centre. You can, for example, acquire a three-bedroom home on a standard size allotment for under $650,000 which will readily rent. An example is this one at 18 Bognuda Street, Bundamba which sold for $619,000. This is a modest three-bedroom, one-bathroom home on 597 square metres of land. It sold with a long-term tenant in place who is paying $475 per week, with the current lease running until March 2026. This current rent reflects a four per cent gross yield, but we suspect that there's potential to revise it up come the next renewal.

We are seeing a substantial amount of dual-occupancy and multiple-occupancy dwellings and duplexes being constructed throughout the region.

18 Bognuda Street, Bundamba Source: realestate.com.au

If your preference is for something newer, then Springfield Lakes or one of the estates in Ripley might be your best bet. More contemporary four-bedroom, two-bathroom homes on 400-plus square metres of land are priced from $700,000 to $800,000.

19 Ovals Terrace, Springfield Lakes sold in February for $760,000. It's a circa 2009, lowset, four-bedroom, two-bathroom, two-car home on 574 square metres of land. The property was leased at the time of marketing and had a rent appraisal of $630 to $650 per week, which reflects a gross yield of around 4.4 per cent.

19 Ovals Terrace, Springfield Lakes Source: realestate.com.au

As you can see, Brisbane and its surrounding areas deliver an array of opportunities for investors of all

motivations and budgets. Our long-term outlook remains good for the market, despite investor activity slowing a little in recent months.

Asset selection will be essential for successful investing. Just be certain you rely on independent, professional advice before acting on any investment.

David Notley
Director

Gold Coast

Central/South

Over the past six months, investor activity in Surfers Paradise, Broadbeach and surrounding areas has experienced a notable uptick. The Gold Coast continues to experience strong population growth, driven by both interstate and international migration, which bolsters housing demand. Over the past few months, there has been a noticeable surge in Victorian investors entering the Gold Coast property market, driven by a combination of economic, tax and lifestyle factors. Queensland has now overtaken Victoria in investor loan activity, with loan growth rates significantly higher than those in Melbourne due to the state's more favourable tax environment, coupled with expectations of strong rental growth. Additionally, institutional and overseas buyers have shown increasing interest, particularly in luxury apartment developments. The rise of high-income professionals and lifestyle investors looking for part-time residences or Airbnb-style investments has also contributed to changing buyer dynamics.

Surfers Paradise has seen approximately 20 per cent growth in unit prices over the past 24 months, driven by high-end apartments with ocean views and tourism demand for short-term rentals. Rental yields for units and apartments are around 5.5 per cent, making them appealing for investors seeking steady income.

Investors typically focus on high-demand suburbs such as Mermaid Beach, Miami and Mermaid Waters for detached dwellings, driven by both rental returns and capital growth potential.

Investors typically focus on high-demand suburbs such as Mermaid Beach, Miami and Mermaid Waters for detached dwellings, driven by both rental returns and capital growth potential. Mermaid Beach has seen a 31.9 per cent surge in median house prices over the past year, reaching $3.4 million, while rental yields in Mermaid Beach, Miami and Mermaid Waters range between 3.2 per cent and 4.5 per cent. The ongoing construction of the Gold Coast Light Rail extension through these areas is a key factor influencing the market, improving long-term accessibility and desirability. However, in the short to medium term, disruptions from construction may impact property values and rental demand in certain pockets. Despite this, investors with a long-term outlook can benefit from future capital appreciation and increased tenant demand once the tram line is completed.

Central/North

Investors have become less active in the northern Gold Coast area, mainly due to the number of owner-occupiers in the market place. The lack of available stock has led to owner-occupiers considering and purchasing properties that would typically be considered mostly by investors – i.e. smaller units in high density unit developments. On-site managers all report losing large portions of their letting pool to units becoming owner-occupied. Examples of traditional investor stock now being purchased by owner-occupiers include:

142/590 Pine Ridge Road, Coombabah sold for $690,000 in October 2024. It comprised a three-bedroom, two-bathroom townhouse with single car accommodation.

142/590 Pine Ridge Road, Coombabah Source: CoreLogic

1802/25 East Quay Drive, Biggera Waters sold for $700,000 in December 2024. It comprised a two-bedroom, two-bathroom unit within a medium rise development with single car accommodation.

1802/25 East Quay Drive, Biggera Waters Source: CoreLogic

Similar to the unit market, dwellings that present well and have a good location with close proximity to amenities and schools, typically have strong rental returns.

Suburbs such as Southport, Labrador, Coombabah and Helensvale all provide two- and three-bedroom units, townhouses and villas within the affordable range of under $850,000 with strong rental returns. Proximity to amenities, common facilities and body corporate fees are the main factors for investors when looking at these products.

Similar to the unit market, dwellings that present well and have a good location with close proximity to amenities and schools, typically have strong rental returns. So when affordable, investors are still purchasing detached dwellings. For example:

20 Sibyl Street, Southport sold for $920,000 in January 2025. It comprised a circa 1970 renovated three-bedroom, two-bathroom dwelling with single car accommodation. It was situated on a 506 square metre allotment and is set to be tenanted for $1,000 per week.

20 Sibyl Street, Southport Source: CoreLogic

The investor market has also moved onto flats buildings which offer more tenancy for greater returns. The cost to purchase detached housing in the central to northern end of the Gold Coast has left yields too low, even with the current strong rental market. Related to this, detached housing within medium density residential zones remains of high interest to investors for future development and capital growth as development sites become more difficult to acquire. Examples of this are:

271 Wardoo Street, Southport sold for $1.05 million in July 2024. It comprises a duplex style property with two two-bedroom, one-bathroom units with single car accommodation. It is situated on a 600 square metre allotment and each unit returns $535 per week.

271 Wardoo Street, Southport Source: CoreLogic

6 and 8 Rouen Avenue, Paradise Point sold for $1.35 million each in November 2024. Each allotment provides a knock-down three-bedroom, two-bathroom asbestos and tile dwelling with two-car accommodation. They are situated on a 506 square metre allotment with medium density residential zoning.

6 and 8 Rouen Avenue, Paradise Point Source: CoreLogic

Northern Growth Corridor

Sentiments in the investment market for this region remain the same. There is no urgency to buy and the stock for sale is sufficient to meet market demand. The rental market has been experiencing a mixed trend due to inconsistent supply of stock for rent depending on the location. Generally, the stock for rent has increased and stabilised the rent levels but in sporadic areas, the rents have continued to rise. However, there is no evidence of rents retracting and any increases have hurt less for most existing tenants.

Rental yields and potential for rent increase are the main factors driving the market. There are still many houses and units under-rented due to longstanding tenants and landlords who have not reviewed the rents to market or made only minor increases that have resulted in the rent falling below current market levels. Those that are sold at market prices usually result in re-adjustment of the rent to market or termination of the existing tenancy. A new tenant is then sought at a higher rent.

Traditional rental stock is townhouses and duplex units, although detached houses are also popular where there is opportunity to purchase one.

Investors are still a mixture of interstate and local buyers.

There are no particular locations or suburbs that are more geared towards investors for detached housing. Four-bedroom houses remain the mainstay for owner-occupiers whilst three-bedroom houses are popular with investors. Due to the supply of new land not being able to meet the market demand and coupled with the cost to build continuing to rise, the end value of detached housing will continue to increase. However, there are opportunities to buy older homes and refurbish them to more presentable or habitable condition. Nevertheless, such opportunities do not come easily and an investor needs to be actively scouting the market and liaising with real estate agents in order to capture such opportunities. Chances are most of these opportunities are found in the older residential areas in the north such as Eagleby, Beenleigh, Mount Warren Park and Windaroo.

As market rents have been mostly stable over the past six months and land values continue to increase, we expect yields to move backwards and investors to rely more on capital gains in their investment decisions.

Coomera, Upper Coomera, Pimpama, Eagleby and Beenleigh have available stock for investment opportunities. Some of the traditional investment areas popular due to an abundance of units built for the investor market are becoming a mixture of owner-occupiers and renters. This is because units are now the go-to for the first home buyer market as many are now unable to afford the price of the typical three- or four-bedroom detached homes for sale today.

The market rent level has stabilised in the past six months whilst sale prices continued to rise for

The demand for affordable housing in regional areas coupled with infrastructure development and population growth has further bolstered investor confidence.

some, particularly townhouses. This means that yields are trending downward. Between four and five per cent would be the expected yield in the current market.

Unless existing rent paid by the tenant is low (providing potential for rental market adjustment), it will be capital growth that is driving the investment market. There are still plenty of opportunities as far as we can see. However, investors will need to be able to invest more than $700,000 or look at units in the northern region of Eagleby and Beenleigh where units are still priced in the $500,000s (they used to be in the $300,000s).

For the astute investor, there are very limited opportunities to grab vacant land or house and land packages with a view to good rental returns. This is due to the high cost of land and high construction cost that can result in a high final price of the product but not matching high rents. It is still safer to look at existing stock for sale with potential for market rent adjustment. For those with financial capability, renovating an old home or unit to a modern standard and reselling for profit or rent at market level offers the best opportunity. Some houses and units are left in unrepaired state due to the owners being old, poor in health or family or co-owners having issues either financially or relationship wise, amongst other factors, and it is left to a new owner to come in and restore the property to a more presentable level that would attract prospective buyers in the market.

West

As we move through 2025, the Scenic Rim property market continues to attract a significant number of investors, particularly in the suburbs of Beaudesert and Gleneagle. These areas have become hotspots for investor activity due to their affordability, strong rental demand and growth potential.

Over the past six months, investor activity in Beaudesert and Gleneagle has remained strong, driven by their relative affordability compared to Brisbane and the Gold Coast. Beaudesert, in particular, has seen impressive annual price growth, with a median house price of around $690,000, making it an attractive option for first-time buyers and investors. Gleneagle, with its median house price under $750,000, has also experienced positive growth, despite rising interest rates. Investors are drawn to these suburbs for their high rental yields, which average around five per cent for houses, and their potential for long-term capital growth.

The demand for affordable housing in regional areas coupled with infrastructure development and population growth has further bolstered investor confidence. Upgrades to local amenities, transport links and employment opportunities are enhancing the appeal of these areas. For example, the Beaudesert Enterprise Precinct expansion project is expected to create significant job opportunities, further driving demand for housing.

Strong rental demand, fuelled by interstate migration and remote work trends, is supporting high yields in the majority of suburbs within the Scenic Rim.

Traditional investor stock including detached dwellings and family-friendly properties with large backyards, particularly in the $500,000 to $750,000 range, remain popular. These homes appeal to both families and investors seeking long-term capital growth.

Duplex units are also attracting investors due to their lower price points and strong rental appeal. A two-bedroom modern style duplex unit may sit around the $450,000 price point with yields reaching up to six per cent.

In Gleneagle, the Outlook Estate offers modern house-and-land packages starting from $650,000, catering to both owner-occupiers and investors. Rentals remain stable at between $585 and $625 per week unfurnished.

With construction costs stabilising, house and land packages are becoming more attractive for long-term investors, particularly in the Outlook Estate in Gleneagle and the Spring Creek Estate in Beaudesert.

Jerusha King
Director

Sunshine Coast

The Sunshine Coast property market has experienced a period of stabilised growth over the past 12 months for both units and houses. This comes amidst low stock levels, with the number of sales in 2024 similar to those in 2023 (Pricefinder, 2024). Predicting how the economy and property markets will perform in the short to medium term remains challenging, especially given the recent cash rate cut (the first since November 2020), ongoing cautious language from the RBA Board, international political shifts and general economic uncertainty. However, there's a sense of optimism amongst industry professionals as we begin the new year.

Getting a clear picture of the investor market is difficult. While investors are active, a notable portion is purchasing with a future move-in date in mind. This suggests a softening of the true investor market, likely driven by competition from owner-occupiers driving house prices beyond levels conducive to desirable rental yields.

Recently, rental yields across the Sunshine Coast sat at 3.6 per cent (RP Data, November 2024). The primary driver for active investors appears to be yield, but increasing property values coupled with stagnant wage growth impacting rent increases are squeezing those yields. The current rental market remains one of the strongest in Queensland, with vacancy rates hovering around one per cent (REIQ, 2025). This figure remained consistent throughout the latter half of 2024, only slightly higher than the 0.9 per cent recorded in the first quarter. Seasonal areas like Noosa continue to experience volatile vacancy rates, with Noosa's halving in Quarter 4, 2024 from 2.4 per cent to 1.2 per cent (REIQ, 2025). Notably, the end of 2024 saw a minor contraction in rents, despite overall positive growth for the year (RP Data, 2024). We have started to see an increase in rental properties available that are fully furnished as it would appear that some of the previous short term holiday accommodation is flipping to the permanent rental sector.

The unit market has been particularly difficult to crack. Body corporate fees play a significant role in rental returns, with smaller complexes with lower fees performing best. A large portion of units are selling between $600,000 and $900,000 (Pricefinder, 2024), with competition from first-home buyers and downsizers again further impacting investor opportunities.

Unit view from Aerodrome Rd, Maroochydore   Source: realestate.com.au

An area for investors seeking better yields lies in properties with main dwellings and secondary dwellings, such as granny flats or annexed units, in both coastal and regional areas. These properties offer a balance between the purchase price and total potential rent. The amendment to the Planning Regulation 2017, effective from 26 September 2022, allowing secondary dwellings to be rented to non-household members has been a game-changer for investors looking to maximise rental income. Secondary dwellings also can enhance resale value, attracting buyers seeking rental income to offset mortgage costs or those requiring multi-generational living arrangements due to affordability constraints.

Inland areas of the Sunshine Coast and Noosa and further north to Gympie, where property prices are more accessible, offer another option for investors seeking a balance between affordable rents and sale prices. For instance, in Gympie where the median house price is $550,000 and median house rents are $500 per week (REA, 2025), investors can expect a gross rental yield of approximately 5.2 per cent per annum.

Glasshouse mountain home Source: realestate.com.au

This example of a regional property with a secondary dwelling at The Dawn (4570) clearly demonstrates the strong yields achievable with this type of investment. With a purchase price of $1 million, the property's combined estimated weekly rental assessment of $1,080 from the main and secondary dwellings equates to a gross yield of approximately 5.6 per cent per annum, showcasing the potential of this investment strategy.

While the Sunshine Coast investment market presents a complex landscape with fluctuating yields and varying opportunities across property types, strategic investors can still find success. Focusing on properties with secondary dwellings in both coastal and regional areas or targeting more affordable regional locations offers potential for stronger returns. Although external economic factors and policy changes require careful consideration, the underlying strength of the rental market and the enduring appeal of the Sunshine Coast lifestyle suggest continued, albeit nuanced, opportunities for astute investors in the year ahead.

Stuart Greensill
Director

Rockhampton

The Rockhampton and Gracemere property markets have seen a sharp increase in the price of traditional investor properties over the past 12 months. The price points for these properties have surged to the low $600,000s in Rockhampton, marking an increase of approximately $100,000 compared to the same period last year. This upward trend represents a substantial shift from pre-COVID-19 prices, which were below $300,000 for the same stock. Gracemere has also seen substantial increases over the same time period, now with much activity in the mid $500,000s as opposed to the low $400,000s in 2024.

This significant market cycle has created a turning point for the region, attracting considerable investor activity, primarily from non-local investors often represented by buyers' agents. This influx of investors has intensified competition for the limited housing stock available, creating a challenging market for both investors and first-home buyers. This market dynamic is anticipated to continue well into 2025.

The Rockhampton region boasts a diverse and robust local economy, encompassing sectors such as agriculture, health, education, mining and mining service industries (among others). This economic strength, coupled with ongoing and planned major infrastructure projects like the Rockhampton Ring Road, makes the region an attractive investment destination. The infrastructure development, projected to extend beyond 2030, is contributing to a significant shortage of skilled workers and creating opportunities for strong population growth, further appealing to investors.

Investors are drawn to the region by tight vacancy rates and relatively affordable property prices compared to metropolitan areas, leading to stronger returns on investment with the added bonus of potential for future capital growth driven by projected population increases. The recent interest rate cut by the Reserve Bank of Australia may further stimulate market activity by increasing buyers' borrowing capacity, particularly if a downward trend in interest rates develops.

Sets of flats, duplexes, and residential dwellings remain the most sought-after property types. Renovated older-style dwellings and semi-modern homes in established areas are particularly popular, while properties requiring substantial maintenance are less desirable due to rising renovation costs and income disruption. The limited unit market in Rockhampton is also experiencing price increases, especially for holiday letting units which offer higher returns than permanent rentals.

Sets of flats provide the highest gross rental yields, ranging from 6.5 per cent to 7.5 per cent in broad terms. There are some exceptions of up to 8.5 per cent depending on location, room accommodation and condition. While early indications suggest some investors might accept yields below 6.5 per cent for duplexes, further evidence is needed before this level can be considered the new level of the market. Houses typically offer a gross return of around five per cent.

The Rockhampton and Gracemere property markets have seen a sharp increase in the price of traditional investor properties over the past 12 months.

2025 may see a further contraction of these established levels of yields, dependent on the path of interest rates moving forward.

Cara Pincombe
Associate Director

Gladstone

Gladstone continues to be one of the most affordable regional centres along Queensland's eastern seaboard despite the significant growth seen over the past year. This affordability, combined with the potential for future capital growth, a tight rental market and a strong local economy, has resulted in a surge of investor activity in the Gladstone region.

Investor interest is spread across the region, focusing more on property type than specific location. Inner-city units and suburban townhouses remain popular choices due to their lower price points. Older two-bedroom, one-bathroom townhouses can be found in the low $200,000s, while modern three-bedroom townhouses or two-bedroom apartments range from the low to mid $300,000s. These properties can yield gross returns of six to eight per cent, but rising body corporate costs due to record-high building prices are impacting net yields and dampening demand for units (in comparison to established housing).

Demand for established housing remains strong, with buyers' agents actively seeking habitable dwellings up to $600,000. We are beginning to see some transactions exceed that price point. Houses typically offer a gross return of around five per cent, while duplexes yield between six per cent and 7.5 per cent. Blocks of flats offer the highest yields, ranging from eight to nine per cent.

Regan Aprile
Director

Mackay and Whitsunday

The Mackay residential market has seen a surge in activity over the past 18 months, predominantly from out of town and interstate investors who are drawn to Mackay due to its relative affordability, strong economy, very tight vacancy rates and good rental yields. Anything sub $600,000 (and lately up to $650,000 and low maintenance) is selling in days to these investors, the majority of time sight unseen on video walk throughs. The competition is so fierce currently that owner-occupiers looking to purchase at this price point are often missing out. Local agents are reporting they try to give local owner-occupiers a chance however the strong, almost immediate offers, normally well above list price, makes this task extremely difficult. It is not uncommon for local agents to be contacted directly by buyers' agents looking for properties, hoping to secure properties before they have been listed and advertised to the local market.

Estates such as Blacks Beach Cove, which in the last mining boom were predominantly investor-driven estates, saw massive price and rental reductions in the downturn, but have surged in the past 18 months, with value increases in excess of $100,000. A typical house in the Cove now sells for $550,000 to $600,000 and commands a rental of around $650 to $700 per week or a gross yield of around six per cent.

Flats and duplexes are also popular with investors (if you can find one to purchase). Gross yields on traditional older style quadplexes are about eight to nine per cent depending on condition with duplex properties much tighter at around the six to seven per cent range.

The Mackay economy is still going well; all the economic fundamentals are strong, particularly in the mining sector and there are good employment opportunities all of which make for a strong residential market. With limited supply coming into the market, the rental market is predicted to remain strong in the short to medium term.

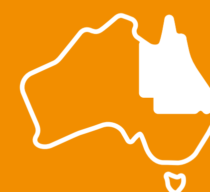
Mick Denlay
Director

Fraser Coast

According to realestateinvestar.com.au, approximately 24.3 per cent of the Fraser Coast population lives in rental accommodation. Rental stock totals approximately 312 properties with a vacancy rate of 0.53 per cent. Unfortunately, due to the significant price growth experienced across the Fraser Coast over the past two to three years, rental returns have not been overly appealing to investors.

Modern four-bedroom homes achieve in the order of $650 per week rent however are generally priced from $675,000 to $750,000. Three-bedroom homes fare a bit better, priced in the high

Gross yields on traditional older style quadplexes are about eight to nine per cent depending on condition with duplex properties much tighter at around the six to seven per cent range.



$500,000s to low $600,000s with a return of $550 to $650 per week. Units show a similar trend however villa and townhouse units are generally showing a gross yield in the five per cent range.

Flats accommodations are generally showing a higher level of return for an investor. There are varying styles of properties from main dwelling with auxiliary unit, main dwelling and secondary dwelling, traditional duplex buildings to flats buildings. Depending on the location and quality of the improvements, some of these properties have been returning 5.5 to 6.5 per cent gross yields.

Doug Chandler
Director

Townsville

Townsville's residential property market continues to be a hotspot for investors, and this trend is expected to persist throughout 2025. While national economic factors always play a role, it's the unique local dynamics that are truly shaping investment decisions.

Over the past six months, investor activity in Townsville has remained strong. Despite national conversations around interest rates and economic uncertainties, Townsville offers a compelling alternative narrative. The city's diverse economy, anchored by sectors including resources, defence and healthcare, provides a degree of resilience that many other markets lack.

Coupled with relative affordability compared to southern capitals and consistently healthy rental yields, Townsville presents a value proposition that's hard to ignore.

Beyond the national picture, several local elements will significantly influence investment decisions in Townsville in 2025. Continued investment in infrastructure projects such as road upgrades and expansions at the port fuels economic growth and job creation, which in turn strengthens the rental market. The consistent presence of James Cook University and the Lavarack Barracks ensures a reliable and robust demand for rental properties.

Traditionally, investor stock in Townsville mainly consisted of detached houses, however recent trends point to a noticeable increase in investor interest in units. This shift likely stems from affordability considerations and the potential for higher rental yields compared to houses. Duplexes and triplexes are also gaining traction as increasingly attractive investment options. While the traditional investor demographic comprised local residents and interstate buyers, we're now seeing growing interest from investors who are priced out of more expensive markets.

Investors targeting detached housing are typically active in the inner-city suburbs. Price points vary depending on location and property size, generally ranging from $400,000 to $700,000. Approximate yields can range from four to five per cent with some achieving even higher returns. The primary drivers for investors in this segment are a mix of rental income and the potential for long-term capital growth.

Opportunities currently exist for investors seeking detached housing, particularly in established suburbs with good access to amenities. Properties with renovation potential can offer significant added value however increased renovation costs can limit the number of potential purchasers.

The 12-month outlook for detached investor-level housing in these areas is cautiously optimistic, with steady rental demand expected and potential for moderate capital growth.

Suburbs including the city centre, South Townsville and North Ward are popular among investors looking at units, apartments and townhouses. Price points generally range from $250,000 to $450,000, with yields potentially reaching five to six per cent or even higher in certain cases. The heightened investor activity in this segment is fuelled by affordability and attractive rental returns.

Good investment opportunities are available in this sector, particularly for those prioritising strong cash flow. While capital growth might be more conservative compared to detached houses, the rental yields present a compelling proposition. The outlook for attached housing remains positive, with continued demand anticipated from students, young professionals and those seeking low-maintenance living.

Beyond traditional houses and units, other property types are capturing investor attention. Duplexes and triplexes stand out as particularly interesting and worthy of consideration. These properties offer the potential for significantly higher rental yields compared to single-family homes, while remaining relatively manageable. The increased income potential makes them a very attractive option for investors focused on strong cash flow. They also appeal to a wider range of tenant profiles.

The Townsville residential property market offers a diverse range of opportunities for investors.

The primary drivers for investors in this segment are a mix of rental income and the potential for long-term capital growth.

While national economic conditions are always a factor, the city's unique local dynamics, including a resilient economy, ongoing infrastructure development and appealing rental yields, continue to drive strong investor activity. Units, especially in the city centre and surrounding suburbs, are experiencing a surge in popularity, while duplexes and triplexes offer compelling opportunities for investors seeking substantial cash flow. The overall outlook for the Townsville property market in 2025 remains positive, with continued growth anticipated.

Hayden Lynam
Valuer

Cairns

The Cairns southern corridor of Bentley Park, Edmonton and Gordonvale continues to be the epicentre for investor activity in the Cairns region. Demand from investors has not changed over the past six months and can still be described as strong, led nearly always by southern-based buyers' agents and southern investors targeting property in the $500,000s to $600,000s range. We were advised that at a recent buyers' agent conference late last year, the Cairns southern suburbs were the hot recommendation as a place to buy!

Although demand remains strong, the volume of sales appears to be falling as these purchasers push up prices above their target range. The normal modus operandi is to add special conditions to the contract advising that the current rental agreement will not be renewed or will be renewed subject to a five to ten per cent rent hike. In many cases, first home buyers are being priced out of the market and pushed into new home construction, which can be a lengthy process due to the current state of the building industry.

There are some reports that investor activity has moved out of Cairns City suburbs (a ten kilometre radius of the CBD) due to recent strong capital gains and reduced rental returns. Some of the activity has moved west to the Atherton Tablelands, especially the new home market in the $500,000s to $600,000s range in Atherton. Despite achieving lower rents than Cairns suburbs, the opportunity to purchase a modern home under $700,000 remains.

There is steady to strong investor interest for other types of property, particularly flats complexes on one title. There has been increased investor activity for flats in the Cassowary Coast regional towns of Innisfail and Tully due to strengthening rental returns. These localities have been a little bit slow to attract investors however activity in both those localities has strengthened during the past six months.

The recent sale of an older style four x two-bedroom flat complex at Tully achieved an 11.1 per cent gross return at a contract price of $510,000. The complex required some cosmetic renovation. Other complex sales in Tully and Innisfail revealed gross yield ranges of 6.5 per cent for a $560,000 modern duplex property up to 9.52 per cent for a circa 1980 complex of four x two-bedroom, single level, masonry block flats.

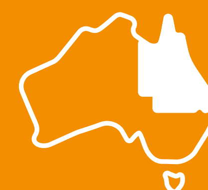
Danny Glasson
Director

There is steady to strong investor interest for other types of property, particularly flats complexes on one title.

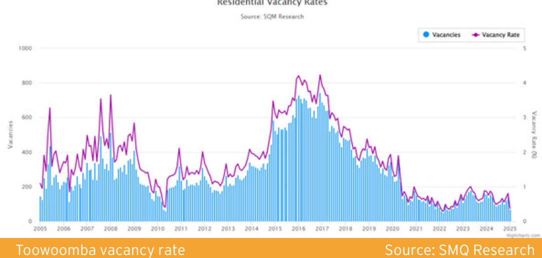
Toowoomba / Darling Downs

Investor activity in Toowoomba has remained relatively strong over the past six to twelve months, however it could be argued that it has slightly softened from the peak of the COVID boom, which would appear to be reflective of broader national trends. This more cautious approach from investors can be attributable to several key factors, including the series of interest rate increases (which appear to have paused and finally some recent reprieve) diminishing borrowing capacity, making investment property financing considerably more expensive. Coupled with this is the prevailing economic uncertainty which appears to have contributed to a more risk-averse investment climate. Additionally, elevated building material costs and labour shortages have continued to reduce the attractiveness of new construction and renovation projects.

Beyond these national influences, several local dynamics will shape Toowoomba's investment landscape in 2025. Ongoing infrastructure development, notably the Inland Rail project, along with other upgrades, continue to attract businesses and residents, potentially driving future population growth and rental demand. The presence of the University of Southern Queensland and other educational institutions provide a stable rental market, particularly for units and smaller dwellings. Toowoomba's position as a regional hub continues to attract internal migration, influencing both rental yields and capital growth. Finally, local council policies, including planning regulations, zoning changes and council initiatives, can significantly impact development and investment opportunities. This should prompt investors to remain well-informed of any changes.



Given this, Toowoomba continues to experience expansion and according to realestate.com.au, Toowoomba's (4350) median house and unit prices have continued to rise year on year with the vacancy rate in January 2025 being just 0.4 per cent (which is a decrease from 0.9 per cent in January 2024).

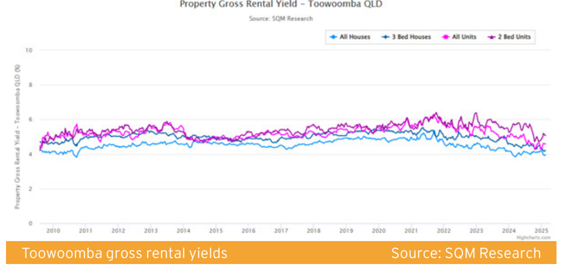


Toowoomba vacancy rate Source: SMQ Research

Traditional investor stock in Toowoomba typically comprises detached houses, units, townhouses, and increasingly, duplexes and triplexes. The buyer demographic has seen a slight shift, with a noticeable increase in interstate investors seeking more affordable options compared to capital cities, which is likely driven by Toowoomba's relative affordability and long-term growth potential. Regarding detached housing, investor-active locations include suburbs such as Glenvale, Wilsonton and Harristown, favoured for their proximity to amenities, schools and employment centres. Targeted price points for investors often fall within the $500,000 to $700,000 range, with gross rental yields typically between four and five per cent. Historically, both rental yield and capital growth have attracted investors to this market. Currently, with the market softening, the focus has shifted to securing reasonable yields and long-term capital growth potential. The current market presents opportunities for price negotiation, with properties that have

The current market presents opportunities for price negotiation, with properties that have development potential, such as larger blocks, being particularly attractive.

development potential, such as larger blocks, being particularly attractive. The 12-month outlook for detached housing is cautiously optimistic, with steady, if modest, growth anticipated over the longer term, though significant short-term price growth is unlikely.



Toowoomba gross rental yields Source: SQM Research

Toowoomba House Price Growth since September 2019

	Median Price Sept 2019	Median Price January 2025
Toowoomba City	$320,000.00	$610,000.00
Rangeville	$455,000.00	$770,000.00
Middle Ridge	$562,500.00	$950,000.00
Harristown	$301,000.00	$569,400.00
Kearneys Spring	$379,000.00	$680,000.00
Wilsonton	$290,000.00	$545,000.00
South Toowoomba	$320,000.00	$592,500.00
North Toowoomba	$330,000.00	$600,000.00
Rockville	$265,000.00	$552,500.00
Newtown	$295,000.00	$ 565,000.00
Mount Lofty	$430,000.00	$736,000.00

Source: realestate.com.au

An example of a recent sale slightly above the median price point for a detached dwelling in Wilsonton is a property at 5 Baron Court that sold for $560,000 (advised under contract). The property is a circa 1990, generally original, three-bedroom, one-bathroom detached dwelling with a one-car built in garage situated on a 640 square metre parcel. This property was tenanted at the time of sale for $450 per week with a rental appraisal of $470 to $490 per week achievable at the time of sale, representing a 4.35 to 4.55 per cent rental yield.

5 Baron Court, Wilsonton Source: CoreLogic

An example of a recent sale for a detached dwelling in Glenvale is a property at 19 Minnett Street that sold for $555,000 (advised under contract). The property is a circa 2016, three-bedroom, two-bathroom detached dwelling with a one-car built in garage on a 258 square metre parcel. This property was tenanted at the time of sale for $450 per week, representing a 4.2 per cent rental yield.

19 Minnett Street, Glenvale Source: CoreLogic

An example of a recent sale below the median price point for a detached dwelling in Harristown is a property that recently sold at 14 Wessex Street for $537,000. The property is a circa 1975, updated, three-bedroom, one-bathroom detached dwelling with a one-car built in garage on a 607 square metre parcel of land. This property has been advertised for $510 per week rent, representing a 4.9 per cent rental yield.

14 Wessex Street, Harristown Source: CoreLogic

For units, apartments and townhouses, investor-active locations include the CBD, South Toowoomba and areas near the university. Unit prices typically range from $300,000 to $500,000, with gross rental yields slightly higher than houses, often between 4.5 and 5.5 per cent. Current opportunities exist for units in well-maintained complexes or those with modern amenities. Rental yield is a primary driver for unit investors, especially those targeting the student or young professional market. The unit market is expected to remain relatively stable, with strong rental demand in certain areas supporting investor returns. Other property types such as duplexes and triplexes are gaining popularity due to their dual income potential. House and land packages in new developments can be attractive for long-term growth, though construction costs require careful consideration. Renovation projects, while more complex, offer significant profit potential for experienced investors, but meticulous cost management is essential.

Toowoomba Unit Price growth since September 2019

	Median Price Sept 2019	Median Price January 2025
Toowoomba City	$ 264,000.00	$386,000.00
Rangeville	$ 377,000.00	$600,000.00
Middle Ridge	$ 310,000.00	$560,000.00
Harristown	$250,000.00	$395,000.00
Kearneys Spring	$314,500.00	$441,000.00
Wilsonton	$ 249,000.00	$415,000.00
South Toowoomba	$286,250.00	$475,000.00
Newtown	$235,000.00	$ 410,000.00

Source: realestate.com.au

An example of a recent unit sale in South Toowoomba is a property that recently sold at 4/2 Bright Street for $422,000. The property is a circa 1980, updated, two-bedroom, one-bathroom attached unit with a one-car built in garage in a five-unit complex. This property was appraised for rent at $420 per week, representing a 5.15 per cent rental yield.

4/2 Bright Street , South Toowoomba Source: CoreLogic

An example of a recent sale of a unit in Toowoomba City is 3/92 West Street which sold for $415,000. The property is a circa 1980, updated, two-bedroom, one-bathroom attached unit with a one-car built in garage in an eight-unit complex. This property was rented at the time of sale for $400 per week, representing a five per cent rental yield.

3/92 West Street, Toowoomba City Source: realestate.com.au

Not to be outdone, the wider regional coverage areas of the Herron Todd White Darling Downs office are also showing affordability in locations such as South Burnett, Southern Downs, Goondiwindi and Western Downs. Dwellings and units are showing greater levels of capital growth than they typically have (based on longer term

averages) and at this stage this capital growth appears sustainable due to coming off a very low and affordable base. The capital growth appeal appears to be more of a focus for locals rather than non-local investors. Some local investor interest is evident, particularly where the local investor is speculating on existing rental shortages combined with likely demand increases due to proposed and current energy sector projects (in some localities) to stimulate further capital growth or at the very least sustainability of existing values.

Generally speaking and moving forward in the year ahead (or at least for the first six months), our outlook for housing and for residential investment in Toowoomba and its regional areas remains generally positive. We are cheap by comparison to our coastal and capital city cousins and consequently we represent good value for money. Coupled with a shortage of sales listings, continued interstate migration and a tight job market, we continue to provide sound prospects for sustainable values and some potential for continued growth. Our rental demand remains very strong and rents are continuing to increase which underpins our existing strong rental yields, which are available across many locations and market segments. Thorough research, due diligence and a focus on long-term strategies are crucial. Investors should consider factors such as rental yield, capital growth potential and local market dynamics. Given the current economic climate, a cautious approach is recommended. Staying informed about interest rate movements, economic conditions and local developments is vital for informed investment choices.

Marissa Griffin
Director

South Australia - Residential 2025

Adelaide

Active investors are competing in a very competitive market and investor activity has risen to its highest point in the past decade, however there have been some signs of stagnation. For the first time since March 2023, the number of new investment loans for dwellings fell across the nation. In December 2024, there were 48,876 new investment loans - a decrease of 4.5 per cent on the previous quarter. As rental yields sharpen, stock on the market remains lower and prices continue to rise, the margins for investors decrease.

Value of new loan commitments for dwellings, seasonally adjusted Source: ABS

Depending on proximity to the CBD, the investor market has historically been driven by rental returns within the outer ring and capital growth within the middle and inner rings. Rental returns have tightened across most markets as price levels have continued to increase. Demand for rentals remains high, with Adelaide currently having the nation's second lowest vacancy rate at 0.5 per cent, slightly more than Perth where the vacancy rate has decreased to just 0.4 per cent (source: SQM research).

An example of investor stock in the outer suburbs is 7A Walpole Street, Davoren Park. The property offers three bedrooms and one bathroom on approximately 720 square metres of land. Listed for rent at $500 per week, this property highlights the increase in rental levels and demand from its previous listing for $280 per week in January 2020. Our previous residential investor issue in March 2024 highlighted 11 Reserve Parade, Morphett Vale. The three-bedroom, one-bathroom dwelling sold in late 2023 for $505,000 and was tenanted at the time of sale for $350 per week - a gross rental yield of 3.6 per cent. The property was once again on the market for rent in August 2024, now for $520 per week, reflecting a gross yield of 5.35 per cent and a rental increase of 49 per cent.

7A Walpole Street, Davoren Park Source: realestate.com.au

11 Reserve Parade, Morphett Vale Source: realestate.com.au

The inner ring investor market typically sees purchasers sacrificing immediate rental yield in favour of potential capital growth. The advertised rental range is much higher in comparison to outer ring suburbs, typically ranging from $500 per week to approximately $2000 per week for larger, premium properties. Investors in this market typically seek capital growth, with the holding income generated through rent seen as an added bonus. Typical investor stock is low maintenance character dwellings and townhouses and modest family homes. An example of this is 9 Cleve Street, Norwood, a semi-detached bluestone cottage with three bedrooms and one bathroom, currently listed for rent at $695 per week. The property was sold in November for

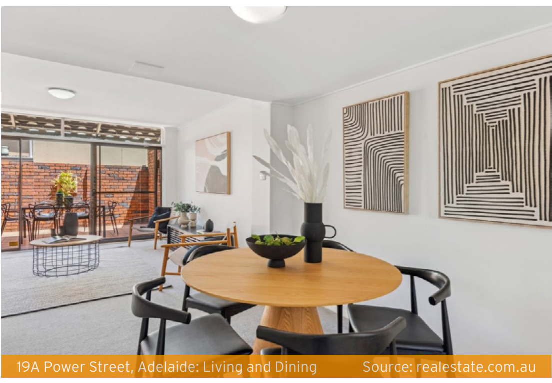
Depending on proximity to the CBD, the investor market has historically been driven by rental returns within the outer ring and capital growth within the middle and inner rings.

$900,000, undergoing some significant cosmetic updates (paint, ceiling fans, window treatments and floor coverings) to attract tenants in the inner-eastern market. If rented at $695 per week, the investor will be returning a gross yield of four per cent , whilst looking for capital growth over the longer term to add to their return on investment.

9 Cleve Street, Norwood: Living Room Source: realestate.com.au

The Adelaide CBD is another popular sub-market for investors, attracting young professionals and offering potential short-term Airbnb income to owners. An example of this is 19A Power Street, Adelaide - a two-bedroom, one-bathroom Torrens Titled townhouse with off-street parking. The property sold in early 2025 for $800,500 via online auction and was previously rented for $650 per week. This reflects a gross rental yield of 4.22 per cent for the current investor and reflects a rental listing increase of 51 per cent on top of the previous rental listing price of $430 per week in late 2021.

19A Power Street, Adelaide: Front and Parking Source: realestate.com.au



19A Power Street, Adelaide: Living and Dining Source: realestate.com.au

Strata titled units and townhouses continue to offer investors a lower price entry-point. These properties are typically seen as stepping stones, however the potential gross yields can be consumed by the additional fees and charges associated with strata properties. Two examples within a similar price bracket, 1/29 Ormond Avenue in Daw Park and 6/10 Simpson Street, Woodville South, are currently listed for rent at $525 and $530 per week respectively. Each unit offers accommodation of two bedrooms and one bathroom with a covered parking space at each property. Both properties transacted in September 2024, with Ormond Avenue in Daw Park selling for $558,000 and Simpson Street transacting for $563,000 - the anticipated gross rental yields for these investments are 4.89 per cent for each property.

1/29 Ormond Avenue, Daw Park Source: realestate.com.au

6/10 Simpson Street, Woodville South Source: realestate.com.au

The Adelaide CBD is another popular sub-market for investors, attracting young professionals and offering potential short-term Airbnb income to owners.

1/124 Hewitt Avenue, Toorak Gardens is at the higher end price point for a unit, within a premium eastern suburbs location. The property is on the market for rent at $650 per week, listed for rent

The metropolitan market continues to be strained by a lack of rental stock.

immediately after a sale. With a sale listing price at approximately $750,000 (subject to settlement and confirmation), this reflects a gross rental yield of approximately 4.50 per cent.

1/124 Hewitt Avenue, Toorak Gardens: Frontage Source: realestate.com.au

1/124 Hewitt Avenue, Toorak Gardens: Living Source: realestate.com.au

The metropolitan market continues to be strained by a lack of rental stock. Investors remain confident that the market is expected to grow and rental demand should remain buoyant in the short to median term. Whilst investors may see increased rental returns in regional areas of South Australia such as Whyalla, Roxby Downs and Port Pirie, these areas are considerably higher risk than the metropolitan markets.

Nick Smerdon
Valuer

Mount Gambier

The Mount Gambier residential property market has seen a stabilisation of investment over the past six months.

The areas in which we have seen peak investor interest are in the central part of the town, areas close to popular schools and newer developments which offer modern, low maintenance properties which offer good return and capital growth prospects.

The median price points based on recent data show that detached houses currently have a median price of $480,000 with a median rent of $440 per week achieving an average gross rental yield of around 4.7 per cent. An example of a detached dwelling that has recently sold is 8 East View Avenue, Mount Gambier. Located close to the centre of town and schools, the property comprises three bedrooms, one bathroom and two car spaces. The property recently sold for $465,000 and is achieving a weekly rent of $460. This is a return yield of 5.1 per cent.

8 East View Avenue, Mount Gambier Source: CoreLogic

8 East View Avenue, Mount Gambier Source: CoreLogic

Units in Mount Gambier have also seen a price increase over recent years. The median price for ttached units is around $310,000 and detached units achieve a median price of $360,000. An example of a unit sale is 2/35 Sturt Street, Mount Gambier. This property consists of two bedrooms, one bathroom and one car garage under the main roof. It sold for $360,000 and is rented at $340 per week, achieving a yield of 4.9 per cent.

The median price points based on recent data show that detached houses currently have a median price of $480,000 with a median rent of $440 per week achieving an average gross rental yield of around 4.7 per cent.

2/35 Sturt Street, Mount Gambier Source: CoreLogic

2/35 Sturt Street, Mount Gambier Source: CoreLogic

There are several factors driving investors to enter the Mount Gambier market. The first is affordability. Compared to larger cities, Mount Gambier offers more affordable property prices, making it an attractive entry point for investors. The rental market is also performing strongly with low vacancy rates and consistent rental demand which is contributing to healthy rental yields. The market has also experienced steady property price growth in recent years, suggesting potential for future capital appreciation.

The next 12 months in Mount Gambier have a positive outlook with supply still relatively constrained and demand still strong. The ongoing population growth in the region is likely to sustain demand for rental properties and the stable rental market provides investors with reliable rental income. We expect the current discussions surrounding potential interest rate drops this year will only have a positive impact on the Mount Gambier market. If we see interest rates decrease, we anticipate more investment in the area as the market is still very affordable compared to other large regional cities in the area.

Adrian Castle
Director

The next 12 months in Mount Gambier have a positive outlook with supply still relatively constrained and demand still strong.

Western Australia - Residential 2025

Perth and regionals

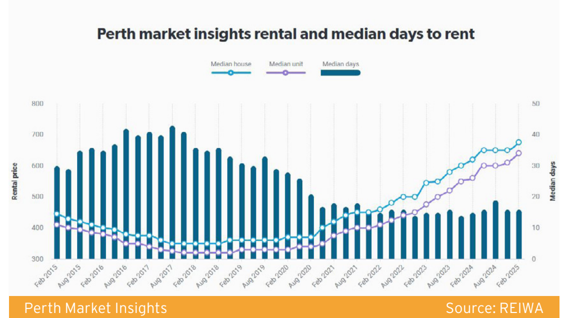
The Western Australian property market has experienced sustained periods of substantial growth over several years now, primarily as a result of strong migration numbers placing significant upward pressure on rental values after many years of subdued capital values - and the investors flocked like seagulls to a chip!

In 2020, following the impact of the global pandemic, the median house price in Perth sat at a paltry $480,000. Several years later and after significant investor activity, Perth's median price now stands approximately 56 per cent higher, at $750,000. More impressive, 22 per cent of this growth came in 2024 alone - the highest rate of capital growth for any capital city. At the same time, the Western Australian market experienced the highest rate of investment loan approvals in the country, increasing by circa 56 per cent as recorded by recent ABS data.

After many consecutive years of rising or stubbornly stable interest rates, the Reserve Bank of Australia finally announced the first interest rate cut since 2020, dropping the interest rate by 0.25 per cent, down to 4.1 per cent. Whilst this is very welcome news, it is likely to increase demand again in the Western Australian market as consumer confidence is lifted for many households who have been sitting on savings over the years. In addition, investor activity is expected to increase again after six months of respite, as rental returns remain stubbornly strong and the varied performance of different locations has resulted in disparities in values in comparable locations.

In the Perth metro region, the number of properties listed for sale has been increasing slowly, sitting at 5000 properties at the end of February (note - a balanced market is considered to be 12,000 to 14,000 properties). This figure demonstrates a circa 25 per cent increase in recorded listings in comparison to February 2024. In addition to this, the median days for listed properties to sell has increased by 78 per cent from last year - which sounds dramatic, but the reality is that the median is just 16 days. Whilst these statistics indicate a softening trend, the reality is that the market remains chronically under-supplied, and we are not out of the housing crisis by any means. It does mean that buyers have more time to make an educated decision – something which has been a real challenge in the past couple of years and is now very evident in the sales evidence coming through which shows investors buying older style three-bedroom stock at similar prices to modern four-bedroom, two-bathroom stock – some quite curious buyer behaviour!

In the rental market, demand in Perth is largely underpinned by consistent population growth, driven by local, overseas and interstate migration at a pace that far outstrips the ability to provide new supply. According to the latest data from the Australian Bureau of Statistics, Western Australia has seen the largest population growth in comparison to all capital cities at 2.8 per cent with an annual net migration of 81,397 people, with 70 per cent or 58,082 people coming from overseas.



After many consecutive years of chronic scarcity of housing stock, rental values in Perth have already risen by four per cent in 2025 to $675 per week, after experiencing a steady median rent of $650 per week throughout the majority of last year. This increase was anticipated, as upward pressure on unit rents was always going to push many tenants from a unit into a shared house where the rental burden can be shared, plus our population is still growing. Vacancy rates have begun to show improvement with rates reaching up to 1.9 per cent, in comparison to a significantly low 0.4 per cent recorded at the beginning of last year. Although vacancy rates remain significantly low, the shift is predicted to be caused by a gradual increase in housing stock, heavily brought by investor activity unlocking new homes for local residents as seen throughout recent years, plus a flight to quality appears to be occurring.

Suburbs situated in the lower price bracket of sub $600,000 of Perth's south-eastern corridor such as Armadale and Maddington have experienced capital growth rates of up to circa 40 per cent over the past twelve months. This segment of the market has experienced significant attention from out-of-state investors and buyer's agents.

This 1970s property at 9 Foxton Street, Maddington features three bedrooms, two bathrooms and 692 square metres of land. The property was sold (in poor condition) for $230,000 in 2022 and again in December 2023 for $332,000. It then experienced a complete internal makeover, transforming this humble dwelling into an attractive investment. The property sold for $539,000 in November 2024 and is currently rented for $650 per week, reflecting a gross yield of 6.2 per cent.

Foxton Street, Maddington Source: CoreLogic

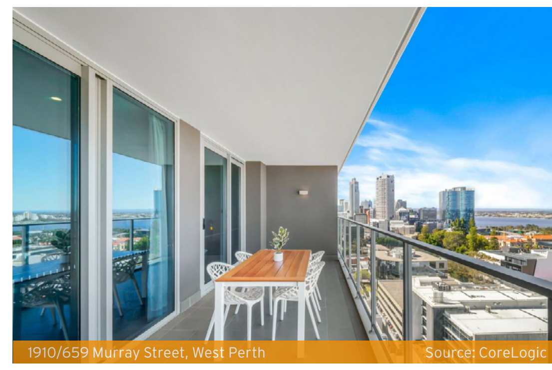
In the investor hotspot suburb of Armadale, this circa 1970s property at 54 Girraween Street features three bedrooms, one bathroom and an internal living area of 95 square metres. The property transacted in November last year for $500,000 and is currently listed for rent at $595 per week, reflecting a gross yield of circa 6.2 per cent - however, also reflects a current trend that we are seeing in that older style properties are taking longer to rent, and may come under downward pressure on rental values as the vacancy rate trends upwards, and there is a flight to quality.

Girraween Street, Armadale Source: CoreLogic

Shifting to the apartment market in Perth, many opportunities remain in the sub $600,000 price bracket – an unloved market segment for many years but one that is now starting to shine. Of note, we are keeping an eye on Perth CBD and CBD fringe locations and apartments along the freeway and train line corridors.

Taking a look at Perth's CBD, this two-bedroom, two-bathroom apartment in West Perth features 70 square metres of living and river views from the balcony. The apartment sold in December for $640,000 and is currently listed for rent at $930 per week.

This segment of the market has experienced significant attention from out-of-state investors and buyer's agents.



1910/659 Murray Street, West Perth Source: CoreLogic

Another notable example in the apartment market is this one-bedroom, one-bathroom apartment with 55 square metres of living space in Cockburn Central, located a short walk from the local train station. This apartment sold for $410,000 in November and has recently been rented at $550 per week, reflecting a gross yield of 6.9 per cent.

109/10 Sleeper Lane, Cockburn Central Source: CoreLogic

Heading south along the coastline to Mandurah, investor activity appeared to spike dramatically in 2023 and early 2024, particularly in the sub $500,000 space. The City of Mandurah has become known as an investor hotspot after a flurry of buyer's agents targeted particular suburbs in the area – but not necessarily the ones

offering the best overall value! The median sale price in Mandurah currently sits at $512,000, with properties in the area having experienced a 30 per cent increase in dwelling prices and a 15 per cent rise in rental rates in the past 12 months. The area offers many older properties situated on large allotments, however, is incredibly patchy when it comes to property types, quality of amenity and the likelihood of sustained demand in the future.

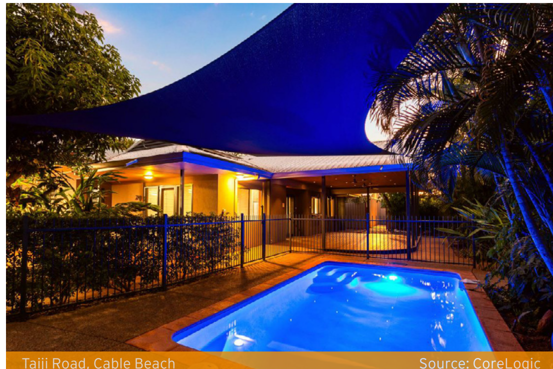
This property at Reserve Drive, Mandurah sold in September for $814,500 and features a fully renovated 1970s house and a granny flat. The main dwelling features four bedrooms, two bathrooms, an alfresco and a double garage and has recently been leased for $800 per week, alongside the two-bedroom, one-bathroom granny flat separately rented for $475 per week. From two separate rental incomes, this property generates a total weekly income of $1,275, allowing for an expected gross yield of 8.1 per cent!

Reserve Drive, Mandurah Source: CoreLogic

In summary, we expect investor activity to be sustained throughout the Perth metro area in 2025, albeit shifting focus from older style properties in secondary locations to better located units, apartments and villas that offer comparative returns in more desirable locations. We remain concerned about the influx of investor grade dwellings in secondary locations, particularly dual key homes with less-than-ideal internal layouts, which may bear the brunt of a stabilising rental market.

In northern Western Australia, the sunny coastal town of Broome has consistently remained a sought-after investment location as the economy remains strong on the backbone of the local tourism and mining industries. These local economic drivers additionally create an attractive opportunity for investors seeking strong rental yields and capital growth, with the suburb experiencing a circa 22 per cent growth in capital values and a circa 7.2 per cent rental yield. Investor stock in Broome is primarily dwellings for the purpose of securing long term rent, which appeal to private tenants and government departments alike, but there are many opportunities at all value levels.

In the sought-after suburb of Cable Beach, this four-bedroom, two-bathroom family home features a living area of 145 square metres, 816 square metres of land and a swimming pool - almost a necessity in this climate! The property sold in October for $935,000 and is currently listed for rent at $1350 per week, potentially generating a circa 7.5 per cent yield.



Taiji Road, Cable Beach Source: CoreLogic

Another notable property is this humble 1980s three-bedroom, one-bathroom dwelling at 8 Puertollano Place. The dwelling sold for just $420,000 in November and is currently on the market for rent at $800 per week, reflecting a potential 9.9 per cent gross yield.

Puertollano Place, Broome Source: CoreLogic

Moving down the coast, Port Hedland has continued to perform well due to sustained pressure in the rental market, reaching a median house rent price of $1400 per week according to REIWA. South Hedland has experienced a slight drop in rental values of 5.6 per cent, however, the markets in these areas do fluctuate over the summer months. From an investor perspective, this resource-rich region continues to be in demand, being home to the world's largest bulk export port by tonnage. Investor activity is generally seen in products in the sub $600,000 price bracket with long term tenants although good quality housing is always in demand by corporate and government tenants, and these properties usually fall in the upper price brackets in South Hedland.

This three-bedroom, one-bathroom unit with panoramic ocean views on Sutherland Street, Port Hedland sold for $579,000 in September 2022. It was leased in February 2024 for $1400 per week

(vacant possession) and was then increased in September 2024 to $2800 per week on a fully furnished basis!

Sutherland Street, Port Hedland Source: CoreLogic

2 Trembath Street is a recently renovated home offering five bedrooms, two bathrooms and an outdoor pool. This property was purchased in December 2023 for $820,000 and was leased in November 2024 for $2400 per week, reflecting a gross yield of circa 15 per cent.

2 Trembath Street, Port Hedland Source: CoreLogic

In South Hedland, this four-bedroom, two-bathroom house situated on a 536 square metre allotment reflects a gross rental yield of circa 13 per cent, being purchased in September 2024 for $585,000, before being leased in October 2024 for $1550 per week.

Oriole Way, South Hedland Source: CoreLogic

Moving south, Karratha continues to demonstrate a high level of mum and dad investor activity with rental prices exceeding $1000 per week. Richardson Way, Bulgarra is a four-bedroom, two-bathroom house with a pool. This property was sold in October 2024 for $816,000 and was then leased in November 2024 for $1650 per week, reflecting a gross yield of circa 11 per cent.

Richardson Way, Bulgarra Source: CoreLogic

Another example is Church Way in Baynton. This is a similar property offering four bedrooms, two bathrooms and a pool. It sold for $710,00 in August 2024 and was leased in November 2024 for $1,600 per week, reflecting a gross yield of circa 12 per cent.

Church Way, Baynton Source: CoreLogic

Heading inland to another resource town, Newman has had a tumultuous history but is a charming small town. Housing is dominated by rental stock, with 88 per cent of properties being utilised as either company or rental housing. Rental growth has increased by 13.1 per cent in the past 12 months, reaching a median of $675 per week.

Yalberee Street in Newman sold in June 2024 for $440,000 and then was leased for $750 per week, reflecting a gross rental yield of circa nine per cent. This property is newly renovated and offers four bedrooms and one bathroom.

Yalberee Street, Newman Source: CoreLogic

Another example is this well-located, one-bedroom and one-bathroom unit at 15 Mindarra Drive. It has

a total floor area of 42 square metres and was last sold in March 2024 for $225,000 and since June has been leased for $650 per week, reflecting a gross return of circa 15 per cent.

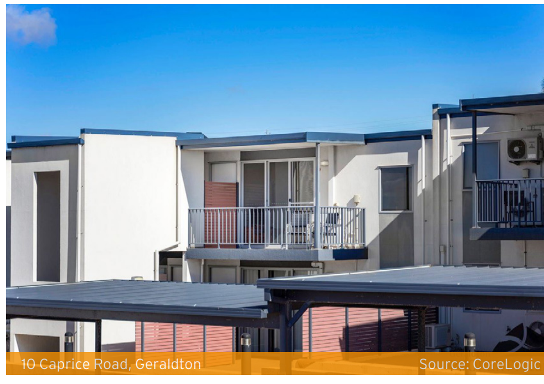
15 Mindarra Drive, Newman Source: CoreLogic

This unit located at Armstrong Way in Newman features three bedrooms and one bathroom on a 167 square metre allotment. It was last purchased in March 2024 for just $90,000 and was leased in October for $300 per week, reflecting a gross rental yield of circa 17 per cent.

Armstrong Way, Newman Source: CoreLogic

In the Geraldton market, out of town buyers' agents appear to be in a frenzy and out of state investors are extremely active, particularly in some of the eastern suburbs of the town where housing quality is more humble, you might say. Investors are not exhibiting a strict preference for a specific property type, are purchasing sight unseen and appear to be solely focused on the rental yield and capital growth potential as opposed to any locational or social risk issues associated with housing choices. REWIA indicates the median price of properties in Geraldton has reached $415,000 which is a 20.3 per cent increase compared to that of the previous year. Median weekly rental rate has also experienced a steady increase of 11.6 per cent reaching $480 per week.

This two-bedroom, one-bathroom apartment with a common property swimming pool at 10 Caprice Road in Geraldton was sold in December for $379,000 and was subsequently leased at $550 per week, reflecting a gross yield of circa 7.5 per cent.



10 Caprice Road, Geraldton Source: CoreLogic

Dorothy Street is another example, offering four bedrooms and three bathrooms on a 968 square metre lot. It was sold for $230,000 in September 2024 and was then rented out in December for $530 per week, reflecting a gross rental yield of circa 12 per cent.

Dorothy Street, Geraldton Source: CoreLogic

Shifting across to the Goldfields region, investor activity remains strong on the back of a robust gold price placing significant pressure on employment and therefore the rental market. Rental growth is up 11.1 per cent compared to the previous year, reaching a median of $650 per week, however capital values remain well below the Perth metropolitan area. Excuse the pun, but the Goldfields is shining bright and is a real powerhouse of Western Australia's economy right now. The Western Australian government is investing more than $30 million in infrastructure aimed at attracting even more activity to the Kalgoorlie Goldfields region.

This property in Thomson Street, Boulder was sold in November for $339,000 and as of January 2025 is being leased at $690 per week. This house offers four bedrooms, two bathrooms and is situated on a 451 square metre lot. The lease reflects a gross rental yield of circa 11 per cent.

Excuse the pun, but the Goldfields is shining bright and is a real powerhouse of Western Australia's economy right now.

Thomson Street, Boulder Source: CoreLogic

Another example includes this property in Campbell Street, Lamington. Built in the 1950s but having undergone a recent renovation, the dwelling offers four bedrooms and two bathrooms. It was sold in November for $405,000 and then leased at $800 per week, reflecting a gross yield of 10.27 per cent.

Campbell Street, Lamington Source: CoreLogic

Taking a look at the South-West region of Western Australia, investors have been busy over the past two years, particularly in the lower end, sub $650,000 market. Top performing suburbs where investor activity has been prevalent include Dalyellup, Australind, Eaton and Bunbury. Local agents have advised that investors appear to be favouring newly constructed, project style dwellings that not only add to existing stock but also accrue higher yields at an affordable purchase price. Take for example, this 2023 built property on Norton Promenade. The property sold in November for $520,000 and features three bedrooms, one bathroom and 92 square metres of living space constructed on a 235 square metre allotment. The property has since been rented for $600 per week, reflecting a six per cent yield on investment.

Norton Promenade, Dalyellup Source: CoreLogic

For South-West local buyers, affordability of housing remains an issue as property values have experienced sustained growth over the past couple of years largely on the back of eastern state investors. Similar to the Perth metro market, the South-West has recently experienced a pivot in investment behaviour with recent data revealing a decrease in interstate investment activity in the December 2024 quarter, however we expect this to be replaced by owner-occupiers and locally-based investors in the short term.

In summary, the recent interest rate cut, recent state and upcoming federal elections and negative fluctuations in eastern state investor activity indicate an eventful year ahead, however the prime metric to follow is migration numbers. Forecasts indicate that population growth will again outstrip supply, meaning that any pause in activity is likely to be short lived. We expect that consumer confidence will rise, and we anticipate another strong year for the Western Australian market.

Chris Hinchliffe
Director

Northern Territory - Residential 2025

Darwin

The Greater Darwin property market is experiencing a significant surge in activity, particularly driven by a wave of interstate investors recognising the region's untapped potential. The election of the Country Liberal Party in September 2024 sparked a rapid influx of investors. As a result, the Darwin property market has seen accelerated change, marked by increased transactions, rising property prices and a shift in the investor demographic.

The driving force behind this surge is not necessarily an inherent increase in the attractiveness of Darwin properties, but rather a newfound awareness among interstate investors of the market's long-standing affordability. This newfound awareness is reflected in a significant 103 per cent increase in new loan commitments for investors in the Northern Territory between December 2023 and December 2024 (source: Property Council of Australia), which underscores rising investor confidence. With strong rental incomes and an affordability that stands out amongst Australia's capital cities, Darwin presents a compelling investment proposition. The city's transient nature ensures a robust demand for rental accommodation, further amplified by a constrained supply of new housing due to high construction costs, labour shortages and limited builder availability. The tight rental market, evidenced by a low vacancy rate of 1.1 per cent in February 2025 (source: SQM Research), has turned the spotlight on previously overlooked properties.

Interestingly, traditional concerns such as social issues and crime, which often influence local investment decisions, are proving less significant to interstate investors. Their focus is laser-sharp: turnkey accommodation, with strong rental income and affordability paramount. Many are relying on buyers' agents, often transacting off-market and purchasing multiple properties. In the early stages of 2025, the demand is largely on freehold dwelling assets, however a shift is being seen towards the entry level strata product.

Investor stock offering gross passing yields north of six per cent is most sought after. Currently, the most popular investment properties are in Palmerston suburbs such as Moulden, Woodroffe, Driver and Gray, however any property with a yield of six per cent or more is preferred. These properties are typically three- and four-bedroom homes on approximately 800 square metres, priced under $600,000. While similar properties in the northern suburbs are also considered, Palmerston's affordability coupled with comparable rental incomes of $500 to $700 per week have made it the preferred target for interstate investors.

Their focus is laser-sharp: turnkey accommodation, with strong rental income and affordability paramount.

4 Antares Court, Woodroffe Source: realestate.com.au

4 Antares Court, Woodroffe is typical of target investment properties. A three-bedroom, one-bathroom home on 894 square metre allotment that sold for $440,000. The rental income is $530 per week, with the lease expiry being September 2025. Sold off market to an interstate investor, this property has a gross passing yield of 6.25 per cent sold with a lease in place.

This shift has also redefined the investor profile. Traditionally, Darwin locals, particularly those involved in the construction boom of the 2010s, have dominated the investment landscape. However, the current surge is being spearheaded by interstate investors and their buyers' agents who are actively accumulating stock before it reaches the broader market.

Opportunities still exist for investors, though competition is fierce. Buyers' agents are actively seeking off-market opportunities, even contacting owners of previously listed properties that failed to

sell. The 12-month outlook for detached investor-level housing will remain strong. Herron Todd White data shows a 35 per cent decrease in listings between February 2024 and February 2025, indicating a tightening market. Real estate agents are going to need to be proactive in sourcing stock, as the demand isn't showing any signs of slowing down.

Furthermore, the September 2024 quarter witnessed a significant increase in sales, with house sales up by 5.6 per cent and unit and townhouse sales up by 14.5 per cent compared to the previous quarter. The annual figures also paint a positive picture, with house sales up by 22.7 per cent and unit and townhouse sales up by 16 per cent (source: RELM September Quarter 3).

The recent 0.25 percentage point cut to the cash rate by the RBA, bringing it down to 4.1 per cent, provides further encouragement for mortgage holders. However high construction costs in the Northern Territory remain a challenge for new builds and renovations. Government initiatives such as the Home Grown Territory Grant, which provides $50,000 for first home buyers and $30,000 for previous owners when building new homes, aim to mitigate these costs and stimulate new construction activity.

The Darwin property market is undergoing a significant transformation, driven by astute interstate investors capitalising on its affordability and strong rental yields. While challenges remain, the combination of robust demand, limited supply and favourable economic factors points towards a promising outlook for the Greater Darwin property market in 2025 and beyond.

Will Johnson
Valuer

Alice Springs

Alice Springs has historically shown strong yields on residential property. Looking into the factors behind this, the relatively transient nature of the population base is a major influencer. Many people relocate to Alice Springs for work and given the relatively short nature of some of these work contracts, people are happy to rent rather than buy. The cost of purchasing housing here is also quite expensive and people who are only planning on being here for a short period are reluctant to enter into a property market that historically does not offer even mediocre capital growth.

A fair proportion of people arriving in Alice Springs are employed at Pine Gap, which until recent years basically provided accommodation for their employees in dwellings and units owned by the Joint Defence Facility. They are gradually moving away from providing housing for employees and over the past 10 or more years have been gradually selling off their residential housing portfolio. This has meant more participants in the rental market, which has guaranteed continuing low vacancy rates and high rental returns as demand outstrips supply. The latest vacancy data (September 2024) for dwellings reveals a 3.7 per cent vacancy rate, whilst for units the vacancy rate is slightly lower at 3.4 per cent.

The most recent data from the REINT reveals that rental yields are sitting at 6.9 per cent for houses and 7.4 per cent for units as at the end of September 2024. Over the past 12 months, dwelling yields have fluctuated between 5.7 per cent and 6.9 per cent, whilst unit yields have operated within a narrow range of 6.7 per cent to 7.4 per cent.

Despite all these positives, the investor market in Alice Springs is quite dormant and a large proportion of investment properties is tightly held, predominantly by locals. Professional investors from interstate have shown interest in the Alice Springs market, lured by the high yields and low vacancy rates, and we are aware of buyers' agents beginning to focus on the solid rental returns available in Alice Springs. There have been a number of sales concluded recently as a result of buyers' agents recommending properties (particularly units) to their clients with the lure of yields of eight per cent and more. For those who venture out here, the higher rental returns are more often than not tempered by the lack of capital growth. It seems the old adage is true (at least in Central Australia) that you can't have your cake and eat it too.

It will be interesting times ahead for investors interested in Alice Springs, with a number of unit developments under construction or in the pipeline, although it is believed that a large proportion of these units is earmarked for the NRAS scheme or to be allocated for public housing. This may have an impact on both vacancy rates and yields, with increased supply leading to higher vacancy rates and potentially lower yields.

Peter Nichols
Valuer

Despite all these positives, the investor market in Alice Springs is quite dormant and a large proportion of investment properties is tightly held, predominantly by locals.

Australian Capital Territory - Residential 2025

Canberra

In recent years, Canberra has presented an increasing opportunity for investors looking in locations other than the major property hotspots such as Sydney and Melbourne. The growing population, Canberra's job stability due to its heavy presence of government employment, low vacancy rates and positive rental yields have provided investors with confidence to invest in Canberra's market. Who wouldn't want to invest in Canberra when there are so many different opportunities to break into the market?

Canberra could see the market become saturated as it is a much smaller city than the likes of Melbourne and Sydney. Canberra's lack of land will assist in the saturation of the market and rising prices as a result. Because of this, we can see a high number of apartments being built across the ACT.

Affordability could price out first-time investors with Canberra's median house price at $968,907 and median unit price at $583,486 in comparison to Melbourne (houses $917,132 and units $602,602) and Sydney (houses $1,474,032 and units $857,968) according to CoreLogic's February 2025 reports.

Detached housing in Canberra has shown to be a secure investment in past years. Historically, detached housing as a whole in Canberra has seen a rise in value, some areas more than others. Areas in Belconnen were shown to be favoured by investors in 2024 with Latham, Florey, Charnwood and Evatt having growth in median house prices. Charnwood was highest of these with a 7.7 per cent increase to $700,000. It is no shock that investors were tapping into these suburbs with the Belconnen region having a strong showing of suburbs with the highest clearance rates in Canberra. Belconnen has a wide variety of established amenities and investors are looking for affordable options in these established suburbs. It is a great location for families with larger blocks and often the potential to renovate existing homes. Rental yields are also strong for investors in these areas with Latham at 4.3 per cent, Charnwood at 4.4 per cent, Belconnen at 4.4 per cent and Holt at 4.2 per cent according to CoreLogic data as of August 2024. These suburbs are all in the top 12 across Canberra. Are there opportunities currently for investors in these areas? Absolutely! The affordability and positive trending house prices in these areas make them attractive opportunities for those looking to invest.

The unit market is continuing to grow across the Canberra region and with limited land, this is likely to continue in order to supply more housing.

The unit market is continuing to grow across the Canberra region and with limited land, this is likely to continue in order to supply more housing. A benefit of units for investors is the affordability in Canberra, with the median unit price being $583,486. This provides investors who can't quite get into the detached housing market an affordable option with a great rental return.

Campbell has been an attractive option for investors recently with the suburb seeing a 25.3 per cent increase in unit prices over the past 12 months. This is influenced by the close proximity to defence offices, CBD and other popular amenities in the area. The median rental yield in Campbell over the past 12 months is 2.7 per cent.

Phillip is another suburb that has seen heavy investor activity over the past few years. With an increase in the supply of apartments and development of infrastructure and amenities, it has proven to be a favoured investor hotspot.

There are opportunities to invest in these locations at the moment. The steady rental return for units in Phillip provides a potential opportunity for investors looking for rental return over capital gain, however I would remain wary as unit prices are forecast to continue their downward trend over 2025.

There is never a right or wrong answer for investing in different property types. It comes down to the individual's short- or long-term goals and affordability. It may be a better opportunity to invest for capital growth in the detached housing market if individuals can afford to poke their nose into that market. If not, there is opportunity in the unit market for those looking at a strong rental return and more affordable options. There will always be some sort of opportunity to get into the market and invest depending on your own goals and timelines.

Thomas Atlee
Valuer

Tasmania - Residential 2025

Hobart

Overall, listings for both units and dwellings have increased over the past 6 – 12 months due primarily to Mum-and-Dad investors cashing in their capital gains since the COVID property boom.

On the flip side of the coin, there is also evidence out in the market that those who jumped onto the investment band wagon at the peak of the market are also in liquidation mode cutting their losses (sometimes at a hefty loss) as the rental return just isn't covering the mortgage.

This in turn has put more strain on the already limited rental market with the removal of these properties given their relatively low entry point. In Hobart's Month In Review December Edition, 24 Riverway Road, Montrose was a highlight property that presented a perfect entry level investment property. I pegged it sit at about the $585,000 mark, but surprisingly it is now under contract for $540,000 with conditions. With an appraised weekly rental of $500/week, this property provides a gross rental return of circa 4.8%, which isn't too bad considering we are potentially heading into a reduced interest rate environment.

With fewer properties available to rent, demand has increased somewhat, and rental prices appear to be on the rise (marginally) yet again making the investment proposition more appealing, particularly if we get the predicted four rate cuts in 2025. This is yet to be seen, so tread carefully.

Areas to keep an eye out for are those with a low entry point, particularly northern suburbs such as Montrose, Glenorchy, Rosetta, West Moonah, Claremont (etc.).

Given we are potentially heading into a reduced interest rate environment, and Hobart is believed to be at the bottom of the market, I believe now is the time to dive into the residential property investment market. This is my opinion only, so please get some professional advice prior to taking the leap.

Mark Davies
Valuer

There is also evidence out in the market that those who jumped onto the investment band wagon at the peak of the market are also in liquidation mode.

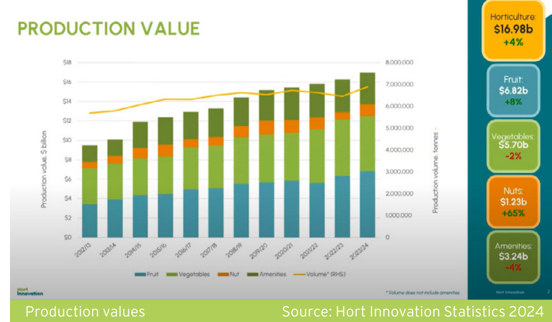
Australian Horticulture

March 2025

Australian Horticulture

The Australian horticultural industry covers a wide range of permanent and annual crop types.

Production and revenue have continued to grow over the past decade, with gross value of production estimated to have risen from approximately $9.5 billion in FY13 to almost $17 billion dollars in FY24.



Production values Source: Hort Innovation Statistics 2024

The largest growth in recent years has come from fruit, in particular berries and citrus, and also from nuts. The nature of horticultural production means that there can be a high degree of volatility due to both weather and commodity price events. Not all industries have enjoyed a consistent growth trajectory, with revenue highly correlated to commodity prices.

Some of our largest fruit, vegetable and ornamental industries, such as potatoes, bananas and berries, are almost totally reliant on domestic sales, while some nut crops (almonds and macadamias), citrus and table grapes are highly dependent on export markets. These export-oriented crops have grown at a faster rate than domestic crops, benefiting from good demand from South-East Asian countries.

There has been a universal trend over recent decades for larger producers to expand and also concentrate on single crops. This has been driven by several factors, including the need to construct expensive "on farm" packing shed or cool room infrastructure and to form marketing alliances with supermarkets and exporters. Often the most successful producers concentrate on a single crop type, relying on their scale to help them through years of low commodity prices and then seeking to capitalise when seasons and prices are favourable.

Another noteworthy trend has been a shift towards growing some crops under either glasshouse or protected netting structures, to better manage weather extremes and bird damage and also assist to produce crops year round. While the capital cost is very high, the returns have been attractive. By way of example, glasshouse tomatoes have virtually replaced field grown tomatoes in the past ten years.

The largest industries in terms of gross value of production in FY24 are summarised below:

Industries by gross value FY24 production Source: Hort Innovation Statistics 2024

The intensive nature of most horticultural crop production means there is a higher return on investment compared to traditional grazing and dryland cropping enterprises. This has proven enticing for corporate investors, who are always looking to achieve higher returns than are available from less intensive real estate investments. Corporate buyers have been most attracted to industries with either predictable production or that are suitable for being grown at scale (and ideally both). The industries in which corporates have been most active in the past decade include nuts, citrus, berries, mushrooms and glasshouse tomatoes. In many cases the corporate buyer has partnered with a tenant. Investment returns have typically ranged from seven per cent to 7.5 per cent of purchase price, with the comparatively higher return on capital making it possible for the tenant and landlord to generate an acceptable return.

Other industries that have been less attractive to corporates include table grapes, pome fruit, stone fruit and perishable vegetables, with the need to manage large numbers of seasonal workers and fickle commodity pricing being a deterrent.

Sales Activity

There have been relatively few significant horticultural sales in the past 12 months, reflecting a combination of global economic uncertainty and weaker commodity prices for some key industries making it harder for buyers and sellers to find common ground. Some key sales over the past 12 months include:

- **Katunga Glass House -** a large-scale glasshouse facility in the Goulburn Valley, Victoria was purchased by Centuria Capital Group for a reported figure of approximately $100 million. The site was improved with

Most commentators are forecasting ongoing stronger returns for some key industries, notably citrus, almonds and berries.

approximately 21 hectares of modern glasshouses used to produce tomatoes and capsicums. It was sold under a leaseback deal.

- **Jemalong Citrus -** a large-scale orchard located west of Forbes, New South Wales and planted to approximately 220 hectares of valencia oranges was purchased by a family-run citrus juice producer for a reported figure of approximately $10 million (excluding water).
- **Leeton Citrus -** Warakirri Asset Management purchased a 160 hectare citrus aggregation located at Leeton, New South Wales for a reported figure of approximately $15 million. The property will be managed under a lease agreement by an incoming tenant (Southern Cross Farms).
- **Almas Almonds -** a portfolio of four orchards in the Murray Valley near Robinvale, Victoria was purchased in late 2024 by a corporate investor for a confidential sum. The sale price reflects improved confidence in the almond industry resulting from a strengthening commodity price.

The sales listed above have all been purchased by corporates or family businesses with corporate backing. The sales all involved assets of above average standard.

Horticultural Outlook

Most commentators are forecasting ongoing stronger returns for some key industries, notably citrus, almonds and berries. There will likely be more variable outcomes for other industries, including table grapes, pome and stone fruit which can suffer at times from an oversupply in domestic markets (pome and stone fruit) and export markets (table grapes).

Graeme Whyte
Director

Property Market Indicators

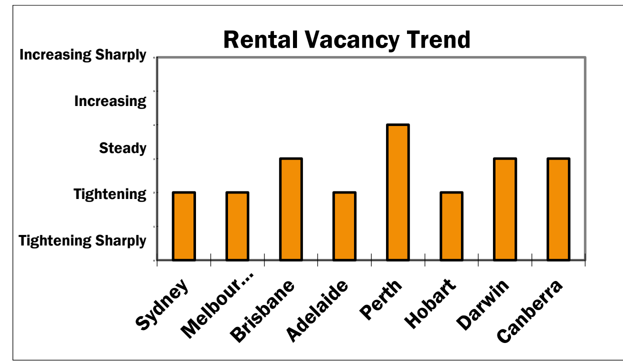
March 2025

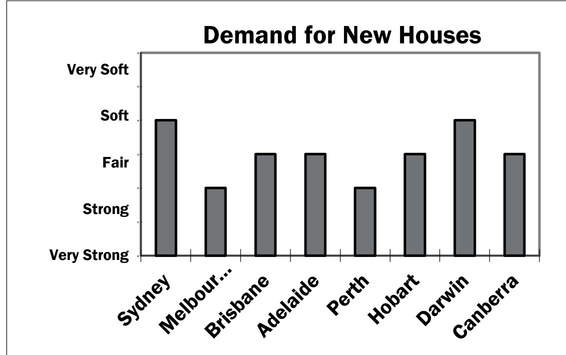
Capital City Property Market Indicators – Houses

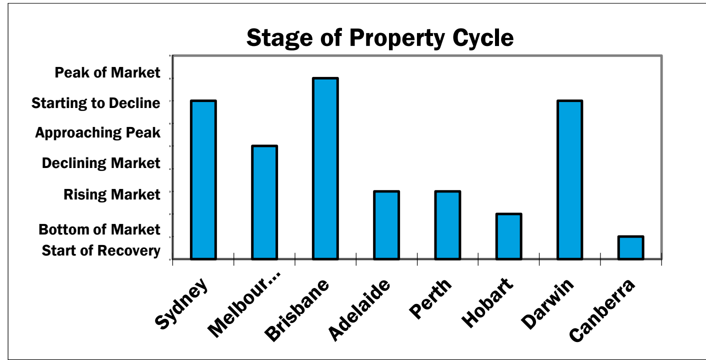
Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Severe shortage of available property relative to demand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

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

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



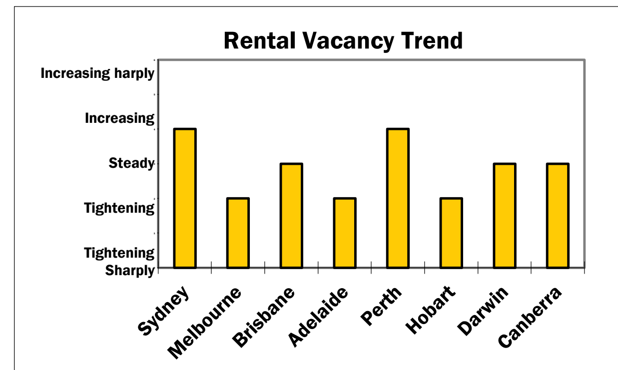


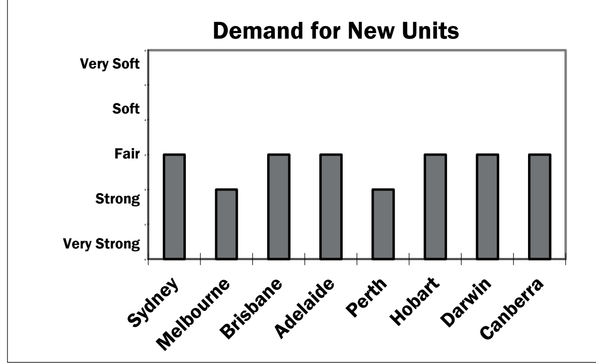


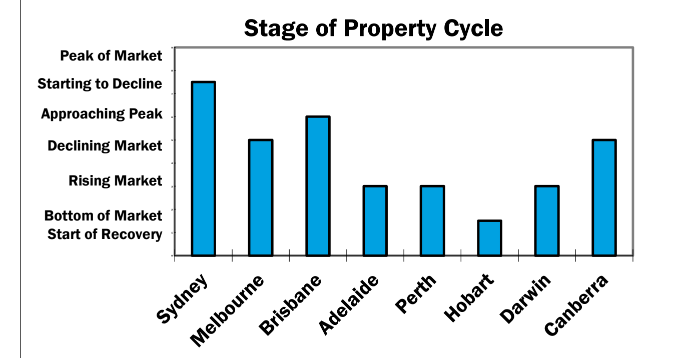
Capital City Property Market Indicators – Units

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

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





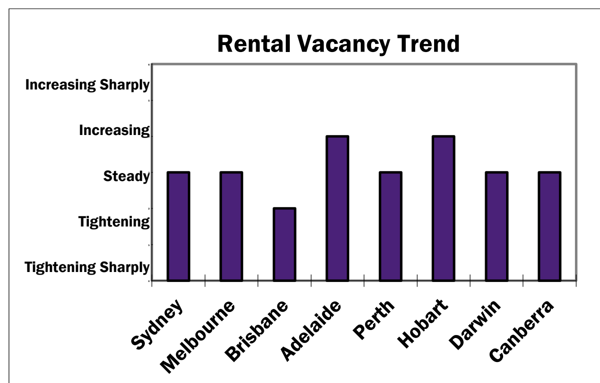


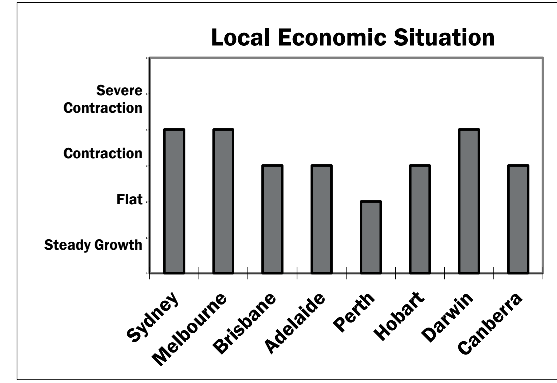
Capital City Property Market Indicators – Office

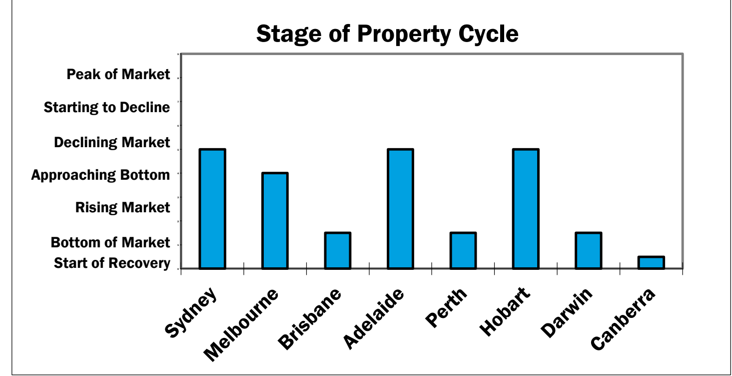
Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Balanced market	Over-supply of available property relative to demand	Over-supply of available property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

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

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







East Coast New South Wales Property Market Indicators – Houses

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

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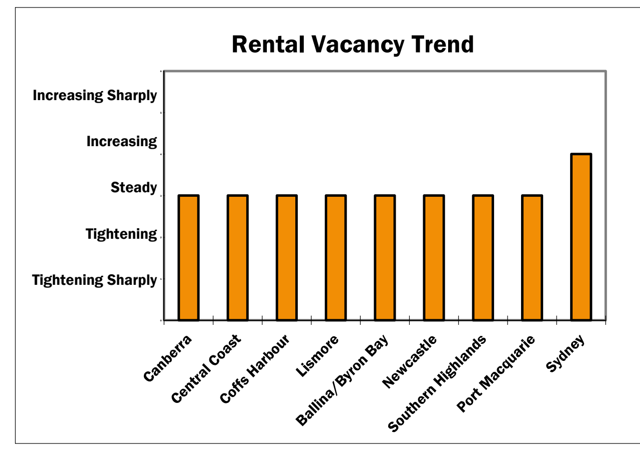
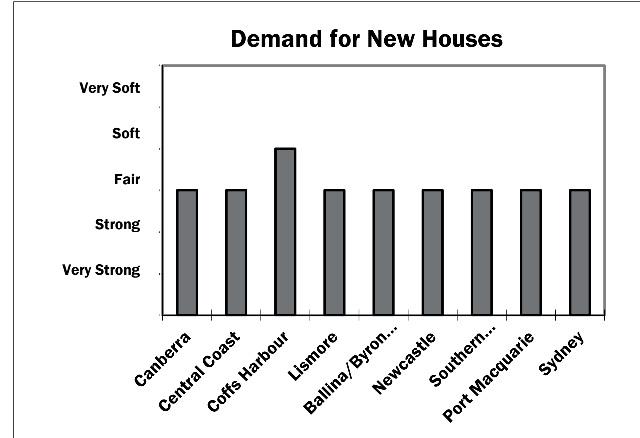
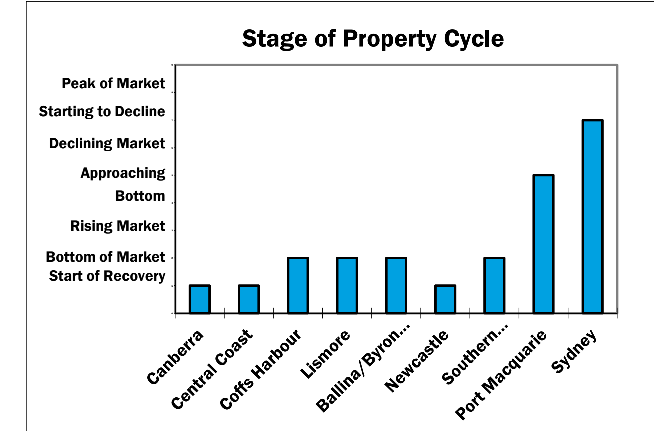
Blue entries indicate change from previous month to a lower risk-rating





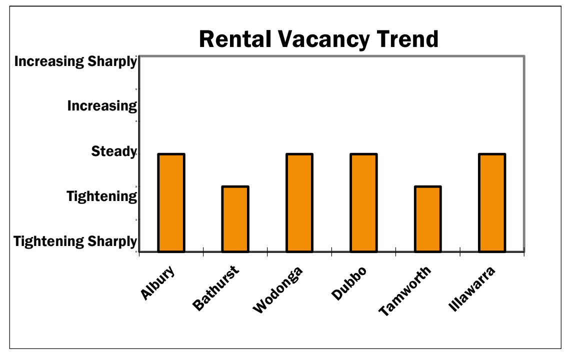


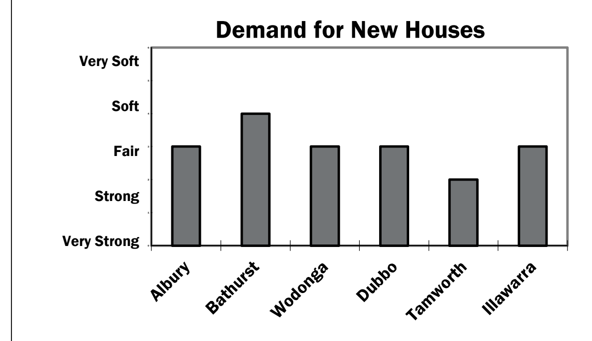
Country New South Wales Property Market Indicators – Houses

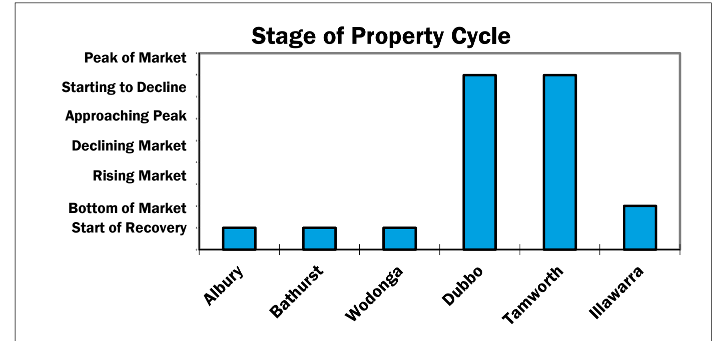
Factor	Albury	Bathurst	Wodonga	Dubbo	Tamworth	Illawarra
Rental Vacancy Situation	Balanced market	Shortage of available property relative to demand	Balanced market	Balanced market	Shortage of available property relative to demand	Balanced market
Rental Vacancy Trend	Steady	Tightening	Steady	Steady	Tightening	Steady
Demand for New Houses	Fair	Soft	Fair	Fair	Strong	Fair
Trend in New House Construction	Steady	Increasing	Steady	Steady	Steady	Increasing
Volume of House Sales	Steady	Steady	Steady	Increasing	Steady	Declining
Stage of Property Cycle	Start of recovery	Start of recovery	Start of recovery	Peak of market	Peak of market	Bottom of market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Occasionally	Very frequently	Occasionally	Occasionally

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

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







East Coast New South Wales Property Market Indicators - Units

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

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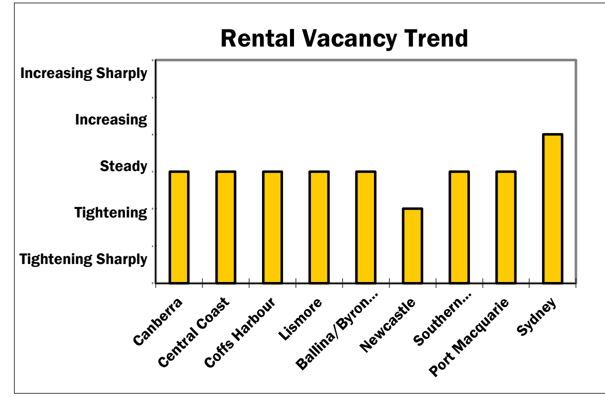

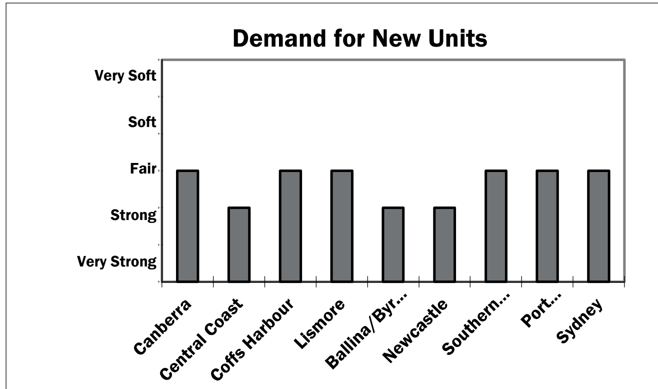

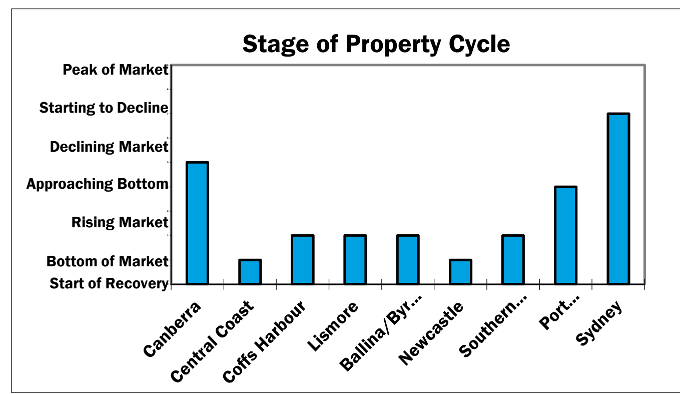

Country New South Wales Property Market Indicators - Units

Factor	Albury	Wodonga	Bathurst	Dubbo	Tamworth	Illawarra
Rental Vacancy Situation	Balanced market	Balanced market	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Balanced market
Rental Vacancy Trend	Steady	Steady	Tightening	Steady	Tightening	Steady
Demand for New Units	Fair	Fair	Fair	Fair	Strong	Fair
Trend in New Unit Construction	Steady	Steady	Steady	Declining	Steady	Increasing
Volume of Unit Sales	Steady	Steady	Increasing	Steady	Steady	Declining
Stage of Property Cycle	Start of recovery	Start of recovery	Starting to decline	Rising market	Peak of market	Bottom of market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally

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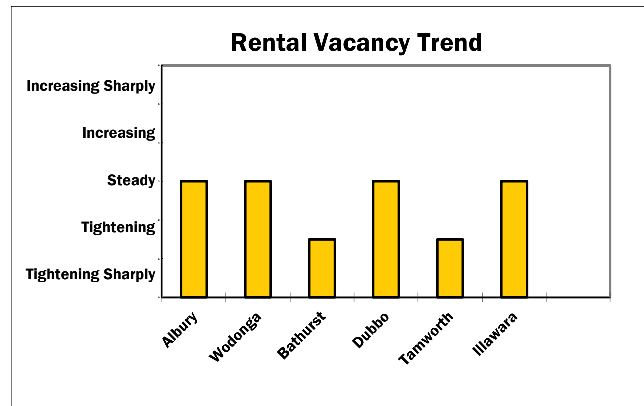

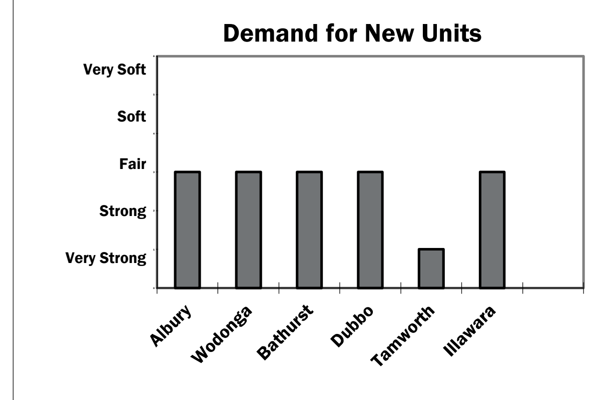

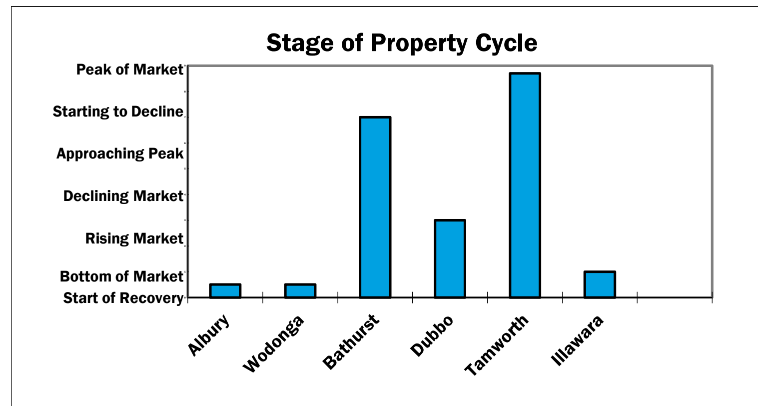

East Coast & Country New South Wales Property Market Indicators – Office

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

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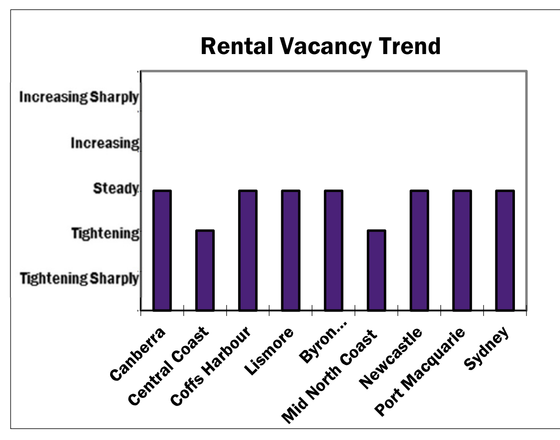

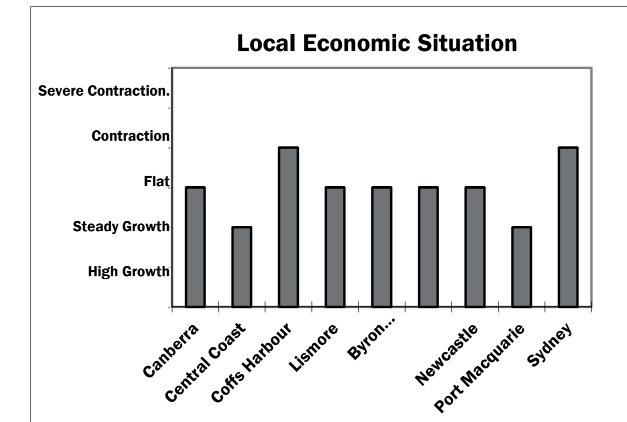

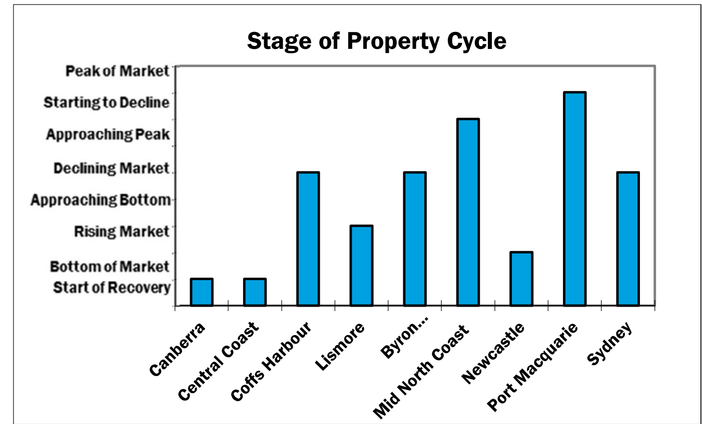

Victorian and Tasmanian Property Market Indicators – Houses

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

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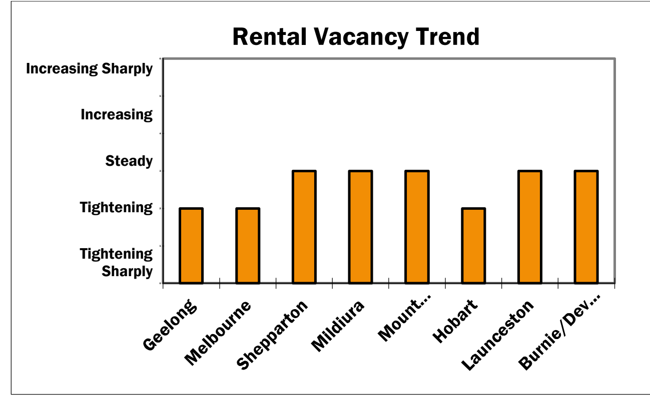

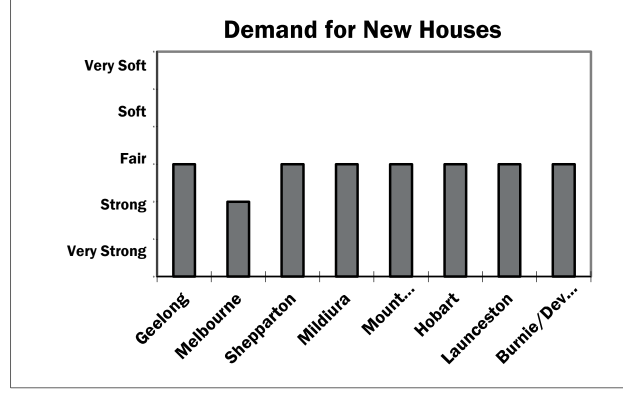

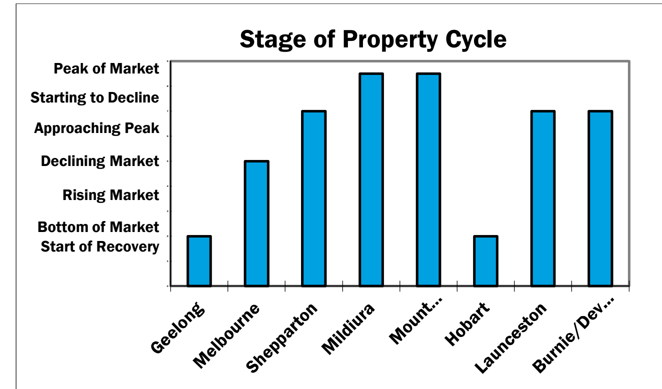

Victorian and Tasmanian Property Market Indicators – Units

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

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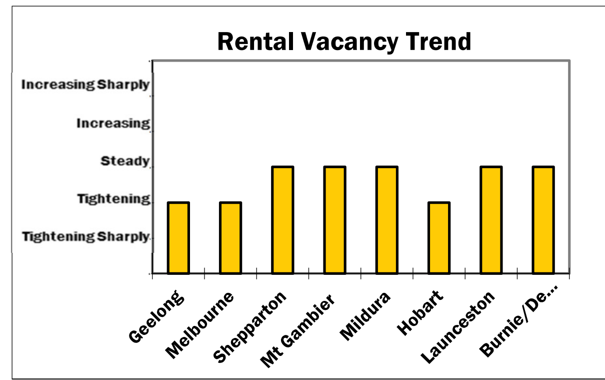

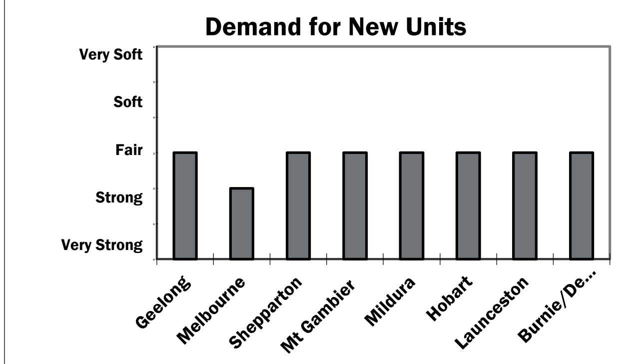

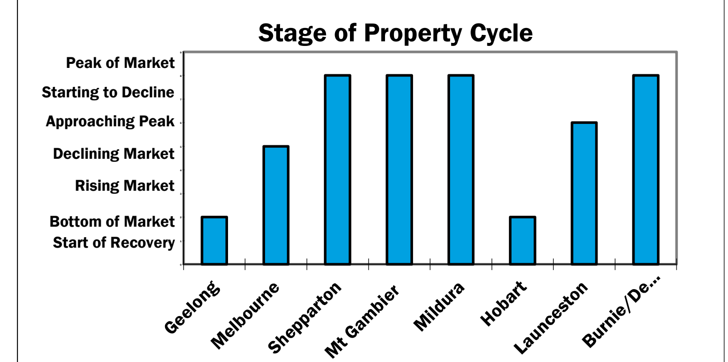

Victorian and Tasmanian Property Market Indicators – Office

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

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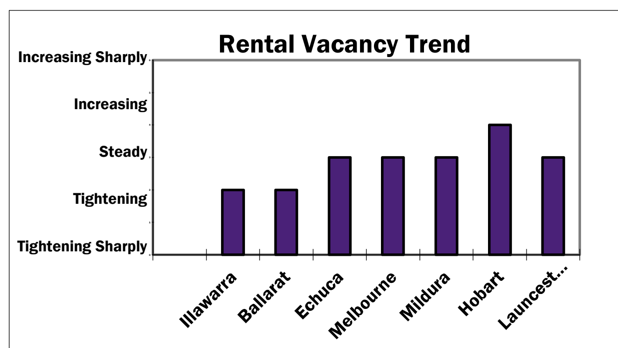

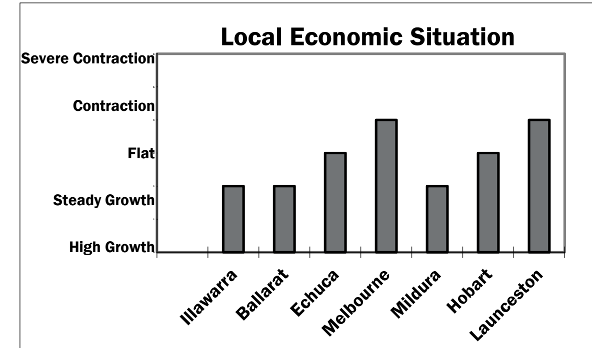

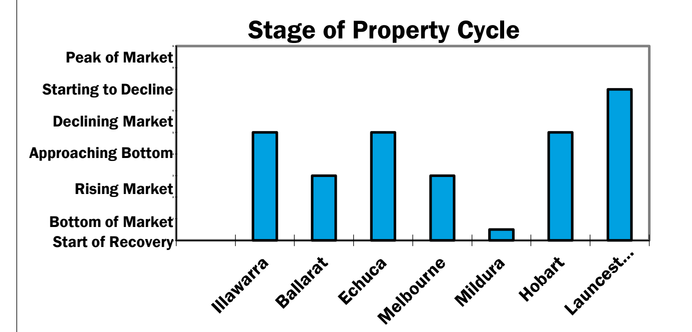

Queensland Property Market Indicators – Houses

Factor	Cairns	Townsville	Whitsunday	Mackay	Rockhampton	Emerald	Gladstone	Bundaberg	Fraser Coast	Sunshine Coast	Brisbane	Ipswich	Gold Coast	Toowoomba
Rental Vacancy Situation	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand
Rental Vacancy Trend	Steady	Steady	Steady	Steady	Steady	Tightening	Steady	Steady	Steady	Tightening	Steady	Steady	Steady	Tightening
Demand for New Houses	Fair	Fair	Fair	Strong	Strong	Strong	Strong	Fair	Fair	Fair	Fair	Fair	Fair	Strong
Trend in New House Construction	Steady	Steady	Steady	Declining	Declining	Steady	Declining	Steady	Steady	Steady	Steady	Declining	Steady	Declining
Volume of House Sales	Declining	Steady	Steady	Increasing	Increasing strongly	Increasing	Increasing	Steady	Increasing	Steady	Declining	Steady	Steady	Increasing
Stage of Property Cycle	Rising market	Rising market	Approaching peak of market	Rising market	Rising market	Rising market	Rising market	Peak of market	Rising market	Approaching peak of market	Peak of market	Approaching peak of market	Rising market	Peak of market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Frequently	Occasion-ally	Occasionally	Occasionally	Occasionally	Occasionally	Frequently	Occasionally	Occasionally	Occasionally	Occasion-ally	Occasionally	Occasio nally	Occasionally

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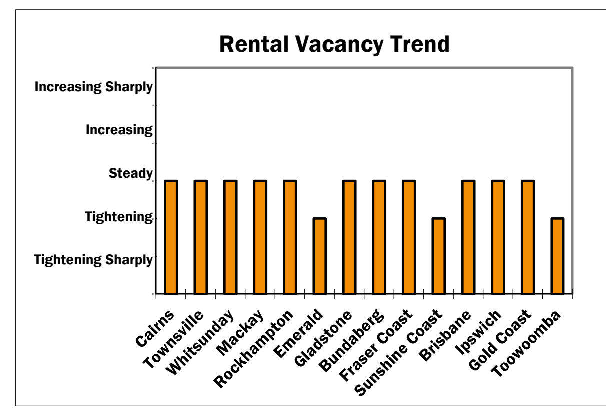

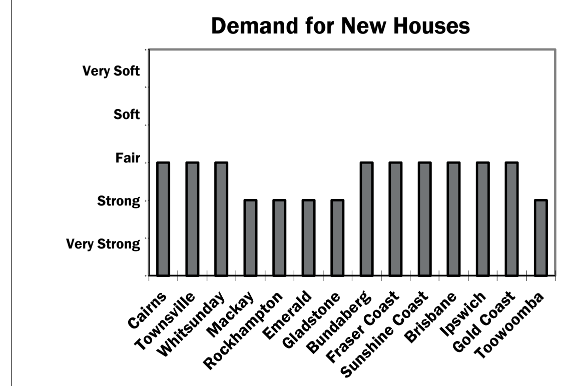

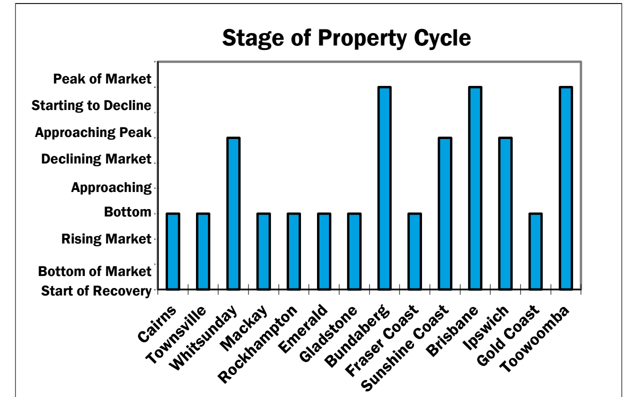

Queensland Property Market Indicators – Units

Factor	Cairns	Townsville	Whitsunday	Mackay	Rockhampton	Emerald	Gladstone	Bundaberg	Fraser Coast	Sunshine Coast	Brisbane	Ipswich	Gold Coast	Toowoomba
Rental Vacancy Situation	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand
Rental Vacancy Trend	Steady	Steady	Steady	Steady	Steady	Tightening	Steady	Steady	Steady	Tightening	Steady	Steady	Steady	Tightening
Demand for New Units	Strong	Fair	Fair	Strong	Fair	Strong	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Strong
Trend in New Unit Construction	Steady	Steady	Steady	Declining	Steady	Steady	Steady	Steady	Steady	Steady	Increasing	Increasing	Steady	Declining
Volume of Unit Sales	Increasing	Increasing	Increasing	Increasing	Increasing	Increasing	Increasing	Steady	Increasing	Steady	Steady	Steady	Steady	Increasing
Stage of Property Cycle	Rising market	Rising market	Approaching peak of market	Rising market	Rising market	Rising market	Rising market	Peak of market	Rising market	Approaching peak of market	Approaching peak of market	Approaching peak of market	Rising market	Peak of market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Frequently	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally

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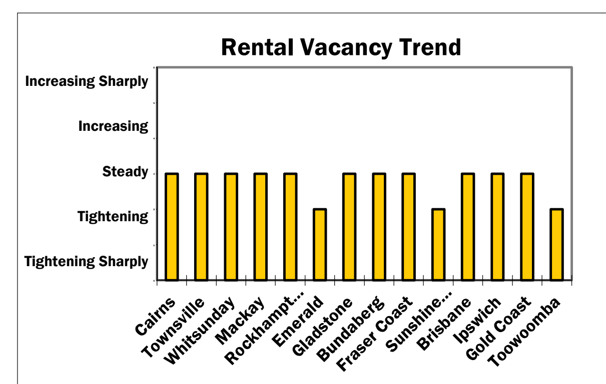
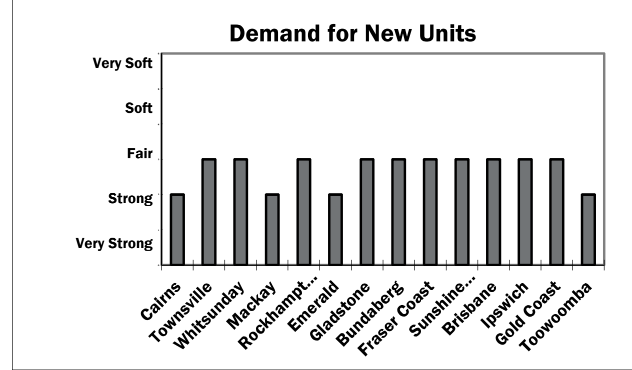
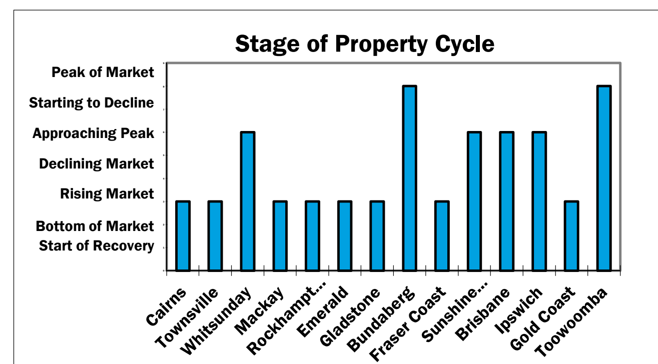




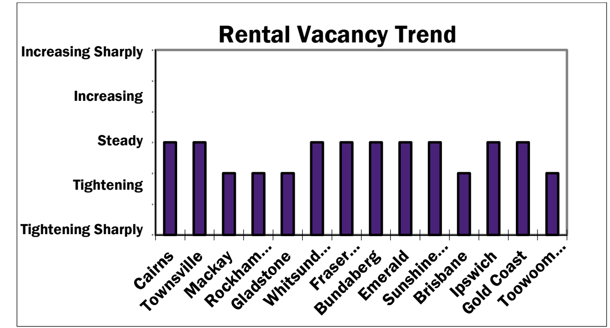


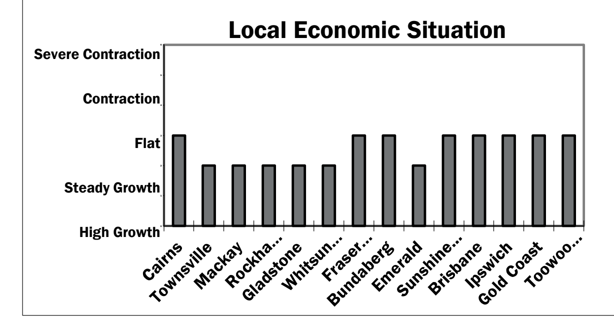
Queensland Property Market Indicators – Office

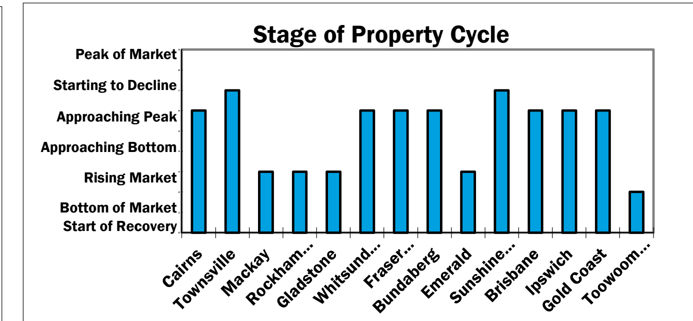
Factor	Cairns	Townsville	Mackay	Rockhampton	Gladstone	Wide Bay	Fraser Coast	Bundaberg	Emerald	Sunshine Coast	Brisbane	Ipswich	Gold Coast	Toowoomba
Rental Vacancy Situation	Balanced market	Over-supply of available property relative to demand	Balanced market	Balanced market	Balanced market	Balanced market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

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

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







SA, NT and WA Property Market Indicators - Houses

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

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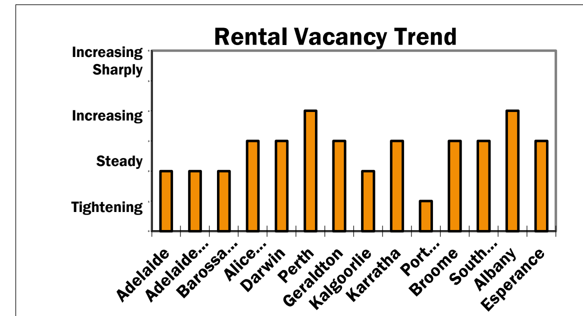
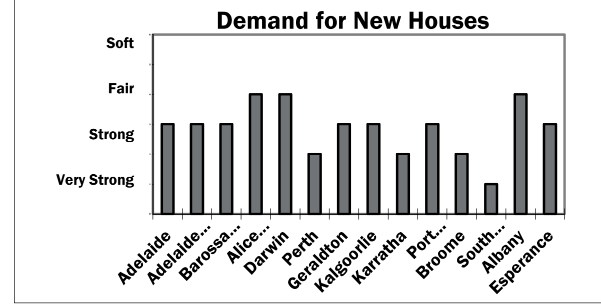
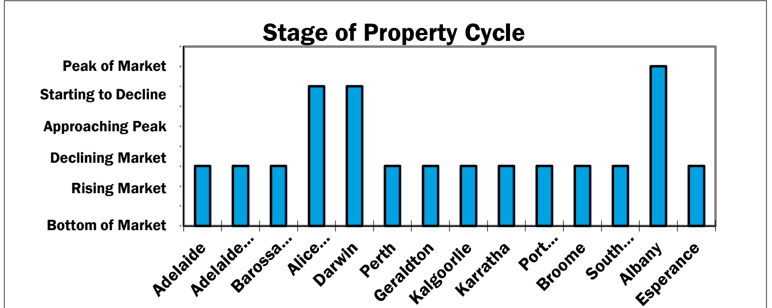
Blue entries indicate change from 3 months ago to a lower risk-rating







SA, NT and WA Property Market Indicators – Units

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

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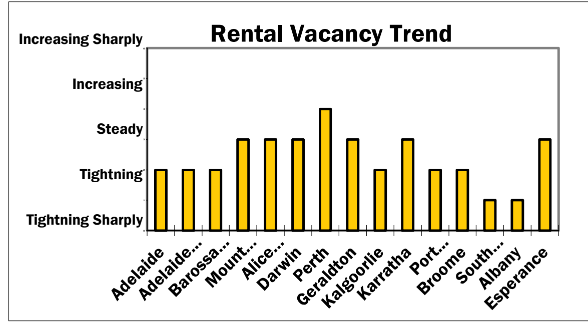

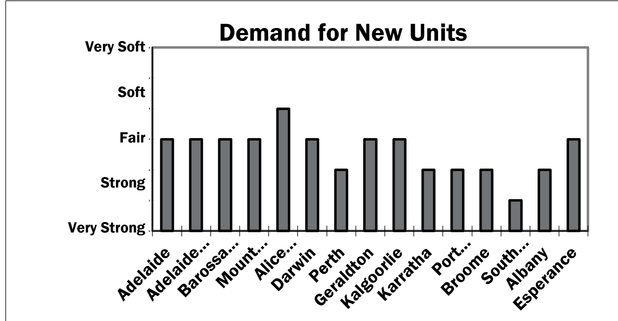

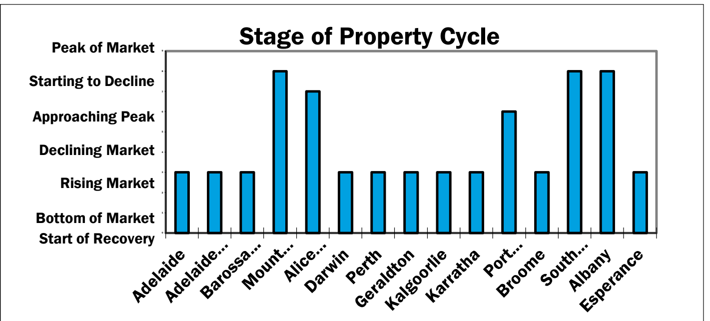

SA, NT and WA Property Market Indicators – Office

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

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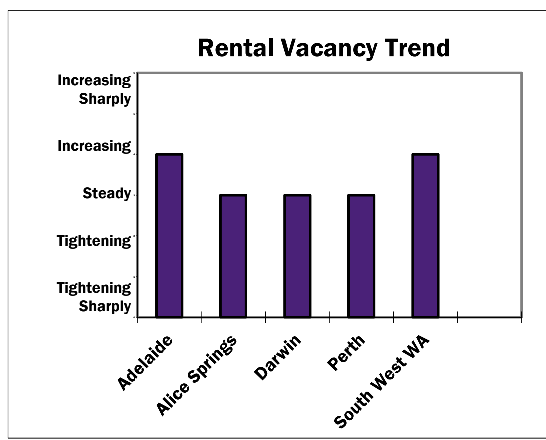
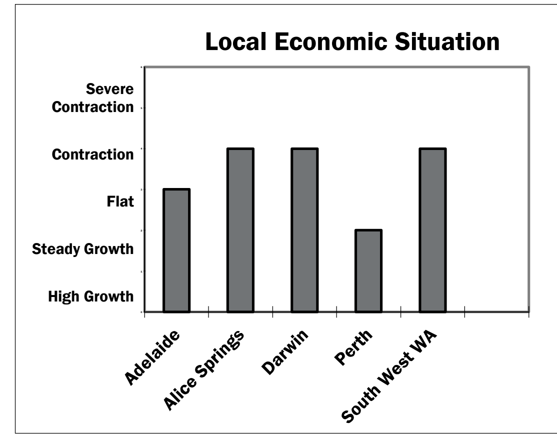
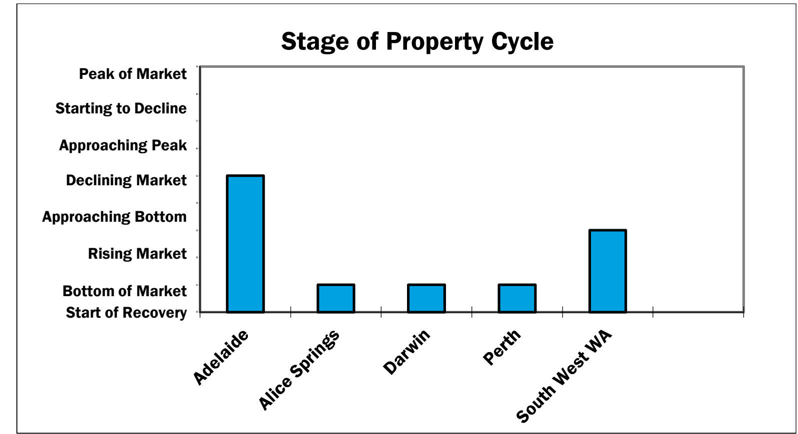
Blue entries indicate change from 3 months ago to a lower risk-rating







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